

PRESIDING OFFICER'S  
RULING NO. N2009-1/10

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Station and Branch Optimization and  
Consolidation Initiative, 2009

Docket No. N2009-1

PRESIDING OFFICER'S RULING  
CONCERNING POSTAL SERVICE MOTION TO ACCEPT PARTIAL RESPONSE  
TO COMMISSION INFORMATION REQUEST NO. 1, QUESTION 15

(Issued October 1, 2009)

On September 1, 2009, the Postal Service filed a motion requesting that the Commission accept a partial response to Commission Information Request No. 1, question 15.<sup>1</sup> Question 15 requests information concerning stations and branches that report to Postmasters who are at or above the EAS-24 level pay grade. These facilities are under consideration for closure through the Stations and Branch Optimization and Consolidation Initiative (Initiative).

USPS-T-1 at 8, n.5 indicates that a list of the candidate offices will be provided to the Commission as soon as possible. Please provide this list in electronic format and include for each facility in that list: (1) the facility name; (2) the physical address, city, state, ZIP Code, postal district and area; (3) whether or not the facilities are leased or owned by the Postal Service; (4) the number of post office boxes per facility; (5) finance number; (6) FY 2008 revenues; and (7) FY 2008 costs.

Commission Information Request No. 1, July 29, 2009 (CIR No. 1), question 15.

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<sup>1</sup> Motion of the United States Postal Service for Acceptance by the Commission of a Partial Response to Question 15 of Commission Information Request No. 1, September 1, 2009 (Motion).

The Postal Service states that the original universe of stations and branches under consideration for closure numbered over 3,600 facilities. Motion at 4. At the time the instant Motion was filed, the Postal Service had identified approximately 750 facilities that had gone through a pre-screening process and remain as candidates for further discontinuance studies. *Id.* For the approximately 750 facilities remaining under consideration, the Postal Service proposes to supply data items (1) through (6) specified in question 15. *Id.* at 1. For all other facilities within the universe of over 3,600 facilities, the Postal Service proposes to supply only the facility name (data item 1) and the city, state, and postal district and area (data item 2 excluding the physical address and ZIP Code). *Id.* at 4. The Postal Service further requests that it be excused from supplying FY 2008 costs (data item 7) for any station or branch. *Id.*

The Postal Service explains that it discovered its centralized accounting systems only identify facilities with unique 6-digit finance numbers. *Id.* at 3. However, many stations and branches do not have unique 6-digit finance numbers, but share the same 6-digit finance number as the post office to which they report. They may be identifiable by a 4-digit suffix to the finance number. In some data systems, data for stations and branches without unique 6-digit finance numbers is aggregated with data reported for the host facility. Disaggregated station and branch data must often be accessed through decentralized systems. Furthermore, in many cases, the central data systems show the same physical address for all facilities attached to each unique 6-digit finance number.

In light of the status of the various data systems, the Postal Service asserts that cross-checking and validation of the data requested by CIR No. 1, question 15, would be painstaking and time consuming. With the elimination of many facilities from further consideration, it argues that the need for much of the data for the facilities no longer under consideration appears greatly diminished. Thus, it proposes only providing the facility name, city, state, and postal district and area for these facilities.

The Postal Service is most concerned that it obtain relief from having to provide FY 2008 cost information (data item 7). It explains that it is not a simple process to

obtain this information in part because individual decentralized accounting systems will have to be examined. It further explains that review of data from the decentralized accounting systems is part of the discontinuance review process for the approximately 750 facilities now under review at the District level, *i.e.*, assumably the next step in the process that is now underway and not yet complete. *Id.* at 6.

On September 2, 2009, the Public Representative provided a response which does not oppose the Postal Service's Motion.<sup>2</sup> However, the Public Representative takes issue with the Postal Service's assertion that in light of the progress towards completion of the pre-screening process since the end of July, the value of the information related to the facilities no longer under consideration is diminished. *Id.* at 2. The Public Representative contends that the process for pre-screening is part of the process that the Commission is required to review. Thus, a *fait accompli* of pre-screening does not equate to a finding that the Initiative comports with the policies of title 39.

Concerning the assertions presented in the Motion, the Public Representative argues that "the factual representations about the state of the Postal Service's accounting and data systems and the reasons why the Postal Service cannot timely respond to Commission Information Request No. 1, question 15 may be material to this proceeding." *Id.* at 2-3. The Public Representative requests that the Motion be deemed as part of the Postal Service's response to question 15. *Id.* at 3.

*Analysis.* A consequence of the Postal Service's Motion is to enlighten the Commission as to the status and capabilities of the Postal Service's centralized data systems. This is relevant in explaining the extent of information the Postal Service has readily available in making decisions associated with its Initiative. This is especially pertinent to understanding what Postal Service management at different levels knows about individual stations and branches during the various phases of implementing the

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<sup>2</sup> Response of the Public Representative to Motion of the United States Postal Service for Acceptance by the Commission of a Partial Response to Question 15 of Commission Information Request No. 1, September 2, 2009 (Response).

Initiative. To this extent, there is agreement with the Public Representative that the Motion should be deemed as part of the response to CIR No. 1, question 15. The Commission has designated the Motion for inclusion in the evidentiary record.<sup>3</sup> The Postal Service will be allowed an opportunity to provide any clarifications to the statements made therein if it so chooses.

All of the data items requested in CIR No. 1, question 15, appear relevant to the Postal Service's decision-making process under the Initiative. Basic information, like a facility's street address and cost information, would appear to be important to have readily available at the outset of any evaluation. Availability of this information could shed light on the application of the pre-screening process, including an evaluation that compares why a certain facility was dropped from consideration versus selected for discontinuance.

The Postal Service asserts it would be burdensome at this stage in the proceeding to require it to provide the street addresses and ZIP Codes for its approximately 3,600 facilities originally under consideration. The argument that because a facility is dropped from consideration makes its exact location (street address) less relevant is not overly persuasive. This information is basic to understanding the demographics of an area and can be used to evaluate how the Postal Service's prescreening process is working. It is questionable how a federal entity that prides itself in delivering mail to over 100 million addresses 6 days a week does not have at its fingertips basic business information such as the physical addresses of all its brick and mortar facilities. The Postal Service shall provide physical addresses for all of the approximately 3,600 stations and branches initially under consideration by October 30, 2009.

The Postal Service also presents a burden argument to providing FY 2008 costs. To this argument, the Postal Service adds that reviewing the decentralized accounting records from which this information may be obtained "is part of the discontinuance

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<sup>3</sup> POR No. N2009-1/9, Presiding Officer's Ruling Entering Library References into the Record and Designating Material for Entry into the Record at the Hearing, September 25, 2009.

review process currently underway for hundreds of the approximately 750 stations and branches as studies are prepared at the District level.” Motion at 6.

Several facts have become clear as this proceeding progresses. The needs of society and how society perceives the role of the Postal Service are important. Many communities care deeply about the existence of their local post offices. This indicates that identifying a facility as a candidate to be closed should not be taken lightly.

However, the potential public concern for the survival of individual facilities should not prevent the Postal Service from considering closing a facility where sufficient rationale may exist. The Postal Service, as with any successful business, must strive to improve the “efficiency” of its operations. The cost effectiveness of its retail outlets appears to be an important efficiency factor to be considered.

It is important to evaluate whether an early step in the process should be for the Postal Service to calculate the economic benefits of its Initiative, including the cost effectiveness of closing individual retail outlets. This would include calculating the costs ascribable to each facility and determining whether closing the facility would allow the Postal Service to capture appreciable savings. Facility specific data on the economic ramifications of its Initiative might allow an early decision that closing a number of facilities would not be cost effective. This would moderate negative public reaction. An analysis of cost data should allow the Commission to review whether this aspect of the process should be altered.

The Postal Service has revised its list of approximately 750 facilities under consideration downward to approximately 400 plus facilities. It has indicated that a facility’s costs will be considered in its second-stage evaluation process. It would appear enlightening and relevant to an advisory opinion to examine the costs of all 750 facilities to evaluate how costs, and the potential cost savings, correspond to the Postal Service’s initial decisions. Thus, the Postal Service is directed to provide by October

30, 2009 the FY 2008 costs (and revenues if it already has not done so) for each of the approximately 750 facilities previously identified.<sup>4</sup>

### RULING

In light of the Motion of the United States Postal Service for Acceptance by the Commission of a Partial Response to Question 15 of Commission Information Request No. 1, filed September 1, 2009, that question is modified as specified in the body of this ruling.

Ruth Y. Goldway  
Presiding Officer

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<sup>4</sup> If decisions were made to eliminate facilities from the candidate list without the benefit of cost or revenue information, the Postal Service may substitute a brief explanation of why the facilities were removed from the candidate list.