

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

RETAIL ACCESS OPTIMIZATION INITIATIVE, 2011

Docket No. N2011-1

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INSTITUTIONAL APWU INTERROGATORIES APWU/USPS-1 THROUGH 7**

The United States Postal Service hereby provides institutional responses Boldt to the above-listed interrogatories of the American Postal Workers Union dated August 26, 2011. Each interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony F. Alverno, Jr.
Chief Counsel, Global Business

Kenneth N. Hollies
Michael T. Tidwell

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2998; Fax -5402
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APWU/USPS-1. Page 8 of the Request, lines 6-7 states “Insufficient customer demand also serves as a factor that could lead to a feasibility study, as would the availability of alternate access channels.” Please define “insufficient customer demand.”

RESPONSE:

See response of witness Boldt to NAPUS/USPS-T1-34(d) (filed September 1, 2011).

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APWU/USPS-2. Refer to Library Reference USPS-LR-N2011-1/1, Page 14 Section 243 provides that after the deadline for customer feedback has expired, “the Discontinuance Coordinator timely prepares a questionnaire analysis.” Please describe fully this analysis.

RESPONSE:

A questionnaire analysis consists of repetition of customer concerns expressed in the source document together with draft language assessing that concern, what, if anything, the Postal Service is able to do about the concern, and perhaps mitigation strategies available to the customer. Ready examples can be found in the administrative records in the approximately 60 A-series dockets filed in FY2011 on the PRC website.

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APWU/USPS-3. Refer to Library Reference USPS-LR-N2011-1/1, Page 21 Section 321.1 states that the “proposal should include information about distance to nearby retail facilities,” will this distance information be provided as driving distances or the distance “as a crow flies.”

RESPONSE:

Driving distance.

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APWU/USPS-4. What percentage transactions occurring at locations that are being studied are strictly stamp sales, with no other activities taking place during the visit? Is it possible to tell if a transaction has taken place in conjunction with someone visiting their PO box?

RESPONSE:

See the chart at USPS-T-1, page 8. It shows that 21 percent of transactions are “single stamp purchases” as that term is defined (conservatively) in footnote 2.

Eighty five percent of revenue is postage. Since discontinuance studies at respective RAO locations are now getting under way, or will do so in the coming weeks, that information is now being collected.

The question about P.O. Box activity is somewhat unclear. A customer inserting or removing mail at a box is not a “transaction” as the term is used to measure retail activity; nor are such actions measured or tracked. If a box customer finds a "left notice" indicating availability of a large parcel at the retail counter, that counter visit would constitute a retail transaction, generally one that does not require payment or revenue.

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APWU/USPS-5. In USPS-T-1 Witness Boldt states that there is no dollar goal associated with the RAO Initiative and the Request provides only broad generalized statements about the RAO goals (see page 4 of the Request).

- a) How will the Postal Service evaluate whether it has reached its goals?
- b) Does the Postal Service intend to close every location on this list unless it finds an overwhelming reason not to do so?
- c) If complete closure of all locations is not the goal, what factors will be used to determine that the RAO Initiative and related closings have gone "far enough?"

RESPONSE:

- (a) The goal of the ROA Initiative is to apply the USPS Handbook PO-101 discontinuance review process to the pool of candidate facilities and see what the Initiative yields.
- (b) No. Each facility will be evaluated individually on its own merits without a negative presumption.
- (c) See the responses to subparts (a) and (b). It is not the goal of the Initiative to discontinue some target number of facilities or to accumulate some target cost savings figure and then declare (or not) "far enough."

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APWU/USPS-6. The Station and Branch Optimization and Consolidation Initiative (SBOC) that was the subject of Docket No. N2009-1 generated a list of about 3,300 stations and branches that were to be evaluated for closure (see USPS-LR-N2009-1/19, filed on December 1, 2009). After a screening process, that list was reduced to 162 locations listed on January 29, 2010 (USPS-LR-N2009-1/4).

- (a) Have all of the 162 locations provided in the January 29, 2010 list now been closed? If not, what is their status?
- (b) How many of the 3,300 stations and branches that were on the SBOC December 1, 2009 list are also included in Library Reference USPS-LRN2011-1/3 submitted for this case?
- (c) For the facilities on both lists, what factors have caused these locations to be re-examined under the RAO initiative?
- (d) The criteria used to choose the list for the RAO initiative seems significantly different from the criteria used to choose the list for the SBOC initiative. Has the SBOC criteria been abandoned? What factors caused the Postal Service to change its focus to the RAO criteria?

RESPONSE:

- (a) The list was further reduced to approximately 140 facilities. The overwhelming majority have been discontinued, with the remainder in the process of being discontinued.
- (b) Parties in Docket No. N2011-1 have access to the information necessary to perform such a cross-walk between dockets.
- (c) Any facility being examined as part of the RAO Initiative is undergoing review because it meets met the criteria for review under the Initiative. That the same facility might have met the criteria for a past Initiative would be the result of the criteria for the two Initiatives creating overlapping candidate pools.
- (d) The SBOC Initiative has been completed. See the response to APWU/USPS-T1-12. Determining the optimal mix of postal retail locations

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and alternate access channels is a never-ending undertaking that requires constant evolution of the retail network.

APWU/USPS-7. In its Advisory Opinion in Docket No. N2009-1, the Commission made several recommendations.

- (a) Item 9 of the Commission's recommendations suggested that the Postal Service conduct evaluations of the efficiency gains achieved and the impact on the ready access to postal services that resulted from its SBOC closings.
- (b) Has the Postal Service conducted these evaluations? If so, what did those evaluations show and how did the results inform the current RAO process?
- (c) In item 3 of its recommendations, the Commission expressed its concern about how, when and by whom the special community factors would be evaluated in the process.
 - (i) What changes have been made in the process to accommodate a better evaluation of special community factors?
 - (ii) Who will have the responsibility for that part of the evaluation?

RESPONSE:

(a-c) The Postal Service's respects the Commission's advisory role in the nationwide service change review process, even though its advisory opinions are not binding on the Postal Service. By any standard, the SBOC Initiative did not involve a substantially nationwide change in service, the necessary prerequisite for the issuance of an advisory opinion under section 3661. An opinion was issued, nevertheless.

For the most part, the service changes resulting from the SBOC Initiative have been implemented. Evaluation of access to service and managing limited fiscal resources to ensure that regular and effective service is provided economically are ongoing management responsibilities that require continuous monitoring regardless of whether a District experiences change in the number of stations or branches or in the mix of its retail

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facilities and alternate access options. Hence all Districts are monitoring customer service and associated costs continuously, despite

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any impact SBOC may or may not have had. No SBOC-specific reporting responsibilities have been imposed on any Districts.

The Postal Service has revised USPS Handbook PO-101 in various ways addressed in the *Federal Register* notices of proposed and final rulemaking for the underlying regulations in 39 C.F.R. 241.3. Among these were substantial expansion of notice to customers (with blank questionnaires attached), thereby ensuring that a larger swath of a given facility's potential customer base would have a ready opportunity to provide feedback on how the community might be impacted. PO-101 now provides that customer questionnaires:

should be mailed to all PO Box and carrier delivery customers in the ZIP Code area of the facility under study. The questionnaire should also be mailed to all customers in other ZIP Codes to whom the retail facility under study provides allied delivery services, such as retrieval of held mail. The mailing should include the cover letter, customer questionnaire, copy of the Summary of Postal Service Retail Facility Change Regulations, and a pre-addressed postage paid envelope for return of the questionnaire. The questionnaire, customer letter, and *Summary of Postal Service Retail Facility Change Regulations* should be posted in the lobby of the affected retail facility with an indication that copies are available upon request.

PO-101 at 242.12. These practices are reasonable methods of improving the transparency of Postal Service discontinuance proposals, bringing

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them to the attention of customers who would likely be affected, and providing those customers with an opportunity to express concerns that

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must be considered and addressed by District level discontinuance review teams and management at all levels up to and including the Vice-President, Delivery and Post Office Operations, if a discontinuance proceeds to the point of a Final Determination. Use of the discontinuance review process traditionally applied only to Post Offices was also required for classified stations and branches, thereby effectuating a broad expansion of transparency and enabling more detailed review of customer input about affected communities. These changes all drew favorable comment from the Commission during the rulemaking.