

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

POST OFFICE STRUCTURE PLAN

Docket No. N2012-2

**UNITED STATES POSTAL SERVICE REQUEST FOR AN ADVISORY
OPINION ON CHANGES IN THE NATURE OF POSTAL SERVICES**
(May 25, 2012)

A reasonable time prior to the effective date of any changes in the nature of postal services that are at least substantially nationwide in scope, the United States Postal Service is required by 39 U.S.C. § 3661 to request an advisory opinion from the Postal Regulatory Commission (Commission) regarding whether such service changes would conform to applicable policies in Title 39, United States Code.¹ The Postal Service intends to initiate the Post Office Structure Plan (POStPlan), an initiative to examine and consider changes to current operating methods and conditions including hours of operation, utilized to provide retail and other services and products at approximately 17,728² of the more than 32,000 Post Offices, stations and branches in its retail network.³

Based on community input and operational needs, the POStPlan could result in: (1) upgrade of the Post Office Level; (2) realignment of retail window

¹ See 39 U.S.C. § 3661(b), as implemented by 39 C.F.R. § 3001.72.

² For purposes of this Request, this number includes all EAS Level 16 or below Post Offices that were operational as of the close of FY 2011. However, some of these Post Offices have been suspended or become non-operational since FY2011. In practice, these non-operational Post Offices will not be part of POStPlan. Additionally, the number of candidate Post Offices is approximated because the Postal Service cannot predict how many Post Offices will become suspended or non-operational during the implementation of POStPlan.

³ A full explanation of the POStPlan is described in the Direct Testimony of Jeffrey C. Day, Manager, Delivery & Post Office Operations (USPS-T-1), which accompanies this Request.

service hours to actual workload; or (3) discontinuance study. As explained in the direct testimony of witness Day (USPS-T-1), of the 17,728 Post Offices to be examined under the POSTPlan, the Postal Service expects that approximately 4,561 will not experience a reduction in hours. The Postal Service generally will not study for discontinuance candidate Post Offices as part of the POSTPlan unless the community has a strong preference for discontinuance and replacement with one of the existing alternatives.

While the Postal Service does not consider a realignment of hours at a Post Office as necessarily giving rise to a nationwide change in service, should retail operations at any Post Office be discontinued, postal patrons accustomed to obtaining products and services at that location would experience a change in service by virtue of having to obtain services at another nearby postal retail facility or an alternate postal retail access channel. Thus, the Postal Service acknowledges the possibility that the scope of the changes in service resulting from the POSTPlan could be "substantially nationwide," within the meaning of 39 U.S.C. § 3661(b). Accordingly, for the reasons explained here and in the accompanying testimony, the Postal Service requests that the Commission consider whether it has jurisdiction to review this matter under section 3661(c). Should that determination be in the affirmative, the Postal Service also requests that the Commission explain whether the nature of the service changes that could result from the POSTPlan conform to applicable policies of Title 39, United States Code.

I. Objectives and Goals of the POSTPlan

The Postal Service has been established to operate as a basic and fundamental service to the American public that binds the nation together through the personal, educational, literary, and business correspondence of the people.⁴ Management of the national postal system involves the balancing of important service, operational and financial objectives, including the provision of adequate, prompt, reliable, and efficient services to all communities.⁵

As explained by witness Day (USPS-T-1), postal customers have responded to proposed modifications in the methods by which they receive postal services by showing a preference for realignment of the retail hours offered by the Postal Service. The objective of the POSTPlan is to evaluate certain categories of Post Offices within the postal retail network to determine the feasibility of realigning their retail window service hours, or studying their operations for discontinuance, without preventing the Postal Service from:

maintain[ing] postal facilities of such character and in such locations, that postal patrons throughout the Nation will, consistent with reasonable economies of postal operations, have ready access to essential postal services.⁶

Consistent with applicable statutory criteria, postal management's goal in pursuing the POSTPlan is to improve efficiency and meet customer needs by matching retail hours and services to community postal needs and use patterns.

As further explained by witness Day (USPS-T-1), in many communities, current Post Office retail hours exceed actual customer use of retail services.

⁴ 39 U.S.C. § 101.

⁵ See 39 U.S.C. §§ 101(a), 403(a), 403(b)(1), and 3661(a).

⁶ 39 U.S.C. § 403(b)(3).

This situation reflects an overall reduction in use of postal services, and an increase in the use of alternate access options, including the use of [usps.com](https://www.usps.com) and stamp consignment sites, to obtain postal services. Each Post Office that experiences a realignment of retail hours as a result of the POStPlan would continue operating as a Post Office staffed by a Postal Service employee. Post Offices that undergo a realignment of window service hours will be known as either Remotely Managed Post Offices (RMPOs) or Part-Time Post Offices (PTPOs).⁷

In general, the earned workload measurement for each office will reflect data from the most recently concluded fiscal year (FY). The Customer Service Variance (CSV) and Small Office Variance (SOV) for each evaluated Post Office will be multiplied by a factor of 1.1 to determine a Post Office's daily Adjusted Earned Workload (AEWL). The 1.1 multiplier accounts for minor variations in calculation of earned workload using CSV and SOV, and provides a means for an RMPO to adjust its window service hours if its earned workload changes. Post Offices having more than 5.74 hours of AEWL will be categorized as EAS Level 18 or above. The window service hours for Post Offices having 5.74 or fewer hours of AEWL, and classified as an RMPO, will be determined using the chart below.

⁷ An RMPO is a Post Office that offers part-time window service hours, is staffed by a Postal Service employee under the direction of a Postmaster, and reports to an Administrative Post Office. A "Part-Time Post Office" (PTPO) is a Post Office that offers part-time window service hours, is staffed by a Postal Service employee, and reports to a district office.

RMPO CLASSIFICATION	ADJUSTED EARNED WORKLOAD RANGE (HOURS)	WINDOW SERVICE HOURS EACH WEEKDAY
Level 6	4.00 to 5.74	6
Level 4	2.00 to 3.99	4
Level 2	0.00 to 1.99	2

Each 6-hour RMPO will be staffed by a career employee. Each 4-hour and 2-hour RMPO will be staffed by a noncareer employee. RMPOs report to and are managed by a Postmaster domiciled at a Post Office separate from the RMPO, which is designated as the Administrative Post Office (APO) for the RMPO. A Post Office's designation as an RMPO does not affect the services provided by that Post Office.

The Postal Service will generally utilize a Post Office classified at EAS Level 18 or above to serve as an APO for a cluster of RMPOs. A cluster, managed by a single APO, will include no more than 10 RMPOs. If no EAS Level 18 Post Office is currently located in a proposed cluster, an EAS Level 16 or below Post Office will be elevated to EAS Level 18 or above Post Office to serve as an APO for that cluster.

There is an exception to the RMPO concept as described above. Specifically, a Post Office that is 25 or more driving miles from the nearest Postal Service operated retail facility or that is outside a 25 mile radius of the nearest APO, which would otherwise be a Level 2, 4 or 6 RMPO, will be staffed by a career employee for 6 hours of window service each weekday regardless of actual AEWL. Post Offices that fall within this exception will be known as PTPOs. In contrast to an RMPO, a PTPO will report to a district office, not an APO.

II. Scope of the POSTPlan

As of the date of this Request, there are approximately 26,700 Post Offices in the postal retail network. Post Offices are organizational entities subordinate to a district, and perhaps also to an Administrative Post Office, managed by a Postmaster, with responsibility for customer services, local delivery, the receipt and dispatch of all classes of mail, and in some instances, processing and distribution of mail for other Post Offices in the surrounding geographic area.

For purposes of the POSTPlan, Post Offices classified as EAS Level 16 or below would be evaluated and considered for promotion to EAS Level 18 or above, retail hour realignment, or discontinuance study.

In USPS-T-1 and supporting library references, the Postal Service identifies the specific Post Offices that would experience a realignment of hours or discontinuance study as part of the POSTPlan. No Post Office discontinuance study or retail hour realignment resulting from the POSTPlan would be implemented before September 2012.⁸

III. Application of the POSTPlan

Once a Post Office has been identified as a candidate for an RMPO or PTPO under the criteria set forth above, the Postal Service will undertake a process of gathering community feedback and rendering a decision as to how to proceed with a given Post Office. This procedure will generally be identical for all

⁸ A list of the POSTPlan candidate Post Offices has been filed in this docket as Library Reference USPS LR-N2012-2/1.

identified Post Offices; however, this process will be slightly modified for those Post Offices undergoing active discontinuance studies.⁹

For candidate Post Offices not currently being studied for discontinuance, Postal Service personnel will survey customers to solicit their preference for realigned window service hours or discontinuance study, which will help inform the Postal Service's decision regarding whether a realignment of hours is appropriate for a particular community. The Postal Service will review the surveys and the operational needs of the Postal Service to determine whether a Post Office will continue with realigned window service hours. The Postal Service will then hold a community meeting to discuss the results of the survey.

If the Postal Service determines to maintain a Post Office with realigned retail hours, Postal Service personnel will take into account feedback gathered at the community meeting to determine the time of day in which retail window service will be available and the timeframe for implementation. If a candidate Post Office is not continued with realigned window service hours, however, the Postal Service likely will study the facility for discontinuance consistent with USPS Handbook PO-101.¹⁰

If the Post Office being considered for realigned window service hours is currently operational and being studied for discontinuance, the discontinuance process will be held in abeyance pending a determination of whether to realign

⁹ The possibility of additional community meetings for non-POStPlan candidate Post Offices is outside the scope of this request.

¹⁰ If a candidate Post Office is discontinued, the Postal Service will provide service to customers of that Post Office by a nearby Post Office, rural carrier or highway contract route, or a contractor-operated unit at a local business.

retail window hours. The Postal Service will survey customers and, as with Post Offices not being studied for discontinuance, the Postal Service will review the surveys and the operational needs of the Postal Service to determine whether the Post Office will continue with realigned window service hours. The Postal Service will then hold a community meeting to discuss the results of the survey.

If the Postal Service determines to maintain the Post Office with realigned window service hours, Postal Service personnel will take into account feedback gathered at the community meeting to determine the time of day in which retail window service will be available and the timeframe for implementation. The discontinuance study will then be terminated.

If a candidate Post Office is not continued with realigned window service hours, then the Postal Service will likely resume the discontinuance study. For communities with Post Offices at the pre-final determination stage of the Post Office discontinuance study process, a decision not to realign retail window hours will most commonly be explained in a revised proposal. For Post Offices in communities that have already received a final determination, a decision not to realign retail window hours would be followed by a revised final determination that would include an explanation of why the Postal Service decided not to implement the option of realigned retail window hours.

IV. Analysis

The Postal Service, pursuant to 39 U.S.C. § 404(a)(3), has the sole power to “determine the need for post offices . . . and provide such offices . . . as it determines are needed,” except for discontinuance of Post Offices, which are

subject to Commission review pursuant to 39 U.S.C. § 404(d). Consistent with this power, the Postal Service will review Post Offices under POSTPlan and realign window service hours to align with customer use as reflected by actual workload. The determination to adjust window service hours as needed is consistent with § 404(a)(3).

If the Postal Service, based the analysis described above, determines that discontinuance of a Post Office is appropriate, the Postal Service will utilize the existing procedures in USPS Handbook PO-101, which correspond to the statutory requirements of § 404(d). Further, the Postal Service has made refinements and enhancements to its processes for discontinuance studies, including the use of actual employee costs in its economic analysis, development of a complex financial workbook which utilizes detailed financial information for one time costs and inclusion of a new customer survey with more questions that measure non-revenue transactions at Post Offices.

The Postal Service is further directed by 39 U.S.C. § 403 (a) to “serve as nearly as practicable the entire population of the United States” and by § 403(b)(3) “to establish and maintain postal facilities . . . that postal patrons throughout the Nation will, consistent with reasonable economies of postal operations, have ready access to essential postal services.” Pursuant to these requirements, and in consideration of the Postal Service’s current economic situation, the Postal Service developed and will implement POSTPlan. Post Offices with reduced hours or discontinuance with the provision of alternate

service options ensure continuation of regular and effective access to postal products and services throughout the United States.

Pursuant to 39 U.S.C. § 101(b), the POStPlan will continue to provide “a maximum degree of effective and regular postal services to rural areas, communities and small towns.” As described in USPS-T-1, communities will continue to receive postal services that meet or exceed their actual use. Thus, effective postal services will continue to be provided to residents of rural communities. Consistent with the provision of § 101(b) that addresses closure of small Post Offices solely for operating at a deficit, the POStPlan will not result in the closure of a Post Office solely for operating at a deficit.

V. Conclusion

In accordance with 39 C.F.R. § 3001.71 *et seq.*, based upon the testimony and materials otherwise reflected in the record of this proceeding, the Postal Service requests that the Commission expeditiously determine whether it has jurisdiction to issue an advisory opinion in this matter. If the Commission should make an affirmative jurisdictional determination, the Postal Service requests that the Commission's advisory opinion affirm that the objectives and implementation plan for the Post Office Structure Plan, and the changes in the nature of postal services that would result from it all conform to the policies in Title 39, United States Code.

Respectfully submitted,

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