

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

POST OFFICE STRUCTURE PLAN

Docket No. N2012-2

**DIRECT TESTIMONY OF  
JEFFREY C. DAY  
ON BEHALF OF THE  
UNITED STATES POSTAL SERVICE**

**(USPS-T-1)**

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1 **Autobiographical Sketch**

2 My name is Jeffrey C. Day. I am the Manager, Retail Operations, in the  
3 Office of Delivery and Post Office Operations at the United States Postal Service  
4 Headquarters. I have served in this capacity since January 2012. I previously  
5 served as Postmaster in Scottsdale, Arizona. As Postmaster of Scottsdale, I was  
6 in charge of field retail and delivery operations.

7 I began my employment with the Postal Service in 1981 as a Letter  
8 Sorting Machine Operator in Boise, Idaho. In 1985, I transferred to a City Letter  
9 Carrier position in Boise, Idaho. My career in postal management dates back to  
10 1986, when I began serving as a Customer Service Supervisor. In August 1994,  
11 I was promoted to Postmaster in Othello, Washington, and in May 1995, I was  
12 promoted to Postmaster for a medium-sized Post Office in Richland, Washington.  
13 In July 2001, I returned to Boise, Idaho as Postmaster, and in October 2004, I  
14 was promoted to Postmaster in Scottsdale, Arizona, a large Post Office within the  
15 Phoenix, Arizona metro area. In that position, I managed approximately 630  
16 employees who serviced all of Scottsdale, Arizona and the township of Fountain  
17 Hills, Arizona.

18 In my current position, I have primary responsibility for managing and  
19 developing policies and procedures governing day-to-day retail operations in  
20 Post Offices, the opening and closing of retail facilities, and improvement of the  
21 customer experience when doing business with the Postal Service.

1           **I.       Purpose and Scope of Testimony**

2           The purpose of my testimony is to explain the Post Office Structure Plan  
3 (POStPlan) which will lead to three possible results for EAS Level 16 and below  
4 Post Offices (POStPlan Offices): (1) upgrade of the Post Office Level; (2)  
5 realignment of retail window service hours to reflect actual workload; or (3)  
6 discontinuance study.<sup>1</sup> My testimony begins by describing the current state of  
7 the postal retail network and related trends. The testimony also summarizes the  
8 retail access and services offered by the Postal Service and compares them with  
9 actual customer retail activity. Next, my testimony explains the impetus for  
10 POStPlan and the scope of the changes expected if Post Office hours are  
11 aligned with actual workload or if offices are studied for discontinuance.

12           After describing the general parameters of POStPlan, I discuss how it  
13 would apply to determine whether hours of operation in a particular Post Office  
14 would be aligned with actual workload or whether that office would be studied for  
15 discontinuance. This section of my testimony discusses the categories of Post  
16 Offices that would be included in POStPlan and the methods used to inform  
17 communities and collect customer information for consideration as part of the  
18 process for determining whether to realign retail window hours at a particular  
19 Post Office. The testimony then explains the expected timelines for decision-

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<sup>1</sup> Generally, EAS Level 16 or below Post Offices that are not currently operational, for example suspended Post Offices, are not part of POStPlan. Local field offices, however, may decide to reopen a Post Office which would then be evaluated under the POStPlan criteria. Otherwise, suspended Post Offices most likely will progress through the discontinuance process pursuant to USPS Handbook PO-101. For purposes of this testimony, the term POStPlan Offices includes all 17,728 EAS Level 16 or below Post Offices that were operational as of the close of FY 2011. While this number includes Post Offices that have been suspended or become non-operational since FY2011, in practice, these non-operational Post Offices will not be part of POStPlan.

1 making and implementation of service changes. Finally, my testimony describes  
2 several improvements to the discontinuance process developed since the Postal  
3 Service's request for an advisory opinion regarding its Retail Access Optimization  
4 Initiative.

5 The following USPS Library References are associated with my testimony:  
6 USPS-LR-N2012-2/1, USPS-LR-N2012-2/2, USPS-LR-N2012-2/3 and USPS-  
7 LR-N2012-2/4.

## 8 **II. The Postal Retail Network Must Continue to Evolve**

9 An understanding of the Postal Service retail network and customer use of  
10 retail services provides the foundation for why the Postal Service is reviewing its  
11 retail network.

### 12 **A. Overview of the Current Postal Retail Network**

13 Post Offices are organizational entities subordinate to a district, and  
14 perhaps also to an Administrative Post Office, managed by a Postmaster, with  
15 responsibility for customer services, local delivery, the receipt and dispatch of all  
16 classes of mail, and in some instances, processing and distribution of mail for  
17 other Post Offices in the surrounding geographic area. Customer transactions at  
18 Post Offices include the purchase of stamps, money orders, and special  
19 services, such as Certified Mail, Registered Mail, and Insurance; the calculation  
20 and purchase of proper postage through weighing and rating of mail; and the  
21 retrieval of mail delivered to Post Office Boxes. As of May 22, 2012, there are  
22 approximately 26,703 Post Offices in the postal retail network. The operations of  
23 these Post Offices are supplemented by a variety of access channels for retail

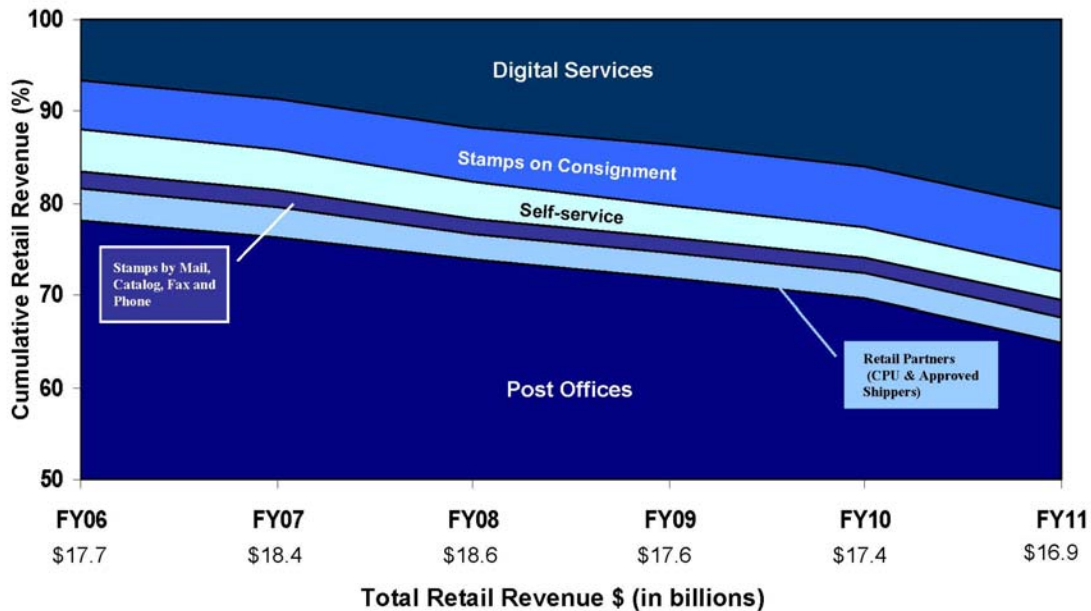
1 services. Specifically, as of May 22, 2012, Post Offices are complemented by  
2 5,552 stations and branches, 3,527 Contract Postal Units, 65,432 stamp  
3 consignment sites, 4,007 Approved Shippers, 22 Village Post Offices, [usps.com](http://usps.com),  
4 Stamps by Mail®, and rural route and contract delivery carriers that all provide  
5 postal retail services.

6 B. Postal Customer Behavior Is Changing

7 As previously explained in detail on pages 6 through 9 of the direct  
8 testimony of James J. Boldt (USPS-T-1) in PRC Docket No. N2011-1, postal  
9 customer behavior is changing. With advances in technology, product  
10 innovations, and changes in customer lifestyles, customers are accessing fewer  
11 postal resources via traditional retail counters. When customers have a need for  
12 postal services, their options are numerous—especially for the single most  
13 common transaction, the purchase of stamps—including Post Offices, stations,  
14 branches, Contract Postal Units, Village Post Offices, stamp consignees,  
15 [usps.com](http://usps.com), Automated Postal Centers and other alternatives to traditional brick-  
16 and-mortar retail facilities. Figure 1 reflects updated information from PRC  
17 Docket No. N2011-1, and shows that customers continue to use alternative retail  
18 channels in increasing proportions.

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**Figure 1: Proportion of Retail Revenue**



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Source: USPS Enterprise Data Warehouse/Accounting Data Mart (EDW/ADM) – Includes retail revenue from all channels and all technologies including Point of Service, Integrated Retail Terminal, Electronic Money Order Voucher System, Small Post Office Reporting Tool, and manual reporting.

8

The data in Figure 1 above illustrate the array of options available to meet customers’ needs for postal retail services. Figure 1 also highlights the decline in the percentage of revenue attributable to Post Offices. From 2006 to 2011, percentage of revenue attributable to Post Offices, stations and branches has continuously decreased, as the percentage of revenue attributable to alternate access channels has continuously increased. These trends continue in the current fiscal year.

15

In the future, the proportion of overall postal retail revenue generated at Postal Service-operated retail units will continue to diminish as customers continue to increase their use of alternate access channels available where they reside, work and shop. The declining trend in Figure 1 also parallels the overall decline in use of postal services. An understanding of the overall decline in use

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1 of postal services, despite the increased access to postal products and services,  
2 provides the context and justification for the POSTPlan.

3 C. Retail Network Access Should Be Viewed In Context

4 The current Postal Service network does not reflect actual customer use  
5 of postal services. This disparity between customer use and the hours and  
6 services offered by Post Offices is evident for many POSTPlan Offices.

7 Currently, the Postal Service classifies Post Offices, other than executive  
8 pay Post Offices, under the Work Service Credit (WSC) system, which serves to  
9 link the responsibility and workload of each Post Office to the salary of its  
10 Postmaster.<sup>2</sup> WSCs account for, among other tasks, plant load operations and  
11 distribution activities for that Post Office and subordinate facilities, delivery points  
12 dispatched from that Post Office, and Post Office retail transactions.  
13 Nonexecutive-staffed Post Offices receive a classification within one of two  
14 ranges, EPM Levels 51 to 55 or EAS Levels 11 to 26, depending on the  
15 Postmaster level for that facility.

16 As reflected in Postal Service Library Reference USPS-LR-N2012-2/1,  
17 Post Offices generally provide window service five or six days a week, and offer  
18 various postal services (few Post Offices offer all services). On average,  
19 POSTPlan Offices provide window service for 39 hours during the week, and 4  
20 hours on Saturday.

21 Despite offering window service for an average of 43 hours per week  
22 (including Saturday), POSTPlan Offices experience an average of only 31 hours

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<sup>2</sup> Currently, there are 39 executive pay (PCES) Postmasters in major cities across the country. The Post Offices where these Postmasters work are not subject to WSC ratings.



1 per week (including Saturday) of earned workload.<sup>3</sup> Figure 2 reflects the window  
 2 service hours and average earned workload per week for POSTPlan Offices,  
 3 separated by current Post Office Level.

4 **Figure 2: Current Average Window Service Hours and Earned Workload**  
 5 **for POSTPlan Offices by Current Post Office Classification**

<b>LEVEL</b>	<b>Average Retail Hours Mon - FRI</b>	<b>Average Retail Hours Saturday</b>	<b>Average Retail Hours per week</b>	<b>Average Earned Workload Hours per week</b>
<b>Average Level 16 and Below</b>	<b>39</b>	<b>4</b>	<b>43</b>	<b>31</b>
<b>51</b>	<b>10</b>	<b>1</b>	<b>11</b>	<b>12</b>
<b>53</b>	<b>20</b>	<b>2</b>	<b>22</b>	<b>13</b>
<b>55</b>	<b>31</b>	<b>3</b>	<b>34</b>	<b>15</b>
<b>11</b>	<b>39</b>	<b>3</b>	<b>42</b>	<b>19</b>
<b>13</b>	<b>40</b>	<b>4</b>	<b>44</b>	<b>28</b>
<b>15</b>	<b>42</b>	<b>5</b>	<b>47</b>	<b>48</b>
<b>16</b>	<b>43</b>	<b>5</b>	<b>48</b>	<b>49</b>

6 Source: Customer Service Variance (CSV) and Small Office Variance (SOV).

7 The Postal Service retail network currently offers window service hours  
 8 that, on average, far exceed actual customer use of postal services, and there is  
 9 no reason to expect any increase in customer use of postal services via  
 10 traditional retail channels. The POSTPlan also provides that retail window service  
 11 hours will increase where appropriate.

12 Purchases of postal services at POSTPlan Offices, as measured by  
 13 revenue, are in decline. For example, the average annual revenue attributable to

<sup>3</sup> As used in my testimony, the term earned workload reflects a combined value for the mail distribution, Post Office Box delivery and retail window service activity at a facility.

1 postage<sup>4</sup> for a POStPlan Office has declined from \$76,155 in Fiscal Year 2007 to  
2 \$66,343 in Fiscal Year 2011.<sup>5</sup>

3           As identified in USPS-LR-N2012-2/3, the purchase of postage accounts  
4 for more than 87 percent of the retail revenue generated by a POStPlan Office.  
5 Conversely, most other retail transactions compose a much smaller percentage  
6 of revenue in POStPlan Offices. For example, passport services and fees  
7 account for average annual revenue of \$292—or average weekly revenue of  
8 approximately \$5.62—at POStPlan Offices. Figures 3 and 4 reflect average  
9 annual retail revenue for purchases at POStPlan Offices by current classification  
10 and by anticipated classification after POStPlan.

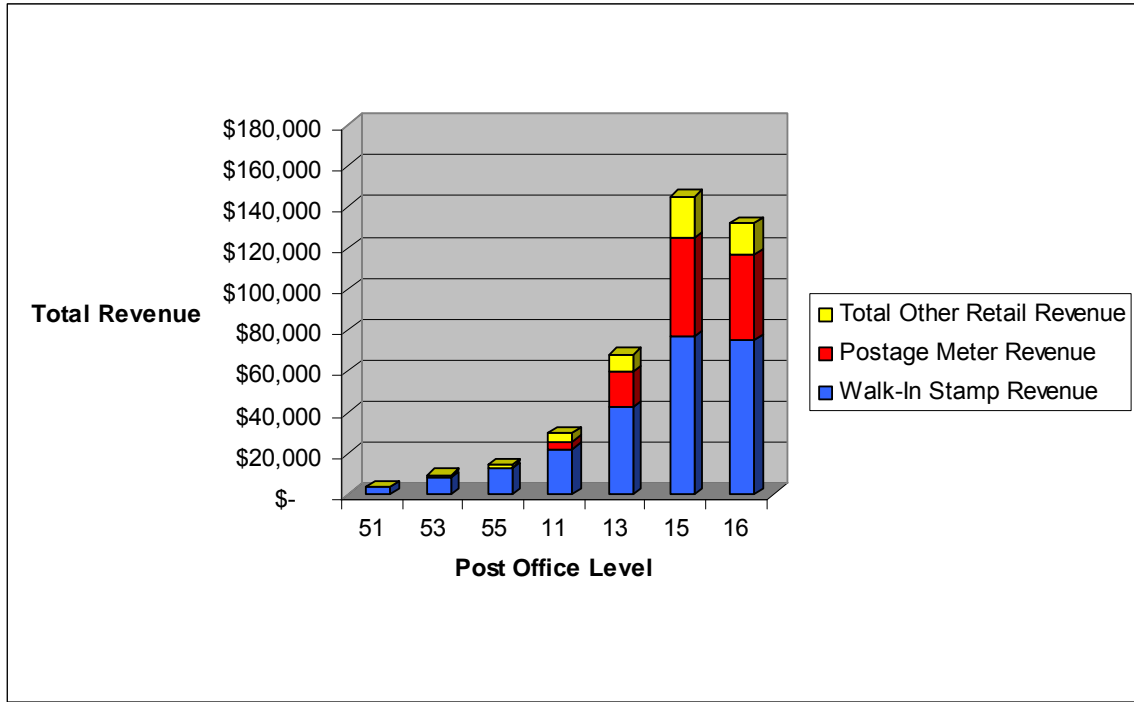
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<sup>4</sup> As used in my testimony, the term “postage” includes postage meters, validation, and walk-in stamp sales.

<sup>5</sup> This data was collected from USPS Enterprise Data Warehouse/Accounting Data Mart (EDW/ADM).

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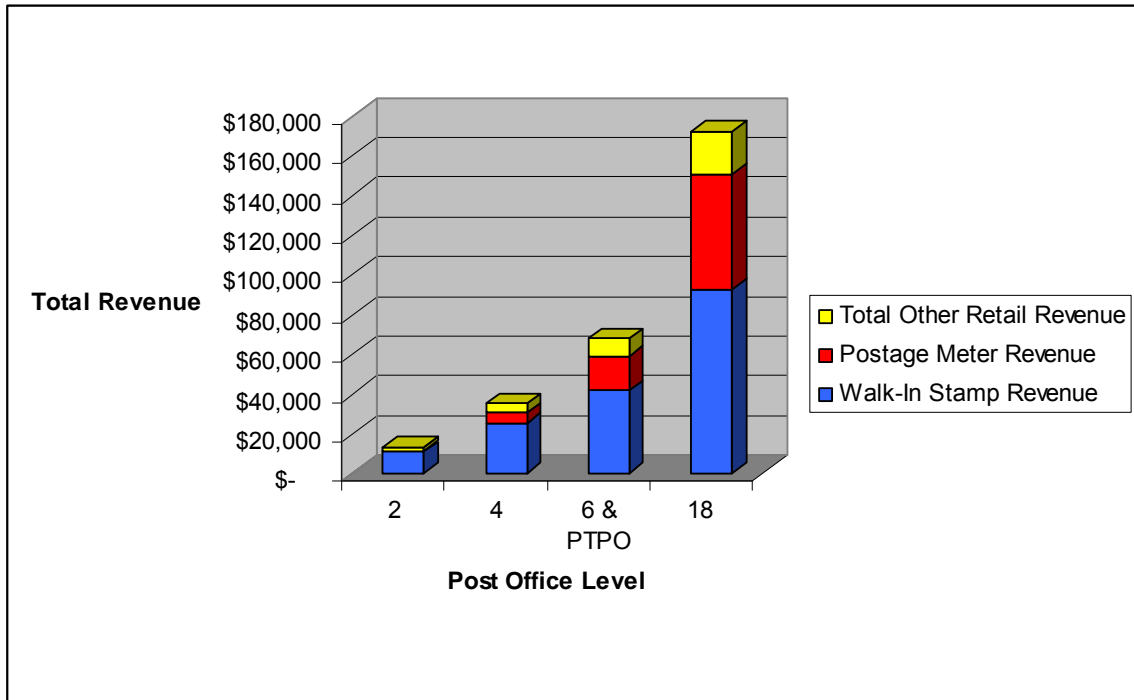
**Figure 3: FY 2011 Average Annual Retail Revenue for POSTPlan Offices by Current Post Office Classification**



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**Figure 4: FY 2011 Average Annual Retail Revenue for POSTPlan Offices by Post Office Classification after POSTPlan**



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Source: USPS-LR-N2012-2/3.

1           The most common retail transaction, the purchase of stamps, is available  
2 at all Postal Service retail locations and through every alternate access means,  
3 such as usps.com, carrier, and Stamps by Mail®. The less common transaction  
4 types are not always available through every alternate access source. However,  
5 the minimal use of these postal services unavailable through some means of  
6 alternative access is insufficient to justify maintaining the current level of window  
7 service hours.

8           POStPlan addresses these challenges by establishing a program to  
9 realign window service hours at existing Post Offices that will continue to provide  
10 the products and services that are provided today, including those products and  
11 services unavailable through some alternate access means. Additionally, the  
12 Postal Service anticipates that the POStPlan will provide significant labor cost  
13 savings due to lower salary and benefit costs and a reduction in overall retail  
14 window hours. In short, POStPlan sustains regular and effective service via  
15 Postal Service retail locations and fosters the ongoing expansion of alternative  
16 access while improving overall efficiency of postal operations.

17           **III. The Scope and Objectives of the POStPlan**

18           A. Impetus for the POStPlan

19           In light of the overall reduction in customer use of postal services and the  
20 widespread access to alternative sources for obtaining postal services, it is  
21 incumbent upon the Postal Service to review its physical retail network to  
22 determine if reasonable opportunities exist for modifying the network to reflect  
23 customer use, while continuing to provide regular and effective access to its

1 products and services. The POSTPlan reflects a determination by senior  
 2 management to explore options other than discontinuance of underutilized Post  
 3 Offices and it was initiated in an effort to identify those communities with Post  
 4 Offices offering retail window hours and services that do not match actual  
 5 customer use of postal services.

6 As part of POSTPlan, Postal Service officials have identified Post Offices  
 7 at EAS Level 16 or below. Those Post Offices with more than 5.74 hours of  
 8 Adjusted Earned Workload, as defined below, will be upgraded to EAS Level 18  
 9 or above Post Offices. For those Post Offices in which earned workload is  
 10 insufficient to warrant the continuation of a full-time Post Office, hours will be  
 11 realigned with customer use. In some cases where hours are not realigned,  
 12 however, the Post Office may be studied for discontinuance. As evidenced by  
 13 Figure 5, the Postal Service will continue to serve customers effectively in these  
 14 communities if the respective Post Offices maintain operations with window  
 15 service hours realigned with customer use.

16 **Figure 5: Weekday Window Service Hours and Average Daily Earned**  
 17 **Workload for POSTPlan Offices by Post Office Classification after**

Level	Window Service Hours Each Weekday	Average Daily Earned Workload
2	2	1.4
4	4	2.5
6 & PTPO	6	3.9
18	8	7.2

18 Source: USPS-LR-N2012-2/1

1                   B.     Scope of the POSTPlan

2                   The POSTPlan consists of a Headquarters-initiated review of EAS Level 16  
3 or below Post Offices through examination of workload for each individual office.

4                   The POSTPlan is organized to examine the feasibility of realigning retail window  
5 hours for POSTPlan Offices that are not eligible for an upgrade to a higher level  
6 classification. Based on community input and operational needs, POSTPlan  
7 could result in: (1) upgrade of the Post Office Level; (2) realignment of retail  
8 window service hours to actual workload; or (3) discontinuance study.

9                   Approximately 17,728 candidate Post Offices would be examined.<sup>6</sup> POSTPlan  
10 Offices with an Adjusted Earned Workload of 5.74 hours or less, as defined  
11 below, that undergo a realignment of window service hours will be known as  
12 Remotely Managed Post Offices (RMPOs) or Part-Time Post Offices (PTPOs).

13                   In general, the window service hours of an RMPO will reflect earned  
14 workload. For the purpose of evaluating Postmasters and Post Office levels,  
15 Post Offices categorized at EAS Level 18 or above will continue to be evaluated  
16 through the Workload Service Credit (WSC/PS Form 150) process. RMPOs and  
17 PTPOs will be evaluated through a modified Customer Service Variance (CSV)  
18 or Small Office Variance (SOV) program, and will be reviewed annually to  
19 determine appropriate window service hours for these offices.

20                   Both CSV and SOV variance programs are management tools that  
21 provide workload, productivity, workhour, complement, and route and delivery

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<sup>6</sup> As explained in footnote 1, for the purpose of my testimony, this number includes Post Offices that have been suspended or become non-operational since FY2011, and thus are not functionally a 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.

1 analysis. These programs calculate actual versus earned performance against  
2 standardized target productivity expectations, and trend performance from  
3 national results to the unit level. CSV and SOV integrate locally reported unit  
4 workload data from multiple national data systems, and use data to identify  
5 savings opportunities in a relevant and actionable performance management  
6 platform. Both CSV and SOV use Point-of-Sale data where available and rely on  
7 an algorithm using revenue data for Post Offices that do not utilize Point-of-Sale  
8 terminals. Together, CSV and SOV provide for enhanced management through  
9 a standardized and intuitive format.<sup>7</sup>

10 The earned workload measurement for each office will be determined by  
11 the most recently completed fiscal year (FY). CSV/SOV results will be multiplied  
12 by a factor of 1.1 to determine a Post Office's daily Adjusted Earned Workload  
13 (AEWL).<sup>8</sup> The 1.1 multiplier accounts for minor variations in calculation of  
14 earned workload using CSV and SOV and provides a means for an RMPO to  
15 adjust upward its window service hours if its number of retail transactions  
16 increases. Post Offices having more than 5.74 hours of AEWL will be  
17 categorized as EAS Level 18 or above. The window service hours for Post  
18 Offices having 5.74 or fewer hours of AEWL, and classified as an RMPO, will be

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<sup>7</sup> Many of the nationally established target productivities can be traced back to 1993 in the Workload/Workhour Equalization Program. The factors used at that time were developed by averaging data received from Postmasters. The establishment of factors provided consistency when evaluating Post Office workload. Since that time, the use of time factors has been carried forward into later models such as Automated Workforce Projection System (AWPS) and its successor, SOV. As operational advancements have been made, the models and the time factors have been changed to reflect recent time studies and updated data averages.

<sup>8</sup> The Postal Service accounts for the fact that most Post Offices currently provide reduced retail window hours on Saturday by dividing the weekly CSV/SOV window service hours component by 5.5 to determine the average daily earned window service hours, instead of dividing by 6 as is done with the other CSV/SOV factors.

1 determined using Figure 6. Saturday hours will not change as a result of the  
2 POSTPlan.

3 **Figure 6: Window Service Hours by AEWL**

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

4 Source: Library Reference USPS LR-N2012-2/1.

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

11 The Postal Service will generally utilize a Post Office currently operating at  
12 EAS Level 18 or above to serve as an APO for a cluster of RMPOs. A cluster,  
13 managed by a single APO, will include no more than 10 RMPOs.<sup>9</sup> If no EAS  
14 Level 18 Post Offices are currently located in a proposed cluster, an EAS Level  
15 16 or below Post Office will be elevated to EAS Level 18 or above and will serve  
16 as an APO for that cluster.<sup>10</sup>

17 There is an exception to the RMPO concept as described above.  
18 Specifically, a Post Office that is 25 or more driving miles from the nearest Post

<sup>9</sup> The average number of RMPOs per APO is approximately 2.

<sup>10</sup> As of now, no POSTPlan Offices will be upgraded pursuant to this rule.



1 Office or that is outside a 25 mile radius of the nearest APO, which would  
2 otherwise be a Level 2, 4 or 6 RMPO, will be staffed by a career employee for 6  
3 hours of window service each weekday regardless of actual AEWL. Post Offices  
4 that fall within this exception will be known as PTPOs. In contrast to an RMPO, a  
5 PTPO will report to a district office, not an APO.

6 Library Reference USPS LR-N2012-2/1 shows the AEWL values for  
7 affected Post Offices and the number of hours that a candidate office may offer  
8 under POSTPlan.

9 Of the 17,728 POSTPlan Offices, the Postal Service expects that  
10 approximately 4,561 will be upgraded to EAS Level 18 or above. The Postal  
11 Service further expects that among those 4,561 upgrades, approximately 3,907  
12 POSTPlan Offices will serve as an APO for a cluster of RMPOs.<sup>11</sup> The Postal  
13 Service also expects that the remaining POSTPlan Offices will be distributed as  
14 follows: 397 PTPOs, 3,916 Level 6 RMPOs; 6,879 Level 4 RMPOs; and 1,975  
15 Level 2 RMPOs. Figure 7 shows the expected classification of Post Offices as a  
16 result of the POSTPlan.

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<sup>11</sup> The Postal Service estimates that POSTPlan will result in approximately 6,145 clusters. In addition to the 3,907 upgraded POSTPlan Offices serving as an APO for a cluster, 2,238 current EAS Level 18 or above Post Offices will also serve as an APO for a cluster.

1

**Figure 7: Classification of POSTPlan Offices under POSTPlan**

Current Level	Post Office Classification					
	Level 2	Level 4	Level 6	PTPO	Level 18	Total
11	755	3344	112	200	14	4425
13	42	3027	2170	61	840	6140
15		144	864	1	1799	2808
16		127	770		1908	2805
51	81	1		4		86
52	1			1		2
53	506	47		64		617
54	1					1
55	589	189		66		844
Grand Total	1975	6879	3916	397	4561	17,728

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Source: Library Reference USPS LR-N2012-2/1.

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The Postal Service generally will not study for discontinuance candidate

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Post Offices as part of the POSTPlan unless the community has a strong

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preference for discontinuance and replacement of service with one of the existing

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alternatives, namely provision of postal service to the community by rural carrier

7

or highway contract route, contracting with a local business to create a

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contractor-operated unit, or offering service from a nearby Post Office.<sup>12</sup>

9

Classification of a community's Post Office as an RMPO or PTPO does not

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preclude establishment of a contractor-operated unit in that community.

11

As part of the POSTPlan, Postal Service officials will consider three

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criteria: the AEWL of a Post Office, the distribution of RMPOs (clusters), and the

13

distance between Post Offices. The POSTPlan analysis does not consider

14

profitability of a Post Office, and it does not consider the type of community

<sup>12</sup> Discontinuance studies may continue to take place pursuant to USPS Handbook PO-101, separate and apart from the POSTPlan.

1 served by a Post Office. The POSTPlan is designed to tailor the Postal Service  
2 retail network to actual customer use of postal services, using AEWL as a proxy  
3 for customer use.

4 In order to ensure that customers' postal needs continue to align with the  
5 Postal Service's retail network, the Postal Service will review, on an annual  
6 basis, the AEWL for all Level 2, 4 and 6 RMPOs and PTPOs. Based on this  
7 review, the level for these RMPOs and PTPOs may increase, decrease or remain  
8 unchanged.<sup>13</sup> The Postal Service also will monitor other changes that could  
9 result in the reclassification of certain Post Offices.

10 Once it is determined that a Post Office will be classified as either an  
11 RMPO or a PTPO, local management, taking into account community feedback,  
12 will determine the particular daily hours in which window service will be provided.  
13 Saturday hours will not change as a result of the POSTPlan. Additionally, the  
14 ability of RMPO and PTPO customers to access Post Office Boxes will remain  
15 unchanged.

16 C. The POSTPlan Community Consultation and Decision  
17 Process

18 Once a Post Office has been identified as a candidate for an RMPO or  
19 PTPO under the criteria set forth in Section B above, the Postal Service will  
20 undertake a process of gathering community feedback and rendering a decision  
21 as to how to proceed with a given Post Office. This procedure will generally be  
22 identical for all identified Post Offices; however, the process will be slightly

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<sup>13</sup> The Postal Service will review FY 2012 data; however, implementation of POSTPlan during FY 2013 will be based on solely FY 2011 data. Implementation during FY 2014 will be based on FY 2013 data, and each subsequent year will use the previous year's data to reevaluate Post Office levels.

1 modified for those Post Offices currently undergoing discontinuance studies  
2 pursuant to USPS Handbook PO-101.

3 It is important to highlight that the consideration of a Post Office for  
4 realignment of retail window hours, and any resulting change in retail window  
5 hours, does not constitute a closing or consolidation pursuant to the USPS  
6 Handbook PO-101 process. Therefore, the requirements for discontinuance,  
7 including posting of a proposal, receipt and response to written comments and  
8 posting of a final determination, are not applicable to the Postal Service's  
9 procedure for determining realignment of retail window hours.

10 It is also important to establish that consideration of a Post Office for  
11 realignment of retail window hours occurs separate and independent of the  
12 discontinuance process in USPS Handbook PO-101. For those operational Post  
13 Offices currently being studied for discontinuance in which the community  
14 meeting has already occurred, the Postal Service will hold a new community  
15 meeting for the purpose of explaining the alternative of retail hour realignment.

16 Scenarios for each category of Post Office under consideration as part of  
17 the POSTPlan are described below.

### 18 **Scenario 1: Post Offices Not Currently Being Studied for Discontinuance**

19 After candidate Post Offices are identified, Postal Service personnel will  
20 survey customers to solicit their preference for realigned window service hours or  
21 discontinuance study, which will help inform the Postal Service's decision  
22 regarding whether a realignment of hours is appropriate for a particular  
23 community. The Postal Service will review the surveys and the operational

1 needs of the Postal Service to determine whether a Post Office will continue with  
2 realigned window service hours. The Postal Service will then hold a community  
3 meeting to discuss the results of the survey.

4 If the Postal Service determines to maintain a Post Office with realigned  
5 retail window hours, Postal Service personnel will take into account feedback  
6 gathered at the community meeting to determine the time of day in which retail  
7 window service will be available and the timeframe for implementation.

8 If a candidate Post Office is not continued with realigned window service  
9 hours, however, the Postal Service likely will study the facility for discontinuance  
10 consistent with USPS Handbook PO-101. In its notice initiating the  
11 discontinuance study, the Postal Service will provide an explanation of why the  
12 Postal Service declined to realign window service hours at a particular Post  
13 Office. As set forth above, the Postal Service expects that most candidate  
14 POSTPlan Offices will not be studied for discontinuance as part of the POSTPlan.

15 **Scenario 2: Post Offices Currently Being Studied for Discontinuance**

16 If the Post Office being considered for realigned window service hours is  
17 currently operational and being studied for discontinuance, the discontinuance  
18 process will be held in abeyance pending a determination of whether to realign  
19 retail window hours. The Postal Service will survey customers and, as with Post  
20 Offices not being studied for discontinuance, the Postal Service will review the  
21 surveys and the operational needs of the Postal Service to determine whether  
22 the Post Office will continue with realigned window service hours. The Postal  
23 Service will then hold a community meeting to discuss the results of the survey.

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

6           If a candidate Post Office is not continued with realigned window service  
7 hours, the Postal Service will likely resume the discontinuance study. For  
8 communities with Post Offices at the pre-final determination stage of the Post  
9 Office discontinuance study process, a decision declining the realigned retail  
10 hour option will most commonly be explained in a revised proposal. For Post  
11 Offices in communities that have already received a final determination, a  
12 decision declining to realign window service hours would be followed by a  
13 revised final determination that would include an explanation of why the Postal  
14 Service declined the option of realigned window service hours and RMPO  
15 designation.

16           As previously explained, the discontinuance study is a separate track from  
17 the process of the Postal Service's consideration of realigned hours. The  
18 Appendix to my testimony illustrates the process flow for evaluating a POSTPlan  
19 Office.

#### 20           D.     Market Research Results

21           Based on prior experience and market research, the Postal Service  
22 expects that most communities will prefer that Post Offices remain open with  
23 realigned hours. In fact, market research indicates that a majority of customers

1 prefer maintaining their Post Office with realigned hours to other service  
 2 alternatives. Specifically, during the week of February 20, 2012, Opinion  
 3 Research Corporation, Inc. (ORC), on behalf of the Postal Service, conducted  
 4 quantitative research to assess consumer preference for alternatives available  
 5 for Post Offices facing a possible realignment of retail window hours or  
 6 discontinuance study. ORC questioned 1,024 customers using the Opinion  
 7 Research Consumer Caravan.

8 Among other questions, the survey asked the customers the following: “If  
 9 you had to choose among these five options, what option would you select?”

10 Figure 8 represents the responses to this question.

11 **Figure 8: Response to Market Research Question**  
 12 **Regarding Service Options**

Description of Option	Response
Option 1: Close your Post Office when it is located close to another Post Office, which will continue to provide full retail service to you.	15%
Option 2: Close your Post Office and contract with a local business such as a grocery or convenience store or a community organization to run a limited postal retail service.	11%
Option 3: Close your Post Office and contract with a local business or community organization to run a regular Postal Service retail office.	9%
Option 4: Close your Post Office and expand Rural Delivery Route service by which the rural carrier will sell stamps and other postal products, distribute supplies, and pick up prepaid packages.	11%
Option 5: Keep your local Post Office open for full retail service but the Post Office will operate for 2, 4 or 6 hours a day based on your community’s needs.	54%

13

Source: Library Reference USPS LR-N2012-2/4.

1           Based on these results, a majority of surveyed customers (54 percent)  
2 preferred Option 5, realignment. Library Reference USPS LR-N2012-2/4  
3 provides additional information regarding the survey conducted during the week  
4 of February 20, 2012, and the results.

5           The Postal Service also recognizes that based on feedback from  
6 community surveys, some communities may express a strong preference to  
7 proceed with a discontinuance study and replacement of services with one of the  
8 other alternatives, electing to use a nearby Post Office, rural route or contract  
9 delivery service, or a contractor-operated unit in that community, rather than an  
10 RMPO or PTPO with realigned retail window hours. In such instances, the  
11 Postal Service likely will proceed with a discontinuance study.

12           E.       Implementation of the POSTPlan

13           The Postal Service intends to implement the POSTPlan through several  
14 phases; however, no reduction in hours or discontinuance study pursuant to  
15 POSTPlan will occur until more than 90 days after the filing of the request for an  
16 advisory opinion with the PRC. The Postal Service expects to begin distributing  
17 community surveys in September 2012, and holding community meetings soon  
18 thereafter.

19           Staffing for RMPOs and PTPOs will be guided by the implementation  
20 timeline, described below, and is dependent on the type of office, either RMPO or  
21 PTPO, the realigned hours of operation and the effective date of the  
22 implementation of the POSTPlan.



1           The first set of Post Offices to be examined under POSTPlan will be those  
2 POSTPlan Offices earning more than 5.74 hours of AEWL. These Post Offices  
3 will be upgraded to EAS Level 18 or above Post Offices. The Postal Service will  
4 then examine POSTPlan Offices with an AEWL of 5.74 or fewer hours. The first  
5 offices examined for hour realignment will be those with a current Postmaster  
6 vacancy. The Postal Service will determine, based on community feedback and  
7 operational needs, whether the retail window hours will be realigned or the Post  
8 Office will be studied for discontinuance.

9           The timeline below details the POSTPlan implementation explained above.

- 10           • June 2012 – The Postal Service will begin upgrading POSTPlan Offices  
11           identified as APOs and POSTPlan Offices with an AEWL of 5.74 or  
12           more hours to EAS Level 18 Post Offices.
- 13           • September 2012 – The Postal Service will begin notifying communities  
14           with POSTPlan Offices that their Post Office is being considered for  
15           realignment of retail window hours; surveys will be distributed and  
16           community meetings will be scheduled.
- 17           • October 2012 – The Postal Service will begin classifying POSTPlan  
18           Offices with an AEWL of 5.74 or fewer hours as RMPOs and PTPOs,  
19           beginning with those Post Offices with a Postmaster vacancy.

#### 20           **IV. Improvements in the Discontinuance Process**

21           If a community expresses a strong preference for one of the alternative  
22           access means other than realigned window service hours under the POSTPlan,  
23           the Postal Service will proceed with a discontinuance study utilizing the

1 procedures set forth in the current USPS Handbook PO-101. The general  
2 process for studying a Post Office for discontinuance was set forth on pages 18  
3 through 20 in the direct testimony of witness Boldt in PRC Docket No. N2011-1.  
4 Further, the Postal Service has implemented refinements and enhancements to  
5 its processes for discontinuance studies.

6 The most significant change to the process for studying Post Offices for  
7 discontinuance is that the Postal Service now uses actual employee costs in its  
8 economic analysis. Whereas previously the Postal Service used the expected  
9 future employee cost—the salary and benefits for a Postmaster that would be  
10 hired to fill the vacant position—the Postal Service now uses historical data,  
11 which provides an average of actual employee costs for the past year. This  
12 change further enhances the Postal Service’s economic analysis of a Post Office  
13 as part of a discontinuance study.

14 The Postal Service further refined its economic calculations with updates  
15 to its Change, Suspension & Discontinuance Center computer system (CSDC).  
16 These updates require that field personnel input detailed financial information for  
17 one time costs not previously accounted for, including constructing cluster box  
18 units, removing Postal Service property from a discontinued Post Office, or  
19 adding equipment to a nearby Post Office to account for the potential of  
20 increased use. The updates also automatically create a comprehensive financial  
21 workbook for a Post Office being studied for discontinuance, which allows the  
22 Postal Service to better analyze the economic impact of discontinuance.

1           Additionally, CSDC has been modified to include a new customer survey  
2 with more questions that measure non-revenue transactions at Post Offices. The  
3 new system also provides clear instructions to field personnel on how to calculate  
4 driving distances between a Post Office being studied and an alternative access  
5 point or another Postal Service facility. CSDC now includes more detail about  
6 lease information and the number of vacant and assigned Post Office Boxes at  
7 affected facilities.

8           In addition to changes to CSDC, the Postal Service is developing  
9 additional training materials for discontinuance coordinators and expects to hold  
10 national level training to discuss and implement many of the recommendations in  
11 the Commission's Advisory Opinion issued in Docket No. N2011-1.

## 12           **V.     Conclusion**

13           The POStPlan provides many communities the opportunity to maintain  
14 their existing Post Office while allowing the Postal Service to address its  
15 operational and financial needs by realigning retail window hours to better match  
16 customer use. As such, POStPlan sustains regular and effective service while  
17 improving overall efficiency of postal operations.

# Appendix to USPS-T-1

- 1) AEWL = Adjusted Earned Workload
- 2) RMPO = Remotely Managed PO
- 3) APO = Administrative PO
- 4) PTPO = Part Time PO

