

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268B0001

STATION AND BRANCH OPTIMIZATION AND
CONSOLIDATION INITIATIVE, 2009

Docket No. N2009-1

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MATALIK
TO PUBLIC REPRESENTATIVE INTERROGATORIES PR/USPS-T2-1-10 AND 12-13
(July 24, 2009)

The United States Postal Service hereby provides the responses of witness Kimberly Matalik to the following interrogatories of Public Representative Sidman -- PR/USPS-T2-1-10, and 12-13, filed on July 10, 2009. Interrogatory PR/USPS-T2-11 has been redirected to the Postal Service for response. A full objection to interrogatory PR/USPS-T2-11(h) and a partial objection to interrogatory PR/USPS-T2-8 were filed on July 20, 2009. Each interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MATALIK
TO INTERROGATORY OF THE PUBLIC REPRESENTATIVE

PR/USPS-T2-1:

Page 4 of your testimony states that the pre-Initiative station and branch discontinuance review process “starts with local initiation of a study at the direction of the District Manager in whose service area the station or branch in question is located.” Later, on pages 9-11 of your testimony, you discuss the proposed post-Initiative discontinuance study using slightly different phrasing. Are these two processes identical? If not, what changes does the Initiative bring to the discontinuance study part of the process? Please describe and provide all documents detailing these changes.

RESPONSE:

The Postal Service has only one facility-specific discontinuance review process for stations and branches; it is the principal subject of my testimony. For purposes of this Initiative, it has been coupled with a pre-screening process that also is described in my testimony. Please note that errata to my testimony filed on July 17, 2009, add some additional details inadvertently omitted from my testimony when originally filed.

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PR/USPS-T2-2:

Page 4 of your testimony states that the current discontinuance review process begins with a study of the facilities' [*sic*] business activity. It further states that such review "includes examination" of ten elements. USPS-T-2 at 4. You also mentioned that "factors unique to a particular facility must be considered." *Id.* With the exception of the "unique factors," is the list on lines 9-30 an exhaustive list of the examination of the facility's business activities? If not, please provide a complete list of the elements or factors considered in the examination of the facilities' business activities.

RESPONSE

A complete list is provided in my testimony, USPS-T-2, as amended.

Accordingly, please refer to that testimony, materials referenced therein, and my response to PR/USPS-T2-1.

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PR/USPS-T2-3

On page 7 of your testimony, you mention that it is expected that the number of discontinuance proposals may increase, “in response to a Headquarters initiative directing all Districts to conduct studies.” Please provide a copy of that directive and all other documents related to the Headquarters initiative referred to in the quote above.

RESPONSE

The “Headquarters initiative” is the subject of this docket; as such, see the materials filed in connection with PRC Docket No. N2009-1, including materials filed in connection with Public Representative questions today. The “directive” to initiate studies was communicated during teleconferences between Headquarters and Area managers.

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PR/USPS-T2-4

In footnote 5 on page 7 of your testimony, you state that in “the Initiative addressed in this docket Headquarters identifies for field managers specific stations/branches to review.” Please explain how Headquarters “identifies” stations/branches for review (i.e., is Headquarters identifying a subset of certain “EAS-24 and above” station or branches for field managers to review)?

RESPONSE

See USPS-T-1 at 6, lines 6-7.

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PR/USPS-T2-5

Page 8 of your testimony states that the “pre-screening process relies upon such factors as...” Is the list on lines 7-31 an exhaustive list of the non-retail service issue factors relied upon for the pre-screening process? If not, please provide a complete list of the non-retail service issue factors considered in the pre-screening process.

RESPONSE

Yes. But please note that errata to my testimony shift that list’s page and line locations.

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PR/USPS-T2-6

Page 8 of your testimony states that the pre-screening considers the “following retail service issues.” Is the list on page 8, lines 33-38 through page 9, lines 1-3 an exhaustive list of the retail service issue factors relied upon for the pre-screening process? If not, please provide a complete list of the retail issue factors considered in the pre-screening process.

RESPONSE

Yes. But please note that errata to my testimony shift that list’s page and line locations.

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PR/USPS T2-7

Under the prescreening process, please identify who makes the decision as to whether a branch or station should be subject to a discontinuance study?

RESPONSE

See USPS-T-2 at 10, lines 19-20.

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PR/USPS-T2-8

Please identify and provide all documents used and to be used by the Postal Service in the pre-screening process described on pages 7-9 of your testimony.

RESPONSE

A partial objection to this question was filed. See the attachment to the response to PR/USPS-4(a).

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PR/USPS-T2-9

On page 8 of your testimony, you state that “[p]rescreening is underway.”

- a. Please identify and provide all prescreening related documents detailing the stations and branches that have been prescreened as not “being considered for a discontinuance study in the near term” as you use that phrase on page 9 of your testimony.
- b. Please identify and provide all prescreening related documents detailing the stations and branches that have been prescreened as being considered for a discontinuance study in the “near term” as you use that phrase on page 9 of your testimony.
- c. Please identify and provide all prescreening related documents detailing the stations and branches that have begun but have not yet completed the prescreening process.

RESPONSE

These questions appear to misapprehend the process my testimony describes. The total universe of stations and branches is approximately 4800. The Postal Service targeted a subset of these stations and branches --those which report to EAS-24 level postmasters and above -- for potential discontinuance (consolidation or closure). Based upon on the amount of retail activity that level implies, virtually all of these (approximately 3200) targeted stations and branches are located in urban or suburban areas. There is a greater likelihood in these locales that stations and branches are in relatively close proximity to each other and, therefore, present consolidation opportunities that do not exist, for instance, if the targeted stations and branches were isolated in smaller towns. The pre-screening process responds to a management problem respective Area and Districts offices face: determining which among the 3200 nominees should be studied first as part of a centrally-directed Initiative. The pre-screening process provides a rational and orderly basis for identifying the initial wave (and subsequent waves) of candidate facilities among the 3200 to subject to the

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RESPONSE to PR/USPS-T2-9 (continued)

discontinuance study process. Pre-screening is underway. Every day for weeks now, the 74 District offices have been pre-screening, identifying candidates for study and informing Area and Headquarters management. Thus, the running total of candidates changes by the day. A station “teed up” for study one week might be taken off that tee the following week. Based on activity to-date, it is expected that this initial pre-screening process may ultimately identify less than 1,000 stations and branches as candidates for a full discontinuance study. Presently, several hundred discontinuance studies have been initiated in the field and are in various states of progress. Some of these studies will lead to decisions to close some of those stations and branches. In a certain sense, these interrogatories seek snapshots of very fluid interactions between Headquarters, 9 Area offices and 74 Districts offices. Any more precise quantification filed today will likely be obsolete the next business day. And that pattern can be expected to repeat itself for a while.

The balance of stations and branches not among the 3200 that might eventually be studied (not as part of this Initiative, but as part of the always ongoing initiation of consolidation studies independently by the field in response to local conditions) are the 1600 stations and branches that report to Postmasters below the EAS-24 level.

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RESPONSE to PR/USPS-T2-9 (continued)

The pre-screening process was developed solely for purposes of this Initiative. It is described in my testimony and in the attachment to the response to PR/USPS-4(a). All those stations and branches not studied in the “near term” or “first wave” as a part of this Initiative would be the balance of the 3,200. There are no documents corresponding to “all prescreening related documents” sought in subpart (a).

Application of the pre-screening process by the field to the numerous candidate stations and branches as a part of this Initiative results in communications from each at least twice a month identifying the stations/branches each District proposes to study. Rather than file lists in this docket that would have to be revised almost as soon as they are filed, the Postal Service intends to file a list during the first week of each month responsive to subpart (b).

There are no documents responsive to subpart (c) and none are expected to be created.

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PR/USPS-T2-10

On page 8 of your testimony, you state that the “pre-screening activity consists of identifying such stations and branches in the District’s service area to prioritize consolidation opportunities for study.”

- a. Please identify, describe and provide all documents detailing how branches and stations are “prioritize[d],” as used in your testimony.
- b. Are stations and branches ranked in order of priority? If so, please provide a list and all documents detailing the current state of these rankings.
- c. Please explain how stations and branches re “prioritize[d] as you use the term on page 8 of your testimony?

RESPONSE

a-c. Please see the response to PR/USPS-T2-9. Candidate stations and branches are not ranked for purposes of determining the sequence in which particular ones should be studied.

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PR/USPS-T2-12

Please refer to page 7 of your testimony where you discuss the Initiative and the prescreening process. Please explain the relationship of the prescreening process to the Initiative.

RESPONSE

Please see section IV of my testimony, USPS-T-2. See also, my response to interrogatory PR/USPS-T2-9.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MATALIK
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PR/USPS-T2-13

Please refer to page 7 of your testimony where you discuss the prescreening process. Pursuant to the prescreening process, please provide the following:

- a. The number of stations and branches under review.
- b. The number of stations and branches submitted by each District to Headquarters.
- c. The number of stations and branches submitted by each District that have been approved by Headquarters for consolidation or closure.

RESPONSE

- a. Approximately 3,200.
- b. Please see the response to PR/USPS-T2-9. For 72 Districts, as of July 24, 2009, the number of candidate station and branch studies submitted to Headquarters for a discontinuance review decision as a part of this Initiative is the same: zero. For the remaining 2 Districts, the answer is as follows: one each. However, it is assumed that all 74 Districts may inevitably submit candidates for discontinuance.
- c. Zero.