

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 VANGORDER  
TO PUBLIC REPRESENTATIVE INTERROGATORIES PR/USPS-T1-1-5, and 7(c-d), 8  
(July 27, 2009)

The United States Postal Service hereby provides the responses of witness VanGorder to the following interrogatories of Public Representative Sidman filed on July 10, 2009: PR/USPS-T1-1 through-5, 7(c-d), and 8. Each interrogatory is stated verbatim and followed by the response. Interrogatories PR/USPS-T1-7(a-b) have been redirected to the Postal Service for institutional responses, which are being filed today. An institutional response to PR/USPS-T1-6 is forthcoming.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**PR/USPS-T1-1**

Page 6 of your testimony on page 4 of the Request explain that the leading alternative to post offices, stations, and branches is the Internet at [www.usps.com](http://www.usps.com)

- a. Please identify and describe all postal products that a customer can purchase at a postal retail facility that a customer cannot purchase on [www.usps.com](http://www.usps.com)
- b. Please describe whether there are currently quantity restrictions on purchases on [www.usps.com](http://www.usps.com) that do not exist when purchased at a postal retail facility (e.g., the purchase of 1 or 17 stamps).
- c. When a customer requests postal products via the [www.usps.com](http://www.usps.com) what is the range (minimum to maximum) of time that a customer must wait to receive those stamps or other postal products from when the stamps or other postal products are ordered through the point in time which they are delivered.
- d. Are there currently any minimum ordering requirements for postal products ordered via [www.usps.com](http://www.usps.com) (e.g., can a customer purchase one stamp online)? If so, please explain.
- e. Are there any shipping and/or handling charges associated with the purchase of stamps or other postal products ordered via [www.usps.com](http://www.usps.com)? If so, please describe these charges and provide all documents detailing these charges.
- f. Does the Postal Service accept the same methods of payment for delivery of stamps and other postal products ordered by via [www.usps.com](http://www.usps.com) as those methods accepted at postal retail facilities? If not, please describe the differences in payment types?
- g. Describe the Postal Service offer via [www.usps.com](http://www.usps.com) the ability for a customer to print shipping labels (with postage paid) for the following mailpieces:
  1. Express Mail envelope.
  2. Express Mail package.
  3. Priority Mail envelope.
  4. Priority Mail package.
  5. First-Class Mail letter.
  6. First-Class Mail flat.
  7. First-Class Mail parcel.
  8. Media Mail package.
  9. Parcel Post package.
- h. For each time in paragraph (g) of this interrogatory that the Postal Service answers in the negative, please explain why these services are not available via [www.usps.com](http://www.usps.com).

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**RESPONSE TO PR/USPS-T1-1 (continued)**

- a. In order to respond to this interrogatory, I requested that various retail program managers responsible for the different channel prepare a matrix relating to services offered across various channels. A copy is attached.
- b. I am informed that stamps are available for purchase only as full panels online.
- c. I am informed that online stamp purchases are generally delivered within 2-5 days after the order is placed.
- d. See the response to subpart (b) above.
- e. There is a \$1.00 handling fee for online stamp and philatelic purchases.
- f. Credit and debit card are the two forms of payments accepted for online purchases.
- g. 1-9: Printed shipping labels are available online for the following:
  - (1) Express Mail envelope
  - (2) Express Mail package
  - (3) Priority Mail envelope
  - (4) Priority Mail package
- h. I am informed that the initial focus for this capability was on the competitive products identified in response to subpart (g). I am informed that the Postal Service is exploring the feasibility of expanding the availability of printed shipping labels to First-Class Mail large envelopes and parcels, Media Mail and Parcel Post.

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**PR/USPS-T1-2**

The Request at page 4, explains that “Carrier Pickup service allows customers to arrange for postal carriers to pickup outgoing packages and other mail at their homes or businesses.” Your testimony also discusses the fact that “many items that can be mailed at a postal retail window or deposited in a postal collection box can be mailed by a customer right at their home or office via Carrier Pickup service. USPS-T-1 at 7-8.

- a. Does the Postal Service allow free Carrier Pickup if the customer seeks to mail only First-Class parcels, letters, or flats? Please explain.
- b. Does the Postal Service allow free Carrier Pickup if the customer seeks to mail only Parcel Post mailpieces? Please explain.
- c. Does the Postal Service allow for customers to leave stamped postage weighing more than 13 ounces for Carrier Pickup? Please explain.

**RESPONSE**

- a. No. I am informed that the products eligible for free Carrier Pickup are Express Mail, Priority Mail, Express Mail International, Global Express Guaranteed, Priority Mail International, and Returns (Merchandise Return Service and Parcel Return Service). However, First-Class Mail parcels, letter or flats can be included as incidental to the pickup. Parcel Post may be picked up, when combined with Express Mail, Priority Mail, International Mail or Returns.
- b. No. Please see my response to subpart (a).
- c. No. I am informed that aviation mail security policies require mailpieces weighing more than 13 ounces and bearing postage stamps as the form of postage can not be picked up under Carrier Pickup, and must be taken by the customer to an employee at a retail counter at a Post Office, Contract Postal Unit, or Approved Shipper location. If such a mailpiece is left for a

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Carrier Pickup, the carrier is instructed to apply USPS Label DDD2 over the destination address, city, state, and ZIP Code of the mailpiece and leave it with the customer.

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**PR/USPS-T1-3**

Your testimony discusses that in recent years Automated Postal Centers (APCs) have been installed in postal retail lobbies. USPS-T-1 at 7.

- a. If a customer's closest branch or station currently has an APC, please explain how the potential closure of this branch or station is mitigated by the existence of that APC?
- b. Does the Postal Service plan on replacing customers' branches or stations with APCs?

**RESPONSE**

- a. My testimony does not suggest any such mitigation. If a customer's closest station or branch were closed, the APC would not remain at the discontinued location. Instead, it would be relocated to Post Office, station or branch whose demographics and revenue potential indicated the need for the displaced APC. That could include that particular customer's nearest remaining Post Office, station or branch.
- b. No such plan exists.

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**PR/USPS-T1-4**

The Request at page 4 explains that “[s]tamps and other postal products can be ordered by mail or phone for delivery for a customer’s address.” With respect to these topics, your testimony states that “[p]ostal customers also continue to have the option of ordering stamps by mail,” and “[c]ustomers who make a toll-free telephone call to 1-800-ASK-USPS (275-8777) are able to obtain the same products and services that are available at [www.usps.com](http://www.usps.com), including mailing and shipping supplies and stamps.” USPS-T-1 at 7.

- a. Please identify and describe all “other postal products” as that term is used on page 4 of the Request.
- b. Please describe whether there are currently quantity restrictions on purchases made via mail or phone for home delivery that do not occur when purchased at a postal retail facility (e.g., the purchase of 1 or 17 stamps).
- c. When a customer requests “stamps or other postal products” by mail or phone, what is the range (minimum to maximum) of time that a customer must wait to receive those stamps or other postal products from when the stamps or other postal products are ordered through the point in time in which they are delivered?
- d. Are there currently any minimum ordering requiring requirements for postal products ordered via mail or phone for delivery (e.g., can a customer purchase one home delivery)? If so, please explain.
- e. Are there any shipping and/or handling charges associated with the purchase of stamps or other postal products ordered by mail or phone? If so, please describe these charges and identify and provide all documents detailing these charges.
- f. Does the Postal Service accept the same methods of payment for delivery of stamps and other postal products ordered by mail or phone as those methods accepted at postal retail facilities? If not, please describe the differences in payment types?

**RESPONSE**

- a. See the attachment to the response to PR/USPS-T1-1(a).
- b. Stamps by Mail. There are no quantity restrictions for the sale of of the coils, booklets and panes listed for sale in the Stamps by Mail brochure.

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**RESPONSE TO PR/USPS-T1-4 (continued)**

Stamp Fulfillment Services (SFS). I am informed that, subject to one restriction, SFS allows customers to purchase the quantity, format, design, and denomination needed. The restriction is when a stamp is issued and an uncut press sheet is printed. USA philatelic catalog customers are limited to a quantity of 5 sheets. Customers can place orders via phone or mail if they see the item in the USA Philatelic catalog. The restriction is limited to the catalog cycle/time in which the stamp issue is first depicted. The next catalog depiction of the stamp holds no quantity restrictions. This restriction was introduced based upon collector demand as press sheets are printed in limited quantity.

1-800-ASK-USPS. Quantity restrictions are not applicable to 800-ASK-USPS agents.

- c. Stamps by Mail. Depending on origin of the order and location of the local or regional fulfillment center to which it is mailed, applicable First-Class Mail service standards reflect the number of days it would take for an order to be received: 1-2 delivery days. I am informed that orders are ordinarily filled and mailed within two business days of receipt. Assuming a First-Class Mail return, the number of days in transit to the customer should mirror the number of inbound days. Thus, a 3-6 day range from mailing of order until receipt of stamps should be expected.

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**RESPONSE TO PR/USPS-T1-4 (continued)**

SFS/1-800-ASK-USPS. I am informed that orders are usually mailed out within 16-24 hours of receipt, with the expectation that they will then be received within 3-5 delivery days.

- d. Stamps by Mail. The items listed for sale in the Stamps by Mail brochures are coils, booklets and panes. There are no minimum quantity requirements for the sale of these items.

SFS/1-800-ASK-USPS. There is no minimum ordering requirements; however, I am informed that for a non-standard configuration (ordering 1 stamp), a customer would be charged a \$2 custom order fee in addition to the standard \$1 fee for shipping and handling.

- e. Stamps by Mail. There are no shipping and handling charges.

1-800-ASK-USPS. All stamp orders are charged a \$1.00 shipping and handling fee, regardless of amount. There may also be a \$2.00 custom fee when ordering outside standard configurations. Free shipping supplies do not have a handling fee and are mailed at postal expense via Parcel Post.

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**RESPONSE TO PR/USPS-T1-4 (continued)**

Stamp Fulfillment Services. A shipping and handling fee of \$1.00 is assessed on orders through USA Philatelic catalog. Customers may place orders via phone for items they see in the catalog. These phone orders will be assessed the \$1.00 shipping and handling fee which mirrors the catalog fee.

- f. Stamps by Mail. I am informed that there are three Stamps by Mail sites which accept payment via money orders, checks and credit cards. The rest of the sites accept only money orders and checks.

1-800-ASK-USPS. I am informed that payment can be made by various credit cards, and that debit cards are accepted if a PIN is not required.

Stamp Fulfillment Services (SFS). I am informed that this channel accepts the same credit cards and checks as Post Offices, stations and branches. SFS also accepts Automated Clearing House checks drawn on US bank accounts, FedWires drawn on any bank account, and Postal Money Orders.

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**PR/USPS-T1-5**

Footnote 5 of your testimony notes that the “Postal Service is compiling a list that is expected to identify specific candidate station and branches and intends to file a copy with the Commission as soon as possible.” USPS-T-1 at 8 n.5.

- a. Please provide an estimated timeframe as to when this list will be filed.
- b. Please provide a list of all EAS-24 and above stations and branches.

**RESPONSE:**

- a-b. It is estimated that the list will be filed within a week. The list is intended to reflect all EAS-24 and above stations and branches subject to this Initiative.

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**PR/USPS-T1-7**

On page 2 of the Request, the Postal Service states that it will examine branches and stations to identify opportunities for consolidation, “but only after concluding that such changes will continue to provide ‘ready access to essential postal services.’” Similarly, your testimony states that “[n]o facility will be consolidated unless a study demonstrates an opportunity for efficiency gains while maintaining ready access to adequate service.” USPS-T-1 at 11.

- a. Please identify, describe and provide all documents detailing what the Postal Service considers the factors, criteria and elements that constitute “ready access to essential postal services” and “ready access to adequate service” as those terms are used by the Postal Service.
- b. Please identify, describe and provide all documents detailing how the Postal Service weighs the factors, criteria and elements described in paragraph a to determine if areas will have “ready access to essential postal services” and “ready access to adequate service” as those terms are used by the Postal Service.
- c. Please define “opportunity for efficiency gains” as that term is used on page 11 of your testimony
- d. Please define “ready access to adequate service” as that term is used on page 11 of your testimony.

**RESPONSE**

- a-b. [Redirected to the Postal Service for response]
- c. The opportunities for efficiency gains are the potential station and branch consolidations that could result from access to postal retail products through a combination of fewer station and branch locations in combination with alternate access channels.
- d. I am told that the laws that govern the Postal Service call for us to provide “adequate” service and to provide “ready access essential services.” I am not a lawyer and I will not attempt to offer a lawyerly interpretation of the postal laws. To me, adequate means “sufficient” or “satisfactory.”

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**RESPONSE TO PR/USPS-7 (continued)**

Adequate service implies a basic level of service or service availability. In the absence of a requirement that there be a postal retail facility for every X-number of square miles, adequate service for a particular Post Office service area would seem to imply a reasonable level of access, taking into account a variety of relevant local factors and the need for the Postal Service to be economical. Post Offices, stations, branches and alternative access channels provide access to retail postal services that many people who rely on the Postal Service would regard to be “essential” or “necessary” as that word is commonly used. For many customers, First-Class Mail is an essential product. For others, it’s Delivery Confirmation or a Post Office Box or Express Mail. For others, it could be Postal Money Orders. For many customers, an essential service is one that they use regularly. For the same customers, a service is “essential” the moment they need it, even if they rarely ever use it.

“Ready access” suggests some level of availability, subject to the judgment of postal management in balancing the need to be economical in meeting customer needs. Service can be “ready,” even if it isn’t available 24/7 or at every location or via every channel through which postal products and services are sold. What may be an “adequate” level of service or “ready access” can vary on the basis of differences between cities and between urban and rural areas.

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**PR/USPS-T1-8**

On page 8 of your testimony, you state that “more than a quarter of retail revenue is now generated through alternative access channels.” The Postal Service’s Request also states that “alternative retail access channels...now account for more than 30 percent of retail revenue.” Request at 4. Please identify the universe of alternative retail access channels and provide the percent of total retail revenue by alternative retail access channel and by type of transportation (such as stamp purchase, special services).

**RESPONSE**

My testimony included two references to percentages of revenue generated through different retail access channels. In Fiscal Year 2008, over 25 percent of retail revenue was generated through alternative access channels. For the month of May 2009, approximately 30 percent of retail revenue was generated through alternative access channels. Below is a table depicting the ratios of alternate access retail channels to total retail revenue for FY 2008.

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**RESPONSE TO PR/USPS-T1-8 (continued)**

	<b>NATIONAL</b>	
<b>NATIONAL</b>	<b>YTD September – FY 2008</b>	<b>ACTUAL</b>
<b>LINE NAME</b>	<b>CHANNEL</b>	<b>RATIO</b>
<b>BRICK &amp; MORTAR</b>	<b>POSTAGE VALIDATION</b>	<b>26.8%</b>
	<b>WALK IN REV STAMPS</b>	<b>40.5%</b>
	<b>MONEY ORDERS/BOX RENTS/PASS/OTH SVC</b>	<b>7.6%</b>
	<b>READY POST/MERCH/OTHER RET PROD</b>	<b>0.9%</b>
	<b>FOREVER STAMPS AT THE WINDOW</b>	<b>10.7%</b>
	<b>SUB TOTAL USPS RETAIL WINDOW</b>	<b>73.23%</b>
<b>ALTERNATE ACCESS</b>		
	<b>CONTRACT UNITS</b>	<b>3.0%</b>
	<b>CONSIGNMENT</b>	<b>5.9%</b>
<b>CONTRACTS &amp; PARTNERSHIPS</b>	<b>FOREVER STAMPS ALT ACCESS</b>	<b>7.0%</b>
	<b>PC POSTAGE</b>	<b>8.7%</b>
	<b>SUB TOTAL</b>	<b>17.7%</b>
	<b>CLICK &amp; SHIP</b>	<b>1.9%</b>
<b>SERVICE TO HOME &amp; OFFICE</b>	<b>NET POST REVENUE</b>	<b>0.0%</b>
	<b>STAMPS BY MAIL/PHONE/FAX</b>	<b>2.9%</b>
	<b>STAMPED ENVELOPES SALES</b>	<b>0.3%</b>
	<b>SUBTOTAL</b>	<b>5.1%</b>
	<b>APC</b>	<b>2.7%</b>
<b>EQUIPMENT &amp; TECHNOLOGY</b>	<b>TRADITIONAL VENDING</b>	<b>1.2%</b>
	<b>PHILATELIC MAIL ORDER</b>	<b>0.0%</b>
	<b>ONLINE BOX FEES</b>	
	<b>SUB TOTAL</b>	<b>4.0%</b>
	<b>SUB TOTAL ALT CHANNELS</b>	
	<b>TOTAL RETAIL REVENUE</b>	<b>26.77%</b>
		<b>Alt Access Ratio</b>