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

STATION AND BRANCH OPTIMIZATION AND CONSOLIDATION INITIATIVE, 2009	Docket No. N2009–1

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MATALIK
TO CHAIRMAN'S INFORMATION REQUEST NO. 1
(QUESTIONS 2-5, 7-13 AND 18)
(August 13, 2009)

The United States Postal Service hereby provides the responses of witness Kimberly Matalik to the following questions directed to the Postal Service in Chairman's Information Request No. 1 on July 29, 2009: Questions 2 through 5, 7 through 13 and 18. Each question is stated verbatim and followed by the response. Witness Matalik's responses to questions 16 and 20 are forthcoming.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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2. Has the Postal Service developed guidelines that each of the 74 District offices is to follow to provide public notice of potential station or branch consolidations? If so, please provide a copy of those guidelines.

RESPONSE

Yes. See USPS Library Reference N2009-1/5, at page 11.

Also see my response to APWU/USPS-T2-2.

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3. Has the Postal Service developed guidelines that each of the 74 District offices is to follow to ensure that representative comments are obtained from:

(a) customers of the stations and branches affected by potential consolidations;
(b) residents of the city or county in which such stations and branches are located;
(c) employees likely to be affected by any potential consolidation; and
(d) other interested members of the general public? If so, please provide a copy of those guidelines.

RESPONSE

(a-d) See USPS Library Reference N2009-1/5 at pages 9-11 and my response to APWU/USPS-T2-2. Comment are solicited from persons (1) who visit the station/branch under consideration for discontinuance, (2) whose mail is delivered to Post Office Boxes there, and (3) whose mail is delivered via carrier routes operating out of that facility. There is no process that seeks to solicit comments from everyone else in the city, county or state who is not described above. However, either by obtaining a questionnaire, attending a public meeting, or otherwise responding to a solicitation for comment directed at customers served by a particular facility, such other persons also may provide comment. The Postal Service has no process for controlling whether the comments received are representative. Stand-up talks are provided to employees at potentially discontinued facilities. Additional information to employees regarding changes in working conditions is communicated through normal channels under the terms of postal personnel policies and collective bargaining agreements. A stand-up talk template is attached.

- Stand-up Talk -

Station and Branch Optimization Process

As you know, the Postal Service does not receive tax dollars to pay for the cost of mail service. Less revenue from our customers means that there is less money to operate the Postal Service.

Continuing declines in mail volume from mail moving to the internet, as well as the effects of the current severe economic recession require action. These are hard times and the choices are difficult.

This year, mail volume is down a projected 20 billion pieces from last year and the revenue shortfall will likely exceed $6 billion, even with the postage increase. Every aspect of the Postal Service is being reviewed for efficiency and cost savings. Our very survival as an organization is at stake.

As part of this intense examination of the way we do business, we are reviewing station and branches in EAS-24 and above Post Offices located in cities across the country to determine if there are opportunities for consolidation.

We are witnessing significant changes in customer behavior. About thirty percent of our retail revenue is generated by alternate access channels such as the purchase of postage and services at locations other than a retail lobby, places like the supermarket checkout and www.usps.com via personal computers. We are also seeing a continuing shift in consumer preference from hard copy to electronic.

As automated mail processing expands, less work space is required in the back of the office. And with less mail, there are fewer delivery routes. Less floor space is required and fewer parking spaces are required for employees and delivery vehicles.

A variety of other influences like changing demographics, changes to vehicle access and aging facilities also play a role.

The station and branch optimization process includes the following:

- Pre-screening of all stations and branches in each District;
- Formal In-depth studies of selected candidate offices from the prescreening that include input from customer surveys or community meetings, as well as a variety of business data;
- Evaluation of in-depth study by the District Manager;
- Request for consolidation from District Manager through the Area to national headquarters;
- Authorization to consolidate, if merited, following a final review at national headquarters;
- Consolidation will take place no earlier than 60 days after HQ approval.

What does this mean to the _____ District? _____ stations and branches in the _____ District that report to Postmasters in level EAS-24 or higher were screened for possible candidates for consolidation. Nationwide, more than 3,200 stations and branches fall in this category.

The District Manager of each district initiates an in-depth study of the most likely candidates for consolidation. In the _____ District, the following offices are being studied for consolidation:

_____
_____
_____
_____

As the process continues, we will work to keep you informed.

xxx

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4. (a) If the answer to any part of question 2 or 3 is that guidelines do not exist, how does the Postal Service intend to ensure that it has obtained adequate input from an informed public on the impact of potential consolidations?

(b) What is the minimum amount of time allowed for the preparation of comments after the Postal Service provides notice to each of the categories of interested persons listed in question 3?

RESPONSE

(a) N/A

(b) Notices regarding public meetings are posted at least 10 days before the meeting. Customers at those meetings are informed that they have 10 business days within which to submit any additional written comments. Lobby notices regarding the availability of questionnaires at the facility are posted for at least 10 business days. Notices left in Post Office Boxes inform customers that they 10 business days to provide comments or complete a questionnaire. Public notices in newspapers inform customers that they have 10 business days to provide any written comments. Completed questionnaires/comments addressed to and received by the designated District contact person and received before the District proposal is forwarded to Headquarters are reviewed.

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5. What Postal Service District official (title) will be responsible for ensuring that procedures to obtain representative input from an informed public have been followed with regard to every operational consolidation proposal submitted to Headquarters?

RESPONSE

For purposes of the initiative under review in this docket, the District Manager is responsible for the execution of the applicable public input process. However, there is no process for controlling whether the input received is representative.

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7. Under the centrally directed program, are guidelines and/or instructions provided to District officials evaluating potential station and branch consolidations to ensure consistent application of standards for evaluation of the factors identified by witness Matalik? *See* USPS-T-2. If so, please provide all such guidelines and/or instructions.

RESPONSE

No standard weights are assigned to the factors each District must consider. As Headquarters reviews the decision packages that are submitted by the field, it consults the field to assess the basis for the discontinuance or consolidation proposal.

8. Identify all mail volume trends to be evaluated. (For example, volume delivered through box sections, volumes accepted, volumes of parcels or accountables held for pick up, other.)

RESPONSE

For purposes of a station/branch discontinuance study, the Postal Service's focus on mail volume is related to retail counter where customers deposit mail. See the response to CIR 1, Question 9. Otherwise, mail volume data are considered when evaluating whether to move the carrier operations from one station/branch to another facility.

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9. Identify all retail transaction trends to be evaluated. (For example, total transactions, transactions by product, etc.)

RESPONSE

The Postal Service reviews the following retail transaction trends during the study. Districts may also review the retail transaction data at the transaction level to determine the type of transactions that are conducted at the facility and the Postal Service's ability to provide those services through neighboring retail units and alternate access locations.

- Three-Year Walk-in Revenue Trends
- Average Daily Retail Transactions (12 month period)
- Total Retail Transactions for current fiscal year and same period last year
- Total Customer Visits for current fiscal year and same period last year.

On a case-by-case basis, the field may provide additional data, such as extraordinary money order transaction revenue, or note a high level of international mail/customs transactions.

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10. (a) How is customer wait time in line and/or the ability of nearby postal facilities to handle gaining retail service measured?

(b) How is the availability of public transportation and/or parking considered?

(c) How recent must customer wait time in line data be in order to be considered reliable?

(d) Is customer wait time in line data for peak periods such as early December and the dates for quarterly tax filings separately considered?

(e) Is Mystery Shopper data available for all stations and branches? If not, what other sources of customer wait time data are available?

RESPONSE

(a) In terms of evaluating Wait-Time-In-Line (WTIL), the Postal Service relies on available facility-specific Mystery Shop data and Customer Service Measurement System. Additionally, the Postal Service evaluates staffing actual and ideal levels, taking into account the types of retail transactions handled at that location.

(b) In areas where customers appear to rely heavily on public transportation District management relies on local management to indicate whether it is available to transport customers to a nearby postal facility and/or to alternate retail access channels.

(c) The Postal Service evaluates the WTIL based on a 12-month average for stations and branches that are Mystery-Shopped. For Customer Service Measurement, available quarterly trend data are reviewed.

(d) No. See the response to subpart (c).

RESPONSE to QUESTION 10 (continued)

(e) No. For stations/branches that report to EAS-24 and above Postmasters that are not Mystery-Shopped, Customer Service Measurement quarterly trend data are reviewed.

11. Under the centrally directed program, are guidelines or instructions provided to District officials evaluating potential station and branch consolidations to assist them in identifying and giving appropriate weight to factors unique to a particular facility? *See* USPS-T-2 at 4-5. If so, please provide all such guidelines and instructions.

RESPONSE

The District team analyzes the data collected during the discontinuance study, considers additional information based upon local knowledge of the station manager and/or postmaster of the facility under review, as well as the customer input that is provided through questionnaires or community meetings. When proposals are submitted to Headquarters, there are pre-decisional consultations between the District and Headquarters to discuss the basis for the proposal and the information in the decision package.

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12. (a) Has the Postal Service identified, and provided to District officials evaluating potential station and branch consolidations, available sources of demographic and economic information that might be used to identify concentrations of elderly or economically disadvantaged customers, or non-English speakers who require assistance in conducting postal transactions?

(b) What concentration of such customers warrants retention of a branch or station?

RESPONSE

(a) Some census-derived demographic and income data are available through the Postal Service's Retail Optimization Access Management system. However, such information, by itself, is not as informative as retail transaction data indicating the degree to which customers – whatever the demographic or economic status of the surrounding area -- use a station/branch and what they use it for. Demographic or economic statistics about a particular city or portion thereof do not, by themselves, indicate whether a significant percentage of persons who actually frequent a postal station/branch (a) have limited English language skills, (b) conduct a disproportionate number of international mail/customs transactions, (c) have age-related physical mobility issues, or (d) purchase postal money orders because they do not have checking accounts. Local management's knowledge of the postal retail habits and transactions of customers who use a particular station/branch and public comment received in response to public notice about a specific discontinuance proposal can be the best source of such valuable information.

RESPONSE to QUESTION 12 (continued)

(b) Many communities contain varying percentage of persons who are elderly, economically-disadvantaged, and/or who have limited English language skills. There is no formula that dictates that a specific percentage manifestation of any of these particular socio-economic characteristics in a service area will guarantee that particular stations/branches will stay in operation at their current locations, irrespective of any other factors.

13. (a) Are District officials evaluating potential station and branch consolidations required to provide a written analysis supporting a recommendation to close or consolidate a station or branch? If yes, do instructions for completing such an evaluation exist?

(b) Please provide any instructions and/or guidelines for completing the written evaluation.

(c) Must each recommendation to close or consolidate a station or branch describe the time allotted for public comment, and summarize comments received?

RESPONSE

(a) Yes. See the response to subpart (b) below.

(b) Please refer to USPS Library Reference N2009-1/3, Handbook PO 101, Post Office Discontinuance Guide, Chapter 7; also refer to USPS Library Reference N2009-1/5, Discontinuance of Classified Stations and Branches Training Slides; and USPS Library Reference N2009-1/6, Decision Package Sample Documents and Instructions

(c) The time allotted for customer comment is required to be reflected in local retail lobby and Post Office box notices, as well as the questionnaires. Copies of these documents are included in the decision packages forwarded to Headquarters. See USPS Library Reference N2009-1/6 at pages 8, 10 and 13. Questionnaire/comment summaries are to be reflected on pages 12 and 14.

18. (a) In evaluating station and branch consolidations, will the Postal Service take into account the potential that customers may not make purchases at alternative Postal Service retail access points?

(b) Has the Postal Service provided to District officials evaluating the potential station and branch consolidations a methodology for evaluating the value of customer expenditures of various types that may not shift to an alternative facility or retail access point if a station or branch is closed?

RESPONSE

(a) The Postal Service recognizes that some customers currently, by disposition or disability, may not avail themselves of alternative retail access points today. And it is anticipated that some customers may initially react to the prospect of losing access to the postal station/branch presently closest to their residence/place of business by expressing that they either absolutely will not or may never make purchases at alternative retail access points. This could be the case even if, by any objective standard, they can conveniently access alternate retail. If comments expressing a lack of access or a lack of desire to use alternatives are received in response to a particular discontinuance proposal, they will be reviewed and considered. However, the Postal Service has not developed a methodology for assessing the degree to which such initial reactions accurately predict future behavior.

The Postal Service also will take into account present trends suggesting increased use of convenient alternative access channels to

RESPONSE to QUESTION 18 (continued)

conduct transactions despite the opportunity to conduct many of those same transactions at a nearby existing station/branch. This would seem to indicate that attractiveness of such alternatives to the many retail customers who have broken with the tradition of relying on postal retail window transactions as the exclusive venue for conducting postal business.

(b) No.