

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

STATION AND BRANCH OPTIMIZATION AND
CONSOLIDATION INITIATIVE, 2009

Docket No. N2009-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1
(QUESTIONS 1, 14, 17 AND 19)
(August 13, 2009)

The United States Postal Service hereby provides institutional responses to the following questions in Chairman's Information Request No. 1, filed on July 29, 2009: Questions 1, 14, 17 and 19.

Questions 1-20 were directed by the Commission to the Postal Service. Question 6 was redirected by the Postal Service to witness VanGorder and her response was filed today. Questions 2 through 5, 7 through 13 and 18 were redirected by the Postal Service to witness Matalik and her responses were filed today. Responses to questions 15, 16 and 20 are forthcoming.

With the exception of Question 1, which calls for the statement of a legal conclusion, the Postal Service is prepared to provide declarations of witnesses who can attest to the responses to question 14, 17 and 19, if necessary for the record.

Questions 1, 14, 17 and 19 are stated verbatim and followed by the responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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1. 39 CFR 241.3 sets forth procedures to be followed prior to replacing a post office with a community post office, station, or branch; consolidating it with another post office; or discontinuing it without providing a replacement facility. Does the Postal Service intend to follow these procedures prior to closing any station or branch under this Initiative?

RESPONSE

No. That provision applies to Post Offices, not to stations or branches.

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14. (a) Will District officials evaluating potential station and branch consolidations evaluate what the impact of closure of a station or branch may have on Postal Service on-time service performance achievement?
- (b) Has the Postal Service provided to District officials evaluating potential station and branch consolidations a methodology for performing that evaluation?

RESPONSE

(a-b) For mail processing purposes, each station/branch is located in the service area of a Post Office that is in the larger service area of a Processing and Distribution Center/Facility. The on-time origin-destination pair service standards apply to all of the 5-digit ZIP Codes within the 3-digit service area(s) of a P&DC/F, including the 5-digit ZIP Code of the retail branch in the farthest corner of that P&DC/F service area. Assuming Critical Entry Times are met, the same service standards and delivery expectations apply to mail deposited at the P&DC/F as to mail collected in all portions of a subordinate 5-digit ZIP Code area, irrespective of whether a station/branch in that ZIP Code was discontinued. By the very nature of the postal distribution network, the closure of a station/branch has no such impact. Accordingly, no evaluation of the type described in this question is performed.

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17. The Postal Service Request at 4 states, "alternate retail access channels have proven increasingly popular with postal customers, now accounting for more than 30 percent of retail revenue and trending upward." Please identify sources considered "retail revenue." Please provide the data relied on to support the 30 percent figure.

RESPONSE

See the response to PR/USPS-T1-8 for FY 2008 data. Below is the June FY 2009 YTD data referred to in the Postal Service's request.

	NATIONAL		
	YTD JUNE - FY 2009	ACTUAL	ACTUAL
LINE NAME	CHANNEL	REVENUE	RATIO
BRICK & MORTAR	Drop Box Alliance	\$ 16,325,241	0.1%
	MONEY ORDERS/BOX RENTS/PASS/OTH SVC	\$ 1,014,034,005	7.5%
	POSTAGE VALIDATION	\$ 3,552,443,251	26.2%
	READY POST/MERCH/OTHER RET PROD	\$ 105,195,346	0.8%
	WALK IN REV STAMPS	\$ 4,895,465,434	36.1%
	FOREVER STAMPS AT THE WINDOW	\$ 1,955,461,465	14.4%
	SUB TOTAL USPS RETAIL WINDOW	\$ 9,583,484,175	70.73%
ALTERNATE ACCESS	Total Forever Stamp Sales	\$ 3,132,309,861	
CONTRACTS & PARTNERSHIPS	CONTRACT UNITS	\$ 384,482,144	2.8%
	PC POSTAGE	\$ 1,387,944,944	10.2%
	CONSIGNMENT	\$ 961,056,122	7.1%
	FOREVER STAMPS ALT ACCESS	\$ 1,176,848,396	8.7%
	SUB TOTAL	\$ 2,733,483,210	20.2%
EQUIPMENT & TECHNOLOGY	APC	\$ 430,007,845	3.2%
	APC - PO Box	\$ 1,585,856	
	VENDING	\$ 63,785,914	0.5%
	SUB TOTAL	\$ 493,793,759	3.6%
SERVICE TO HOME & OFFICE	Catalog Sales - KC	\$ 7,127,808	0.1%
	CLICK & SHIP	\$ 272,326,129	2.0%
	NET POST REVENUE	\$ 611,763	0.0%
	Online PO Boxes	\$ 14,742,425	
	STAMPED ENVELOPES SALES	\$ 37,500,634	0.3%
	STAMPS BY MAIL/PHONE/FAX	\$ 405,532,841	3.0%
	SUBTOTAL	\$ 737,841,600	5.4%
	SUB TOTAL ALTERNATE ACCESS	\$ 3,965,118,569	
	TOTAL RETAIL REVENUE	\$ 13,548,602,744	29.27%
			Alt Access Ratio

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19. The *Washington Post* of July 25, 2009, reports that "the number of mail collection boxes has decreased by approximately one-half since 2000, both nationally and locally." Is that statement essentially accurate? If not, to what extent have collection boxes been reduced?

- (a) In evaluating potential station and branch consolidations, will District officials consider the location of nearby collection boxes, and whether the number of nearby collection boxes has recently been reduced? Please discuss.
- (b) Normally, close of business collections are made at stations and branches. Will close of business collections at these locations be maintained even if a station or branch is consolidated? Please discuss.

RESPONSE

On a national basis, the number of collection points declined from 333,873 in 2000 to 227,600 at the end of June, 2009, or a 31.8 percent reduction. Blue collection boxes represent approximately 80 percent of the total collection points. Whether one considers the statement in the newspaper article to be "essentially correct" at the national level depends on how broadly one defines "approximately."

Local figures for collection boxes in the Capital District for the same time frame were 5,214 in FY 2000 and 2,981 for the most recent reports, or a 42.8 percent reduction. Again, whether the newspaper article is "essentially correct" depends on how broadly one defines "approximately." Box removals in the Capital District often are demand-based adjustments in areas with a high concentration of businesses. As collection mail volumes have declined (especially in business areas), some boxes at station and branch locations were considered excess and were removed, leaving behind one or two boxes where formerly many more had stood. At other locations with multiple boxes,

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RESPONSE to QUESTION 19 (continued)

"overflow" boxes were removed in response to changes in customer mailing habits (the declines in mail volumes that continue), leaving one box behind at many such locations. In these cases, a box removal would not appear to have any effect on mailers, and in some cases may not have been noticed.

- (a) For purposes of this question, it is assumed that "nearby" collection boxes are ones not located on the same property as the station or branch. Collection operations for boxes not located on postal property are generally managed at the Processing & Distribution Center and Post Office level independently of the location of subordinate stations and branches or their discontinuance. Whether the current number of collection boxes in a Post Office service area "nearby" a station or branch is the result of a reduction implemented one, five or nine years ago has no bearing on a decision regarding whether to discontinue the operation of that particular station/branch.
- (b) Please see the response to PR/USPS-T1-10. Whether or not a box can be maintained at the location of a discontinued station/branch often depends on whether the facility was located on leased property.