Postal Regulatory Commission
Submitted 8/17/2009 4:21:06 PM
Filing ID: 64223
Accepted 8/17/2009

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 VANGORDER TO AMERICAN POSTAL WORKERS UNION
INTERROGATORIES APWU/USPS-T1-1(a,c-e) AND 2 THROUGH 5
(August 17, 2009)

The United States Postal Service hereby provides the responses of witness Alice VanGorder to the following interrogatories of the American Postal Workers Union filed on July 29, 2009: APWU/USPS-T1-1(a,c-e) and 2 through 5. Each interrogatory is stated verbatim and followed by the response. An objection to APWU/USPS-T1-1(b) was filed on August 10, 2009.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS VANGORDER TO AMERICAN POSTAL WORKERS UNION INTERROGATORY

APWU/USPS-T1-1 Attachment A of your report provides a list of cities with stations/branches under consideration for consolidation under this initiative.
a.) Are any states other than Wyoming missing from this list?
b.) What percentage of the population of the U.S. lives in the listed cities?
c.) How many delivery points, in total, are located in the listed cities?
d.) What percentage of delivery points in the U.S. are in the areas that might either lose a station or branch or be impacted by the increased flow of patrons into the station or branch that they normally use?
e.) What percentage of Zip Codes might see changes under this initiative?

RESPONSE

(a) There are no states missing from the list. The states on the list are where the stations and branches that are meet the criteria for discontinuance review as a part of the SBOC Initiative happen to be.

(b) [Objection filed.]

(c) Approximately 16,545,000.

(d) It is not clear from this question what it means for a delivery point to be in an *area* that might lose a station or branch. It is assumed that customers will typically continue to mail and conduct retail transactions within the same 3-digit ZIP Code and 5-digit ZIP Code areas as today. Many customers already mail and conduct retail transactions at a Post Office/station/branch near where they live and other ones, often in different 5-digit ZIP Codes near where they work or shop. So, transactions that were formerly spread between two or three postal locations may only be conducted at one or two, depending on people's lifestyles. Assuming a station or branch near where one lives, works or shops is discontinued, it is likely that remaining facilities will see increased retail window traffic, but it is hard to gauge what, if any

RESPONSE to APWU/USPS-T1-1 (continued)

any impact there may be, especially if retail postal customers continue to also avail themselves of alternate postal retail channels.

(e) The list in USPS Library Reference N2009-1/4 identifies the current stations and branches under consideration for discontinuance studies, but it is subject to revision. It has been estimated that the total on that list will not exceed 1000. There are currently approximately 42,100 5-digit ZIP Code areas in the postal network.

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APWU/USPS-T1-2 On page 11 of your testimony you state that no facility "will be consolidated unless a study demonstrates an opportunity for efficiency gains while maintaining ready access to adequate service."

a.) Please define "efficiency" as you use it in your testimony.

b.) Does consideration of "efficiency" require consideration of both cost and service, or does it only require considerations of cost?

c.) How do you measure efficiency?

d.) Does the Postal Service consider increased costs or other efficiency degradations at the gaining facility in determining efficiency?

e.) Is an evaluation of efficiency an objective or a subjective determination?

f.) If it is objective, has the Postal Service developed criteria for determining what size efficiency gains will be necessary before a station or branch is consolidated?

g.) If it is objective, has the Postal Service developed criteria for determining what level of service degradation to the customer will be acceptable within the definition of "access to adequate service?"

h.) If the Postal Service has the criteria described in "e" and "f" above, what are they?

i.) If the determination of "efficiency" is a subjective determination or if the Postal Service has not developed the criteria described in "e" and "f" above, has the Postal Service taken any step or steps to ensure that the level of efficiency and service is relatively equal in every district and area of the country?

j.) If the Postal Service has taken the step or steps described in "h." above, please identify by position and name the individuals who are responsible for ensuring that those steps are taken.

RESPONSE

(a-c) I am not an economist. I use the term "efficiency gains" to refer to the reduction in postal cost expected to be realized by continuing to offer adequate service to the same customers through a postal retail network consisting of fewer postal locations (as a result of discontinuance or consolidation) and the currently available mix of alternate retail channels.

(d) As a part each discontinuance study, the Postal Service estimates the costs expected to be saved by the elimination of the provision of service at a particular location. The Postal Service assesses whether a nearby retail

RESPONSE to APWU/USPS-T1-2 (continued)

facility has the capacity to absorb an increase in traffic resulting from the proposed discontinuance. See witness Matalik's testimony and USPS Library Reference N2006-1/6 at pages 18-19.

(e) As indicated above, efficiency is viewed objectively in conjunction with the subjective concept of adequate service.

(f-h) No.

(i) No. But we will take steps to ensure that service remains adequate.

(i-j) It is not clear what step/steps are being referred to here as they relate to the question in subpart (e) and the criteria referenced in subparts (f) and (h).

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APWU/USPS-T1-3

In footnote 7 you state that while a change in carrier operations are outside the scope of the Initiative, there may be opportunities to consolidate carrier operations presently located at these stations and branches. If carrier operations are conducted at the same location as a station or branch that is on the list, is an evaluation of the carrier operations a part of the process for determining if a station or branch will be closed? If it is not feasible for the carrier operations to be moved to another facility would that be a consideration in deciding whether the retail portion of that facility should be kept open as well?

RESPONSE

The response to both questions is in the affirmative.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS VANGORDER TO AMERICAN POSTAL WORKERS UNION INTERROGATORY

APWU/USPS-T1-4 In your response to PR/USPS T1-7 (d) you state "[w]hat 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."

a.) Can you provide clarification of your understanding of the Postal Service's policies concerning the level of variability among groups served that is acceptable in following these directives?

b.) What differences between cities are relevant to a determination of the level of service that is acceptable?

c.) Is adequate public transportation relevant to a determination of the level of service that is acceptable?

d.) Is the socio-economic status of the community relevant to a determination of the level of service that is acceptable?

e.) Is the density of population relevant to a determination of the level of service that is acceptable?

f.) Assuming two urban areas are very similar in terms of every criterion considered relevant by the Postal Service, what level of service degradation to the customer will be acceptable within the definition of "access to adequate service."

g.) Assuming two rural areas are very similar in terms of every criterion considered relevant by the Postal Service, what level of service degradation to the customer will be acceptable within the definition of "access to adequate service."

h.) How does the Postal Service determine whether urban and rural areas are receiving relatively equal or fair levels of service given that the types of services needed are somewhat different between the two types of areas?

RESPONSE

(a) The goal of the Postal Service is to provide adequate service. In that response, I was merely acknowledging that the postal system does not operate identically at every location, that there is variation, even when the service adequate. Though the same essential services may be available at almost every location, not every station or branch has the same number of retail windows or level of staffing. The pace of transactions may vary on the basis of local culture; customers and clerks in some cities or rural areas may tend to be more conversational in conducting business than in other

RESPONSE to APWU/USPS-T1-4 (continued)

neighborhoods or cities where transactions are conducted more briskly. Lines may be longer in an urban station in a mixed residential/business area than at a suburban branch that serves a primarily residential area. Wait-time-in line at stations that serve large immigrant populations may be affected by the complicated nature of international mail/customs transactions and language issues. Some stations and branches are more modern than others. Some have Automated Postal Centers; most do not. Some have parcel locker operations to accommodate Post Office Box holders picking up parcels; others require the box holder to take the delivery notice to a retail window clerk. Rural carriers often serve as a "Post Office on wheels" and provide access to a number of retail transactions that city carriers do not. Retail service at some stations is available only five days a week. The proximity of stations to one another may vary between cities.

Service can be adequate despite such variations. Still, a critic might suggest that the level of service is "more than" adequate at some locations and "just barely" adequate at others; or that access to essential services is "more" ready in densely populated urban areas with lots of nearby stations and "just" ready in a rural area served by an isolated Post Office. There will be variations in the degree of access to postal services that reflect the complexity of managing a postal retail network that serves a highly mobile population of over 300,000,000 people.

RESPONSE to APWU/USPS-T1-4 (continued)

(b) Although customer expectations may vary to some degree from one neighborhood or city to the next, there are no differences between them that serve as criteria for the establishment of different levels of service by the Postal Service for their respective residents.

(c) Irrespective of this initiative, the availability of public transportation is a factor that can be considered in judging whether the location of a postal retail facility is reasonably accessible to the people it is expected to serve.

(d) The socio-economic status of a community does not determine the level of postal service that persons living in that community are provided. The levels of retail traffic and revenue generated at a postal station in any community can influence consideration of whether a reasonably accessible nearby facility would serve that community's future postal needs.

(e) No. But density of population is a geographic area could affect density and location of postal retail outlets.

(f-g) If the question is asking about a station or branch discontinuance or consolidation proposal, then we apply the process explained by witness Matalik on a case-by-case basis. If a Post Office closing proposal is involved, we would apply the statutory Post Office closing process and factors. In each case, we try to make a judgment about whether the resulting level of service would appear adequate in a particular situation, given the available mix of postal and alternate access relevant to that particular scenario. The goal is for the resulting decision in each case to be

reasonable, recognizing that different results may be reasonable in very similar situations.

(h) The focus on this initiative is urban and suburban stations and branches. It does not involve a comparison of urban and rural customer needs. However, by measuring customer satisfaction in both urban and rural areas, the Postal Service can assess whether it is providing service that, all things considered, could reasonably be regarded as adequate, even if somewhat different.

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APWU/USPS-T1-5 What, if anything, is the Postal Service doing to consider the environmental impact of this nationwide initiative?

RESPONSE

The nature of the environmental impact that the question may be asking about is unclear. If facilities are discontinued and postal employees who drive to work are reassigned to different locations, some will have shorter or longer automobile commutes. Some automobile-dependent customers may need to drive or take public transportation to another station further down the road. However, many of these customers already conduct postal retail transactions at Post Offices or stations/branches near where they reside, work and/or shop. Should one location be discontinued, they may be less inconvenienced than customers who tend to rely on a single postal location. Retail customers may choose to consolidate more transactions per Post Office or station/branch visit than before, or explore the options available at www.usps.com, or buy stamps through consignment vendors, reducing the number of vehicle trips they might otherwise have made. The operation of fewer postal retail locations could result in less electricity, water and other resources used by the Postal Service. Fewer intra-facility postal transportation runs could reduce vehicle fuel usage. These matters have not been studied in any systematic way in connection with this initiative, but may be raised in public comments that are received.