

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 VALPAK INTERROGATORIES VP/USPS-T1-1-8  
(August 25, 2009)

The United States Postal Service hereby provides the responses of witness VanGorder to the following interrogatories of Valpak, filed on August 11, 2009: VP/USPS-T1-1 through-8. Each interrogatory is stated verbatim and followed by the response. Interrogatories VP/USPS-T1-9 and 10 have been redirected to the Postal Service for institutional responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS VANGORDER  
TO VALPAK INTERROGATORY**

**VP/USPS-T1-1.**

- a. Please confirm that in some large metropolitan areas, such as New York, the Postal Service operates vans (or trucks) which park (parallel to a curb usually) and, via a side window in the rear portion of the van, sell stamps to the public.
- b. Does the Postal Service have a specific name to describe these vehicles or this service? If so, please provide.
- c. Do these mobile stamp-vending vans sell anything other than stamps? If so, please describe briefly all other products or services available from these vans, and provide the distribution of revenues by product or service.
- d. Do these mobile stamp-vending vans generally accept credit cards and debit cards for payment?
- e. When a customer purchases stamps from one of these mobile stamp-vending vans, is any minimum purchase required? For example, if a customer so desires, can the customer purchase a single stamp from the van at the face value of the stamp; *i.e.*, without any other fee or charge?
- f. What items, if any (*e.g.*, Express Mail, Priority Mail, letters, flats, etc.), do these vans accept for delivery?

**RESPONSE**

- a. Confirmed.
- b. Mobile Retail Vans.
- c. Yes. Products: stamps, PVI postage, stamped envelopes, stamped post cards, small ready post items, and retail merchandise. Services: Express Mail; Priority Mail; First-Class Mail letters, flats, and parcels; Parcel Post; Certificate of Mailing; Certified; Insurance; Delivery Confirmation; and Signature Confirmation.  
  
Distribution of revenue by product or service is not available for mobile retail vans because most mobile retail vans use integrated retail terminals which do not track by product or service type and the total revenue is submitted as one transaction.
- d. Credit and debit cards are accepted for special events only.
- e. No. Yes.
- f. All services purchased at the mobile retail van. Space permitting, pre-paid postage items will be accepted, except Registered Mail and C.O.D. Mail.

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**VP/USPS-T1-2.**

- a. With respect to the mobile stamp-vending vans discussed in VP/USPS-T1-1, in how many different metropolitan areas does the Postal Service operate such vans?
- b. What is the total number of mobile stamp-vending vans operated by the Postal Service?
- c. Are these mobile stamp-vending vans generally operated on a year-round basis, or just during special periods such as Christmas? Please explain.
- d. Are the clerks who staff these mobile stamp-vending vans generally as knowledgeable about Postal Service mailing regulations as are the clerks who staff windows in stations and branches? Please explain fully any negative answer.

**RESPONSE**

- a. 97 metropolitan areas.
- b. 179.
- c. Some operate year round and have designated routes. These are generally located in high foot-traffic urban areas during peak business hours. Others operate on special occasions, such as the days leading up to Christmas, at major conventions sites, in natural disaster recovery zones, or during other emergencies.
- c. That is the expectation.

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**VP/USPS-T1-3.**

- a. Please explain the extent to which the Postal Service's mobile stamp-vending vans sell stamps of different denominations, as well commemorative issues. Please explain all limitations on the breadth of inventory of stamps generally available from mobile stamp-vending vans and compare with the breadth of inventory generally available from stations and branches.
- b. Do the "50,000 supermarkets, convenience stores and other retail businesses," discussed in your testimony at p. 7, ll. 5-6, typically sell a variety of stamps in different denominations? Also provide the distribution of the various denominations of stamps sold via the consignment program.
- c. With respect to the consignment program, in what quantities are stamps offered at the retail level? What is the minimum quantity generally offered at the individual customer level by consignment resellers?

**RESPONSE**

- a. There is no difference in stamp inventory.
- b. No.
- c. Minimum quantities consignees can order are as follows: ATM sheetlets of 18 (200 minimum); booklets of 20 (100 minimum), and coils of 100 (20 minimum). Customers can purchase ATM sheetlets of 18, booklets of 20, and coils of 100 from consignees. Consignees could sell stamps individually, but prefer to sell complete coils, sheetlets and booklets.

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**VP/USPS-T1-4.**

Please refer to your testimony at p. 6, lines 6-15, where you discuss the ability of postal customers to buy stamps at alternate access channels without having to visit a Postal Service retail facility or contract postal unit.

- a. Please explain whether these mobile stamp-vending vans discussed in VP/USPS-T1-1 & 2 would be classified as, or included in, “alternate access channels” now available to urban and suburban customers?
- b. Are the mobile stamp-vending vans classified by the Postal Service as retail facilities? If not, please discuss how they are classified?
- c. Are these mobile stamp-vending vans included among the 36,700 retail facilities discussed on p. 4 of your testimony?
- d. Are visits to (and purchases from) these mobile stamp-vending vans considered to be (i) visits to a Postal Service retail facility, or (ii) visits to an alternate access channel?

**RESPONSE**

- a. – b. No. Mobile retail vans complement brick and mortar facilities by providing a touch point for conducting business with the United States Postal Service.
- c. No.
- d. (i) No.  
(ii) No.

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**VP/USPS-T1-5.**

- a. Please discuss the extent to which the Postal Service's mobile stamp-vending vans complement bricks-and-mortar facilities in the cities and metropolitan areas where they operate.
- b. For purposes of this interrogatory, please assume that as a result of this Initiative a determination has been made to close some particular station or branch and consolidate it with another nearby station or branch. Following closure of that facility, please discuss the feasibility or infeasibility, as appropriate, of having a mobile stamp-vending van visit the site (or immediate locale) of that closed station or branch on a regularly scheduled basis (e.g., daily for 2 hours, or 4 hours on three days of the week), thereby maintaining the availability of stamps (on a more limited schedule, perhaps) to people who live in the immediate neighborhood of the station or branch that has been closed (consolidated). Please discuss the extent to which the Postal Service's mobile stamp vending vans might act as a substitute for bricks-and-mortar retail facilities in the cities and metropolitan areas where stations and branches are being studied as part of this Initiative.

**RESPONSE**

- a. Mobile retail vans complement "brick and mortar" by providing service to high pedestrian foot-traffic areas and assisting high volume retail operations during peak hours. In addition, mobile retail vans can provide service to assisted living facilities, special event, conventions, etc.
- b. I am unaware of any Postal Service study of the feasibility of using Mobile Retail Vans in the manner described in this question. The Postal Service has no such plans to use mobile retail vans as permanent replacements for "brick-and-mortar" retail facilities in conjunction with this Initiative.

## **RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS VANGORDER TO VALPAK INTERROGATORY**

### **VP/USPS-T1-6.**

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.’”

- a. Please define and explain your understanding of all products and services that constitute “essential postal services” as that term is used in the Request.
- b. Please explain the extent to which the Postal Service’s mobile stamp-vending vans provide essential postal services.
- c. If your answer to preceding part b is to the effect that some, but not all, essential postal services are provided by the Postal Service’s mobile stamp-vending vans, please explain what limits or prevents those vans from providing more (or all) essential services as that term is used in the Request.

### **RESPONSE**

- a. Please see my responses to APWU/USPS-T1-1(a) and PR/USPS-T1-7(d). The Postal Service regards all of its mailing services – whether retail or bulk -- as essential to those who demand them. The Postal Service’s operation of tens of thousands of its own retail and bulk mail acceptance/entry and service purchase points distributed throughout the nation is intended to make its products and services readily accessible, even if all services are not accessible at all locations, or 24 hours a day, seven days a week.
- b. As indicated in response to VP/USPS-T1-1, mobile retail vans provide a variety of essential postal services, but not all essential services.
- c. Limited security prevents mobile retail vans from offering high security and cash volume items such as Registered Mail, Money Orders, passport application service, etc. Mobile retail vans have limited space and equipment constraints that do not allow the sale of some essential products and services. Space constraints limit size and quantity of mail that can be accepted from any given

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**RESPONSE to VP/USPS-T1-6 (continued)**

customer. Mobile retail vans do not have wireless data transmission capacity, generally limiting transactions to cash or check.

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**VP/USPS-T1-7.**

- a. When did the Postal Service begin deploying mobile stamp-vending vans of the type discussed in VP/USPS-T1-1?
- b. Please provide the number of mobile stamp-vending vans deployed by the Postal Service each year since the year 2000?

**RESPONSE**

- a. I am informed that mobile retail vans have existed since at least the mid 1970's.
- b. I am informed that the totals for recent fiscal years are as follows: 2000 (224); 2001 (220); 2002 (213); 2003 (207); 2004 (205); 2005 (206); 2006 (210); 2007 (225); 2008 (224); 2009 YTD (204).

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**VP/USPS-T1-8.**

Please refer to your testimony at p. 5, fn. 1, where you describe a “fourth option, contract postal units (CPUs).”

- a. Is a contract postal unit considered to be (i) a postal retail location, or (ii) a non-postal retail location?
- b. Please refer to your testimony, fn. 4 on p. 5 and ll. 3-7 on p. 9. Of the “nearly 4000 CPUs” mentioned in footnote 4, approximately how many are located within or in close proximity to the areas served by “that portion of the retail network consisting of stations and branches that report to Postmasters at or above the USPS Executive & Administrative Schedule level 24 (EAS-24) pay grade,” as described on page 1 of the Request.
- c. Do those contract postal units that are located in “denser population centers” provide all essential services as defined in your response to VP/USPS-T1-6? Unless your answer is an unqualified affirmative, please explain in what respects the services provided by CPUs in denser population centers — *i.e.*, those CPUs that may be considered by customers as an option to the stations or branches included for consideration as part of this Initiative — differ from those essential services provided by a regular station or branch.
- d. For those contract postal units that are located in “denser population centers,” please discuss the number of days a week they usually are open, including Saturdays and Sundays, and what restrictions or requirements the Postal Service places on those CPUs with respect to days of operation.
- e. For those contract postal units that are located in “denser population centers,” please discuss the number of hours a day they usually are open, including evenings and on Saturdays and Sundays, and what restrictions or requirements the Postal Service places on those CPUs with respect to hours of operation.
- f. Are those contract postal units located in “denser population centers” also subject to study for possible closure and consolidation as part of the Initiative described by your testimony and in the Request?
- g. After the Postal Service has determined that a station or branch should be closed and consolidated with another nearby station or branch (as a result of this Initiative, say), please discuss whether the Postal Service then would consider offering a private parties (*e.g.*, via a competitive RFP) the opportunity to open a CPU in the neighborhood of the closed station or branch.

**RESPOSNE**

- a. (i) Yes.  
  
(ii) No.
- b. I am informed that 125 of the 677 stations and branches initially listed in USPS Library Reference N2009-1/4 have a CPU in the same 5-digit ZIP Code area.

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**RESPONSE to VP/USPS-T1-8 (continued)**

- c. No. Most CPU's generally provide the same services as a Post Office, with the exception of meter settings; passport application, bulk and permit mail acceptance; Post Office boxes, or general delivery.
- d. I am informed that CPU locations are open five days a week, Monday-Friday; some on Saturday and Sunday.
- e. I am informed that most CPU locations are open on average 9 hours per day, some as much as 12, and a few offer 24 hour service. At a minimum we expect CPUs to provide service for the same amount of hours as the host Post Office. We also expect the CPU will be open for the same hours as the host CPU location's main business.
- f. No. The Initiative is focused on stations and branches that report to EAS-24 and above Postmasters.
- g. CPU's are not being considered as replacements for a closed station or branch as part of or in conjunction with this Initiative. Local management is responsible for routinely assessing customer needs. In any given location where a station or branch is closed or consolidated as part of this Initiative, it is expected that future assessments of customer needs by local management could include consideration of a variety of reasonable options, including the feasibility of re-establishment of a station/branch and promotion of various alternative access channels, including CPUs.