Postal Regulatory Commission
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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 THE UNITED STATES POSTAL SERVICE
TO PUBLIC REPRESENTATIVE INTERROGATORIES
(PR/USPS-7, 8, 10-14, 16, 19 AND 21)

(August 25, 2009)

The United States Postal Service hereby provides responses to the above-listed interrogatories of the Public Representative, filed on July 31, 2009. Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PUBLIC REPRESENTATIVE INTERROGATORY

PR/USPS-7
Please describe the search methodology used (including, but not limited to, Boolean searches of computer files and e-mails, file locations, and discussions with Postal Service employees) by the Postal Service to identify and locate documents responsive to the following interrogatories:
a. PR/USPS-T1-7(a) and (b)
b. PR/USPS-1
c. PR/USPS-4
d. PR/USPS-6

RESPONSE

(a) Title 39 of the Code of Federal Regulations and Chapter 1 of the Postal Operations Manual (POM Issue 9, July 2002, with Postal Bulletin revisions December 18, 2008) was reviewed to determine whether they explicitly addressed or defined the concepts of ”ready access” or “adequate” service or “essential services.”

(b-d) Soon after these interrogatories were received, counsel and witnesses conferred. It was determined that, other than materials previously prepared and filed with the Commission in Docket No. N2009-1, the only document known to detail the scope and potential stages of the Station and Branches Optimization and Consolidation Initiative was a deck of PowerPoint slides prepared by the witnesses for use by the Vice-President, Retail and Post Office Operations, to whom they report. Accordingly, the deck was retrieved and filed in this docket.

At the same time that the request and testimony were being developed, the slides were created on the basis of meetings and telephone conversations involving the witnesses, one other employee, and the

RESPONSE to PR/USPS-7 (continued)

aforementioned Vice President, whose responsibility it was to confer with her superiors regarding the Initiative and to communicate its scope and objectives to the nine Area Vice Presidents and other internal and external audiences, including representatives of postal unions and management associations.

Other documents arguably responsive to these interrogatories were in the process of being created when the interrogatories were propounded and either have since been filed in the form of Library References N2009-1/4 through 6 and N2009-1/8, or attachments to interrogatory responses (or will soon be filed as Library Reference N2009-1/7, which will include a listing of over 3600 EAS-24 and above stations and branches).

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PR/USPS-8
Please refer to your response to PR/USPS-1(a) and the results of the search methodology described in response to PR/USPS-7. Please confirm that other than the Postal Service's Request, the Testimony filed in this case, and the briefing filed in response to PR/USPS-4(a), there are no documents that detail the potential full scope of the Initiative. If you do not confirm, please explain. If such documents do exist, please provide copies of them.

RESPONSE

From concept in April to request in July, the focus has been to develop material in support of the request in this docket and for communicating the purpose and scope of the initiative to field management, training Area and District discontinuance review team members, and informing employee associations. The full potential scope of this Initiative is reflected in documents that were either prepared and filed in conjunction with the request, or have otherwise since been filed in this docket to-date, including USPS Library References N2009-1/4, N2009-1/5, N2009-1/6, and N2009-1/8, as well as the list of over 3600 EAS-24 and above stations and branches to be filed as Library Reference N2009-1/7.

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PR/USPS-10
Please refer to your response to PR/USPS-4 and the results of the search methodology described in response to PR/USPS-7. Please confirm that other than the Postal Service's Request, the Testimony filed in this case, and the briefing identified in response to PR/USPS-4(a), there are no documents that detail the centrally directed program discussed on page 6 of the Request. If you do not confirm, please explain. If such documents do exist, please provide copies of them.

RESPONSE

As explained in response to PR/USPS-8 and 11, from concept in April to-date, document generation has been focused primarily on communicating instructions to the field regarding the conduct of discontinuance studies, the processes to be used for obtaining customer input, and the preparation of materials for submission as part of this docket. As reflected in USPS Library Reference N2009-1/8, there are regular teleconferences between the Headquarters SBOC team and the field during which routine administrative matters relevant to the SBOC Initiative are discussed, guidance is issued, instructions are clarified, timelines for the submission of information to Headquarters are communicated, training is reinforced, questions are asked and answered, etc. Minutes are not recorded.

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PR/USPS-11
Please refer to your response to PR/USPS-4(c) and the results of the search methodology described in response to PR/USPS-7. Please confirm that other than the briefing filed in response to PR/USPS-4(a), there are no documents that the Postal Service has transmitted or will be transmitted to the District offices with respect to this Initiative. If you do not confirm, please explain. If such documents do exist, please provide copies of them.

RESPONSE

Please see the responses to PR/USPS-8 and PR/USPS-10. All documents known by the Headquarters personnel responsible for the day-to-day administration of the initiative have been provided. As additional substantive documents broadcasting instructions and guidance to the field are disseminated, the materials in USPS Library References N2009-1/5, N2009-1/6 and N2009-1/8 will be supplemented. The principal method of communication with the field is in weekly teleconferences with field coordinators.

It likely that any number of Headquarters, Area, District and local managers have exchanged e-mails or other communications regarding the SBOC Initiative -- as is the case with every Headquarters program, policy, announcement or rumor. For instance, it is assumed that custodians of financial and operations data systems that generate facility-specific inputs used in each discontinuance study may receive and respond to inquiries from the Districts regarding use of appropriate data. However, no effort has been undertaken for purposes of this interrogatory to track down records of individual communications transmitted to and from District discontinuance review team member's offices preparing specific discontinuance studies.

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PR/USPS-12

Please refer to your response to PR/USPS-5.

a. Please provide a copy of the Postal Service's June 19, 2008 PAEA Section 302 Network Plan.

b. Please provide copies of all documents related to closing or consolidations of stations and branches and their relationship to PAEA section 302(d).

RESPONSE

(a) A copy will be filed as USPS Library Reference N2009-1/9.

(b) To-date, the issue has only been documented in Public Representative interrogatories in this docket and the responses to those interrogatories.

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PR/USPS-13
Please refer the results of the search methodology described in response to PR/USPS-7 and your objection to PR/USPS-4(c) filed on July 20, 2009. In particular, the objection states that the "Postal Service intends to respond to this and other subparts of interrogatory PR/USPS-4 by providing documents reflecting instructions and guidance disseminated by Headquarters to the field for purposes of conducting station and branch studies generally, as well as specific instructions developed for purposes of the Station & Branch Optimization and Consolidation Initiative." Please provide or identify the location of the "documents reflecting [the specific] instructions and guidance disseminated by Headquarters to the field … for purposes of the Initiative. The Postal Service need not provide the instructions and guidance disseminated by Headquarters for conducting station and branch studies generally; only the instructions and guidance created for purposes of the "prescreening process" portion of the Initiative.

RESPONSE

The pre-screening instructions have been disseminated primarily though the

training based on USPS Library Reference N2009-1/5, page 5.

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PR/USPS-14
With respect to instructions and guidance disseminated by Headquarters about the Initiative, please identify, describe and provide all documents (including e-mails) detailing questions or requests for clarification from managers at any level at the Postal Service and any responses or clarifications issued by Headquarters to those questions or clarifications.

RESPONSE

[Partial objection filed]. See USPS Library References N2009-1/5, N2009-1/6 and N2009-1/8. There is a Frequently Asked Questions document in LR-N2009-1/8, developed primarily on the basis of past experience with the discontinuance review process and questions asked during SBOC Initiative teleconference training sessions. If additional documents broadcasting clarifications to the field are created, LR-8 will be supplemented.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
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PR/USPS-16

a. Please confirm that in determining whether to close or consolidate a particular station or branch as a result of the Initiative, the Postal Service might consider the ability of a mail user to utilize a nearby community post office, contract postal unit, Automated Postal Center, or consignment arrangement for their postal needs instead of the branch or station that is being considered for closure or consolidation? If you do not confirm, please explain.

b. Please refer to the Request at pages 4-5. Please confirm that one of the reasons that the Postal Service believes the Initiative is appropriate is because alternative retail access channels such as community post offices, Automated Postal Centers, or consignment arrangements are becoming more widely used. *See* Request at 4; *see also* Response to PR/USPS-T1-7(c). If you do not confirm, please explain.

c. Please describe the procedures used when the Postal Service seeks to close or consolidate a community post office or contract postal unit. Please provide copies of any documents detailing such procedures.

d. Please describe the procedures used when the Postal Service seeks to close or consolidate an Automated Postal Center. Please provide copies of any documents detailing such procedures.

e. Please describe the procedures used when the Postal Service seeks to close or consolidate a consignment arrangement. Please provide copies of any documents detailing such procedures.

f. Please describe the procedures used when the Postal Service seeks to close, consolidate, or alter the retail services available at each other type of “alternative retail access channel.” Please provide copies of any documents detailing such procedures.

g. Does the Postal Service factor the availability of all “alternative retail channels” and the likelihood that customers will use those channels in its decision making process during the prescreening process or as part of a particular discontinuance study? If so, please describe how.

RESPONSE

(a) The Postal Service assesses availability of and access to alternative retail channels. Ability of customers in a ZIP Code area to access alternatives is more difficult to judge and can involve consideration of the mode and general frequency of available public transportation during regular postal business hours, as well as whether the alternatives are located where postal customers otherwise tend to congregate for shopping or other retail

RESPONSE to PR/USPS-16 (continued)

transactions. Pre-judgment of customer ability solely on the basis of general census demographic data about a ZIP Code area (age, income, ethnic background) would be imprudent. Accordingly, the Postal Service relies on local management's general knowledge of the retail customers who actually use a particular station/branch as well as public comment.

(b) Confirmed.

(c) For community post offices see USPS Library Reference N2009-1/3, the Handbook PO-101, Chapter 7. As the name implies, contract postal units are operated at particular locations under the terms of contracts between the Postal Service and specific entrepreneurs/business owners. The Postal Service does not have the power to close or consolidate those businesses, but the contractual postal unit relationship may specify a renewable term of years.

(d) The question seems to misapprehend what Automated Postal Centers are. They might best be described as machines that are used by retail customers primarily to weigh and rate mail pieces, and obtain postage indicia in lieu of doing so at a postal retail window. Almost without exception, Automated Postal Centers are located in postal retail lobbies and serve as an alternative to a window transaction at that location. To the extent that a relative handful of APCs are located other than at a Post Office, station or branch, they are probably best viewed as modern stand-alone postage vending devices, accompanied by collection boxes, as

RESPONSE to PR/USPS-16 (continued)

opposed to a service center like a Post Office, station or branch. If the question is seeking to explore whether there is some formal process set up to receive public comment whenever local management intends to remove or relocate an APC, the answer is in the negative.

(e-f) Consignment stamp sales arrangements are the product of contractual agreements involving the Postal Service and private entities under which those entities obtain bulk quantities of postage stamp booklets to sell to their customers as an inducement for those customers use the mail to shop at their locations. Consignment arrangements may be terminated at will by the Postal Service or the consignee. Consignment stamp business locations are not “closed” or “consolidated,” except to the extent that, for instance, a grocery store chain closes or consolidates stores at which it also sells stamps. If the question is seeking to explore whether there is some formal process set up by the Postal Service to receive public comment whenever a grocery store decides to stop selling postage stamps, the answer is in the negative.

The decision for a business to qualify and operate as an Approved Shipper is up to a private retailer whose number of store locations and business hours are beyond the control of the Postal Service. If the question is seeking to explore whether there is some formal process set up by the Postal Service to receive public comment whenever a business

RESPONSE to PR/USPS-16 (continued)

elects to stop operating as an Approved Shipper, the answer is in the negative.

The Postal Service could unilaterally consolidate its stamps by mail operation so that orders were fulfilled at fewer locations. Closing the operation altogether is theoretically possible, seems counter to everything postal, but could be accomplished. There are no specific processes in place for the consideration or pursuit of such objectives, or the solicitation of public comment if such an initiative were to be undertaken.

The Postal Service also has no processes in place for "closing" or "consolidating" www.usps.com, or any aspect of the Internet. The website is modified from time to time to enhance its security and/or ease-of-use. It is an integral vessel through which services like Delivery Confirmation are provided. "Closing" the website would imply a change in the nature of that particular service, to say the least, and would trigger appropriate chapter 36 product/service review processes.

Rural carriers often operate as "mini-Post Offices on wheels," selling retail products and providing certain services that city carriers do not. There are no specific internal processes in place for the consideration of the elimination of such service, or for the solicitation of public comment if such an initiative were to be undertaken. An integral process in place for the pursuit of material changes in rural carrier responsibilities (the equivalent of "closure" or "consolidation" of this aspect of their responsibilities) is the

RESPONSE to PR/USPS-16 (continued)

collective bargaining process. It does not involve a public comment component.

(g) The Postal Service considers availability of alternate channels as part of its discontinuance review process, but no method for projecting the likelihood of local customer use of alternate access channels has been developed for use as part of facility-specific discontinuance studies generally or this initiative.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
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PR/USPS-19

Please refer to USPS-LR-N2009-1/3, filed in response to PR/USPS-4.

a. According to the August 2004 transmittal letter, paragraph D, new or revised policies will be issued through Postal Bulletin articles. Please confirm that this is the most updated copy of the Post Office Discontinuance Guide and no relevant revisions have been issued in the Postal Bulletin. If you do not confirm, please provide copies of those revisions.

b. Please confirm that out of the 228 page Handbook, only pages 55-56 and 210-212 are applicable to closing or consolidating branches or stations and the remainder of the Handbook applies to "independent post offices." If you do not confirm, please explain.

c. Please refer to page 55 of the Handbook where it discusses the responsibilities of the District Manger. Please confirm that the handbook only requires the District Manger to comply with the following procedures for the discontinuance of stations or branches:
   1. Clearly define the reasons and justification for the discontinuance
   2. Evaluate and address the effect on employees and customers
   3. Develop a questionnaire and send it to customers for additional information and comments or conduct a community meeting
   4. Complete the checklist on pages 210-212 of the Handbook.

d. Are any factors, criteria, training, or other guidance provided to District managers on how to evaluate any of the factors listed in subparts (c)(1) through (c)(4) of this interrogatory? If so, please explain the information disseminated to the district managers. Please also provide copies of these documents or materials.

RESPONSE

(a) Confirmed.

(b) Not confirmed. The station and branch discontinuance study process incorporates material from other Chapters of the PO-101.

(c) It is confirmed that the language there is a brief summary, not a complete description of the District Manager's responsibilities.

(d) Station and Branch Optimization and Consolidation Initiative training sessions is provided to Area and District coordinators who prepare decision packages for District Manager review and decision. Please see USPS Library References N2009-1/5, N2009-1/6 and N2009-1/8 for

RESPONSE to PR/USPS-19 (continued)

information that has been disseminated to field discontinuance coordinators. District Managers have access to these materials The District review process, of necessity, requires consultation between District Managers and coordinators.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
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PR/USPS-21

Please refer to the Postal Service's Request at page 1 where it states that the objective of the Postal Service Station and Branch Optimization and Consolidation Initiative "is to identify and take advantage of opportunities for increased efficiency . . ." At page 6 of the Request, the Postal Service further describes the objective of the "optimization and consolidation" Initiative in the following terms: "to realign the postal retail network with current and future postal customer service needs, to reduce inefficiency and redundancy, and to capture the resulting cost savings."

a. Please define the term "efficiency," as used on page 1, and identify the quantitative measures to be used by the Postal Service to determine whether the Initiative achieves "increased efficiency."
b. Please confirm that the Postal Service is assuming "increased efficiency" will flow from the consolidation or discontinuance of retail postal services that results from this Initiative. If confirmed, please explain the basis for, and provide any data that supports, this assumption.
c. Please define the term "cost savings," as used at page 6, and list in detail the sources of the "resulting cost savings" associated with realigning the postal retail network.
d. Please confirm that the Postal Service intends to determine the "resulting net cost savings" (i.e., cost savings less revenue lost) associated with realigning the postal retail network. If not confirmed, please explain.
e. Please confirm that as part of the Initiative, the Postal Service will estimate "the resulting cost savings" (or net cost savings) associated with realigning the postal retail network for each postal station and branch at the time 1) a decision package for each station and branch is submitted by the District Manager to Headquarters, or 2) a final agency discontinuance decision for each station and branch is made by the Vice President, Delivery and Post Office Operations. If not confirmed, please explain when and how the Postal Service intends to review and report on the "resulting cost savings" in total and for each station and branch being closed or consolidated.

RESPONSE

(a-b) Please see the response of witness VanGorder to APWU/USPS-T1-2

(c) Cost savings are expense reductions expected to result from the closure or consolidation of a station or branch. See PDF pages 20-21 of USPS Library Reference N2009-1/6.

(d) Not confirmed. "Revenue lost" is not part of the cost savings calculation.

(e) Confirmed, as qualified by the response to subpart (d).