

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

SIX-DAY TO FIVE-DAY CARRIER DELIVERY  
AND RELATED SERVICE CHANGES, 2010

Docket No. N2010-1

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS  
DEAN J. GRANHOLM TO INTERROGATORIES OF THE GREETING CARD  
ASSOCIATION (GCA/USPS-T3- 1, 3-8)  
(May 28, 2010)

The United States Postal Service hereby provides the responses of witness  
Dean J. Granholm to the following interrogatories of the Greeting Card Association, filed  
on May 13, 2010:

GCA/USPS-T3- 1, 3-8

The second interrogatory in this set has been redirected to the United States Postal  
Service for an institutional response. Each interrogatory is reprinted below, and  
followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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Docket No. N2010-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS  
DEAN J. GRANHOLM (USPS-T-3) TO INTERROGATORY OF THE  
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**GCA/USPS-T3-1**

On page 13, lines 2-3 of your testimony, you refer to “other employees who fill in on the sixth day...”.

- a. Please state (i) the categories into which such employees fall and (ii) whether they are full time or part time employees, using the categories in Postal Service witness Colvin’s Attachment 1, page 2.
- b. Please confirm that all employees covered by (a) are city carrier employees. If you do not confirm, please state what craft(s) these employees belong to.
- c. What are the current numbers of all such “other employees” and their numbers of hours in FY 2009, (i) for Monday through Saturday delivery operations and (ii) for Saturday only?

**RESPONSE:**

[a] The City Carrier craft regular work force is comprised of two categories: full-time and part-time. The Postal Service also employs transitional employees in the carrier craft. A breakdown of part-time and transitional employees, who sometimes fill in on the sixth day, follows (it is also possible that full-time employees could fill in using overtime hours):

Part Time:

City Carrier Part Time Regular (PTR)

City Carrier Part Time Flexible (PTF)

Transitional Employee:

City Carrier Transitional Employee (TE)

[b] Confirmed.

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[c] I have received the following information from Finance:

<u>Other employees</u>	<u>current numbers</u>
City Carrier Part Time Regular (PTR) –	833
City Carrier Part Time Flexible (PTF) –	19,850
City Carrier Transitional Employee (TE) –	14,136

<u>Other employees</u>	(i)	(ii)
City Carrier Part Time Regular (PTR) –	181,104	15,874
City Carrier Part Time Flexible (PTF) –	33,350,554	5,562,031
City Carrier Transitional Employee (TE) –	24,655,258	4,183,299

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**GCA/USPS-T3-2**

You note starting at page 9, line 22, of your testimony that “In the case of the National Rural Letter Carrier Association (NRLCA) National Agreement, there are requirements to adhere to when there is a change in the number of delivery days. Additionally, time elements in the Rural evaluated compensation system must be discussed and re-evaluated for negotiation.”

- a. Please provide a copy of the NRLCA National Agreement
- b. Please identify all provisions of the NRLCA National Agreement which you consider to be “requirements to adhere to when there is a change in the number of delivery days.”
- c. Please identify all provisions of the NRLCA National Agreement which you consider to be “time elements in the Rural evaluated compensation system [which] must be discussed and re-evaluated for negotiation.”
- d. Please provide all documents which you consulted or relied on in arriving at your understanding of the NRLCA National Agreement.
- e. Please state your understanding of the processes involved in (i) adhering to the requirements concerning a change in the number of delivery days, and (ii) discussing and re-evaluating time elements in the Rural evaluated compensation system.

**RESPONSE:**

[a] – [e] Redirected to the United States Postal Service for an institutional response.

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**GCA/USPS-T3-3**

On page 12, lines 19-20, of your testimony you note that “Carrier Technician assignments will no longer be necessary.” Please confirm that this would be true whether Saturday or some other delivery day were chosen to be eliminated. If you do not confirm, please explain fully why the quoted statement would not be true regardless of the delivery day eliminated.

**RESPONSE:**

Confirmed.

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**GCA/USPS-T3-4**

On page 12, lines 20-22, you state that with the elimination of Saturday delivery, existing Carrier Technicians will fill assignments that “become vacant through attrition and the elimination of Transitional Employees.”

- a. Please state, by fiscal year, the number of Transitional Employees and hours worked that are assumed reduced through elimination in the five-day delivery proposal.
- b. Please state the wage rates and total compensation of such Transitional Employees.
- c. Please state, by fiscal year, what attrition assumption you are making with regard to the departure of full time regular or part time career carriers whose positions current Carrier Technicians would be moved into with the elimination of Saturday delivery.
- d. Under your description of effect on the city delivery component, please (i) confirm that you have assumed that all or most all Carrier Technicians will become full time regular employees of the Postal Service, and (ii) please state the wage rate decrement each receives with this transition. If you do not confirm with respect to (i), please explain fully.
- e. Where a Carrier Technician becomes a regular career carrier by replacing a Transitional Employee, please confirm that this costs USPS more money, not less, ceteris paribus, since regular carrier earnings exceed those of Transitional Employees. If you do not confirm, please explain fully.

**RESPONSE:**

[a] For purposes of the inputs that I provided to the costing witnesses in this case, no such assumptions were necessary, and I made none.

[b] I have been informed by Finance that the current wage rate for Transitional Employees is \$21.31 for CC Grade 1 and \$22.25 for CC Grade 2. Total compensation is \$25.07 for these employees.

[c] For purposes of the inputs that I provided to the costing witnesses in this

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case, no such assumptions were necessary, and I made none.

[d]-[e] Carrier Technicians already are full time regular employees of the Postal Service. Under current regulations carrier technicians would retain their salary level.

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**GCA/USPS-T3-5**

Referring to your testimony, Postal Service witness Bradley states on page 19, lines 11-13, of his testimony that: "Operations experts, however, anticipate the hours savings will be for full time carriers so the appropriate wage for valuing saved hours is the full time regular wage."

a. Where in your testimony do you state that the hours saved from eliminating Saturday delivery will be for full time carriers, as opposed to part time regular or Transitional Employees?

b. What are the wage rate differences, respectively, (i) between full time regular carriers and part time regular, (ii) between full time regular and Transitional Employees, and (iii) between full time regular and the "other employees" you refer to on page 13, line 2 of your testimony?

**RESPONSE:**

[a] Section I, beginning on page 12 of my testimony.

[b] The following responses are based on information from Finance:

(i) There is no difference between Full Time Regular employees and Part Time Regular employee's wages rates at the same step and grade.

(ii) There is a difference of \$ 4.57 per hour between the wage rate of a Step O, CC Grade 2 Full Time Regular employee and a CC Grade 2 Transitional Employee, with the TE being paid less.

(iii) There is a difference of \$ 1.08 between the wage rate of a Step O, CC Grade 2 Full Time Regular employee and a Step O, CC Grade 2 Part Time Flexible employee, with the full time regular being paid less.



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**GCA/USPS-T3-6**

Please refer to page 14, lines 19-23, of your prefiled testimony. Please describe fully the circumstances under which you anticipate that retail hours on days other than Saturday might not be sufficient to handle increased retail lobby traffic.

**RESPONSE:**

Customers will no longer have the opportunity for carrier redelivery service of “left notice” mail pieces on Saturday. They may choose to pick up these articles at their local Post Office. Locations without Saturday retail hours will need to determine if additional hours are needed to accommodate these customers during the week. Customer demand after implementation will be analyzed, and retail hours may be adjusted accordingly at that time. There may be a combination of extended hours and/or shifting of existing hours to start and end at later times.

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**GCA/USPS-T3-7**

In your testimony at page 13, line 1, you state that USPS witness Bradley “will use the full time regular wage for City carriers” as the basis for estimating savings from ending Saturday delivery.

a. Please confirm that this implies an assumption that all or most of the work-hours saved from ending Saturday delivery will be from full time regular City carriers. If you confirm, please explain fully why this assumption is considered appropriate. If you do not confirm, please explain your answer fully.

b. The April 2010 GAO report on the Postal Service’s financial viability (GAO-10-455) states on page 16 that: “Current collective bargaining agreements ... contain ‘no lay-off’ provisions for about 500,000 employees and require USPS to release lower-cost part-time and temporary employees before it can layoff any full-time workers without layoff protection.”

Please confirm that this contradicts use of the full time regular wage for City carriers as the basis for calculating savings from ending Saturday delivery. If you do not confirm, please explain fully.

**RESPONSE:**

[a] Confirmed. In a full up Five-Day delivery environment, full time career day off replacement employees will not be necessary.

[b] Not confirmed. The savings projections in this case are based on “full-up” savings, i.e., under the assumption that the savings have been captured.

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**GCA/USPS-T3-8**

In your testimony at page 12, line 21, you refer to vacancies through “attrition” that current Carrier Technicians would fill.

a. Please confirm that you referring to attrition of full time regular city carriers. If you do not confirm, please explain fully as to what labor complement you are referring in the use of the term “attrition”.

b. Is your attrition assumption based on (i) the number of employees eligible for retirement, or (ii) a forecast of how many, among those eligible to retire, will actually retire, or (iii) some other figure? ? Please explain fully.

c. Contractually, are those carriers eligible to retire free to continue working if they choose to?

d. (i) In arriving at your judgment(s) regarding attrition referred to in (a) and (b) above, what data or analyses did you consult or rely upon? Please furnish copies of all such data or analyses.

(ii) In arriving at your judgment(s) regarding attrition, what if any consideration did you give to (A) the state of the economy in recent years, with particular regard to the number of jobs available, (B) the availability of jobs comparable to Postal Service carrier jobs with respect to compensation, benefits, and security, or (C) current financial uncertainties for retirees. Please provide any data or analyses you consulted or relied on in connection with any consideration you gave to these matters.

e. Is it your opinion that those carriers eligible to retire will in fact retire in the numbers they might were these economic conditions not present? Please explain fully the bases for your opinion.

**RESPONSE:**

[a] Confirmed

[b] For purposes of the inputs that I provided to the costing witnesses in this case, no such assumptions were necessary, and I made none.

[c] Yes.

[d] Not applicable.

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[e] Not applicable.