

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

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

Docket No. N2010-1

**WRITTEN STATEMENT OF
GLORIA TYSON
ON BEHALF OF THE
UNITED STATES POSTAL SERVICE**

CHICAGO FIELD HEARING

JUNE 21, 2010

My name is Gloria Tyson. I am the Postmaster of Chicago, Illinois and the Manager of the Chicago District for the United States Postal Service. On behalf of all 7900 District postal employees responsible for mail processing and delivery and retail counter service, I welcome the Postal Regulatory Commission to the city where the mail order business first became a prominent industry and the window envelope was invented.

In response to the Commission's invitation, I will share details concerning postal operations, finances and services in the Chicago District. My goal in sharing local data is to help broaden the Commission's understanding of the state of the Postal Service as a whole and the nature of the financial and operational challenges that have led to the Postal Service's decision to implement the Saturday service changes that it has asked the Commission to review.

I have been Chicago District Manager since May 2007. Like many in attendance at today's hearings, my postal roots run deep. I began my postal career in 1980 as a letter carrier in New York City. After serving as an acting supervisor, I held several delivery and mail processing management positions in metropolitan New York City and northern New Jersey. In 1996, I was appointed manager of Delivery Programs in the New York Metro area, my first executive assignment. In 1999, I was appointed Manager of the Alabama District. Five years later, I was named Manager of the Detroit District, where I served until taking on the challenge of managing the Chicago District.

The Chicago District administrative office is located at 433 West Harrison Street, Chicago, Illinois 60607. Our office manages the acceptance, processing, transportation, delivery and retail operations for the 606 through 608 3-digit ZIP Code areas, which includes the city of Chicago and eight adjacent suburbs. Mail deposited in the District flows through the Cardiss Collins Processing & Distribution Center in Chicago's "Loop" downtown business district and the plant located near O'Hare airport located at 11560 West Irving Park Road in Chicago. We also operate a Priority Mail and air transportation distribution center near O'Hare Airport at 2591 Busse Road in Elk Grove Village. We also operate an Air Mail Center (AMC) at O'Hare Airport, but currently are in the process of closing this facility and consolidating operations from the AMC with operations at other Chicago District plants. Operations from the J.T. Wecker International Service Center (ISC), which handles incoming and outgoing international mail for the Midwest, will move into the facility housing the AMC by the end of August. Without adversely affecting service, this consolidation will allow us to save the cost of the lease for the ISC facility at O'Hare and adjust operations to more efficiently match resources to declining mail volume.

In every postal job that I have performed, I have focused on providing quality service for businesses and household customers from all walks of life. I think that it is fair to say that this same commitment is embraced throughout the ranks of postal employees in the Chicago District more than ever before. Their dedication is exemplified every winter when they strive to overcome the operational challenges generated by weather that gives this city its nickname.

Our resilience is demonstrated by the fact that we dispatch mail to Wrigley Field with the same degree of care, whether we are brimming with the usual optimism in April or facing the usual disappointment in October. We deliver around street closings – whether for emergencies, neighborhood festivals or parades – such as the one this month that honored our Blackhawks for bringing home the Stanley Cup.

Despite the challenges facing the Postal Service as a whole, like our colleagues throughout the Great Lakes Area, Chicago District employees recognize that continuous service improvement must remain our bedrock operational objective. Our employees' pursuit of this goal has been validated by significant increases in delivery service performance during the past two years.

The Chicago District operates nearly 70 retail stations and branches, as well as nine carrier annexes. There are more than 1.2 million street addresses and a total of approximately 79,000 Post Office Box addresses in the District. More than 2800 collection boxes provide Chicago District customers convenient access to the mailstream.

During Quarter 1 of Fiscal Year 2010 alone, we delivered almost 900 million pieces of mail. Of the Districts you have selected for your field hearings, ours has the smallest geographic territory but is the most densely populated and urban. We deliver quality service to a broad customer base that includes residents who live in public housing concentrated on the south and west sides of Chicago, or in luxury high-rise condominiums on the Gold Coast, or in the blocks of two-flats and bungalows that permeate throughout southwest and northwest

side neighborhoods and some nearby suburbs. We serve business customers ranging from Fortune 500 corporations in the Loop to small retailers in neighborhood strip malls. Chicago is also a melting pot of ethnic and cultural diversity. We have the nation's fifth-largest foreign born population.

In order to maximize convenience for our customers, postal retail operations in the Chicago District are supplemented by the availability of more than 340 stamp consignee locations at which postal customers can conveniently purchase stamps -- at grocery stores, office supply outlets and other retail locations. Participating retailers include Costco, CVS, Dominick's, Jewel, Office Depot, Staples and Walgreens. In addition, stamps may be purchased at 130 automated teller machines in banks throughout the Chicago District. The Chicago District also has a dozen Approved Shipper locations and a half-dozen Contract Postal Units (CPUs). Over the past few years, these CPUs have brought in about an 80/20 mix of stamp revenue versus weigh-and-rate traffic.

I understand that the Postal Regulatory Commission is reviewing a Postal Service plan for five-day street delivery and related service changes. That plan eliminates Saturday delivery of all mail to street addresses (with the exception of Express Mail). The plan also eliminates collection of mail on Saturdays from delivery points and regular collection boxes, as well as the Saturday processing of outgoing mail.

The processing of incoming mail will not change, and Post Office boxes will continue to receive mail Monday through Saturday. Postal retail units will also continue to provide window service on Saturdays. The Postal Service

intends to implement the changes during calendar year 2011, though an exact implementation date has not been set.

As the Commission is aware, the Postal Service's plan to adjust to five-day delivery is contingent upon Congress not enacting a prohibition for fiscal year 2011. I have no intention of addressing or speculating about any of the legislative or political aspects of that policy determination.

The justification for the service changes being reviewed by the Commission are presented in detailed written testimony submitted by several senior postal executives from Headquarters and other expert witnesses, all of whom are scheduled to testify before the Commission in Washington, DC next month. I will defer to those witnesses to explain the operational details, the cost and revenue implications, and the national policy issues relating to the planned service changes. I trust that the Commission will find the hearings next month informative and enlightening.

I know that the Commission regularly reviews extensive national operational and financial data and that you are generally familiar with the grim volume, cost and revenue trends that are affecting the Postal Service. Of the four postal Districts you visited last month, I am told that mail volume in Las Vegas, Sacramento and Memphis has declined significantly more than in Dallas. The story in Chicago has been more positive.

From Quarter 1 of Fiscal Year 2005 to the same quarter in 2010, the Chicago District experienced a cumulative two percent volume increase. At the same time, the total number of city delivery points in the District increased

relatively modestly, by only three percent. As a result, total volume per delivery point has declined by only one percent. The Chicago District has experienced a 21 percent decline in cancellations and a five percent decline in retail visits and revenues in recent years. However, total operating revenue for the Chicago District has cumulatively increased 22 percent from the first quarter of FY 2005 to the first quarter of FY 2010. Since our District's mail volume has increased slightly despite national trends, we have experienced a cumulative 18 percent increase in revenue per delivery point during this five year period.

At a time when the Postal Service as a whole is experiencing very negative volume and revenue trends, I am grateful to be managing a District where some of the trends have moved in the opposite direction. It is possible that our District benefits to some degree from the large commercial printing and mailing industry based in the metropolitan area which enters mail into the postal system locally.

My managers and I maintain regular contact with postal customers throughout the District. I monitor service performance every day. The good news is our customers routinely tell us that we are improving our customer satisfaction with the service we provide. The bad news is these customers frequently share their opinions about how the Internet provides unparalleled convenience and efficiency, and how it changes the way many of them choose to conduct personal and commercial transactions traditionally conducted by mail. I am not aware of any forecast or report regarding how much First-Class Mail has been lost permanently here in the Chicago District or nationally as a result of

electronic diversion. I have no idea whether we may ever see a return to mail volume of over 210 billion pieces that we experienced before the recession. Change is definitely occurring and the Postal Service needs to adjust to market conditions.

As a District Manager, I confer regularly with my Area Vice President, who stays in close contact with headquarters in Washington, DC. I am aware of the financial pressure facing the Postal Service and the need for even more significant action to reduce costs significantly. Accordingly, I am not surprised that senior postal management has determined that operational and service changes, such as the ones being reviewed in this proceeding, are a necessary step in any plan for improving the long-term financial stability of the Postal Service.

Assuming the Postal Service will be able to move ahead and implement the service changes the Commission is reviewing, I will be responsible, under the direction of the Great Lakes Area office, for ensuring that Chicago District managers and supervisors, retail and delivery employees communicate proactively, effectively and accurately with our customers. It is critical that our customers clearly understand what changes are coming, when they will occur, and what choices they will have to encourage their continued use of the mail.

Five-day delivery and the other service changes will entail some adjustments for many customers; minor for some and more substantial for others. We will monitor local retail operations and, if necessary, will adjust retail hours or staffing in some locations to accommodate parcel pickup. As someone

who is committed to improving customer satisfaction, I do not relish the prospect of requiring some customers to adjust their personal or business routines and service expectations. I realize that certain customers may find our new operating model unsuited to their mailing and shipping needs. Still, I am among those who firmly believe that our ongoing commitment to continuous service improvement can and will encourage customers to use the Postal Service for mailing and shipping.

The household and business customers that I talk to all seem to understand that the Postal Service faces difficult choices, and that no easy solutions lie within our grasp. Customers emphasize to me that, if change is inevitable, they want plenty of advance notice in order to adjust accordingly. This is why the Postal Service is committed to giving six months advance notice of the implementation date for our five-day plan. When an implementation date is established and the communications plan is launched, my goal is to ensure that Chicago District residential and business customers can transition as smoothly as possible and understand how they can continue relying upon the Postal Service to meet their mailing and shipping needs.

When the time comes, I understand that multiple mailings to residential and business customers will explain the service changes and customer options. Signs informing customers of the change will appear in retail lobbies; and labels noting the elimination of Saturday collections will be placed on collection boxes. The Chicago District will work with the Great Lakes Area office and Headquarters

to encourage news media serving the Chicago District to print, broadcast and post stories informing readers, listeners and viewers about the service changes.

The Postal Service has included a link for more information on its proposal for five-day delivery on its user friendly website USPS.com

(<http://www.usps.com/five-daydelivery>). The link provides access to planning guides and answers to frequently asked questions tailored specifically for household and commercial customers. It is my understanding that the link will be updated soon with information showing users of each class of mail on what day of the week they can expect delivery in a five-day environment based on the day of the start-the-clock event for their mail. The website can help inform customers now and support our communications efforts later on. However, I should emphasize that its function is to supplement our direct and active outreach to customers.

I thank you for the opportunity to appear before you today and provide this statement. I will now answer your questions as best I can. If I am not the right person to provide an answer, I will work with Postal Service counsel to ensure that the Commission gets a response to any outstanding questions you may have.
