

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

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

Docket No. N2010-1

RESPONSES OF THE UNITED POSTAL SERVICE  
TO MPA INTERROGATORIES MPA/USPS-T2-2 - 7.a.-c., 8-12,  
REDIRECTED FROM WITNESS CORBETT  
(June 23, 2010)

The United States Postal Service hereby provides its responses to the following interrogatories of MPA, filed on June 9, 2010: MPA/USPS-T2-2-7a.-c., 8-12, redirected from witness Corbett. Each interrogatory is stated verbatim and is followed by the response. The Postal Service objected to MPA/USPS-T2-3, 7, 8, and 13 on June 21, 2010. To the extent that the attached responses nonetheless provide information in response to some of those questions, the Postal Service does not waive its objections. An answer to question 1 will be forthcoming.

UNITED STATES POSTAL SERVICE

By its attorney:

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Eric P. Koetting

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2992, FAX: -5402  
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**MPA/USPS-T2-2.** On page 3 of your testimony (USPS-T-2), you state that the Postal Service reduced total costs by \$6.1 billion and Full-Time Equivalent (“FTE”) employees by 65,000 in FY 2009.

- (a) From what benchmark was the \$6.1 billion reduction in FY 2009 cost reductions calculated?
- (b) What adjustments were made to the benchmark to net out the attributable cost savings that should have resulted from the declines in mail volume even without the new cost saving initiatives?
- (c) From what benchmark was the 65,000 reduction in FY 2009 FTEs calculated?
- (d) What adjustments were made to the benchmark to net out the workhour changes that should have resulted from the declines in mail volume even without the new cost saving initiatives?

**RESPONSE:**

a) The \$6.1 billion reduction in FY 2009 is based on FY 2009 vs. 2008 actual work hours and non-personnel expenses. The 115 million workhour reduction is priced out at the average work hour rate for the year, in order to get a dollar value of those hours. A reduction of 115M hours, valued at roughly \$40/hr, yields estimated savings of \$4.6 billion. The non-personnel expenses for FY 2009 were \$1.5 billion below FY 2008. The sum of the two equals \$6.1 billion.

b) Since the cited portion of Mr. Corbett’s testimony did not characterize the cost reductions as originating from any specific source (such as new cost savings initiatives), no adjustments were necessary to segregate savings potentially related to volume declines from any other types of cost reductions.

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c) The 65,000 reduction in FTEs is derived from the reduction between FY 2008 and FY 2009 of 115 million workhours. The 115 million hours, converted at an average bargaining unit level of 1,760 hours per FTE. equates to over 65,000 FTEs reduced.

d) Please see the response to part b. of this question.

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**MPA/USPS-T2-3.** On page 3 of your testimony (USPS-T-2), you refer to the “prudent management of [the Postal Service’s] business and aggressive cost cutting in response to these dramatic changes in the mail marketplace.” Please refer to the Total Factor Productivity, USPS Annual Tables, FY 2009 filed at the Postal Regulatory Commission on March 2, 2010 in general, and Tables Lab-14, TFP-51, TFP-52, and TFP-53 in particular.

- (a) Please explain in plain English how increases or decreases in the USPS Total Factor Productivity Index, Labor Productivity Index, Postal Inflation Index, and Aggregate Labor Input Price Index affect the Postal Service’s financial condition.
- (b) Please specify the formulae and data sources used to calculate the USPS Total Factor Productivity Index, Labor Productivity Index, Postal Inflation Index, and Aggregate Labor Input Price Index and provide a definition of each term in the formulae.
- (c) For each of the four indexes, please provide the index value for the most recent quarter available.
- (d) For each of the four indexes, please state the change in its value between
  - (i) FY 2010, Quarter 1 and FY 2009, Quarter 1;
  - (ii) FY 2010, Quarter 2 and FY 2009, Quarter 2; and
  - (iii) Calendar Year 2009 and Calendar Year 2008.
- (e) Please state the average hourly compensation (with and without benefits) by year from FY 2006 through FY 2009 for (1) all postal employees in the aggregate; and (2) disaggregated by craft.
- (f) Please identify each legal constraint (e.g., statute, collective bargaining agreement, arbitration order) that the Postal Service contends has limited the ability of the Postal Service to cut its labor costs further. If a cited item is not publicly available, please produce a copy.
- (g) Please provide all USPS studies (including those performed on behalf of the USPS by outside consultants or contractors) regarding the comparability of USPS and private sector compensation for the USPS workforce as a whole, or any subset of the workforce (other than individually-identified employees). This subpart encompasses all studies performed within the past five years, except that you need not produce studies prepared for labor negotiations that are still pending.

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**RESPONSE:**

- a. Total factor productivity is the ratio of total workload (mail volume, miscellaneous output, and delivery points) to total resource usage (capital, labor, and materials). Increases in total factor productivity reduce the quantity of capital, labor, and materials resources needed for processing, transporting, and delivering mail over the Postal network of delivery points, which has a positive impact on Postal Service financial results. Labor productivity is the ratio of workload to labor input. Increases in labor productivity represent a reduction in labor resources needed for processing, transporting and delivering mail over the Postal network of delivery points, and increases in labor productivity generally lead to improvements in Postal Service financial results. The exception to this rule would be a situation where the reduction in labor is accomplished through increases in capital and material that more than offset the labor reductions. The Postal Inflation Index is the ratio of the value of resource usage (measured in terms of the dollar cost of resource usage) to workload. Increases in costs per unit of workload lead to a reduction in Postal Service net income, while decreases in costs per unit of workload lead to a increase in Postal Service net income. While one would generally expect that costs per unit of workload would increase over time, small increases have a more positive impact on Postal Service finances than large increases. The aggregate labor price index represents changes in the prices paid by the Postal Service for labor resources. Increases in the aggregate labor price index indicate that the prices being paid

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for labor resources are increasing, which has a negative impact on Postal Service finances.

b. The formulas and data sources are contained in the attachment titled "Formulas for Total Factor Productivity, Labor Productivity, Postal Inflation, and the Aggregate Labor Price Index, which is attached to this response electronically as a pdf file (MPA.T2.3.b.TFP.Formulas.pdf).

c.-d. Please see the Excel file (MPA.T2.3.c.d.Attach.xls) attached to this response electronically.

(e)

<u>Straight-Time Average Hourly Rate:</u>	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2006</u>
USPS Consolidated	\$ 25.05	\$ 23.86	\$ 22.93	\$ 22.22
American Postal Workers Union (APWU)	\$ 25.04	\$ 23.92	\$ 22.98	\$ 22.00
National Association of Letter Carriers (NALC)	\$ 24.89	\$ 23.59	\$ 22.89	\$ 22.37
National Rural Letter Carriers Association (NRLCA)	\$ 22.20	\$ 21.65	\$ 20.67	\$ 20.07
National Postal Mail Handlers Association (NPMHU)	\$ 23.61	\$ 22.28	\$ 21.52	\$ 20.74
Information Tech./Acct. Services Centers (IT/AS)	\$ 30.18	\$ 29.00	\$ 27.99	\$ 27.02
Postal Police Officers Association (PPOA)	\$ 24.94	\$ 23.90	\$ 23.46	\$ 22.92
National Postal Professional Nurses (NPPN)	\$ 27.77	\$ 25.74	\$ 25.63	\$ 24.93
Headquarters Operating Services (HQ OS)	\$ 22.94	\$ 22.29	\$ 21.19	\$ 20.25
<u>Salary and Benefits Cost per Total Work Hour:</u>	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2006</u>
USPS Consolidated	\$ 39.93	\$ 37.77	\$ 36.87	\$ 36.23
American Postal Workers Union (APWU)	\$ 41.30	\$ 39.30	\$ 38.29	\$ 37.20
National Association of Letter Carriers (NALC)	\$ 40.14	\$ 37.95	\$ 37.76	\$ 37.28
National Rural Letter Carriers Association (NRLCA)	\$ 33.13	\$ 32.04	\$ 30.90	\$ 30.20
National Postal Mail Handlers Association (NPMHU)	\$ 40.39	\$ 37.99	\$ 37.09	\$ 36.03
Information Tech./Acct. Services Centers (IT/AS)	\$ 46.92	\$ 44.95	\$ 44.46	\$ 44.09
Postal Police Officers Association (PPOA)	\$ 42.77	\$ 41.04	\$ 40.73	\$ 40.57
National Postal Professional Nurses (NPPN)	\$ 45.51	\$ 41.99	\$ 42.36	\$ 41.52
Headquarters Operating Services (HQ OS)	\$ 38.92	\$ 37.60	\$ 36.53	\$ 34.06

(f) The Postal Service operates under two principal statutory constraints - the Postal Reorganization Act of 1971 and the Postal Accountability and Enhancement Act of 2006. The principal constraints are the PRA's "comparability to the private sector"

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wage and benefit standard and the PAEA's retiree healthcare prefunding obligations.

The Postal Service is also currently required to provide universal service 6 days a week by law.

The Postal Service has nine collective bargaining agreements with the following unions: American Postal Workers Union; National Postal Mail Handlers Union; National Rural Letter Carriers' Association; National Association of Letter Carriers; Postal Police Officer Association; International Association of Machinists; and National Postal Professional Nurses. All of the contracts incorporate by reference any handbook, manual, or regulation that directly relates to wages, hours and working conditions, which includes hundreds of pages of the Employee and Labor Relations Manual (ELM). The contracts, memoranda of understanding, negotiations side letters, relevant handbooks, manuals, and regulations all govern wages, benefits and terms and conditions of employment, all of which limit or constrain Postal Service unilateral action on labor relations issues. The parties also have a lengthy history of both rights and interest arbitration. There are literally thousands of cases dating back 40 or more years which address wages and terms and conditions of employment. Those arbitration decisions are enforceable in a court of law and also constrain the Postal Service from taking unilateral action inconsistent with the parties' adjudicated arbitral precedent or established past practice.

g. All Postal Service wage and benefit private sector comparison studies are performed in preparation for and as follow-up to collective bargaining negotiations. They are confidential, proprietary studies used strictly for preparing negotiations strategy and objectives. As such, all of those studies are subject to a negotiations

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privilege which is widely acknowledged in both federal court and National Labor Relations Board precedent. In collective bargaining, past is prologue and the privilege extends to past and current studies.

There are, however, studies by Postal Service consultants which have been published, as indicated below, although not necessarily within the last 5 years:

Wachter, Michael L. and Jeffrey M. Perloff "A Comparative Analysis of Wage Premiums and Industrial Relations in the British Post Office and the United States Postal Service" in eds Michael A. Crew and Paul R. Kleindorfer, Competition and Innovation in Postal Services, Boston, MA: Kluwer Academic Press, 1991.

Wachter, Michael L. and Barry T. Hirsch, and James W Gillula "Difficulties of Deregulation When Wage Costs are the Major Cost" in eds Michael A. Crew and Paul R. Kleindorfer, *Future Directions in Postal Reform*, Boston, MA: Kluwer Academic Press, 2001.

Hirsch, Gillula and Wachter 1999 "Postal Service Compensation and the Comparability Standard" *Research in Labor Economics*, 18: 43-79.

Prof. Wachter also made provided a statement to the President's Commission in 2003, available at <http://www.treas.gov/offices/domestic-finance/usps/meetings/4-29-03/wachter.pdf>.

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**MPA/USPS-T2-4.** Please refer to pages 3 through 4 of your testimony (USPS-T-2), where you state:

For FY 2010 alone, our financial plan estimates a revenue decline of roughly \$2 billion and a net loss of \$7.8 billion. (Year-to-date numbers through February, however, show us about \$1 billion ahead of plan.)

- (a) How far ahead of the referenced financial plan is the Postal Service's actual performance through the first half of FY 2010?
- (b) Taking into account the Postal Service's financial performance and mail volume in the first half of FY 2010, what is the Postal Service's best estimate of its full year FY 2010
  - (i) net loss;
  - (ii) total revenue; and
  - (iii) total mail volume? Please provide the analyses, assumptions and calculations underlying your answer.

**RESPONSE:**

- a. Please see the Postal Service's response to NALC/USPS-T2-4 (redirected from witness Corbett), filed on June 8, 2010.
- b. Based on the performance to date, the Postal Service expects a net loss of \$6.5 to \$7.0 billion for fiscal year 2010. Total revenue is expected to be approximately \$67 billion. Volume is expected to range between 169 billion and 170 billion pieces. These forecasts are based on analyses of performance through May 2010, they assume the economic recovery continues, and they are subject to change.

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**MPA/USPS-T2-5.** Please refer to page 15 of your testimony (USPS-T-2), where you state:

The change to a five-day delivery schedule that we present in this docket will substantially lower our annual operating costs and produce net savings estimated at a value of \$3.1 billion each year and growing over the coming decade.

- (a) Please explain all actions USPS would take to reduce its workforce were delivery frequency to be reduced to five days per week.
- (b) Does the Postal Service plan to use buyouts to reduce its workforce?
- (c) Are there any statutory, regulatory or contractual constraint on buyouts? If so, please identify each constraint. If it is embodied in a publicly available document or source, please provide a citation. If the source of the constraint is not publicly available, please produce a copy.

**RESPONSE:**

[a] The Postal Service has not decided which actions it might take to reduce its workforce were delivery frequency to be reduced to five days per week.

[b]-[c] The Postal Service, in the past, has reached agreements with unions representing bargaining unit employees to offer incentives for employees to retire or otherwise terminate their employment with the Postal Service. It has also, in the past, received approval from the Office of Personnel Management to offer voluntary early retirements (VERAs) to employees who meet certain criteria. If the Postal Service (pursuant to agreements reached with the unions) were to offer incentives for retirement, but limit its offer to employees who were already eligible for retirement, it would not necessarily need to seek approval from OPM. The Postal Service has not

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decided whether it would pursue such options were delivery frequency to be reduced to five days per week.

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**MPA/USPS-T2-6.** Please refer to the Postal Service's response to Docket No. R2009-3, Chairman's Information Request No. 1, Question 4 where it states:

1. Due to seasonal and cyclical volume declines, the Postal Service will have excess capacity in buildings, equipment, and vehicles in the summer of 2009. The excess capacity is sufficiently large so that an increase in volume created by the Standard Mail Volume Incentive Program will not cause additional costs to be incurred in these areas.
  2. The delivery networks for both city and rural delivery have also material excess capacity. As result, they can absorb the increase in volume caused by the Standard Mail Volume Incentive Program in the summer of 2009 without creating much additional cost.
  3. The postmaster network has material excess capacity and the additional volume created by Standard Mail Volume Incentive Program would not cause any additional postmaster costs.
- (a) Please confirm that the Postal Service had excess capacity in all of the areas specified above throughout FY 2009. If not confirmed, please explain your rationale fully and reconcile it with the statement cited above.
- (b) Does the Postal Service believe it had excess capacity in mail processing operations in (1) the summer of 2009; and (2) throughout FY 2009. Explain fully any answer other than an unqualified yes.
- (c) Please identify all areas where USPS believes it now has excess capacity, and state whether the Postal Service believes that this excess capacity is likely persist through the end of FY 2010.
- (d) If the level of excess capacity decreased between FY 2009 and FY 2010, please estimate the cost savings resulting from the reduction in excess capacity, and produce all underlying calculations.

**RESPONSE:**

- a. The Postal Service provided the basis for the above cited statement in its responses to Docket No. R2009- 3, Chairman's Information Request No. 1, Questions 3 and 4. The above cited statement is further supported by the Postal Service's response to Docket No. ACR 2009, Chairman's Information Request No.

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8, Question 4. These responses focus on demonstrating excess capacity, of the type described above in the cited statement, would be or was present during the Summer Sale period of FY 2009 – July to Sept. Some of the information contained in these responses would also provide information on other months of FY 2009.

b. The Postal Service response to Docket No. R2009- 3, Chairman’s Information Request No. 1, Question 4 indicates excess capacity may have been present in more areas than indicated in the above cited statement. However no determination of excess capacity in mail processing was specifically made in this response. The finding of excess capacity in buildings and equipment, as indicated in item no. 1 above does include mail processing related buildings and equipment.

c. The Postal Service has provided its expectations regarding excess capacity for FY 2010 in Docket No. R2010-3, United States Postal Service Notice of Market-Dominant Price Adjustment (February 26, 2010), Appendix A.

d. The Postal Service has forecasted cost savings for FY 2010 (see Integrated Financial Plan for FY 2010, filed November 25, 2009), but there is no specific estimate of savings to come from reducing excess capacity as opposed to other sources.

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**MPA/USPS-T2-7.** Please refer to page 4 of your testimony (USPS-T-2), where you state:

The critical fiscal condition of the Postal Service in 2010 can largely be attributed to these factors: the diversion of letter mail to electronic alternatives; the ongoing effects of the economic recession; the statutory obligation to prefund retiree health benefits at an accelerated pace; and the restrictions on making adjustments to our operations network and cost structure. In effect, while we are funded like a commercial enterprise, we do not have the flexibility of a commercial enterprise needed to adjust our pricing and costs to a dynamically changing marketplace.

- (a) Please identify each of the “restrictions on making adjustments to our operations network and cost structure.”
- (b) Please state whether each such restriction is imposed by statute.
- (c) Please describe how the Postal Service would adjust its operations network and cost structure in the absence of each restriction imposed by statute, and estimate the cost savings that would result from these adjustments. Please also provide all calculations underlying your response.
- (d) Please provide all USPS Headquarters studies (including those performed by consultants or contractors) regarding (i) the optimal size of the Postal Service’s mail processing network; (ii) the cost savings that would result from optimizing the Postal Service’s mail processing network; or (iii) the cost savings that could be achieved by consolidating mail processing operations into fewer facilities.
- (e) Please provide a list of all USPS facilities that the Postal Service owns; identify the book value and market value of each facility; and indicate the primary purpose of each facility (e.g., mail processing facility; retail; administrative).

**RESPONSE:**

a.-b. There are numerous restrictions that limit the Postal Service’s ability to make adjustments to its operations and cost structure. Some are imposed by statute, others by Commission regulations, and others by political resistance. Costs are driven by the requirement to provide affordable universal service to all addresses in the United

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States. Costs are continuously driven upward by the need to provide six-day a week delivery to a constantly expanding delivery network. Each year, as the number of households grows, the Postal Service adds 1 to 2 million new deliveries to its network. The universal service obligation requires the Postal Service to maintain portions of its transportation, and retail networks, even when volume falls. The restrictions to making changes to the network and cost structure include the following.

- Small post offices may not be “closed solely for operating at a deficit, “ and a post office closing is subject to procedures for advance notice and public comment, written decision, and appeal to the Commission. These restrictions are imposed by statute, but the burden is increased due to the political resistance to such changes.
- Currently there is no statute that prohibits the Postal Service from closing facilities other than small post offices. However, there is strong political resistance to proposed changes, and there has even been legislation introduced to stop the closing of specific facilities.
- There has been a great deal of resistance to the Postal Service contracting out work. While there is currently no statute that prohibits the Postal Service from contracting out, Congress has introduced legislative language that would place limits on this authority. Current collective bargaining agreements create procedures that must be followed when subcontracting will have a significant impact on bargaining unit work.
- Unlike most other posts, the Postal Service is generally restricted from diversifying into non-mail services. Posts in other countries have the commercial freedom to offer financial services, logistics, and other mail-related services to their customers. Several posts derive approximately half their total revenues from non-mail services. Allowing the Postal Service to venture into non-mail services, could allow it to maximize the benefit of its retail space. This restriction is imposed by statute, but made more burdensome by Commission regulations.
- Though minor in comparison to the others, some PAEA requirements added unnecessary new costs to Postal customers, such as new ZIP Codes, returning to past retail hours, SOX compliance, changing Customer Satisfaction Measurement, the Annual Compliance Report - just to name a few. These restrictions are imposed by statute.

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c. The Postal Service has not made any determinations of how it might adjust its operations if current constraints were removed or modified. In part, of course, any response would be dependent on what modified constraints there might be.

d.-e. Objection filed.

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**MPA/USPS-T2-8.** Please refer to page 7 of your testimony (USPS-T-2), where you state:

In the legislated postal business model, the financial viability of the Postal Service as a wholly self-sustaining and independent enterprise implicitly assumed that Americans' use of mail would continue to grow each year along with the ever-expanding growth of the total American population and in proportion to or at a rate greater than the continuously expanding growth of residential and business addresses.

- (a) How much of the increase in Postal Service costs from FY 2008 to FY 2009 was due to the growth in the number of delivery points as distinct from other factors, such as changes in mail volume, product mix, or hourly compensation?
- (b) How does your response to part (a) compare with the corresponding values in previous years?
- (c) Please produce the assumptions and calculations underlying your answers to parts (a) and (b).
- (d) For each year from FY 1990 to FY 2009, please provide the number of delivery points disaggregated by City, Rural, Post Office Box, and Highway Contract Route, and provide all available data on the cost of serving each type of delivery point.
- (e) For each year from FY 1990 to FY 2009, please provide the number of delivery points by type (e.g., cluster box, centralized delivery, park-and-loop, curblines), and provide all available data on the cost of serving each type of delivery point.

**RESPONSE:**

(a). The Postal Service has not conducted a study to determine the cost implications of delivery point growth from 2008 to 2009, holding other variables constant. Changes in delivery points have may also have material cost consequences in mail processing and transportation, along with delivery, which greatly adds to the complexities of conducting this exercise.

(b) Not applicable.

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(c) Not applicable.

(d) and (e) The response for parts (d) and (e) contains two tables.

Table 1 has the requested delivery point information for FY1990-1993. The corresponding data for subsequent years was filed in response to NALC/USPS-T2-20 which was redirected to the Postal Service and filed June 23, 2010.

**Table 1 – Total Delivery Points FY1990-1993**

FISCAL YEAR	TOTAL DELIVERY POINTS			
	CITY	RURAL	P O BOX	HIGHWAY CONTRACT
1990	77.9	20.7	17.9	1.3
1991	78.5	22.0	18.2	1.4
1992	78.9	22.0	18.8	1.4
1993	79.5	23.5	19.0	1.5

Table 2 contains the total delivery points by receptacle type for FY2006-2009. Information for earlier years may be included with the City and Rural Delivery Statistics that the Postal Service files as part of the Commission's rules regarding periodic reports. Attached as a pdf file (MPA.T2.Q.8.Dates.pdf) are the historical dates that the Postal Service filed the city and rural delivery statistics data with the Commission, which may assist in finding information in the Commission's library.

**Table 2 – Total Delivery Points by Type**

Fiscal Year	Park&Loop	Curbline	Cluster Box	Centralized	Total
2006	37,032,723	48,536,033	14,433,916	19,442,640	119,445,312
2007	38,203,803	52,298,853	16,299,025	20,622,597	127,424,278
2008	38,036,173	52,839,417	16,776,219	20,903,176	128,554,985
2009	37,986,360	53,302,225	17,149,460	21,207,804	129,645,849

Also attached is an Excel file (MPA.T2.Q.8.Attach.xls) that includes the annual cost of delivery by mail receptacle type. The annual costs in the table are based on a special

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study including approximately 800 routes conducted in FY1994. The CPI-U Annual percentage is used to compute the corresponding costs for all of the subsequent years.

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**MPA/USPS-T2-9.** Please state, by craft: (1) the number of employees (and percentage of total employees) in FY 2009 that were not covered by the “no layoff” provisions of current collective bargaining agreements (“CBAs”); and (2) the total FY2009 total compensation (and percentage of total compensation) for employees that were not covered by the “no layoff” provisions of current CBAs. Please also provide all underlying calculations.

**RESPONSE:**

**Number of Employees Subject to Layoff and Estimated Annual S&B Cost  
PP 20 2009**

Unit	Type	Employees			S & B Expenses (\$MIL)		
		Total	Eligible for Layoff	Percent	FY 2009	Est. Layoff Eligible	Percent
APWU	FTR	202,743	5,133	2.5%	\$ 14,821.0	\$ 375.2	2.5%
APWU	PTF	25,923	4,127	15.9%	\$ 169.9	\$ 27.0	15.9%
APWU	PTR	3,313	402	12.1%	\$ 1,579.4	\$ 191.6	12.1%
APWU	TE	3,086	3,086	100.0%	\$ 71.2	\$ 71.2	100.0%
<b>APWU</b>	<b>BARG</b>	<b>235,065</b>	<b>12,748</b>	<b>5.4%</b>	<b>\$ 16,641.5</b>	<b>\$ 665.2</b>	<b>4.0%</b>
NALC	FTR	179,087	19,120	10.7%	\$ 13,636.5	\$ 1,455.9	10.7%
NALC	PTF	20,652	16,316	79.0%	\$ 49.7	\$ 39.2	79.0%
NALC	PTR	889	322	36.2%	\$ 1,435.8	\$ 520.1	36.2%
NALC	TE	13,932	13,932	100.0%	\$ 680.8	\$ 680.8	100.0%
<b>NALC</b>	<b>BARG</b>	<b>214,560</b>	<b>49,690</b>	<b>23.2%</b>	<b>\$ 15,802.8</b>	<b>\$ 2,696.0</b>	<b>17.1%</b>
NRLCA	CAREER	67,749	-	0.0%	\$ 4,792.5	\$ -	0.0%
NRLCA	RCR/RCR	50,458	50,458	100.0%	\$ 1,093.5	\$ 1,093.5	100.0%
<b>NRLCA</b>	<b>BARG</b>	<b>118,207</b>	<b>50,458</b>	<b>42.7%</b>	<b>\$ 5,886.0</b>	<b>\$ 1,093.5</b>	<b>18.6%</b>
NPMHU	FTR	48,223	1,469	3.0%	\$ 3,459.6	\$ 105.4	3.0%
NPMHU	PTF	2,653	1,477	55.7%	\$ 45.6	\$ 25.4	55.7%
NPMHU	PTR	1,010	701	69.4%	\$ 144.2	\$ 100.1	69.4%
<b>NPMHU</b>	<b>BARG</b>	<b>51,886</b>	<b>3,647</b>	<b>7.0%</b>	<b>\$ 3,649.4</b>	<b>\$ 230.9</b>	<b>6.3%</b>

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
INTERROGATORIES OF MPA, REDIRECTED FROM WITNESS CORBETT**

**MPA/USPS-T2-10.** Please confirm that the Postal Service did not lay off any employees in FY 2009. If not confirmed, please provide, by craft, the total number of employees that were laid off in FY 2009, and the total FY 2009 cost savings from the layoffs.

**RESPONSE:**

Confirmed that the Postal Service did not lay off any craft employees in FY 2009. For non-bargaining employees, the Postal Service sent out 2016 RIF Specific Notices of Separation in FY 2009. There are two points to be made about that figure, however. First, this figure does not represent the number of employees who were ultimately separated pursuant to these RIF Specific Notices in FY 2009. In the time between issuance of the notice and the noticed separation date, some of the affected employees may have taken optional retirement, some may have taken VERAs, and some may have accepted assignments to other postal jobs. Second, RIF Specific Notices are generally issued towards the end of a lengthy process in which a restructuring occurs. The Postal Service makes substantial effort over the course of such processes to minimize the number of employees who ultimately receive a RIF Specific Notice. Therefore, the number of RIF Specific Notices sent would normally represent only a fraction of the positions eliminated by a given restructuring. Since the Postal Service has no aggregate records of actual involuntary separations emanating from these Notices, it has no estimate of total cost savings.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
INTERROGATORIES OF MPA, REDIRECTED FROM WITNESS CORBETT**

**MPA/USPS-T2-11.** Please confirm that the Postal Service has not laid off any employees and does not plan to lay off any employees in FY 2010. If not confirmed, please provide, by craft, the total number of employees that will be laid off in FY 2010, and the projected total cost savings from the layoffs.

**RESPONSE:**

Confirmed that the Postal Service did not lay off any craft employees in FY 2010, and has no plans to do so. For non-bargaining employees, the Postal Service has sent out 466 RIF Specific Notices of Separation in FY 2010 so far. There are two points to be made about that figure, however. First, this figure does not represent the number of employees who were ultimately separated pursuant to these RIF Specific Notices in FY 2010. In the time between issuance of the notice and the noticed separation date, some of the affected employees may have taken optional retirement, some may have taken VERAs, and some may have accepted assignments to other postal jobs. Second, RIF Specific Notices are generally issued towards the end of a lengthy process in which a restructuring occurs. The Postal Service makes substantial effort over the course of such processes to minimize the number of employees who ultimately receive a RIF Specific Notice. Therefore, the number of RIF Specific Notices sent would normally represent only a fraction of the positions eliminated by a given restructuring. Since the Postal Service has no aggregate records of actual involuntary separations emanating from these Notices, it has no estimate of total cost savings.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
INTERROGATORIES OF MPA, REDIRECTED FROM WITNESS CORBETT**

**MPA/USPS-T2-12.** Please also identify, by craft, the total number of employees in FY 2009 and total FY 2009 compensation covered by any pay freezes that have been implemented since the end of FY 2006.

**RESPONSE:**

No pay freeze has been implemented for craft employees since the end of FY 2006.

Please see the response to NNA/USPS-T2-12 (filed June 22, 2010) for information related to the 2009 freeze on executive salary increases.

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

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Eric P. Koetting

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2992, FAX: -5402  
June 23, 2010