

**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
KATHLEEN BURNS
ON BEHALF OF THE
UNITED STATES POSTAL SERVICE**

BUFFALO FIELD HEARING

JUNE 28, 2010

My name is Kathleen Burns. I am the Manager of the Western New York District for the United States Postal Service. On behalf of the 6,800 employees responsible for providing postal services to customers in the most beautiful part of the Empire State, I welcome the Postal Regulatory Commission to Buffalo.

I have been Western New York District Manager since February, 2010 but came to the District as the Senior Plant Manager in 2005. Over the course of my career, I have served at the plant level as an Industrial Engineer, Director of Operations Services, Manager of Distribution Operations, and Manager of a Remote Encoding Center. I also have served as Manager of Distribution Networks Operations for the Eastern Area and Manager of the Pittsburgh Bulk Mail Center. I began my postal career in 1978 as a letter sorter machine operator in New Brunswick, NJ.

In response to the Commission's invitation, I will share details concerning postal operations, finances and services in the Western New York District. My goal in sharing local data is to help broaden the Commission's understanding of the nature of the financial and operational challenges that have led to the Postal Service's decision to implement Saturday service changes.

Our District administrative office is located at 1200 William Street, Buffalo, New York 14240. We manage all postal acceptance, processing, transportation and delivery operations for the 140 through 149 3-digit ZIP Codes. Our service area encompasses 12,300 square miles bordered on the North by Lake Erie and Lake Ontario, on the south and west by the Pennsylvania border, and on the east by the line between, and inclusive of, Rochester to Elmira NY. Mail in the District

flows through Processing & Distribution Centers located in Buffalo and Rochester. The District operates more than 350 Post Offices. In our larger cities, these facilities are supplemented by the operation of nearly 35 stations and branches and two carrier annexes. Almost 3,000 collection boxes provide Western New York District customers convenient access to the mailstream.

In Quarter 1 of Fiscal Year 2010 alone, we delivered almost 740 million pieces of mail. There are more than 1.2 million street addresses and more than 175,000 Post Office Box addresses in the District. I can assure you that managers, supervisors, letter carriers, mailhandlers, clerks, custodians, mechanics, and other Western New York District employees are all dedicated to providing quality service despite the serious challenges facing the Postal Service.

In order to maximize convenience for our customers, postal retail operations in the Western New York District are supplemented by the availability of nearly 530 stamp consignee locations at which postal customers can purchase stamps at grocery stores, office supply outlets and other retail locations. Participating retailers include CVS, Sam's Club, Sugar Creek, Tops Market, Wal-Mart, Walgreens and Wegmans. In addition, stamps may be purchased within the Western New York District at more than 80 automated teller machines. The Western New York District also has more than 40 Approved Shipper locations and more than 20 Contract Postal Units. Over the past few years, these CPUs have brought in about a 60/40 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 would eliminate Saturday delivery of all mail to street addresses (with the exception of Express Mail). This plan also would eliminate 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 implement a change 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 policy, financial and operational 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 in several weeks. I will defer to those witnesses to explain the operational details, the cost and revenue implications, and the national policy issues relating to the proposed 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. Unfortunately, the Western New York District is among many that have suffered very serious declines in volume and revenue over the past few years.

From Quarter 1 of Fiscal Year 2005 to the same quarter in 2010, our District experienced a cumulative 23 percent volume decrease. At the same time, the total number of city and rural carrier delivery points in the District increased by two percent. As a result, total volume per delivery point has declined by 24 percent. The Western New York District has experienced a 15 percent decline in cancellations, and a six percent decline in retail transactions in recent years. Total operating revenue for the District has decreased cumulatively by a total of 11 percent from the first quarter of FY 2005 to the first quarter of FY 2010. We have experienced a cumulative 12 percent decline in revenue per delivery point over this five-year period.

My managers and I maintain regular contact with postal customers throughout the Western New York District. I monitor District service performance every day. Our customers routinely tell us that they are increasingly satisfied with the service we provide. These customers also frequently share their opinions about how the Internet provides attractive levels of convenience and efficiency, and how it changes the way many of them choose to conduct personal and commercial transactions traditionally conducted by mail. Internet access in the southern tier of my District is probably not as high as in the cities of Buffalo

and Rochester. I am not aware of any forecast of how much First-Class Mail has been lost permanently here in the Western New York District or nationally as a result of electronic diversion. I have no idea whether we will ever return to mail volume of over 210 billion pieces that we experienced nationally before the recession. Change is definitely occurring and the Postal Service needs to adjust.

As a District Manager, I confer regularly with my Area Vice President in Pittsburgh, who stays in close contact with headquarters in Washington, DC. I am aware of the financial pressures facing the Postal Service and the need for drastic 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.

When the Postal Service moves forward and implements the service changes that the Commission is reviewing, I will be responsible, under the direction of the Eastern Area office, for ensuring that my managers and retail and delivery employees communicate proactively, effectively and accurately with our customers. It is critical that customers clearly understand what changes are coming, when those changes will occur, and what choices there will be for maximizing the 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. As someone who is committed to and responsible for 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 that our new operating model will not suit their mailing and shipping needs. Still, I am among those who firmly believe that our ongoing commitment to continuous service improvement can and will attract customers to postal services.

The household and business customers to whom I talk 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 adequately plan to adjust. This is why the Postal Service has decided to give six months advance notice of the implementation date selected for our five-day plan. When an implementation date is established and a communications plan is launched, I am committed to ensuring that Western New York District residential and business customers can transition as smoothly as possible and understand how they can continue relying upon the Postal Service for their mailing and shipping needs.

The Postal Service has a well established, user-friendly website “five-day delivery” at USPS.com (<http://www.usps.com/five-daydelivery>). It provides planning guides and frequently asked questions with answers tailored specifically for household and commercial customers.

The website can help inform customers now and support our communications efforts later on. However, that website will only serve to supplement our direct and active outreach to customers. When the time comes, I understand that multiple mailings to residential and business customers will

explain all service changes and customer options. This will be especially important for those of our customers who do not have Internet access. New informative signs will appear in retail lobbies; modified labels on collection boxes will reflect the elimination of Saturday collections. Fortunately, television and radio are ubiquitous in the District. Newspapers and television and radio broadcast news programs have proven to be useful tools in “getting the word out” about the possibility of a change to five-day delivery service. When it becomes a reality, we will coordinate with the Eastern Area and Headquarters to inform local broadcast and print news media to disseminate information that supplements our direct customer communications.

I appreciate the opportunity to appear before you today and provide this statement. I can now try to answer your questions. 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.
