

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- 9-14)  
(July 12, 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 June 30, 2010:

GCA/USPS-T3- 1, 9-14

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  
GREETING CARD ASSOCIATION

**GCA/USPS-T3-9**

Please refer to your response to GCA/USPS-T3-1(c).

(a) Please clarify what the first three numbers labeled “current numbers” refer to (i.e., 833, 19,850, and 14,136).

(b) Please confirm that the second set of six numbers refer to FY 2009 hours for Monday through Saturday (column (i)) and Saturday only (column (ii)). If you do not confirm, please explain fully.

**RESPONSE:**

[a] These are the current number of employees on the rolls for the requested categories as of May 13, 2010.

[b] Confirmed

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DEAN J, GRANHOLM (USPS-T-3) TO INTERROGATORY OF THE  
GREETING CARD ASSOCIATION

**GCA/USPS-T3-10**

In his response to GCA/USPS-T6-11(c), Postal Service witness Bradley says he has no knowledge of your experience negotiating postal labor contracts. The question was not redirected to you or USPS institutionally for a response. Please respond to GCA/USPS-T6-11(c).

**RESPONSE:**

While I have not sat at the bargaining table for negotiating postal labor collective bargaining agreements, employees under my supervision are part of teams that negotiate such contracts.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS  
DEAN J, GRANHOLM (USPS-T-3) TO INTERROGATORY OF THE  
GREETING CARD ASSOCIATION

**GCA/USPS-T3-11**

In your response to GCA/USPS-T3-4, you state for answers a. and c. that no such input was necessary for your analysis and that “I made none”. However, USPS witness Bradley states on page 19, lines 11-12, that “Operations experts, however, anticipate the hours savings will be for full time carriers....”

(a) Are you one of the operations experts USPS witness Bradley is referring to, or are such experts reporting to you?

(b) Given certain labor contracts and considerable precedent in the history of collective bargaining within the Postal Service to preserve and protect the jobs of full time regular employees, please explain fully how you are able to “anticipate” that the hours savings will be for full time carriers rather than, for example, for transitional employees?

(c) Without knowing the expected amount of attrition, how do you know that there is enough attrition for M- F full time regular carriers to absorb much or most Carrier Technicians displaced from five-day delivery, as you state you expect in your testimony at page 12, lines 19-22?

(d) Please explain fully how, without *both* an attrition assumption and the number of transitional employees, you can assume that the labor saved from five-day delivery can all be valued at a full time regular wage for City carriers, as opposed to a mixture of that wage rate and the much lower rate for transitional employees?

(e) (i) Is a surrogate for d. above your “proportions of Saturday carrier hours,” referenced on page 12, line 23 of your testimony?

(ii) Please provide a numerical value for such “proportions” and the raw data upon which the proportions were estimated.

**RESPONSE:**

[a] Both my staff and I anticipate that the full-up hour savings in the city carrier craft would be for full-time carriers. It is my understanding that witness Bradley is referring to my staff and me.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS  
DEAN J, GRANHOLM (USPS-T-3) TO INTERROGATORY OF THE  
GREETING CARD ASSOCIATION

[b] My task was to address full-up hour savings in a 5-day environment. I was not asked to, nor did I, address collective bargaining agreements.

[c]-[d] It is my understanding that full-up savings occur once the Postal Service is fully realizing those savings. I was not asked to, nor did I, address how long it would take the Postal Service to reach full-up savings.

[e] (i) No.

(ii) N/A

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS  
DEAN J, GRANHOLM (USPS-T-3) TO INTERROGATORY OF THE  
GREETING CARD ASSOCIATION

**GCA/USPS-T3-12**

Please refer to your response to GCA/USPS-T3-5.

(a) Please reconcile all your answers with the substantially different answers in Postal Service witness Colvin's testimony at Attachment 1, page 2, productive hourly rates, and his response to GCA/USPS-T7-1.d.; and

(b) Please identify the source of your wage information in your original response with more specificity than the term "from Finance," and provide that source.

**RESPONSE:**

[a]-[b] My response to GCA/USPS-T3-12 was based on financial charts regarding employee salaries, published and provided by the Postal Service's Labor Relations office. I have been informed that Mr. Colvin utilized data from the 2009 ACR report. I have been informed that Mr. Colvin's data is more commonly used in PRC proceedings, but I believe that the data provided by me in my response to GCA/USPS-T3-5 was responsive to the question that was asked of me.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS  
DEAN J, GRANHOLM (USPS-T-3) TO INTERROGATORY OF THE  
GREETING CARD ASSOCIATION

**GCA/USPS-T3-13**

Please refer to your response to GCA/USPS-T3-6. Based on your answer, what input did you convey to USPS cost witness Bradley about the possible need for extra hours to accommodate customers at retail facilities?

**RESPONSE:**

No input was provided to witness Bradley; however the following was provided to witness Colvin and is referenced in section 3 of Library Reference USPS-LR-

N2010-2:

In order to accommodate customer demand of pickup, we have built additional retail hours into the proposed plan. Approximately 2,500-3,000 Level 20 and above Post Offices do not currently offer Saturday retail hours. A breakout of these locations by level and facility subtype can be found in the Excel file PO OPERATIONS.xls in tab "NO Saturday Retail Hours". We added in 2 hours per week for these locations (using the higher end of the range, 3,000) if customer demand necessitates. Local decision must be made after a period of time to determine the need to implement additional retail hours. The added hours are not restricted to these locations, as some may not require additional retail hours in the future. These added hours appear as Extended Retail Hours in the "Summary FY09" tab of Excel file PO OPERATIONS.xls.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS  
DEAN J, GRANHOLM (USPS-T-3) TO INTERROGATORY OF THE  
GREETING CARD ASSOCIATION

**GCA/USPS-T3-14**

(a) In your response to GCA/USPS-T3-7, please explain fully how you can “assume” for any purpose, including your input to witness Bradley, that “fullup” savings, i.e. savings based on full time regular carrier compensation rates, provide an accurate measure of cost savings from five-day delivery when it appears from the GAO finding that much or most of the savings would come from much lower cost transitional employees.

(b) Apart from the question of the merit of your wage rate assumption inputted to witness Bradley as it relates to likely operational outcomes for five-day delivery, would you agree that if much or most of the savings from 5-day delivery was from transitional employees, the (net) savings estimate from five-day delivery would be lower than \$3.1 billion?

(c) Please provide a complete definition of the term “full-up” as you have used it in responding to GCA/USPS-T3-7.

**RESPONSE:**

[a] The savings from Five-Day delivery in city delivery are not derived from transitional employees, but from no longer needing Carrier Technician positions which currently are scheduled to cover absences to provide the current levels of six-day delivery. Carrier Technicians are the highest paid city carrier employees due to the skill levels required to carry multiple routes.

[b] I am not a Finance witness, and cannot provide an expert response to the posed hypothetical question.

[c] It is my understanding that full-up savings occur once the Postal Service is fully realizing those savings.