

**USPS-RT-4**

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

**SURREBUTTAL TESTIMONY OF  
SAMUEL PULCRANO  
ON BEHALF OF THE  
UNITED STATES POSTAL SERVICE**

1 **Autobiographical Sketch**

2 My name is Samuel M. Pulcrano. I am the Vice President of Sustainability  
3 for the United States Postal Service. I submitted direct testimony (USPS-T-1)  
4 that accompanied the Request filed by the United States Postal Service in this  
5 docket.

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1 **I. Purpose and Scope of Testimony**

2 The purpose of this testimony is to rebut two specific assertions in the  
3 testimony of National Newspaper Association witness Maxwell Heath (NNA-T-1).  
4 First, I address Mr. Heath’s characterization (reflected in Transcript Volume X at  
5 pages 2921 and 2954-57) of Postal Service communications to the mailing  
6 industry regarding the respective roles played by Congress and the Commission  
7 affecting the Postal Service’s proposal to implement five-day delivery. Second, I  
8 present information responsive to Mr. Heath’s claim (at Tr. Vol. 2958-60) that, in  
9 premature anticipation of five-day delivery’s implementation, the Shelbyville KY  
10 Post Office has sought to impose improper mail acceptance conditions on a local  
11 publisher.

12 USPS Library Reference N2010-1/20 is associated with my testimony and  
13 is incorporated by reference herein.

14  
15 **II. Postal Service Consultations With The Mailing Industry Regarding**  
16 **Five-Day Delivery Have Emphasized The Important Roles Of**  
17 **Congress And The Commission**

18  
19 As the postal executive charged with managing development of the  
20 operational concept and service change proposals under review in this docket, a  
21 primary responsibility of mine has been to direct the outreach performed by the  
22 Postal Service to the mailing industry. To that end, I have been responsible for  
23 the preparation of information for presentation by postal management in  
24 meetings attended by commercial, non-profit and government bulk mailers and  
25 bulk mail recipients, as well as mailing industry trade representatives, postal

1 union representatives, Congressional staff members, and representatives of the  
2 General Accountability Office. To ensure consistency of messaging, I have used  
3 standard decks of PowerPoint slides as the basis for each of the numerous oral  
4 presentations I have made. In conjunction with my rebuttal testimony, the Postal  
5 Service has filed USPS Library Reference N2010-1/20. Tabs A and B of that  
6 document contain illustrative pairs of such PowerPoint slide decks used in  
7 communications about five-day delivery in 2009 and 2010. I used these slide  
8 decks as the foundation for oral presentations to a broad range of stakeholder  
9 audiences -- from large mailer groups to very small audiences, such as the  
10 management team of a single printer, publisher or remittance processor, or the  
11 executive officers of a postal employee union, or a group of Congressional staff  
12 members. During such presentations, my consistent practice has been to  
13 present the slides to my audience, orally discuss the matters highlighted on each  
14 slide, and then take questions either during or after each presentation.

15         The August 13, 2009 *MTAC "Strategic Day"* PowerPoint presentation in  
16 Tab A of USPS Library Reference 20 was prepared during the development of  
17 the five-day concept and served as the basis for a presentation to the Mailers  
18 Technical Advisory Committee and various other audiences during that general  
19 time frame. Slide 10 of that presentation clearly emphasizes how critical the  
20 respective roles of Congress and the Commission are to any postal plan  
21 eliminating Saturday street delivery.<sup>1</sup> The same is true of Slides 5 and 48 of the  
22 April 2010 *Five Day Delivery Briefing* PowerPoint presentation that I gave at the

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<sup>1</sup> Tab C of USPS Library Reference 20 consists of a copy of an August 16, 2009 e-mail message sent by witness Heath to me confirming his attendance at my MTAC presentation. See also Tr. Vol. X at 2921.

1 National Postal Forum in Nashville TN shortly after the Request in this docket  
2 was filed. See Tab B of USPS Library Reference 20.

3 Under my direction and contemporaneously with the filing of the Request,  
4 the Postal Service launched a micro-website to provide interested stakeholders  
5 with a ready source of information regarding the service changes currently under  
6 review. The following Internet links identify specific website pages that address  
7 directly the respective roles of Congress and the Commission in five-day  
8 delivery: <http://www.usps.com/communications/five-daydelivery/>,  
9 <http://www.usps.com/communications/five-daydelivery/ata glance.htm> and  
10 <http://www.usps.com/communications/five-daydelivery/regfiling.htm>.

11 As this testimony is filed, we remain uncertain whether the FY 2010 five-day  
12 delivery legislative prohibition will be followed by a similar FY 2011 prohibition.  
13 On the assumption that implementing five-day delivery some time during FY  
14 2011 will be tolerated legislatively, the Postal Service has exercised its discretion  
15 to wait until after the receipt of an advisory opinion from the Commission in this  
16 docket before determining whether to implement the service changes that  
17 opinion will address. I have affirmatively made this clear as a standard part of  
18 the numerous presentations I have given to the many audiences. It would be fair  
19 to characterize senior postal management as committed to pursuit of the service  
20 changes under review in this docket as necessary, if not inevitable, components  
21 of a strategy for closing the expected long-term gap between postal costs and  
22 revenues, and improving the financial stability of the Postal Service.  
23 Nevertheless, our communications to the mailing industry and the general

1 mailing public have consistently emphasized the critical roles played by  
2 Congress and Commission, and have shown appropriate deference to Congress'  
3 ability to pre-empt a change to five-day street delivery. Library Reference 20  
4 refutes the claim at page 2921 of Tr. Vol. X that virtually every mailing industry  
5 briefing talked in terms of "when" rather than "if." That Library Reference also  
6 refutes the claim at page 2921 that I acknowledged the roles of Congress and  
7 the Commission only when someone in the audience like witness Heath "pointed  
8 out that Congress had to make a decision." It puzzles me why such claims would  
9 be made when the Postal Service has consistently emphasized to the mailing  
10 industry the critical roles that the Congress and Commission play.

11

12 **III. Mail Acceptance Conditions Implemented By The Shelbyville KY**  
13 **Post Office Are Unrelated To The Prospect of Five-Day Delivery**

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15 During oral cross-examination, NNA witness Heath embellished his claim  
16 that the Postal Service regards the service changes under review in this docket  
17 as a *fait accompli* by accusing the Shelbyville KY Post Office of having imposed  
18 mail acceptance conditions on a local newspaper publisher in anticipation of a  
19 formal determination to implement those changes. Tr. Vol. X at 2958-60. At my  
20 direction, a copy of witness Heath's testimony was forwarded to the Shelbyville  
21 KY Post Office and the Kentuckiana District Office to which it reports. Again,  
22 what emerges is a considerable gap between witness Heath's testimony and the  
23 proverbial "facts on the ground."

24

25 It is important to emphasize that no local postal managers have been  
authorized to implement or test any aspect of the service changes under review

1 in this docket. Neither the Kentuckiana District office nor the Shelbyville Post  
2 Office has received instructions related to the implementation of any service or  
3 operational changes currently under review in this docket, as no such instructions  
4 have been disseminated. After reviewing witness Heath's testimony, the District  
5 and Post Office management teams have asked me to make clear that, contrary  
6 to his assertion , they have taken no action or communicated to any customer  
7 any plan to take action in connection with the service changes currently being  
8 reviewed. On behalf of those managers, I am submitting the attached  
9 correspondence between local postal managers and representatives of the  
10 publisher in question for the Commission's review. It is only fair to the District  
11 and Post Office management teams, who have been maligned by witness  
12 Heath's testimony, that these documents be made a part of this docket's record.  
13 The attached correspondence unambiguously show that the matter involving  
14 witness Heath's hometown Shelbyville KY Post Office and newspaper publisher  
15 is a mail acceptance Sarbanes–Oxley compliance issue and, contrary to the  
16 accusation of witness Heath, is not an imposition of conditions that bear any  
17 relation to the service changes under review in this docket. I will leave to the  
18 Commission any conclusions as to why there would be such a wide variance  
19 between the facts – as revealed in these documents – and witness Heath's  
20 testimony.

MANAGER, Post Office Operations  
KENTUCKIANA DISTRICT



April 23, 2010

Landmark  
ATTN: Diane  
PO Box 549  
Shelbyville, KY 40066-0549

Dear Diane,

The mission of The Postal Service™ is set forth in the opening paragraph of the 1970 Postal Reorganization Act: “The Postal Service™ shall have as its basic function the obligation to provide postal services to bind the Nation together through the personal, educational, literary, and business correspondence of the people. It shall provide prompt, reliable, and efficient services to patrons in all areas and shall render postal services to all communities.”

This fundamental mission has not changed and today is supported by a vision statement that The Postal Service™ products and services will be recognized as the best value in America; that The Postal Service™ will evolve into a premier provider of 21<sup>st</sup> century postal communications; and that The Postal Service™ will be the most effective and productive service in the Federal Government and markets that it serves. The organization defines its guiding principles—or values—as “People, Customers, Excellence, Integrity, and Community Responsibility.”

The Postal Service™ is constantly changing, but its mission remains the same – to DELIVER THE MAIL promptly, efficiently, and accurately, and to do so in a friendly manner. Today, the postal function has grown into a huge network of services and facilities for distributing and exchanging information, communicating feelings, advancing education and culture, and moving articles of commerce and industry.

As a courtesy we have been providing onsite verification at your facility prior to getting proper approvals from the appropriate offices. We have been advised by Headquarters that we can no longer perform onsite verifications at office that are not approved detached mail units. Effective May 29, 2010, you will have to present your Standard Mailing at the Shelbyville Post Office located at 401 4<sup>th</sup> Street, Shelbyville KY 40065 between the hours of 9:00am to 3:30pm Monday thru Friday for acceptance.

If you have any additional questions please feel free to contact the Postmaster Chris Deaton at (502) 633-1810 or Thomas Long, Manager of Business Mail Entry at (502) 375-8540.

Regards,

Rosemary Miller  
Manager Postal Operations

Attachment: DM-109 Section 2.3

## DM-109 Section 2.3

### Site Requirements for DMU Authorization

Prior to authorizing a plant load for DMU placement, a mailer must agree to provide the following:

- a. A safe working environment for all acceptance employees (see Employee and Labor Relations Manual (ELM) Chapter 8, Safety and Health).
- b. A secure location for acceptance employees to verify mailings and secure USPS equipment and records (e.g., a lockable room for work space and/or lockable cage or room for equipment and records).

*Note:* All DMUs established prior to July 1999 are exempt from the secure location requirement, but must ensure that all USPS resources are secure when acceptance employees are not on-site.

*Note:* Mail Evaluation Readability and Lookup Instruments

- c. Equipment needed to verify mailings and conduct USPS business, such as a telephone(s), desk, filing cabinets, chairs, and floor scales for weight verification.

*Note:* Mailers must provide a DMU Connectivity Telecommunications Line (i.e., high speed Internet connection) at their DMU sites. As deemed necessary, the Postal Service will provide MERLIN machines at the DMU location; in which case the Postal Service may choose to absorb the cost of installing and maintaining a connectivity line for USPS use.

- d. Scales calibrated and certified by an independent agency (see [Exhibit 2-3](#), “Scales”). Acceptance employees are responsible for testing scales daily and recording test results to a daily DMU scale log.
- e. All New DMU’s effective FY2010, the mailer must submit all required documentation and postage statements through one of the approved methods: Mail.dat, or Mail.xml.
- f. Observation space that allows DMU acceptance employees to monitor staged mail and cleared mail for loading onto USPS or third-party vehicles.

*Note:* If the mailer cannot meet any of the above specified conditions, the BME manager may choose not to authorize a DMU within the mailer’s plant or place of operation. Additionally, the BME manager reserves the right to revoke an authorization for a DMU site and discontinue DMU verification and acceptance at that BMEU Operations site if a mailer fails to meet any of the above specified conditions at any time.



July 14, 2010

Landmark  
Attn: Diana Olson  
P.O. Box 549  
Shelbyville KY 40066-0549

Dear Diana,

All customer inquiries deserve our prompt and conscientious attention.

The Marketing Department hears from thousands of customers through many types of communications each year: Internet, letter, telephone, to name a few. Some may voice service problems, others general questions, and still others a need for an interpretation of a specific rule or regulation. In compliance with focus groups and best business practices of many service organizations, we have made a commitment to provide each customer in our district the best possible customer service experience ever when possible. We make every effort to meet this standard on each inquiry.

However, if the response will require additional time to investigate, we let our customer know that we have received his or her letter, are addressing the issues, and will provide findings at the end of our effort. Your office received communications on April 23, 2010 from Rosemary Miller, Manager Postal Operations regarding the need to either formally establish a Detached Mail Unit within your facility or the current practice of onsite verification would be terminated.

Within that communications was a courtesy copy of the requirements to establish a Detached Mail Unit within your plant was provided to your office. While we realize that this onsite verification has been occurring for some time now, the Postal Service is now under more scrutiny than ever, due to the passage of Postal Reform Act of 2006, and the Sarbanes-Oxley Act of 2002, to ensure that we are adhering to the policies and procedures that we have established in our Domestic Mail Manual, and other related publications.

We would like to continue to offer you the same service that we have in the past, as we have communicated to your office numerous times, in order for us to perform onsite verifications in your facility and be in compliance with our policies, there are some requirements of you the mailer for us to continue to perform onsite verifications. Also please note that the Acceptance Hours at Shelbyville Post Office are 9am – 3:30pm Monday thru Friday and does not have any acceptance hours on Saturdays, therefore any weekend acceptance has to be done at the BME in Louisville located at 4440 Crittenden Drive, their hours of acceptance on Saturdays are 9am – 1pm. If you are interested in establishing a Detached Mail unit within your facility, please send your formal written request to Thomas Long, Manager, Business Mail Acceptance, 4440 Crittenden Drive, Louisville KY 40221-9998, no later than August 15, 2010. Otherwise onsite verification will end on September 30, 2010, and you will have to either bring your mail into Louisville BME on Saturdays between the hours of 9am – 1pm.

Thank you for taking the time to share your concerns with us.

Regards,

Alisa Zanetti  
Manager, Marketing

1420 Gardiner Lane  
LOUISVILLE KY 40221-9998  
502-454-1789

MANAGER Business Mail Acceptance  
KENTUCKIANA DISTRICT



August 26, 2010

Max M. Heath  
Landmark Community Papers  
PO Box 549  
Shelbyville KY 40066-0549

Dear Mr. Heath:

The mission of The Postal Service™ is set forth in the opening paragraph of the 1970 Postal Reorganization Act: "The Postal Service™ shall have as its basic function the obligation to provide postal services to bind the Nation together through the personal, educational, literary, and business correspondence of the people. It shall provide prompt, reliable, and efficient services to patrons in all areas and shall render postal services to all communities."

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Thank you for contacting me on August 16, 2010 regarding the requirements to officially establish the Detach Mail Unit at the Landmark Community Papers. In summation of our conversation, be advised that HQ has tentatively approved this convenience DMU on the basis that the following guidelines are adhered to:

- A high speed internet connection must be provided for the DMU so that the clerk can access PostalOne.
- Your office has been given a 30 day extension from the date you were originally given of September 30, 2010 to have some form of electronic submission of your postage statements to the Postal Service. Your options are mail.dat, mail.xml or using the Postal Wizard service provided by the postal service. Your extension expires on October 30, 2010.

Thank you for the opportunity to address this matter with you

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas C. Long, Sr.", written over a white background.

Thomas C. Long, Sr.  
Manager, Business Mail Entry  
Kentuckiana District

PO Box 31630  
LOUISVILLE, KY 40231-9631  
(502) 375-8540  
FAX: (502) 375-8549