

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

RETAIL ACCESS OPTIMIZATION INITIATIVE, 2011

Docket No. N2011-1

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO PUBLIC REPRESENTATIVE INSTITUTIONAL INTERROGATORIES
PR/USPS-6 THROUGH 12**

The United States Postal Service hereby provides institutional responses to the above-listed interrogatories of the Public Representative dated August 24, 2011. Each interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony F. Alverno, Jr.
Chief Counsel, Global Business

Michael T. Tidwell

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2998; Fax -5402
August 31, 2011

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF THE PUBLIC REPRESENTATIVE**

PR/USPS-6

Is there a universal selection mechanism applied to every retail postal facility in the United States for inclusion on the initial Retail Access Optimization Initiative (RAOI) list? (See USPS LR-2)

- a. If so, please provide the mechanism and explain the application in detail.
- b. If not, please explain the initial selection process?

RESPONSE

(a-b) Please see USPS-T-1 at pages 14-17.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF THE PUBLIC REPRESENTATIVE**

PR/USPS-7

Please explain the process for isolating specific locations for discontinuance. Please point to specific criteria that will be used to differentiate between post offices that will remain open and those that will be closed.

RESPONSE

An explanation of the basis for isolating specific facilities for discontinuance review as part of the RAO Initiative is reflected at pages 14-17 of USPS-T-1. The USPS Handbook PO-101 review process will be utilized to differentiate among these facilities to determine which ones to discontinue operating.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF THE PUBLIC REPRESENTATIVE**

PR/USPS-8

What is the benefit to the RAOI versus the current discontinuance and consolidation procedures?

RESPONSE

The question is unclear. Whether a District initiates a discontinuance review for a local Post Office, station or branch, or USPS Headquarters applies criteria to identify a multitude of Post Offices, stations or branches for analysis and evaluation, the same facility-specific discontinuance review process in the Handbook PO-101 is employed. That said, at a more general level, a Headquarters-initiated discontinuance plan can improve consistency of decision-making throughout the country in the context of retail facility reviews, since the field is directed to conduct studies using more uniform criteria.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORY OF THE PUBLIC REPRESENTATIVE

PR/USPS-9

How does the RAOI improve the clarity of the Postal Service's interpretation of "maximum degree of effective service?"

- (a) How does the RAOI provide important postal service field employees and officials the direction needed to clearly effectuate postal retail location closures in a manner that conforms to applicable law?
- (b) What is the minimum amount of service this would require and under what circumstances?
- (c) How can the Postal Service assure maximum and efficient service to consumers if it cannot say how many closures will result or where those closures will actually be?

RESPONSE

The RAO Initiative reflects a determination to examine multiple retail locations to determine whether circumstances exist to justify discontinuance of any of their operations in accordance with applicable policies and procedures. The USPS Handbook PO-101 establishes a process and identifies considerations that are intended to be consistent with the various statutory and regulatory criteria that apply to retail facility discontinuance. As with the SBOC Initiative, the RAO Initiative will provide the Postal Service an opportunity to examine a multitude of local scenarios in which the Handbook PO-101 review process will be applied. Local facts and circumstances will inform the Postal Service's judgment in each case. It is expected that recently implemented improvements to the review process will improve opinions about the outcomes produced by the process.

- (a) The law regarding Post Office discontinuance is reflected in 39 U.S.C. 404(d). The Postal Service has implemented regulations that interpret those provisions and that also govern its independent exercise of authority

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF THE PUBLIC REPRESENTATIVE**

RESPONSE to PR/USPS-9 continued

- to discontinue stations and branches. See 39 CFR Part 241. To guide postal managers in effectuating those regulations, the Postal Service has published procedures in the USPS Handbook PO-101. Recent changes to both the regulations and the Handbook are expected to improve administration of the process.
- (b) Local facts and circumstances weigh heavily in each case. No rote formula is applied to dictate specific outcomes.
 - (c) Evaluation of the applicable service criteria is an ongoing endeavor. It did not begin with the RAO Initiative. It will not end with the RAO Initiative. It includes review of existing postal facilities. It includes development and promotion of alternate access channels. The Postal Service is obliged to re-evaluate service continuously and, as it deems necessary, adjust the various components of its retail network.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF THE PUBLIC REPRESENTATIVE**

PR/USPS-10

Please confirm there is a flowchart that allows Postal Headquarters oversight concerning the end-to-end process of discontinuance procedures for postal retail locations.

- a. Have the postal retail locations listed in USPS LR-2 been entered into this database?

- b. Please provide a generic, non-location specific, version of this flowchart that identifies at each step of the process the postal official responsible for making the relevant decision.

RESPONSE

Confirmed. There is a flowchart that shows decision flows and responsibilities on p. 5 of Handbook PO-101.

- (a) As indicated at page 19 of USPS-T-1, the Change Suspension Discontinuance Center system is used to manage the discontinuance review process and track progress of each discontinuance review process in respective facilities. Data pertinent to specific facilities are entered on an as-needed basis. Initiation of discontinuance review activity for the 3650 RAO Initiative candidates was expected to take place over a 10-week window beginning in late July 2011. As analysis is conducted, information pertinent to specific facilities is deposited or recorded in documents within CSDC, and documents are finalized to provide a basis for decision-making.

- (b) Page 5 of the USPS Handbook PO-101 reflects a flowchart of the activities involved in the discontinuance review process. The surrounding text identifies the officials responsible for conducting various steps in the process.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORY OF THE PUBLIC REPRESENTATIVE

PR/USPS-11

In response to POIR No. 1 Question 1, the Postal Service states it does not solicit demographic data from customers that might reveal such information as customer's age, gender, racial or ethnic identification, or income, further stating that "[t]he Postal Service does not require discontinuance review coordinators to access U.S. Census Bureau data that may relate to the service area of a retail facility being considered for discontinuance." The following questions pertain to the importance of the Postal Service collecting data to make informed decisions that prevents unnecessary discrimination.

- (a) Does the Postal Service consider social demographic information such as age, gender, racial or ethnic identification, and income unimportant to the discontinuance process?
- (b) Please confirm that many of the customers of the Postal Service have no other postal access options to letter mail.
- (c) Please discuss how the Postal Service's monopoly on letter mail impacts the Postal Service's ability to optimize retail access.
- (d) Please discuss how the Postal Service's monopoly on letter mail impacts the Postal Service's ability to decrease retail access.
- (e) Has the Postal Service performed any studies relating demographic data, such as that identified in POIR No. 1 Question 1, to the importance of postal access? If so, please provide such studies.
- (f) Has the Postal Service undertaken any studies that link demographic data, as identified in POIR No. 1 Question 1, to broadband internet availability and communication access options? If so, please provide such studies.

RESPONSE

- (a) See the response to POIR 1, Question 1, which emphasizes that the Postal Service focuses on actual retail transactions of actual customers and local management's knowledge of the retail customer base, based on interactions with those customers. Demographic data may shed light about persons who live nearest a facility. However, many retail units are used by persons who work or shop nearby, but do not necessarily live in the community surrounding a retail facility. Retail transaction data and

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF THE PUBLIC REPRESENTATIVE**

RESPONSE to PR/USPS-11 (continued)

- management intelligence about the facility's retail traffic are more on point about who uses a facility and for what transactions.
- (b) It is confirmed that some postal customers may have limited access to the nearest postal facility and that some live in areas where alternate delivery service providers are limited or unavailable. However, when reviewing retail facilities for discontinuance, the Postal Service aims to identify solutions to minimize the impact on persons with limited access or options.
- (c-d) The Postal Service does not have a monopoly on the carriage of letter mail. However, there are restrictions on the private carriage of letters. In any event, the connection between those restrictions and changes in retail access are not self-evident.
- (e) POIR 1 Question 1 references demographic data generally, but does not identify any specific types. Some are referenced in the response to that question. "Postal access" can be achieved through a variety of means by individuals based on their individual capabilities, resources and uses for which they may employ the postal system. The Postal Service has not conducted any survey seeking to assess whether persons with distinct or various demographic characteristics attribute a different level of importance to postal access. No need to do so has been identified given the high quality data collected to inform decisions in discontinuance studies.
- (f) No.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORY OF THE PUBLIC REPRESENTATIVE

PR/USPS-12

The USPS-LR-2 tabs "incsd1_migrate" "new_2hrs" "stations" and "retail_annexs" identifies 36 post offices under review for closure located the state of Alaska. On August 23, 2011, after a meeting with U.S. Senator Begich of Alaska, Alaska's USPS District Manager, Diane Horbuchuk, announced that 25 of the listed post offices have been removed from the RAOI list. See <http://www.businessweek.com/ap/financialnews/D9PAHAU81.htm>

- (a) Please provide an explanation for why the Postal Service removed 25 of the 36 Alaskan facilities from the RAOI list.
- (b) Please explain why the remaining 11 facilities were not removed from the RAOI list.
- (c) Please confirm that all of the 24 Alaskan facilities identified in tab "new 2hrs" earned revenue of less than \$10K, the Postal Service's lowered revenue threshold for that state. See "FY Offices under \$100,000 by Technology.xls" tab "Emoves (Manual)."
- (d) Will the other states' facilities be re-examined in the same fashion?
- (e) Who ratifies changes to the RAOI list, and upon what key factors does that person, or team of persons, rely?
- (f) Please describe the process for updating the Commission and intervening parties of adjustments to the facilities identified in USPS-LR-2.

RESPONSE

- (a) As indicated at page 22 of USPS-T-1, the initiation of discontinuance review for purposes of the RAO Initiative began in late July and is expected to continue for a period of approximately 10 weeks. This means that District level RAO discontinuance review teams are analyzing specific candidate facilities and making feasibility determinations. Local review teams may make judgments at any time that it would not be feasible to further explore discontinuance of a particular facility. In a perfect world, they would report that information to the Area office so that it can be relayed to Headquarters for publication in an updated candidate list first.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF THE PUBLIC REPRESENTATIVE**

RESPONSE to PR/USPS-12 (continued)

But the world is not perfect. It was common during Docket No. 2009-1 for news that a facility was no longer under consideration for discontinuance to be broadcast to local news media outlets or to elected officials before it was reported to USPS Headquarters.

- (b) Like the fate of the "Alaska 25," the fate of "Alaska 11" will be determined by the discontinuance review process.
- (c) All of the RAO candidate Post Offices in Alaska were identified on the basis of the criterion described at USPS-T-1, page 15, n.11.
- (d) The Alaska criterion is unique to Alaska which, in many respects is unique within the postal system.
- (e) Development of the RAO candidate criteria was ultimately the responsibility of the Vice President, Delivery and Post Office Operations, who then, acting on behalf of senior management, obtained authority from the USPS Board of Governors to file the request in this docket. The candidate facilities reflect the application of the criteria.
- (f) As with the SBOC Initiative, the Postal Service will file periodic updates indicating which of the 3650 RAO candidates remain under consideration.