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C O N T E N T S

WITNESSES APPEARING:
 JAMES J. BOLDT

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P R O C E E D I N G S

(9:34 a.m.)

1
2
3 CHAIRMAN GOLDWAY: Good morning. The
4 hearing of the U.S. Postal Regulatory Commission for
5 September 8, 2011, will come to order.

6 Today's hearing is for the Commission to
7 receive the Postal Service's evidence in support of
8 its Retail Access Optimization Initiative in Docket
9 No. 2011-1. For the record, I am Ruth Goldway,
10 Chairman of the Postal Regulatory Commission, and
11 joining me on the dias this morning are Vice Chairman
12 Acton, Commissioner Hammond and Commissioner Langley.

13 We don't often have these formal meetings.
14 Our proceedings are often in the form of written
15 documents more than public hearings these days, so on
16 a personal note I want to welcome all my friends who I
17 don't often see and to ask your indulgence in allowing
18 me to chair this meeting, given the fact that
19 documents have just come in and we have some
20 adjustments that need to be made in terms of our
21 normal process.

22 I understand many of you were at the hearing
23 that the Senate held on Tuesday with regard to the
24 future of the Postal Service, and I know that we all
25 share concerns for the overall future of the Postal

1 Service and the people who work in it and the people
2 who need it as part of their lives and businesses.

3 Our focus today is much more narrow than the
4 discussions that were held on Tuesday, but I think is
5 still vitally important and relates to the future of
6 the Postal Service, and I appreciate all the hard work
7 of the participants and of the Postal Service and
8 especially our staff in trying to grapple with the
9 issues that are before us and to come to an
10 understanding of what decisions ought to be made.

11 I think that all of the Commissioners will
12 have questions for our witness. We have a desire to
13 more clearly understand the plans that the Postal
14 Service is making, and we expect that this will be an
15 opportunity for us to discuss all of those questions
16 in detail.

17 I again want to thank you for attending and
18 give my colleagues an opportunity to say something if
19 they'd like to before our formal meeting begins. Vice
20 Chairman Acton?

21 VICE CHAIRMAN ACTON: Thank you, Madam
22 Chairman. I want to welcome our listeners on the
23 world wide web at www.prc.gov and also our witness
24 here in person, Mr. Boldt. We're looking forward to
25 hearing from you today. Thank you for your appearance

1 and your expert testimony.

2 As the Chairman referenced, we will have a
3 series of questions which the staff here at the
4 Commission have prepared for us which we'll be posing
5 later in the testimony. We'll see how things
6 progress, but there are several pages of them, so be
7 patient with us and answer them as best you can.

8 I also want to recognize a gentleman who I
9 think people would characterize as the architect of
10 this initiative, Mr. Dean Granholm, who on a number of
11 instances has come to the Commission prior to this
12 filing to advise us on the facts of the matter in
13 terms of how the project was developing. He's not
14 here this morning, but he may be here later today. We
15 want to congratulate him on his willingness to come
16 and brief us when needed.

17 I'm pretty much on the record in terms of
18 how I feel about this question, in terms of how I'm
19 going to approach it. I appreciate that the Postal
20 Service is caught. There's a lot of constraints that
21 apply. They're looking to modernize their retail
22 network. This is one aspect of it they control, and I
23 look forward to hearing more about how it is they're
24 going to approach doing that. Thank you, Madam
25 Chairman.

1 CHAIRMAN GOLDWAY: Thank you. Commissioner
2 Hammond, do you want to say anything?

3 COMMISSIONER HAMMOND: Yes. Thank you,
4 Madam Chairman. We have before us the request for an
5 advisory opinion regarding the considered closure of
6 some 3,650 postal retail locations, and we all know
7 that because of the serious financial state of the
8 Postal Service that they have a duty to operate as
9 efficiently as possible.

10 But I can tell you that during my nine years
11 on this Commission no other advisory opinion request
12 has generated as many comments and complaints from
13 patrons, more questions about what the future of
14 people's business dealings with their U.S. Postal
15 Service will be or more expressions of interest of
16 concern for Members of Congress on behalf of their
17 constituents.

18 And if we also look at the 60 plus formal
19 appeals that the Commission has received this year
20 just from the very small number of closures that the
21 Postal Service has announced, I think it's an
22 indication of how much their postal facility actually
23 means to many citizens.

24 And it reminds me that while it is somewhat
25 easy to have one opinion as long as you're not

1 directly affected by a particular action of the Postal
2 Service that the Postal Regulatory Commission has a
3 statutory obligation to listen to everyone affected.
4 This is a responsibility that we all take seriously
5 and it's why I look forward to learning more about the
6 Postal Service proposal at today's hearing, so thank
7 you.

8 CHAIRMAN GOLDWAY: Thank you. An excellent
9 comment. And Commissioner Langley?

10 COMMISSIONER LANGLEY: Thank you, Madam
11 Chairman. I join my colleagues in welcoming our
12 witnesses -- our witness -- today since Mr. Granholm
13 is not here right now and members of the audience as
14 we examine the Postal Service's Retail Access
15 Optimization Initiative.

16 The unprecedented financial crisis facing
17 the Postal Service is no longer a Section B story in
18 the *Washington Post*. It's been elevated to national
19 news many times every day now, so it is something
20 that's being discussed in the halls of Congress, on
21 Main Streets and in many small communities whose very
22 existence right now depends on their post office. And
23 many times the post office defines the geographic
24 boundaries of a particular community.

25 Like our two most recent advisory opinions,

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1 this one is going to be equally complex. My
2 colleagues have already mentioned the seriousness
3 under which we take this, and, as with the past two
4 reviews, I know that we all understand the need for
5 impartiality and we respect that.

6 Our opinion serves to inform the Postal
7 Service and Members of Congress who have actually been
8 quite vocal on this issue. The Commission has
9 received letters and emails concerning how patrons may
10 be affected, so I think today's hearing is going to
11 shed a lot of light, transparency and instill some
12 additional accountability into the process as we look
13 at this. Thank you so much.

14 CHAIRMAN GOLDWAY: Thank you. The
15 Commission has established a challenging procedural
16 schedule in this case. We've done that in response to
17 the Postal Service's financial concerns and their
18 interest in having an opportunity to deal with their
19 costs sooner than later.

20 We've done it also because we think it's
21 important for the Postal Service to hear our opinion
22 as soon as possible before they go ahead and implement
23 whatever changes are being considered. The Postal
24 Service has already said they have a date of October
25 as to when they're going to make decisions about

1 closing facilities, so we're all under pressure here
2 to move forward with decisions, and participants and
3 the Commission have been fully engaged in discovery.

4 We have a very busy day here today ahead of
5 us. We will receive the Postal Service's direct
6 testimony and we will have cross-examination of
7 witnesses scheduled to appear.

8 I want to alert those in the audience today
9 that this conference is being web broadcast. In an
10 effort to reduce potential confusion, I ask that
11 counsel wait to be recognized before speaking and to
12 please identify yourself when commenting. After you
13 are recognized, please speak clearly so that our
14 ceiling microphones may pick up your remarks.

15 The Postal Service has scheduled one witness
16 today, James J. Boldt, to appear here. Welcome, Mr.
17 Boldt.

18 MR. BOLDT: Thank you.

19 CHAIRMAN GOLDWAY: If there are remaining
20 questions that Witness Boldt is unable to answer, the
21 Postal Service has said it will make Dean Granholm
22 available for cross-examination.

23 The Postal Service provided a number of
24 answers as an institution. Witness Boldt will attempt
25 to answer the questions that arise from those

1 institutional answers. If he does not have the
2 sufficient knowledge to answer certain questions, Mr.
3 Granholm will provide the responses. Prior to the
4 beginning of Witness Boldt's cross-examination, we
5 will enter designated institutional answers into the
6 record so that the transcript is understandable.

7 And one other procedural matter warrants
8 mention. A fairly substantial number of discovery
9 responses were provided in the last two days, some
10 even last night at 11 p.m. To the extent possible, I
11 ask counsel to use today's hearing to obtain needed
12 clarification of those answers. If additional
13 follow-up is necessary, I will expect counsel to work
14 together to fashion appropriate relief while allowing
15 our procedural schedule to be maintained.

16 Does any participant have a procedural
17 matter to discuss before we begin?

18 MR. TIDWELL: Madam Chairman? Michael
19 Tidwell for the U.S. Postal Service. Before we get to
20 the institutional interrogatory packages, it might be
21 worthwhile if the Postal Service stated for the record
22 and for the benefit of the parties here or at least
23 provided or read a list of items that have been filed
24 late yesterday and this morning. I'm going to
25 identify items, copies of which are sitting on the

1 table here to my left.

2 CHAIRMAN GOLDWAY: Thank you. That's
3 helpful.

4 MR. TIDWELL: The Postal Service today filed
5 a revised response to League of Postmasters
6 Institutional Interrogatory No. 18, and copies sit on
7 the table to my left.

8 Late yesterday the Postal Service filed
9 responses to most questions in Presiding Officer's
10 Information Request No. 4, but responded to Questions
11 1, 2, subparts B and C, and 3 through 5.

12 There was this morning a correction to an
13 addendum to the Postal Service's response to NNA
14 Interrogatory T-1-11. Copies of the addendum, the
15 corrected addendum, are on the table. And there is a
16 revised response to NAPUS Interrogatory T-1-14.

17 It is apparent to us that although all of
18 these matters have been filed, several of the items
19 filed today aren't necessarily showing up on the
20 Commission's website, but they are showing up as
21 pending so we assume that the Docket Section is about
22 to load them up momentarily.

23 CHAIRMAN GOLDWAY: We could just do so much
24 last night. Literally they were filed at 11:19, so --

25 MR. TIDWELL: I'm responsible for that pain.

1 CHAIRMAN GOLDWAY: I appreciate that you've
2 brought copies here today for all of the participants.
3 Hopefully they'll have the time to read them. Does
4 that complete your comments --

5 MR. TIDWELL: Yes, ma'am.

6 CHAIRMAN GOLDWAY: -- with regard to
7 procedural matters?

8 MR. HUGHES: Madam Chairman? My name is Hal
9 Hughes. I represent the League of Postmasters of the
10 United States.

11 Since I understand this proceeding is being
12 broadcast, I would request that Dean Granholm be
13 sequestered, and since I know he's a man of honor I
14 would simply request that the Commission direct that
15 he not listen in on these proceedings unless and until
16 he's called as a witness.

17 MR. TIDWELL: Madam Chairman, Michael
18 Tidwell on behalf of the Postal Service. That request
19 goes against standard Commission practice.

20 Witnesses have freely been able to sit in
21 during Commission proceedings while waiting to
22 testify. I can't imagine why there would be a need to
23 impose a new restriction on Witness Granholm.

24 MR. HUGHES: Madam Chairman, I do understand
25 the folk ways of the Commission. I also understand

1 the standard procedure of every Court and
2 administrative body of the United States where it is
3 standard procedure to have witnesses sequestered so
4 that they don't copy or write off each other's
5 testimony and so that we get their independent
6 testimony, as opposed to them supplementing or riding
7 along on others.

8 We would just as soon hear Mr. Granholm's
9 opinions, should he be called to give them, fresh and
10 unbiased. It's a standard request, Madam Chairman.

11 MR. TIDWELL: The longstanding practice of
12 the Commission, Madam Chairman, is that witnesses in
13 most proceedings -- the Postal Service puts on scores
14 of witnesses that will testify over a number of days,
15 and it's not uncommon for transcripts to be available
16 and to be examined and for parties further down the
17 line to be familiar with testimony that was provided
18 early in the proceeding.

19 The purpose of the proceeding here today is
20 to try and ensure that the Commission has as robust a
21 record from which to work and offer its advisory
22 opinion. No purpose would be served by imposing an
23 extraordinary rule for purposes of today's hearing.

24 CHAIRMAN GOLDWAY: I believe that Mr.
25 Granholm has been asked to testify specifically to

1 supplement Witness Boldt's testimony, and it would
2 make the administrative procedures here more
3 complicated if we were to sequester him.

4 I appreciate the League's attention to other
5 procedures that go on in other government agencies,
6 but I think Mr. Tidwell is correct that our
7 longstanding procedures have been to allow witnesses
8 to hear other testimony and then to come forward with
9 their own. So as the Chair, I will determine that the
10 procedures as I have announced them will continue for
11 today.

12 MR. HUGHES: Thank you, Madam Chairman.

13 CHAIRMAN GOLDWAY: Other matters?

14 MR. ANDERSON: A procedural inquiry, Madam
15 Chairman. Daryl Anderson, counsel for the American
16 Postal Workers Union. We have two interrogatory
17 responses by Mr. Boldt that we wish to designate for
18 inclusion in the record today. I don't know at what
19 point in this proceeding you want to do that.

20 And I have an additional inquiry. We also
21 seek leave to designate additional interrogatory
22 responses, institutional interrogatory responses, that
23 we're not prepared to designate at this moment and ask
24 leave to do that by some future time in the near
25 future. Tomorrow would be sufficient for us.

1 CHAIRMAN GOLDWAY: I think given the delays
2 we've had in getting responses here that it's
3 certainly appropriate for you to designate other
4 answers by close of business tomorrow, and that would
5 be true for all parties if they feel the need to do
6 that for the record.

7 MR. ANDERSON: Thank you, Madam Chairman.
8 Should I provide these copies now with the additional
9 responses by Mr. Boldt? We wish to designate
10 APWU/USPS-T-1-9 and 10.

11 CHAIRMAN GOLDWAY: I think that that
12 procedure can come later in the proceeding.

13 MR. ANDERSON: As you wish. That was my
14 inquiry. Thank you.

15 MS. RUSH: Madam Chairman? Tonda Rush for
16 National Newspaper Association. Do we then understand
17 that Mr. Granholm will be the sponsoring witness for
18 the institutional interrogatories?

19 MR. TIDWELL: Michael Tidwell for the Postal
20 Service again. The Postal Service counsel will
21 represent that the Postal Service sponsors the
22 institutional interrogatories.

23 As is standard procedure in the Commission,
24 it is impossible to provide a witness for each
25 institutional interrogatory response. If we did,

1 there would probably be scores of witnesses in this
2 proceeding.

3 Witness Boldt is familiar with many of the
4 institutional interrogatory responses. Witness
5 Granholm is familiar with many of the institutional
6 interrogatory responses, even though neither one of
7 them may have been directly involved in their
8 preparation. The Postal Service stands behind those
9 responses.

10 Both gentleman can be examined for the
11 purpose of developing an understanding of the extent
12 of their knowledge. If there is a need to pursue
13 further clarification and responses, the Commission
14 practice typically is to have the Postal Service
15 provide further clarification upon request from the
16 institution on an expeditious basis the Chairman may
17 impose.

18 MS. RUSH: I would appreciate the Chair's
19 consideration in holding the record open so we can
20 continue to designate.

21 CHAIRMAN GOLDWAY: I'll consider how to hold
22 the record open and make an announcement on it later
23 in the proceeding. Thank you.

24 MS. FERGUSON: Chairman Goldway, Tracy
25 Ferguson, Public Representative.

1 CHAIRMAN GOLDWAY: Yes?

2 MS. FERGUSON: On September 6, a motion to
3 compel was filed by myself, and it requested
4 information of the Postal Service in regards to
5 additional postal office locations and costs and
6 savings, operation costs and saving revenue. We've
7 been told that an answer is forthcoming.

8 We would ask that even though the motion to
9 compel is pending that there is no need to rule on it
10 today prior to the testimony of Witness Boldt.

11 CHAIRMAN GOLDWAY: I would tend to agree
12 with you, and I think I will hold that issue as well
13 to later in the day as we determine when to close the
14 record and when to allow people to follow up on
15 information that's just been filed.

16 MR. TIDWELL: Madam Chairman, Michael
17 Tidwell again for the Postal Service. I spoke briefly
18 with counsel for the Public Representative and
19 indicated that -- well, there are two matters pending
20 in the motion to compel.

21 One pertains to a dispute the parties have
22 had regarding information that would further follow up
23 on Interrogatories PR-8 and 9 or T-1 or Institutional
24 8 and 9, and we've determined that the Postal Service
25 is going to provide additional information to address

1 the concerns in the motion.

2 The second part of the motion dealt with
3 apparently there were some gaps in information that
4 was supposed to be included in the response to
5 Interrogatory 16 in Library Reference Nonpublic 6.
6 We've submitted an inquiry to the data managers in
7 Kansas City to have them review the response and to
8 fill in any gaps that may be necessary to reply, and
9 I'm hoping to have responsive information to file
10 tomorrow, no later than Monday.

11 CHAIRMAN GOLDWAY: I'll ask our attorneys to
12 consult with you so that we can get a good
13 recommendation on how to handle the record and the
14 opportunity for people to see it before the record is
15 closed. We'll rule on that then.

16 I think you're satisfied with the Postal
17 Service's response so far?

18 MS. FERGUSON: Yes. Yes, Chairman. Thank
19 you.

20 MR. TIDWELL: While I have everyone's
21 attention, Madam Chairman, also the Postal Service
22 would like to acknowledge that there are two sets of
23 outstanding interrogatory responses that are due to
24 Valpak.

25 Because of the press of business this week,

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1 counsel had to direct that resources be devoted to
2 handling matters that were in the queue earlier than
3 the Valpak interrogatory responses. We are
4 endeavoring to get those responses completed and filed
5 as quickly as possible, and we will certainly be
6 amenable to any motion that Valpak may wish to make
7 for inclusion of those materials in the record as
8 well.

9 There are also some other outstanding
10 interrogatory responses that we will be working hard
11 to provide in the coming several days, and we are
12 grateful for the indulgence and the patience the
13 parties have shown thus far.

14 The expedition that the Postal Service
15 requested in this proceeding imposes challenges that
16 the Postal Service is obliged to overcome, and we are
17 working hard to do so.

18 CHAIRMAN GOLDWAY: Well, I think we are all
19 trying to work cooperatively to make this process move
20 as quickly as it can and yet have a full record and
21 have the opportunity for everybody who was a
22 participant to read the documents and comment on them
23 and indicate their views.

24 So this is a moving target, and I think
25 we'll have an opportunity to consider this more. I'll

1 take the opportunity to consult with my fellow
2 Commissioners and counsel before we make a final
3 ruling on the schedule for these outstanding
4 documents.

5 , If that is the last of the procedural
6 matters, Mr. Tidwell, it's your opportunity to
7 identify the first witness so I can swear him in.

8 MR. TIDWELL: Good morning. The Postal
9 Service calls to the stand James J. Boldt.

10 CHAIRMAN GOLDWAY: Mr. Boldt, would you
11 rise?

12 Whereupon,

13 JAMES J. BOLDT

14 having been duly sworn, was called as a
15 witness and was examined and testified as follows:

16 (The document referred to was
17 marked for identification as
18 Exhibit No. USPS-T-1.)

19 DIRECT EXAMINATION

20 BY MR. TIDWELL:

21 Q Mr. Boldt, on the table before you are two
22 copies of a document entitled the Direct Testimony of
23 James J. Boldt on behalf of the United States Postal
24 Service. It's been designated for purposes of this
25 proceeding as USPS-T-1. Was that document prepared by

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1 you or under your supervision?

2 A Yes, it was.

3 Q If you were to provide the content of that
4 document in the form of oral testimony today, would it
5 be the same?

6 A I would like to note that it should include,
7 and I believe it does, changes that were made on
8 August 19 to page 16. These documents do include that
9 change, and so the answer to your question then is
10 yes.

11 MR. TIDWELL: Madam Chairman, with the
12 changes noted by the witness, the Postal Service moves
13 that the direct testimony of Witness Boldt be entered
14 into evidence.

15 CHAIRMAN GOLDWAY: Is there any objection to
16 including Mr. Boldt's testimony and associated library
17 references?

18 MR. TIDWELL: Madam Chairman, for the record
19 I probably should note that there are four library
20 references. They are Library Reference 1, Library
21 Reference 2, Nonpublic Library Reference 1 and
22 Nonpublic Library Reference 2.

23 BY MR. TIDWELL:

24 Q I will ask the witness to confirm that these
25 four library references are associated with his

1 testimony?

2 A They are.

3 MR. TIDWELL: And therefore we renew our
4 motion to have the testimony with the associated
5 library references moved into evidence.

6 CHAIRMAN GOLDWAY: Is there any objection?

7 (No response.)

8 CHAIRMAN GOLDWAY: Hearing none, I will
9 direct counsel to provide the reporter with two copies
10 of the corrected direct testimony of James Boldt.
11 That testimony is received into evidence. However, as
12 is our practice, it will not be transcribed.

13 (The document referred to,
14 previously identified as
15 Exhibit No. USPS-T-1, was
16 received in evidence.)

17 CHAIRMAN GOLDWAY: Mr. Boldt, have you had
18 an opportunity to examine the packet of designated
19 written Cross-Examination and responses to Presiding
20 Officer Information Requests that were made available
21 to you in the hearing room this morning?

22 THE WITNESS: I have.

23 CHAIRMAN GOLDWAY: If the questions
24 contained in that packet were posed to you orally
25 today, would your answers be the same as those you

1 previously provided in writing?

2 THE WITNESS: Yes, they would.

3 CHAIRMAN GOLDWAY: Are there any corrections
4 or additions you would like to make to those answers?

5 THE WITNESS: No, there are not.

6 CHAIRMAN GOLDWAY: Counsel, would you please
7 provide two copies of the corrected designated written
8 Cross-Examination and responses to the Presiding
9 Officer's Information Requests of Witness Boldt to the
10 reporter? That material is received into evidence,
11 and it is to be transcribed into the record.

12 (The document referred to was
13 marked for identification as
14 Exhibit No. USPS-T-1 and was
15 received in evidence.)

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BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Retail Access Optimization Initiative, 2011

Docket No. N2011-1

DESIGNATION OF WRITTEN CROSS-EXAMINATION
OF UNITED STATES POSTAL SERVICE
WITNESS JAMES J. BOLDT
(USPS-T-1)

Party

Postal Regulatory Commission

Interrogatories

APWU/USPS-T1-1, 3, 5, 7-8, 11-12
NAPUS/USPS-T1-1-2, 4-5, 8-12, 14-22, 32-33
PR/USPS-T1-2, 10-11
PRC/USPS-POIR No. 1 – Q. 1-15

Respectfully submitted,



Shoshana Grove
Secretary

INTERROGATORY RESPONSES OF
 UNITED STATES POSTAL SERVICE
 WITNESS JAMES J. BOLDT (T-1)
 DESIGNATED AS WRITTEN CROSS-EXAMINATION

Interrogatory

Designating Parties

APWU/USPS-T1-1	PRC
APWU/USPS-T1-3	PRC
APWU/USPS-T1-5	PRC
APWU/USPS-T1-7	PRC
APWU/USPS-T1-8	PRC
APWU/USPS-T1-11	PRC
APWU/USPS-T1-12	PRC
NAPUS/USPS-T1-1	PRC
NAPUS/USPS-T1-2	PRC
NAPUS/USPS-T1-4	PRC
NAPUS/USPS-T1-5	PRC
NAPUS/USPS-T1-8	PRC
NAPUS/USPS-T1-9	PRC
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NAPUS/USPS-T1-20	PRC
NAPUS/USPS-T1-21	PRC
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NAPUS/USPS-T1-32	PRC
NAPUS/USPS-T1-33	PRC
PR/USPS-T1-2	PRC
PR/USPS-T1-10	PRC
PR/USPS-T1-11	PRC
PRC/USPS-POIR-No. 1 – Q. 1	PRC
PRC/USPS-POIR-No. 1 – Q. 2	PRC
PRC/USPS-POIR-No. 1 – Q. 3	PRC
PRC/USPS-POIR-No. 1 – Q. 4	PRC
PRC/USPS-POIR-No. 1 – Q. 5	PRC
PRC/USPS-POIR-No. 1 – Q. 6	PRC
PRC/USPS-POIR-No. 1 – Q. 7	PRC
PRC/USPS-POIR-No. 1 – Q. 8	PRC
PRC/USPS-POIR-No. 1 – Q. 9	PRC

PRC/USPS-POIR-No. 1 – Q. 10
PRC/USPS-POIR-No. 1 – Q. 11
PRC/USPS-POIR-No. 1 – Q. 12
PRC/USPS-POIR-No. 1 – Q. 13
PRC/USPS-POIR-No. 1 – Q. 14
PRC/USPS-POIR-No. 1 – Q. 15

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**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO APWU INTERROGATORY**

APWU/USPS-T1-1

Please refer to Library Reference USPS-LR-N2011-1/2. For each facility listed in this Library Reference please provide:

- (a) the hours of operation;
- (b) the facility finance number and corresponding main office finance number, e.g., the finance number assigned to a station and the corresponding finance number for the main post office to which the station reports;
- (c) the street address for each office;
- (d) the type (post office, CPU, approved shipper, stamps on consignment, etc.) and hours of operation of each of the "five postal retail and/or alternate access sites" of each facility listed in this Library Reference; and
- (e) the driving distance and driving time between each facility listed in this Library Reference and its corresponding five "postal retail and/or alternate access sites."

RESPONSE

- (a) A USPS Library Reference containing this information is forthcoming.
- (b-c) A USPS Library Reference containing this information is forthcoming.
- (d-e) Information regarding alternate sites for any postal retail facility and the hours of operation for any postal retail facility is publicly available via the *Find USPS Locations* function at the USPS customer website -- www.usps.com. This function allows members of the public to type in a 5-digit ZIP Code or street address (such as the postal facility street addresses to be provided in the Library Reference described in response to subpart (b), set a proximity range,¹ and find the name, address, directions to, and estimates of distance and drive time to the nearest:
 - *Post Office* [, station and branch] *Locations*
 - *Alternate Locations to Buy Stamps*
 - *Approved Postal Providers* [CPUs, consignment, retail alliance partners]

¹ Of 1, 5, 10 or additional increments of miles.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO APWU INTERROGATORY**

Hours of retail operations for Post Offices, stations and branches are available by clicking on the name of any postal facility that shows up in the *Post Office Locations* function.

The Postal Service does not have a centralized data base that reflects the retail hours of alternate access sites. To the extent that such information is relevant to the RAO discontinuance review process, it is collected and analyzed as part of the evaluation of alternate access channels during each facility-specific discontinuance evaluation. Such information is expected to be collected as the numerous RAO Initiative discontinuance studies are conducted in the months ahead. Otherwise, objections have been filed to these interrogatories.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO APWU INTERROGATORY**

APWU/USPS-T1-3

Please refer to Page 4, Lines 1-8 of your testimony. Were all of the “alternate access channels” listed in your testimony, including those that only sell postage stamps, considered as “alternate access sites” when determining if a facility qualified for discontinuance review? If not, identify which types of “alternate access sites” were considered when identifying the postal retail facilities for discontinuance review.

RESPONSE

The alternate sites considered for purposes of determining whether a threshold number exist in proximity to a RAO candidate facility are physical sites (nearby USPS retail facilities, CPUs, consignment retailers, retail alliance partners), as opposed to usps.com, Stamps by Mail, or an APC in the lobby of the facility being considered for discontinuance.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO APWU INTERROGATORY**

APWU/USPS-T1-5 On Page 12, Lines 3-5 of your testimony you state: "given changes in many communities, it is likely that these customers already travel outside their local community to purchase other goods and services and conduct other activities of daily living." Please provide a copy of all studies or other documentation and information you relied upon in coming to this conclusion.

RESPONSE

It is a conclusion based upon my first-hand observations and interactions with postal retail customers and other postal managers and employees at various levels of the organization who interact with people in rural communities and towns beyond suburbia. Generally, rural customers tend to purchase groceries, hardware supplies and other household items at retail locations that often are not within walking distance of where they live. Admittedly, some rural and small town customers may be extremely isolated or mobility-impaired, but generally speaking, those who do not rely on automobile transportation to go to market, to visit banks, places of employment, medical offices, pharmacies, "big box" retailers, and automated teller machines. They also tend to combine multiple transactions or make multiple stops in a single trip from home.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO APWU INTERROGATORY**

APWU/USPS-T1-7. Please define "geographically isolated" as you use it on page 11 line 7 of your testimony.

RESPONSE

I was attempting to dispel the perception that all retail locations that generated less than \$100,000 were located in the most remote corners of the country, far apart from the nearest other postal retail location.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO APWU INTERROGATORY**

APWU/USPS-T1-8. Please refer to Table 5 on Page 5 of your testimony.

- a) What retail facilities were included as alternatives in Table 5 of your testimony?
- b) What percentage of these alternative retail facilities within the 10 mile circle are postage stamp on consignment retailers?
- c) What percentage of the alternative retail facilities within the 5 mile circle are postage stamp on consignment retailers?
- d) What percentage of alternative retail facilities within the 10 mile circle provides money order services?
- e) What percentage of alternative retail facilities within the 5 mile circle provides money order services?

RESPONSE

- (a) Post Offices, stations, branches, retail annexes, and Contract Postal Units were included as Nearest Retail Locations in Table 5, page 12.
- (b) None. See the response to (a).
- (c) None. See the response to (a).
- (d-e) Postal Money Orders may be purchased at Post Offices, stations and branches at Contract Postal Units. Accordingly, 100 percent.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO APWU INTERROGATORY**

- APWU/USPS-T1-11.** For each location being studied for closure,
- a) Please provide the number of PO Boxes that are provided free of charge because the addressees are not eligible for carrier delivery.
 - b) For the locations that contain PO Boxes for people ineligible for carrier delivery, what alternative service will the Postal Service provide to maintain ready access to essential postal services?

RESPONSE

- (a) As indicated in response to DBP/USPS-51, approximately 21 percent of Post Office boxes at the 2800 low earned workload RAO Initiative candidate Post Offices are no fee Group E boxes.
- (b) The Post Office boxes of Group E (no fee) customers from a discontinued Post Office could be relocated to a nearby retail postal facility, a Contract Postal Unit, a non-personnel unit or a VPO; options for such customers would accordingly be analyzed in the context of a particular discontinuance review.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT TO APWU INTERROGATORY

APWU/USPS-T1-12. As described in your testimony, there are four different types of locations included on the list for evaluation with vastly different "cut-off" points used to choose the subset of locations to be included in the list for discontinuance study. In the response to DBP/USPS-10-14, it states that the cut-off points used to choose the various locations were chosen to provide a manageable number of locations for the RAO.

- a) Excluding type 4, which is self-explanatory, please describe the process that caused the Postal Service to identify the other three types of locations for this list.
- b) If, as the response to DBP/USPS-10-14 states, the cut-off points were chosen to provide a list of manageable size, how was the total target number of locations determined?
- c) How was it decided what percentage of the target number in b) should be allocated to different types of locations? After all, there is presumably some cut-off point for the Type 1 locations that could have been used that would fill the entire "manageable" number.

RESPONSE

- (a-c) Two years ago, the Docket No. N2009-1 SBOC optimization candidate pool was the product of a simple criterion that focused on one category of retail locations -- subordinate retail facilities in urban and suburban areas. An objective of the RAO Initiative was to subject a different and broader cross-section of facilities to optimization review. Criteria were developed to create a more diverse mix of retail facilities to study than in SBOC. There was no pre-conceived percentage or proportion of Type 1, 2 or 3 RAO retail facilities. It was determined that RAO should include at least as many facilities as SBOC and that the number of total facilities to be analyzed be kept at a "manageable" level. At the same time, consideration was given to the fact that discontinuance review adds to the existing workload of field personnel and that there are finite limits to how much additional work can be undertaken at any given time. Other candidate types could have been created. Different criteria for existing

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO APWU INTERROGATORY**

RESPONSE to APWU/USPS-T1-12 (continued)

types could have been utilized. Limiting the candidate pool to Type 1 facilities or some other homogenous type would have defeated the goal of examining a diverse pool of facilities simultaneously.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-1

Please refer to USPS-T-1, page 15. You state that the 2,800 candidate post offices had earned workload of 2 hours or less per day, and annual revenue was less than \$27,500. Please provide the list the 2,800 Post Offices, by state, in excel format, with workload and revenue data for the 12-month period ending in July 2011?

RESPONSE

State designations for each facility are reflected in USPS Library Reference N2011-1/2.

Walk-in revenue figures for each facility, and data reflecting the combined earned workload for mail distribution, Post Office Box delivery, and retail window service activity used to determine whether the facilities exceeded the "low earned workload" threshold will be provided in a Library Reference shortly.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-2

Consistent with the U.S. Census Department definition of rural areas, please identify those 2,800 candidate Post Offices that are located in rural areas?

RESPONSE

The question neither provides a US Census Bureau definition of "rural area" nor a citation to one. The Postal Service does not classify its retail facilities on the basis of US Census Bureau designations for the places where those facilities are located. Many of the 2800 offices on the list are CAG H through L offices, which tend to be located outside of major cities and their immediate suburbs. Such offices will tend to be located in smaller towns and/or rural areas.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-4

Please refer to USPS-T-1, page 13. You state that postal management is not pursuing the RAO initiative to achieve a predetermined operating cost savings. Yet, USPS spokeswoman Cathy Yarosky is quoted in the press as stating: "The projected savings, if every one of the 3,653 offices were to close, is \$200 million annually." Please explain in detail how these savings were calculated.

RESPONSE

No detailed calculations were involved. The statement was merely an attempt to illustrate that if the total operating cost of the candidate facilities was approximately \$200 million and all of them were discontinued, then operating costs would be reduced by that amount. The interview from which the quotation appears to have been taken also expresses that it is unlikely that all candidate facilities will be discontinued and offers no estimate of the number expected to be discontinued.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-5

How many of the 2,800 candidate post offices have been "temporarily suspended"?

RESPONSE

It is not known how many of the 2800 "low earned workload" RAO candidate offices have been temporarily suspended during their history of operation. See the response to POIR 1, Question 9.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-8

How many post office boxes and general deliveries are located within the 2,800 candidate post offices? How many of these boxes are provided without cost, and how many are revenue-producing? What is the total revenue attributable to the boxes located in the 2,800 candidate post offices?

RESPONSE

General delivery is intended primarily for use at offices without carrier delivery and for residents not eligible for carrier delivery service, to serve transients, and for other customers who are not permanently located. Mail addressed to persons via General Delivery at a postal delivery unit is placed in the General Delivery case to be delivered to the addressee upon request at a retail service counter and with proper identification. Persons living permanently in cities having carrier delivery service and who have good and sufficient reasons satisfactory to the postmaster may receive their mail at general delivery retail service counters. General Delivery recipients at a particular postal delivery unit are not required to register at that unit. Accordingly, the Postal Service has no basis for estimating the number of general Delivery customers there may be at these 2800 facilities.

Data reflecting the total number of Post Office boxes, the number of free Group E boxes, and total box revenue for these 2800 Post offices are being developed.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-9

39 USC 101(b) requires the Postal Service to provide a “maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sufficient? How does this definition differ from “effective and regular service,” as stated in section 231 of *Handbook PO-101*?

RESPONSE

I am informed that the Handbook PO-101 in its entirety is intended to be in consistent with Title 39, US Code, in its entirety. However, I am not a lawyer, so I will leave it to the lawyers representing the various parties in this case to explain how or to debate whether the handbook provisions and the statutes are aligned.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-10

Please refer to USPS-T-1, page 6, Table 1. Could you explain what specifically the “y-axis” represents? Could you please provide a definition for “point of sale” (POS) location?

RESPONSE

The y-axis depicts the annual customer visits per POS terminal per year.

A POS location is a postal retail location with a Point of Sale (POS) retail terminal.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-11

How does the Postal Service define "customer visit? Does it only include post office visits in which a financial postal transaction takes place?

RESPONSE

A customer visit is a transaction that involves customer interaction with a postal employee at a retail window, whether revenue-generating or not.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-12

How does the USPS collect customer interaction data for non-financial postal transactions, including customer inquiries and collection of accountable mail)?

RESPONSE

Where POS terminals exist, retail employees may use the "hot" key on the POS terminal to record the occurrence of such transactions.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

Revised: September 8, 2011

NAPUS/USPS-T1-14

Please refer to USPS-T-1, page 2, line 18. How many "non-personnel units" exist? Does the USPS calculate revenue for these units? If so, how and please provide the revenue and expense data per location?

RESPONSE

Almost all of the nearly 30 non-personnel units (NPU) consist of PO Office Box units. At many of these, rural carriers conduct retail transactions during designated periods each day at NPUs on their routes. None has revenue generating sales equipment such as APCs. Any NPU revenue is included in that which is reported for the postal facility from which the carrier operates.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-15

Please refer to USPS-T-1, page 4, line 15. With reference to the statement regarding the trend for retail revenue and USPS statements that postal customers are surging towards alternative postal retail access, please reconcile with the *FY 2010 Household Diary Study*, filed with the PRC on July 7, 2011, which states "Even with the continued availability of mail-related products and services through alternative modes (such as Internet orders), in-person visits to postal facilities remain stable."

RESPONSE

I am informed that data in the 2010 USPS Household Diary Study (HDS) regarding in-person visits to postal facilities are based on interviews of about 8,500 household customers conducted by phone or over the internet in which those customers provide demographic, lifestyle, and attitudinal information. Customer there were asked to recall whether their Post Office visits in the last month were in the range of 1-to-2, or 3-to-6, or greater. They were not asked to recall or provide evidence of the actual number of visits. When one compares customer HDS recollections from FY 2009 to FY 2010, the percentage of customers who identified with each of the three ranges remains relatively stable. See 2010 USPS Household Diary Study at 19.

http://www.prc.gov/Docs/73/73501/USPS_HDS_FY10_FINAL_.pdf.

USPS-T-1 at page 4 shows that the proportion of postal retail revenue generated through alternative access channels has grown to over one-third of total retail revenue. There was a time when all virtually all postal retail revenue was generated by visits to postal facilities. The continued expansion of alternative channels has reduced that total to around two-thirds. Even assuming postal retail visits were relatively stable from 2009 to 2010, it would not be incompatible with that trend that the percentage of retail revenue generated through such visits could shrink.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

RESPONSE to NAPUS/USPS-T1-15 (continued)

Page 6 of USPS-T-1 relies on Point of Sale terminal data on actual retail customer transactions at postal facilities, as opposed to customer recollections of visits. Table 6 shows a decline in overall visits for each year since 2007. I am informed by the managers of the HDS project that such a trend is not incompatible with data showing that the percentage of HDS interview subjects within the different HDS ranges stayed roughly the same from FY 2009 to FY 2010. Declines from FY 2009 to FY 2010 in HDS from twice to once (or zero) a month, or from six to three times a month, or from ten times to seven times per month would not be reflected in HDS. Nor would increases within each of the respective HDS ranges.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-16

Please refer to USPS-T-1, page 6, Table 1. For each of the measured years, please provide the number of POS locations surveyed, and differentiate between urban, suburban and rural/small town locations.

RESPONSE

In an effort to be responsive to this interrogatory, POS terminal distribution by CAG level are being developed and will be provided.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-17

Please refer USPS-T1, page 15, lines 1 and 2. Do the 2,800 candidate post offices have less than 2 hours per day earned workload and annual revenue of \$27,500 or less? Or does each of the 2,800 candidate post offices fulfill just one of the two measurements?

RESPONSE

A Post Office had to meet both criteria to merit study as a RAO Initiative "low earned workload" Post Office.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-18

Please refer to USPS-T1, page 8, Table 3. How was the sample 748 retail locations selected that is referred to in note 1? How was the sample 481 retail locations selected that is referred to in note 2? In each of the samples, please differentiate the percentage revenue collected among post offices, stations and branches, retail annexes, and contract postal units.

RESPONSE

I am informed of the following:

Of the 748 sample locations, 481 come from POS-technology retail postal facilities ("Facilities") with a FY2010 walk-in revenue of less than \$100K ("LT100K").

Approximately 112 additional POS-technology facilities were selected from those facilities with FY2010 walk-in revenue of \$100K or greater ("GE100K"), using the following technique:

The (roughly) 15,000 GE100K facilities were grouped into 4 revenue buckets, or categories – Very Large (> \$3MM), Large (\$800K - \$3MM), Medium (\$200K - \$800K), and Small (\$100K - \$200K). The Very Large facilities were excluded outright because they were deemed to be well outside the normal spread of revenue for the vast majority of the enterprise. The other 3 revenue buckets were chosen so that they had approximately the same number of Facilities in each bucket. Within each of these 3 buckets, the median revenue for each postal district was computed, and of the roughly 75 districts, roughly 36 districts were selected and the Facility with the median revenue selected (or one with a revenue value very close to the median). In this way a good geographic distribution was obtained. A subset of districts was chosen for data sample size reasons.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

RESPONSE to NAPUS/USPS-T1-18 (continued)

The remaining Facilities in the sample population were selected completely at random from the roughly 15,000 LT100K Facilities using either IRT or eMOVES reporting technologies. The average revenue for this sample was extremely close to the overall average of the LT100K Facilities (approximately \$40K for FY2010).

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-19

Please refer to USPS-T1, page 11, line 8. Of the 13,494 retail facilities, how many were independent post offices, and what percentage is located in rural areas or small towns? Please explain why the USPS did not have location data for the remaining facilities?

RESPONSE

See the response to NAPUS/USPS-T1-18.

Post Offices are located in places that are defined by non-postal entities for non-postal reasons as urban, suburban, small town or rural. Other designations may also be used to refer to such locations. Definitions used by different entities for different locations may overlap, such that a Post Office deemed "rural" by one may be "small town" for another, and one deemed "suburban" by one may be deemed "small town" by another. Suffice it to say that a significant number of Post Offices in the 13,494 sample are located in areas that a consensus would agree are not urbanized or suburban, and are in towns that "small" in relation to others, or in rural areas. Please see the response to NAPUS/USPS-T1-2.

I am also informed that the database from which the geo coordinates for the 13,494 facilities were drawn did not include similar information for other facilities and did not se. Accordingly, the analysis reflected in that Table, which was not initially prepared for purposes of my testimony and was only included to make a general observation about proximity, was limited to those 13,494 facilities. See the response to PR/USPS-T1-3.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-20

Please refer to USPS-T1, page 12, Table 5. Referring to note 1 (lines 8 and 9), please explain the difference between geographic coordinate distance and driving distance?

RESPONSE

One represents the straight-line distance between two points based on their respective latitudes and longitude. The other represents the distance between two points that would be travelled using available surface roads. The latter is always equal to or greater than the former.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-21

Please refer to USPS-T1, page 3, footnote 3. Please provide details on how "earned workload" is calculated? Please explain how "window service activity" is measured.

RESPONSE

Please see the response to PR/USPS-T1-2(a). Activity is measured on the basis of earned workload, not on the basis of the number of hours the window is open.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-22

Please refer to USPS-T-1, page 15, line 3 and 4, relating to the Small Office Variance (SOV) tool. For the 52-week period ending July 2011, please answer the following questions.

- (a) On what basis was 2 hours of earned workload per day determined as the threshold for identifying post offices for the discontinuance feasibility study?
- (b) Does the 2 hours of earned workload represent the totality of work conducted at the candidate post offices? If not, please explain.
- (c) Please enumerate how many of the 2,800 candidate post offices utilized window automation, through either IRT or POS?
- (d) For those candidate post offices that did not use IRT or POS, how were the number and value of transactions (both financial and non financial) calculated?
- (e) Could you explain how the following post office functions were valued through SOV and the basis of those valuations:
 - (1) Building and ground maintenance, where there was no contractor retained
 - (2) Servicing free post office boxes (i.e., no residential delivery available)
 - (3) Delivery of packages
 - (4) Multiple scans of parcel mail
 - (5) Parcel return service
 - (6) Premium forwarding

RESPONSE

- (a) The Postal Service was interested in examining offices at which the workload devoted to the provision of retail services was low and needed an objective yardstick by which to define that threshold. Two hours of earned workload associated with the provision of retail service was deemed to be a reasonable yardstick.
- (b) No. See USPS-T-1 at 3, n.3.
- (c) Responsive data are being collected and will be reported.
- (d) A calculated value against WIR (walk in revenue) is used to determine earned workload.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

RESPONSE TO NAPUS/USPS-T1-22 (continued)

- (e)(1) I am informed by the SOV tool management team that the Small Office Variance tool is an LDC47/LDC80 only model. SOV was designed to account for the Administrative and Clerical workload in small offices, which is tracked through Labor Distribution Codes (LDC's) 47 and 80. LDC 47 and LDC 80 workhours follow Clerk craft and Management (Postmasters/PMR's) in small offices. Building and ground maintenance where there is no contractor retained, does not fall under LDC 47 or 80. The "heavy lifting" building and grounds workload would fall under Function 3 and would typically be done and charged to a larger neighboring office. Basic cleaning, taking out the trash, etc., may be performed by Clerks/PM depending on past practice in that office. In any case, building and ground maintenance is not funded as part of the SOV model.
- (2) I am informed by the SOV tool management team that mail volume and number of boxes rented time a factor is used to determine earned workload. This includes all active PO boxes, paid and free. SOV funds PO Box related servicing based on volume received, and based on "active" PO boxes per Address Management System (AMS). Whether a box is free or paid does not enter into the equation where earned workhours are concerned.
- (3) See the response to subpart (e)(1) above. I am informed by the SOV tool management team that over-the-counter delivery is included, but not street delivery. Retail and administrative activity including delivery of packages

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-32

Please refer to USPS-T-1, page 6, Table 6 and page 7, Table 2. Does the data in Table 2 apply solely to communities served by the POS locations referenced in Table 1. If not, please apply the data to the POS locations.

RESPONSE

If the question is referring to Tables 1 and 2 on pages 6 and 7, respectively, the answer is affirmative.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T-1-33

Within the communities served by the 2,800 candidate post offices, please indicate the percentage of postal customers who used alternative venues for postal transactions for the most recent five years, if available.

RESPONSE

In the absence of a business need to do so, no such study has been conducted that would yield such data.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO PUBLIC REPRESENTATIVE INTERROGATORY**

PR/USPS-T1- 2

On page 15 of your testimony, you state: "the Postal Service has examined earned workload data for each of its retail facilities and has identified all Post Offices for which earned workload amounted to less than two hours per day and annual revenue was no greater than \$27,500. Over 2,800 candidate offices were identified using data collected from the Small Office Variance tool."

- (a) How does the Postal Service determine the workload and EAS classification of each Postal Facility?
- (b) Please provide the "Small Office Variance Tool" in either excel format or as a flat file for FY 2009 and FY2010. Please identify and define all data fields

RESPONSE

- (a) The Postal Service assigns standardized quantitative values to various tasks performed at retail locations to determine earned workload. Nationally established standardized productivity targets are applied to the unit workload to calculate earned workhours. Based on its earned workload, a facility is classified as requiring that its Postmaster be of at least a certain postal EAS grade.
- (b) The Customer Service Variance (CSV) model is used to review Function 4 operations, delivery unit non-carrier bargaining unit activities, in Cost Ascertainment Group (CAG) H to L offices. Cost Ascertainment Group (CAG) classifications are used to identify Post Offices according to revenue generated. CAG H-J offices have 190 to 949; CAG K offices have 36 to 189; and CAG L offices have fewer than 36. CSV integrates locally reported unit workload from various national data systems. However, it does not exist in a form that makes it possible to create an Excel or flat file replica. It is hoped that the technical conference will shed light on what exists within or is accessible via CSV.

**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 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 PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

1. Please provide a digital copy of all demographic, economic, and geographic data that will be used to develop profiles for evaluation of each candidate facility.

RESPONSE

As a part of the Handbook PO-101 discontinuance review process, the Postal Service does not solicit demographic data from customers that might reveal such information as their age, gender, racial or ethnic identification or income.

The Postal Service relies primarily on questionnaire answers, customer statements provided at postal-sponsored community meetings, and written comments submitted by customers of the facility after public notice that its discontinuance is being contemplated.

The 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. In the complete absence of any other information, Census Bureau data might provide a very general overview of residents who live within some degree of proximity to a postal retail facility. However, that information reveals nothing that is specific to the subset of residents who routinely visit the facility, the frequency of their visits, the postal transactions they conduct, or the products and services they purchase. Rather than make assumptions or sweeping generalizations about a retail facility's customers based on U.S. Census Bureau data reflecting income or age strata, racial make-up, or mix of residential types in the surrounding area, the Postal Service relies on actual postal retail transaction data, local management's

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

RESPONSE to Question 1 (continued)

knowledge of the customers who frequent the facility, and the comments and questionnaire responses received during the discontinuance review process.

That being said, it is not unheard of for a local discontinuance review coordinator to compare customer comments to U.S. Census Bureau data to validate characterizations of the surrounding community contained in those comments. Customer assertions that a retail facility mainly served "low-income" or "senior" citizens could be checked against U.S. Census Bureau data to see if sufficiently granular data were available help judge such characterizations. An example of such a document is in the Docket No. A2010-6, Administrative Record at PDF pages 126-127. See <http://www.prc.gov/Docs/70/70284/A2010-6.pdf>. As noted on that document, available Census Bureau data are not necessarily sufficiently granular to provide information pertinent to the specific service area of the facility in question.

However, it would not be correct to assume that such economic or demographic profiles of nearby residents (such as may be reflected in U.S. Census Bureau records) *will be* reviewed under the RAO Initiative or that the PO-101 Handbook requires the retrieval and examination of publicly available census data.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

RESPONSE to Question 1 (continued)

As part of discontinuance review, local managers are expected to consult the USPS Electronic Facilities Mapping System (EFMS) to calculate proximity -- measured in terms of driving distance -- between the facility under study and nearby postal retail locations. This tool is being used to develop information responsive to Question 14 of this POIR.

An example of the use of this tool is reflected in a recently filed administrative record on file at the Commission. See Docket No. A2011-22, Administrative Record, PDF page 4:

<http://www.prc.gov/Docs/74/74274/A2011-22PeachOrchardAdminRec.pdf>;

As part of the RAO Initiative, similar geographic information will be compiled locally by discontinuance review coordinators on a case-by-case basis from EFMS for those of the individual 3650 candidate facilities that advance through the discontinuance review process.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

2. Please confirm that revenue, as it is considered a criterion to identify candidate facilities:
- a. does not include revenue from business mail entered using permits issued at a different facility. If not confirmed, please explain.
 - b. does not include revenue from mail delivered to or through the facility, including post office boxes, caller service, or street delivery. If not confirmed, please explain.

RESPONSE

- (a-b) The analysis of retail walk-in revenue excludes the revenue sources identified in subparts a and b.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

3. Please refer to USPS-LR-N2011-1/1, the USPS Handbook PO-101 *Postal Service-Operated Retail Facilities Discontinuance Guide* relating to the Testimony of Witness Boldt (USPS-T-1). The handbook refers to "economic savings to the Postal Service" as a component of a proposal to discontinue a facility.
- a. Please describe the calculation of "economic savings" describing all the common one time or annual expenses or savings included in the calculation.
 - b. Please provide a date that an estimate of the economic savings, by facility, from discontinuation of the candidate facilities will be available.

RESPONSE

- (a) As used there, "economic savings" refers to net operating cost savings to the Postal Service that would result from discontinuance of a facility, as measured under the Handbook PO-101 review process. The attached Excel workbook is utilized to measure those savings.
- (b) As indicated in the response to DBP/USPS-18, it is anticipated that the first RAO discontinuance studies will be finalized and decisions will be made beginning in October. At that time, the Postal Service will have the first facility-specific cost savings estimates.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

4. Please estimate the percentage of revenue from discontinued facilities that would be captured by other facilities in close proximity, including retail over-the-counter transactions and post office box rental revenue.
- a. If the Postal Service anticipates this percentage to vary by facility, please explain.
 - b. Please explain the methodology used to estimate the overall percentage or any variance from that percentage.

RESPONSE

The Postal Service has not developed and is not aware of any method for reliably estimating such percentages. It is expected that capturability will vary on the basis of a variety of factors specific to the mix of customers who patronized a discontinued facility and their inclination and ability to continue to utilize postal services via other retail locations or alternative access channels.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

5. Please provide information on whether and how non-revenue customer transactions will be recognized.

RESPONSE

Data regarding non-revenue postal retail transactions are recorded via Point of Service (POS) terminals, where available. Standard earned workload credits are assigned to each type of non-revenue transaction. Available facility-specific non-revenue transaction data are compiled in the Small Office Variance tool and evaluated during the discontinuance review process. For facilities where such transactions are not systematically recorded by POS, local management can submit qualitative non-revenue transaction information for consideration during the discontinuance review process.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

6. Please refer to Library Reference USPS-LR-N2011-1-2. Please define the following facility types: FND_S and FND_B.

RESPONSE

Finance Unit -- No Delivery/Station and Finance Unit -- No Delivery/Branch.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

7. Please refer to the description of the "Change Suspension Discontinuance Center" (CSDC) program at USPS-T-1 at pages 18-19.
- a. Please provide, or make available, the CSDC program.
 - b. Please provide the source data or database for the CSDC program, including data for all facilities that were considered in developing the list of candidate facilities.

RESPONSE

- (a) The CSDC program is a web-based application that enables Postal Service employees to perform required discontinuance steps by following the process flow matrix in the USPS Handbook PO-101. The process flow generates standard tasks, letters, forms, and notifications to ensure uniformity and completeness. In addition, the process flow sends approval requests via e-mail to designated management and prevents certain steps from progressing until the appropriate approvals are complete. CSDC also should be viewed as a dynamic warehouse for data extracted from various other data systems for purposes for conducting discontinuance review. CSDC is dynamic in the sense that facility-specific data from various systems are added as needed for the performance of specific tasks. The technical conference should shed light on its functionality and the challenge of responding to a request for an Excel or flat file replica.
- (b) To be clear, the data used to determine which facilities met the criteria for the first three RAO Initiative candidate categories (low workload Post Offices, insufficient demand stations and branches, and insufficient demand retail annexes) do not derive from CSDC. Responsive data are being compiled in Library References.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

8. Please explain how the Postal Service will estimate the effect of the initiative on the capacity of remaining facilities that are in the proximity of a discontinued facility:
- a. to absorb additional retail transactions; and
 - b. to absorb additional post office box demand.

RESPONSE

The Postal Service will assess such factors as the physical capacity, retail hours, staffing and proximity of remaining facilities, as well as alternate access sites, to make a qualitative assessment of the ability of remaining nearby postal facilities to absorb an increase in retail traffic that could result from the discontinuance of a facility.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

9. Please confirm that no candidate facilities and none of the alternative access sites were under suspension as of July 27, 2011. Request at 5. If not confirmed, please explain.

RESPONSE

For the first three categories of facilities described at USPS-T-1, pages 14-16, the candidate list was intended to reflect postal facilities in operation on that date.

The suspension of a postal retail facility or an alternate access point should reflect a temporary status and can result from the incidence of such phenomena as a fire, flood, power outage, Postmaster vacancy or security threat.

Accordingly, it is not beyond the realm of possibility that a facility listed in one of those three categories or an alternate postal retail facility was temporarily in a suspended status on that date for some reason.

The fourth category of about 260 facilities described at pages 16-17 of USPS-T-1 consists of facilities undergoing discontinuance review when the discontinuance regulations were amended in mid-July 2011, but for which the discontinuance process had not advanced to the point where a public meeting was announced. Fewer than 20 of those facilities were in a suspension status when the Request in this docket was filed.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

10. Please define the term "Village Post Office" as used in the initiative, and explain the difference(s), if any, between a CPU and a Village Post Office, particularly any difference in product or service offerings.

RESPONSE

A Village Post Office is non-postal owned and operated establishment that will, aside from its other functions, sell postage stamps and prepaid postal Flat Rate shipping boxes. Some VPOs will have Post Office Box units installed that will be serviced by postal delivery personnel. Consideration will be given to the feasibility of locating a collection box in close proximity to each VPO. Some VPO operators may offer to hold mail for tender to postal personnel.

A Contract Postal Unit also is non-postal owned and operated, but sells a much broader range of postal products and services, as depicted in the attachment to the response to DBP/USPS-6. In contrast to a VPO, CPU operators accept mail on behalf of the Postal Service. A collection box may be located on or in close proximity to the premises of a CPU. Some CPUs also house Post Office Box units. Depending on the CPU, those box units are serviced either by the CPU operator or postal delivery personnel.

VPOs and CPUs may not sell postal products and services at prices above those available at a postal retail facility.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

11. Please estimate the number of Village Post Offices that the Postal Service currently has and anticipates having operational in 6 and 12 months?

RESPONSE

The inaugural VPO is expected to be in operation before the middle of August 2011. The decision to establish a VPO at a particular location is contingent upon local postal management making arrangements with local establishments interested in selling postage stamps and prepaid Flat Rate shipping boxes, and potentially also housing Post Office Box units. Several hundred inquires from interested vendors were received within days of the concept being publicly announced in July 2011. It is premature to reliably project how many VPOs will be in operation in either February or August of 2012.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

12. Please describe the methods by which the Postal Service plans to initiate and finalize agreements for the creation of Village Post Offices.

RESPONSE

Postal management in the field will solicit vendor bids. USPS Supply

Management and award firm fixed price (flat fee) contracts establishing the terms and conditions under which each VPO will operate.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

13. Please describe the Postal Service's plan for the use of Automated Postal Centers (APCs) in providing alternative retail access as part of the initiative.

RESPONSE

APC availability will remain as it is currently. About a dozen of the approximately 2500 units are located off of postal premises, with the rest operating in postal lobbies. There is no plan to relocate APCs to VPOs.

In addition to their availability in postal lobbies during regular postal retail hours, APCs located in "outer" postal lobbies are accessible before and after regular retail hours and, thus, provide an alternate channel for postal customers to access some retail products and services when postal retail windows are closed.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

14. Please refer to USPS-T-1 at page 12. The witness provides a chart showing "proximity to the nearest Post Office [that] is based off of geographic coordinate distance, rather than driving distance." Please provide a data file with the actual driving distances to the nearest alternate retail location for each facility under consideration.

RESPONSE

Data are being compiled in a Library Reference responsive to this request.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

15. Please refer to USPS-T-1 at page 16, n.13, where the witness indicates that alternative access includes nearby approved shippers and stamp consignment locations in addition to full service alternatives. Please provide:
- a. the number of occurrences where the five nearest locations are approved shippers or stamp consignment locations (not full service alternatives); and
 - b. the Postal Service's anticipated action when none of the five nearest locations are full service.

RESPONSE

- (a) Data are being compiled in a Library Reference responsive to this request.
- (b) It bears emphasizing that the proximity of five such locations is a criterion used to define a particular category of facilities to consider for discontinuance review under the RAO Initiative. However, this criterion is not a controlling factor in the discontinuance review that is inevitably conducted. It is expected that there will be cases where the closest alternate retail options for a facility under discontinuance review will not be "full-service" postal or contract postal unit options. As indicated in USPS Handbook PO-101, the nature, extent, proximity and accessibility of postal retail and alternate access is considered on a case-by-case basis as part of the discontinuance review process.

1 CHAIRMAN GOLDWAY: And are there any
2 additional written cross-examination for Witness
3 Boldt?

4 MR. ANDERSON: Madam Chairman, Daryl
5 Anderson for the American Postal Workers Union. The
6 American Postal Workers Union wishes to designate
7 APWU/USPS-T-1 Cross-Examination Answers 9 and 10. I
8 have copies for the reporter. May I approach?

9 CHAIRMAN GOLDWAY: Please approach.

10 (Pause.)

11 CHAIRMAN GOLDWAY: Should we ask if these
12 questions were posed to you orally would your answers
13 be the same? Is that something usually done?

14 MALE VOICE: Yes.

15 CHAIRMAN GOLDWAY: Would the answers to
16 those questions be the same?

17 THE WITNESS: Yes, they would be.

18 CHAIRMAN GOLDWAY: Okay. No corrections or
19 additions to those?

20 THE WITNESS: No.

21 CHAIRMAN GOLDWAY: Okay. Counsel, provide
22 two copies of the written cross-examination, and
23 they're admitted into evidence --

24 MR. ANDERSON: Thank you, Madam Chairman.

25 CHAIRMAN GOLDWAY: -- and will be

1 transcribed.
2 (The documents referred to
3 were marked for
4 identification as Exhibit
5 Nos. APWU/USPS-T-1-9 and 10
6 and were received in
7 evidence.)
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BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Retail Access Optimization Initiative

Docket No. N2011-1

**AMERICAN POSTAL WORKERS UNION, AFL-CIO, DESIGNATION OF
WRITTEN CROSS-EXAMINATION OF UNITED STATES POSTAL SERVICE
WITNESS BOLDT (USPS-T-1)
(September 8, 2011)**

Pursuant to Rule 30(e)(2) of the Commission's Rules of Practice, and Presiding Officer's Ruling No. N2011-1/8 (September 6, 2011) the American Postal Workers Union, AFL-CIO (APWU) hereby designates the following interrogatory responses of United States Postal Service witness James J. Boldt (USPS-T-1) as the written cross-examination of the APWU to be included in the record of this proceeding:

APWU/USPS-T1-9, 10

Respectfully submitted,

Darryl J. Anderson
Jennifer L. Wood
Counsel for American Postal Workers Union, AFL-CIO

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO APWU INTERROGATORY**

APWU/USPS-T1-9. Please refer to your response to NAPUS/USPS-T1-11 where you define "customer visits." Do the number of customer visits as you have defined it factor into the selection of facilities to study for discontinuance?

RESPONSE

The number of customer visits was not a criterion used to define any group of facilities to be analyzed for review as a part of the RAO Initiative.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO APWU INTERROGATORY**

APWU/USPS-T1-10. Please refer to your response to NAPUS/USPS-T1-40. Are the possible roles that a Post Office may play in a community identified solely through customer input? If not, how else are these roles identified?

RESPONSE

Within the context of discontinuance review, that would be the principal source, supplemented by any information that local management may provide.

1 CHAIRMAN GOLDWAY: Are there others?

2 MR. LEVI: Madam Chair, Bob Levi for the
3 National Association of Postmasters of the United
4 States. I'd like permission to designate NAPUS
5 questions to USPS T-1-1 through 48 with requisite
6 errata that were filed by the Postal Service in the
7 record.

8 CHAIRMAN GOLDWAY: Are these questions for
9 Mr. Boldt as well?

10 MR. LEVI: These were posed to Mr. Boldt
11 during interrogatories. Correct.

12 CHAIRMAN GOLDWAY: Okay. If the questions
13 contained in the packet were posed to you today
14 orally, would your answers be the same as previously
15 in writing?

16 THE WITNESS: Yes, ma'am, Chairman, but I'm
17 showing a No. 49.

18 MR. LEVI: Through 49. I'm sorry. I
19 apologize.

20 THE WITNESS: Then the answer is yes.

21 CHAIRMAN GOLDWAY: Okay. Are there any
22 corrections or additions today that you'd like to
23 make?

24 THE WITNESS: No.

25 CHAIRMAN GOLDWAY: Counsel, provide two

1 copies of the additional written cross-examination to
2 the reporter, and they're admitted into evidence and
3 will be transcribed.

4 (The documents referred to
5 were marked for
6 identification as Exhibit
7 Nos. NAPUS/USPS-T-1-1 through
8 49 and were received in
9 evidence.)

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

Retail Access Optimization Initiative

Docket No. N2011-1

**Notice of the National Association of Postmasters of the United States
Of Designation of Responses
Of U.S. Postal Service Witness James Boldt and Redirected Questions
(September 8, 2011)**

The National Association of Postmaster of the United States hereby designates and moves for inclusion in the evidentiary record the following responses of the U.S. Postal Service Witness James Boldt, those questions that were redirected, and errata responses to those questions:

NAPUS/USPS-T-1-1 through 22, answered on August 15, 2011
NAPUS/USPS-T-1-23 through 31, and 35-41, answered on August 19, 2011
NAPUS/USPS-T-1-1 through 7 (Errata), answered on September 1, 2011
NAPUS/USPS-T-1-14 (Errata), and answered on September 7, 2011
NAPUS/USPS-T-1-32 through 34, answered on August 19, 2011
NAPUS/USPS-T-1-42 through 47, answered on September 2, 2011
NAPUS/USPS-T-1-42 (Errata), answered on September 7, 2011
NAPUS/USPS-T-1-48 through 49, answered on September 6, 2011

Respectfully submitted,

Robert M. Levi
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Postal Regulatory Commission
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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 NAPUS INTERROGATORIES
NAPUS/USPS-T1-1 THROUGH T1-22**

The United States Postal Service hereby provides the responses of witness James Boldt to the above-listed interrogatories of the National Association of Postmasters of the United States dated August 8, 2011. Each interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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Chief Counsel, Global Business

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Washington, D.C. 20260-1137
(202) 268-2998; Fax -5402
August 15, 2011

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-2

Consistent with the U.S. Census Department definition of rural areas, please identify those 2,800 candidate Post Offices that are located in rural areas?

RESPONSE

The question neither provides a US Census Bureau definition of "rural area" nor a citation to one. The Postal Service does not classify its retail facilities on the basis of US Census Bureau designations for the places where those facilities are located. Many of the 2800 offices on the list are CAG H through L offices, which tend to be located outside of major cities and their immediate suburbs. Such offices will tend to be located in smaller towns and/or rural areas.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-4

Please refer to USPS-T-1, page 13. You state that postal management is not pursuing the RAO initiative to achieve a predetermined operating cost savings. Yet, USPS spokeswoman Cathy Yarosky is quoted in the press as stating: "The projected savings, if every one of the 3,653 offices were to close, is \$200 million annually." Please explain in detail how these savings were calculated.

RESPONSE

No detailed calculations were involved. The statement was merely an attempt to illustrate that if the total operating cost of the candidate facilities was approximately \$200 million and all of them were discontinued, then operating costs would be reduced by that amount. The interview from which the quotation appears to have been taken also expresses that it is unlikely that all candidate facilities will be discontinued and offers no estimate of the number expected to be discontinued.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-6

How many of the 2,800 candidate post offices have been part of the delivery unit optimization (DUO) initiative?

RESPONSE

Any optimization of carrier delivery routes and related operations at Post Offices that house carrier operations does not involve changes in the nature of retail services and, therefore, is outside the scope of the RAO Initiative. Accordingly, no research has been conducted to determine which RAO candidate Post Offices have carrier delivery operations, or which of the offices with carrier delivery have had a carrier route or any carrier operations consolidated.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-8

How many post office boxes and general deliveries are located within the 2,800 candidate post offices? How many of these boxes are provided without cost, and how many are revenue-producing? What is the total revenue attributable to the boxes located in the 2,800 candidate post offices?

RESPONSE

General delivery is intended primarily for use at offices without carrier delivery and for residents not eligible for carrier delivery service, to serve transients, and for other customers who are not permanently located. Mail addressed to persons via General Delivery at a postal delivery unit is placed in the General Delivery case to be delivered to the addressee upon request at a retail service counter and with proper identification. Persons living permanently in cities having carrier delivery service and who have good and sufficient reasons satisfactory to the postmaster may receive their mail at general delivery retail service counters. General Delivery recipients at a particular postal delivery unit are not required to register at that unit. Accordingly, the Postal Service has no basis for estimating the number of general Delivery customers there may be at these 2800 facilities.

Data reflecting the total number of Post Office boxes, the number of free Group E boxes, and total box revenue for these 2800 Post offices are being developed.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-10

Please refer to USPS-T-1, page 6, Table 1. Could you explain what specifically the "y-axis" represents? Could you please provide a definition for "point of sale" (POS) location?

RESPONSE

The y-axis depicts the annual customer visits per POS terminal per year.

A POS location is a postal retail location with a Point of Sale (POS) retail terminal.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-12

How does the USPS collect customer interaction data for non-financial postal transactions, including customer inquiries and collection of accountable mail)?

RESPONSE

Where POS terminals exist, retail employees may use the "hot" key on the POS terminal to record the occurrence of such transactions.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-14

Please refer to USPS-T-1, page 2, line 18. How many "non-personnel units" exist? Does the USPS calculate revenue for these units? If so, how and please provide the revenue and expense data per location?

RESPONSE

Almost all of the over 6800 non-personnel units (NPU) consist of PO Office Box units. At many of these, rural carriers conduct retail transactions during designated periods each day at NPUs on their routes. Few have revenue generating sales equipment such as APCs. Any NPU revenue is included in that which is reported for the postal retail facility with which the NPU is associated.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

RESPONSE to NAPUS/USPS-T1-15 (continued)

Page 6 of USPS-T-1 relies on Point of Sale terminal data on actual retail customer transactions at postal facilities, as opposed to customer recollections of visits. Table 6 shows a decline in overall visits for each year since 2007. I am informed by the managers of the HDS project that such a trend is not incompatible with data showing that the percentage of HDS interview subjects within the different HDS ranges stayed roughly the same from FY 2009 to FY 2010. Declines from FY 2009 to FY 2010 in HDS from twice to once (or zero) a month, or from six to three times a month, or from ten times to seven times per month would not be reflected in HDS. Nor would increases within each of the respective HDS ranges.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-17

Please refer USPS-T1, page 15, lines 1 and 2. Do the 2,800 candidate post offices have less than 2 hours per day earned workload and annual revenue of \$27,500 or less? Or does each of the 2,800 candidate post offices fulfill just one of the two measurements?

RESPONSE

A Post Office had to meet both criteria to merit study as a RAO Initiative "low earned workload" Post Office.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

RESPONSE to NAPUS/USPS-T1-18 (continued)

The remaining Facilities in the sample population were selected completely at random from the roughly 15,000 LT100K Facilities using either IRT or eMOVES reporting technologies. The average revenue for this sample was extremely close to the overall average of the LT100K Facilities (approximately \$40K for FY2010).

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-20

Please refer to USPS-T1, page 12, Table 5. Referring to note 1 (lines 8 and 9), please explain the difference between geographic coordinate distance and driving distance?

RESPONSE

One represents the straight-line distance between two points based on their respective latitudes and longitude. The other represents the distance between two points that would be travelled using available surface roads. The latter is always equal to or greater than the former.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T1-22

Please refer to USPS-T-1, page 15, line 3 and 4, relating to the Small Office Variance (SOV) tool. For the 52-week period ending July 2011, please answer the following questions.

- (a) On what basis was 2 hours of earned workload per day determined as the threshold for identifying post offices for the discontinuance feasibility study?
- (b) Does the 2 hours of earned workload represent the totality of work conducted at the candidate post offices? If not, please explain.
- (c) Please enumerate how many of the 2,800 candidate post offices utilized window automation, through either IRT or POS?
- (d) For those candidate post offices that did not use IRT or POS, how were the number and value of transactions (both financial and non financial) calculated?
- (e) Could you explain how the following post office functions were valued through SOV and the basis of those valuations:
 - (1) Building and ground maintenance, where there was no contractor retained
 - (2) Servicing free post office boxes (i.e., no residential delivery available)
 - (3) Delivery of packages
 - (4) Multiple scans of parcel mail
 - (5) Parcel return service
 - (6) Premium forwarding

RESPONSE

- (a) The Postal Service was interested in examining offices at which the workload devoted to the provision of retail services was low and needed an objective yardstick by which to define that threshold. Two hours of earned workload associated with the provision of retail service was deemed to be a reasonable yardstick.
- (b) No. See USPS-T-1 at 3, n.3.
- (c) Responsive data are being collected and will be reported.
- (d) A calculated value against WIR (walk in revenue) is used to determine earned workload.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

RESPONSE TO NAPUS/USPS-T1-22 (continued)

over the counter are included in the SOV model. Street delivery falls under a different set of LDC's and is accounted for in the Delivery models.

(e)(4) I am informed by the SOV tool management team that a factor is applied against average scans to determine earned workload.

SOV is currently funding scanning activity at offices based on a standard number of anticipated scans in the unit.

(5) I am informed by the SOV tool management team that SOV does not currently fund Parcel Return Service related activity. Of the 18,874 SOV sites, 2,790 would be potentially identified PRS sites per the Facilities Database.

(6) I am informed by the SOV tool management team that premium forwarding is included in the SOV model under delivery administrative workload.

Postal Regulatory Commission
Submitted 8/19/2011 4:28:43 PM
Filing ID: 75012
Accepted 8/19/2011

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 NAPUS INTERROGATORIES
NAPUS/USPS-T1-23 THROUGH 31 AND T1-35 THROUGH T1-41**

The United States Postal Service hereby provides institutional responses to the above-listed interrogatories of the National Association of Postmasters of the United States directed to witness Boldt on August 12, 2011. The interrogatories have been redirected from witness Boldt to the Postal Service for institutional responses. Each interrogatory is stated verbatim and followed by the response. The responses of witness Boldt to NAPUS/USPS-T1 32 through 34 are filed separately.

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 19, 2011

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO NAPUS INTERROGATORY REDIRECTED FROM WITNESS BOLDT**

NAPUS/USPS-T1-24

Please explain the different contracting and regulatory authorities under which the Postal Service may enter into an agreement with a Contract Postal Unit (CPU), in contrast to a Village Post Office?

RESPONSE

The same USPS Supply Management principles and practices reflected in 39

C.F.R. Part 601 apply to both.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO NAPUS INTERROGATORY REDIRECTED FROM WITNESS BOLDT**

NAPUS/USPS-T1-26

Please confirm that a CPU shares postal revenue, while a VPO would receives a flat-rate payment. Is there an established payment for a VPO? If so, what is the payment? If not, how is that amount determined, and who determines the payment?

RESPONSE

Confirmed. Issues relating to the details of VPO compensation stray far afield from whether the nature of the service changes resulting from the RAO Initiative would be consistent with the polices of Title 39, U.S. Code. Without waiving its objection to further irrelevant inquiries, the Postal Service is willing to state that it expects VPO compensation to vary based on specific supplier bids and the prices ultimately negotiated with the Postal Service.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO NAPUS INTERROGATORY REDIRECTED FROM WITNESS BOLDT**

NAPUS/USPS-T1-28

Are there any restrictions on what types of commercial enterprises may be designated a VPO? If so, please explain.

RESPONSE

The same as for a CPU: Establishments that serve alcoholic beverages are not qualified.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO NAPUS INTERROGATORY REDIRECTED FROM WITNESS BOLDT**

NAPUS/USPS-T-1-30

Will a VPO be required to provide space for post office boxes? If not, where would the post office boxes be located and how will they be secured?

RESPONSE

Yes, in those cases where a particular VPO contract calls for it.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO NAPUS INTERROGATORY REDIRECTED FROM WITNESS BOLDT**

NAPUS/USPS-T1-35

Please compare the parameters of the initial feasibility study conducted pursuant to the RAO, and compare with the pre-proposal study conducted in conformance to *Handbook PO-101*, section 22. 4

RESPONSE:

While this question is not particularly clear, use of "feasibility study" has not always been consistent given its use in various contexts both internal and external to retail facility discontinuance studies. A "pre-proposal investigation" is explained in PO-101 section 22, *Pre-Proposal Investigation*; that section speaks for itself, but describes steps taken prior to the posting of any formal proposal for the requisite 60 days. "Feasibility study" can refer to (1) a pre-proposal investigation, (2) an early evaluation of whether a discontinuance study should be undertaken, (3) an investigation co-extensive with a pre-proposal investigation and anything that occurred beforehand, (4) an entire discontinuance study, or (5) a mix of these.

When a discontinuance study is commenced at the direction of a District Manager, some investigation of the facility may be conducted before a formal discontinuance study gets authorized. This illustrates the most narrow definition of "feasibility study."

Yet when the Vice-President, Delivery and Post Office Operations authorizes the conduct of a discontinuance study, every action that follows regarding a particular facility prior to the signing of a final agency decision can also be described as a feasibility study. Should, for example, the Vice-President

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO NAPUS INTERROGATORY REDIRECTED FROM WITNESS BOLDT**

NAPUS/USPS-T1-36

Please refer to USPS-T-1, page 19, footnote 17. You state that a community meeting is required at either the initial feasibility study stage, or at the post-proposal stage.

Please confirm that only one meeting would occur on a specific candidate facility, and that meeting would cover both stages.

Please indicate the duration or timeline of the "initial feasibility stage."

If there is no time limit, is there a requirement for community meetings at particular increments (e.g., annually) for a candidate post office?

RESPONSE:

Please refer to the response to NAPUS/USPS-T1-35. The point made in testimony by Mr. Boldt is that a community meeting can occur prior to, or subsequent to, the formal posting of a proposal. So long as a community meeting occurs prior to a final agency decision, the exchange between postal officials and customers at a community meeting informs the decision whether to proceed to a final agency discontinuance decision.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO NAPUS INTERROGATORY REDIRECTED FROM WITNESS BOLDT**

NAPUS/USPS-T1-38

Please refer to *Handbook PO-101*. Please explain the distinction between the communications with customers and stakeholders that are initiated pursuant to the pre-proposal investigation, as compared to the communications that take place at the proposal stage.

RESPONSE:

Please see the responses to NAPUS/USPS-T1-35-37. Most typically, communication with customers during the pre-proposal stage would consist of a "Dear Customer" letter and a community meeting. Once the proposal is posted (which itself constitutes communication to customers), customers have an opportunity to communicate in writing, which usually elicits a written response from the Postal Service.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO NAPUS INTERROGATORY REDIRECTED FROM WITNESS BOLDT**

NAPUS/USPS-T1-40

Please refer to *Handbook PO-101*, section 321.2. Please explain how the USPS evaluates the importance of a post office, as the sole representative of the government, to a community Please explain how the USPS evaluates the importance of a post office as the focal point of the community

Please explain how the USPS evaluates the economic impact that the presence of a post office has on the community

Please explain how the USPS evaluates the social impact, including communal cohesion, that the presence of a post office has on a community

Please explain how the USPS evaluates the presence of a post office to vulnerable populations, such as senior citizens and mobility impaired citizens

Please explain how the USPS evaluates the degree to which a community utilizes broadband digital communications

RESPONSE:

This question appears to identify possible roles that a Post Office might be perceived by some to play in a community, ones that might be analyzed in terms of various subsections to Section 32 of PO-101. As such, each would be analyzed in the context that an individual Post Office presents.

Postal Regulatory Commission
Submitted 9/7/2011 4:35:55 PM
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Accepted 9/7/2011

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

RETAIL ACCESS OPTIMIZATION INITIATIVE, 2011

Docket No. N2011-1

**REVISED RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO NAPUS INTERROGATORY
NAPUS/USPS-T1-14 [ERRATA]**

The United States Postal Service hereby provides a revised response to the above-referenced interrogatory of the National Association of Postmasters of the United States. The revised response supersedes the original response filed on dated August 15, 2011. The interrogatory is stated verbatim and followed by the revised response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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

Michael T. Tidwell

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September 8, 2011

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

RETAIL ACCESS OPTIMIZATION INITIATIVE,
2011

Docket No. N2011-1

**NOTICE OF UNITED STATES POSTAL SERVICE CONCERNING ERRATA
TO RESPONSE OF WITNESS BOLDT TO NAPUS INTERROGATORY
NAPUS/USPS-T1-7 [ERRATA]
(September 1, 2011)**

The United States Postal Service (Postal Service) hereby provides notice that it is filing errata to the response of witness Boldt to Interrogatory NAPUS/USPS-T1-7, which was filed on August 15, 2011. A copy of the revised response to NAPUS/USPS-T1-7 is attached to this notice.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony F. Alverno
Chief Counsel, Global Business

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BEFORE THE
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WASHINGTON, D.C. 20268-0001

RETAIL ACCESS OPTIMIZATION INITIATIVE, 2011

Docket No. N2011-1

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORIES
NAPUS/USPS-T1-32 THROUGH T1-34**

The United States Postal Service hereby provides the responses of witness James Boldt to the above-listed interrogatories of the National Association of Postmasters of the United States dated August 12, 2011. Each interrogatory is stated verbatim and followed by the response. Interrogatories NAPUS/USPS-T1-23 through 31 and T1-35 through 41 have been redirected to the Postal Service for response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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

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August 19, 2011

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

NAPUS/USPS-T-1-33

Within the communities served by the 2,800 candidate post offices, please indicate the percentage of postal customers who used alternative venues for postal transactions for the most recent five years, if available.

RESPONSE

In the absence of a business need to do so, no such study has been conducted that would yield such data.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORY**

RESPONSE to NAPUS/USPS-T1-34 (continued)

- (b) . None of the approximately 2800 low earned workload category Post Offices under review as part of the RAO Initiative was suspended at the time of the filing of the request.
- (c) Neither a Postmaster position nor a Post Office is vacant simply because the facility is being managed by an Officer-in-Charge. The OIC could be managing the office because the Postmaster is detailed, on leave, or in training.
- (d) Insufficient customer demand is demonstrated through the office not having sufficient earned workhours; it often coexists with insufficient workload (decline in mail volume, customer visits, and retail transactions).
- (e) In the context of a particular discontinuance study, availability of “alternative access channels” is evaluated by examining the proximity of nearby postal retail locations (brick and mortar), as well as CPUs, VPOs and Community Post Offices, private retail stores that sell stamps through consignment, Approved Shippers, and retail partner alliances such as those with local Office Depot stores. Also sometimes taken into account is access by postal customers who can order stamps by mail or by phone, tools to which there is virtually universal access, or the increasing reach of broadband access.
- (f) This is one of many factors evaluated by local postal management in the context of a given discontinuance study.

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Accepted 9/2/2011

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

RETAIL ACCESS OPTIMIZATION INITIATIVE, 2011

Docket No. N2011-1

**RESPONSES OF UNITED STATES POSTAL SERVICE
TO NAPUS INTERROGATORIES
NAPUS/USPS-T1-42 THROUGH T1-47,
REDIRECTED FROM WITNESS BOLDT**

The United States Postal Service hereby provides institutional responses to the above-listed interrogatories of the National Association of Postmasters of the United States dated August 26, 2011, redirected from witness Boldt. 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

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September 2, 2011

RESPONSE OF UNITED STATES POSTAL SERVICE
TO NAPUS INTERROGATORY,
REDIRECTED FROM WITNESS BOLDT

While those Post Offices open only two hours per weekday – since they are by definition the smallest in the system – can be viewed as plausible candidates for being subject to section 101(b), many of them do not fit fully within the description that section provides. Small offices quite commonly once served small communities, but were eventually surrounded by suburban growth. So size alone cannot define the applicability of section 101(b).

The Postal Service, however, has no specific legal requirement or business need for actually concluding that section 101(b) applies to a specific office.¹ It is one of four statutory considerations that must, in any event, be considered in the context of discontinuance studies. Title 39 U.S.C. § 404(d)(2)(A)(iii) requires the Postal Service to consider:

(iii) whether such closing or consolidation is consistent with the policy of the Government, as stated in section 101 (b) of this title, that the Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining;

in every discontinuance study. The Postal Service accordingly understands section 101(b) as illustrating broad policy embodying the breadth of its universal service obligation: every customer, including those in small, isolated towns, needs regular and effective access to the sending and receipt of mail, needs that define the minimum necessary access to postal service.

¹ If it did, then a regulatory system that defined specific criteria such a "rural", "community" and "small towns" plus a parallel system to administer admission to and departure from qualification would also be necessary.

RESPONSE OF UNITED STATES POSTAL SERVICE
TO NAPUS INTERROGATORY,
REDIRECTED FROM WITNESS BOLDT

NAPUS/USPS-T1-44.

Please refer to NAPUS/USPS-T1-9. Does the USPS have a definition of "maximum degree of effective and regular service"? If, so please provide the definition.

RESPONSE:

No, the Postal Service does not have a specific definition of the quoted statutory language. Title 39, United States Code, contains a great many provisions applicable to the Postal Service and the circumstances under which postal services are provided to the wide range of personal and business interests served by the domestic and international service areas. By means of title 39, the legislative and executive branches of the government of these United States grants to the Postal Service broad authority over the mail, how it is collected, processed, transported, stored and delivered.

Statutory language often goes without specific definition. But it guides the development of regulations, management directives, policy memoranda, handbooks, and specific decisions by which statutory guidance mates with the real world of customer interactions and, under title 39, the collection, processing and delivery of all kinds of mail. A postal retail employee interacting with a postal customer relies upon specific regulations such as the *Domestic Mail Manual*, *Postal Operations Manual*, *Administrative Support Manual*, and a host of others that she has been trained to use. If a particular interaction presents a novel questions, the employee can also consult with a more experienced colleague or a supervisory.

RESPONSE OF UNITED STATES POSTAL SERVICE
TO NAPUS INTERROGATORY,
REDIRECTED FROM WITNESS BOLDT

deficit," (39 U.S.C. § 101(b)), which stands juxtaposed with the requirement that 2) the Postal Service "shall consider ... the economic savings to the Postal Service resulting from such closing or consolidation" (39 U.S.C. §404(d)(2)(A)(iv)). The tension between sections 101(b) and 404(d)(2)(A) provide grist for much of the discussion in respective discontinuance studies.

RESPONSE OF UNITED STATES POSTAL SERVICE
TO NAPUS INTERROGATORY,
REDIRECTED FROM WITNESS BOLDT

NAPUS/USPS-T1-46.

Please refer to NAPUS/USPS-T1-34(f). You imply that local management makes the determination that "alternative access channels exist." Could you please provide material and/or written guidance that the USPS provides to local management in making that determination?

RESPONSE:

If this question relies upon the supposition that local management is able to define new "alternate access channels," that would be incorrect. See PO-101, §§232-33, which identifies as alternate access points brick/mortar classified units, contractor operated facilities, rural and contract delivery service, and nonpersonnel units. See *a/so*, the "Post Office Locations" capability on USPS.com; once inside the tool, the upper left corner offers "Click in box to selection service". Options available therein include, among others: APCs, alternate locations to buy stamps, P.O. Boxes, collection boxes, Approved Postal Providers, and Village Post Offices. Examples of what has been identified as nearby alternate access points in specific discontinuance studies can be found in the approximately 60 A-series dockets visible on the PRC's website for FY 2011.

Postal Regulatory Commission
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Accepted 9/6/2011

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

RETAIL ACCESS OPTIMIZATION INITIATIVE, 2011

Docket No. N2011-1

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS BOLDT
TO NAPUS INTERROGATORIES
NAPUS/USPS-T1-48 THROUGH T1-49**

The United States Postal Service hereby provides witness Boldt's responses to the above-listed interrogatories of the National Association of Postmasters of the United States dated August 30, 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

Kenneth N. Hollies
Michael T. Tidwell

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Washington, D.C. 20260-1137
(202) 268-2998; Fax -5402
September 6, 2011



OFFICIAL NOTIFICATION

08/20/2011

RECEIVED 8/23/2011

Postal Customer
BROOKS, MN 56715

This letter provides notice that the U.S. Postal Service is conducting a discontinuance feasibility study of facility operations at the Brooks Post Office into the Erskine Post Office.

The office is being studied due to declining office workload, which may indicate that maintaining this facility is not warranted. The revenue and/or the volume this office has been in a steady decline over the past several years.

A discontinuance feasibility study involves a review of delivery and retail operations of a postal facility. The purpose of the study is to evaluate the facility's operations in a continuing effort to meet customers' retail needs, improve productivity, increase efficiency, and cut costs.

Customer needs have changed dramatically. Many customers receive and pay their bills online and communicate by email and text message. In addition, many customers demand easier, more convenient access to Postal Service products and services when and where they want them — online, on their smart phones and at the stores they frequent.

If a decision is ultimately made to discontinue the Brooks Post Office and you are a Post Office Box customer, you will have the option of Post Office Box delivery at the Erskine Post Office, or you may receive carrier delivery at your residence. To request delivery, submit a request for establishment of rural delivery service, PS Form 4027. Petition for Change in Rural Delivery, is available at the Brooks Post Office. The Erskine Post Office has retail hours from 900 to 1200 - 1330 to 1630 Monday through Friday and 900 to 1030 on Saturday, which is 12.0 miles away. Additionally Plummer Post Office is 7.0 miles from the Brooks Post Office with retail hours from 815 to 1200 - 1300 to 1600 Monday through Friday and 815 to 845 on Saturday.

Retail services would continue to be available through a variety of channels beyond traditional brick-and-mortar facilities, such as the www.usps.com website, non-city delivery carriers, stamp consignment locations, and Stamps by Mail, Fax, and Phone.

We value your opinions during this review process. As the Postal Manager responsible for all Post Offices in your area, I would like your input concerning your postal needs. We encourage you to complete and return the enclosed survey in the pre-addressed postage-paid envelope provided. Your responses along with others received, will be included in the study and considered carefully before any final determination regarding discontinuance is made. Please submit your response no later than 09/09/2011.

A community meeting will be held to explain the study findings and to address community concerns. Postal representatives will be at the Brooks Community Center on 09/01/2011 from 10:00 am to 11:00 am to answer questions and provide information about our service. You may wish to discuss and submit your questionnaire at that time.

Written comments may be hand-delivered to the Brooks Post Office or mailed to:

Post Office Review Coordinator
44 Main St
Rocklake ND 58365-9998

The study consists of a publicly available record, so please be advised that any information or responses that you furnish will be visible to others.

A proposal that further explains the nature and justification of the proposed change in service and requests for customer comment may be posted prior to the community meeting. Comments received from the questionnaire, community meeting, and proposal will be considered prior to making a final determination.

If you have any questions concerning this discontinuance feasibility study, please contact Mary Anderson, District Discontinuance Coordinator Contact at (605) 333-2738.

Sincerely,

Sherry Johnson
Manager, Post Office Operations

HERE IS A COPY OF
THE ORIGINAL NOTICE
TO BROOKS CUSTOMERS.
I HAVE TALKED TO
MARY ANDERSON.

Enclosures:
Customer Survey/Pre-addressed postage-paid envelope
Summary of Postal Service Retail Facility Change Regulations

POSTAL CUSTOMER
BROOKS MN 56715

Postal Regulatory Commission
Submitted 9/7/2011 2:51:57 PM
Filing ID: 75455
Accepted 9/7/2011

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

RETAIL ACCESS OPTIMIZATION INITIATIVE,
2011

Docket No. N2011-1

**NOTICE OF UNITED STATES POSTAL SERVICE CONCERNING ERRATA
TO RESPONSE OF WITNESS BOLDT TO NAPUS INTERROGATORY
NAPUS/USPS-T1-42 [ERRATA]**
(September 7, 2011)

The United States Postal Service (Postal Service) hereby provides notice that it is filing errata to the response of witness Boldt to Interrogatory NAPUS/USPS-T1-42, which was filed on September 2, 2011. A copy of the revised response to NAPUS/USPS-T1-42 is attached to this notice. The corrected text is shown in gray highlighted text.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Michael Tidwell
Kenneth Hollies

Anthony F. Alverno
Chief Counsel, Global Business

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2997; Fax -5628
September 7, 2011

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BOLDT TO INTERROGATORY OF NAPUS

Revised: September 7, 2011

RESPONSE to NAPUS/USPS-T1-42 (continued):

While those Post Offices open only two hours per weekday – since they are by definition the smallest in the system – can be viewed as **small Post Offices and as such** plausible candidates for being subject to section 101(b), **some** of them **may not** fit fully within the description that section provides. Small offices quite commonly once served small communities, but **some** were eventually surrounded by suburban growth. So **in our view**, size **of a postal facility** alone cannot define the applicability of section 101(b).

The Postal Service, however, has no specific legal requirement or business need for actually concluding that section 101(b) applies to a specific office.¹ It is one of four statutory considerations that must, in any event, be considered in the context of discontinuance studies. Title 39 U.S.C. § 404(d)(2)(A)(iii) requires the Postal Service to consider:

(iii) whether such closing or consolidation is consistent with the policy of the Government, as stated in section 101 (b) of this title, that the Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining;

¹ If it did, then a regulatory system that defined specific criteria such as “rural”, “community” and “small towns” plus a parallel system to administer admission to and departure from qualification would also **seem to** be necessary.

1 MR. HUGHES: Madam Chairman, may it please
2 the Commission. Hal Hughes on behalf of the League of
3 Postmasters. We had designated the interrogatory
4 responses we received to be written cross-examination.
5 They are to the Postal Service, the institutional
6 ones, but Mr. Boldt is appearing as the institutional
7 witness.

8 I note that we don't yet, so far as I know,
9 have answers to 15, 16 and 27 and that No. 18 has been
10 corrected in the packet. That was this morning. The
11 packet we have has the older, erroneous 18 in it.

12 CHAIRMAN GOLDWAY: Mr. Boldt can respond to
13 the correction on 18, and we'll hopefully clarify the
14 issue of the outstanding testimony by the end of the
15 day.

16 MR. HUGHES: These are institutional
17 interrogatories.

18 CHAIRMAN GOLDWAY: Okay.

19 MR. HUGHES: These are --

20 CHAIRMAN GOLDWAY: Mr. Tidwell, are you able
21 to sponsor these library --

22 MR. TIDWELL: The Postal Service anticipates
23 that once we finish with the Boldt designations we
24 would move on to the institutional ones.

25 CHAIRMAN GOLDWAY: And you see these as --

1 okay. Then let's wait on your motion. Are there any
2 other written cross-examination questions for Witness
3 Boldt that participants wish to have designated?

4 (No response.)

5 CHAIRMAN GOLDWAY: If not, then we'll go to
6 the institutional. Mr. Tidwell, you can begin with
7 those.

8 MR. TIDWELL: Madam Chairman, the Postal
9 Service is here to state that it is sponsoring the
10 designated package of institutional interrogatory
11 responses.

12 We would note that we have gone through the
13 package to make several corrections that I will read
14 into the record, and then I'll note that they are
15 included in the packets on the table here and in the
16 Chairman's packet.

17 We have made a correction to the response to
18 Mr. Popkin's No. 10. That will be DBP/USPS-10. There
19 are three references to the figure "2.5". That should
20 read "2.0". The correction has been made to the
21 interrogatory response in Paragraph A.

22 And also in the response to Question 3 of
23 the Presiding Officer's Information Request No. 2, we
24 have corrected the word "questions" plural to read
25 "question" singular, and also in paragraph 2 we have

1 changed the word "supervisory" to read correctly
2 "supervisor". Those are the two changes in the
3 packet.

4 CHAIRMAN GOLDWAY: Are there any objections
5 to the inclusion of these responses and Library
6 Reference 3 through 9? Is that correct?

7 MR. TIDWELL: Yes, Madam Chairman.

8 CHAIRMAN GOLDWAY: Are there any objections
9 to including those in the record?

10 (No response.)

11 CHAIRMAN GOLDWAY: Hearing none, I will
12 direct counsel to provide the reporter with two copies
13 of the institutional responses and library references.
14 Those library references are received into the record.
15 However, as is our practice, they will not be
16 transcribed.

17 (The document referred to was
18 marked for identification as
19 Exhibit No. League/USPS-T-1
20 and was received in
21 evidence.)

22 CHAIRMAN GOLDWAY: I'm supposed to ask you
23 whether you've had an opportunity to review those
24 written cross-examinations and institutional responses
25 that were made to the Presiding Officer Information

1 Requests. Are you able to sponsor those as well?

2 MR. TIDWELL: They have been reviewed by the
3 Postal Service, and the Postal Service is prepared to
4 sponsor them.

5 CHAIRMAN GOLDWAY: Somebody's Blackberry or
6 Droid or whatever is too close to the microphones. It
7 would be best if you could turn them off. I know it's
8 hard. That will help us in term of the microphone.
9 Or if somebody has a laptop that they're carrying with
10 them, that sometimes --

11 In any case, we'll get back to the script
12 here. Have you had an opportunity to review the
13 designated institutional written cross-examination and
14 institutional responses to the Presiding Officer
15 Information Requests that were made available in the
16 hearing room this morning?

17 MR. TIDWELL: Yes, Madam Chairman, we have.

18 CHAIRMAN GOLDWAY: And you are able to
19 sponsor those?

20 MR. TIDWELL: Yes, the Postal Service is
21 sponsoring those answers.

22 CHAIRMAN GOLDWAY: And are there any other
23 corrections or additions other than the ones you
24 mentioned?

25 MR. TIDWELL: None that we're aware of,

1 Madam Chairman.

2 CHAIRMAN GOLDWAY: Okay. So copies will be
3 provided of the written cross-examination and
4 responses to the Presiding Officer's Information
5 Requests, and that material is received into evidence
6 and is to be transcribed.

7 (The document referred to was
8 marked for identification as
9 Exhibit No. APWU/USPS-2 and
10 was received in evidence.)

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BEFORE THE
 POSTAL REGULATORY COMMISSION
 WASHINGTON, DC 20268-0001

Retail Access Optimization Initiative, 2011

Docket No. N2011-1

DESIGNATION OF WRITTEN CROSS-EXAMINATION
 OF UNITED STATES POSTAL SERVICE

Party

Interrogatories

Postal Regulatory Commission

APWU/USPS-2, 4-7

CSRL/USPS-2-3, 5, 9

DBP/USPS-1, 6, 10-13, 15-16, 18-19, 23, 26,
 29-30, 32, 35, 37, 40, 43-44, 59-60

NAPUS/USPS-T1-23-31, 35, 38-39, 41-42, 44, 47
 redirected to USPS

NNA/USPS-T1-1-2, 10-12 redirected to USPS

PR/USPS-1-5, 9-14, 17

PR/USPS-T1-6-10, 13 redirected to USPS

PRC/USPS-POIR No.2 – Q.1-5, 7-10, 13-18

Respectfully submitted,


 Shoshana Grove
 Secretary

INTERROGATORY RESPONSES OF
UNITED STATES POSTAL SERVICE
DESIGNATED AS WRITTEN CROSS-EXAMINATION

Interrogatory

Designating Parties

APWU/USPS-2	PRC
APWU/USPS-4	PRC
APWU/USPS-5	PRC
APWU/USPS-6	PRC
APWU/USPS-7	PRC
CSRL/USPS-2	PRC
CSRL/USPS-3	PRC
CSRL/USPS-5	PRC
CSRL/USPS-9	PRC
DBP/USPS-1	PRC
DBP/USPS-6	PRC
DBP/USPS-10	PRC
DBP/USPS-11	PRC
DBP/USPS-12	PRC
DBP/USPS-13	PRC
DBP/USPS-15	PRC
DBP/USPS-16	PRC
DBP/USPS-18	PRC
DBP/USPS-19	PRC
DBP/USPS-23	PRC
DBP/USPS-26	PRC
DBP/USPS-29	PRC
DBP/USPS-30	PRC
DBP/USPS-32	PRC
DBP/USPS-35	PRC
DBP/USPS-37	PRC
DBP/USPS-40	PRC
DBP/USPS-43	PRC
DBP/USPS-44	PRC
DBP/USPS-59	PRC
DBP/USPS-60	PRC

InterrogatoryDesignating Parties

NAPUS/USPS-T1-23 redirected to USPS	PRC
NAPUS/USPS-T1-24 redirected to USPS	PRC
NAPUS/USPS-T1-25 redirected to USPS	PRC
NAPUS/USPS-T1-26 redirected to USPS	PRC
NAPUS/USPS-T1-27 redirected to USPS	PRC
NAPUS/USPS-T1-28 redirected to USPS	PRC
NAPUS/USPS-T1-29 redirected to USPS	PRC
NAPUS/USPS-T1-30 redirected to USPS	PRC
NAPUS/USPS-T1-31 redirected to USPS	PRC
NAPUS/USPS-T1-35 redirected to USPS	PRC
NAPUS/USPS-T1-38 redirected to USPS	PRC
NAPUS/USPS-T1-39 redirected to USPS	PRC
NAPUS/USPS-T1-41 redirected to USPS	PRC
NAPUS/USPS-T1-42 redirected to USPS	PRC
NAPUS/USPS-T1-44 redirected to USPS	PRC
NAPUS/USPS-T1-47 redirected to USPS	PRC
NNA/USPS-T1-1 redirected to USPS	PRC
NNA/USPS-T1-2 redirected to USPS	PRC
NNA/USPS-T1-10 redirected to USPS	PRC
NNA/USPS-T1-11 redirected to USPS	PRC
NNA/USPS-T1-12 redirected to USPS	PRC
PR/USPS-1	PRC
PR/USPS-2	PRC
PR/USPS-3	PRC
PR/USPS-4	PRC
PR/USPS-5	PRC
PR/USPS-9	PRC
PR/USPS-10	PRC
PR/USPS-11	PRC
PR/USPS-12	PRC
PR/USPS-13	PRC
PR/USPS-14	PRC
PR/USPS-17	PRC
PR/USPS-T1-6 redirected to USPS	PRC
PR/USPS-T1-7 redirected to USPS	PRC
PR/USPS-T1-8 redirected to USPS	PRC
PR/USPS-T1-9 redirected to USPS	PRC
PR/USPS-T1-10 redirected to USPS	PRC
PR/USPS-T1-13 redirected to USPS	PRC

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INSTITUTIONAL INTERROGATORY OF APWU**

APWU/USPS-2. Refer to Library Reference USPS-LR-N2011-1/1, Page 14 Section 243 provides that after the deadline for customer feedback has expired, "the Discontinuance Coordinator timely prepares a questionnaire analysis." Please describe fully this analysis.

RESPONSE:

A questionnaire analysis consists of repetition of customer concerns expressed in the source document together with draft language assessing that concern, what, if anything, the Postal Service is able to do about the concern, and perhaps mitigation strategies available to the customer. Ready examples can be found in the administrative records in the approximately 60 A-series dockets filed in FY2011 on the PRC website.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INSTITUTIONAL INTERROGATORY OF APWU**

APWU/USPS-4. What percentage transactions occurring at locations that are being studied are strictly stamp sales, with no other activities taking place during the visit? Is it possible to tell if a transaction has taken place in conjunction with someone visiting their PO box?

RESPONSE:

See the chart at USPS-T-1, page 8. It shows that 21 percent of transactions are "single stamp purchases" as that term is defined (conservatively) in footnote 2.

Eighty five percent of revenue is postage. Since discontinuance studies at respective RAO locations are now getting under way, or will do so in the coming weeks, that information is now being collected.

The question about P.O. Box activity is somewhat unclear. A customer inserting or removing mail at a box is not a "transaction" as the term is used to measure retail activity; nor are such actions measured or tracked. If a box customer finds a "left notice" indicating availability of a large parcel at the retail counter, that counter visit would constitute a retail transaction, generally one that does not require payment or revenue.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INSTITUTIONAL INTERROGATORY OF APWU**

APWU/USPS-5. In USPS-T-1 Witness Boldt states that there is no dollar goal associated with the RAO Initiative and the Request provides only broad generalized statements about the RAO goals (see page 4 of the Request).

- a) How will the Postal Service evaluate whether it has reached its goals?
- b) Does the Postal Service intend to close every location on this list unless it finds an overwhelming reason not to do so?
- c) If complete closure of all locations is not the goal, what factors will be used to determine that the RAO Initiative and related closings have gone "far enough?"

RESPONSE:

- (a) The goal of the ROA Initiative is to apply the USPS Handbook PO-101 discontinuance review process to the pool of candidate facilities and see what the Initiative yields.
- (b) No. Each facility will be evaluated individually on its own merits without a negative presumption.
- (c) See the responses to subparts (a) and (b). It is not the goal of the Initiative to discontinue some target number of facilities or to accumulate some target cost savings figure and then declare (or not) "far enough."

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INSTITUTIONAL INTERROGATORY OF APWU**

APWU/USPS-6. The Station and Branch Optimization and Consolidation Initiative (SBOC) that was the subject of Docket No. N2009-1 generated a list of about 3,300 stations and branches that were to be evaluated for closure (see USPS-LR-N2009-1/19, filed on December 1, 2009). After a screening process, that list was reduced to 162 locations listed on January 29, 2010 (USPS-LR-N2009-1/4).

- (a) Have all of the 162 locations provided in the January 29, 2010 list now been closed? If not, what is their status?
- (b) How many of the 3,300 stations and branches that were on the SBOC December 1, 2009 list are also included in Library Reference USPS-LRN2011-1/3 submitted for this case?
- (c) For the facilities on both lists, what factors have caused these locations to be re-examined under the RAO initiative?
- (d) The criteria used to choose the list for the RAO initiative seems significantly different from the criteria used to choose the list for the SBOC initiative. Has the SBOC criteria been abandoned? What factors caused the Postal Service to change its focus to the RAO criteria?

RESPONSE:

- (a) The list was further reduced to approximately 140 facilities. The overwhelming majority have been discontinued, with the remainder in the process of being discontinued.
- (b) Parties in Docket No. N2011-1 have access to the information necessary to perform such a cross-walk between dockets.
- (c) Any facility being examined as part of the RAO Initiative is undergoing review because it meets met the criteria for review under the Initiative. That the same facility might have met the criteria for a past Initiative would be the result of the criteria for the two Initiatives creating overlapping candidate pools.
- (d) The SBOC Initiative has been completed. See the response to APWU/USPS-T1-12. Determining the optimal mix of postal retail locations

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INSTITUTIONAL INTERROGATORY OF APWU**

and alternate access channels is a never-ending undertaking that requires constant evolution of the retail network.

APWU/USPS-7. In its Advisory Opinion in Docket No. N2009-1, the Commission made several recommendations.

- (a) Item 9 of the Commission's recommendations suggested that the Postal Service conduct evaluations of the efficiency gains achieved and the impact on the ready access to postal services that resulted from its SBOC closings.
- (b) Has the Postal Service conducted these evaluations? If so, what did those evaluations show and how did the results inform the current RAO process?
- (c) In item 3 of its recommendations, the Commission expressed its concern about how, when and by whom the special community factors would be evaluated in the process.
 - (i) What changes have been made in the process to accommodate a better evaluation of special community factors?
 - (ii) Who will have the responsibility for that part of the evaluation?

RESPONSE:

- (a-c) The Postal Service's respects the Commission's advisory role in the nationwide service change review process, even though its advisory opinions are not binding on the Postal Service. By any standard, the SBOC Initiative did not involve a substantially nationwide change in service, the necessary prerequisite for the issuance of an advisory opinion under section 3661. An opinion was issued, nevertheless.

For the most part, the service changes resulting from the SBOC Initiative have been implemented. Evaluation of access to service and managing limited fiscal resources to ensure that regular and effective service is provided economically are ongoing management responsibilities that require continuous monitoring regardless of whether a District experiences change in the number of stations or branches or in the mix of its retail

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INSTITUTIONAL INTERROGATORY OF APWU**

facilities and alternate access options. Hence all Districts are monitoring customer service and associated costs continuously, despite

RESPONSE to APWU/USPS-7 (continued)

any impact SBOC may or may not have had. No SBOC-specific reporting responsibilities have been imposed on any Districts.

The Postal Service has revised USPS Handbook PO-101 in various ways addressed in the *Federal Register* notices of proposed and final rulemaking for the underlying regulations in 39 C.F.R. 241.3. Among these were substantial expansion of notice to customers (with blank questionnaires attached), thereby ensuring that a larger swath of a given facility's potential customer base would have a ready opportunity to provide feedback on how the community might be impacted. PO-101 now provides that customer questionnaires:

should be mailed to all PO Box and carrier delivery customers in the ZIP Code area of the facility under study. The questionnaire should also be mailed to all customers in other ZIP Codes to whom the retail facility under study provides allied delivery services, such as retrieval of held mail. The mailing should include the cover letter, customer questionnaire, copy of the Summary of Postal Service Retail Facility Change Regulations, and a pre-addressed postage paid envelope for return of the questionnaire. The questionnaire, customer letter, and *Summary of Postal Service Retail Facility Change Regulations* should be posted in the lobby of the affected retail facility with an indication that copies are available upon request.

PO-101 at 242.12. These practices are reasonable methods of improving the transparency of Postal Service discontinuance proposals, bringing

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INSTITUTIONAL INTERROGATORY OF APWU**

them to the attention of customers who would likely be affected, and providing those customers with an opportunity to express concerns that

RESPONSE to APWU/USPS-7 (continued)

must be considered and addressed by District level discontinuance review teams and management at all levels up to and including the Vice-President, Delivery and Post Office Operations, if a discontinuance proceeds to the point of a Final Determination. Use of the discontinuance review process traditionally applied only to Post Offices was also required for classified stations and branches, thereby effectuating a broad expansion of transparency and enabling more detailed review of customer input about affected communities. These changes all drew favorable comment from the Commission during the rulemaking.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO CENTER FOR STUDY OF RESPONSIVE LAW INTERROGATORY
REDIRECTED FROM WITNESS BOLDT**

CSRL/USPS-2. Please provide the Center for Study of Responsive Law with any information regarding considerations or determinations that the USPS has made (if any) in determining possible effects on absentee ballot voting for residents in areas that would be affected by the closure of post offices, branches, and stations that are candidates for closure or consolidation.

RESPONSE:

The Postal Service has not performed any study that indicates whether there would be any effect on absentee ballot voting for residents in service areas of post offices, stations and branches that are candidates for closure or consolidation as part of the RAO Initiative. While such issues could be raised in respective discontinuance studies, no need or justification for conducting any more general study has been identified.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO CENTER FOR STUDY OF RESPONSIVE LAW INTERROGATORY
REDIRECTED FROM WITNESS BOLDT**

CSRL/USPS-3. Please provide the Center for Study or Responsive Law with any information regarding considerations or determinations that the USPS has made (if any) in determining possible effects on the ability to obtain passports of residents in areas that would be affected by the closure or consolidation of post offices, branches, and stations that are candidates for closure or consolidation.

RESPONSE:

When applied on a facility-specific basis, the discontinuance review process in the USPS Handbook PO-101 includes consideration of whether persons seeking to submit passport applications at an RAO Initiative candidate Post Office that presently accepts passport applications would need to travel to another Post Office or other government office to submit a passport application, should that RAO Initiative candidate facility be discontinued.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO CENTER FOR STUDY OF RESPONSIVE LAW INTERROGATORY
REDIRECTED FROM WITNESS BOLDT**

CSRL/USPS-5. In the document, "Request of the United States Postal Service for an Advisory Opinion on Changes in the Nature of Postal Services," the USPS refers to 3,652 post offices, branches, and stations that will be studied for possible closure or consolidation (lines 12 through 27 of page 5 and lines 1 through 10 of page 6).

- (a.) Are there facilities included in the candidate list of 3,652 post offices, branches, and stations that are being considered for closure or consolidation solely because they are operating at a deficit?
- (b.) Are any of these facilities primarily being considered because they are operating at a deficit?
- (c.) Would any of these facilities ultimately be closed or consolidated for operating at a deficit?
- (d.) If the USPS concedes that "No small post office shall be closed solely for operating at a deficit," (as is required by U.S. Code, Title 39, 1, Chapter 1, Section 101 (b)) then under what specific criteria could the candidate post offices, branches, and stations be closed?
- (e.) The primary reasons listed in the document, "Request of USPS for an Advisory Opinion on Changes in the Nature of Postal Services" (lines 12 through 27 of page 5 and lines 1 through 10 of page 6) for inclusion in the list of candidate post offices, branches, and stations are economic in nature. How does the USPS reconcile this with the previously cited statutes?

RESPONSE:

- (a-b) Operation at a deficit was not a criterion for inclusion of any facility as a candidate for discontinuance as part of the ROA Initiative.
- (c) A small Post Office may not be closed solely for operating at a deficit. Any facility discontinued as part of the RAO Initiative will be evaluated on the basis of factors reflected in the USPS Handbook PO-101.
- (d) Retail facilities may be closed for any reasons not inconsistent with the policies of Title 39, U.S. Code.
- (e) The Postal Service used several sets of objective financial criteria and alternate access proximity data merely to create a broad pool of retail facilities each of which would be studied for discontinuance, with the purpose of RAO Initiative being to conduct a concerted effort to identify opportunities for retail access optimization. Alternatively, a candidate pool could be created by selecting all facilities whose 5-digit ZIP Code ended with a particular integer. Such selection

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO CENTER FOR STUDY OF RESPONSIVE LAW INTERROGATORY
REDIRECTED FROM WITNESS BOLDT**

RESPONSE to CSRL/USPS-T1-5 (continued)

criteria are not used to determine whether to discontinue particular facilities, but rather to create a pool of candidates to which the USPS Handbook PO-101 review process should be applied. The Postal Service sees no conflict between its use of objective criteria to create a pool of facilities to study and the policies referenced in the interrogatory.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO CENTER FOR STUDY OF RESPONSIVE LAW INTERROGATORY
REDIRECTED FROM WITNESS BOLDT**

CSRL/USPS-9. On page 4, lines 17 and 18 of the document, "Request of the United States Postal Service for an Advisory Opinion on Changes in the Nature of Postal Services," the USPS states that one of its goals in pursuing the RAO Initiative is to, "capture the resulting cost savings if a determination is made to close a postal retail facility."

- (a.) Why has the USPS included the capture of cost savings among the goals of the RAOI?
- (b.) Has the USPS included the capture of cost savings among the goals of the RAOI, in part or in whole, because the USPS has realized significant budget deficits in the past several years?
- (c.) Since a part of the USPS's stated goals of the RAOI are to capture cost savings, has the USPS considered alternatives to the closure or consolidation of post offices, branches, or stations in producing equivalent or greater cost savings as those expected to be captured by the implementation of the RAOI and any subsequent closures or consolidations? If so, what alternatives has the USPS considered and what are their estimated cost savings?
- (d.) A 2010 briefing paper by the Economic Policy Institute (EPI), "Congressional Mandates Account for Most of Postal Service's Recent Losses,"¹ determines that the Congressional mandate, as a part of the "Postal Accountability and Enhancement Act"² to prefund retiree health benefits has contributed significantly to the USPS's budget deficits in recent years. The briefing paper states that no other government entity or private-sector company is required to do this.
 - (i.) Does the USPS see this as an unreasonable burden?
 - (ii.) Has the USPS considered how much this Congressional mandate has contributed to its budget deficits (or surpluses) in the past 5 years (2006 – 2010)?
 - (iii.) What would the USPS's budget deficits (or surpluses) have been in the past 5 years (2006 – 2010) without this Congressional mandate?
 - (iv.) Would the elimination of this Congressional mandate offset the need to close or consolidate post offices, branches, and stations under the USPS's RAOI or otherwise?
- (e.) The EPI briefing paper referenced in CSRL/USPS-9 (d.) also states that the USPS Inspector General has determined that the USPS made \$75 billion in overpayments to the federal government for its share of its employee pension benefits.
 - (i.) In the USPS's determination to pursue the RAOI or the specific goal cited above for capturing cost savings, has the USPS considered the effect that the return of the \$75 billion in overpayments to the USPS would have on its current debt and future budget deficits (or surpluses)? If so, what effect would it have?
 - (ii.) Would the return of the \$75 billion in overpayments made to the federal government referenced in CSRL/USPS-9(e.) offset the need to close or

¹ 1 Clemente, Frank and Tom Kiley. "Congressional Mandates Account for Most of Postal Service's Recent Losses." Economic Policy Institute. Briefing Paper #268. July 22, 2010. Accessed August 25, 2011. <<http://www.epi.org/page/-/pdf/BP268.pdf?nocdn=1>>

² P.L. 109-435, 120 STAT 3251.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO CENTER FOR STUDY OF RESPONSIVE LAW INTERROGATORY
REDIRECTED FROM WITNESS BOLDT**

consolidate post offices, branches, or stations under the USPS's RAOI or otherwise?

RESPONSE:

- (a-b) The realization of cost savings is a general expectation when a facility is closed as the result of an optimization exercise. Capturing those cost savings, or making sure that they are realized by implementing changes intended to produce such results, seems prudent.
- (c) Some cost savings are an expected consequence of the RAO Initiative. Contrary to the implication of this question, the Postal Service did not establish a financial savings target and then determine that the RAO Initiative would be the chosen vehicle for pursuing that target.
- (d-e) The Postal Service's obligations to (1) meet its retail service obligations in an economical and efficient manner and (2) to expand and promote the use of alternate retail access channels are independent of whether:
- the Postal Service operates at a surplus or a deficit,
 - the current retiree health benefits prefunding obligation is reasonable,
 - that obligation has affected postal surpluses or deficits, and
 - how the funding of the employee pension benefits is achieved.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-1

Please provide a listing of the scenarios under which a customer who receives mail delivery at a facility that is discontinued or consolidated will be able to continue to use their existing address.

RESPONSE

One change in the nature of postal services that customers may experience pertains to Post Office Box service. The Postal Service expects that no existing box customers would be disenfranchised, but some may experience address changes in box number or ZIP Code. If a discontinued Post Office, station or branch is consolidated with a neighboring unit, there may be instances where the Postal Service will decide to relocate the Post Office Box section from a consolidated facility to a gaining office. Depending on the size of the gaining facility, the ZIP Code of the consolidated facility, and the physical box section of the gaining office, some changes to Post Office Box addresses may prove necessary. In some such instances, the solution may be to relocate boxes to a cluster box unit or to a leased non-personnel Post Office Box unit. In some cases, some mail recipients may avoid such changes. Reasonable alternatives will be explored in order to minimize the need for address changes for recipients whose mail is delivered to a Post Office box unit that is discontinued.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-6

The Postal Service utilizes the term “alternate access site” in determining those facilities to be studied for discontinuance of a facility. An “Approved Shipper” is included in that definition.

- [a] Please provide a listing of those postal services that are available at an independent post office or classified station/branch that are not available at an Approved Shipper.
- [b] Please provide a listing of those postal services that are available at an Approved Shipper that are not available at an independent post office or classified station/branch.

RESPONSE

Please see the attachment to this response.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-10

- [a] Please advise how the two mile and half mile distances for alternate access sites were determined including whether criteria such as major highways, bodies of water, bridges or tunnels, etc. are considered.
- [b] Please confirm that the distance is the distance between the facility being considered and the location of the alternate access site.

RESPONSE

- (a) This distance was chosen because it represents a reasonable distance for assessing whether there were five or more alternate access sites in close proximity to a station or branch to warrant whether discontinuance of that facility should be considered as part of the RAO Initiative. The "5 within 2.5" was deemed to be a reasonable basis for determining how broadly the RAO "net" should be cast over stations and branches. The "5 within 2.5" threshold is not the only reasonable combination of variables that could have been chosen. Some other combination might have increased or decreased the number of stations and branches in the candidate pool. One of the Postal Service's goals in establishing the scope of the RAO Initiative was to avoid an undertaking that might prove unwieldy to manage. It should be emphasized that the "5 within 2.5" threshold is only used purposes of identifying a category of candidates to be examined for purposes of this Initiative. The factors used to decide whether to discontinue operating a particular facility are in USPS Handbook PO-101.
- (b) Confirmed. However, when discontinuance review is conducted under the PO-101, driving distance is typically used to measure proximity between postal facilities and alternate access locations.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-11

- [a] Please advise the rationale for establishing a criteria for the second category that the FY 2010 revenue is less than the average of the FY 2008 and FY 2009 revenues.
- [b] Please advise the rationale for including this requirement in the second category only.
- [c] Please advise the percentage of facilities in the entire country that have a FY 2010 revenue that is less than the average of the FY 2008 and FY 2009 revenues.
- [d] What is the total revenue for the Postal Service for FY 2008, FY 2009, and FY 2010?

RESPONSE

- (a) Please see the response to DBP/USPS-10(a). It was deemed reasonable to include retail facilities in the second category that had experienced a decline in retail walk-in revenue within the candidate pool and exclude those that had not.
- (b) Please see the response to DBP/USPS-10(a). The criteria used to identify facilities in the second category of the candidate pool were deemed to be a reasonable basis for determining how broadly the RAO net would be cast in the direction of stations and branches. It should be emphasized that the declining walk-in revenue criterion is only used to identify candidates for discontinuance review. The USPS Handbook PO-101 factors used to decide whether to discontinue operating a particular facility.
- (c) Approximately 71 percent.
- (d) According to the USPS FY 2010 Annual Report, rounded total revenues were as follows: \$74.968 billion (FY 2008), \$68.116 billion (FY 2009) and \$67.077 billion (FY 2010).

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-12

- [a] In a facility that has multiple units, is the revenue amount to meet the criteria [\$10,000 / \$27,500 / \$600,000 / \$1,000,000] for inclusion on the list of facilities for each individual unit or is it for all units in a ZIP Code or Post Office combined?
- [b] Please explain the rationale for the response to subpart [a].

RESPONSE

- (a) For purposes of facility-specific discontinuance review, the pertinent walk-in revenues are those that can be attributed to the specific facility being studied for discontinuance. Accordingly, revenues for subordinate stations or branches are to be excluded when a Post Office is being studied. Likewise, Post Office revenues are not to be included when a subordinate station or branch is being studied.
- (b) Such an approach seems better suited to determining whether a specific facility should be considered for discontinuance review than if revenue not associated with that facility influenced the determination.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-13

- [a] Please advise what items are included in the revenue amount used to meet the criteria [\$10,000 / \$27,500 / \$600,000 / \$1,000,000] for evaluating a specific facility.
- [b] Please advise what revenue items are not included.
- [c] Please advise the rationale for not including the items in response to subpart [b] in the revenue amount used in the study.

RESPONSE

- (a) Please see the attachment to this response. Items on the list consisting of walk-in revenue used to establish these criteria are shaded (in green).
- (b) Please see the attachment to this response. The revenue items not shaded are not walk-in revenue and, therefore, are not included.
- (c) Because the overwhelming majority of customers who visit postal retail locations are walk-in customers and their transactions generate significant retail workload, walk-in revenue seemed a reasonable criterion to use in identifying which retail facilities to subject to discontinuance review as part of the RAO Initiative. It bears repeating that these threshold figures are not controlling factors in the Handbook PO-101 review process that determines whether to discontinue the operation of retail facilities.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-15

Please advise the procedure that was followed with respect to the scenario of overlapping alternate access sites. For example in evaluating location A, assume that there are only five alternate access sites within the specified distance of location A and one of these sites is location B and evaluation of location B meets the criteria for inclusion on the list. If location B should then be discontinued or consolidated, there would only be four alternate access sites for location A.

RESPONSE

The arithmetic in your hypothetical is correct. However, the existence of five alternate access locations (including postal retail sites) within a specified proximity of a postal retail location subject to discontinuance review is only a factor in determining whether it is a candidate for discontinuance review as part of the RAO Initiative. There is no specific number of nearby alternate access sites that serves as a controlling factor in the USPS Handbook PO-101 process used to determine whether to discontinue operation of a retail facility. Such determinations will be made on a case-by-case basis under the PO-101.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-16

The Postal Service has utilized the Alternate Access Site criteria in evaluating whether a given facility should be studied for discontinuance or consolidation.

- [a] Given that Saturday has a lesser retail service than a weekday, has this been taken into account in determining whether alternate access sites are available on Saturday.
- [b] If not, why not?
- [c] If so, please explain.
- [d] Please provide a tabulation showing the percentage of postal facilities that have retail window service on Saturday broken down by District, Area, and nationwide.

RESPONSE

- (a-c) The question in subpart (a) is not clear. Whether a specific alternate access site is available to provide service on a Saturday is site-specific and considered as part of the USPS Handbook PO-101 review process. However, it was not considered as part of the process for identifying RAO Initiative candidate facilities to subject to that review process.
- (d) See the attachment to this response.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-18

Please provide the claimed financial savings, both one time and annual, that will result by the discontinuance or consolidation of each of the facilities.

RESPONSE

Cost savings are expected to result from the RAO Initiative. However, neither the Request nor the testimony filed in support of it contains a claim or estimate of one-time or annual savings financial savings that will result from discontinuance or consolidation of any particular postal retail facility under consideration as part of the Initiative or an aggregate RAO Initiative claim or estimate.

The Request and testimony refer to a process being employed to identify facilities to consider for discontinuance, and to develop estimates on a case-by-case basis of potential operating cost savings that could result from discontinuance of facilities for which studies are completed for purposes of decision-making. Both documents also indicate that facility-specific analysis is underway, but that the first decisions will not be made until October 2011. Accordingly, the first facility-specific studies are not expected to be completed until then.

At that time, the Postal Service will have estimates of the savings expected for specific facilities for which studies have been completed and discontinuance decisions have been made. Any estimate or projection of cumulative cost savings made before the Initiative has run its course would be speculative.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-19 Please describe the procedure and regulatory requirements that would have to be followed by each of the different types of Alternate Access Sites in the event that they wanted to discontinue operation.

RESPONSE

Non-postal alternate access channels operate under the terms of contracts with the Postal Service that are usually renewable. Those contracts have notice provisions in the event that the contractor should wish to terminate or not renew. The Postal Service is not aware that the willingness or commitment of a vendor to continue operating as an alternate access channel, or a decision by such a vendor to discontinue, is subject to procedures or regulations of an agency such as the Postal Regulatory Commission.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-23 There has been an extensive consolidation of Business Mail Entry Units ["BMEU"].

- [a] Please describe the changes that have already been made in the availability of BMEUs.
- [b] What future plans are there for further consolidation?
- [c] How will the proposed Docket affect the ability of mailers to access a BMEU?

RESPONSE

The basis for the assertion that "[t]here has been extensive consolidation" of BMEUs is unclear. Consolidations of postal operations outside the scope of the RAO Initiative are ongoing but are beyond the scope of this proceeding.

- (a) If a mail processing plant is fully consolidated, or if a postal retail facility is discontinued (or its BMEU function consolidated), the responsibilities of its BMEU are assigned to another nearby facility.
- (b) The Postal Service has not developed a future plan for "further consolidation" of BMEUs. However, it is reasonable to assume that the number of BMEUs could be reduced in the future as a result of future mail processing plant consolidation and retail facility discontinuance activity.
- (c) If a retail facility is discontinued as a result of the RAO Initiative and it currently houses a BMEU, the responsibilities of that BMEU would be transferred to one or more nearby postal facilities. Mailers would be informed of those locations and would have to adjust by entering their mail at those nearby entry units.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-26 Please describe the compensation received or payment made by the operator of each of the types of Alternate Access Sites including a Village Post Office. The amount of the compensation does not have to be provided unless it is a nominal amount such as \$1 only which way any payment is made or if there is no compensation involved.

RESPONSE

For VPOs, see the response to POIR 1, Question 12.

Contract Postal Unit operators are compensated in accordance with contracts with the Postal Service.

Approved Shippers are provided signage, but are otherwise not compensated.

A fixed rate commission is paid for management of the consignment program and maintaining relationships with consignees (retailers). Select consignment retailers are compensated by USPS for achieving specific levels of sales performance. Consignees receive signage from the Postal Service.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-29 Please refer to your attached chart in response to Interrogatories DBP/USPS-6 through 8.

- [a] Please confirm, or explain if you are unable to confirm, that the BRICK & MORTAR / RETAIL COUNTER column applies to all independent post offices and classified stations/branches and only to this type of facility.
- [b] Please advise the types of facilities that are included in the BRICK & MORTAR / CONTRACT POSTAL CENTER column.
- [c] If all of the Alternate Access Sites are not included in the Contract Postal Center column, please provide the similar data for each of the types of Alternate Access Sites.

RESPONSE

- (a) That is the intent.
- (b) Contract Postal Units.
- (c) Approved Shippers accept mail and sell postage and packaging.
Consignment operations sell postage stamps.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-30 Please refer to your attached chart in response to Interrogatory DBP/USPS-13.

- [a] Please explain why mailers who utilize a Permit Imprint and/or Precancelled Stamps are not counted in the revenue figure while mailers who make a similar mailing and pay the postage with a postage meter are counted.
- [b] Please explain why mailers who pay for Express Mail with a corporate account are not counted in the revenue figure while mailers who make a similar mailing and pay the postage with a postage meter or over the retail counter are counted.
- [c] Please explain why mailers who pay for their Post Office Box rent at an APC or at usps.com are not counted in the revenue figure while mailers who pay their rent over the retail counter are counted.
- [d] Please explain why mailers who pay for their mailing at an APC are not counted in the revenue figure while mailers who pay for the same mailing over the retail counter are counted.

RESPONSE

- (a) Permit imprint and precancelled (P&P) stamp mailings are bulk entry transactions for which there is relatively little acceptance workload in relation to the high dollar value of the bulk mailing. Counting this mail as walk-in retail would skew the assessment of walk-in revenue per hour. Metered mail can be entered in bulk or at retail. As a matter of convention, for purposes of earned workload, metered mail is counted as walk-in revenue, despite the fact that some metered mailings may, to some degree, be "similar" to permit imprint and precancelled stamp mailings. Otherwise, making a change to count P&P transactions as retail or all metered mail as commercial would skew comparisons to historical data, productivity and revenue trends.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

RESPONSE to DBP/USPS-28³⁰ (continued)

- (b) The same general considerations as discussed in response to subpart (a) come into play. Also, commercial postage revenue is often paid at a facility different from the one at which the mail is accepted and where work is performed.

- (c) The objective is to measure walk-in retail workload via transactions that require interaction with or activity by retail window personnel who perform work associated with the mail or service in question. Transactions conducted via an APC do not fall within that category.

- (d) See the response to subpart (c).

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-32 Please refer to your attached chart in response to Interrogatory DBP/USPS-16.

- [a] Please advise the national policy as to whether a specific facility should or should not provide retail window service on Saturdays.
- [b] Evaluation of the chart shows a variation of Saturday retail window service ranging between 23-percent and 99-percent. Please explain why there is such a wide disparity between the different districts.

RESPONSE

- (a) Retail window service is provided on Saturdays if there is a demonstrated need. At financial units serving business areas or facilities serving communities where residents leave on weekends, retail service may be closed if service is available at other postal units, at contract stations, or by self-service equipment.
- (b) Variation is to be expected when local management has the discretion described in response to subpart (a) to make assessments based on local circumstances.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-35

- [a] Please confirm, or explain if you are unable to confirm, that for facilities with annual walk-in revenue of less than \$100,000 excludes the sale of stamp books or coils.
- [b] Please confirm, or explain if you are unable to confirm, that for facilities with annual walk-in revenue of less than \$100,000 includes the sale of single stamps, multiple stamps, or sheets of stamps.
- [c] Please advise the policy that applies to facilities with annual walk-in revenue of \$100,000 or more.
- [d] Please advise the rationale for utilizing the items that will or will not count a single stamp transaction.
- [e] Please advise why the \$100,000 value was chosen.
- [f] Please advise the number of stamps that are contained in a sheet of stamps. If less than 100% of the sheets sold have a different number of stamps, please provide a breakdown showing the percentage of each value.
- [g] Please advise the number of stamps that are contained in a stamp book. If less than 100% of the books sold have a different number of stamps, please provide a breakdown showing the percentage of each value.
- [h] Please define the term "sheet of stamps".
- [i] Please define the term "stamp book"

RESPONSE

- (a) No, it does not exclude the sale of stamp books or coils from the walk-in revenue.
- (b) Yes, the walk-in revenue includes sale of single stamps, multiple stamps, or sheets of stamps.
- (c) It is unclear what policy the question refers to.
- (d) The rationale in breaking out "single stamp Purchases" in Table 3 on page 8 of USPS-T-1 is to show that 21 percent of the total postage revenue is from the purchase of single stamps, multiple stamps or sheets of stamps.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

RESPONSE to DBP/USPS-35 (continued)

- (e) The \$100,000 value was determined to be a reasonable threshold that would produce a manageable number of retail facilities to consider for discontinuance.
- (f) Based on USPS production numbers for 2011, 90.3 percent of all stamp sheets contained 20 stamps. Only 9.7 percent of stamp sheets contained fewer than 20 stamps.
- (g) The number of stamps produced in a book is 20. The Postal Service has in the past produced smaller books of 10, but has not produced a book of 10 since 2009.
- (h) A sheet of stamps is a format that in a majority of instances provides perforations within the sheet that allows for the stamps contained on the sheets to be burst and sold to the customers in units of one. There are some sheets that are sold in full units without the perforations requiring the customer to purchase the entire sheet at the unit price of all the stamps contained on the sheet.
- (i) A stamp book is a format that can be converted by removing peel strips contained on the product to facilitate folding of the product for placement in one's wallet or purse. The product is sold as a full unit of 20 stamps (or 10). This is the principal sales format that customers utilize.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-37

- [a] Are there presently any plans to add facilities to the listing of those facilities already provided for study for discontinuance or consolidation?
- [b] If so, when will the listing be provided and under what circumstances will these new facilities be added?
- [c] If not, how long is it believed that it will be before new facilities will be added?
- [d] Please define the terms discontinuance and consolidation and provide an explanation under which each of them will be utilized.

RESPONSE

- (a) No.
- (b) N/A
- (c) The criteria that define the facilities within the scope of the RAO Initiative RAO Initiative are explained in USPS-T-1 at pp. 14-17, as clarified on August 16, 2011.
- (d) The terms are defined clearly in USPS Handbook PO-101, sections 233.1 and 232.1, respectively. Discontinuance is the only option being explored under the RAO Initiative. Either could be used under circumstances unrelated to, beyond the scope of and irrelevant to the RAO Initiative.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-40

- [a] Approximately what percentage of the facilities that are being considered for discontinuance or consolidation utilize a POS terminal?
- [b] Please provide a breakdown of the other types of accounting terminals that are in use at the facilities on the list.

RESPONSE

- (a) Approximately 18 percent.
- (b) The others types of terminals are either Integrated Retail or Electronic Money Order Voucher System.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-43 Please refer to your response to Interrogatory DBP/USPS-29 subpart [c] as it applies to Approved Shippers.

- [a] Please provide a listing of the types of mail that may be accepted by an Approved Shipper.
- [b] Please provide a listing of the types of mail that may not be accepted by an Approved Shipper.
- [c] Do all Approved Shippers sell postage?
- [d] If not, approximately what percentage do?
- [e] Please advise the denominations and format of the postage that is sold.
- [f] Do all Approved Shippers sell packaging?
- [g] If not, approximately what percentage do?

RESPONSE

- (a) Domestic and international retail shipping and mailing services may be offered (not required) including GXG, Express Mail, Priority Mail, First-Class Mail, Parcel Post, with Certified, Insurance, Signature Confirmation and Delivery Confirmation and Return Receipt.
- (b) Registered Mail service or other services where only USPS employees must validate receipt, such as Certificate of Mailing.
- (c) Yes, a postage account is required and postage is applied to items via meter label or PC Postage label.
- (d) N/A
- (e) Postage is applied via meter or PC Postage labels and the postage value/denomination is determined by the weight, zone/destination, size and packaging/flat-rate of the item being mailed.
- (f) Many provide complimentary Express and Priority Mail packaging.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

RESPONSE to DBP/USPS-43 (continued)

- (g) The percentage is not known, but it is estimated that an overwhelming majority sell some form of packaging.

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TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-44

Please refer to your response to Interrogatory DBP/USPS-29 subpart [c] as it applies to Consignment operations.

- [a] Please confirm, or explain if you are unable to confirm, that Consignment Operators do not accept mail nor provide any other postal service except the selling of postage stamps.
- [b] Please advise the denominations and format of the postage that is sold.

RESPONSE

- (a) Confirmed.
- (b) Among all locations, Forever Stamp booklets, rolls and booklets are sold, but each format is not sold at every location.

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN

DBP/USPS-59. Please refer to your response to Interrogatory DBP/USPS-46.

[a] Please confirm, or explain if you are unable to confirm, that there have been no guidelines issued by Headquarters other than the single section of the Postal Operations Manual.

[b] Please provide any explanation that exists why the percentage of available Saturday retail window service varies among Districts as it does when all of the Districts are using the same criteria.

RESPONSE:

(a) Not confirmed. Hours and days of operation, like thousands of other operational details, are the subject of routine discussion among management officials, both horizontally across management peers and vertically through the chain of command. Some such discussion would invariably be understood as providing guidance or guidelines. Nor can the Postal Service claim that it has searched through every official document to see whether more of them ever touch upon Saturday operations. The previous answer provided the best statement focused directly upon the question posed by the previous interrogatory. The passage of time since that answer was provided has not changed its salience.

(b) The form of this question unintentionally hints at part of the response. Hours and days of operation have grown and changed over time based upon management's understanding of how best to provide retail access through postal operated retail units in concert with reasonable economy and efficiency of operations. More recently management's understanding has also encompassed the fact that retail access is increasingly available through alternate access outlets. As such, what we see today is the consequence of decisions made by thousands of managers over recent decades. The fact of variation across districts itself illustrates that different managers made different

RESPONSE OF UNITED STATES POSTAL SERVICE
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decisions in locations that may also vary in how customers choose to access retail services. While today's challenging environment allows a national focus upon what is happening locally throughout the nation, that has not always been true. It was not that long ago when the Postal Service was funded directly by Congress and operated as a group of regions, each of which had its own operational guidance and publications. While a historian might be able to research the history and provide some insight into when and why the patterns we see today came into existence, the Postal Service as an entity is unable to explain why the patterns we see today exist beyond the observation that the interest in how best to provide customers access to retail service today has never been higher at the national level, and in communities throughout the nation. But the available channels through which retail service can be accessed are also more varied today than they have ever been. So the significance of any one of them, including brick and mortar stores, must be evaluated in a larger context than ever before.

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DBP/USPS-60. Please refer to USPS-LR-N2011-1/6.

- [a] Please advise the full heading for columns 4 through 8.
- [b] How was column 8 calculated?
- [c] What use is made of the value shown in column 8?
- [d] On what basis are the individual offices sorted in the printout?
- [e] What is the significance, if any, of the last eleven pages of the Library Reference that are blank except for the reference number?

RESPONSE:

- (a) There are no columns numbered 4 though 8.

The full headings for Columns D, F, G and H, respectively, are follows:

PO within 2 miles

CPU within 2 miles

SOC within 2 miles

APP within 2 miles

Total Points

- (b) Perhaps you are referring to column H. It was calculated through the use of addition. It reflects the totals for Columns D-G for each facility.
- (c) It provides a total for determining the number of alternate sites proximate to the RAO candidate facility.
- (d) The facilities are those in category 2 on page 16 of USPS-T-1.
- (e) Absolutely none.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO NAPUS INTERROGATORY REDIRECTED FROM WITNESS BOLDT**

NAPUS/USPS-T1-23

Please refer to USPS-T-1, page 14. You state in your testimony that the Retail Access Optimization initiative will “examine the feasibility of discontinuing operations at Post Offices, stations and branches within the retail network.” Moreover, you state: “Approximately, 3,650 candidate facilities will be examined.” Please confirm that the RAO examination has already started. When will the first examined post offices be posted for proposed closures? Please explain why the Postal Service commenced the RAO initiative prior to receiving the required advisory opinion.

RESPONSE

Please review section 3661 of title 39, United States Code. It requires the Postal Service to request a non-binding advisory opinion from the Commission a reasonable time before implementing any substantially nationwide changes in the nature of postal services. The July 27, 2011 Request filed by the Postal Service and the testimony of witness Boldt makes clear that Postal Service will not implement any service changes arising from the RAO Initiative until December 2011 at the earliest. See 39 C.F.R. § 3001.72 for the Commission's definition of what constitutes a reasonable time. The testimony of witness Boldt makes clear that no decision to discontinue retail operations at any location as a result of the RAO Initiative will be made before October 2011.

The Postal Service does not interpret section 3661 or the Commission's rules as requiring it to wait until after it has received the requested advisory opinion before exploring or determining the feasibility of service changes that may be implemented as part of a substantially nationwide initiative being reviewed under section 3661. Accordingly, examination of the feasibility of service changes within the scope of the RAO Initiative is underway.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO NAPUS INTERROGATORY REDIRECTED FROM WITNESS BOLDT**

NAPUS/USPS-T1-24

Please explain the different contracting and regulatory authorities under which the Postal Service may enter into an agreement with a Contract Postal Unit (CPU), in contrast to a Village Post Office?

RESPONSE

The same USPS Supply Management principles and practices reflected in 39

C.F.R. Part 601 apply to both.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO NAPUS INTERROGATORY REDIRECTED FROM WITNESS BOLDT**

NAPUS/USPS-T1-25

Please refer to POIR-1, question 12.

Please differentiate the "bidding process" for a CPU, as compared to the bidding process for a VPO?

Please explain who would be responsible for identifying and soliciting potential VPO contractors, and how does this differ from identifying and soliciting potential CPU vendors?

RESPONSE

Questions seeking to identify which postal officials in which offices are involved in the solicitation and administration of CPU vs. VPO contracts stray far afield from whether the nature of the service changes resulting from the RAO Initiative would be consistent with the policies of Title 39, U.S. Code. Without waiving its objection to further irrelevant inquiries, the Postal Service is willing to reveal in response to this interrogatory that solicitations for both types of contracts, negotiations related to both and approval of both are managed by the USPS Procurement and Supply Management function in Denver CO, which works with field personnel in the Districts that are the source of CPU or VPO opportunities.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO NAPUS INTERROGATORY REDIRECTED FROM WITNESS BOLDT**

NAPUS/USPS-T1-26

Please confirm that a CPU shares postal revenue, while a VPO would receives a flat-rate payment. Is there an established payment for a VPO? If so, what is the payment? If not, how is that amount determined, and who determines the payment?

RESPONSE

Confirmed. Issues relating to the details of VPO compensation stray far afield from whether the nature of the service changes resulting from the RAO Initiative would be consistent with the policies of Title 39, U.S. Code. Without waiving its objection to further irrelevant inquiries, the Postal Service is willing to state that it expects VPO compensation to vary based on specific supplier bids and the prices ultimately negotiated with the Postal Service.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO NAPUS INTERROGATORY REDIRECTED FROM WITNESS BOLDT**

NAPUS/USPS-T1-27

Please explain the distinctions in administration and oversight of a post office, station/branch, CPU and VPO. Please include the customer complaint process and complaint resolution process for each type of facility.

RESPONSE

Administrative oversight for all postal retail and alternative access retail operations within the service area of a particular postal District office are the responsibility of that office and its subordinate Post Offices, subject to guidance related to CPUs and VPOs from the Denver CO office identified in response to DBP/USPS-25. A customer with a complaint about a postal retail experience could present their concerns to the Postmaster or other official in charge of the facility, or that person's superiors. They also can use a telephone to call 1-800-ASK-USPS (1-800-275-8777), or communicate by clicking on the *Customer Service* icon in the top left corner of the www.usps.com homepage, which will lead them to the *Send Us An Email* function. Customers with a complaint about a VPO or CPU experience can also bring their concern to the attention of the Postmaster in whose service area the VPO or CPU operates, as well as the Postmaster's superiors. They also could exercise the other options described above.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO NAPUS INTERROGATORY REDIRECTED FROM WITNESS BOLDT**

NAPUS/USPS-T1-28

Are there any restrictions on what types of commercial enterprises may be designated a VPO? If so, please explain.

RESPONSE

The same as for a CPU: Establishments that serve alcoholic beverages are not qualified.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO NAPUS INTERROGATORY REDIRECTED FROM WITNESS BOLDT**

NAPUS/USPS-T1-29

Will VPOs accept or distribute letter mail or parcels? If so, what training will the acceptance and distribution personnel receive, and who will train?

RESPONSE

Acceptance and distribution are not part of the VPO concept at this time. VPO operators may hold outgoing mail for customers to present to postal personnel for acceptance and postmarking. VPOs will not be postmarking or otherwise accounting for mail pieces they are asked to tender to the Postal Service.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO NAPUS INTERROGATORY REDIRECTED FROM WITNESS BOLDT**

NAPUS/USPS-T-1-30

Will a VPO be required to provide space for post office boxes? If not, where would the post office boxes be located and how will they be secured?

RESPONSE

Yes, in those cases where a particular VPO contract calls for it.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO NAPUS INTERROGATORY REDIRECTED FROM WITNESS BOLDT**

NAPUS/USPS-T1-31

At the conclusion of a VPO contract, or if a VPO contract is terminated, how will the USPS assure continuation of service to the impacted community?

RESPONSE

The Postal Service will assess available alternatives in the locality and determine whether to pursue establishment of another alternative or promote existing ones.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO NAPUS INTERROGATORY REDIRECTED FROM WITNESS BOLDT**

NAPUS/USPS-T1-35

Please compare the parameters of the initial feasibility study conducted pursuant to the RAO, and compare with the pre-proposal study conducted in conformance to *Handbook PO-101*, section 22. 4

RESPONSE:

While this question is not particularly clear, use of "feasibility study" has not always been consistent given its use in various contexts both internal and external to retail facility discontinuance studies. A "pre-proposal investigation" is explained in PO-101 section 22, *Pre-Proposal Investigation*; that section speaks for itself, but describes steps taken prior to the posting of any formal proposal for the requisite 60 days. "Feasibility study" can refer to (1) a pre-proposal investigation, (2) an early evaluation of whether a discontinuance study should be undertaken, (3) an investigation co-extensive with a pre-proposal investigation and anything that occurred beforehand, (4) an entire discontinuance study, or (5) a mix of these.

When a discontinuance study is commenced at the direction of a District Manager, some investigation of the facility may be conducted before a formal discontinuance study gets authorized. This illustrates the most narrow definition of "feasibility study."

Yet when the Vice-President, Delivery and Post Office Operations authorizes the conduct of a discontinuance study, every action that follows regarding a particular facility prior to the signing of a final agency decision can also be described as a feasibility study. Should, for example, the Vice-President

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RESPONSE to NAPUS/USPST1-35 (continued)

conclude based on the administrative record not to finalize a proposed discontinuance, the entire study would have demonstrated the infeasibility of a particular proposal, and could therefore be referred to as a feasibility study.

These variations illustrate a challenge the Postal Service faces whenever it explains plans for a possible discontinuance. Customers are sometimes wont to assert that the decision has already been made, although as a matter of law that cannot be true until a final agency decision is made. Yet the Postal Service is also obliged, as a matter of law, to present a planned set of changes before it can get meaningful feedback from customers; that is necessary to the transparency inherent in any discontinuance study. The challenge inherent in meeting both of these goals in any discontinuance context gives rise to the various uses of the term "feasibility study."

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NAPUS/USPS-T1-38

Please refer to *Handbook PO-101*. Please explain the distinction between the communications with customers and stakeholders that are initiated pursuant to the pre-proposal investigation, as compared to the communications that take place at the proposal stage.

RESPONSE:

Please see the responses to NAPUS/USPS-T1-35-37. Most typically, communication with customers during the pre-proposal stage would consist of a "Dear Customer" letter and a community meeting. Once the proposal is posted (which itself constitutes communication to customers), customers have an opportunity to communicate in writing, which usually elicits a written response from the Postal Service.

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NAPUS/USPS-T1-39

Please refer to *Handbook PO-101*, section 321.1 and 321.2. Please explain the distinction between the items evaluated in each of the two sections.

RESPONSE:

These subsections assist coordinators in addressing different aspects of the effects upon a community, only some of which relate to the provision of postal services. A bulletin board, for example, might be used to announce community meetings unrelated to postal service.

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NAPUS/USPS-T1-41

Please refer to POIR 1, question 8. Who would make the assessment of the ability of remaining postal facilities to absorb the increased retail traffic resulting from the discontinuance of a facility?

RESPONSE:

Postal officials responsible for the conduct of each discontinuance study would make such judgments. The Vice-President, Delivery and Post Office Operations, makes the final agency decision, which would embody the final judgment.

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NAPUS/USPS-T1-42.

Please refer to NAPUS/USPS-T1-2. Could you please identify those 2,800 candidate post offices that serve communities that fall within the Postal Service's understanding of §101(b) of Title 39 (i.e., rural areas, communities and small towns where post office are not self-sustaining)?

RESPONSE:

In library reference USPS-LR-N2011-1/2 (tab "new_2hours"), the Postal Service identified all of the facilities embraced by its Request for an advisory opinion, including the "over 2800" Low Workload Post Offices with annual revenue less than \$27,500. (USPS-T-1 at 14-15.) Data for respective offices were later made available in library reference USPS-LR-N2011-1/NP3.

The Postal Service has not labeled specific Post Offices as falling within the ambit of 39 U.S.C. §101(b), because to a greater or lesser extent that section defines policy that applies to most offices. A large proportion of offices is not self-sustaining, which is no surprise given the nature of a network industry and the patterns by which mail is entered for delivery throughout the delivery network of 151 million plus delivery points. The availability of or access to postal services are not metered based upon whether an office is or is not self-sustaining.

Rather, most Post Offices offer the full range of products and services needed by individual customers. Indeed, proliferation of alternate access opportunities frees the Postal Service and its customers from measuring individual access to postal services exclusively by proximity to carrier delivery and brick/mortar facilities operated by postal employees.

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While those Post Offices open only two hours per weekday – since they are by definition the smallest in the system – can be viewed as plausible candidates for being subject to section 101(b), many of them do not fit fully within the description that section provides. Small offices quite commonly once served small communities, but were eventually surrounded by suburban growth. So size alone cannot define the applicability of section 101(b).

The Postal Service, however, has no specific legal requirement or business need for actually concluding that section 101(b) applies to a specific office.¹ It is one of four statutory considerations that must, in any event, be considered in the context of discontinuance studies. Title 39 U.S.C. § 404(d)(2)(A)(iii) requires the Postal Service to consider:

(iii) whether such closing or consolidation is consistent with the policy of the Government, as stated in section 101 (b) of this title, that the Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining;

in every discontinuance study. The Postal Service accordingly understands section 101(b) as illustrating broad policy embodying the breadth of its universal service obligation: every customer, including those in small, isolated towns, needs regular and effective access to the sending and receipt of mail, needs that define the minimum necessary access to postal service.

¹ If it did, then a regulatory system that defined specific criteria such a “rural”, “community” and “small towns” plus a parallel system to administer admission to and departure from qualification would also be necessary.

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NAPUS/USPS-T1-44.

Please refer to NAPUS/USPS-T1-9. Does the USPS have a definition of "maximum degree of effective and regular service"? If, so please provide the definition.

RESPONSE:

No, the Postal Service does not have a specific definition of the quoted statutory language. Title 39, United States Code, contains a great many provisions applicable to the Postal Service and the circumstances under which postal services are provided to the wide range of personal and business interests served by the domestic and international service areas. By means of title 39, the legislative and executive branches of the government of these United States grants to the Postal Service broad authority over the mail, how it is collected, processed, transported, stored and delivered.

Statutory language often goes without specific definition. But it guides the development of regulations, management directives, policy memoranda, handbooks, and specific decisions by which statutory guidance mates with the real world of customer interactions and, under title 39, the collection, processing and delivery of all kinds of mail. A postal retail employee interacting with a postal customer relies upon specific regulations such as the *Domestic Mail Manual*, *Postal Operations Manual*, *Administrative Support Manual*, and a host of others that she has been trained to use. If a particular interaction presents a novel questions, the employee can also consult with a more experienced colleague or a supervisory.

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Statutory language is often broad and sweeping, and at the same time specific and contradictory. Section 101(a), for example, requires the Postal Service to “provide prompt, reliable and efficient services to patrons in all areas[.]” Then section 101(b) requires it to provide a “maximum degree of effective and regular service to rural areas, communities, and small towns where post offices are not self-sustaining.” Statutory language thus presents enigmas such as, how can “prompt, reliable and efficient services” be provided if some customers must also get a “maximum degree of effective and regular service”? The short answer is that the Postal Service is obliged to figure out how best to do both. And it does so by creating such things as implementing regulations, guidance and training for employees, customer assistance, a Consumer Advocate, and decision making mechanisms backed by rights of appeal.

The specific language this interrogatory quotes survives verbatim to Handbook PO-101, *Postal Service-Operated Retail Facilities Discontinuance Guide*, at 11 (Analyzing Service Alternatives; General, section 231). Its appearance in the guidance for employees who conduct discontinuance studies reflects how important the Handbook’s authors understood the statutory language to be. Title 39, like a lot of statutory language, is replete with provisions that appear to be in tension, or inconsistent with one another. *See also*, the response to NAPUS/USPS-T1-42. But that does not mean section 101(b) fails to provide specific guidance to the Postal Service; it becomes a focus of attention in every discontinuance study. A similar tension in title 39 is illustrated by the dual requirements that 1) “No post office shall be closed solely for operating at a

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deficit,” (39 U.S.C. § 101(b)), which stands juxtaposed with the requirement that 2) the Postal Service “shall consider ... the economic savings to the Postal Service resulting from such closing or consolidation” (39 U.S.C. §404(d)(2)(A)(iv)). The tension between sections 101(b) and 404(d)(2)(A) provide grist for much of the discussion in respective discontinuance studies.

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NAPUS/USPS-T1-47.

Please refer to NAPUS/USPS-T1-40. Please provide material and/or written guidance that the Postal Service may provide to local or district management in analyzing the roles that the post office "might be perceived by some to play in a community."

RESPONSE:

See PO-101 §§ 321.2, 362.4, and Glossary at 55. As a practical matter, the possible effects on the community are the primary focus of customer and other stakeholder input collected via the community meeting, Dear Customer letter and accompanying questionnaire, Comments on a proposal, and general correspondence received. Moreover, the Postal Service regulations attempt to mitigate what tends most to concern customers, retention of the existing five-digit ZIP Code and town name in customer addresses. See PO-101 §§64, 233, 632.

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NNA/USPS T1-1. Please refer to the Postal Service's institutional response to Presiding Officer's Information Request No 1, question 2. Please explain in detail how revenue derived from a local Periodicals mailer entering in a candidate facility with postage paid at that facility would be considered in the Postal Service's analysis of that facility's overall revenue. If the revenue would not be considered, explain why it would not.

RESPONSE:

Offices were included in RAOI on the basis of walk-in revenue as illustrated by the attachment to DBP/USPS-13. While offices serving as the entry for permit mail of any kind are quite rare in the discontinuance context, that would nonetheless be a factor requiring consideration in any discontinuance study concerning an office.

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NNA/USPS T1-2. Please confirm that post offices on the Postal Service's candidate list of 3,650 facilities could potentially be entry offices for local Periodicals mail.

RESPONSE:

Confirmed that Post Offices are potential entry points for Periodicals mail.

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NNA/USPS T1-10 Do any contract postal units operate as an entry office for any type of bulk business mail, other than newspapers? Please explain your response.

RESPONSE

No.

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NNA/USPS T1-11. With respect to Village Post Offices:

- a. Please supply any Requests for Proposal, with proprietary information redacted, that the Postal Service has used or intends to use to solicit bids from VPO operators.
- b. Please refer to the Postal Service's response to POIR No 1, question 11, where it is stated "several hundred inquires (sic) from interested vendors were received within days of the concept being publicly announced in July 2011. Of those inquiries, how many have received responses from the Postal Service as of the date of your response to this question? How many have actually issued bids to the Postal Service?
- c. In a case where the Postal Service expects to replace an existing post office, branch or other facility on the candidate list with a VPO, will it put the VPO in place before the closing, after the closing or simultaneously?
- d. Does the Postal Service expect VPO bidders to provide every service solicited by the Postal Service? Could a VPO offer to provide fewer services? More services?
- e. Is the Postal Service approaching any large commercial vendors--such as a national bank or retail store--to propose operating more than one VPO?
- f. If the Postal Service received a proposal from a potential VPO operator to operate 100 percent of the needed VPOs, would that proposal be accepted?
- g. Does the Postal Service expect a VPO operator to have a legal residence or corporate home in the community where the VPO operates?
- h. Will VPO bidders be required without exception to provide post office boxes in their facilities? If not, please explain why not.
- i. If a post office provided community services besides mail distribution and retail postal services, such as offering a community meeting room, would the Postal Service expect a VPO bidder to provide such a service? If a VPO bidder proposed such a service, regardless of the Postal Service's expectations, would that proposal be more favorably considered than a proposal from a bidder uninterested in providing such a service?
- j. Will the Postal Service require a VPO that replaces a post office where a local newspaper mailer previously entered mail to provide mail acceptance services for that local newspaper? If not, why not?
- k. Will the Postal Service require a VPO that replaces a post office where a local newspaper mailer previously dropped exceptional dispatch copies that are carrier-route, walk-sequence sorted to receive those copies for delivery by a postal or contract carrier? If your response is negative, please explain why the Postal Service could not require those offices to provide a repository service to hold this mail for carrier distribution.

RESPONSE:

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- (a) See the attachments to this response.
- (b) It is believed that all of the inquiries have received some form of response.

As of August 2011, 230 inquiries have been received and three contracts have been awarded. Roll out of VPOs will continue for the foreseeable future.
- (c) VPOs will be established as an alternate access channel for some retail and delivery services where opportunities are deemed to exist, irrespective of the whether a nearby Post Office may be nominated for a feasibility study, a study is under way, an office is being discontinued, or an office has been discontinued. A VPO is not intended to nor able to "replace" a Post Office. Hence the roll out of VPOs will continue largely regardless of any discontinuance activity. A VPO provides types of access to postal services that are in wide demand.
- (d) All VPOs will provide a limited range of retail products, including postage and Priority Mail flat rate packaging; they will also collect mail, including parcels, for tender to and transportation by a postal representative.

Additionally, some will be contracted to house Post Office Box units served by postal personnel. In that sense, their operations will vary.
- (e) Multi-location enterprises are welcome to participate in the establishment of VPOs under terms that would result in their operation of multiple VPOs.
- (f) See the responses to subparts (c) and (e). The initial VPO was established at Red's Hop In Mart in Malone, WA. It is expected that other

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vendors also will operate VPOs. Accordingly, the prospect of Red's Hop In Mart or some other vendor having a VPO monopoly seems unlikely.

- (g) No prerequisite to that effect has been established that a VPO operator reside or have its corporate headquarters in the same community in which it operates a VPO; yet that happenstance could well occur.
- (h) No. See the response to subpart (c). Whether to pursue the establishment of a Post Office Box unit at a particular VPO location will be a case-by-case determination.
- (i) This question appears to stem from an assumption that VPOs can be or would be a complete substitute for a Post Office; yet no VPOs are expected to be full service offices. VPOs are likely to be located on the premises of establishments that offer a variety of products, services and amenities that are entirely unrelated to postal products and services. The provision of rooms for public and private gatherings is an example of an amenity unrelated to the postal products and services. Whether or not such an amenity is offered by a vendor seeking to operate a VPO is immaterial to whether that vendor will be deemed suitable to operate a VPO.
- (j-k) N/A. See the response to part (c).

Solicitation/Offer/Award for Firm-Fixed Price (Flat Fee) Village Post Office Contract

*****FOR OFFICIAL USE ONLY*****

1. Contract No. 2. Request No. 3. Solicitation No. 4a. For Information Call: Name Purchasing and Supply Management Specialist 4b. Telephone No. 303-743-1266 4c. Fax No. 303-743-1211 4d. e-Mail 5. Issued By Customer Products and Fulfillment CMC US Postal Services - CPAC 3300 S Parker Rd., Ste. 601 Aurora CO 80014-3535 6. Soc/Ec Code 7. UNSPC 8. Admin Office Finance No. 9. VPO Unit ID 10. Supplier (Name and Mailing Address) Individual or Company Name: DBA (if applicable) Address/P.O. Box: City, State, Zip+4: Contact Name: Telephone No.: Fax No.: e-Mail Address: 11. VPO Physical Location VPO Physical Address: City, State, Zip+4: Contact Name: Telephone No: Fax No: eMail Address: Proposed VPO Site Name: 12a. Taxpayer Identification No. (TIN) or Social Security No. (SSN) 12b. Parent TIN (if applicable) 13a. COR Administrative Office Name 13b. COR Office Address and Phone number

14. General Description of Requirement a) The supplier must provide dedicated space, services and equipment in compliance with the terms and conditions of this contract and all attachments hereto. b) The supplier must provide the postal goods and services specified herein in accordance with the provisions of the Domestic Mail Manual (DMM) and International Mail Manual (IMM) concerning those goods and services, including its mailing rates and service fees. The supplier may not impose a surcharge for services provided, or increase or decrease the rates and fees established in the DMM or IMM. c) The supplier must comply with all Postal policies and procedures. d) The supplier must comply with Transportation Security and Hazardous Materials Acceptance and Handling Policies 15. Compensation - The supplier agrees to operate a Village Post Office under the terms and conditions herein for the fixed annual price or flat fee of \$ (USPS will insert price at time of award).

16a. The supplier is required to sign this document and return to the issuing office. The supplier agrees, subject to the terms and conditions specified herein, to provide and deliver all items identified above and on any additional pages. 16b. Signature of Person Authorized to Sign 17a. Signature of Contracting Officer 16c. Printed Name and Title of Person Authorized to Sign 17b. Printed Name of Contracting Officer Date Signed Date Signed

Note: The supplier agrees that if this proposal is accepted by the Postal Service within ninety (90) calendar days from the solicitation return date, a binding contract will result. The supplier must set forth full, accurate and complete information as required by this document. The penalty for making false statements in proposals is prescribed in 18 U.S.C. 1001.

PART 1 – VILLAGE POST OFFICE

1.1 VILLAGE POST OFFICE OPERATION

The supplier agrees to operate a Village Post Office (VPO) in a facility operated by the supplier, at a supplier-owned or leased site, under contract with the Postal Service to provide specified Postal Services and supplies to the public, according to the terms and conditions established herein. Days and hours of operation will be coordinated with the designated postal official listed in Attachment 1, who will serve as the Postal Service point of contact with the supplier. A copy of the notice of appointment defining this official's authority will be furnished to the supplier upon award of the contract. The contract will be for an indefinite term, subject to the termination provisions specified herein. The supplier agrees to provide the services set forth in Attachment 1, Requirements. The property required for the operation of this VPO is identified in Attachment 1.

The supplier agrees to operate a Village Post Office (VPO) under the terms and conditions established herein for an annual rate or flat fee of \$ _____. (Supplier insert offer in the space provided).

1.2 ACKNOWLEDGMENT OF AMENDMENTS

The Postal Service reserves the right to make amendments to the solicitation. Supplier shall receive notice of any amendments and will be asked to acknowledge receipt of amendments.

PART 2 – SOLICITATION PROVISIONS

2.1 PROVISION 4-1 STANDARD SOLICITATION PROVISIONS

a. **Submission of Offers.** Submit signed and dated offers to the office specified in this solicitation at or before the exact time specified in the solicitation.

At a minimum, offers must submit the following information:

- 1) Page 1, Item 10, individual or company name, dba, mailing address, city, state, zip and contact name.
- 2) Page 1, Item 11, physical address of VPO, telephone number, fax number and email address
***** DO NOT USE A POST OFFICE BOX ADDRESS FOR THE PHYSICAL ADDRESS *****
- 3) Page 1, Item 13a12a, Taxpayer identification number (TIN) or Social Security Number (SSN). The TIN is the supplier's tax identification number used on the U.S. Treasury Form 941, *Employer's Quarterly Federal Tax Return*.
- 4) Page 1, Item 12b, Parent Company's TIN (if applicable)
- 5) Page 1, Item 16b, Signature of Person Authorized to Sign, and Item 16c, Printed Name and Title of Person Authorized to Sign.
- 6) Provide all other information requested in Part 2 – Solicitation Provisions of this solicitation.
- 7) Provide all the information requested in Attachment 2 – VPO – Supplier Business Proposal and Information.

b. **Business Disagreements.** Business disagreements may be lodged with the Supplier Dispute Resolution Official (SDRO) if the supplier and the contracting officer have failed to resolve the disagreement as described in 39 CFR Section 601 (available for review at www.gpoaccess.gov/ecfr). The SDRO will consider the disagreement only if it is lodged in accordance with the time limits and procedures prescribed in 39 CFR Section 601. SDRO decisions are available for review at <http://www.usps.com>.

c. **Late Offers.** Offers or modifications to offers received at the address specified for the receipt of offers after the exact time specified for receipt of offers will not be considered unless determined to be in the best interest of the Postal Service.

d. **Type of Contract.** The Postal Service plans to award a **Firm-Fixed Price** (flat fee) contract, and all proposals must be submitted on this basis. Alternate proposals based on other contract types will not be considered.

e. **Contract Award.** The Postal Service may evaluate offers and award a contract without discussions with offerors. Therefore, the offeror's initial offer should contain the offeror's best terms from a technical and price (flat annual rate or fee) standpoint. Discussions may be conducted if the Postal Service determines they are necessary. The Postal Service may reject any or all offers if such action is in the best interest of the Postal Service, accept other than the lowest offer, and/or waive informalities and minor irregularities in offers received.

2.2 PROVISION 4-2 EVALUATION

a. **General.** The Postal Service will award a contract resulting from this solicitation to the offeror whose offer conforming to the solicitation is deemed to offer the Postal Service the best value, price and other factors as specified considered. Supplier specific factors shown under item one (1) below will be evaluated on a pass or fail basis. Offerors whose supplier-specific evaluation factors are found acceptable will have their proposal-specific factors evaluated. Proposal-specific factors shown under item two (2) below will be evaluated according to the criteria (performance evaluation factors), to include handicapped accessibility. Proposals which do not propose facilities that are handicapped accessible, or which do not demonstrate to the Postal Service's

satisfaction how the facility will meet the applicable accessibility standards before service begins, will not be evaluated further. Failure to provide any of the information requested in Attachment 2 of this solicitation may disqualify your proposal from consideration. The performance evaluation factors (proposal-specific and supplier-specific factors), when combined, are considered to be more important, less important, as important as price. The following performance evaluation factors will be used in the evaluation of offers:

- (1) **Supplier-Specific Factors – Pass or Fail Basis (See Attachment 2)**
 - (a) Past performance
 - (b) Capability
- (2) **Proposal-Specific Factors (See Attachment 2)**
 - (a) Characteristics of the Supplier's Retail Facility
 - (i) Location
 - (ii) Current Business Volume
 - (iii) Physical Characteristics (including accessibility to the handicapped)
 - (iv) Parking and Public Transportation (including handicapped parking)
 - (b) Characteristics of the Proposed VPO Facility within the Supplier's Retail Facility
 - (c) Staffing

- b. **Notice of Award.** The Postal Service may accept an offer (or part of an offer), whether or not there are discussions after its receipt, before an offer's specified expiration time, unless a written notice of withdrawal is received before award. A written notice of award or acceptance of an offer mailed or otherwise furnished to the successful offeror within the time for acceptance specified in the offer, will result in a binding contract without further action by either party.

2.3 PROVISION 4-3 REPRESENTATIONS AND CERTIFICATIONS (MARCH 2006)

a. Type of Business Organization.

The offeror, by checking the applicable blocks, represents that it:

- (1) **Operates as:**
 - a corporation incorporated under the laws of the state of _____;
 - an individual;
 - a partnership;
 - a joint venture;
 - a limited liability company;
 - a nonprofit organization; or
 - an educational institution; and
- (2) **Is (check all that apply)**
 - a small business concern;
 - a minority business (indicate minority below):
 - Black American
 - Hispanic American
 - Native American
 - Asian American:
 - a woman-owned business; or
 - none of the above entities.
- (3) **Small Business Concern.** A small business concern for the purposes of Postal Service purchasing means a business, including an affiliate, that is independently owned and operated, is not dominant in producing or performing the supplies or services being purchased, and has no more than 500 employees, unless a different size standard has been established by the Small Business Administration (see 13 CFR 121, particularly for different size standards for airline, railroad, and construction companies). For subcontracts of \$50,000 or less, a subcontractor having no more than 500 employees qualifies as a small business without regard to other factors.
- (4) **Minority Business.** A minority business is a concern that is at least 51 percent owned by, and whose management and daily business operations are controlled by, one or more members of a socially and economically disadvantaged minority group, namely U.S. citizens who are Black Americans, Hispanic Americans, Native Americans, or Asian Americans. (Native Americans are American Indians, Eskimos, Aleuts, and Native Hawaiians. Asian Americans are U.S. citizens whose origins are Japanese, Chinese, Filipino, Vietnamese, Korean, Samoan, Laotian, Kampuchea (Cambodian), Taiwanese, in the U.S. Trust Territories of the Pacific Islands or in the Indian subcontinent.)
- (5) **Woman-owned Business.** A woman-owned business is a concern at least 51 percent of which is owned by a woman (or women) who is a U.S. citizen, controls the firm by exercising the power to make policy decisions, and operates the business by being actively involved in day-to-day management.
- (6) **Educational or Other Nonprofit Organization.** Any corporation, foundation, trust, or other institution operated for scientific or educational purposes, not organized for profit, no part of the net earnings of which inures to the profits of any private shareholder or individual.

b. Parent Company and Taxpayer Identification Number.

- (1) A parent company is one that owns or controls the basic business policies of an offeror. To own means to own more than 50 percent of the voting rights in the offeror. To control means to be able to formulate, determine, or veto basic business policy decisions of the offeror. A parent company need not own the offeror to control it; it may exercise control through the use of dominant minority voting rights, proxy voting, contractual arrangements, or otherwise.
- (2) Enter the offeror's Taxpayer Identification Number (TIN) in the space provided. The TIN is the offeror's Social Security number or other Employee Identification Number used on the offeror's Quarterly Federal Tax Return, U.S. Treasury Form 941. Offeror's TIN: _____
- (3) Check this block if the offeror is owned or controlled by a parent company:
- (4) If the block above is checked, provide the following information about the parent company:
 Parent Company's Name: _____
 Parent Company's Main Office: _____
 Address: _____
 No. and Street: _____
 City: _____ State: _____ Zip Code: _____
 Parent Company's TIN: _____
- (5) If the offeror is a member of an affiliated group that files its federal income tax return on a consolidated basis (whether or not the offeror is owned or controlled by a parent company, as provided above) provide the name and TIN of the common parent of the affiliated group:
 Name of Common Parent _____
 Common Parent's TIN _____

c. Certificate of Independent Price Determination.

- (1) By submitting this proposal, the offeror certifies, and in the case of a joint proposal each party to it certifies as to its own organization:
 - (a) The prices proposed have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to the prices with any other offeror or with any competitor;
 - (b) Unless otherwise required by law, the prices proposed have not been and will not be knowingly disclosed by the offeror before award of a contract, directly or indirectly to any other offeror or to any competitor; and
 - (c) No attempt has been made or will be made by the offeror to induce any other person or firm to submit or not submit a proposal for the purpose of restricting competition.
- (2) Each person signing this proposal certifies that:
 - (a) He or she is the person in the offeror's organization responsible for the decision as to the prices being offered herein and that he or she has not participated, and will not participate, in any action contrary to paragraph a above; or
 - (b) He or she is not the person in the offeror's organization responsible for the decision as to the prices being offered but that he or she has been authorized in writing to act as agent for the persons responsible in certifying that they have not participated, and will not participate, in any action contrary to paragraph a above, and as their agent does hereby so certify; and he or she has not participated, and will not participate, in any action contrary to paragraph a above.
- (3) Modification or deletion of any provision in this certificate may result in the disregarding of the proposal as unacceptable. Any modification or deletion should be accompanied by a signed statement explaining the reasons and describing in detail any disclosure or communication.

d. Certification of Nonsegregated Facilities.

- (1) By submitting this proposal, the offeror certifies that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and will not permit its employees to perform services at any location under its control where segregated facilities are maintained. The offeror agrees that a breach of this certification is a violation of the Equal Opportunity clause in this contract.
- (2) As used in this certification, segregated facilities means any waiting rooms, work areas, rest rooms or wash rooms, restaurants or other eating areas, time clocks, locker rooms or other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment area, transportation, or housing facilities provided for employees that are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise.
- (2) The offeror further agrees that (unless it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors before awarding subcontracts exceeding \$10,000 that are not exempt from the provisions of the Equal Opportunity clause; that it will retain these certifications in its files; and that it will forward the following notice to these proposed subcontractors (except when they have submitted identical certifications for specific time periods):

Notice: A certification of non segregated facilities must be submitted before the award of a subcontract exceeding \$10,000 that is not exempt from the Equal Opportunity clause. The certification may be submitted either for each subcontract or for all subcontracts during a period (quarterly, semiannually, or annually).

e. Certification Regarding Debarment, Proposed Debarment, and Other Matters

(This certification must be completed with respect to any offer with a value of \$100,000 or more.) (The Postal Service estimates that the total cost of this contract may exceed \$100,000 over the life of the contract. Therefore, offerors must complete, in its entirety, numbers 1 and 2 below.)

- (1) **The offeror certifies, to the best of its knowledge and belief, that it or any of its principals**
 - (a) Are ___ are not ___ presently debarred or proposed for debarment, or declared ineligible for the award of contracts by any Federal, state, or local agency;
 - (b) Have ___ have not ___ within the three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, or receiving stolen property;
 - (c) Are ___ are not ___ presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, commission of any of the offenses enumerated in subparagraph (b) above;
 - (d) Have ___ have not ___ within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in conjunction with obtaining, attempting to obtain, or performing a public (Federal, state or local) contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion or receiving stolen property; and
 - (e) Are ___ are not ___ presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, commission of any of the offenses enumerated in subparagraph (d) above.
 - (2) The offeror has ___ has not ___, within a three-year period preceding this offer, had one or more contracts terminated for default by any Federal, state, or local agency.
 - (3) "Principals," for the purposes of this certification, means officers, directors, owners, partners, and other persons having primary management or supervisory responsibilities within a business entity (e.g., general manager, plant manager, head of a subsidiary, division, or business segment, and similar positions).
 - (4) The offeror must provide immediate written notice to the Contracting Officer if, at any time prior to contract award, the offeror learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
 - (5) A certification that any of the items in paragraph (a) of this provision exists will not necessarily result in withholding of an award under this solicitation. However, the certification will be considered as part of the evaluation of the offeror's capability. The offeror's failure to furnish a certification or provide additional information requested by the contracting officer will affect the capability evaluation.
 - (6) Nothing contained in the foregoing may be construed to require establishment of a system of records in order to render, in good faith, the certification required by paragraph (a) of this provision. The knowledge and information of an offeror is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
 - (7) This certification concerns a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious, or fraudulent certification may render the maker subject to prosecution under section 1001, Title 18, United States Code.
 - (8) The certification in paragraph (a) of this provision is a material representation of fact upon which reliance was placed when making the award. If it is later determined that the offeror knowingly rendered an erroneous certification, in addition to other remedies available to the Postal Service, the Contracting Officer may terminate the contract resulting from this solicitation for default.
- f. Incorporation by Reference.** Wherever in this solicitation or contract a standard provision or clause is incorporated by reference, he incorporated term is identified by its title, its provision or clause number assigned to it, and its date. The text of incorporated terms may be found at <http://www.usps.com/cpim/ftp/manuals/spp/spp.pdf>. If checked, the following provision(s) is incorporated in this solicitation by reference:
- (1) Provision 1-2, Domestic Source Certificate – Supplies (March 2006)
 - (2) Provision 1-3, Domestic Source Certificate – Construction Materials (March 2006)
 - (3) Provision 9-1, Equal Opportunity Affirmative Action Program (March 2006)
 - (4) Provision 9-2, Pre-award Equal Opportunity Compliance Review (March 2006)
 - (5) Provision 9-3, Notice of Requirements for Equal Opportunity Affirmative Action (March 2006)

2.4 CERTIFICATION OF STATUTORY COMPLIANCE

The supplier (check applicable box) certifies that the business location within which it proposes to operate the Village Post Office (VPO) is, or by the time service begins will be, in compliance with all applicable Federal, state, and municipal laws, codes and regulations. With respect to handicapped accessibility, offerors must propose facilities that are handicapped accessible, pursuant to the applicable standards, or must set forth plans demonstrating how a non-accessible facility will meet the applicable accessibility standards prior to the start of service. ..

2.5 DETERMINATION OF MINIMUM OR NON-MINIMUM RATE SUPPLIER (To be completed by supplier)

- a. Is the offeror an individual, Yes, No? If "Yes," continue.
- b. Will the offeror personally operate the VPO more than 50% of the time, Yes, No? If "Yes," continue.
- c. Will the VPO be operated in a facility devoted exclusively to VPO service, Yes, No? If "No," continue.
- d. Identify the other commercial activity to be conducted at the VPO site:

- e. Will the VPO's revenues exceed the other commercial activity's revenues (VPO revenue is gross revenues received by the Village Post Office from its customers, less all credits, allowances and refunds allowed or granted to customers and less also the face or principal amount of all money orders issued by the VPO, and excluding amounts received from the supplier itself, or from persons or entities controlling, controlled by, or under common control with the supplier), Yes, No?

If questions a, b, and c are all "Yes", or questions a, b, and e are "Yes," this is a minimum rate offer to which the clause at 3.22 and the other minimum rate provisions of this solicitation apply.

PART 3 – CONTRACT CLAUSES

3.1 CLAUSE 4-1 GENERAL TERMS AND CONDITIONS

- a. **Assignment.** If this contract provides for payments aggregating \$10,000 or more, claims for monies due or to become due from the Postal Service under it may be assigned to a bank, trust company, or other financing institution, including any federal lending agency, and may thereafter be further assigned and reassigned to any such institution. Any assignment or reassignment must cover all amounts payable and must not be made to more than one party, except that assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in financing this contract. No assignment or reassignment will be recognized as valid and binding upon the Postal Service, unless a written notice of the assignment or reassignment, together with a true copy of the instrument of assignment, is filed with: (1) the Postal Service; (2) the office, if any, designated to make the payment, and the Postal Service has acknowledged the assignment in writing; (3) the surety or sureties upon any bond and (4) assignment of this contract or any interest in this contract other than in accordance with the provisions of this clause will be grounds for termination of the contract for default at the option of the Postal Service.
- b. **Changes**
 - (1) The contracting officer may, in writing, without notice to any sureties, order changes within the general scope of this contract in the following:
 - (a) Statement of work or description of services;
 - (2) Any other written or oral order (including direction, instruction, interpretation, or determination) from the contracting officer that causes a change will be treated as a change order under this paragraph, provided that the supplier gives the contracting officer written notice stating (a) the date, circumstances, and source of the order and (b) that the supplier regards the order as a change order.
 - (3) If any such change affects the cost of performance or the delivery schedule, the contract will be modified to effect an equitable adjustment.
 - (4) The supplier's claim for equitable adjustment must be asserted within 30 days of receiving a written change order. A later claim may be acted upon – but not after final payment under this contract – if the contracting officer decides that the facts justify such action.
 - (5) Failure to agree to any adjustment is a dispute under Clause B-9, Claims and Disputes, which is incorporated into this contract by reference (see Clause 4.2.a.1). Nothing in that clause excuses the supplier from proceeding with the contract as changed.

- c. **Patent Indemnity.** The supplier will indemnify the Postal Service and its officers, employees and agents against liability, including costs for actual or alleged direct or contributory infringement of, or inducement to infringe, any United States or foreign patent, trademark, or copyright, arising out of the performance of this contract, provided the supplier is reasonably notified of such claims and proceedings.
- d. **Payment.** The Postal Service will make payment in accordance with the Prompt Payment Act (31 U.S.C. 3903) and 5 CFR 1315. All payments will be made using Electronics Funds Transfer (EFT) to the supplier's servicing financial institution. Payment is made automatically, in arrears, by the St. Louis Accounting Service Center in twelve (12) equal monthly installments. Seasonal contracts will be paid in arrears, for each full month or partial month of service. Public Service Contracts are paid once annually, in arrears, after the contract anniversary date or on the contract termination date. Payment will be made within thirty (30) days after the end of the performance period.
- e. **Taxes.** The Postal Service will not withhold any Social Security, Federal, State or local taxes from any payments made under this contract. The Postal Service bears no responsibility for making the supplier's required payment of these taxes.
- f. **Other Compliance Requirements.** The supplier will comply with all applicable Federal, State, and local laws, executive orders, rules and regulations applicable to its performance under this contract.
- g. **Order of Precedence.** Any inconsistencies in this contract will be resolved by giving precedence in the following order; (1) the schedule of supplies and services; (2) the Assignment, Disputes, Payments, Invoice, Other Compliances and Compliance with Laws unique to the Postal Service Contracts paragraphs of this clause; (3) the clause at 4-2 Contract Terms and Conditions Required to Implement Policies, Statutes or Executive Orders; (4) addenda to this contract, including any license agreements for computer software; (5) other paragraphs of this clause; (6) other documents, exhibits, and attachments, and (8) the specifications.
- h. **Shipping.** The supplier must deliver goods that meet the prescribed physical limitations of the current USPS Domestic Mail Manual either by its own personnel/equipment or by use of the United States Postal Service, unless the contracting officer grants a waiver of this requirement. The supplier is responsible for ensuring that the packing and packaging are sufficient to protect the goods and ensure usability upon receipt.
- i. **Incorporation by Reference.** Wherever in this solicitation or contract a standard provision or clause is incorporated by reference, the incorporated term is identified by its title, the provision or clause number assigned to it in the Postal Service Supplying Practices and its date. The text of incorporated terms may be found at <http://www.usps.com/cpim/ftp/manuals/spp/spp.pdf>.
The following clauses are incorporated in this contract by reference:
(1) B-1, Definitions (March 2006); (2) B-15, Notice of Delay (March 2006); (3) B-16, Suspensions and Delays (March 2006)
(4) B-19, Excusable Delays (March 2006); (5) B-30, Permits and Responsibilities (March 2006)

3.2 CLAUSE 4-2 CONTRACT TERMS AND CONDITIONS REQUIRED TO IMPLEMENT POLICIES, STATUTES OR EXECUTIVE ORDERS (July 2009)

a. Incorporation by Reference

- (1) Wherever in this solicitation or contract a standard provision or clause is incorporated by reference, the incorporated term is identified by its title, the provision or clause number assigned to it in the Postal Service Supplying Practices. The text of incorporated terms may be found at <http://www.usps.com/cpim/ftp/manuals/spp/spp.pdf>. The following clauses are incorporated in this contract by reference:
(1) Clause 1-5, *Gratuities or Gifts* (March 2006)
(2) Clause B-9, *Claims and Disputes* (March 2006)
(3) Clause B-25, *Advertising of Contract Awards* (March 2006)
(4) Clause 9-1, *Convict Labor* (March 2006)
(5) Clause 9-5, *Contract Work Hours and Safety Standards Act — Safety Standards* (March 2006)
- (2) **If checked**, the following additional clauses are also incorporated in this contract by reference:
(1) Clause 1-1, *Privacy Protection* (July 2007) (1.6.6)
(2) Clause 1-6, *Contingent Fees* (March 2006)
(3) Clause 1-9, *Preference for Domestic Supplies* (March 2006)
(4) Clause 1-10, *Preference for Domestic Construction Materials* (March 2006)
(5) Clause 3-1, *Small, Minority, and Woman-owned Business Subcontracting Requirements* (March 2006)
(6) Clause 3-2, *Participation of Small, Minority, and Woman-owned Businesses* (March 2006)
(7) Clause 9-2, *Contract Work Hours and Safety Standards Act — Overtime Compensation* (March 2006)
(8) Clause 9-3, *Davis-Bacon Act* (March 2006)
(9) Clause 9-6, *Walsh-Healey Public Contracts Act* (March 2006)
(10) Clause 9-7, *Equal Opportunity* (March 2006)
(11) Clause 9-10, *Service Contract Act* (March 2006)
(12) Clause 9-11, *Service Contract Act – Short Form* (March 2006)
(13) Clause 9-12, *Fair Labor Standards Acts and Services Contract Act — Price Adjustments* (February 2010)
(14) Clause 9-13, *Affirmative Action for Handicapped Workers* (March 2006)
(15) Clause 9-14, *Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era* (February 2010)

b. Examination of Records.

- (1) Records. "Records" includes books, documents, accounting procedures and practices, and other data, regardless of type and regardless of whether such items are in written form, in the form of computer data, or in any other form.
- (2) Examination of Costs. If this is a cost-type contract, the supplier must maintain, and the Postal Service will have the right to examine and audit all records and other evidence sufficient to reflect properly all costs claimed to have been incurred or anticipated to be incurred directly or indirectly in performance of this contract. This right of examination includes inspection at all reasonable times of the supplier's plants, or parts of them, engaged in the performance of this contract.
- (3) Cost or Pricing Data. If the supplier is required to submit cost or pricing data in connection with any pricing action relating to this contract, the Postal Service, in order to evaluate the accuracy, completeness, and currency of the cost or pricing data, will have the right to examine and audit all of the supplier's records, including computations and projections, related to:
 - (a) The proposal for the contract, subcontract, or modification;
 - (b) The discussions conducted on the proposal(s), including those related to negotiating;
 - (c) Pricing of the contract, subcontract, or modification; or
 - (d) Performance of the contract, subcontract or modification.

c. Reports. If the supplier is required to furnish cost, funding or performance reports, the contracting officer or any authorized representative of the Postal Service will have the right to examine and audit the supporting records and materials, for the purposes of evaluating:

- (1) The effectiveness of the supplier's policies and procedures to produce data compatible with the objectives of these reports; and
- (2) The data reported.

d. Availability. The supplier must maintain and make available at its office at all reasonable times the records, materials, and other evidence described in paragraphs (a) through (d) of this clause, for examination, audit, or reproduction, until three years after final payment under this contract or any longer period required by statute or other clauses in this contract. In addition:

- (1) If this contract is completely or partially terminated, the supplier must make available the records related to the work terminated until three years after any resulting final termination settlement; and
- (2) The supplier must make available records relating to appeals under the claims and disputes clause or to litigation or the settlement of claims arising under or related to this contract. Such records must be made available until such appeals, litigation or claims are finally resolved.
- (3) Payment Offsets. As required by 31 U.S.C. 3716, the Postal Service participates in the Treasury Offset Program of the Department of Treasury's Financial Management Service. Payments under this contract are subject to offset in whole or in part to for the supplier's delinquent tax and non-tax debts owed to the United States and the states and for delinquent child support payments. Suppliers with questions concerning a payment offset should contact the Treasury Offset Program call center at 1/800-304-3107.

3.3 CLAUSE 6-1 CONTRACTING OFFICER'S REPRESENTATIVE (March 2006)

The contracting officer will appoint a contracting officer's representative (COR), responsible for the day-to-day administration of the contract, who will serve as the Postal Service point of contact with the supplier on all routine matters. A copy of the notice of appointment defining the COR's authority will be furnished to the supplier upon award of contract.

COR will provide the supplier with the Domestic Mail Manual (DMM), International Mail Manual (IMM), Pub 52 Hazardous, Restricted, and Perishable Mail, Zip Code Directory, etc.. Supplier will also be provided training in Transportation Security and HAZMAT safety concerns. (See attached COR Appointment Letter for further information)

3.4 APPEARANCE, LOCATION AND SECURITY

The VPO area, as well as the interior and exterior of the supplier's premises, must be kept clean, neat, uncluttered and in good repair. Windows must be clean and unobstructed. Facility identification and logo will be appropriately placed, visible and in good condition. Lighting must be adequate and properly maintained. Counters must be attractively organized to facilitate customer transactions. Signs (Hours of Operation and Collection Times, etc.) and promotional displays must be current and appropriate for the season. Trash receptacles must be available and clean. The VPO must not be located in or directly connected to a room where intoxicating beverages are sold for consumption on the premises. When the VPO is closed or unattended, the round dater, mail and all other accountable postal equipment must be kept in a secure location.

3.5 VILLAGE POST OFFICE IDENTITY

- a. The VPO shall be known as the UNITED STATES VILLAGE POST OFFICE.
- b. Subject to the terms of this contract, USPS grants to the supplier a non-exclusive, non-transferable and terminable license to use USPS Trademarks, including the marks Post Office, Village Post Office, United States Post Office, Postal Service, United States Postal Service, United States Post Office Contract Unit and the Eagle Logo on the signs provided to the supplier by the Postal Service and in any USPS -approved advertising in the manner specified by USPS.
- c. The Postal Service, at its own expense, will provide all exterior and interior signage for the purpose of identifying the location as a VPO. The supplier, at its own expense, is responsible for obtaining needed permits (if any) and installing the signs in mutually agreed upon locations on the exterior and interior of the VPO location. The signs must be maintained in good repair, at supplier expense, for the duration of the contract. The signs may not be modified or moved without the prior written approval of the contracting officer. Upon termination of the contract, the supplier, at its own expense, is responsible for removing the signs, disposing of them as directed by the contracting officer, and restoring the location to its original condition.
- d. Except as specified in this paragraph, the supplier is not authorized to include the name, POST OFFICE, in its corporate name, trade name or business name. The supplier is not authorized to use any USPS trademarks or logos, including the mark Post Office or Postal Service or any other USPS trademarks, in any other manner without the prior approval of the Postal Service.
- e. The supplier acknowledges that USPS Trademarks, including but not limited to the marks Post Office, United States Post Office, Postal Service, Village Post Office, United States Postal Service and the Eagle Logo are trademarks owned solely and exclusively by USPS and agrees to use USPS trademarks only in the form and manner (with appropriate legends) prescribed by USPS. The supplier agrees not to use any other trademark or service mark in connection with any USPS Trademarks without prior written approval of USPS. The supplier agrees to mark all advertising and other uses of USPS Trademarks with a legend indicating that USPS Trademarks are the property of USPS and that they are being used under license from USPS, together with any other legends

3.6 LIABILITY

The supplier assumes the risk of, and will be responsible for, any loss of or damage to Postal Service moneys and property, except when the supplier can show that (1) the supplier complied with all of the security requirements contained in this contract and the losses occurred despite that compliance; and (2) that the losses did not result from the acts or omissions of the supplier or its personnel.

3.7 TRAINING

Customer service, product knowledge and equipment training modules are required and will be provided to the supplier's personnel by the Postal Service. Prior to or within 30 days of beginning work, supplier personnel who will be providing VPO services will receive up to two (2) hours of UPSP-provided training. The Postal Service will provide the supplier a training schedule no later than 15 days prior to the Operation Date (See Attachment 1 - Requirements). The supplier must notify the COR within one (1) business day whenever a person is retained to work in the VPO or provide services related thereto, requesting that initial training be provided to that person. In addition, the Postal Service may require the supplier's personnel to complete four (4) hours of training per year in each year subsequent to the year of their initial training. The supplier will be solely responsible for salary and benefits of its personnel who attend the required training. If approved by the Contracting Officer, the required training may be provided by the supplier's USPS certified trainer.

3.8 ADVERTISING

Upon commencement of Village Post Office operations, the Postal Service may provide initial advertising to market the Village Post Office, at no cost to the supplier, as well as appropriate camera-ready USPS logo art work for use in advertising initiated and paid for by the supplier. Any supplier sponsored VPO advertising which incorporates the USPS logo must be furnished to the Postal Service for its review and written approval at least 30 days before its publication deadline. The USPS logo is a Postal Service trademark and cannot be altered.

3.9 NEW SERVICES, PRODUCTS AND TECHNOLOGY

During the term of this contract, the contracting officer may, in accordance with the *Changes* clause, add or remove postal services to be provided under this contract. In the event new services are ordered, the Postal Service, at its own expense, will provide the supplier with additional training and, if necessary, the equipment or technology needed to provide the new service.

3.10 TRANSPORTATION SECURITY

Transportation security policy covers all mail. The VPO supplier must ensure that all employees are aware of all current Postal Service transportation mail security requirements, procedures and instructions. Compliance with these instructions is mandatory. The Transportation Security Anonymous Mail Standard Operating Procedures are restricted information and must not be provided to or discussed with persons other than USPS, US Postal Inspection Service, or VPO employees or authorized contractors.

3.11 PERFORMANCE REVIEWS

- a. Contract performance reviews may be held periodically to promote continuous quality improvement and improve the business relationship. All aspects of contract performance will be discussed during these reviews.
- b. Any changes to this contract as a result of the performance review will be incorporated by a bilateral modification or a bilateral written agreement between the COR and the supplier.

3.12 INSPECTION OF VILLAGE POST OFFICE

The Postal Service reserves the right, without prior notice, to conduct audits and customer surveys and to review and inspect the supplier's performance and the quality of service at any time during the operating hours of the Village Post Office. A written report will be submitted to the supplier for corrective action, if necessary.

3.13 CHANGES IN SUPPLIER'S LEASE AND/OR BUSINESS OPERATIONS

If the supplier is leasing this space, the supplier certifies that the supplier's lease authorizes the supplier to perform alterations to the premises and that services to be performed under the contract do not violate the supplier's lease contract. In addition, the supplier must notify the Postal Service, in writing of the following, within the time frames shown below:

- a. Within five (5) days after notification from the owner of the leased building in which the Village Post Office is located of the owner's intent to cancel the lease or not to renew the lease. The contracting officer may terminate the contract if the supplier cannot relocate to a location that serves the needs of the Postal Service, as determined in the Postal Service's sole discretion.
- b. At least one hundred twenty (120) days before the supplier closes, sells, or relocates a business it operates in conjunction with the Village Post Office.

3.14 TRANSFER OF CONTRACT

- a. The supplier may not transfer (assign to another party) this contract, any interest in it, or any claims based on it -- except under the circumstances described in b. below. If the supplier does so, the Postal Service may, at any time after notifying the supplier in writing, terminate the contract and use any other rights and remedies it has by law.
- b. **Exceptions**
 - (1) The Postal Service may permit a novation at its sole discretion if all of the supplier's assets, or all those involved in fulfilling the contract, are transferred.
 - (2) Payments owed the supplier may be transferred to a bank, trust company or other financial institution, including any Federal lending agency, if all amounts payable are transferred and the transfer is to a single party (who may be an agent or trustee for two or more parties who are involved in the financing).
- c. **For any transfer to be valid, the supplier must give the Postal Service written notice with the transfer paper attached and obtain approval from the Postal Service in writing.** Copies of the notice and attachments must be filed with: the Postal Service; the surety or sureties on any Village Post Office bond and the Postal Service, if any that has been designated to make payment.

3.15 MINIMUM RATE

Minimum rate suppliers must receive not less than the prevailing Federal minimum wage for work performed. The annual price proposed by a minimum rate offer must, when divided by the annual operating hours, provide the supplier at least the prevailing Federal minimum wage. If it does not, the offer may be rejected.

3.16 REQUEST FOR PRICE ADJUSTMENT

- a. After the supplier has had the contract for at least two full years, and thereafter, two years since the last price increase was effective, the supplier may request an increase in the contract's annual price. The written request must provide a detailed explanation, with supporting documentation, to justify the increase based on either or both of the following reasons:
 - (1) Direct cost increases for rent, utilities, taxes and labor. (If the VPO is operated in conjunction with another business, the increased costs must be prorated and only those costs associated with the operation of the VPO will be considered.)
 - (2) Increased benefit to the Postal Service. The benefit may derive from increased real revenue (not from fee or rate increases), increased transactions, or other improvements (must be specific).
- b. The request must be submitted to the contracting officer's representative (COR) for submission to the contracting officer.
- c. The contracting officer may accept the request, deny the request, or negotiate with the supplier to reach agreement on a new annual price. If the request is denied or no agreement is reached, the supplier may continue at the same annual price or the contract may be terminated by either party in accordance with Termination on Notice clause. If the request is accepted or agreement is reached on another amount, the supplier must waive its right to terminate the contract on notice for one year beginning from the effective date of the new price.

3.17 CONTRACTS BETWEEN THE POSTAL SERVICE AND ITS EMPLOYEES OR BUSINESS ORGANIZATIONS SUBSTANTIALLY OWNED OR CONTROLLED BY POSTAL SERVICE EMPLOYEES (VILLAGE POST OFFICE)

- a. Generally, the Postal Service does not enter into contracts with its employees, their immediate families, or business organizations substantially owned or controlled by Postal Service employees or their immediate families. "Immediate family" means spouse, minor child or children, and individuals related to the employee by blood who are residents of the employee's household. Postal Service employees and their immediate family may not be involved in the administrations or operations of a Village Post Office (VPO).
- b. All supplier personnel assigned to the Village Post Office must be professionally attired and wear name tags. All personnel must project a professional image of the Postal Service at all times while operating the VPO.
- c. The contracting officer may require removal of an employee from the VPO operations if, in the opinion of the Postal Service the employee cannot do the work or fails to comply with applicable standards of conduct.

3.18 TERMINATION ON NOTICE

This contract may be terminated by either party upon **thirty (30) days' written notice**. In the event of such termination, neither party will be liable for any costs, except for payment in accordance with the payment provisions of the contract for actual services rendered prior to the effective date of the termination. When required to protect the Postal Service's interests, the contracting officer may terminate the contract upon one day's written notice.

3.19 CLAUSE B-39: INDEMNIFICATION (MARCH 2006)

The supplier must save harmless and indemnify the Postal Service and its officers agents, representatives, and employees from all claims, losses, damage, actions, causes of action, expenses, and/or liability resulting from, brought for, or on account of any personal injury or property damage received or sustained by any person, persons or property growing out of, occurring, or attributable to any work performed under or related to this contract, resulting in whole or in part from negligent acts or omissions of the supplier, any subcontractor, or any employee, agent, or representative of the supplier or any subcontractor.

3.20 POSTAL SERVICE PROPERTY

- a. Upon delivery to the supplier of Postal Service property, the supplier assumes the risk and responsibility for its loss or damage. The supplier shall assume all responsibility and liability for all Postal Service furnished property. USPS and supplier will be responsible for property maintenance as detailed in Part VI of Attachment 1 --Requirements.
- b. Upon the completion or sooner termination of this contract, the supplier must prepare for return Postal Service property not consumed in performing this contract or previously delivered to the Postal Service, as directed or authorized by the contracting officer. The COR or USPS Retail Specialist will coordinate the return of said property, as described in paragraphs "c" and "d" below.
- c. If the VPO offers Post Office box service, the COR will coordinate the pickup of the Post Office boxes with the Supplier.
- d. The VPO coordinates return of all displays and signage with the COR (including the round date stamp) and any other items listed and detailed in Part VI of Attachment 1 – Requirements.

PART 4 - ATTACHMENTS

<u>ATTACHMENT NO.</u>	<u>TITLE</u>	<u>NO. OF PAGES</u>
1	REQUIREMENTS	1
2	VILLAGE POST OFFICE SUPPLIER BUSINESS PROPOSAL INFORMATION (INCLUDING WORKSHEET)	2

I. DESCRIPTION

The Village Post Office will report to the following:

Title

Installation Name

Street Address

City, State, ZIP+4

Telephone Number (include area code)

SPACE REQUIREMENTS: Floor space must equal a minimum of square feet.
 Wall space must equal a minimum of square feet
 Outside space must equal a minimum of square feet.

AREA/LOCATION (identify general boundaries and attach map)

II. OPERATION & SERVICE DAYS AND HOURS:

The VPO will operate Monday through Friday from a.m. to p.m. and Saturday from a.m. to p.m. If the retail business is open to the public on Sundays and holidays, the VPO must operate on Sundays from a.m. to p.m. and holidays from a.m. to p.m. Any change to these hours after contract award must be agreed to, in writing, by both the supplier and the contracting officer's representative (COR). Copies of the change will be maintained by the supplier, COR, and the District Retail Office.

III. FOR SEASONAL CONTRACTS ONLY - OPERATIONAL DATES:

The Village Post Office (VPO) contract term will commence upon receipt of the Village Post Office notification from the VPO Coordinator that the supplier training and signage requirements have been completed and accepted by the Postal Service. The contract term will commence no sooner than and is subject to confirmation by the Postal Service. If the Village Post Office is operated on a seasonal basis the opening date will be and the closing date will be each year of operation.

IV. SERVICES: The supplier must provide the following services:

A. STAMPS & PRODUCTS	B. DOMESTIC MAIL	C. INTERNATIONAL MAIL	D. SPECIAL SERVICES
Forever Stamps	Priority Flat Rate Boxes and Envelopes		

V. PROPERTY/EQUIPMENT/SUPPLIES:

The indicated provider will furnish each item of property, equipment, and supplies necessary to operate this Village Post Office (VPO). Neither party will provide the item if "N/A" is checked. The supplier must acknowledge in writing the receipt of all Postal provided equipment. The supplier will purchase the initial postage and will replenish stock as necessary to keep up with customer demand. **All subsequent postage replenishments must be ordered from the Kansas City Stamp Fulfillment Services (SFS) to ensure proper, complete and accurate accounting and visibility of the supplier's purchases.** Please see attached order form for details.

ITEM	PROVIDED BY		INSTALLED BY		MAINTAINED BY		N/A
	USPS	SUPPLIER	USPS	SUPPLIER	USPS	SUPPLIER	
EQUIPMENT							
Post Office Boxes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quantity:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rotary:							
CBU:							
SIGNS							
Exterior	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Interior (Window Cling)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
OTHER							
Collection Box	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**ATTACHMENT 2
SUPPLIER BUSINESS PROPOSAL, INFORMATION AND WORKSHEET**

The supplier is required to provide the information below. The information provided will be used to evaluate your proposal. **Failure to include any of the requested information may disqualify your proposal from consideration.** All information provided must be verifiable and the Postal Service may need to meet with the supplier and/or visit the proposed VPO facility to complete this evaluation. Any addendum to this attachment must be clearly marked as such and returned with your offer.

Supplier's Proposal to meet the USPS Requirement for a VPO Contract. The Postal Service's requirement is for a VPO location/facility which is convenient to our customers, in an attractive setting, and staffed and managed in a way that encourages customers to use it to obtain Postal Services. With these factors in mind, use the following to explain how the facility/location you propose are capable of satisfying these requirements. Your proposal should address each topic as listed below.

1. Past Performance. Provide at least one (1) reference that will demonstrate/verify a history of satisfactory past performance. These references will be asked about your performance in the areas of quality, timeliness of performance, business relations and cost control.

1. Name	Title
Company	Phone
2. Name	Title
Company	Phone
3. Name	Title
Company	Phone

2. Capability. The supplier must provide information that it is financially sound. In the space provided below, provide the name of your primary lending/banking institution, its phone number, and a point of contact.

Financial Institution –
Point of contact
Phone

3. Characteristics of your Retail Facility.

Proposed VPO Name
Proposed VPO Physical Address
City, State Zip +4
Business email address

3a. Location. Location of your facility, in terms of its relationship to the customers to be served, other businesses, etc.

3b. Current Business Volume. Provide verifiable information on current daily foot traffic, sales per square foot and other information indicative of business volume and the market served.

3c. Physical Characteristics. What features of your facility make it convenient and attractive to postal customers? Also, be sure to address accessibility to the handicapped (in terms of your facility and of the VPO within your facility) and if facility is not currently accessible, how it will be made accessible before service begins.

3d. Parking and Public Transportation. Describe the availability and extent of on-site and other public parking (including handicapped parking), whether customers pay a fee to use the proposed parking or it is free and the extent of availability of public transportation convenient to your location.

4. Characteristics of the Proposed VPO facility within your location. Discuss how your proposed VPO facility meets or exceeds the space requirements listed in Attachment 1 of the solicitation, as well as its other location and appearance requirements.

5. Staffing. Discuss plans for staffing and managing the VPO during regular business hours and the holiday season. Explain the relationship between VPO personnel to other personnel and the extent to which VPO staff will perform other duties within your business. Describe your plans or programs to deal with employee turnover and absenteeism with respect to the VPO.

PART 1 – VILLAGE POST OFFICE

1.1 VILLAGE POST OFFICE OPERATION

The supplier agrees to operate a Village Post Office (VPO) in a facility operated by the supplier, at a supplier-owned or leased site, under contract with the Postal Service to provide specified Postal Services and supplies to the public, according to the terms and conditions established herein. Days and hours of operation will be coordinated with the designated postal official listed in Attachment 1, who will serve as the Postal Service point of contact with the supplier. A copy of the notice of appointment defining this official's authority will be furnished to the supplier upon award of the contract. The contract will be for an indefinite term, subject to the termination provisions specified herein. The supplier agrees to provide the services set forth in Attachment 1, Requirements. The property required for the operation of this VPO is identified in Attachment 1.

The supplier agrees to operate a Village Post Office (VPO) under the terms and conditions established herein for an annual rate or flat fee of \$ _____, (Supplier insert offer in the space provided).

1.2 ACKNOWLEDGMENT OF AMENDMENTS

The Postal Service reserves the right to make amendments to the solicitation. Supplier shall receive notice of any amendments and will be asked to acknowledge receipt of amendments.

PART 2 – SOLICITATION PROVISIONS

PROVISION 4-1 STANDARD SOLICITATION PROVISIONS

a. Submission of Offers. Submit signed and dated offers to the office specified in this solicitation at or before the exact time specified in the solicitation.

At a minimum, offers must submit the following information:

Page 1, Item 10, individual or company name, dba, mailing address, city, state, zip and contact name.

Page 1, Item 11, physical address of VPO, telephone number, fax number and email address

***** DO NOT USE A POST OFFICE BOX ADDRESS FOR THE PHYSICAL ADDRESS *****

Page 1, Item 13a12a, Taxpayer identification number (TIN) or Social Security Number (SSN). The TIN is the supplier's tax identification number used on the U.S. Treasury Form 941, Employer's Quarterly Federal Tax Return.

Page 1, Item 12b, Parent Company's TIN (if applicable)

Page 1, Item 16b, Signature of Person Authorized to Sign, and Item 16c, Printed Name and Title of Person Authorized to Sign.

Provide all other information requested in Part 2 – Solicitation Provisions of this solicitation.

Provide all the information requested in Attachment 2 – VPO – Supplier Business Proposal and Information.

b. Business Disagreements. Business disagreements may be lodged with the Supplier Dispute Resolution Official (SDRO) if the supplier and the contracting officer have failed to resolve the disagreement as described in 39 CFR Section 601 (available for review at www.gpoaccess.gov/ecfr). The SDRO will consider the disagreement only if it is lodged in accordance with the time limits and procedures prescribed in 39 CFR Section 601. SDRO decisions are available for review at <http://www.usps.com>.

c. Late Offers. Offers or modifications to offers received at the address specified for the receipt of offers after the exact time specified for receipt of offers will not be considered unless determined to be in the best interest of the Postal Service.

d. Type of Contract. The Postal Service plans to award a Firm-Fixed Price (flat fee) contract, and all proposals must be submitted on this basis. Alternate proposals based on other contract types will not be considered.

e. Contract Award. The Postal Service may evaluate offers and award a contract without discussions with offerors. Therefore, the offeror's initial offer should contain the offeror's best terms from a technical and price (flat annual rate or fee) standpoint. Discussions may be conducted if the Postal Service determines they are necessary. The Postal Service may reject any or all offers if such action is in the best interest of the Postal Service, except other than the lowest offer, and/or waive informalities and minor irregularities in offers received.

PROVISION 4-2 EVALUATION

General. The Postal Service will award a contract resulting from this solicitation to the offeror whose offer conforming to the solicitation is deemed to offer the Postal Service the best value, price and other factors as specified considered. Supplier specific factors shown under item one (1) below will be evaluated on a pass or fail basis. Offerors whose supplier-specific evaluation factors are found acceptable will have their proposal-specific factors evaluated. Proposal-specific factors shown under item two (2) below will be evaluated according to the criteria (performance evaluation factors), to include handicapped accessibility. Proposals which do not propose facilities that are handicapped accessible, or which do not demonstrate to the Postal Service's satisfaction how the facility will meet the applicable accessibility standards before service begins, will not be evaluated further. Failure to provide any of the information requested in Attachment 2 of this solicitation may disqualify your proposal from consideration. The performance evaluation factors (proposal-specific and supplier-specific factors), when combined, are considered to be more important, less important, as important as price. The following performance evaluation factors will be used in the evaluation of offers:

Supplier-Specific Factors – Pass or Fail Basis (See Attachment 2)

Past performance

Capability

Proposal-Specific Factors (See Attachment 2)

Characteristics of the Supplier's Retail Facility

Location

Current Business Volume

Physical Characteristics (including accessibility to the handicapped)

Parking and Public Transportation (including handicapped parking)

(b) Characteristics of the Proposed VPO Facility within the Supplier's Retail Facility

(c) Staffing

b. Notice of Award. The Postal Service may accept an offer (or part of an offer), whether or not there are discussions after its receipt, before an offer's specified expiration time, unless a written notice of withdrawal is received before award. A written notice of award or acceptance of an offer mailed or otherwise furnished to the successful offeror within the time for acceptance specified in the offer, will result in a binding contract without further action by either party.

Provision 4-3 Representations and Certifications (MARCH 2006)

Type of Business Organization.

The offeror, by checking the applicable blocks, represents that it:

Operates as:

- a corporation incorporated under the laws of the state of _____;
- an individual;
- a partnership;
- a joint venture;
- a limited liability company;
- a nonprofit organization; or
- an educational institution; and

Is (check all that apply)

- a small business concern;
- a minority business (indicate minority below):
- Black American
- Hispanic American
- Native American
- Asian American:
- a woman-owned business; or
- none of the above entities.

Small Business Concern. A small business concern for the purposes of Postal Service purchasing means a business, including an affiliate, that is independently owned and operated, is not dominant in producing or performing the supplies or services being purchased, and has no more than 500 employees, unless a different size standard has been established by the Small Business Administration (see 13 CFR 121, particularly for different size standards for airline, railroad, and construction companies). For subcontracts of \$50,000 or less, a subcontractor having no more than 500 employees qualifies as a small business without regard to other factors.

Minority Business. A minority business is a concern that is at least 51 percent owned by, and whose management and daily business operations are controlled by, one or more members of a socially and economically disadvantaged minority group, namely U.S. citizens who are Black Americans, Hispanic Americans, Native Americans, or Asian Americans. (Native Americans are American Indians, Eskimos, Aleuts, and Native Hawaiians. Asian Americans are U.S. citizens whose origins are Japanese, Chinese, Filipino, Vietnamese, Korean, Samoan, Laotian, Kampuchea (Cambodian), Taiwanese, in the U.S. Trust Territories of the Pacific Islands or in the Indian subcontinent.)

Woman-owned Business. A woman-owned business is a concern at least 51 percent of which is owned by a woman (or women) who is a U.S. citizen, controls the firm by exercising the power to make policy decisions, and operates the business by being actively involved in day-to-day management.

Educational or Other Nonprofit Organization. Any corporation, foundation, trust, or other institution operated for scientific or educational purposes, not organized for profit, no part of the net earnings of which inures to the profits of any private shareholder or individual.

Parent Company and Taxpayer Identification Number.

A parent company is one that owns or controls the basic business policies of an offeror. To own means to own more than 50 percent of the voting rights in the offeror. To control means to be able to formulate, determine, or veto basic business policy decisions of the offeror. A parent company need not own the offeror to control it; it may exercise control through the use of dominant minority voting rights, proxy voting, contractual arrangements, or otherwise. Enter the offeror's Taxpayer Identification Number (TIN) in the space provided. The TIN is the offeror's Social Security number or other Employee Identification Number used on the offeror's Quarterly Federal Tax Return, U.S. Treasury Form 941. Offeror's TIN: _____

Check this block if the offeror is owned or controlled by a parent company:

If the block above is checked, provide the following information about the parent company:

Parent Company's Name: _____

Parent Company's Main Office: _____

Address: _____

No. and Street: _____

City: _____ State: _____ Zip Code: _____

Parent Company's TIN: _____

If the offeror is a member of an affiliated group that files its federal income tax return on a consolidated basis (whether or not the offeror is owned or controlled by a parent company, as provided above) provide the name and TIN of the common parent of the affiliated group:

Name of Common Parent _____

Common Parent's TIN _____

Certificate of Independent Price Determination.

By submitting this proposal, the offeror certifies, and in the case of a joint proposal each party to it certifies as to its own organization:

The prices proposed have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to the prices with any other offeror or with any competitor;

Unless otherwise required by law, the prices proposed have not been and will not be knowingly disclosed by the offeror before award of a contract, directly or indirectly to any other offeror or to any competitor; and No attempt has been made or will be made by the offeror to induce any other person or firm to submit or not submit a proposal for the purpose of restricting competition.

Each person signing this proposal certifies that:

He or she is the person in the offeror's organization responsible for the decision as to the prices being offered herein and that he or she has not participated, and will not participate, in any action contrary to paragraph a above; or He or she is not the person in the offeror's organization responsible for the decision as to the prices being offered but that he or she has been authorized in writing to act as agent for the persons responsible in certifying that they have not participated, and will not participate, in any action contrary to paragraph a above, and as their agent does hereby so certify; and he or she has not participated, and will not participate, in any action contrary to paragraph a above.

Modification or deletion of any provision in this certificate may result in the disregarding of the proposal as unacceptable. Any modification or deletion should be accompanied by a signed statement explaining the reasons and describing in detail any disclosure or communication.

d. Certification of Nonsegregated Facilities.

By submitting this proposal, the offeror certifies that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and will not permit its employees to perform services at any location under its control where segregated facilities are maintained. The offeror agrees that a breach of this certification is a violation of the Equal Opportunity clause in this contract.

(2) As used in this certification, segregated facilities means any waiting rooms, work areas, rest rooms or wash rooms, restaurants or other eating areas, time clocks, locker rooms or other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment area, transportation, or housing facilities provided for employees that are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise.

The offeror further agrees that (unless it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors before awarding subcontracts exceeding \$10,000 that are not exempt from the provisions of the Equal Opportunity clause; that it will retain these certifications in its files; and that it will forward the following notice to these proposed subcontractors (except when they have submitted identical certifications for specific time periods):

Notice: A certification of non segregated facilities must be submitted before the award of a subcontract exceeding \$10,000 that is not exempt from the Equal Opportunity clause. The certification may be submitted either for each subcontract or for all subcontracts during a period (quarterly, semiannually, or annually).

Certification Regarding Debarment, Proposed Debarment, and Other Matters
(This certification must be completed with respect to any offer with a value of \$100,000 or more.) (The Postal Service estimates that the total cost of this contract may exceed \$100,000 over the life of the contract. Therefore, offerors must complete, in its entirety, numbers 1 and 2 below.)

(1) The offeror certifies, to the best of its knowledge and belief, that it or any of its principals

Are ___ are not ___ presently debarred or proposed for debarment, or declared ineligible for the award of contracts by any Federal, state, or local agency;

Have ___ have not ___, within the three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, or receiving stolen property;

Are ___ are not ___ presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, commission of any of the offenses enumerated in subparagraph (b) above;

Have ___ have not ___ within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in conjunction with obtaining, attempting to obtain, or performing a public (Federal, state or local) contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion or receiving stolen property; and

Are ___ are not ___ presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, commission of any of the offenses enumerated in subparagraph (d) above.

(2) The offeror has ___ has not ___, within a three-year period preceding this offer, had one or more contracts terminated for default by any Federal, state, or local agency.

(3) "Principals," for the purposes of this certification, means officers, directors, owners, partners, and other persons having primary management or supervisory responsibilities within a business entity (e.g., general manager, plant manager, head of a subsidiary, division, or business segment, and similar positions).

(4) The offeror must provide immediate written notice to the Contracting Officer if, at any time prior to contract award, the offeror learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

(5) A certification that any of the items in paragraph (a) of this provision exists will not necessarily result in withholding of an award under this solicitation. However, the certification will be considered as part of the evaluation of the offeror's capability. The offeror's failure to furnish a certification or provide additional information requested by the contracting officer will affect the capability evaluation.

(6) Nothing contained in the foregoing may be construed to require establishment of a system of records in order to render, in good faith, the certification required by paragraph (a) of this provision. The knowledge and information of an offeror is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

(7) This certification concerns a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious, or fraudulent certification may render the maker subject to prosecution under section 1001, Title 18, United States Code.

(8) The certification in paragraph (a) of this provision is a material representation of fact upon which reliance was placed when making the award. If it is later determined that the offeror knowingly rendered an erroneous certification, in addition to other remedies available to the Postal Service, the Contracting Officer may terminate the contract resulting from this solicitation for default.

f. Incorporation by Reference. Wherever in this solicitation or contract a standard provision or clause is incorporated by reference, the incorporated term is identified by its title, its provision or clause number assigned to it, and its date. The text of incorporated terms may be found at <http://www.usps.com/cpim/ftp/manuals/spp/spp.pdf>. If checked, the following provision(s) is

incorporated in this solicitation by reference:

- Provision 1-2, Domestic Source Certificate – Supplies (March 2006)
- Provision 1-3, Domestic Source Certificate – Construction Materials (March 2006)
- Provision 9-1, Equal Opportunity Affirmative Action Program (March 2006)
- Provision 9-2, Pre-award Equal Opportunity Compliance Review (March 2006)
- Provision 9-3, Notice of Requirements for Equal Opportunity Affirmative Action (March 2006)

2.4 CERTIFICATION OF STATUTORY COMPLIANCE

The supplier (check applicable box) certifies that the business location within which it proposes to operate the Village Post Office (VPO) is, or by the time service begins will be, in compliance with all applicable Federal, state, and municipal laws, codes and regulations. With respect to handicapped accessibility, offerors must propose facilities that are handicapped accessible, pursuant to the applicable standards, or must set forth plans demonstrating how a non-accessible facility will meet the applicable accessibility standards prior to the start of service. ..

Determination of Minimum or Non-Minimum Rate SUPPLIER (To be completed by supplier)

Is the offeror an individual, Yes, No? If "Yes," continue.

Will the offeror personally operate the VPO more than 50% of the time, Yes, No? If "Yes," continue.

Will the VPO be operated in a facility devoted exclusively to VPO service, Yes, No? If "No," continue.

Identify the other commercial activity to be conducted at the VPO site:

Will the VPO's revenues exceed the other commercial activity's revenues (VPO revenue is gross revenues received by the Village Post Office from its customers, less all credits, allowances and refunds allowed or granted to customers and less also the face or principal amount of all money orders issued by the VPO, and excluding amounts received from the supplier itself, or from persons or entities controlling, controlled by, or under common control with the supplier), Yes, No?

If questions a, b, and c are all "Yes", or questions a, b, and e are "Yes," this is a minimum rate offer to which the clause at 3.22 and the other minimum rate provisions of this solicitation apply.

PART 3 – CONTRACT CLAUSES

Clause 4-1 General Terms and Conditions

Assignment. If this contract provides for payments aggregating \$10,000 or more, claims for monies due or to become due from the Postal Service under it may be assigned to a bank, trust company, or other financing institution, including any federal lending agency, and may thereafter be further assigned and reassigned to any such institution. Any assignment or reassignment must cover all amounts payable and must not be made to more than one party, except that assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in financing this contract. No assignment or reassignment will be recognized as valid and binding upon the Postal Service unless a written notice of the assignment or reassignment, together with a true copy of the instrument of assignment, is filed with: (1) the Postal Service; (2) the office, if any, designated to make the payment, and the Postal Service has acknowledged the assignment in writing; (3) the surety or sureties upon any bond and (4) assignment of this contract or any interest in this contract other than in accordance with the provisions of this clause will be grounds for termination of the contract for default at the option of the Postal Service.

Changes

The contracting officer may, in writing, without notice to any sureties, order changes within the general scope of this contract in the following:

Statement of work or description of services;

Any other written or oral order (including direction, instruction, interpretation, or determination) from the contracting officer that causes a change will be treated as a change order under this paragraph, provided that the supplier gives the contracting officer written notice stating (a) the date, circumstances, and source of the order and (b) that the supplier regards the order as a change order.

If any such change affects the cost of performance or the delivery schedule, the contract will be modified to effect an equitable adjustment.

The supplier's claim for equitable adjustment must be asserted within 30 days of receiving a written change order. A later claim may be acted upon – but not after final payment under this contract – if the contracting officer decides that the facts justify such action.

Failure to agree to any adjustment is a dispute under Clause B-9, Claims and Disputes, which is incorporated into this contract by reference (see Clause 4.2.a.1). Nothing in that clause excuses the supplier from proceeding with the contract as changed.

c. **Patent Indemnity.** The supplier will indemnify the Postal Service and its officers, employees and agents against liability, including costs for actual or alleged direct or contributory infringement of, or inducement to infringe, any United States or foreign patent, trademark, or copyright, arising out of the performance of this contract, provided the supplier is reasonably notified of such claims and proceedings.

d. **Payment.** The Postal Service will make payment in accordance with the Prompt Payment Act (31 U.S.C. 3903) and 5 CFR 1315. All payments will be made using Electronics Funds Transfer (EFT) to the supplier's servicing financial institution. Payment is made automatically, in arrears, by the St. Louis Accounting Service Center in twelve (12) equal monthly installments. Seasonal contracts will be paid in arrears, for each full month or partial month of service. Public Service Contracts are paid once annually, in arrears, after the contract anniversary date or on the contract termination date. Payment will be made within thirty (30) days after the end of the performance period.

e. **Taxes.** The Postal Service will not withhold any Social Security, Federal, State or local taxes from any payments made under this contract. The Postal Service bears no responsibility for making the supplier's required payment of these taxes.

f. **Other Compliance Requirements.** The supplier will comply with all applicable Federal, State, and local laws, executive orders, rules and regulations applicable to its performance under this contract.

g. **Order of Precedence.** Any inconsistencies in this contract will be resolved by giving precedence in the following order: (1) the schedule of supplies and services; (2) the Assignment, Disputes, Payments, Invoice, Other Compliances and Compliance with Laws unique to the Postal Service Contracts paragraphs of this clause; (3) the

clause at 4-2 Contract Terms and Conditions Required to Implement Policies, Statutes or Executive Orders; (4) addenda to this contract, including any license agreements for computer software; (5) other paragraphs of this clause; (6) other documents, exhibits, and attachments, and (8) the specifications.

h. **Shipping.** The supplier must deliver goods that meet the prescribed physical limitations of the current USPS Domestic Mail Manual either by its own personnel/equipment or by use of the United States Postal Service, unless the contracting officer grants a waiver of this requirement. The supplier is responsible for ensuring that the packing and packaging are sufficient to protect the goods and ensure usability upon receipt.

i. **Incorporation by Reference.** Wherever in this solicitation or contract a standard provision or clause is incorporated by reference, the incorporated term is identified by its title, the provision or clause number assigned to it in the Postal Service Supplying Practices and its date. The text of incorporated terms may be found at <http://www.usps.com/cpim/ftp/manuals/spp/spp.pdf>.

The following clauses are incorporated in this contract by reference:

B-1, Definitions (March 2006); (2) B-15, Notice of Delay (March 2006); (3) B-16, Suspensions and Delays (March 2006)

(4) B-19, Excusable Delays (March 2006); (5) B-30, Permits and Responsibilities (March 2006)

Clause 4-2 Contract Terms and Conditions Required to Implement Policies, Statutes or Executive Orders (July 2009)

Incorporation by Reference

Wherever in this solicitation or contract a standard provision or clause is incorporated by reference, the incorporated term is identified by its title, the provision or clause number assigned to it in the Postal Service Supplying Practices. The text of incorporated terms may be found at <http://www.usps.com/cpim/ftp/manuals/spp/spp.pdf>. The following clauses are incorporated in this contract by reference:

(1) Clause 1-5, Gratuities or Gifts (March 2006)

(2) Clause B-9, Claims and Disputes (March 2006)

(3) Clause B-25, Advertising of Contract Awards (March 2006)

(4) Clause 9-1, Convict Labor (March 2006)

(5) Clause 9-5, Contract Work Hours and Safety Standards Act — Safety Standards (March 2006)

If checked, the following additional clauses are also incorporated in this contract by reference:

(1) Clause 1-1, Privacy Protection (July 2007) (1.6.6)

(2) Clause 1-6, Contingent Fees (March 2006)

(3) Clause 1-9, Preference for Domestic Supplies (March 2006)

(4) Clause 1-10, Preference for Domestic Construction Materials (March 2006)

(5) Clause 3-1, Small, Minority, and Woman-owned Business Subcontracting Requirements (March 2006)

(6) Clause 3-2, Participation of Small, Minority, and Woman-owned Businesses (March 2006)

(7) Clause 9-2, Contract Work Hours and Safety Standards Act — Overtime Compensation (March 2006)

(8) Clause 9-3, Davis-Bacon Act (March 2006)

(9) Clause 9-6, Walsh-Healey Public Contracts Act (March 2006)

(10) Clause 9-7, Equal Opportunity (March 2006)

(11) Clause 9-10, Service Contract Act (March 2006)

(12) Clause 9-11, Service Contract Act – Short Form (March 2006)

(13) Clause 9-12, Fair Labor Standards Acts and Services Contract Act — Price Adjustments (February 2010)

(14) Clause 9-13, Affirmative Action for Handicapped Workers (March 2006)

(15) Clause 9-14, Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era (February 2010)

Examination of Records.

Records. "Records" includes books, documents, accounting procedures and practices, and other data, regardless of type and regardless of whether such items are in written form, in the form of computer data, or in any other form.

Examination of Costs. If this is a cost-type contract, the supplier must maintain, and the Postal Service will have the right to examine and audit all records and other evidence sufficient to reflect properly all costs claimed to have been incurred or anticipated to be incurred directly or indirectly in performance of this contract. This right of examination includes inspection at all reasonable times of the supplier's plants, or parts of them, engaged in the performance of this contract.

Cost or Pricing Data. If the supplier is required to submit cost or pricing data in connection with any pricing action relating to this contract, the Postal Service, in order to evaluate the accuracy, completeness, and currency of the cost or pricing data, will have the right to examine and audit all of the supplier's records, including computations and projections, related to:

- (a) The proposal for the contract, subcontract, or modification;
- (b) The discussions conducted on the proposal(s), including those related to negotiating;
- (c) Pricing of the contract, subcontract, or modification; or
- (d) Performance of the contract, subcontract or modification.

c. **Reports.** If the supplier is required to furnish cost, funding or performance reports, the contracting officer or any authorized representative of the Postal Service will have the right to examine and audit the supporting records and materials, for the purposes of evaluating:

(1) The effectiveness of the supplier's policies and procedures to produce data compatible with the objectives of these reports; and

(2) The data reported.

d. **Availability.** The supplier must maintain and make available at its office at all reasonable times the records, materials, and other evidence described in paragraphs (a) through (d) of this clause, for examination, audit, or reproduction, until three years after final payment under this contract or any longer period required by statute or other clauses in this contract. In addition:

(1) If this contract is completely or partially terminated, the supplier must make available the records related to the work terminated until three years after any resulting final termination settlement; and

(2) The supplier must make available records relating to appeals under the claims and disputes clause or to litigation or the settlement of claims arising under or related to this contract. Such records must be made available until such appeals, litigation or claims are finally resolved.

(3) **Payment Offsets.** As required by 31 U.S.C. 3716, the Postal Service participates in the Treasury Offset Program of the Department of Treasury's Financial Management Service. Payments under this contract are subject to offset in whole or in part to for the supplier's delinquent tax and non-tax debts owed to the United States and the states and for delinquent child support payments. Suppliers with questions concerning a payment offset should contact the Treasury Offset Program call center at 1/800-304-3107.

3.3 CLAUSE 6-1 CONTRACTING OFFICER'S REPRESENTATIVE (March 2006)

The contracting officer will appoint a contracting officer's representative (COR), responsible for the day-to-day administration of the contract, who will serve as the Postal Service point of contact with the supplier on all routine matters. A copy of the notice of appointment defining the COR's authority will be furnished to the supplier upon award of contract.

COR will provide the supplier with the Domestic Mail Manual (DMM), International Mail Manual (IMM), Pub 52 Hazardous, Restricted, and Perishable Mail, Zip Code Directory, etc.. Supplier will also be provided training in Transportation Security and HAZMAT safety concerns. (See attached COR Appointment Letter for further information)

3.4 APPEARANCE, LOCATION AND SECURITY

The VPO area, as well as the interior and exterior of the supplier's premises, must be kept clean, neat, uncluttered and in good repair. Windows must be clean and unobstructed. Facility identification and logo will be appropriately placed, visible and in good condition. Lighting must be adequate and properly maintained. Counters must be attractively organized to facilitate customer transactions. Signs (Hours of Operation and Collection Times, etc.) and

promotional displays must be current and appropriate for the season. Trash receptacles must be available and clean. The VPO must not be located in or directly connected to a room where intoxicating beverages are sold for consumption on the premises. When the VPO is closed or unattended, the round dater, mail and all other accountable postal equipment must be kept in a secure location.

3.5 VILLAGE POST OFFICE IDENTITY

The VPO shall be known as the UNITED STATES VILLAGE POST OFFICE.

Subject to the terms of this contract, USPS grants to the supplier a non-exclusive, non-transferable and terminable license to use USPS Trademarks, including the marks Post Office, Village Post Office, United States Post Office, Postal Service, United States Postal Service, United States Post Office Contract Unit and the Eagle Logo on the signs provided to the supplier by the Postal Service and in any USPS -approved advertising in the manner specified by USPS.

The Postal Service, at its own expense, will provide all exterior and interior signage for the purpose of identifying the location as a VPO. The supplier, at its own expense, is responsible for obtaining needed permits (if any) and installing the signs in mutually agreed upon locations on the exterior and interior of the VPO location. The signs must be maintained in good repair, at supplier expense, for the duration of the contract. The signs may not be modified or moved without the prior written approval of the contracting officer. Upon termination of the contract, the supplier, at its own expense, is responsible for removing the signs, disposing of them as directed by the contracting officer, and restoring the location to its original condition.

Except as specified in this paragraph, the supplier is not authorized to include the name, POST OFFICE, in its corporate name, trade name or business name. The supplier is not authorized to use any USPS trademarks or logos, including the mark Post Office or Postal Service or any other USPS trademarks, in any other manner without the prior approval of the Postal Service.

The supplier acknowledges that USPS Trademarks, including but not limited to the marks Post Office, United States Post Office, Postal Service, Village Post Office, United States Postal Service and the Eagle Logo are trademarks owned solely and exclusively by USPS and agrees to use USPS trademarks only in the form and manner (with appropriate legends) prescribed by USPS. The supplier agrees not to use any other trademark or service mark in connection with any USPS Trademarks without prior written approval of USPS. The supplier agrees to mark all advertising and other uses of USPS Trademarks with a legend indicating that USPS Trademarks are the property of USPS and that they are being used under license from USPS, together with any other legends

3.6 LIABILITY

The supplier assumes the risk of, and will be responsible for, any loss of or damage to Postal Service moneys and property, except when the supplier can show that (1) the supplier complied with all of the security requirements contained in this contract and the losses occurred despite that compliance; and (2) that the losses did not result from the acts or omissions of the supplier or its personnel.

3.7 TRAINING

Customer service, product knowledge and equipment training modules are required and will be provided to the supplier's personnel by the Postal Service. Prior to or within 30 days of beginning work, supplier personnel who will be providing VPO services will receive up to two (2) hours of UPSP-provided training. The Postal Service will provide the supplier a training schedule no later than 15 days prior to the Operation Date (See Attachment 1 - Requirements). The supplier must notify the COR within one (1) business day whenever a person is retained to work in the VPO or provide services related thereto, requesting that initial training be provided to that person. In addition, the Postal Service may require the supplier's personnel to complete four (4) hours of training per year in each year subsequent to the year of their initial training. The supplier will be solely responsible for salary and benefits of its personnel who attend the required training. If approved by the Contracting Officer, the required training may be provided by the supplier's USPS certified trainer.

3.8 ADVERTISING

Upon commencement of Village Post Office operations, the Postal Service may provide initial advertising to market the Village Post Office, at no cost to the supplier, as well as appropriate camera-ready USPS logo art work for use in advertising initiated and paid for by the supplier. Any supplier sponsored VPO advertising which incorporates the

USPS logo must be furnished to the Postal Service for its review and written approval at least 30 days before its publication deadline. The USPS logo is a Postal Service trademark and cannot be altered.

3.9 NEW SERVICES, PRODUCTS AND TECHNOLOGY

During the term of this contract, the contracting officer may, in accordance with the Changes clause, add or remove postal services to be provided under this contract. In the event new services are ordered, the Postal Service, at its own expense, will provide the supplier with additional training and, if necessary, the equipment or technology needed to provide the new service.

3.10 TRANSPORTATION SECURITY

Transportation security policy covers all mail. The VPO supplier must ensure that all employees are aware of all current Postal Service transportation mail security requirements, procedures and instructions. Compliance with these instructions is mandatory. The Transportation Security Anonymous Mail Standard Operating Procedures are restricted information and must not be provided to or discussed with persons other than USPS, US Postal Inspection Service, or VPO employees or authorized contractors.

3.11 PERFORMANCE REVIEWS

a. Contract performance reviews may be held periodically to promote continuous quality improvement and improve the business relationship. All aspects of contract performance will be discussed during these reviews.

b. Any changes to this contract as a result of the performance review will be incorporated by a bilateral modification or a bilateral written agreement between the COR and the supplier.

3.12 INSPECTION OF VILLAGE POST OFFICE

The Postal Service reserves the right, without prior notice, to conduct audits and customer surveys and to review and inspect the supplier's performance and the quality of service at any time during the operating hours of the Village Post Office. A written report will be submitted to the supplier for corrective action, if necessary.

3.13 CHANGES IN SUPPLIER'S LEASE AND/OR BUSINESS OPERATIONS

If the supplier is leasing this space, the supplier certifies that the supplier's lease authorizes the supplier to perform alterations to the premises and that services to be performed under the contract do not violate the supplier's lease contract. In addition, the supplier must notify the Postal Service, in writing of the following, within the time frames shown below:

a. Within five (5) days after notification from the owner of the leased building in which the Village Post Office is located of the owner's intent to cancel the lease or not to renew the lease. The contracting officer may terminate the contract if the supplier cannot relocate to a location that serves the needs of the Postal Service, as determined in the Postal Service's sole discretion.

b. At least one hundred twenty (120) days before the supplier closes, sells, or relocates a business it operates in conjunction with the Village Post Office.

3.14 TRANSFER OF CONTRACT

a. The supplier may not transfer (assign to another party) this contract, any interest in it, or any claims based on it -- except under the circumstances described in b. below. If the supplier does so, the Postal Service may, at any time after notifying the supplier in writing, terminate the contract and use any other rights and remedies it has by law.

b. Exceptions

(1) The Postal Service may permit a novation at its sole discretion if all of the supplier's assets, or all those involved in fulfilling the contract, are transferred.

(2) Payments owed the supplier may be transferred to a bank, trust company or other financial institution, including any Federal lending agency, if all amounts payable are transferred and the transfer is to a single party (who may be an agent or trustee for two or more parties who are involved in the financing).

c. For any transfer to be valid, the supplier must give the Postal Service written notice with the transfer paper attached and obtain approval from the Postal Service in writing. Copies of the notice and attachments must be filed with: the Postal Service; the surety or sureties on any Village Post Office bond and the Postal Service, if any that has been designated to make payment.

3.15 MINIMUM RATE

Minimum rate suppliers must receive not less than the prevailing Federal minimum wage for work performed. The annual price proposed by a minimum rate offer must, when divided by the annual operating hours, provide the supplier at least the prevailing Federal minimum wage. If it does not, the offer may be rejected.

REQUEST FOR PRICE ADJUSTMENT

- a. After the supplier has had the contract for at least two full years, and thereafter, two years since the last price increase was effective, the supplier may request an increase in the contract's annual price. The written request must provide a detailed explanation, with supporting documentation, to justify the increase based on either or both of the following reasons:
- (1) Direct cost increases for rent, utilities, taxes and labor. (If the VPO is operated in conjunction with another business, the increased costs must be prorated and only those costs associated with the operation of the VPO will be considered.)
 - (2) Increased benefit to the Postal Service. The benefit may derive from increased real revenue (not from fee or rate increases), increased transactions, or other improvements (must be specific).
- b. The request must be submitted to the contracting officer's representative (COR) for submission to the contracting officer.
- c. The contracting officer may accept the request, deny the request, or negotiate with the supplier to reach agreement on a new annual price. If the request is denied or no agreement is reached, the supplier may continue at the same annual price or the contract may be terminated by either party in accordance with Termination on Notice clause. If the request is accepted or agreement is reached on another amount, the supplier must waive its right to terminate the contract on notice for one year beginning from the effective date of the new price.

3.17 CONTRACTS BETWEEN THE POSTAL SERVICE AND ITS EMPLOYEES OR BUSINESS ORGANIZATIONS SUBSTANTIALLY OWNED OR CONTROLLED BY POSTAL SERVICE EMPLOYEES (VILLAGE POST OFFICE)

- a. Generally, the Postal Service does not enter into contracts with its employees, their immediate families, or business organizations substantially owned or controlled by Postal Service employees or their immediate families. "Immediate family" means spouse, minor child or children, and individuals related to the employee by blood who are residents of the employee's household. Postal Service employees and their immediate family may not be involved in the administrations or operations of a Village Post Office (VPO).
- b. All supplier personnel assigned to the Village Post Office must be professionally attired and wear name tags. All personnel must project a professional image of the Postal Service at all times while operating the VPO.
- c. The contracting officer may require removal of an employee from the VPO operations if, in the opinion of the Postal Service the employee cannot do the work or fails to comply with applicable standards of conduct.

3.18 TERMINATION ON NOTICE

This contract may be terminated by either party upon thirty (30) days' written notice. In the event of such termination, neither party will be liable for any costs, except for payment in accordance with the payment provisions of the contract for actual services rendered prior to the effective date of the termination. When required to protect the Postal Service's interests, the contracting officer may terminate the contract upon one day's written notice.

3.19 CLAUSE B-39: INDEMNIFICATION (MARCH 2006)

The supplier must save harmless and indemnify the Postal Service and its officers agents, representatives, and employees from all claims, losses, damage, actions, causes of action, expenses, and/or liability resulting from, brought for, or on account of any personal injury or property damage received or sustained by any person, persons or property growing out of, occurring, or attributable to any work performed under or related to this contract, resulting in whole or in part from negligent acts or omissions of the supplier, any subcontractor, or any employee, agent, or representative of the supplier or any subcontractor.

3.20 POSTAL SERVICE PROPERTY

Upon delivery to the supplier of Postal Service property, the supplier assumes the risk and responsibility for its loss or damage. The supplier shall assume all responsibility and liability for all Postal Service furnished property. USPS and supplier will be responsible for property maintenance as detailed in Part VI of Attachment 1 --Requirements.

b. Upon the completion or sooner termination of this contract, the supplier must prepare for return Postal Service property not consumed in performing this contract or previously delivered to the Postal Service, as directed or authorized by the contracting officer. The COR or USPS Retail Specialist will coordinate the return of said property, as described in paragraphs "c" and "d" below.

c. If the VPO offers Post Office box service, the COR will coordinate the pickup of the Post Office boxes with the Supplier.

d. The VPO coordinates return of all displays and signage with the COR (including the round date stamp) and any other items listed and detailed in Part VI of Attachment 1 – Requirements.

PART 4 - ATTACHMENTS

ATTACHMENT NO.	TITLE	NO. OF PAGES
1	REQUIREMENTS	1
2	VILLAGE POST OFFICE SUPPLIER BUSINESS PROPOSAL INFORMATION (INCLUDING WORKSHEET)	2

ATTACHMENT 1 - REQUIREMENTS

I. DESCRIPTION

The Village Post Office will report to the following: [redacted]

- Title [redacted]
- Installation Name [redacted]
- Street Address [redacted]
- City, State, ZIP+4 [redacted]
- Telephone Number (include area code) [redacted]

SPACE REQUIREMENTS: Floor space must equal a minimum of [redacted] square feet.
 Wall space must equal a minimum of [redacted] square feet

AREA/LOCATION (identify general boundaries and attach map)

II. OPERATION & SERVICE DAYS AND HOURS:

The VPO will operate Monday through Friday from [redacted] a.m. to [redacted] p.m. and Saturday from [redacted] a.m. to [redacted] p.m. If the retail business is open to the public on Sundays and holidays, the VPO must operate on Sundays from [redacted] a.m. to [redacted] p.m. and holidays from [redacted] a.m. to [redacted] p.m. Any change to these hours after contract award must be agreed to, in writing, by both the supplier and the contracting officer's representative (COR). Copies of the change will be maintained by the supplier, COR, and the District Retail Office.

III. FOR SEASONAL CONTRACTS ONLY - OPERATIONAL DATES:

The Village Post Office (VPO) contract term will commence upon receipt of the Village Post Office notification from the VPO Coordinator that the supplier training and signage requirements have been completed and accepted by the Postal Service. The contract term will commence no sooner than [redacted] and is subject to confirmation by the Postal Service. If the Village Post Office is operated on a seasonal basis the opening date will be [redacted] and the closing date will be [redacted] each year of operation.

IV. SERVICES: The supplier must provide the following services:

A. STAMPS & PRODUCTS	B. DOMESTIC MAIL	C. INTERNATIONAL MAIL	D. SPECIAL SERVICE
Forever Stamps	Priority Flat Rate Boxes and envelopes		

V. PROPERTY/EQUIPMENT/SUPPLIES:

The indicated provider will furnish each item of property, equipment, and supplies necessary to operate this Village Post Office (VPO). Neither party will provide the item if "N/A" is checked. The supplier must acknowledge in writing the receipt of all Postal provided equipment. The supplier will receive the initial postage as consideration for operating a VPO. The supplier will use the proceeds from the sale of postage to replenish stock as necessary to keep up with customer demand. All subsequent postage replenishments must be ordered from the Kansas City Stamp Fulfillment Services (SFS) to ensure proper, complete and accurate accounting and visibility of the supplier's purchases. Please see attached order form for details.

ITEM	PROVIDED BY		INSTALLED BY		MAINTAINED BY	
	USPS	SUPPLIER	USPS	SUPPLIER	USPS	SUPPLIER
EQUIPMENT						
Post Office Boxes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Safe	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SIGNS						
Exterior	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Interior (Window Cling)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
OTHER						

ITEM	PROVIDED BY		INSTALLED BY		MAINTAINED BY	
	USPS	SUPPLIER	USPS	SUPPLIER	USPS	SUPPLIER
Collection Box	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ATTACHMENT 2

SUPPLIER BUSINESS PROPOSAL, INFORMATION AND WORKSHEET

The supplier is required to provide the information below. The information provided will be used to evaluate your proposal. Failure to include any of the requested information may disqualify your proposal from consideration. All information provided must be verifiable and the Postal Service may need to meet with the supplier and/or visit the proposed VPO facility to complete this evaluation. Any addendum to this attachment must be clearly marked as such and returned with your offer.

Supplier's Proposal to meet the USPS Requirement for a VPO Contract. The Postal Service's requirement is for a VPO location/facility which is convenient to our customers, in an attractive setting, and staffed and managed in a way that encourages customers to use it to obtain Postal Services. With these factors in mind, use the following to explain how the facility/location you propose is capable of satisfying these requirements. Your proposal should address each topic as listed below.

1. Past Performance. Provide at least one (1) reference that will demonstrate/verify a history of satisfactory past performance. These references will be asked about your performance in the areas of quality, timeliness of performance, business relations and cost control.

1. Name	Title
Company	Phone
2. Name	Title
Company	Phone
3. Name	Title
Company	Phone

2. Capability. The supplier must provide information that it is financially sound. In the space provided below, provide the name of your primary lending/banking institution, its phone number, and a point of contact.

Financial Institution --
Point of contact
Phone

3. Characteristics of your Retail Facility.

Proposed VPO Name
Proposed VPO Physical Address
City, State Zip +4
Business email address

- 3a. Location. Location of your facility, in terms of its relationship to the customers to be served, other businesses, etc.

3b. Current Business Volume. Provide verifiable information on current daily foot traffic, sales per square foot and other information indicative of business volume and the market served.

3c. Physical Characteristics. What features of your facility make it convenient and attractive to postal customers? Also, be sure to address accessibility to the handicapped (in terms of your facility and of the VPO within your facility) and if facility is not currently accessible, how it will be made accessible before service begins.

3d. Parking and Public Transportation. Describe the availability and extent of on-site and other public parking (including handicapped parking), whether customers pay a fee to use the proposed parking or it is free and the extent of availability of public transportation convenient to your location.

4. Characteristics of the Proposed VPO facility within your location. Discuss how your proposed VPO facility meets or exceeds the space requirements listed in Attachment 1 of the solicitation, as well as its other location and appearance requirements.

5. Staffing. Discuss plans for staffing and managing the VPO during regular business hours and the holiday season. Explain the relationship between VPO personnel to other personnel and the extent to which VPO staff will perform other duties within your business. Describe your plans or programs to deal with employee turnover and absenteeism with respect to the VPO.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OR NATIONAL NEWSPAPER ASSOCIATION,
REDIRECTED FROM WITNESS BOLDT**

NNA/USPS T1-12. Please list all means that the Postal Service expects to use to notify the public that a facility is a candidate for consolidation or closure and discuss whether each of these means will be used in each circumstance.

RESPONSE:

PRC Docket No. N2011-1 is the mechanism by which the Postal Service is requesting an advisory opinion from the Commission regarding the nomination by Headquarters of 3650 retail facilities for the conduct of formal discontinuance studies. (Previously, only field management could direct the initiation of discontinuance studies.) As such, this proceeding together with the interest and sharing of information by the press and members of Congress is the only notice being given to the public that each of 3650 offices has become a “candidate for consolidation or closure.”

Once a discontinuance study commences, the procedures for providing notice to a given office’s customers are detailed in Handbook PO-101. See USPS-T-1 at 17-23.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATRY OF THE PUBLIC REPRESENTATIVE
REDIRECTED FROM WITNESS BOLDT**

PR/USPS-T1- 6

The postal retail facility "Red Devil AK" is under consideration for closure according to cell A6 in tab "new_2hrs" in USPS-LR-2, as is "Crooked Creek AK" (cell A5), and "Sleetmute AK" (cell A14). According to the Post Office locator at http://usps.whitepages.com/post_office/AK/99656?d=40, the closest postal retail facilities to the Red Devil AK location are as follows:

City	State	ZIP	Distance
Red Devil	AK	99656	0.0 mi
Sleetmute	AK	99668	12.7 mi
Crooked Creek	AK	99575	31.6 mi
Chuathbaluk	AK	99557	37.8 mi

- (a) Please confirm that in cell I13442 of tab "data" in file "Nearest Neighbor graph data.xls," the nearest neighbor to the Red Devil AK postal retail location is neither recorded as 12.7 miles, nor 31.6 miles, nor 37.8 miles.
- (b) Please explain why the data for this location in USPS-LR-NP1 does not match the information available on the USPS Post Office locator.
- (c) In general, does the "Nearest Neighbor" pool include postal retail facilities that, in addition to the target facility, may be closed as a result of the RAO initiative within 365 days of the determination to close the target facility?
- (d) How are "Nearest Neighbors" identified and their distance from each other calculated when there are multiple (i.e., more than two) concurrent postal retail facility closures within a particular geographic area?
- (e) Please explain the steps the Postal Service will pursue to ensure that accurate information is available regarding the distance to alternative access points in event of closure.

RESPONSE

- (a) Confirmed.
- (b) As explained in response to PR/USPS-T1-X, Table 5 is based strictly on data reflecting latitude/longitude "as the crow flies" distances.

Postal Locator distances are driving distances between locations.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATRY OF THE PUBLIC REPRESENTATIVE
REDIRECTED FROM WITNESS BOLDT**

RESPONSE to PR/USPS-T1-6 (continued)

- (c) The question is not clear. Nearest Neighbor facilities are ones for which latitude/longitude data were available in a particular data base that does not reflect the entire postal retail network or the subset of the retail network within the scope of the RAO Initiative. No analysis of the Table 5 facilities has been performed to determine any degree of correlation they may have to RAO candidate facilities, or to facilities that may be closed 365 days (or any other time period) after a facility is closed as a result of RAO.
- (d) Bear in mind that the Nearest Neighbor Table 5 plays no role in the execution of the RAO Initiative. Surface driving distances will be used in the RAO Initiative to determine the distance between a candidate for discontinuance and the closest nearby retail location. If RAO candidate facilities are in sufficiently close proximity that each is the "nearest neighbor" to the other, this fact will be taken into account in the review process in determining the fate of the two facilities.
- (e) Electronic Facilities Management System driving distance measurements will be checked against local management knowledge, other driving distance mapping software such as Bing, or odometer tests, if necessary.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATRY OF THE PUBLIC REPRESENTATIVE
REDIRECTED FROM WITNESS BOLDT**

PR/USPS-T1- 7

The postal retail facility "Goodsprings AL" is under consideration for closure according to cell A26 in tab "new_2hrs" in USPS-LR-2. According to the Post Office locator at http://usps.whitepages.com/post_office/35560, the closest postal retail facility is the Parrish AL location, which is 5.5 miles away.

- a. Please confirm that in cell I1636 of tab "data" in file "Nearest Neighbor graph data.xls," the nearest neighbor to the "Goodsprings AL" postal retail locations is not recorded as 5.5 miles away.
- b. Please explain why the data for this location in USPS-LR-NP1 does not match the information available on the USPS Post Office locator.
- c. According to Google Maps, the driving distance from the Goodsprings AL location to the Parrish AL location is 7.6 miles, (http://maps.google.com/maps?saddr=824+Goodsprings+Road,+Parrish,+AL&daddr=5911+Highway+269,+Parrish,+AL+35580&hl=en&ll=33.694352,-87.261658&spn=0.212236,0.140762&sll=37.0625,-95.677068&sspn=51.222969,31.289063&geocode=FbuUAQld9B3N-imNkHZqS_OliDGuiiDCy8Ixxhg%3BFXzwAglDz1nM-infxUIZoqliDHSSKzOd99jwA&mra=ls&t=h&z=12) please discuss the steps the Postal Service will pursue to ensure that accurate information is available regarding the actual travel distance to alternative access points in event of closures.

RESPONSE

- (a) Confirmed.
- (b) Please see the response to PR/USPS-T1-6(b).
- (c) Please see the response to PR/USPS-T1-6(e).

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATRY OF THE PUBLIC REPRESENTATIVE
REDIRECTED FROM WITNESS BOLDT**

PR/USPS-T1- 8

Please discuss how the database used to calculate USPS-LR-NP2 and table 5 on page 12 your testimony differs from the database used to calculate the distance between postal facilities at <http://usps.whitepages.com>.

RESPONSE

Table 5 is based strictly on data reflecting latitude/longitude "as the crow flies" distances.

White Pages is an outside vendor that currently hosts the Post Office Locator on usps.com. It uses the Bing mapping system to create maps and driving directions. As customers use the Post Office Locator on usps.com, White Pages geo codes a customer's input address information, then utilizes geo code data for the facilities in the USPS Facilities Data Base to create the map/driving directions to each postal location.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATRY OF THE PUBLIC REPRESENTATIVE
REDIRECTED FROM WITNESS BOLDT**

PR/USPS-T1- 9

Please provide the database used to calculate the distance between postal facilities at <http://usps.whitepages.com>.

RESPONSE

The Bing mapping system database used to calculate driving distances for White Pages is proprietary to Microsoft. The database is the intellectual property of Microsoft and is not within the custody or control of the Postal Service.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT TO
INTERROGAOTRY OF THE PUBLIC REPRESENTATIVE**

PR/USPS-T1- 10

On page 7 of your testimony, Table 2 presents retail revenue for different sources of access. Please provide the data used to develop this table.

RESPONSE

See the attached spreadsheet.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOLDT TO
INTERROGAOTRY OF THE PUBLIC REPRESENTATIVE**

PR/USPS-T1-13

Please provide a version of USPS-LR-1 that, for each postal retail facility under consideration for discontinuance, identifies:

- a. If the facility is co-located with a BMEU
- b. If the facility is co -located with a city carrier delivery unit
- c. If the facility is co -located with a rural carrier delivery unit
- d. If the facility is co -located with a mail processing facility
- e. If the facility currently provides any mailers with exceptional dispatch service
- f. How many Post Office boxes are currently:
 1. Located at the facility
 2. Rented at the facility

RESPONSE

- (a) None.
- (b) None.
- (c) None.
- (d) None.
- (e) None.
- (f) A response is forthcoming, with an application for non-public status regarding subpart (2).

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

PR/USPS-1

The FDB (Facilities Database) web application contains “green” and “pink” information subsets.

- (a) Please provide a list of all “green” subset titles.
- (b) For each “green” subset title, please provide a list of available information categories.
- (c) Please provide a list of all “pink” subset titles
- (d) For each “pink” subset title, please provide a list of available information categories.
- (e) For all “green” and “pink” information categories, please provide the originating source of the information.

RESPONSE

For those who did not attend the August 11 technical conference, various data fields in FDB are represented in columns of links that are either green or pink on the user's computer screen. As reflected in the FDB attachments to this response, there are numerous data sources and data system interfaces.

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PR/USPS-2

The EDW (Enterprise Data Warehouse) contains SOX-compliant financial information for each postal retail facility with the appropriate financial number format.

- (a) Please provide a list of all available information categories.
- (b) Please provide the originating source of all information categories.

RESPONSE

See the EDW attachment associated with this response.

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PR/USPS-3

The SOV (Small Office Variance) tool is a Postal Service database that provides information on postal retail facility workload.

- a. Please provide a list of all available information categories.
- b. Please provide the originating source of all information categories.

RESPONSE

The attached spreadsheet provides lists of the operations, data elements and data sources in SOV.

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PR/USPS-4

The CSDC (Change Suspension Discontinuance Center) is a database of postal retail facilities preselected for discontinuance consideration.

- (a) Please provide a list of all available information categories.
- (b) Please provide the originating source of all information categories.

RESPONSE

Data from scores of postal information systems could be imported into CSDC by persons performing analysis or discrete administrative tasks related to the oversight of retail facilities. Accordingly, the originating sources of data contained in CSDC are quite numerous. The attached CSDC spreadsheet gives an indication of the variety of data fields that could populate documents in CSDC.

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PR/USPS-5

Please provide a flowchart or schematic that illustrates the following:

- (a) How the FDB, EDW, SOV and CSDC databases interact with each other?
- (b) How the FDB, EDW, SOV and CSDC databases interact with other databases that provide information used to populate each database?

RESPONSE

- (a) Data from EDW, FDB and SOV are utilized in each other's systems.

Data from all three systems might find their way into documents compiled or created in CSDC.

- (b) As indicated by the attachments associated with the responses to PR/USPS-2 through 4, there are numerous postal databases with which FDB, EDW and SOV can interact, many of which have no relevance to issues raised by the request in this proceeding. On an as-needed basis, in response to specific inquiries that follow-up on the August 11 technical conference, the Postal Service is willing to explain system interactions of a material nature that relate to Retail Access Optimization Initiative, to the extent that such information is not apparent from those attachments.

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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

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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.

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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 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.

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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

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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.

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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.

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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.

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PR/USPS-13.

USPS-LR-NP3 contains operating cost and revenue information for 30645 postal retail locations. USPS-LR-NP1 file "FY2010 Offices under \$100,000 by technology.xls" contains information on postal retail locations with less than \$100,000 of walk in revenue in FY 2010. USPS-LR-NP3 utilizes a 5 or 6 digit finance number to identify postal retail locations. USPS-LR-NP1 utilizes a 9 or 10 digit finance number to identify postal retail locations. Please provide a crosswalk between the postal retail locations in USPS-LR-NP1 file "FY2010 Offices under \$100,000 by technology.xls" and USPS-LR-NP3.

RESPONSE:

The five and nine digit finance numbers all omit leading zeroes, meaning the crosswalk needed is just for six digits versus ten digits. A crosswalk between the two sets of finance numbers is being filed as part of library reference USPS-LR-N2011-1/NP6.

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PR/USPS-14.

In response to PR-USPS-T1-13, the Postal Service stated that no facilities under consideration for discontinuance pursuant to the RAO Initiative were co-located with a BMEU. However, the FY2010 operating revenue for many postal retail locations as provided in USPS-LR-NP3 is greater than the FY2010 walk in revenue as provided in USPS-LR-NP1. See "FY2010 Offices under \$100,000 by technology.xls" tab "Emoves (Manual)" cell I2, "Lib Ref for PR1e—NP!" tab "data" cell I18366.

- a. Please confirm that postal retail location in cell I2 of "FY2010 Offices under \$100,000 by technology.xls" tab "Emoves (Manual)" is the same location as "Lib Ref for PR1e—NP!" tab "data" cell I18366. If not, please point to the correct cell reference in "Lib Ref for PR1e—NP!" tab "data" for the postal retail location on line 2 of "FY2010 Offices under \$100,000 by technology.xls" tab "Emoves (Manual)".
- b. Please confirm the FY2010 operating revenue for this location is greater than the FY 2010 walk in revenue. If not, please point to the corrected information.
- c. Please provide a list of products included in walk in revenue
- d. Please provide a list of products included in operating revenue.
- e. For FY2010, please provide detailed revenue by product for the postal retail location in cell I2 of "FY2010 Offices under \$100,000 by technology.xls" tab "Emoves (Manual)" that explains what product lines constitute walk in revenue and what product lines do not constitute walk in revenue.

RESPONSE:

- a-b. Confirmed.
- c-d. See the attachment to DBP/USPS-13, which illustrates with green shading the requested distinction.
- e. This information is not available. Product differentiation is only available for POS offices; offices with this low revenue threshold are not POS offices.

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PR/USPS-17

How many incidences (sic) of property vandalism were reported for each of the following mail receptacles for the FY 2008, FY 2009, and FY 2010:

- Post Offices
- Stations
- Branches
- Cluster box units (CBUs)
- Personal residence mail boxes/slots

RESPONSE

The Public Representative's question refers to "mail receptacles," but lists Post Offices, Stations, and Branches among the categories of information covered by this Interrogatory. The Postal Service presumes that the Public Representative is interested in vandalism to the post office boxes within the specified facilities but does not have a way to gather such data. The best available data responsive to this request is provided in the chart below. These data do not capture all vandalism, because minor incidents of vandalism, such as spray-painted doors or broken windows, are not recorded in the system.

	<i>FY 10</i>	<i>FY 09</i>	<i>FY 08</i>
*Number of complaints regarding damage to personal mailboxes	1085	N/A	N/A
**Number of volume attacks to CBUs (forced entry)	369	363	85
**Number of volume attacks to High Security CBUs (forced entry)	11	7	3
**Number of volume attacks to NDCBUs (forced entry)	900	1397	199
**Number of volume attacks to collection boxes (forced entry)	228	151	7
Total	2593	1918	294

* These complaints are generated from various sources of information to include customers who file online complaints, customers who call the customer call in center and complaints entered by Postal Inspection Service employees.

** This information is entered only by Postal Inspection Service employees.

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1. Please refer to witness Boldt's testimony (USPS-T-1), page 3, lines 4-9. Please identify which category 1 offices are "part-time" offices.

RESPONSE:

998 category 1 offices are "part-time". Each is identified on the attached list.

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2. Please refer to page 6 of the Statement of Postmaster General/CEO Patrick R. Donahoe Before the Committee on Oversight and Government Reform, Subcommittee on Federal Workforce, U.S. Postal Service and Labor Policy, United States House of Representatives, dated March 2, 2011, discussing the Postal Service's Delivery Unit Optimization (DUO) Initiative.
 - a. Please describe the DUO Initiative and its goals.
 - b. Please describe the potential impact of the DUO Initiative on the Retail Access Optimization (RAO) Initiative.
 - c. Is there any formal coordination between the Postal Service's DUO Initiative and the RAO Initiative proposed in this docket? If so, please describe such coordination efforts and provide all documents that discuss coordination of these two initiatives.

RESPONSE:

a. Delivery Unit Optimization (DUO) refers to a realignment of carriers to fewer locations that improves the efficiency of delivery operations. In the past few years, declines in mail volume and increases in the proportion of mail sorted to delivery point order generated the need consolidate carrier routes. The carrier unions cooperated in a process that reduced carrier routes by many thousands. DUO is a logical follow up that simplifies mail transportation requirements by consolidating carriers into fewer locations. As such, it has advanced the Postal Service's goal of becoming a more streamlined, flexible, and efficient organization.

b-c. At this time, the Postal Service anticipates that DUO, which began many months earlier, will have no impact on the Retail Access Optimization (RAO) Initiative. DUO focuses upon efficiency of carrier delivery, in contrast to

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the focus in RAO upon access to retail services. The Postal Service is aware of no coordination between DUO and the RAO Initiative.

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3. Please identify all current postal facilities that the Postal Service considers to be "small post office[s]" as that term is used in 39 U.S.C. 101(b).

RESPONSE:

The Postal Service does not have a specific definition of the quoted statutory language, or of any larger segment of section 101(b). Title 39, United States Code, contains a great many provisions applicable to the Postal Service and the circumstances under which postal services are provided to the wide range of personal and business interests served by the domestic and international service areas. By means of title 39, the legislative and executive branches of the government of these United States grants to the Postal Service broad authority over the mail, how it is collected, processed, transported, stored and delivered.

Statutory language often goes without specific definition. But it guides the development of regulations, management directives, policy memoranda, handbooks, and specific decisions by which statutory guidance mates with the real world of customer interactions and, under title 39, the collection, processing and delivery of all kinds of mail. A postal retail employee interacting with a postal customer relies upon specific regulations such as the *Domestic Mail Manual*, *Postal Operations Manual*, *Administrative Support Manual*, and a host of others that she has been trained to use. If a particular interaction presents a novel question^s, the employee can also consult with a more experienced colleague or a supervisor^y.

Statutory language is often broad and sweeping, and at the same time specific and contradictory. Section 101(a), for example, requires the Postal Service to

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“provide prompt, reliable and efficient services to patrons in all areas[.]” Then section 101(b) requires it to provide a “maximum degree of effective and regular service to rural areas, communities, and small towns where post offices are not self-sustaining.” Statutory language thus presents enigmas such as, how can “prompt, reliable and efficient services” be provided if some customers must also get a “maximum degree of effective and regular service”? The short answer is that the Postal Service is obliged to figure out how best to do both. And it does so by creating such things as implementing regulations, guidance and training for employees, customer assistance, a Consumer Advocate, and decision making mechanisms backed by rights of appeal.

The specific language this interrogatory quotes survives verbatim to Handbook PO-101, *Postal Service-Operated Retail Facilities Discontinuance Guide*, at 11 (Analyzing Service Alternatives; General, section 231). Its appearance in the guidance for employees who conduct discontinuance studies reflects how important the Handbook's authors understood the statutory language to be. Title 39, like a lot of statutory language, is replete with provisions that appear to be in tension, or inconsistent with one another. See *also*, the response to NAPUS/USPS-T1-42. But that does not mean section 101(b) fails to provide specific guidance to the Postal Service; it becomes a focus of attention in every discontinuance study. A similar tension in title 39 is illustrated by the dual requirements that 1) “No post office shall be closed solely for operating at a deficit,” (39 U.S.C. § 101(b)), which stands juxtaposed with the requirement that 2) the Postal Service “shall consider ... the economic savings to the Postal

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Service resulting from such closing or consolidation" (39 U.S.C.

§404(d)(2)(A)(iv)). The tension between sections 101(b) and 404(d)(2)(A) provide grist for much of the discussion in respective discontinuance studies.

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4. Witness Boldt states on page 13 of his testimony that “[i]t should be emphasized that postal management is not pursuing the RAO Initiative in order to achieve any predetermined operating cost savings target in the postal retail network.” Further, witness Boldt states that “it is incumbent upon the Postal Service to review its physical retail network to determine if reasonable opportunities exist for making the network more efficient and customer access more convenient, while continuing to provide adequate access to its products and services ... [and] pay careful attention to its responsibility to efficiently provide service that meets its obligations to the public.” USPS-T-1 at 13.
- a. Please define “adequate access to its products and services” as that phrase is used in witness Boldt’s testimony.
 - b. Please describe how the Postal Service will determine that the RAO Initiative is “making the network more efficient and customer access more convenient, while continuing to provide adequate access to its products and services.” *Id.*
 - c. Is one of the goals or purposes of the RAO Initiative to better align postal retail facilities with demand for postal retail facilities? If not, please explain why not.
 - d. If your response to question 4.c is in the affirmative, please describe how the Postal Service measures or plans to measure whether the RAO Initiative has better aligned postal retail facilities with demand for postal retail facilities.
 - e. Please describe whether and how the Postal Service will review, after implementation, if the RAO Initiative has “ma[de] the network more efficient and customer access more convenient, while continuing to provide adequate access to its products and services.” *Id.*

RESPONSE:

- a. As used in Witness Boldt’s testimony, “adequate access to its products and services” refers to the Postal Service’s goal of aligning the postal retail network, which includes both Postal Service-operated retail facilities and alternate access options, in a way that allows customers to

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maintain regular and effective access to those postal services of interest while addressing the widely recognized redundancies in the retail network.

b. In accordance with existing law, any assessment of RAO begins with facility specific examination of 3650 facilities; any change in the operations of each facility will depend on that assessment. In assessing the overall effectiveness of the RAO Initiative, the Postal Service will review financial information and customer feedback on both a national and regional basis. Management of the retail network is an ongoing responsibility, so much as the retail network has experienced change in the past, it will also undergo change in the future. As such, that assessment may provide impetus for future change, such as the introduction of additional Village Post Offices.

c. The objective of the RAO Initiative is to evaluate certain categories of facilities within the postal retail network to determine whether their numbers can be reduced while the Postal Service still maintains postal facilities of such character and in such locations, that postal patrons throughout the Nation will, consistent with reasonable economies of postal operations, have ready access to essential postal services. It is expected that in pursuing this objective the Postal Service will create a postal retail network that better reflects the demand for postal retail services.

d. While the response to part (c) is not an unequivocal affirmative, two quantitative measures may exist: annual financial savings and a count of discontinued facilities. In light of the rather modest success of SBOC, at

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least when measured in those terms, qualitative assessment should also yield meaningful insight.

- e. See the response to part (b) of this question.

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5. After a discontinuance study is initiated, but prior to closure of a specific facility, how does the Postal Service ensure that alternative access will adequately meet the demand for retail postal services in a particular area?

RESPONSE:

Consideration of how service is provided in "a particular area" is the embodiment of a discontinuance study. However, the specific question posed here is flawed: The Postal Service has zero expectation that "alternative access" by itself "will adequately meet the demand for retail postal services." Classified retail units remain a necessary part of the mix and the Postal Service has never claimed otherwise. One premise of RAO is that the need to provide regular and effective service to customers does not warrant as many brick and mortar facilities as currently exist; that recognition is widely shared among stakeholders. Monitoring the need for postal services, and the various ways by which they are made available, nonetheless remains the responsibility of postal management.

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7. In its advisory opinion as a result of Docket No. N2009-1, the Commission made specific recommendations for the Postal Service to improve its Station and Branch Optimization and Consolidation Initiative and discontinuance process. See Docket No. N2009-1, Advisory Opinion Concerning the Process for Evaluating Closing Stations and Branches, March 10, 2010 (Advisory Opinion). Please explain what specific changes the Postal Service has made to both its discontinuance procedures and to the formulation of the RAO Initiative as a result of the Advisory Opinion in the areas listed below. Please address each Commission recommendation separately and in detail.

- a. The Postal Service should develop and disseminate guidance for local managers. See Advisory Opinion at 41-44.
- b. The Postal Service should articulate the objectives of the initiative more clearly. See *id.* at 44-46.
- c. The methods used for evaluating proposals for consolidations and closures should include a separate category for community issues. See *id.* at 46-48.
- d. Public notice should be improved. See *id.* at 48-57.
- e. Financial analysis should be improved. See *id.* at 57-61.
- f. Customers should be assured that the Postal Service will adhere to its published procedures. See *id.* at 65-67.
- g. The Postal Service should coordinate this initiative with any other initiatives affecting access.

RESPONSE:

The Postal Service does not understand that any effort should be made, as this question requests, to distinguish causative factors such as the Commission's advice from other such factors. This conclusion gains emphasis from the fact that the Commission's opinion is merely advisory.

The Postal Service was and is under no obligation to act upon the Commission's carefully crafted advisory opinion, nor to map out and

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undertake responses to specific pieces of that advice. The work requested by the respective parts of this question has accordingly not been undertaken.

To be sure, the Postal Service did examine the Commission's SBOC advisory opinion carefully and thereafter considered what, if anything to do; it then acted based on senior management's decisions in the following ways. The Commission itself participated in the most important development, which was rewriting the regulations underlying Post Office discontinuance, 39 C.F.R. § 241.3, in various ways, many of which were consistent with SBOC advice. Examples that could be understood as responsive to various Commission concerns include expansion of notice to customers, further standardization of discontinuance studies, and subjecting stations and branches to the same process applied to Post Offices.

In turn, the Postal Service also rewrote Handbook PO-101 to improve guidance to discontinuance coordinators and conform to the regulatory changes. Finally, the Postal Service also developed a web based application, CSDC, that the Postal Service OIG lauded in terms that echo some of the Commission suggestions. Commission staff recently attended a technical conference in which this application was shared.

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8. In the Docket No. N2009-1 Advisory Opinion, the Commission found that "an internal data collection plan would benefit the Postal Service in evaluating whether or not the initiative is meeting its goals, and would provide insight into possible improvements that the Postal Service could make in evaluating facility discontinuances in the future." *Id.* at 69. Does the Postal Service plan to collect any data following implementation of this initiative? If so, please describe such data and any planned data analysis.

RESPONSE:

The Postal Service is already a data driven organization, as the Commission routinely sees via annual compliance reports and otherwise. It accordingly views new data collection requirements as driven by business requirements. RAO has not, by itself, generated new data collection requirements, implying that existing systems are collecting information that is considered sufficient for any needed evaluation. Data in CSDC, for example, might well be used for retrospective analysis, just as it is now used to assist respective discontinuance studies and appeals of final determinations that the Commission accepts.

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9. 39 U.S.C. 403(a) states that “[t]he Postal Service shall plan, develop, promote, and provide adequate and efficient postal services....” Additionally, section 403(b) states that “[i]t shall be the responsibility of the Postal Service...(3) to establish and maintain postal facilities of such character and in such locations, that postal patrons throughout the Nation will, consistent with reasonable economies of postal operations, have ready access to essential postal services.” What qualitative or quantitative guidance and/or training is provided or will be provided to the reviewing officials to ensure that the RAO initiative and related discontinuance studies maintain “ready access to essential postal services” and promote and provide “adequate...postal services”? Please provide all documents disseminated to reviewing officials concerning how to maintain compliance with these aspects of the law.

RESPONSE:

This inquiry makes an untenable assumption: that Postal Service programs and communications are defined by these specific legal requirements in isolation from other legal and operational necessities. As such, the Postal Service is not able to respond directly.

At some level, the entirety of title 39, United States Code, title 39 of the Code of Federal Regulations, and the mass of official regulations, handbooks, management guidance, and the history of recorded postal management decisions are responsive to this request.

Moreover, postal employees are not all lawyers, well versed in respective sections of the federal code. Hence the average supervisor, when working through some challenge faced by a letter carrier, can not and does not consider whether section 403(a) plays a particular role in the subject matter. On the contrary, that supervisor probably does think about

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what regulations and policy impact the subject of discussion, and perhaps also recent training that she gave or received.

Last, the Postal Service does not take respective statutory code sections, and use those to construct training for some particular group of postal officials. Postal lawyers do sometimes cite these sections in legal matters where they somehow bear on issues. Regulations, policy, training, and communications are sometimes guided by legal advice, but sections of the federal code simply are not used as this question surmises. Handbook PO-101 does quote part of section 101(b) as a way of emphasizing how critical that section is to postal discontinuance decisions. But that is a rare exception. More general provisions such as those cited by this question would not generally be necessary or constructive in communication to or among postal workers and officials.

**UNITED STATES POSTAL SERVICE RESPONSE TO
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10. How does the Postal Service plan to standardize the reviewing processes for discontinuance studies between different reviewing officials in different areas?

RESPONSE:

Such plans have been effectuated. See the last two paragraphs of the response to POIR2, question 7.

**UNITED STATES POSTAL SERVICE RESPONSE TO
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13. The Postal Service confirmed that driving distance is typically used to measure proximity between postal facilities and alternate access locations. See Response to DBP/USPS-10. For each facility reviewed under a discontinuance study, does the Postal Service determine the number of customers without access to a vehicle? If so, how? How does the Postal Service consider public transportation routes and costs for those without automobiles?

RESPONSE:

No. No need for determining this has been established, let alone how it could be done reliably. Public transportation is evaluated as appropriate to the context of respective discontinuance studies.

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14. How does the Postal Service consider customers' ages, disabilities, and socio-economic levels as part of its discontinuance analysis?

RESPONSE:

These factors are evaluated as appropriate in the context of respective discontinuance studies, based upon customer input and local management knowledge. See the response to Question 1 of POIR 1.

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15. Section 404(d)(2)(A) requires the Postal Service to take into consideration several statutory provisions prior to closing facilities.
- a. How does the Postal Service consider the impact of the RAO Initiative "on the community served"? 39 U.S.C. 404(d)(2)(A)(i).
 - b. Please identify what factors the Postal Service considers most important in evaluating the impact of the RAO Initiative "on the community served." 39 U.S.C. 404(d)(2)(A)(i).
 - c. How does the Postal Service consider the impact of the RAO Initiative "on employees of the Postal Service"? 39 U.S.C. 404(d)(2)(A)(ii).
 - d. Please identify what factors the Postal Service considers most important in evaluating the impact of the RAO initiative "on employees of the Postal Service." 39 U.S.C. 404(d)(A)(ii).
 - e. How does the Postal Service consider the impact of the RAO Initiative as related to "consisten[cy] with the policy of the Government, as stated in section 101 (b) of this title [title 39], that the Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where [P]ost [O]ffices are not self-sustaining?" 39 U.S.C. 404(d)(2)(A)(iii).
 - f. Please identify what factors the Postal Service considers most important in evaluating the impact of the RAO Initiative as related to "consisten[cy] with the policy of the Government, as stated in section 101 (b) of this title [title 39], that the Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where [P]ost [O]ffices are not self-sustaining." 39 U.S.C. 404(d)(2)(A)(iii).
 - g. How does the Postal Service consider the impact of the RAO Initiative related to "the economic savings to the Postal Service?" 39 U.S.C. 404(d)(2)(A)(iv).
 - h. Please identify what factors the Postal Service considers most important in evaluating the impact of the RAO Initiative as related to "the economic savings to the Postal Service."

RESPONSE:

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These factors are taken into consideration in the context presented by respective discontinuance studies. Handbook PO-101 provides guidance to discontinuance coordinators on how to do so. To a lesser extent, CSDC also helps.

- a. This question presumes that RAO itself impacts each discontinuance study. That is true only in the sense that, as explained by witness Boldt, RAO serves as the context in which the directive to undertake a discontinuance study was issued. Whether and how that impacted consideration of the impact upon a given community would depend upon developments in each discontinuance study.
- b. The Postal Service does not rank the importance of factors considered in a given study since import depends upon the unique circumstances a study presents.
- c-h. Each of these factors is considered in the context presented by respective discontinuance studies.

**UNITED STATES POSTAL SERVICE RESPONSE TO
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16. In the context of discontinuance studies, does the Postal Service determine where customers will go for alternative access? If so, how?

RESPONSE:

In a specific discontinuance study, that is possible. This question could be explored by examining some of the administrative records already on file at the Commission in A-series dockets. But if the question is truly inquiring about customers' projected future behavior, the answer is "no". Reliable measures of projected behavior generally require surveys, sampling and statistical tools that are not used in discontinuance studies beyond a fairly straightforward questionnaire.

On a more practical level, discontinuance coordinators evaluate how local classified retail units are operated by the traffic they draw, hours of operation, available P.O. Boxes, distance, etc. The locations of nearby alternate access points are also determined. Actual traffic at nearby consignment units would not be especially useful information, since the number of customers who buy stamps at a particular grocery or drug store is but a small proportion of that location's usual customers; consignees are generally eager to sell stamps to more customers since they see stamp customers make other purchases when visiting. The location of nearby Approved Shippers would be more critical when the customer base of the office studied has, for example, eBay shippers. Contract units typically supply most of the services customers ever use. Rural and HCR letter carriers can supply retail service at each delivery point.

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Discontinuance coordinators try to educate customers about their local access options; since the single most common retail counter purchase is just stamps; such traffic is easily accommodated by consignees. Stamp availability by phone/fax/internet also commonly gets mentioned. As the range of alternate access options has grown, customers who use them are often enthusiastic about their convenience. Yet many customers also stick with what they know, retail counters in classified units; should 'their' retail unit be discontinued, they do explore other options and are quite often happy with what they find.

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17. In the context of discontinuance studies, does the Postal Service estimate future expected revenue for the facility if the discontinuance were not to occur? If so, how?

RESPONSE:

Retail revenue for the last three years is typically collected, which provides some basis for estimating potential future revenue.

**UNITED STATES POSTAL SERVICE RESPONSE TO
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- 18 Please refer to page 4 of witness Boldt's testimony (USPS-T-1) where he states that "alternate retail access channels have proven increasingly popular with postal customers, now accounting for approximately thirty-five percent of retail revenue and trending upward."
- a. Please provide the supporting data for this thirty-five percent number.
 - b. For the areas served by the facilities under consideration for discontinuance study, as a result of the RAO Initiative, what percentage of Postal Service retail revenue comes from alternate retail access channels?
 - c. For rural areas generally, what percentage of Postal Service retail revenue comes from alternate retail access channels?

RESPONSE:

- a. See the attachment to this response.
- b. Such data are not available.
- c. The Postal Service has no business need to define or measure revenue exclusive to rural areas. See also the response to POIR2, question 3, where the lack of a definition is further explained.

1 CHAIRMAN GOLDWAY: Now, are there any
2 institutional written cross-examination?

3 MR. HUGHES: Madam Chair, Hal Hughes again.
4 We'd make an effort to include our interrogatory
5 responses in the record. We've designated all of our
6 interrogatory responses in the record. We have yet to
7 receive 15, 16, 27. We received an errata to 18 this
8 morning, which we've included in the package.

9 CHAIRMAN GOLDWAY: Mr. Tidwell, do you have
10 any changes to those?

11 MR. TIDWELL: No, Madam Chairman.

12 CHAIRMAN GOLDWAY: The cross-examination?

13 MR. TIDWELL: As Mr. Hughes noted, there is
14 a change to No. 18 that is reflected in the package
15 that he's presenting.

16 CHAIRMAN GOLDWAY: The questions will be
17 provided to the court reporter and transcribed into
18 the record.

19 MR. HUGHES: Thank you, Madam Chair.

20 (The documents referred to
21 were marked for
22 identification as Exhibit
23 Nos. NLP/USPS-1 and
24 NLP/USPS-18 and were received
25 in evidence.)

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-1: The testimony of Mr. Boldt, submitted by the Postal Service, refers to "earned workload" for Post Offices (see, e.g., page 3).

- [a] Please provide the formula used to calculate earned hours.
- [b] On what date(s) were the productivities determined for this formula?
- [c] Has mail make-up changed since this productivity was determined?
- [d] The letter and flat productivities within SOV seem to be higher are actually higher then MPLSM and FSM productivities which were used in the past. Does that mean that the Postal Service has set manual productivities higher then multiple position sorting machines in both flats and letters? Please explain how that is possible.
- [e] The Postal Service has used the same formula to create the list of offices to be reviewed. Please provide the rolling 52 weeks of earned hours as well as total revenue for all A-E and Level 11 offices in Delaware and Maine.

RESPONSE:

- a. See the attachment to this response.
- b. The date range was from 7/3/10 to 7/8/11.
- c. Mail make-up changes constantly. However, the short and long term swings long recognized in Commission regulatory matters are not understood as having any material impact the identity of offices selected for inclusion in the RAOI.
- d. The MPLSM which is no longer in service, processed mail at a maximum rate of 1 letter per second or 3,600 pieces per hour. The current FSM productivity factor is 2,365 pieces per hour. These are the first pieces of automation equipment brought in to process letters and flats. The productivity of these machines was less than that of actual manual processing of letters and flats. The benefit of having these machines was that a person cannot throw letter mail in to 300 bins or flat mail in to 100 bins. The benefit of these machines was in the down flow.
- e. See the attachment to this response.

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**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-2: In reference to the Revenue formulae which drive earned hours for the window in a non-POS environment, what year were these formulae updated, specifically the 5 dollars per transaction? Have the dollars per transaction changed over the past few years? When was the last time that this figure was validated with any actual retail studies, or was that dollar amount ever validated, and, if so, in what manner?

RESPONSE:

The \$5 dollar walk in revenue per revenue transaction has not been changed since 2008. However the current walk in per revenue transaction is \$7.13 for 2011 through July 2011. Consequently the SOV offices are getting credit for more workload than they would if the actual rate were being used.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-3: Two years ago the Postal Service increased the SOV/CSV productivity up by 10% even after the Postmaster Organizations gave good argument that the formulae were already too high and falsely inflated due to Postmasters' time not being accounted for (but the Postal Service increased it anyway). Would this adversely impact the list of offices to be reviewed, and if so, how?

RESPONSE:

If the productivity increases by 10 percent, the earned hours decrease which would bring additional offices within consideration. However, the percent achievement to Earned in SOV is currently at 97 percent. This indicates that offices are operating very close to their Earned hours. The question provides no basis for the characterization of the formulae as being "too high and falsely inflated."

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-4: Please provide the EFMS data used to determine proximity of the closest office. Please explain how that data was derived. Is it actual road miles or the map distance?

RESPONSE:

EFMS data provide an estimate that must be validated by reference to another source to generate a reliable driving distance estimate. A validation exercise is underway in order to be responsive to POIR 1, Question 14.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-5: Please identify all persons who assisted in preparing the Direct Testimony of James J. Boldt.

RESPONSE:

Mr. Boldt prepared his testimony with the assistance of several staff members and in consultation with the Vice President, Retail and Post Office Operations.

His testimony also was reviewed by postal counsel.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-6: At the time Mr. Boldt's written testimony was prepared, is it correct that he had only been the National Manager, Customer Service Operations for three months or less?

RESPONSE:

Yes.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-7: For Mr. Boldt's two Postmaster assignments, did customers at those Post Offices require any postal services beyond purchasing stamps and sending Priority Mail? If so, please list the full range of postal services those customers wanted or needed.

RESPONSE:

Mr. Boldt's last Postmaster position was as an EAS-24 Postmaster in charge of a large Post Office that offered the retail products and services identified in the attachment to DBP/USPS-6.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-8: Mr. Boldt's current job responsibilities include developing policies and procedures related to "the improvement of the customer experience when doing business with the Postal Service." (Boldt Direct Testimony at i).

- [a] How will closing a substantial number of small rural Post Offices help improve the customer experience? Identify the ways closing such Post Offices will improve the customer experience.
- [b] How will closing a substantial number of urban and suburban Post Offices help improve the customer experience? Identify the ways closing such Post Offices will improve the customer experience.

RESPONSE to NLP/USPS-8 (continued):

- (a-b) Various factors affect the quality of the postal retail customer experience.

Proximity to a postal retail unit is but one facet. Improvement of the postal retail customer experience can be achieved through a focus on the quality of transactions that customers conduct and the means through and convenience with which they can be conducted. If a local Post Office is closed and the nearest remaining office requires a longer trip to access, that gaining office might nevertheless have longer retail hours, an Automated Postal Center, a better selection of Post Office boxes, more parking, more retail windows providing service or other factors that can improve the quality of doing business with the Postal Service. Improved convenience and longer retail hours of available at nearby accessible alternate access locations (CPUs, Approved Shippers, VPOs, stamps on consignment) at grocery stores, pharmacies, and other retail establishments frequently visited by postal customers can help to improve the postal retail customer experience, even if a nearby Post Office is closed, especially for the few transaction types that dominate the typical

**RESPONSE OF UNITED STATES POSTAL SERVICE
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RESPONSE to NLP/USPS-8 (continued):

postal retail customer experience. So can Stamps by Mail and Phone programs, which allow customers to stock up on stamps without leaving home, irrespective of nearby discontinuance activity. For customers with Internet access, the use of www.usps.com also provides an additional channel to conduct some transactions that might otherwise require a trip to a Post Office. The regular availability of a rural carrier operating as a "Post Office on Wheels" can also improve a person's postal customer experience if a retail facility is not nearby.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-9: Please provide a complete list of all services available at major, big-city Post Offices.

RESPONSE:

Please see the response to DBP/USPS-6.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-10: Please provide a complete list of all services which will be available at Village Post Offices.

RESPONSE:

See the response to POIR 1 Question 10.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-11: Were the Postal Service to "provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns," what services would that include?

RESPONSE:

Overall, it would include the retail services listed in response to DBP/USPS-6, subject to more variation in access and less proximity than would be experienced in urban and suburban areas where postal retail facilities and alternate access sites are likely to be clustered relatively more densely. The Post Office on Wheels aspect of rural carrier delivery compensates in part for the relative lack of proximity to a retail location that can be experienced in rural areas, and communities and small towns.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-12: Please identify all directives or guidance provided to field managers which offered encouragement or incentives to close or consolidate Post Offices from 2000 forward.

RESPONSE:

Headquarters has issued no directives or guidance encouraging or providing financial incentives to close or consolidate post offices.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-13: Prior to the Retail Access Optimization Initiative, did the Postal Service ever make a determination or have any plan to close Post Offices on a nationwide basis? For each such plan or determination, please provide all identifying information.

RESPONSE:

No records have been located which suggest the existence of any determination or plan that could result in the closure Post Offices on at least a substantially nationwide basis prior to the instant docket. Docket No. N2009-1 affected stations and branches, but not Post Offices.

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**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-14: Please define a "Post Office," and distinguish from a "station" or "branch." Please state the legal, operational, service, and management distinctions between a "Post Office," and a "station" or "branch."

RESPONSE:

The following definitions appear in Handbook PO-101:

- **Independent Post Office:** An organizational entity subordinate to a district with responsibility for customer services, local delivery, the receipt and dispatch of all classes of mail, and in some instances, processing and distribution of mail for other Post Offices in the surrounding geographic area.
- **Classified Station:** A retail facility that is Postal Service-operated and is under the administration of an independent Post Office. A station is located within the corporate limits or city carrier delivery area of the city or town in which the main Post Office is located. The name of the station is generally not used as the city name in the last line of the address.
- **Classified Branch:** A retail facility that is Postal Service-operated and is under the administration of an independent Post Office. A branch is located outside the corporate limits or city carrier delivery area of the city or town in which the main Post Office is located. The branch name is generally used in the last line of the address.

Persons served by a Post Office have the opportunity to appeal the discontinuance of such a facility to the Postal Regulatory Commission. The

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**RESPONSE OF UNITED STATES POSTAL SERVICE
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RESPONSE to NLP/USPS-14 (continued):

Postal Service has consistently taken the position that this appeal right does not extend to other retail facilities, such as classified stations or classified branches.

From an operational perspective, a large urban area usually has one Post Office and numerous subordinate units, such as stations and branches. Most Post Offices serve smaller communities, in which the Post Office may be the only administrative unit. Under current regulations, managers of Post Offices report to District offices, while Station and Branch managers report to Postmasters.

From a service perspective, Post Offices, stations, and branches provide retail services. Post Offices, stations, and branches may or may not house carrier delivery operations.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-17: Please provide all data or studies supporting the assertion that "it is likely that these customers already travel outside their local community to purchase other goods and services and conduct other activities of daily living." (Direct Testimony of Boldt at Page 12, Lines 3-5.)

RESPONSE:

No empirical studies have been conducted, but this phenomenon has been observed by front-line postal managers, including Mr. Boldt, those to whom he currently reports, persons on his staff, as well as field managers with whom he routinely consults.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-18: If all 3,650 Post Offices subject to the Retail Access Optimization Initiative had been closed in 2010, what percentage reduction would have been made in the Postal Service's total operating costs for that year?

RESPONSE:

Total operating costs for all offices (excluding delivery costs) are slightly in excess of \$1 billion, or approximately 1.4 percent of all expenses.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-19: Please define "senior management" as that phrase is used in Mr. Boldt's Direct Testimony at Page 13, Line 17. Please identify all managers considered to be "senior management".

RESPONSE:

The reference in this context is to the Executive Leadership Team to whom the Vice President for Delivery and Post Office Operations would submit the RAO Initiative for consideration. The ELT consists of the Postmaster General, the Deputy Postmaster General, the Chief Operating Officer, the Chief Marketing Officer, the Chief Financial Officer, the Chief Human Resources Officer, the Chief Information Officer and the General Counsel.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-20: Why did the Postal Service determine to "consult" with the Postmaster organizations after its Proposed Rule and handbooks regarding the discontinuance process had been drafted, rather than before?

RESPONSE:

As the question acknowledges, Postal Service management undertook consultations with Postmaster and postal supervisor organizations on changes to Handbook PO-101, a corresponding proposed rule to change regulations in the Code of Federal Regulations, and potential changes to other manuals. There is no requirement that Postal management initiate consultations with such organizations before potential changes are developed or even drafted. Far from being posed as a *fait accompli*, the materials that the Postal Service shared for consultation were explicitly non-final, and the Postal Service expressly provided ample opportunity for input before final regulations and policies were developed. As the discussion in the final rule (76 Fed. Reg. 41413-41417) and the Postal Service's consultative correspondence with the organizations demonstrate, the Postal Service gave full and fair consideration to the organizations' input, even though not all of it was adopted (nor is adoption of any or all input required).

Some of the matters in the proposed rule have yet to be addressed in a final rule. The Postmaster organizations were extended opportunities to furnish recommendations on these outstanding matters, but thus far have raised solely legal objections to these changes and urged that they not be adopted.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-21: Please list all circumstances or criteria which would make a community meeting "infeasible", as that term is used at Page 19, Footnote 17, of the Direct Testimony of Mr. Boldt.

RESPONSE:

One cannot predict all such circumstances; however, given the high level of decision required to bypass a meeting, such circumstances are expected to be quite rare. One example was when a company that owned a plant and essentially all of the housing in a town closed the plant and emptied the housing. Nobody was left in the town to attend a meeting so approval was given not to conduct a meeting that nobody would likely be able to attend.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-22: What instructions or directions have been given to Postmasters regarding their personal involvement in interacting with their communities in connection with the discontinuance process?

RESPONSE:

In accordance with Handbook PO-101 section 223(b), the Discontinuance Coordinator explains discontinuance regulations to the Postmaster, officer-in-charge (OIC), or other staff at the affected retail facility and how to handle customer inquiries.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-23: Does the table on Page 22 of Mr. Boldt's Direct Testimony indicate that District Review and Headquarters Review of the determination to close a Post Office will take one day each? If not, what does the table mean?

RESPONSE:

No. The Table merely reflects that such review could in some cases take as *little* as one day at each level.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-24: Does the Postal Service have any reason to believe that private businesses would not consider the absence of a Post Office in a community as important in deciding whether to locate in that community? If so, please provide the basis for that belief.

RESPONSE:

The Postal Service is aware that some business may consider it important to varying degrees and that others may not.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-25: For the Years 1976-2006, please identify any data the Postal Service has regarding political entities (towns, cities, or incorporated or unincorporated entities) which ceased to exist following the closing of their Post Office.

RESPONSE:

The Postal Service has no business purpose in tracking such information. Since tracking of information implies a cost burden, unnecessary information is quite properly not tracked. The Postal Service accordingly has no information that would permit a response to this question.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-26: Will a "Village Post Office" have a Village Postmaster?

RESPONSE:

No.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-28: The Postmaster General has been quoted as stating that up to half of the current Post Offices may be reviewed for closing within the coming seven years. Does the Postal Service's Request for an Advisory Opinion apply only to the 3,650 Post Offices currently in the Retail Access Optimization Initiative, or for all Post Offices to be considered for closure or consolidation in the next seven years?

RESPONSE:

The Request in this docket applies only to the RAO Initiative.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-29: Of the 260 Post Offices, stations, and branches currently undergoing discontinuance review (Boldt Direct Testimony at Page 16), how many have had maintenance orders, other support orders, or stamp or retail orders cut off?

RESPONSE:

This information is not maintained at the national level. Maintenance orders, other support orders, or stamp or retail orders would not be cut off unless a final determination was actually made to close the facility.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-30: How far away from a community which is losing its Post Office may a so-called "community meeting" be held? When a "community meeting" is to be held other than in the affected community, what provision is made for input by the elderly, handicapped, and other immobile population? What is the rationale which allows a "community meeting" to be held other than in the involved community?

RESPONSE:

The absence or unavailability of a publicly accessible facility suitable for a public meeting in Community A may require consideration of holding that community's meeting in nearby Community B. Local logistical alternatives will influence how close to Community A that meeting can be held. Residents of Community A who cannot attend a community meeting, irrespective of location, are always free to have family members or neighbors speak or submit written comments on their behalf. Questionnaires are mailed to all addresses in the 5-digit ZIP Code of the facility being examined for discontinuance. Recipients of questionnaires by mail have the opportunity to mail in their responses or have them dropped off by family members and neighbors. It is not uncommon for persons to pick up questionnaires available at Post Office lobby and distribute them to neighbors and relatives to complete and mail in.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO NLP INSTITUTIONAL INTERROGATORY**

NLP/USPS-31: The new Handbook 101, part 251.1, states: "Be sure to schedule the meeting at a time that encourages customer participation, such as during an evening or weekend." Explain why Districts are scheduling meetings in the middle of the day, even when this provision has been brought to their attention by the LEAGUE.

RESPONSE:

USPS Headquarters lacks sufficient knowledge regarding communications that that NLP has had with any USPS District Office regarding the scheduling of any RAO Initiative discontinuance community meetings to comment on any such interaction. USPS Handbook PO-101 section 251.1 indicates that evening and weekends are times that encourage customer participation, but does not exclude other times from being considered.

1 CHAIRMAN GOLDWAY: Okay. Have we completed
2 the procedures for the written material that have to
3 be submitted to the record? Nothing else outstanding?

4 (No response.)

5 CHAIRMAN GOLDWAY: And that now brings us to
6 cross-examination. There are four parties that have
7 requested oral cross-examination. They are the
8 National Association of Postmasters of the United
9 States, Mr. Levi; National League of Postmasters, Mr.
10 Brinkman; National Newspaper Association, Ms. Rush;
11 and Public Representative, Ms. Ferguson.
12 Additionally, the American Postal Workers Union,
13 AFL-CIO, has reserved the right to conduct follow-up
14 cross-examination.

15 Is there any other party that wants to
16 cross-examine Witness Boldt this morning?

17 (No response.)

18 CHAIRMAN GOLDWAY: Mr. Levi has requested
19 that he be allowed to be the first party to
20 cross-examine, and we've given him that privilege.
21 So, Mr. Levi, would you begin?

22 MR. LEVI: Thank you, Madam Chair.

23 CROSS-EXAMINATION

24 BY MR. LEVI:

25 Q Good morning, Mr. Boldt.

1 A Good morning.

2 Q I just want to let you know the tremendous
3 respect that National Association of Postmasters has
4 for the folks that are working at the Postal Service
5 in this very difficult time financially. I think as
6 the Chairman referenced, Congress has now put it on
7 the front burner, as the Chairman and Commissioner
8 Langley and the other Commissioners have referenced.

9 I'd like to move to a number of questions.
10 I want to move to your direct testimony as was
11 submitted at the outset. You spoke in the that the
12 criteria for designating a post office for a potential
13 discontinuance is meeting two criteria: One, that it
14 earned \$27,500 or less and that it has an earned work
15 credit of two hours or less. Meeting those two
16 criteria would make it eligible to be on this
17 discontinuance review list.

18 My question is those 2,800 post offices, is
19 that the total universe of post offices that fit those
20 two criteria?

21 A If I may, additionally there were offices
22 that fit a criteria of less than \$10,000, if you
23 recall --

24 Q Okay.

25 A -- that was in that 2,828.

1 Q Okay.

2 A And to your question, is that all of those
3 that meet that criteria, the answer is no.

4 Q Can I ask you what criteria was used to
5 exclude the other post offices from review under the
6 feasibility analysis?

7 A Yes. We brought that down to the \$27,500
8 level in an effort to have a manageable amount of
9 studies. Had we gone to a higher amount, there would
10 have been more offices.

11 Q Of those that met the \$27,500 and the two
12 hours, are there any more post offices that would have
13 met those two criteria in the United States?

14 A I'm sorry. No. No.

15 Q That is the total universe?

16 A That is the total universe within that
17 frame, yes.

18 Q If through the hearing process or a process
19 that the Postal Service might engage in on its own it
20 was to determine that one or more of those post
21 offices exceeded two hours of earned work credit,
22 would that post office or post offices be removed from
23 that list?

24 A That is something that at the discontinuance
25 phase, the study phase, should surface and those folks

1 at the local level should take that on a case-by-case
2 basis and take a look at that.

3 Q But they would not as a matter of definition
4 be excluded from the process if let's say four hours
5 of work credit was determined because of let's say a
6 data entry mistake at the SOB level or an evaluation?

7 A Again, that's something that would have to
8 be looked at and identified at the local level.

9 Q Okay. Thank you. I want to turn your
10 attention to --

11 CHAIRMAN GOLDWAY: So there is a national
12 policy that it's two hours and \$27,500, but if you
13 find that one of those 3,600 post offices turns out to
14 be \$27,500 and three hours it doesn't automatically
15 get off the list?

16 THE WITNESS: Madam Chairman, first of all,
17 it wasn't a national policy. It was our criteria that
18 we looked to initially --

19 CHAIRMAN GOLDWAY: Yes.

20 THE WITNESS: -- to come up with the study.
21 But if there was some sort of a data error, again
22 that's what this study at the local -- they should be
23 able to identify that, and they should work around
24 that. They should identify that and correct it.

25 BY MR. LEVI:

1 Q And once it's corrected that post office
2 would be removed from review?

3 A There are other criteria also in the 101.
4 It might fall into one of those other criteria that
5 were added to the 101, so that possibility exists as
6 well.

7 Q My question then, just to clarify. The
8 current retail optimization initiative deals
9 specifically with 2,800 post offices that met two
10 criteria.

11 If any one of those post offices did not
12 meet those two criteria as part of this initiative
13 they would not be excluded from review?

14 A Again, I would have to take a close look at
15 that because, first of all, the data was a rolling
16 flow, 12 months. I would want to make sure that we're
17 using the same data. I really want to take a very
18 close look at that.

19 Q You'd be willing to take another look? I
20 appreciate that.

21 I'd like to turn to an interrogatory to
22 which you filed an errata I guess late last night as I
23 was driving back from New York. It's an
24 interpretation of Section 101(b) of Title 39.

25 A Which interrogatory, please?

1 Q It's the NAPUS/USPS-T-1-42 errata submitted
2 September 7, 2011, and it talks about the application
3 of particularly Section 101(b) of Title 39, which --

4 A I'm sorry. I'm not where you are yet.

5 Q Oh, I'm sorry. I appreciate it.

6 A You said 5, I thought?

7 Q T-1-42.

8 A Forty-two. I'm sorry.

9 (Pause.)

10 A I do have it in front of me. Yes.

11 Q All right. In the response you indicate and
12 argue the size of a postal facility alone cannot
13 define the applicability of Section 101(b). My
14 question would be what does Section 101(b) define?

15 A 101(b) would be a statute, and I'm not
16 prepared to answer anything regarding the statute.

17 Q In the evaluation, in your guidance to local
18 officials as they're looking at post offices, what
19 guidance do you provide them as far as the importance
20 of providing a maximum degree of postal services to
21 small, rural communities and that a post office not be
22 closed solely because it's running a deficit?

23 A It is identified in the 101, specifically
24 Section 213.4, and that is of course their guidelines
25 that they follow.

1 Q Let's talk about the guidelines a bit, about
2 the local officials as they meet with the communities
3 and application of community standards and community
4 import. In your response, NAPUS/USPS-T-1-48 --

5 A I'm there. Yes.

6 Q -- you indicate the marketing manager should
7 discuss, but is not required to discuss, with the
8 local postmaster issues of a community meeting, for
9 example.

10 Are there any issues with regard to the
11 feasibility study or review of a post office that the
12 marketing manager or a management official who was not
13 let's say in the district or the area that they must
14 talk with the postmaster about or the officer in
15 charge of that facility?

16 A I'm not recalling the word must in there,
17 but I do reference the 101-133.1, which talks about
18 designated team members, and the postmaster is one of
19 those, and it also has a subcaption here of local
20 knowledge. That would be, of course, the reason for
21 including them.

22 Q As you might be aware -- I don't know -- if
23 you were monitoring the Senate hearings on Tuesday,
24 Senator Moran Kansas and Senator McCaskill of Missouri
25 referenced these meetings, community meetings and what

1 type of input the community has in the ultimate
2 determination of the feasibility study; that these
3 hearings are already ongoing. You've referenced that
4 in a number of interrogatories.

5 The view of the two Senators, and you might
6 take issue with their views and I understand that, is
7 that the community gets the impression, as well as the
8 Senators, that the decision has already been made
9 prior to the hearing, the community hearing, what will
10 happen to that particular postal facility.

11 Combine that with the post office should
12 interact or should consult with a postmaster prior to
13 the hearing for scheduling, I would ask what guidance
14 local leadership is provided in evaluating the
15 community's views with regard to their post office
16 beyond the Handbook 101.

17 Is there a checklist in fact? Both Senators
18 referenced asked the Postmaster General if there was a
19 checklist that a postal official would go to that
20 community meeting and check off we discussed this
21 issue and this is how it should impact the
22 discontinuance process.

23 A Beyond the guidelines in the 101, there is
24 no formal checklist in terms of identifying specific
25 criteria, and I did hear that portion of the testimony

1 and it did concern me.

2 Q Okay.

3 A The perception was there.

4 Q Yes. I appreciate that a lot of communities
5 have that perception also, so I appreciate the Postal
6 Service's sensitivity to that issue. That's
7 important.

8 As these meetings are conducted, is there
9 anything that a local manager or person who's
10 monitoring these meetings would be looking to or be
11 looking for that would sort of indicate to the Postal
12 Service hey, we made a mistake; this post office
13 shouldn't be discontinued? Is there something they're
14 listening for at that hearing that would --

15 A Is there any one thing in there?

16 Q One or two things that they might be
17 listening for.

18 A The answer is no. And I also have to
19 appreciate, and I know this from some concerns that I
20 get brought to my attention, that there are also some
21 competing views at customer meetings. Not everybody
22 is necessarily opposed to it.

23 Some recognize the fact that it has to
24 happen and are often times willing to accept the
25 change necessary. There might even be some

1 conflicting views there as well.

2 Again, just a reminder of the 101, though,
3 that the local officials do have to have their
4 response for the concerns of the community outlines,
5 and that is also a part of the package before it goes
6 to board consideration.

7 Q But there is no specific or identifiable
8 rationale that could be brought up at a community
9 meeting that would sort of derail the discontinuance
10 of a particular post office?

11 A I don't have anyone here. Again, it does
12 have to be looked at on a case-by-case basis.

13 MR. LEVI: Okay.

14 CHAIRMAN GOLDWAY: Would information about
15 three new apartment buildings going up in that
16 community that would indicate 500 more people moving
17 into the immediate area, would that be something that
18 might consider a review?

19 THE WITNESS: That is certainly something
20 that should be documented and should be taken under
21 consideration when they're making their consideration.

22 CHAIRMAN GOLDWAY: But the local process
23 doesn't sort of ask for those kinds of questions?
24 You're not asking people for what new development
25 might be coming into a community or other information

1 of that sort? It's not listed as something for you to
2 consider?

3 THE WITNESS: Madam Chairman, again I would
4 point to the 101-133.1. One of the team members
5 should include the Manager, Operations Program
6 Support, which should have delivery data and alternate
7 delivery options, and environmental considerations
8 should also be taken. So part of the district team
9 should be looking at at least specifically the one
10 item that you addressed.

11 CHAIRMAN GOLDWAY: Would that be the
12 environmental considerations is where you would get
13 future development plans? Where would --

14 THE WITNESS: No. There are some -- the
15 exact term escapes me. There are some environmental
16 issues that have to be resolved when considering a
17 discontinuance.

18 CHAIRMAN GOLDWAY: Well, what are the
19 environmental issues?

20 THE WITNESS: I don't have them. I would
21 have to contact our environmental folks back at the
22 office. I don't have them, but there is a form that
23 has to be filled out.

24 CHAIRMAN GOLDWAY: And there's a form that
25 has to be filled out on delivery options as well? Are

1 there different forms that have to be --

2 THE WITNESS: One example might be, for
3 example, if this facility happened to have underground
4 tanks there are environmental concerns taken into
5 consideration as well. I mean, that's perhaps a
6 farfetched example, but that's one example I could put
7 my hands on.

8 CHAIRMAN GOLDWAY: Okay. But when the
9 community indicates that there is going to be a lot
10 more traffic, that's not part of the environmental
11 form?

12 THE WITNESS: No. That's not what I meant
13 by environmental. EPA type stuff.

14 CHAIRMAN GOLDWAY: Mr. Levi, I'm sorry to
15 interrupt. I'd like to clarify the record.

16 MR. LEVI: Any time, Madame Chair.

17 BY MR. LEVI:

18 Q I'd like to go to the Public
19 Representative's Interrogatory to the USPS-9-A, and
20 also, I believe we also asked the query in a
21 different, in T-1-9, and it deals with a statutory
22 issue, but I'm more interested from an operational
23 perspective.

24 A I'm sorry. Can you get me to the --

25 Q Yeah. I mean it's Public Representative

1 USPS-9-A, and we asked somewhat of a similar Question
2 No. 9, so we shared the same digit but we didn't have
3 the subsection to that question.

4 A I'm unclear. This has to do with the
5 mapping question, is that right? Because my
6 understanding is the Public Representative T-1-9 --

7 Q Okay. Well, let's move to USPS-T-1-9,
8 NAPUS/USPS-T-1-9. I'm just looking for a bit of
9 operational clarification.

10 A Bear with me, please. This has to do with
11 the statute maximum degree of effect? Yes.

12 Q The Postal Service seems to have made a
13 tremendous effort to promote the village postal
14 outlets, village postal operations, in replacing post
15 offices for VPOs. As I understand it, it will offer
16 as a condition of existence purchase of Forever stamps
17 and flat rate boxes basically.

18 A That's correct.

19 Q Is that consistent with what the Postal
20 Service believes is a maximum degree of postal
21 services to a community?

22 A Regarding the specific statute, as was
23 responded in this interrogatory here, I'm not the
24 attorney, so i can't answer that, but what I will add
25 to that with regard to the village post office and

1 your statement, I don't believe the Postal Service
2 said that there was a one for one replacement. I
3 believe we said that this was an option that would
4 assist the customers in being available to provide the
5 products and services, or at least some of the
6 products and services, that the Postal Service offers.

7 Q If the Postal Service believes that a VPO is
8 a viable substitute in instances for a post office, a
9 viable substitute, though it's not a replacement, it's
10 substitute, the question I would ask is the degree to
11 which the Postal Service is required to provide a
12 maximum degree of postal services to small towns in
13 rural America. Because the Postal Service is now
14 saying alternative forms of access can be replaced,
15 that that section of the law in the view of the Postal
16 Service might, in fact, be obsolete, the requirement
17 that not close a post office solely for running a
18 deficit and that maximum degree to communities.

19 A Again, I'm not going to comment on the
20 association with the statute, but I would like to add
21 that there will be occasions where village post
22 offices, for an example, could be open longer than the
23 hours of the post office that's being considered for
24 discontinuance. So that may actually enhance the
25 customer's availability to those products.

1 Q Two products, am I correct? Two of the vast
2 array of products the Postal Service offers to the
3 American public. So the access is not to the vast
4 array, it's to a very limited product line, correct?

5 A When you identify it as two products, yes,
6 but when we looked at our data that said stamp sales,
7 postage sales was about 85 percent of the transactions
8 held in offices under \$100,000, you would get a large
9 majority of the transactions that are held at a post
10 office today that could be available at a village post
11 office.

12 Q At 85 percent of those post offices that are
13 being studied in the discontinuance? No.

14 A No. Eighty-five percent of offices that are
15 under \$100,000 --

16 Q Under \$100,000.

17 A -- which would include that subgroup of
18 what's being considered now.

19 Q Right. But those post offices under review,
20 or those post offices in small towns and in rural
21 areas might be less than that 85 percent number, is
22 that --

23 MALE VOICE: I would like to see data to
24 support that.

25 COMMISSIONER GOLDWAY: But we've asked for

1 data and you say you don't have any.

2 MR. LEVI: Does the Postal Service have data
3 to indicate --

4 THE WITNESS: If it's been asked for Madam
5 Chairman, and we said we didn't have it, then --

6 COMMISSIONER GOLDWAY: Then you don't know
7 whether that 85 percent is in the rural areas or just
8 in the urban areas.

9 THE WITNESS: I know it is, as we stated,
10 those offices under \$100,000. As that group of
11 offices.

12 COMMISSIONER LANGLEY: But that's merely a
13 subset, and therefore, in more rural areas where
14 individuals may or may not utilize the Postal Service
15 in a different manner, in other areas there's no
16 accurate accounting, is that correct?

17 THE WITNESS: I don't have that.

18 COMMISSIONER LANGLEY: Or ability to account
19 for it. Thank you.

20 THE WITNESS: Thank you.

21 BY MR. LEVI:

22 Q I'd like to move on to another area and it
23 deals with three different interrogatories that seem
24 not to be consistent. I'm just looking for a bit of
25 consistency. I'll refer to each one of them.

1 A Okay.

2 Q One is NAPUS/USPS-34-B. They all deal with
3 suspensions about whether or not suspended post
4 offices are part of the 2,800 post offices that are
5 under discontinuance review.

6 A I'm sorry. NAPUS 30?

7 Q 34-B, as in boy. In that response you
8 indicated that none of the post offices under review
9 are under suspension, is that --

10 A At that time, that's correct. That was our
11 understanding, that it was there was another group of
12 offices, approximately 260, that did include some
13 suspended offices in it.

14 Q Okay. In NAPUS/USPS No. 5 you indicated
15 that it is not known how many of the 2,800 post
16 offices are temporarily suspended.

17 A And that would be consistent.

18 Q That is consistent?

19 MR. TIDWELL: The answer actually is that it
20 is not known how many of the 2,800 have been
21 temporarily suspended during their history of
22 operation, as opposed to whether they were currently
23 under suspension at the time of the filing of the
24 request.

25 MR. LEVI: So the Postal Service's position,

1 of those that were under, that are part of the review,
2 2,800, at the time the review started, July, none of
3 the post offices under review were under suspension.

4 MR. TIDWELL: Headquarters wouldn't
5 necessarily know whether there was a suspension of a
6 post office because a tornado hit on July 28. That
7 could be the case. Or there was a security issue or
8 some other issue that may have arisen that could have
9 generated a temporary suspension. That's what the
10 interrogatory responses reflect.

11 BY MR. LEVI:

12 Q Okay. So, but on the July 27th when the
13 Postal Service initially had filed with the PRC, of
14 those 2,800 post offices, on that date none of them
15 were under suspension?

16 A To my knowledge, at that time, none were.
17 That's correct.

18 BY MR. LEVI:

19 Q Okay. On the Public Representative
20 USPS-T-1-3, and it references to Table V in your
21 direct testimony, and also, I believe we referenced it
22 somewhere in our interrogatories, it uses the
23 latitude/longitude analysis for determining post
24 office proximity to one another. My question is -- I
25 believe last night or yesterday the Postal Service

1 filed the mileage, driving mileage data. If you
2 applied that mileage data to the 2,800 post offices,
3 how many of those post offices would be within 10
4 miles of one another? Would you be able to provide us
5 with that using mileage data rather than the
6 longitude/latitude data?

7 A We filed the driving distance last night,
8 correct, I believe. That is correct. Yesterday. So
9 if it's in a spreadsheet form, that information could
10 be available from that document that was filed.

11 COMMISSIONER GOLDWAY: It's in a
12 spreadsheet, but it would need to be the data itself
13 to pull out any combination that you would want.

14 THE WITNESS: I guess i'm not following the
15 question.

16 COMMISSIONER GOLDWAY: I think his question
17 is --

18 MR. LEVI: To graphically illustrate and to
19 give a percentage. The Postal Service was very
20 capable.

21 COMMISSIONER GOLDWAY: It is a pdf file so
22 we could manipulate the data, or it's not possible to
23 manipulate the data, it's just a listing rather than
24 a --

25 MR. TIDWELL: Madam Chairman, I have to

1 confess, I haven't looked at that particular library
2 reference to know what format the data are in.

3 COMMISSIONER GOLDWAY: Yeah.

4 MR. TIDWELL: If there is a question
5 specific --

6 COMMISSIONER GOLDWAY: I wish we could fix
7 that. Try that.

8 MR. TIDWELL: Restate the question.

9 MR. LEVI: If there's a way to determine
10 rather than us picking apart the pdf spreadsheet to
11 determine how many post offices would fit, would be
12 within five miles of one another or 10 miles of one
13 another in contrast to the geospatial analysis that
14 was provided as part of Mr. Boldt's direct testimony.

15 MR. TIDWELL: If the document exists in a
16 spreadsheet form, it may be possible for anyone who
17 can access it to do that. We might want to explore
18 that offline. I haven't seen it. I can't say. The
19 document was prepared by folks who are on Mr. Boldt's
20 larger team. I'm not even certain if Mr. Boldt has
21 had the pleasure of examining the document itself. It
22 was prepared institutionally and we may be able to
23 resolve that answer offline, but I don't know that Mr.
24 Boldt, or I, could.

25 MR. LEVI: I would appreciate, with the

1 Chairman's indulgence, if she would be okay with this,
2 to provide such data, because I know that the Postal
3 Service has made very substantial use of the chart
4 using the geospacial analysis in slides and so forth.
5 I'd just be curious as to what the percentages would
6 be in actual milage where postal customers, how they
7 would actually access post offices rather than as the
8 crow flies.

9 COMMISSIONER GOLDWAY: Why don't you prepare
10 some specific --

11 MR. LEVI: Yes.

12 COMMISSIONER GOLDWAY: -- questions that you
13 would like answered based on the data that includes
14 driving distances and I'm sure our staff will have
15 questions as well because, as I understand it, the
16 information we've been provided doesn't allow us to
17 manipulate the data very well either. So either we
18 will ask the Postal Service to manipulate the data to
19 answer those questions you have, and we have, or we'll
20 see about getting data that we can manipulate.
21 Provide us with that detailed information.

22 MR. LEVI: Okay.

23 BY MR. LEVI:

24 Q A question about revenue. Is there a way,
25 does the Postal Service have a mechanism for

1 allocating revenue that's collected at an originating
2 postal facility and allocating it to a destination
3 facility?

4 A To my knowledge, no. You're referring to
5 like a commercial bulk mailing type of thing?

6 Q Yes.

7 A To my knowledge, no.

8 Q Does the Postal Service believe that having
9 that ability to deliver mail to particular outlying
10 locations through, for example, a post office box in a
11 rural location, that that adds value to mail matter,
12 for example, periodicals, newspapers and other types
13 of --

14 A From the operation side, I look at that as a
15 workload-driven item, and an office that would be
16 delivering or the destinating office would get credit
17 for working that volume.

18 Q The Postal Service assigns qualitative
19 values for each task on SOV whether or not there's
20 revenue associated with that task or not, is that?

21 A I would have to reference all the vessels of
22 categories.

23 Q And the last, you indicated I think in
24 response to some interrogatories both to the League of
25 Postmasters and to us that these values were last

1 evaluated when?

2 A Do you have that interrogatory response as a
3 reference?

4 Q Yeah. It said that some of them were out,
5 some of the values had not been updated.

6 A I believe there was one. I'd like to get
7 back to that actual interrogatory, if possible, but
8 they're not all, I mean not all of those values are
9 2011 debts.

10 MR. LEVI: Okay. That's fair.

11 COMMISSIONER GOLDWAY: Would it be helpful
12 if we had time to look at the specific interrogatory
13 to answer your question more specifically?

14 MR. LEVI: I believe --

15 THE WITNESS: I remember seeing it. I just
16 can't put my finger on it right this second. If I
17 remember the interrogatory, it talked about a \$5
18 transaction --

19 MR. LEVI: Yes, it did.

20 THE WITNESS: -- versus a \$7, but I cannot
21 remember what the date was that response indicated
22 that was referencing.

23 BY MR. LEVI:

24 Q Okay. Moving forward, NAPUS/USPS
25 Interrogatory T-1-27. As we move forward to these

1 VPOs, you know, to the extent they're, I believe you
2 are making a tremendous effort to promote these post
3 offices, a question. Would the work involved in
4 oversight be included in the SOV in the future?

5 A There would be an administrative office that
6 would oversee that. Again, I would have to review the
7 specific calculations in the SOV to give you an
8 affirmative answer one way or the other.

9 Q Okay. You'd be able to do that of record.

10 A (Nonverbal response.)

11 Q How would the Postal Service determine
12 whether a VPO would be required, I say required, to
13 provide post office boxes?

14 A We wanted to be able to keep that
15 community's identity and also keep those P.O. box
16 customers close to where their existing facility is,
17 if, in fact, that facility is discontinued, so that
18 was the intent behind it, to allow that box section to
19 remain within that zip code, and also keeping that
20 community's identification, which is very important to
21 them, with that zip code. That was the intent.

22 Q Would there be a requirement of a contract
23 in such instances to have post office boxes? Because
24 I believe you had indicated that the village post
25 offices may --

1 A I'm not the contracting official. That is
2 all done by our purchasing center in Denver, and I
3 believe that was a response to another interrogatory
4 as well, so I won't get into specifics of the
5 contract, but it is certainly our intent to keep a
6 P.O. box there. One of the provisions, for an
7 example, that a potential VPO customer provider might,
8 they may provide P.O. boxes inside the facility, if,
9 in fact, that they have space for that, or it might be
10 outside in the form of a NDCBU.

11 Q Assume for one minute, if you can, that a
12 post office is closed pursuant to the discontinuance
13 initiative and it was replaced by a VPO or a contract
14 postal unit, whatever. At some future point in time
15 the contract is not renewed or the contractor does not
16 want to provide that space anymore. At that point,
17 how would the Postal Service ensure services are
18 provided to that community?

19 A We would certainly pursue an alternate
20 provider for that contract within that community.
21 That would be, obviously, our first attempt, to do
22 that.

23 Q If in a number of these communities,
24 outlying communities there may not be that alternative
25 access, what would the Postal Service --

1 A I'd have to look at that on a case by case.

2 Q In NAPUS/USPS-T-1-33 --

3 A I'm there.

4 Q -- there's discussion about data, about
5 rural access to alternative channels. We talk about
6 alterative channels of access generally, but I believe
7 in response in 33 you say in the absence of a business
8 need to do so, no such study had been conducted that
9 would yield data on the alternative access that would
10 be available in rural communities.

11 A The interrogatory is specific and says
12 within the community served by the 2,800.

13 Q 2,800, correct. I'm curious how the Postal
14 Service is able to extrapolate that there could be
15 alternative channels, broadband or whatever, within
16 these communities if the Postal Service had as of yet
17 not conducted any analysis of alternative access.

18 A Although the reference is to alternate
19 accessing, my testimony is from headquarters' level,
20 and again, the interrogatory was answered pursuant to
21 the question, which was if we had anything within
22 those 2,800 candidate offices, and the answer is no,
23 we do not.

24 MR. LEVI: Thank you.

25 COMMISSIONER GOLDWAY: So the assumption is

1 that those 2,800 areas reflect the national averages?

2 THE WITNESS: I didn't make that assumption.

3 No. The specific interrogatory was referencing that,
4 and if we had data to supply to that, and the answer
5 is no.

6 BY MR. LEVI:

7 Q So it is quite possible that in these 2,800
8 communities there might not be alternative channels to
9 access.

10 A Again, that would be something that would
11 have to be looked at when they're considering the
12 study.

13 Q If there was a determination made that there
14 was not alternative access, then what would the
15 conclusion be by the Postal Service?

16 A I can't sit here and give you an absolute
17 conclusion to that because I don't know where the
18 neighboring post office might be and some of the other
19 options that could be explored.

20 Q Okay. Last question. I'm going to
21 reference an interrogatory posed by the American
22 Postal Workers Union. I believe it's APW/USPS-4.
23 Think it's an institutional question, but the presence
24 of a post office box in a location --

25 A I'm sorry. Go ahead.

1 Q -- it's not clear to me, does the Postal
2 Service have a way to measure, other than just the
3 existence of a post office box and whether or not rent
4 is collected at that post office box or it's one of
5 the free boxes, is there a way to measure the way in
6 which members of the community might come to the post
7 office either to deposit or take things out of the
8 post office box in terms of visits to that post
9 office?

10 A No.

11 Q So a postal customer coming into a post
12 office may make a daily trip to that post office and
13 their only interaction with the post office will be to
14 collect mail or to deposit mail in their post office
15 box, collection or recipient, and that's an
16 interaction, that's a visit, but the Postal Service
17 doesn't measure that interaction?

18 A Right. We do not collect data from
19 customers coming and going strictly for P.O. box
20 retrieval.

21 MR. LEVI: Thank you.

22 COMMISSIONER GOLDWAY: What about people who
23 are coming to drop mail into the --

24 THE WITNESS: We don't do a count of how
25 many people come in just to drop --

1 COMMISSIONER GOLDWAY: What about people who
2 come in to pick up priority mail flat rate envelopes
3 that they then take home to use?

4 THE WITNESS: Some of our systems
5 specifically pause. I'd have to check on IRT.

6 COMMISSIONER GOLDWAY: Well, not buying a
7 stamp --

8 THE WITNESS: Right.

9 COMMISSIONER GOLDWAY: -- but just buying
10 the envelope.

11 THE WITNESS: If there was an interaction
12 with the clerk, some of our systems specifically
13 pause.

14 COMMISSIONER GOLDWAY: But if it's not an
15 interaction with a clerk, if it's just coming in to
16 use the facility.

17 THE WITNESS: There's no counting or
18 tracking of those customers. No.

19 COMMISSIONER GOLDWAY: Okay.

20 MR. LEVI: Madam Chair, thank you so much.
21 Thank you, Mr. Boldt.

22 THE WITNESS: Thank you.

23 COMMISSIONER GOLDWAY: That conclude your
24 questioning?

25 MR. LEVI: That concludes my questioning.

1 Thank you.

2 COMMISSIONER GOLDWAY: Okay. Now I've lost
3 my list here. The next participant who is going to
4 cross-examine is Mr. Brinkman from the National League
5 of Postmasters.

6 MALE VOICE: Madam Chairman, if possible,
7 could we take a few minute break, please?

8 COMMISSIONER GOLDWAY: Yes. That's a good
9 idea. Certainly.

10 MALE VOICE: Thank you. Five minutes would
11 be fine.

12 COMMISSIONER GOLDWAY: Five minutes. And
13 we'll reconvene at 10:55.

14 MALE VOICE: Thank you.

15 (Whereupon, a short recess was taken.)

16 COMMISSIONER GOLDWAY: We're resuming our
17 hearing. Sorry for a little delay. We've decided
18 that in order to eliminate the feedback from the
19 microphones, that we will turn off the ceiling
20 microphones, which means that any member of the
21 audience who does want to stand up and identify
22 themselves should come forward and use one of the mics
23 at the Intervenor's tables here in the future should
24 that be necessary. With that clarification, we'll
25 begin. We have Mr. Hal Hughes, who is counsel for the

1 National League of Postmasters with Mr. Brinkman, and
2 he will be doing the cross-examination.

3 MR. HUGHES: Thank you, Madam Chairman.
4 With me also is Mark Strong, the President of the
5 National League of Postmasters of the United States.

6 COMMISSIONER GOLDWAY: Welcome, Mr. Strong.

7 MR. STRONG: Thank you.

8 THE REPORTER: Just a little closer.

9 MR. HUGHES: Well, I don't want to get
10 feedback, but we'll --

11 COMMISSIONER GOLDWAY: There won't be now
12 that the mics are --

13 MR. HUGHES: Right.

14 CROSS-EXAMINATION

15 BY MR. HUGHES:

16 Q Mr. Boldt, I'll address you as Mr. Bolt
17 unless you'd prefer to be Jim or James.

18 A Jim is fine, actually.

19 Q Okay. You can call me Hal.

20 A Okay.

21 Q Careful how you pronounce it. I notice that
22 you started your work with the Postal Service as a
23 mail handler. I did, too, but about 20 years before
24 you. Are you still a member of the APWU?

25 A I am not. Would have been the Mail Handlers

1 Union, though.

2 Q And so you were in the Mail Handlers. Okay.

3 A No, I was not, but as a mail handler, you
4 would have had to been in the Mail Handlers --

5 Q Okay. And you were postmaster twice. Were
6 you a member of NAPUS or the League?

7 A I was.

8 Q Which one?

9 A Both at one time.

10 Q Good for you. And at one time means you
11 discontinued that membership?

12 A I still have an associate membership with
13 the gentleman before you, actually.

14 Q Okay. So I can feel free to be vicious with
15 you then.

16 A Absolutely.

17 Q All right. Now, at the time your written
18 testimony was submitted you only held your present
19 position for three months, is that correct?

20 A That is correct.

21 Q So you've stepped up fast. We'd ask you to
22 identify who prepared your testimony, who wrote it,
23 and we defined identify as provide names, but the
24 interrogatory answer said it was prepared with the
25 help of several staff members. Who did write your

1 testimony?

2 A Can you tell me which interrogatory, please?

3 Q NLP/USPS-5, but you're going to find it
4 absolutely as vague as I did. You prepared it with
5 the assistance of several staff members, and of
6 course, the vice president, but since you were only in
7 the job three months, I'm guessing that someone else
8 wrote your testimony for you, or substantially.

9 A I was assisted. Absolutely. Yes.

10 Q And who would that have been?

11 A I was assisted with myself and counsel.

12 Q Okay. And counsel, you're pointing at Mr.
13 Tidwell and Mr. Hollies?

14 A They would represent counsel for me today.

15 Q Okay. Well, you had great help. I intend
16 to cover a couple of areas because you realize that so
17 far you're the only person on Earth who's shown up to
18 provide record testimony in support of the Postal
19 Service's proposal in this proceeding, so you'll
20 understand if I need to cover a number of things with
21 you.

22 A Okay.

23 Q All right. Your testimony at Table IV shows
24 that, and it was hard to tell from your table, but it
25 looks like about 5,000 to 7,000 post offices have been

1 closed since postal reorganization in 1972, so that's
2 about double the number you're looking at under the
3 RAOI. Were all of those closures with no nationwide
4 plan or determination at all?

5 A Let me get to Table IV. I believe that was
6 an OIG table, is that correct?

7 Q Page 10.

8 A Page 10? Thank you.

9 Q I don't think you'll find it any more
10 helpful than I did.

11 A Yeah. As you mentioned, you know, being
12 relatively new I don't have the history to this, but
13 to my understanding, these offices were closed in
14 accordance with the 101, the discontinuance process,
15 that was prior to this initiative and the changes.

16 Q But all these 5,000 to 7,000 post offices
17 that were closed, nobody at headquarters had had any
18 kind of nationwide plan or determination? They just
19 like topsy, just sort of happened?

20 A I don't know the history prior to my coming
21 to this position.

22 Q Okay. Let's take it another way. Roughly
23 7,000 post offices have been closed without the Postal
24 Service seeking an advisory opinion as to any plan or
25 determination, correct?

1 A I believe the number is about 5,000 going
2 back to 1970, and I do appreciate it is hard to read
3 from this chart, but again, they would have been done,
4 to my knowledge, under the provisions of the 101
5 previous to July filing.

6 Q Okay. And again, I recognize you're only
7 one person representing an institution. On the other
8 hand, you're the only person here to testify on paper
9 to this idea, so we have to bear with you. Managers
10 are graded in part, are they not, on how they perform
11 against budget?

12 A That can be one of their measurements. Yes.

13 Q All right. And does closing post offices
14 which aren't self-sustaining tend to improve
15 performance against budget?

16 A That could be an indicator against TOE,
17 total operating expenses, for some managers. Yes.

18 Q Okay. Saving money by closing money losing
19 post offices would not be a negative in the evaluation
20 process, I take it.

21 A For the purposes of TOE, no, but I would
22 point out that there are other indicators, such as
23 increasing revenue and the customer service
24 measurement, that are also a part of those score cards
25 and those performance results.

1 Q Okay. Now, in an interrogatory answer the
2 Postal Service was asked to define post offices versus
3 stations and branches, and the answer said under
4 current regulations, managers of post offices report
5 to district offices while station and branch managers
6 report to postmasters. Do I understand that the
7 manager of a post office doesn't need to be a
8 postmaster according to the Postal Service?

9 A Could you direct me to the exact
10 interrogatory, please?

11 Q NLP 14, and it's on the second page, second
12 to the last paragraph. I promise you whenever I quote
13 from an interrogatory I'll quote exactly so --

14 A That's fine. I just want to get a chance
15 to --

16 Q That will be fine.

17 A Could you repeat the exact question you had
18 regarding this that's not clear here.

19 Q Let's see if I can.

20 A Okay.

21 Q The interrogatory answer says under current
22 regulations, managers of post offices report to
23 district offices while stations and branch managers
24 report to postmasters, but I understand from other
25 postal publications that the Postal Service doesn't

1 consider that the manager of a post office needs to be
2 a postmaster. Is that correct?

3 A I'm not following your question, and I'm not
4 clear on your --

5 Q All right. I'll try it the positive way.

6 A May I also -- this talks about the position,
7 as I understand this response, manager of post office
8 operations, which is a whole other title that
9 postmasters report to. That's how I understand this
10 response to be. Station and branch managers report to
11 postmasters who oversee those stations and branches.

12 Q And I will assure you I'm not going to ask
13 you any trick questions. If you think I am, stop me.

14 A Well, I just want to make sure we're clear.

15 Q All right. Now does the post office need to
16 be managed by a postmaster other than short breaks
17 where maybe an OIC or someone else will be temporarily
18 in charge?

19 A Under current regulations I would stand by
20 this interrogatory, and I believe that that answer
21 would be yes under this interrogatory with the current
22 regulations.

23 Q All right. So a postmaster would be a
24 defining characteristic of a post office? You'd know
25 you were at a post office because the head of it's a

1 postmaster?

2 A Yes.

3 BY MR. HUGHES:

4 Q The organizing statutes of the Postal
5 Service, and I know you're not an attorney so I'm not
6 going to -- and you should be proud of that, and I
7 won't ask you any lawyer questions. There is a law
8 that requires postal management to consult with
9 management organizations before it implements certain
10 kinds of changes. Now, the postal practice has been
11 to put packages completely together in a final form
12 and then send them over and say what do you think of
13 this?

14 MR. TIDWELL: Madam Chairman, Michael
15 Tidwell, U.S. Postal Service. Counsel, you've made a
16 representation about a legal requirement to a witness
17 who is not capable of responding to a characterization
18 law, and you've just offered a characterization of a
19 process. I just wanted to make it clear that the
20 witness should not be expected to respond to any
21 aspect of the question regarding any legal
22 requirements.

23 MR. HUGHES: And I will assure the
24 Commission that my respect for Mr. Tidwell and Mr.
25 Hollies is unbounded, so I will take that objection in

1 very good faith and I will put the question a
2 different way.

3 BY MR. HUGHES:

4 Q In answer to an interrogatory, NLP-20, the
5 postmasters pointed out that they were only invited to
6 consult on the changes in the discontinuance
7 regulations after the Postal Service had completely
8 drafted the handbook, the changes in regs. It had
9 everything written out and then it sent them over to
10 the postmaster organizations and said what do you
11 think about that, let's consult. The question we put
12 was wouldn't it have been better to say we're thinking
13 about changing discontinuance, what do you think,
14 let's draft together, or let's hear your ideas before
15 we draft?

16 The answer we got from the Postal Service is
17 there's no requirement that postal management initiate
18 consultations with such organizations before changes
19 are developed, or even drafted. Now, I'll accept that
20 that's the Postal Service's statement of the law, and
21 I'm not characterizing it, I'm quoting it. In your
22 opinion as a manager, would you think consultations
23 might produce a better result if folks sat down to
24 talk about things before an idea was in final form as
25 opposed to being given a final form and asked what do

1 you think about it?

2 A I'll only speak for the operations side
3 because I am not familiar with the consultation
4 process. That is a subset of our HR group that
5 handles that.

6 Q Sure. That's fine.

7 A I am aware that there are routine meetings
8 between your association and members of the Postal
9 Association at some routine. I'm not even sure what
10 that routine is. I've been to one of those meetings.
11 I don't know if this is a regular topic or an agenda
12 item that would be raised at that, but again, I'm not
13 a part of that process.

14 Q Sure. And I'm just going to ask your
15 opinion as an experienced manager. Which do you think
16 would produce a better result? If you had faced a
17 problem as a manager and Option A is you called your
18 staff in and say we're facing this problem, let's
19 think about it and a way out, or Option B, you called
20 your staff in and say we're facing a problem, here's
21 my answer to it, give me any reactions? Which do you
22 think, in general, would produce a superior result?

23 A I have to respect that with, in some cases
24 it might depend on the problem, whereas the decision
25 might have been made in option, I think you said B,

1 would be the one that I would say this -- so again, I
2 would want to know what the exact problem is and make
3 an assessment from there.

4 Q Okay. Let's change Option A and say the
5 folks on your staff are all experienced managers.
6 Let's say they're postmasters. They've all been out
7 in the field and have years of experience. Again, I'm
8 just asking a common sense question. Do you think
9 you'd get better advice and guidance and a better
10 result if you shared the problem with those folks and
11 asked them to help you solve the problem or if you
12 gave them your solution and asked them --

13 A I think logically I would get some input
14 from them.

15 Q Okay. And that's all I was driving at.
16 Now, I'd like to look at the, I'll call it the RAOI,
17 but of course I'm referring to the Retail Access
18 Optimization Initiative. As I understand it, this is
19 a closed-ended initiative. What I mean by that is we
20 ask an interrogatory in which we said, it's No. 28, we
21 asked does the request in this case apply only to the
22 3,650 post offices, or does it include all the post
23 offices that are going to be closed in the next seven
24 years? As background, as you know, the Postmaster
25 General said he expected up to half the post offices

1 to be closed in the coming five to seven years. So we
2 asked does the RAOI only apply to the 3,652 that fit
3 under it, or is it going to be used for the future
4 ones? Now, the answer we got was the request applies
5 only to the RAO initiative. So the RAO process will
6 not be used after the 3,652 are looked at?

7 A You'll have to give me a second, please.

8 Q Sure. And again, it's NLP-28.

9 A Excuse me one second. Pardon me one second,
10 please. I would like to advise with counsel.

11 Q I will mention for the convenience of the
12 Commission and the witness, at any time I'm quoting
13 from an interrogatory, I can bring my copy up for you
14 to look at, if you'd like, Mr. Boldt.

15 A In response to your interrogatory, there has
16 been a subsequent interrogatory and it's in response
17 to Madam Chairperson's request in POIR-4, at the last
18 part of that. It's actually No. 5. I believe that
19 was just filed last night or this morning so you may
20 not have it, or you may have gotten it this morning.

21 Q You know, I was on a plane yesterday next to
22 a screaming child. If you'd handed it to me, I
23 probably wouldn't have been able to read it.

24 A I can quote from part of it if you don't
25 have it in front of you, and that was my hesitation.

1 I wanted to try and validate. It says future plans
2 will be developed after the Postal Service has
3 absorbed the lessons from the RAOI, including
4 operational and financial ones from the initiative
5 itself, but also including the Commission's advisory
6 opinion. Those plans may or may not resemble
7 candidate facility selections similar to this in this
8 initiative. Just prior to that, it also talks about
9 future initiatives may also require the Board of
10 Governors' fulfillment, and it cites a section in
11 there as well that, again, I'm not the attorney here.
12 So I wanted to make you aware of that response and --

13 MR. HUGHES: Okay.

14 COMMISSIONER GOLDWAY: That's an important
15 response that I just read this morning because I think
16 the understanding we had was that this process would
17 be established and would consider other post offices
18 after this 2,800 and the answer that we received last
19 night seems to be different from that.

20 MR. HUGHES: And I'll note, Madam Chairman,
21 that the answer we received has not been updated, so
22 both answers are now on the record.

23 MR. TIDWELL: Madam Chairman, Michael
24 Tidwell for the Postal Service. There is no
25 inconsistency between the two responses. The Postal

1 Service's view from the start has been very clear. We
2 have developed an initiative that involves 3,650
3 facilities that is being examined in this docket. If,
4 and when, the Postal Service determines that it wants
5 to cast the net at another 3,650 facilities, it
6 recognizes: 1) it has to move forward to the Board of
7 Governors to seek authority to do so; and if a
8 conclusion is made that that initiative itself might
9 involve a nationwide service change, the Postal
10 Service recognizes it has obligations under Section
11 3661. The response to NLP-28 makes it very clear that
12 this initiative applies to, the request in this docket
13 applies to the 3,650. I don't know what could be more
14 clear than that. That answer is reinforced by the
15 response to Question 5 in Presiding Officer's
16 Information Request No. 4.

17 MR. HUGHES: Again, I'm not trying to trip
18 anyone up. Let me just ask, and I know Mr. Tidwell
19 said he couldn't imagine anything more clear, but let
20 me try and rephrase this to see if we get it more
21 clear.

22 BY MR. HUGHES:

23 Q Right now the RAOI is before the Postal
24 Regulatory Commission and concerns only 3,652
25 facilities.

1 A That is correct.

2 Q And this process may or may not be applied
3 to other facilities in the future, but if it is
4 applied beyond the 3,652 and that amounts in a
5 nationwide change in service, the Postal Service will
6 then be coming back to the Commission for a further
7 advisory opinion?

8 MR. TIDWELL: That is the response to --

9 MR. HUGHES: Excellent. Thank you.

10 BY MR. HUGHES:

11 Q So we know from what the Postmaster General
12 said that up to double the 3,600 may be considered
13 within the next five to seven years, but the way in
14 which those will be closed is not before us now and
15 the Postal Service doesn't know how closing those will
16 be addressed.

17 A I would refer back to the response of No. 5
18 to POIR --

19 Q Mr. Brinkman pointed out it's actually the
20 remaining post offices would be about five times, not
21 the same number, so he properly corrected me. Now, as
22 I understand the RAOI initiative, it's simply a use of
23 several data systems to assemble a universe of likely
24 targets to study, and then each of those will be
25 subject to an individual discontinuance proceeding if

1 it's determined to go forward.

2 A In accordance with the 101. Yes.

3 Q So RAOI is not itself a discontinuance
4 procedure, it's just an umbrella to identify the
5 targets to be looked at for discontinuance. Now, in
6 answer to Interrogatory from the NNA, No. 12, but
7 again, I'll quote it or I can come up and show you,
8 they said this proceeding, together with anything the
9 press publishes or Congress passes on, is the only
10 notice being given to the public that each of the
11 3,650 offices is a candidate for consolidation. So
12 right now the only notice the public would have that
13 their post office is on the endangered species list
14 would be if they happen to keep up with PRC
15 proceedings or their member of Congress happened to
16 send a newsletter out or their newspaper picked it up.
17 The Postal Service hasn't provided any notice to any
18 folks in those 3,650 offices that they're on the
19 endangered species list at this time, is that correct?

20 A Many of those have, again, in accordance
21 with the notification process in the 101.

22 Q As part of the discontinuation process, not
23 as part of the RAOI, correct?

24 A That would be correct. Yes.

25 Q Okay. Now, your testimony said that senior

1 management would review all this and we asked you who
2 senior management is and it's the executive leadership
3 team, which are eight officials. As near as I can
4 tell, only two of those are responsible for customer
5 service, is that correct? Only two of the eight
6 members of the executive leadership team that consider
7 this whole process are responsible for customer
8 service?

9 MR. TIDWELL: Counsel, could you clarify
10 exactly where you're referring to either in the
11 testimony or in interrogatory response?

12 MR HUGHES: Sure. NLP-19.

13 THE WITNESS: And your question is you're
14 saying that two of these members are responsible for
15 customer service, and by that, which two were you
16 referring to?

17 MR. HUGHES: Postmaster general and the
18 chief operating officer.

19 THE WITNESS: I would think that to some
20 extent from at least a customer experience provision,
21 the chief marketing officer might have some say in
22 that as well.

23 BY MR. HUGHES:

24 Q I was assuming he or she would deal with the
25 marketing, but I'll grant your point. So we'll say

1 three of the eight are concerned with customer
2 service. All right.

3 A You could make an argument that every one of
4 them are concerned with customer service in some form
5 or another.

6 Q That would be consistent with several
7 interrogatory answers that said every postal employee
8 was concerned with that. Oke doke. Now, the Postal
9 Service request says that the RAOI is a top down
10 process versus a bottom up process. What led the
11 Postal Service to decide that centralized planning
12 would now work better than a decentralized or locally-
13 driven process?

14 MR. TIDWELL: Counsel, where does it
15 indicate that the Postal Service indicated that the
16 top down process was replacing the bottom up process?

17 MR. HUGHES: That's what I understood from
18 your request at page 7. The top down process is
19 referred to glowingly in apparent contrast to a bottom
20 up process.

21 MR. TIDWELL: The Postal Service loves both
22 of its children equally. We may be focused on the
23 newborn but we want to make it clear that they're
24 equal in our eyes.

25 MR. HUGHES: So bipolar, in other words.

1 MR. TIDWELL: Equal in our eyes.

2 MR. HUGHES: You could try schizophrenic,
3 but all right.

4 COMMISSIONER GOLDWAY: Well, are you
5 changing the tenor of the language in the statement?

6 MR. TIDWELL: No, Madam Chairman. There are
7 two ways to approach discontinuance. One is that
8 locally -- the stated objective. It's a longstanding
9 process that's been in place for longer than most of
10 us have been here. The Postal Service also can on a
11 centralized basis determine whether or not it wants
12 from a headquarters standpoint to focus attention
13 on --

14 CHAIRMAN GOLDWAY: But this is a new process
15 that they've decided to implement.

16 MR. TIDWELL: This particular process is
17 new, but if one looks back at the SBOC, that was a
18 centrally directed nationwide initiative and if one
19 looks back to the retail analysis program of N75-1,
20 that was a centrally directed programs. Centrally
21 directed programs are not new. They're not common,
22 but they're not new.

23 THE WITNESS: If I may add to Mr. Tidwell's
24 response, I also go to the feasibility study in
25 Section 21 of the 101, and I'll use an example of an

1 emergency suspension. Those provisions are still in
2 there and that would still be from a bottom up
3 approach.

4 BY MR. HUGHES:

5 Q All right. And I'm just going to ask a
6 couple common-sense questions. Given your experience
7 as a postmaster in two locations, on the whole, would
8 you feel that you are more familiar with conditions at
9 your post offices and in your communities than say
10 your area vice president or headquarters vice
11 president was?

12 A Oh, I think so. Absolutely.

13 Q All right. And calling just on your general
14 knowledge as a citizen of the world, would you say
15 centralized planning has worked out well in eastern
16 Europe?

17 MR. TIDWELL: Madam Chairman, the witness is
18 here to testify about postal operations. He is not
19 presenting himself as a political science expert on
20 the fortunes of the people of eastern Europe.

21 CHAIRMAN GOLDWAY: I think you should
22 redirect your line of questions.

23 THE WITNESS: Again, given my unbounding my
24 respect for Mr. Tidwell, but I will add if I may that
25 this process allows for that input. The initial

1 selection of offices was simply that based on a
2 criteria. The input and the provisions in the 101 are
3 still in place and do allow for that local knowledge,
4 that local district, and in fact we rely heavily on
5 that information before a decision is made.

6 BY MR. HUGHES:

7 Q Okay. And again, the question was simply
8 aimed at the request indicated, as the Chairman
9 pointed out, that the Postal Service was switching to
10 a new model of a top-down process and I was inquiring
11 about the thinking behind that and the relative
12 benefits and disadvantages.

13 Now, in NLP-23, we referred to page 22 of
14 your testimony where you had a flow chart showing how
15 the discontinuance process would look, and it appeared
16 from that chart that district and headquarters review
17 of a determination to terminate a post office would
18 take one day and your interrogatory says it could take
19 as little as one day at each level. In other words,
20 once this huge record is developed, your answer
21 indicates that the decision to pull the plug on that
22 post office at the district and headquarters level
23 could take as little as one day. And that is the
24 response in 23?

25 A That is correct.

1 Q Okay.

2 A I may add that this process is a web-based
3 driven process. All of the records are available for
4 review, so that the transfer of that is all web-based
5 now.

6 Q Sure. And my only point is that a life-and-
7 death decision on a post office can be made at higher
8 levels in as little as a day no matter how thick the
9 record is.

10 A Keeping in mind that there was a lot of
11 information gathering and input prior to that.

12 Q Okay. Would it surprise you to learn that a
13 number of the 260 post offices, stations and branches
14 undergoing discontinuance review have already been
15 officially told that their maintenance orders and
16 other support orders, including stamp supplies, have
17 been stopped even though they're just in the review
18 process?

19 A I have no knowledge if that's accurate or
20 not.

21 Q Well, of course my question was would it
22 surprise -- I will tell you I do have records that
23 show that's true. I'm just asking would it surprise
24 you that districts had already issued instructions for
25 folks that were just on the review list that

1 maintenance orders weren't going to be done anymore
2 and other support and stamp orders wouldn't be filled?

3 A Let me make sure I'm clear because you said
4 260 offices.

5 Q That's the ones that are in the
6 discontinuance review now.

7 A Okay. Are we referring to the 260 that were
8 carried over from the old system?

9 Q Yes.

10 A Okay. Let's keep in mind that many of those
11 had been in some former process for months to come.
12 Remember they were originally identified under the old
13 101 process, which was approximately a 300-plus-day
14 process under the old regulations, and those were
15 carryovers that we brought into the new process and
16 they had already gone through some channels prior to
17 being converted over to the new process.

18 Q Sure. But they're still just under review
19 according to your testimony.

20 A They had not hit the level of a community
21 meeting. That was the breaking point.

22 Q And so no decision has been made, correct?

23 A That is correct, yes.

24 Q And yet maintenance is ceasing on some and
25 some are not having stamp orders filled.

1 MR. TIDWELL: Madam Chairman, those are not
2 matters of fact in the record here. Those are
3 representations that counsel is making for which there
4 is no evidentiary basis.

5 BY MR. HUGHES:

6 Q And that's why my question was would it
7 surprise you to learn, in other words, assuming that
8 what I say is factually correct and you'll find that
9 out when we submit our direct testimony, would that
10 surprise you that districts were going ahead and
11 discontinuing maintenance.

12 A You've asked me that question a couple ways
13 because you said maintenance and stamps, and what we
14 don't have here is what is their supply of stamps
15 today if in fact they were cut off. I don't know the
16 answer to that. Do they have a 30- or 60-day supply?
17 I don't know the answer to that.

18 Q Okay.

19 A What maintenance projects are we talking
20 about? If we were talking a long-term project, I
21 don't have that answer here. So I'm really at a
22 disadvantage to answer your question directly.

23 Q Sure. Let's treat this as a hypothetical.
24 Assume a district has given directions to post offices
25 that are on the discontinuance review list that their

1 maintenance orders will no longer be filled. Would
2 that surprise you?

3 A Again, what type of maintenance?

4 Q All types.

5 A If it's a long-term say 10-year project, I
6 would have to say no, that wouldn't surprise me. If
7 it was some sort of an emergency or that, then I might
8 be surprised by that. So again, I don't have the
9 facts to answer that.

10 Q Okay. Well, stay tuned. Out in Iowa, the
11 district, I guess that's Hawkeye, put out a schedule
12 of where their community meetings would be held with
13 no indication that local postal or other officials
14 were consulted. Again just assume that's true. It
15 was a schedule of all the meetings to be held in Iowa
16 and it showed community meetings being held three a
17 night in one location, so for instance, three towns
18 were told meet over here at 8:00, then 9:00, then
19 10:00 to have your community meeting. Again, assuming
20 that what I tell you is true, does that seem like an
21 optimal way to involve the community in closings?

22 A Let me back up one second. You said that no
23 postal officials were involved? Was that your --

24 Q I said no local postal officials were
25 consulted. They were just given a schedule of here's

1 where your community will meet and when.

2 A Okay.

3 Q It was an ipse dixit.

4 A Again, I don't have enough specifics. You
5 know, community meetings are held based on
6 availability of venues. Perhaps this was the largest
7 venue that could accommodate the group within a
8 certain mile radius. I don't know. I clearly
9 wouldn't have enough facts.

10 Q Let's just pretend what I say is true and
11 that the district sent out an email to all the post
12 offices in the Hawkeye district that were being
13 considered for discontinuance, giving them a schedule
14 of what town their communities would meet in and what
15 date and in a majority of those they were meeting in a
16 different community and they were stacked three a
17 night about an hour apart in that distant community.
18 Would that strike you as a good way to get community
19 involved?

20 A I can't speak for local conditions there.
21 It may have been the best way for them to correspond
22 internally from what I'm hearing in your question. It
23 was internal communication to the post offices.

24 CHAIRMAN GOLDWAY: Mr. Boldt, in your
25 directions to local officials who are carrying out the

1 discontinuance process or in the training that's
2 provided to them, do you give advice or direction as
3 to how to hold a community meeting?

4 THE WITNESS: There's several references in
5 the 101, most specifically 251.1, which talks about
6 selecting the date and location.

7 CHAIRMAN GOLDWAY: And does the language
8 include trying to find a place that's convenient for
9 the community?

10 THE WITNESS: It does in fact. In part it
11 says potential community locations include a community
12 center, church meeting room, city hall, school or
13 postal facility. So there is some guidance in the 101
14 for that.

15 BY MR. HUGHES:

16 Q I'm advised that the sentence above that
17 says they're to consult with the postmaster. Is that
18 correct?

19 A In part. It says the marketing manager
20 should discuss the time and location of the community
21 meeting with the postmaster, OIC or other responsible
22 personnel.

23 Q So?

24 A And then the direct sentence in front of
25 that says be sure to schedule the meeting at a time

1 that encourages customer participation, such as
2 evening or weekend.

3 Q Good point. What might make a weekend or
4 evening meeting infeasible? I mean, I assume they
5 have evenings and weekends almost everywhere in the
6 U.S.

7 A Again, there's a variety of reasons that
8 might make that infeasible.

9 Q Okay. I noticed that NAPUS had pointed out
10 that a community meeting in Brooks, Minnesota was
11 scheduled at 10:00 and that that also happened in
12 Missouri and Indiana.

13 MR. TIDWELL: Ten o'clock a.m. or p.m. for
14 the record?

15 MR. HUGHES: A.m. for the record.

16 BY MR. HUGHES:

17 Q And again, I believe Missouri, Indiana do
18 have evenings and weekends. What would have made an
19 evening or weekend meeting infeasible?

20 A The first part of yours I believe was a
21 specific interrogatory. Could we reference that,
22 please?

23 Q Sure. NLP-31. Let's see. Actually the
24 one, NAPUS 48 gives the specific example of Brooks,
25 Minnesota.

1 A And I think in part the response is that the
2 handbook section does not preclude the scheduling of
3 meetings at times other than evenings and weekends.

4 Q Okay.

5 A And I would agree with that response.

6 Q All right. And so basically the handbook
7 says districts should consult with the postmaster?

8 A But that's not mandatory and it should be in
9 the evenings and weekends, but it doesn't have to be.

10 Q It says to encourage customer participation.

11 A Okay.

12 Q But somehow the folks in Brooks, Minnesota
13 just after they consulted with the community nobody
14 was going to work that day, so 10 a.m. was a good time
15 for the community to get together.

16 CHAIRMAN GOLDWAY: What would have made them
17 think that 10 a.m. was a good time for community
18 participation? What were the factors that would make
19 you think that?

20 THE WITNESS: I can't speak for this
21 specific case.

22 CHAIRMAN GOLDWAY: Well, we've had this
23 comment before us in several of the appeals, so I'm
24 wondering what a manager would think in selecting 10
25 a.m. as a time for a meeting.

1 THE WITNESS: One thing that would quickly
2 come to mind, remember some of these offices are part-
3 time offices. They're only open three, four hours a
4 day. A 10:00 meeting might be able to include people
5 who are actually participating in postal business
6 during that time since at the time that's the time the
7 post office is open as well and that's when they would
8 be using the products and services. Other factors
9 could be availability of other venues.

10 CHAIRMAN GOLDWAY: Is it for the convenience
11 of the person who is running the meeting?

12 THE WITNESS: That would not be consistent
13 with the 101 and the guidance that we would give them
14 because we do ask that they encourage customer
15 participation. But, you know, I should also add that
16 there are other ways that customers can respond their
17 concerns. There's a questionnaire that gets mailed
18 out. There's things that they can be sending to us in
19 that form as well. So if for whatever time a meeting
20 might not be conducive to everybody's needs, and I am
21 sure that we could not accommodate every single person
22 within a community to their needs as we all have
23 different schedules, they would still have the
24 availability to get their concerns to the officials
25 making the decision.

1 BY MR. HUGHES:

2 Q Sure. They could ask their unemployed
3 friends to come to the meeting and share their
4 concerns, and there's 10 percent of those available.
5 The email I saw in the Hawkeye district, and I can
6 produce it, but let's just take my word for it, that
7 went out to the postmaster simply said we're under
8 time pressure to get all these community meetings held
9 within the month and for that reason here's the
10 schedule for them and it just had as I recall two and
11 a half pages of post offices listing what town they'd
12 meet in, which again in two cases out of three wasn't
13 their town, and again they would be stacked for like
14 Community A will meet at 8:00, Community B at 9:00,
15 Community C at 10:00 at the Community C High School.
16 So I take it that when the handbook meets the real
17 world and there's a pressure to do these quickly, the
18 "should" language gives way to the operational needs
19 to get this done fast?

20 A I would disagree with that statement, and I
21 would also suggest that even in the testimony we
22 talked about a 10 rolling week basis so that these
23 things could be done properly and in accordance with
24 the guidelines. So any time pressure that you're
25 referencing, I'm unaware of it, and even then, if they

1 got beyond the 10 weeks, there's no deadline that this
2 has to be done within that timeframe, so I'm not at
3 liberty to discuss the perhaps perceived time crunch.

4 Q It was more than perceived. It was
5 documented, but okay. I accept that, Jim. You're at
6 headquarters. I just have a few data questions to ask
7 you about the RAOI. As I understand it, the number of
8 visits, customer visits to a facility did not play any
9 part in deciding what post offices got included in the
10 RAOI initiative, right? It was the walk-in revenue?
11 In other words, the fact that a customer went to the
12 office 20 times a day?

13 A Yes. We responded to that, did we not?
14 That was an interrogatory I believe it was.

15 Q APWU 9.

16 A Let me reference that, please.

17 Q Sure. And again, ask me to bring it up and
18 I'll save you the time to go through. It just says
19 the number of customer visits was not a criteria used
20 to define any group of facilities. In other words, it
21 didn't enter into the calculations at all.

22 A That's the response, that's correct.

23 Q Okay. And you agree with that?

24 A Yes.

25 Q And this is NLP3, which points out that two

1 years ago the Postal Service raised the SOV-CFV
2 productivity by 10 percent, even though the Postmaster
3 organizations pointed out that that was unjustified,
4 and that there was just no reasonable reason to
5 calculate productivity 10 percent higher.

6 But I am not asking about that. What I am
7 saying is when the productivity was increased by 10
8 percent, that would reduce the earned work hours,
9 correct?

10 A Let me first respond that I was not a part
11 of those discussions when that happened.

12 Q Sure.

13 A But also here in the response, it says,
14 "However, the present achieved to be earned is 97
15 percent."

16 Q Yes.

17 A So when I look at that from a global level,
18 or a 10 thousand foot level, that indicates to me that
19 the standards, while some of them may be appropriate,
20 and some of them may be too generous, and some of them
21 may be too rigid, that from an overall picture given
22 the actual demonstrated achievement that they are in
23 line. They are within 3 percent.

24 Q Let's go back to the one thousand foot level
25 in the sentence before. If Postal Headquarters ups

1 the productivity, which it did, then according to the
2 answer the earned work hours decrease, which bring
3 additional offices within the RAOI?

4 A I can't speak for that specific or the
5 reasonings behind that. I was not a part of that, and
6 so I prefer not to comment on the whys the 10 percent
7 was. For all I know, there was a study that justified
8 that. I do not know.

9 Q Okay. let's stick with the I do not know,
10 and leave out the maybe there was a study, because it
11 doesn't indicate there was. Now, NLP1 asked about the
12 multi-position letter sorting machine, and the flat
13 sorting machine.

14 And the answer says that the productivity of
15 these machines was less than that of actual manual
16 processing of letters and flats. So in other words
17 the automation was actually less productive than
18 manual processing?

19 A That is the response here. Again, as I
20 previously stated, I am not here to tell you that all
21 of the standards are perfect, but I do believe that
22 they are in line when looked at together.

23 Q Sure, and there is no secret to where I am
24 going. It was reliance on data systems that put
25 offices in the RAOI cross-hairs, or left them out, and

1 of course if they are flaws in those data systems,
2 that is the disadvantage of what I would call
3 centralized decision making, or what your testimony,
4 or what your request calls top down process.

5 All right. In considering revenue at the
6 Post Offices on the endangered species list, was
7 revenue from dropped shipped mail included in the
8 calculation?

9 A The answer to that is no, that was not walk-
10 in revenue.

11 Q Okay. And so that would be true for returns
12 and for hold on deliveries as well?

13 A I would want to check on that. I am not
14 sure. I don't believe so, but I would want to double-
15 check on that, but that would be my guess.

16 CHAIRMAN GOLDWAY: Who get's the credit for
17 returns?

18 THE WITNESS: I don't -- I think we
19 responded to that in an interrogatory. I just want to
20 double-check that. I am not sure which one it is, but
21 I do believe that we responded to that in one of the
22 interrogatories.

23 CHAIRMAN GOLDWAY: I will have to check.

24 THE WITNESS: That may not be in there, but
25 I would want to check on that. Okay. And the data

1 questions were just aimed at --

2 CHAIRMAN GOLDWAY: And what happens if
3 somebody buys -- and as I do -- priority mail stamps,
4 and flat rate envelopes somewhere, and then drops them
5 off at another post office?

6 THE WITNESS: They would get the transaction
7 for the sale.

8 CHAIRMAN GOLDWAY: The one that it got
9 dropped off at, or the one where I bought the stamp?

10 THE WITNESS: They would get credit for the
11 transaction. Now, the destinating office to your
12 example would get credit for the delivery of that,
13 that destinating office.

14 CHAIRMAN GOLDWAY: But since people move
15 around and go from one office to another, the actual
16 facility that it got dropped in wouldn't.

17 BY MR. HUGHES:

18 Q Thank you, Madam Chairman. Again, I
19 understand in the top down process, or centralized
20 process, you are going to have to rely on data for
21 decisions made at headquarters. You are not going to
22 be on the ground in Pookeyville and see what happens
23 there, and that's why it is probably important that
24 the data be correct.

25 Do you know the distribution productivity

1 manually is for letters?

2 A Off the top of my head, no, I don't.

3 Q All right. Of the 3,652 offices did
4 somebody do a double-check to make sure that the data
5 was correct?

6 A There was a filtering process. If there was
7 -- and I am not telling you that there wasn't perhaps
8 a data inconsistency, but there was a check with the
9 data to look for anomalies.

10 Q Now, I am going to switch to the area of
11 services, and service. In your opinion would the
12 average clerk have the training and experience to step
13 right into the job that you did as a Post Master?

14 If you were pulled out on a day would the
15 average clerk have the training and experience to do
16 the job that you did as Postmaster?

17 A You have me at a little disadvantage here,
18 because the levels of Postmasters that I was, I think
19 an average clerk would not be able to walk right into
20 perhaps a Level 20 position, or Level 24 position
21 without high experience. So in the two levels of the
22 higher levels that I held as Postmaster, I don't think
23 a clerk could walk right into that. There is a lot
24 more to it.

25 Q Okay. Out of curiosity does the RAOI take

1 into account a town's willingness to provide free
2 space? Sometimes when towns hear that they are losing
3 their post office, they will say what if we give you
4 the space for free. Does that or did that enter in at
5 all?

6 A Remembering that we selected the offices
7 through RAOI, that would be something that might be
8 discussed at the local level.

9 Q Okay. So it didn't enter into the umbrella
10 RAOI process?

11 A Not for the selection.

12 Q But when you get down to examining life or
13 death, they might take that into account?

14 A I suppose that is a possibility.

15 Q You would like to hope. Now, I understand
16 the village post offices are only going to be selling
17 stamps and flat rate box postage. Am I correct?

18 A You are correct.

19 Q And in the offices that you were in, I
20 imagine that customers required a lot more service
21 than that?

22 A We didn't at this level right now believe
23 that a village post office would be an ideal candidate
24 for the level of offices that I was in.

25 CHAIRMAN GOLDWAY: What were the offices

1 that you were in?

2 THE WITNESS: I was in a Level 20 office in
3 Yorkville, Illinois, and a Level 24 office in
4 Naperville, Illinois.

5 CHAIRMAN GOLDWAY: Thank you.

6 BY MR. HUGHES:

7 Q In your testimony, you said -- and this is
8 on page 12 of your testimony -- that it is likely that
9 these customers -- rural small town customers --
10 already travel outside their local community to
11 purchase other goods and services, and conduct other
12 activities of daily life.

13 And both the APWU and the league asked you
14 what was that based on, and your answers again to
15 their Interrogatory 5, and our 17, was that it was
16 based on your firsthand observation and interaction
17 with retail customers and other postal managers and
18 employees.

19 And in your response to our version of that
20 question, you said that there were no empirical
21 studies conducted. So this conclusion that the folks
22 in Pookeyville probably travel other places all the
23 time is based entirely on antidotal and non-systematic
24 personal observations by you, and folks that you visit
25 with?

1 A I would agree.

2 Q Okay. I understand from another of your
3 answers that acceptance in distribution won't be part
4 of the village post office?

5 A That's correct. That is correct, and we
6 responded that way.

7 CHAIRMAN GOLDWAY: So a package that is over
8 13 ounces couldn't be accepted?

9 THE WITNESS: My pardon. Acceptance such as
10 in things like bulk mailings and things of that
11 nature. The village post offices will have an
12 aviation security stamp, and they will be able to
13 accept packages for collection purposes when the
14 carrier gets there to either deliver the mail or
15 collect the mail later in the day.

16 They will be able to hold that. So if you
17 have a package, you could drop that off.

18 BY MR. HUGHES:

19 Q Your answer actually said VPO operators may
20 hold outgoing mail for customers to present to postal
21 personnel. They won't be postmarking, or otherwise
22 accounting for them. So I gather as a courtesy that
23 if you stop in at the village post office and say will
24 you hang on to this, and give it to the carrier --

25 A It is also our intent to have collection

1 boxes out in front. So if it fits in the collection
2 box, then that would be the appropriate place to
3 deposit that as well.

4 Q All right. Now, the Chairman raised a point
5 that I was going to ask about. I think it was -- oh,
6 one of the mayors that wrote in, Iowans for Post
7 Office Services, and of course, their evidentiary
8 contentions aren't part of the record.

9 But they said that I have been told by USPS
10 personnel that rural carriers can only take packages
11 up to 13 ounces. Is that true?

12 A There is a provision for over 13 ounces.
13 There is a very specific outline. I don't have that
14 here with me, but if they know the customer, they can
15 accept packages over 13 ounces, and there is a
16 designated location when they return to the office. I
17 am giving you a very high level on the specifics on
18 that though.

19 Q So highway contract routes can take up to 13
20 ounces, and may under certain circumstances go above?

21 A There are certain provisions.

22 Q But not routinely?

23 A Right.

24 Q Okay. Your Interrogatory Answers, and this
25 is Mr. Popkin's Question 24, and you indicate that

1 retail window clerks get a higher level of training
2 than that experienced by personnel at alternative
3 access sites.

4 A I'm sorry, this is Mr. Popkin's what?

5 Q It is Number 24. Again, there is no trick
6 here. It just says post retail window clerks get
7 broader training to sell and provide all the various
8 services and products, and that is more than folks at
9 alternative access sites will have training to do.

10 A And I think it also goes on to say in that
11 Response 24, correct, that it is reasonable to expect
12 that this training be more extensive than experienced
13 by personnel at alternate access sites. That's
14 correct.

15 Q Okay. Now, there was another Popkin
16 Interrogatory that I hope has been placed in the
17 record, although knowing Mr. Popkin, that is
18 problematic. It is NBP-7, and that simply contains
19 the official Postal Service chart of all the services
20 that are available at a post office, versus what would
21 be available at a CPU.

22 A That would be Popkin Interrogatory Number 6.

23 Q Yes. Do you know if that has been included
24 in the record? I don't have the designation list in
25 front of me.

1 A I believe it has. Popkin Number 6 says see
2 the attached to the response.

3 Q Okay. And I will save the Commission's time
4 and yours by simply noting, as I think anyone could,
5 that there is three pages of services listed, all of
6 which are available at a post office, but less than
7 half of which would be available at a contract postal
8 unit. Is that a fair summary?

9 A With a very quick review, I think that is a
10 fair summary.

11 Q Okay. And then if you were to go even
12 further down the food chain at a village post office,
13 there would only be two checkmarks, right; SAMs and
14 flat rate boxes?

15 A Assuming that this isn't broken down by
16 coils, and books, and stuff, and it is in fact, and so
17 your summary would not be correct.

18 Q Okay. So a VPO might get eight checkmarks?

19 A That is a rough guess.

20 Q Okay. Well, a lot less would be a fair
21 summary, right?

22 A That would be a fair summary.

23 Q Now, in answer to NNA Interrogatories -- and
24 trust me, you don't have to look at this, but if you
25 don't want to trust me, I will understand. It is NNA-

1 11. You say that a VPO is not intended to, nor able
2 to, to replace a post office.

3 That appears in other places later on. It
4 says that no VPOs are expected to be full-service
5 offices.

6 A And I testified to that already.

7 Q All right. All things being equal would
8 decreasing the number of post offices by 10 percent in
9 your mind improve or reduce customer service?

10 A I think that customer service can be
11 measured in many ways. I will reference the fact, and
12 you referenced it either, that we have reduced post
13 offices over the years. Two areas or one area that is
14 a specific concern to me is the wait time in line.

15 And in spite of those offices that have been
16 closed, we are currently at record levels in both the
17 CVM Question Number 11, which measures perceived wait
18 time in line, and also wait time in line that is
19 measured in those offices by our mystery shopper.

20 Q Okay. So from your perspective --

21 A It is improved.

22 Q So it is possible that you could get rid of
23 10 percent of the post offices and actually have
24 service improve?

25 A I didn't say that I was going to remove 10

1 percent of the post offices.

2 Q No, I said assuming.

3 A Those are being reviewed.

4 Q I know.

5 A And that is not what I said. What I said
6 was that with the offices that have closed so far that
7 those statements with regard to customer service and
8 the measurement that I am concerned about, it actually
9 has improved.

10 THE WITNESS: Mr. Chairman, I would ask that
11 since it is the noon hour.

12 CHAIRMAN GOLDWAY: We usually like to go to
13 12:30, or at least to have the --

14 THE WITNESS: I am fine with that.

15 CHAIRMAN GOLDWAY: -- participants complete
16 their testimony we break.

17 THE WITNESS: That's fine.

18 MR. TIDWELL: I will apologize. That may
19 have been my stomach grumbling. I will turn the mike
20 off.

21 CHAIRMAN GOLDWAY: I do have one question
22 for you. You say that you rely on antidotal evidence
23 for customer behavior, and a long line of questioning
24 about that. But you don't rely on antidotal evidence
25 with regard to wait time in line?

1 THE WITNESS: I have specifics. I mean, I
2 have documented datasets that I could provide. It
3 might be easier.

4 CHAIRMAN GOLDWAY: Well, my antidotal
5 evidence with regard to wait in line time is different
6 from yours. I am on the one hand than when I hear
7 your other evidence that contradicts my antidotal
8 evidence, I am not sure which is the reliable evidence
9 to rely on in making a decision.

10 Mr. Hughes, do you have some more questions
11 before we break? I wanted to let you continue.

12 MR. HUGHES: Yes, I do, Madam Chairman. I
13 just am naturally inquisitive and can't seem to stop
14 myself, but Jim is having a good time, too. So, with
15 your permission, I will go on.

16 MR. TIDWELL: I don't know if it is
17 justifying to that.

18 MR. HUGHES: It is a bonding experience.

19 (Pause.)

20 BY MR. HUGHES:

21 Q Mr. Popkin asked you two questions, Popkin
22 28 and Popkin 42.

23 MR. TIDWELL: Just for the record, the
24 questions were asked of the Postal Service, and Mr.
25 Popkin did not direct these questions to witnesses.

1 BY MR. HUGHES:

2 Q Mr. Popkin asked if somebody had a post
3 office box at Post Office B, and it got closed, and
4 his box got moved to a new post office, would he keep
5 the same address, and the answer -- and this is to
6 28 -- was that it is possible in the hypothetical if
7 the Postal Service adopts policies and procedures that
8 make it happen.

9 And then in 42, he followed up with that by
10 saying would they have to go through an address change
11 notification, and under what conditions might the
12 Postal Service make it possible for him to keep his
13 address.

14 And the answer was that it could be utilized
15 in circumstances deemed appropriate by the Postal
16 Service on a case by case basis. Now, I take it that
17 the net answer to that is that we can't know or make
18 any representation to the customer that your office
19 might get closed, or their post office box get moved
20 to another office, and you may or may not get to keep
21 your address. That will just be decided as the Postal
22 Service decides at some future time.

23 So there is no plan in place to take care of
24 that or make that easier?

25 A Actually, if you will bear with me a second,

1 I believe that there is some reference to -- and
2 perhaps a little bit broader, but zip codes in the
3 101, and I am trying to locate that.

4 Q Okay.

5 A Which I believe talks about trying to
6 minimize the need for eliminating a zip code, which is
7 in-part a response to your question. Again, I am not
8 quickly putting my thumb on it.

9 CHAIRMAN GOLDWAY: I had thought that I had
10 read that there was an emphasis to do everything
11 possible to keep the zip code and the community name.

12 THE WITNESS: Yes, and that is what I wanted
13 to reference in here, and that is going to be the
14 emphasis.

15 CHAIRMAN GOLDWAY: But that confused me then
16 when reading your responses to Mr. Popkin, because you
17 seem to be avoiding that, or were you just focusing on
18 perhaps the post office box number that might have to
19 change?

20 THE WITNESS: Well, actually, both could
21 come into play. The first piece to that is supposed
22 as an example that there is a VPO. We do plan on
23 duplicating the P.O. Box numbers in a centralized
24 location, either perhaps inside the building, and that
25 VPO might be right outside, and there would be no

1 change to those customers.

2 There would be no change to the zip codes,
3 and no change to those customers. If in fact a
4 decision, for whatever reason, is that they have to be
5 relocated to another facility and to another postal
6 facility, we would try to replicate those P.O. Box
7 numbers and still keep the zip code in that facility.

8 Sometimes some of the old structures of the
9 P.O. Box might prohibit us from doing that, because
10 let's say there is five or six number ones across, and
11 the old section might have had seven across.

12 So we may end up with one or two that might
13 have to change if that was the case. Banks of boxes,
14 some of the older ones are different than the new
15 ones. So, to minimize that, the answer is yes. We
16 will try to completely avoid it, but there will be
17 additions to that.

18 CHAIRMAN GOLDWAY: So it seems to me that
19 your answer is somewhat different from the answer that
20 was given to Mr. Popkin.

21 THE WITNESS: I don't believe I am being
22 inconsistent.

23 CHAIRMAN GOLDWAY: I think he was -- the
24 impression that I read in reading those was that there
25 was going to be no guarantee, or no special effort

1 made?

2 THE WITNESS: In Popkin 28 and 42, it says
3 that it could be used in circumstances deemed
4 appropriate by the Postal Service on a case by case
5 basis. In 28, it says that it might be possible
6 if the Postal Service adopts policies and procedures
7 to make it possible.

8 But it sounds like that you have some
9 policies already that contradict the statement that
10 you have given to Popkin.

11 MR. TIDWELL: Madam Chairman, I think that
12 it may be fair to say that the policies and procedures
13 don't govern particular results in every circumstance,
14 and that is what Witness Boldt is trying to make
15 clear, by indicating that we have objectives in trying
16 to minimize certain impacts on customers. But we can't
17 guarantee outcomes in every case, desirable outcomes
18 in every case, and I think that's consistent with
19 everything that's been said on the issue so far.

20 CHAIRMAN GOLDWAY: All right. If I were you
21 and that's the case, I would have answered Mr. Popkin
22 differently from the way you answered. It doesn't
23 sound to me like in answering Mr. Popkin you
24 acknowledged any of the policies or concerns that Mr.
25 Boldt has indicted here.

1 BY MR. HUGHES:

2 Q Okay. This I am going to simply confirm an
3 answer you gave the Public Representative in
4 Interrogatory 11. They ask you to confirm that many
5 of the customers of the Postal Service have no other
6 postal access option to letter mail, and the answer is
7 it's confirmed that some postal customers may have
8 limited access to the nearest postal facility and that
9 some live in areas where alternate delivery service
10 providers are limited or unavailable. Would that be
11 your testimony?

12 A Public Representative what? I apologize.

13 Q Eleven.

14 A Eleven? Thank you.

15 (Electronic interference.)

16 CHAIRMAN GOLDWAY: Should we direct this
17 question to Mr. Bradhome?

18 MR. TIDWELL: No, I think we'll see what the
19 witness has to say about this.

20 BY MR. HUGHES:

21 Q I'm sorry, let me back up. Do you still
22 have the question?

23 A Oh, no, if that is the Institution's answer,
24 that's fine.

25 Q NAPUS in Interrogatory 33 asks about the

1 percentage of postal customers among the 2,800
2 candidate offices who use alternative venues for the
3 past five years, and the response was that there was
4 no business need for that data, and so no study was
5 conducted. So that is another case of missing data?

6 A I believe we responded to that.

7 MR. TIDWELL: Missing data? In what sense,
8 counsel?

9 MR. HUGHES: Non-existent data.

10 MR. TIDWELL: Well, missing presumes that
11 there is a need for it to exist, and an obligation for
12 it to exist.

13 CHAIRMAN GOLDWAY: I would ask you, Mr.
14 Tidwell, to speak up a little. Now that we have
15 solved the background noise issue, we can encourage
16 you to speak more loudly.

17 MR. TIDWELL: Okay.

18 BY MR. HUGHES:

19 Q Let me rephrase this and make it simpler.
20 Is it true that the Postal Service felt there is no
21 business need to find out the percentage of customers
22 who use alternate venues among the 2,800 offices
23 within the RAOI?

24 A There is no -- yes, in the absence of the
25 business need to do so, no such study has been

1 conducted on the response.

2 Q Okay. Now, the presiding officer asked for
3 each of the facilities reviewed under the
4 discontinuance study. Did the Postal Service make any
5 determination as to the number of customers without
6 access to a vehicle, and did the Postal Service
7 consider public transportation routes and costs.

8 And again the answer was that no need for
9 determining this has been established.

10 MR. TIDWELL: Just for clarity, counsel,
11 could you indicate which response you are referring
12 to?

13 MR. HUGHES: It is in Presiding Officer's
14 Information Request Number 2, Question 13.

15 MR. TIDWELL: Thank you.

16 (Pause.)

17 BY MR. HUGHES:

18 Q I will put the question a different way,
19 Jim. They were looking at a lot of little offices
20 that made the hit list for further examination, where
21 if the offices are closed, people are going to have to
22 go somewhere else to get service.

23 And the presiding officer said, gee, did you
24 look at how many customers might not have a vehicle,
25 or whether public transportation would be available.

1 A And I apologize, but we have already
2 responded to this interrogatory.

3 Q It is 13.

4 A What's that?

5 Q Presiding Officer's Information Request
6 Number 2, and then it is Number 13 of that set.

7 A And as I understand the answer, the Postal
8 Service said that was something that they didn't need
9 to know about.

10 Q Okay. All right. I will invite the witness
11 to say what the answer is, what his answer is.

12 A I'm sorry, I meant Presiding Office
13 Information Request Number 15, is that what you said?

14 Q Thirteen. I can bring it up for you.

15 A No, I've got it.

16 (Pause.)

17 THE WITNESS: And the answer continues on to
18 say that we didn't know how it could be done reliably
19 as well. That's correct.

20 CHAIRMAN GOLDWAY: Well, you could look at
21 the public transit routes in the area. You could have
22 that as part of your database.

23 MR. TIDWELL: Well, the answer indicates
24 that public transportation is evaluated in the context
25 of each discontinuance study.

1 CHAIRMAN GOLDWAY: So is that one of the
2 items that is supposed to be looked at? It is not on
3 the list as far as I can tell.

4 THE WITNESS: I would like to review the
5 questionnaire before giving you a response on that.
6 So I would like to take a moment to review that, which
7 I don't have in front of me.

8 MR. HUGHES: Sure, if you would want to look
9 at it over lunch and we can come back to it, that will
10 be fine.

11 CHAIRMAN GOLDWAY: Well, I am probably going
12 to ask the question again.

13 BY MR. HUGHES:

14 Q All right. And I have more questions, but
15 just one or two more in this line relating to services
16 available. When a VPO is created, and later closes
17 for whatever reason -- the Postal Service ends the
18 contract, or the VPO operator ends it -- does it have
19 to be replaced? Does there have to be a new VPO
20 operator to take its place?

21 A I responded to a similar question earlier
22 today. There is no language that says that it has to
23 be, but certainly that would be the intent for us, is
24 to try and find another provider of that service.

25 Q Okay. Now, let's pretend that I am a really

1 cynical guy, and of course, that's not true. I am
2 lighthearted, and cheerful, but if I were a cynical
3 guy, and I closed a post office in a community, and
4 went through the discontinuance process, and then set
5 up a VPO, and then decided that was for whatever
6 reason more trouble than it was worth, and I closed
7 that, the members of that community, at that second
8 step, would have no right to appeal to the PRC would
9 they?

10 A That is my understanding. Again, I am not
11 the attorney here, and so I don't know the law that
12 would require them to do deal with, but that is my
13 understanding.

14 Q Okay. I mean, for CPUs, they don't get to
15 appeal. So basically if I wanted to stop service in a
16 town, I could close their post office and set up a
17 VPO, and provide alternate service, then I could close
18 it, and let it get closed, and the public would lose
19 any right to appeal that, correct?

20 MR. TIDWELL: Are you asking him to confirm
21 that that is what you as a cynical person would do?

22 MR. HUGHES: Yes. Yes, and let's say I was
23 a bottom line --

24 MR. TIDWELL: The Postal Service will
25 stipulate to that.

1 MR. HUGHES: Let's say I was a top down
2 money desperate guy.

3 MR. TIDWELL: The Postal Service will
4 stipulate to that.

5 MS. HUGHES: Okay. And I could do that,
6 right? All right. Now, I do have a couple of other
7 lines of questioning.

8 CHAIRMAN GOLDWAY: How long do you think
9 that questioning will take, your other lines of
10 questioning?

11 MR. HUGHES: Well, they are reasonably
12 common sense answers, and if he says yes, it will only
13 take 30 minutes, but at the rate that we are going, I
14 guess I have another hour to go.

15 CHAIRMAN GOLDWAY: All right. Then we
16 should break.

17 VICE CHAIRMAN ACTON: Just for the sake of
18 continuity, I would like to follow up on a couple of
19 questions that Mr. Levi and Mr. Hughes had asked you,
20 Mr. Boyd, with respect to village post offices.

21 You know, the universal service obligation
22 is an important aspect of this consideration, and I
23 know that you know that there is a number of elements
24 involved, including frequency of delivery, and range
25 of products, and a uniform price, but also access to

1 service.

2 So part of this proposal includes closing
3 post offices and instead offering village post
4 offices, and contract postal units. And there is a
5 number of services doing provide that service going
6 forward.

7 THE WITNESS: I will speak to some of that.
8 First of all, the passport piece, again, that is not
9 my direct area of responsibility, but passports are
10 available at courthouses, and other locations as well,
11 as the State Department authorizes.

12 To be honest, I don't know a lot of the
13 2,800 accept passports today. With regards to money
14 orders, that is a concern, but it is also one that can
15 be alleviated through rural carriers.

16 If rural carriers end up servicing some of
17 these areas, they can purchase money orders, or
18 customers can purchase money orders through their
19 rural carrier. That is an option.

20 VICE CHAIRMAN ACTON: Okay. That is good to
21 know.

22 COMMISSIONER LANGLEY: Could I just ask on
23 question. If you are purchasing a money order through
24 a rural carrier, how does that money get to the rural
25 carrier?

1 THE WITNESS: There is an application form.
2 You give it to your carrier, along with the monies,
3 and he or she returns it the following day.

4 COMMISSIONER LANGLEY: Okay. But how would
5 that transaction occur if I were a rural customer?
6 Would I have to wait until my rural carrier --

7 THE WITNESS: You would have to make contact
8 with the rural carrier, yes.

9 COMMISSIONER LANGLEY: So if my box is far
10 from the house, I would be leaving money unsecured
11 in --

12 THE WITNESS: No, you would need to make
13 contact with your carrier to do that.

14 COMMISSIONER LANGLEY: And so I would have
15 to wait until they came to my home?

16 THE WITNESS: No, Ma'am.

17 CHAIRMAN GOLDWAY: You would come to the
18 box.

19 THE WITNESS: You would meet that carrier at
20 the box.

21 COMMISSIONER LANGLEY: So I would have to
22 figure out a time to either take off work, or have
23 somebody watch children?

24 THE WITNESS: Yes.

25 COMMISSIONER LANGLEY: All right. Thank

1 you.

2 CHAIRMAN GOLDWAY: Well, do rural carriers
3 have a regular delivery time, or can you make an
4 appointment with a rural delivery carrier?

5 THE WITNESS: We try to maintain a
6 consistent schedule as often as we can.

7 VICE CHAIRMAN ACTON: This question of the
8 universal service obligation, and how you are ensuring
9 suitable alternative access will be a central point of
10 this opinion is my anticipation.

11 It is of interest to Congress, and it is of
12 interest to the Regulator, because we in some
13 important respects regard ourselves as guardians of
14 the universal service obligation. So our drivers here
15 may not be ones that are primary in your thought
16 process when you are talking about this proposal.

17 So we are looking to know how it is that you
18 are accounting for these concerns.

19 THE WITNESS: I would ask counsel to jump in
20 with regards to our commitment to the universal
21 service statute.

22 VICE CHAIRMAN ACTON: Well, we can pursue
23 specific questions about the suitability of
24 alternative access. You have been very responsive,
25 and I don't have a problem with that. I am just

1 trying to provide a little background for you, and for
2 the sake of the folks here, and everyone else who may
3 care about this, what I anticipate to be some of the
4 focus on our development of these advisory reviews.

5 Did I understand earlier that you indicated
6 that when a post office closes that the village post
7 office, or other alternative access, like a contract
8 postal unit, is not necessarily a one-for-one
9 presumption?

10 THE WITNESS: Well, we have never suggested
11 that it was an absolute replacement for all the
12 services. I mean, we have never made that statement.

13 VICE CHAIRMAN ACTON: Okay. And just so I
14 am clear, I believe that Mr. Hughes asked the question
15 about sort of looking ahead to what could happen if a
16 post office is selected for closure, and is closed,
17 and a village post office is granted as a good
18 alternative by the postal service for that community.

19 That should the service decide that they
20 want to for whatever reason discontinue that post
21 office, village post office or the provider of the
22 village post office decides that it is no longer in
23 their interest, then there is no -- the Postal Service
24 could do that unilaterally.

25 CHAIRMAN GOLDWAY: No public review.

1 VICE CHAIRMAN ACTON: That's right. No
2 hearing or no public notice, and that sort of thing.

3 THE WITNESS: Again, to my knowledge, no,
4 but I would defer to counsel for the specific laws on
5 that.

6 VICE CHAIRMAN ACTON: All right. Now, I am
7 not characterizing that as good or bad. I am just
8 trying to understand what your plan is.

9 THE WITNESS: I understand, and I think I
10 stated that our intent would be to try and find
11 another provider for that.

12 VICE CHAIRMAN ACTON: Okay. And my last
13 question on this right now is that earlier
14 Commissioner Langley talked about -- well, we are
15 trying to get a gauge here for how compromised the
16 present service will be or not by the new alterative
17 access service.

18 And you mentioned that 85 percent of the
19 transactions according to your information are the
20 sale of stamps, I believe?

21 THE WITNESS: Postage, yes.

22 VICE CHAIRMAN ACTON: But that is a universe
23 that is not restricted to these offices at hand?

24 THE WITNESS: No, as we said, it was a
25 subset. This group is a subset.

1 VICE CHAIRMAN ACTON: Okay. Ideally, it
2 would be helpful to have that same percentage, but for
3 only these offices, because one thing that we have
4 experienced here is that what is applicable on a
5 larger scale doesn't always apply for another subset.
6 Is that sort of information gainable?

7 THE WITNESS: I think that we discussed that
8 we were having difficulties with that, and that it was
9 a request that we were unable to provide. I believe
10 that was our response.

11 VICE CHAIRMAN ACTON: Okay.

12 CHAIRMAN GOLDWAY: I am wondering whether it
13 might be possible to provide it at least in certain
14 regions. I mean, you have a hundred post offices in
15 Iowa that are on the list, and Iowa is pretty small,
16 and it is a pretty homogeneous State.

17 Could we at least get some statistics about
18 Iowa's small post offices, and whether they conform
19 with this 85 percent rule or not? I think that we are
20 concerned that smaller post offices have different
21 characteristics from post offices as a whole on
22 average.

23 And that alternative access is not as
24 readily available. Driving to Wal-Mart is not as
25 simple a matter, and people in those communities use

1 those post offices for many more functions than just
2 buying stamps.

3 And we would like to know if the Postal
4 Service has considered that, and reviewed that, and
5 has information about that.

6 VICE CHAIRMAN ACTON: Also, Mr. Boldt, let
7 me just say that our focus on this as the Chairman
8 explains -- and each of these cases are decided on
9 their own set of facts. But in a recent advisory
10 opinion with respect to the elimination of Saturday
11 delivery, we found that there was a disproportionate
12 impact upon the proposal for individuals in rural
13 remote and non-contiguous communities.

14 And it is conceivable that some of that
15 concern may be at work here in this advisory review as
16 well. We have not concluded that, but we are trying
17 to build a record that informs our viewpoint there.

18 You know, the percentage may come back, and
19 85 percent is very compelling. It may come back and
20 be more, or it may come back and be less. But
21 whatever the Postal Service is able to do -- and I
22 understand that you have restrictions, and I know that
23 it costs money every time that we need the data. But
24 we are just trying to make sure that we have the best
25 information available.

1 THE WITNESS: May I take that discussion
2 with counsel during the break, please?

3 VICE CHAIRMAN ACTON: Yes. That's all for
4 me right now. Thank you, Madam Chairman.

5 CHAIRMAN GOLDWAY: Does anyone else want to
6 jump in before we break for lunch? We will come back
7 at 1:30.

8 MR. HUGHES: Thank you, Madam Chairman.

9 MR. TIDWELL: Thank you.

10 (Whereupon, at 12:25 p.m., a luncheon recess
11 was taken.)

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1 carriers.

2 Q Okay. I'm sorry.

3 A Our provision is for rural carriers to fill
4 out an application and fill that out. Now, if they
5 have a secured location such as a cluster box, which
6 is one of the things we're proposing, that could be
7 left in there possibly. The carrier could come back,
8 but it's an application. They still have to go back
9 to their administrative office and return with the
10 money order.

11 Q Okay.

12 A Yes, and it would be the following day
13 because they don't have the means to prepare the money
14 order.

15 Q And is it also true that most of the 2,800
16 offices that are being considered for closure, if
17 closed, would not necessarily be replaced by brick and
18 mortar facilities, but other forms of alternate access
19 would be used?

20 A I think it's too early to tell that. I
21 think that's part of what this review process is
22 looking at, so I think it's too early to make that
23 definite conclusion.

24 Q Okay. But it is true that there won't be a
25 one-for-one replacement, that is when a post office

1 closes that some physical location in the community
2 will take its place whether it's a CPU or BPO or --

3 A I would do that for one example that that
4 possibility exists, yes.

5 Q Okay.

6 A I wouldn't characterize the entire 2,800
7 that way neither.

8 Q No, but not every community that loses its
9 post office is guaranteed to have some facility in the
10 community available?

11 A That's true.

12 Q All right. Now, turning to Table 5 in your
13 testimony, that was a chart on the distance in miles
14 to the nearest retail location.

15 A I'm sorry. What page? I know you said
16 Table 5, but page --

17 Q Table 5, and I don't know.

18 MR. TIDWELL: Page 12.

19 MR. HUGHES: Thank you, Bill.

20 THE WITNESS: Okay.

21 BY MR. HUGHES:

22 Q Now, I saw the briefing materials that were
23 shared on the Hill with members of Congress that
24 included this chart. It as used there as well,
25 correct?

1 A I believe it was.

2 Q All right. I understand that it wasn't
3 explained there as it is here that this proximity was
4 based on geographic coordinates rather than driving
5 distance, is that true?

6 A That is true.

7 Q Okay. Thank you. We asked you in our
8 Interrogatory 24 whether the Postal Service had any
9 reason to believe that private businesses wouldn't
10 consider the absence of a post office as a material
11 factor in deciding whether to locate. This is No. 24.

12 A 24?

13 Q And the answer given was that the Postal
14 Service is aware that some businesses may consider it
15 important, and others may not. I've talked to a
16 number of Mayors. I've never found one who could
17 convince a new business to locate to a community that
18 didn't have a post office all things being equal. In
19 other words, Town A and Town B are exactly equivalent
20 except Town A doesn't have a Post Office. If you were
21 a businessman, would you choose Community A over
22 Community B?

23 A I there are again many other factors in
24 order to make that conclusions, what is the
25 population?

1 Q Sure. Yes.

2 A What are the trends, things of that nature
3 before I made the decision to --

4 Q Okay. But again the question was all things
5 being equal --

6 A I don't know that they could be to be honest
7 with you, but I think it would have to be looked at
8 very specific and very individual.

9 Q All right. How would you estimate the
10 relative survival rate and development prospects for
11 communities with no post offices versus those with a
12 post office?

13 A I have no data to, and I believe that was an
14 interrogatory as well, and I'm sure I have no data to
15 support one way or the other.

16 Q All right. The Center for Study of
17 Responsive Law asked in Interrogatory 12, and asked a
18 question about a part of the U.S. Code, and I
19 understand you're not going to be a lawyer today on
20 the stand --

21 A You said that was a good thing?

22 Q The way things are going in the world today,
23 it seems to be, yes.

24 A You said 12?

25 Q Yes. My wife asked me never to tell people

1 that I was a lawyer or that I worked for the
2 government, and I should have followed her advice.
3 Anyway, as part of your response to your answer, it
4 said the Postal Service doesn't prepare estimates of
5 economic development impact as part of a
6 discontinuance for --

7 MR. TIDWELL: Just to be clear, it's an
8 institutional response redirected from Witness Boldt,
9 but continue.

10 MR. HUGHES: Yes, and I'm asking it to our
11 institutionalized witness.

12 MR. TIDWELL: --

13 MR. HUGHES: I know. I know. It is the
14 institutional one, and he's appearing as your
15 institutional witness here.

16 CHAIRMAN GOLDWAY: Clarify for you the
17 question you have to ask.

18 MR. HUGHES: He's your 30(b)(6) witness, and
19 I'm asking him in his 30(b)(6) capacity.

20 BY MR. HUGHES:

21 Q The Postal Service doesn't prepare estimates
22 or take into account economic development as part of
23 discontinuance review?

24 A That's as it's stated here.

25 Q All right. In our Interrogatory 25, we ask

1 if Postal Service had any data about communities or
2 entities that cease to exist following the closing of
3 their post office, and this again is an institutional
4 interrogatory. The answer was the Postal Service has
5 no business purpose in tracking such information
6 because the implies a cost burden and the information
7 is unnecessary, so basically the Postal Service has no
8 idea how many towns disappear after their post office
9 is closed?

10 A As it's stated, we do not track that data.

11 Q And the Postal Service considers that
12 information unnecessary?

13 A Again, as it's stated.

14 Q The presiding officer asked in Information
15 Request No. 2, and this is question No. 14, if the
16 Postal Service considers customers' ages,
17 disabilities, socio-economic levels and the answer was
18 that this was just evaluated during the discontinuance
19 study, there's no systematic consideration of those,
20 that's correct?

21 A It is consolidated during the study, yes.

22 Q Okay.

23 CHAIRMAN GOLDWAY: How is considered during
24 that?

25 THE WITNESS: No specific weight on any one

1 factor in there again, on a case-by-case basis. They
2 look at all the factors, so no specific --

3 CHAIRMAN GOLDWAY: But is there something
4 where they have to say I've checked off how many
5 senior citizens there are. I've checked off what the
6 economic status is of the community, or they don't
7 have to check off anything?

8 THE WITNESS: Madame Chairman, those are
9 questions in the questionnaire, and that was a
10 deliverable we had for you. I don't have one with me,
11 but we could certainly get a sample of that.

12 CHAIRMAN GOLDWAY: That would be very
13 useful.

14 BY MR. HUGHES:

15 Q The presiding officer also asked in question
16 No. 16 if the Postal Service in the context of
17 discontinuance studies determined where customers
18 would go for alternative access, and it says the
19 answer is no reliable measures of projected behavior
20 requires survey, sampling and statistical tools that
21 aren't used in discontinuance studies, so that's
22 another thing that the Postal Service doesn't look at?

23 A I didn't get to 16. You said presiding
24 officer No. 2, 16, is that correct?

25 Q That's correct.

1 A And your specific question?

2 Q That the Postal Service in connection with
3 discontinuance studies doesn't make any inquiry as to
4 where customers will go?

5 MR. TIDWELL: The question reads whether the
6 Postal Service determines where customers go.

7 BY MR. HUGHES:

8 Q Yes, and, if so, how, and then the answer is
9 if the question is truly asking about customers'
10 projected behavior, the answer is "No. It would
11 require surveys...and that's not used in
12 discontinuance studies," so the Postal Service makes
13 no effort? It might say the following places are
14 you, but it makes no effort to find out where the
15 customers are likely to go?

16 A It's as it answered to you.

17 Q All right. And because of that, of course
18 it wouldn't know how to change staffing or hours for
19 that in advance. It would just have to wait until
20 after it happened to see whether some adjustment might
21 be needed?

22 A Well, I could do a scenario that would
23 quickly come to mind. If the part-time office is
24 discontinued, and the services are brought over to a
25 full-time office let's say, customer behaviors might

1 change because before they used to come between 10:00
2 and 2:00 in the day. Now they might have eight hours,
3 so they may adapt to change their behavior to expanded
4 hours that they have available to them.

5 Q Sure, but the Postal Service doesn't do
6 anything to find out about that when it's
7 discontinued, just sort of let the chips fall where
8 they may and make whatever --

9 A Not anymore, and I wouldn't categorize it
10 like that.

11 Q All right.

12 CHAIRMAN GOLDWAY: Does the Postal Service
13 look at the receiving office's revenues to see whether
14 the revenues have increased or that they've absorbed
15 the revenues?

16 THE WITNESS: It's not a part of the study
17 itself, but certainly as a manager, if I saw those
18 trends change, and I may have to adapt to them, the
19 manager of that facility should make arrangements and
20 adapt accordingly.

21 CHAIRMAN GOLDWAY: Would adapt if revenue
22 increased, but there aren't any assumption that it
23 wouldn't increase, that the revenue wouldn't go
24 towards the new receiving facility?

25 THE WITNESS: Well, some of the revenue

1 could go to the receiving office, and that should
2 certainly be looked at. The first possibility might
3 be is there some existing down time in that office
4 that's receiving that additional revenue. Can that be
5 absorbed, and, if not, we can look at staffing.

6 CHAIRMAN GOLDWAY: Okay. But you don't look
7 at the revenue to see whether you've lost the revenue
8 from that old post office or whether the revenue has
9 moved to a new post office?

10 THE WITNESS: No, because there's some other
11 channels that the customers could use as well.

12 CHAIRMAN GOLDWAY: So you don't track where
13 that revenue has gone?

14 THE WITNESS: Well, we certainly could.

15 CHAIRMAN GOLDWAY: If you were able to
16 measure where people go online to buy stamps and was
17 able to track that to a neighborhood, you might be
18 able to say well, people are buying more stamps in
19 that neighborhood than they had before because the
20 post office has closed?

21 THE WITNESS: That possibility exists.

22 CHAIRMAN GOLDWAY: But since you can't
23 measure where people are buying their stamps from now,
24 you have no way of measuring that either.

25 THE WITNESS: Where, right.

1 CHAIRMAN GOLDWAY: So there's no way to
2 really measure the impact of closing post offices in
3 terms of customer behavior and revenue?

4 THE WITNESS: Certainly, during the study,
5 the parties have to take into consideration where they
6 believe some of that transaction will go, and can it
7 absorb it like the P.O. Boxes, for an example. They
8 know that they may bring some P.O. Boxes there. They
9 have to be prepared for that before they go ahead with
10 a study. I mean, we have to be able to make some
11 reasonable assumptions.

12 CHAIRMAN GOLDWAY: Any mechanism for
13 tracking it once it's happened? No?

14 THE WITNESS: There's not a followup process
15 that's outlined in the 101.

16 CHAIRMAN GOLDWAY: Thank you.

17 MR. HUGHES: All right.

18 BY MR. HUGHES:

19 Q So basically, in the RAOI process, that
20 that's an umbrella process that has used data to
21 identify 3,652 offices to be considered based on data
22 for discontinuation, and then they will be evaluated
23 in individual discontinuance processes, but that will
24 only look at essentially whether the post office
25 deserves to die, not where those customers will go or

1 whether they'll even leave the system?

2 A Well, certainly there has to be
3 consideration where those customers will go, and I
4 wouldn't characterize it as the post office dying.
5 Certainly, we're making some adjustments to provide
6 them with the retail services that the transactions
7 are suggesting that it is what's happening.

8 Q Sure, but as your answer to the Chairman
9 suggested, in the connection with discontinuance, you
10 make no inquiry as to which of the alternative access
11 channels, if any, the customers will actually go to?

12 A From an alternate access, we don't. We
13 don't have that. No, we do not.

14 Q The presiding officer in her request No. 2,
15 question 15, identify eight statutory provisions the
16 Postal Service is to take into account prior to
17 closing facilities, and the answer is that those are
18 taken into consideration in the respective
19 discontinuance studies. In other words, all those
20 statutory provisions get taken into account simply as
21 the individual offices come up for discontinuance?

22 A On statutory references, I would defer to
23 counsel.

24 Q In your experience as manager, did you ever
25 see a statutory checklist to be gone through when a

1 post office was discontinued?

2 A There are references to some of those
3 statutes in the 101, which was to provide guidance to
4 the folks making the decisions out there.

5 Q Okay. We'll turn to those in a moment.
6 What I'm trying to find out is Congress set some
7 policy that it put in the statutes, and those aren't
8 taken into account in the RAOI. That's just the data
9 system that identifies candidates to be looked at, and
10 if anyone's going to look at whether those factors are
11 met, that's in the individual local offices as they
12 come up for review?

13 A Yes, but let's also remember that as the
14 process for determining whether an office should be
15 discontinued or not goes through the process with the
16 community input, and should those final decisions be
17 made, it does end up to one person for the final
18 determination, and that's again outlines in the
19 VPO101.

20 Q Sure. Who may take as little as one day to
21 make that decision.

22 A As little as.

23 Q Okay. I was going to switch to the cost
24 savings, and I'm referring to our interrogatory 18 for
25 which a changed answer was submitted today. We'd

1 asked if all 3,650 post offices had been closed in
2 2010, and we picked that since it was a year that's
3 past, how much would the Postal Service had saved, and
4 the original answer was \$1 billion, and of course, as
5 you've testified, not all of them necessarily would be
6 closed, but it was going to be \$1 billion, and I think
7 I was 1.4 percent of operating expenses. That got
8 revised this morning to \$200 million or three-tenths
9 of a percent. Do you know where the missing \$800
10 million went?

11 A There is no missing \$800 million.

12 Q Well, how did the number get there?

13 A It was simply an error. I can't explain it
14 because I don't know who compiled the data that's
15 adjusted that original answer, but you will find that
16 the answer that was revised is also consistent with
17 some published reports when we announced the press
18 release when with the RAOI back on July 26 I believe.

19 Q Yes.

20 A \$200 million is an accurate reflection if,
21 and again if, all of those facilities were closed.

22 Q All right. And of course less than 3,650
23 are likely to be closed, correct?

24 A That is correct.

25 Q So the savings will be somewhat less than

1 three/tenths of a percent?

2 A That is correct.

3 Q Now, I imagine there will be some increased
4 costs connected with closing. For instance, I assume
5 that rural carriers and highway contract drivers are
6 going to be driving longer routes burning considerably
7 more fuel, is that correct?

8 A I don't know if I would characterize it as
9 considerably more, but your answer is yes, there will
10 be additional costs.

11 Q Okay. And those customers who don't have a
12 post office anymore are also going to have to drive
13 somewhere, right?

14 A If it's what I would call the traditional
15 makeup of the 2,800 already, many of those customers
16 are driving to that post office to get their mail from
17 the P.O. Box today because they don't have carrier
18 service.

19 Q The Postmaster General was recently quoted
20 as saying that changing customers' habits of receiving
21 mail could change as we make other changes at the
22 postal service. Would closing post offices change the
23 habits enough you think to curb usage of the Postal
24 Service?

25 A I'm not at liberty to make a conclusion on

1 that or comment on the Postmaster General's
2 statements.

3 MR. TIDWELL: Just for the record, counsel,
4 could you give us the citation to the statement of the
5 Postmaster General?

6 MR. STRONG: At a national convention in
7 response to street delivery versus curbside delivery?

8 MR. TIDWELL: In prepared remarks, they
9 comment that someone in conversation --

10 MR. STRONG: No, it was from the stage.

11 MR. TIDWELL: Date, time, year?

12 MR. STRONG: That's -- at convention, but
13 the question was asked, the \$4.5 billion that we could
14 save moving from door slot delivery to the street, are
15 we looking at that, and the response was we have to be
16 very careful of moving the patrons form of delivery
17 because it could change their habits of picking up the
18 mail and therefore change how often they use the
19 postal service.

20 CHAIRMAN GOLDWAY: For the record, this is
21 Mark Strong, who's answering the question that the
22 legal counsel --

23 MR. TIDWELL: Is there a record citation of
24 the statement that you could point the parties to?

25 MR. STRONG: Say again? Say again?

1 MR. TIDWELL: Is there a record citation?

2 MR. STRONG: Yes, it was taped. Yes.

3 MR. TIDWELL: That the parties could access
4 to validate the characterization of the statement?

5 MR. HUGHES: Let me cut the Gordian knot on
6 this if I may because we'll be submitting our
7 testimony at the right time unless the commission
8 would like us to put Mr. Strong on now and we'd be
9 glad to do so.

10 CHAIRMAN GOLDWAY: No. I think you have an
11 opportunity to include that statement in your filings
12 when you do file.

13 BY MR. HUGHES:

14 Q Let me try it this way, Jim. My little town
15 used to have a contract postal unit in it, and we used
16 it all the time for mailing all our packages. Then,
17 it closed, and the post office is about 15 miles and
18 three towns away, but a UPS store opened near us. My
19 wife now pays more to send all our packages by UPS
20 because it's only three miles away instead of driving
21 the extra 12 miles to the Postal Service to pay less.
22 Does that strike you as bizarre behavior or things
23 that shouldn't be expected when post offices are
24 closed?

25 A I think that specific example and the way

1 you have described it would concern me, yes.

2 Q All right. And would you think that would
3 be a foreseeable result for other customers?

4 A I would hope that the process and the
5 evaluation at the local level would prevent the
6 occurrence that you described from happening.

7 Q But it didn't.

8 A Citing one example, and I'll take you on
9 your word that it's accurate.

10 Q Sure, and my family --

11 CHAIRMAN GOLDWAY: If it's a CCU, is there a
12 process?

13 THE WITNESS: Again, it's referencing
14 statute.

15 CHAIRMAN GOLDWAY: Yes.

16 BY MR. HUGHES:

17 Q I mean, what we're driving at is of course
18 the maximum conceivable savings is \$200 million if
19 everything is closed which we know won't happen.

20 A That's true.

21 Q .3 of one percent of operating expenses. We
22 know it's less than that. We also know there will be
23 increased costs for customers and increased costs for
24 highway carriers and rural carriers. You've already
25 testified to that.

1 A Well, no, but if I could correct you? You
2 said increased cost to customers, and I think it's
3 inaccurate to reflect that every customer will be
4 inconvenienced by this. If an office closes, and
5 they're in the center of town, and they're going to
6 the town to the west, there are folks that live
7 between that center of town and to the west that will
8 actually be closer to the post office that will now be
9 providing services, so I think it's inaccurate to
10 suggest that every customer will have increased costs
11 or an increased inconvenience.

12 Q No, not every, but generally if you close
13 post offices, the expected result is more often than
14 not, but not always, people will have to go further.

15 A Without data to suggest it, I think it might
16 be more of an equal line than one way swayed or the
17 other.

18 Q But that gets back to a key point, without
19 data, and as we've seen, that's data the Postal
20 Service chose not to collect because there was no
21 business need.

22 A But I think I can conclude that not every
23 customer will inconvenienced by this continuance.
24 Some will actually be closer to the post office that
25 will be serving them.

1 VOICE: Makes you think on that -- first place.

2 BY MR. HUGHES:

3 Q Now I'm turning to presiding officer
4 information request No. 2, question No. 3, which
5 inquired about small post offices, and again, I'm not
6 going to ask you this question as a lawyer but rather
7 as a manager with a fluent command of the English
8 language, is that okay?

9 A Go ahead.

10 Q All right. In that answer, the Postal
11 Service says that statutory language is often broad
12 and sweeping and at the same time specific and
13 contradictory, and then it uses as an example that one
14 section says the Postal Service has to provide prompt,
15 reliable and efficient services to patrons in all
16 areas, so there's one section that says everybody is
17 supposed to get prompt, reliable and efficient
18 services, but then a separate section says on the
19 other hand, folks in rural areas, communities and
20 small towns are to get a maximum degree.

21 The interrogatory answer says that the
22 statutory language presents an enigma. Now, it
23 doesn't seem enigmatic to me. It sounds like in that
24 language Congress was saying everyone is to get good,
25 basic service, but we're especially concerned about

1 people in rural areas. Just reading that as an
2 English language proposition, would you agree?

3 MR. TIDWELL: Madam Chairman, the Postal
4 Service is going to object. The counsel is asking for
5 an interpretation of the statute. It necessarily
6 calls for a legal conclusion.

7 MR. HUGHES: No. I'm asking for an English
8 language construction.

9 MR. TIDWELL: The language of the statute is
10 clear. Everyone understands the words in the statute,
11 and everyone's familiar with the words in the statute.
12 How to interpret that statute it requires that one
13 draw a legal conclusion, and you and I counsel can
14 debate what Congress intended by that language, and
15 the Commission can weigh in in terms of what it
16 believes Congress intended by the statute.

17 MR. HUGHES: These are not terms of art, but
18 let me turn it a different way.

19 BY MR. HUGHES:

20 Q Do you have children, Jim.

21 A I do.

22 Q How many?

23 A Two.

24 Q All right. What are their names?

25 A Bradley and Melissa.

1 Q Okay. Let's say your wife said I want you
2 to treat Bradley and Melissa well, Jim. I want you to
3 treat them well, but Melissa has special needs. I
4 want you to take extra care of her. Would you
5 understand your wife to be saying everybody's supposed
6 to get good service, but Melissa gets extra attention.

7 A If my wife says Melissa gets specialty,
8 she's going to get it.

9 Q Okay. Now, it seems --

10 MR. TIDWELL: She doesn't need any statutory
11 authority.

12 MR. STRONG: There's no conflict.

13 MR. HUGHES: No, and that's why I was
14 mystified when the Postal Service said that this was
15 enigmatic. It seemed pretty clear that Congress was
16 saying we want the Postal Service to give everybody
17 prompt, reliable and efficient service, but those
18 folks in rural towns, they're extra vulnerable.
19 They're to get maximum, they're to get special
20 treatment.

21 BY MR. HUGHES:

22 Q Again, your wife says give both kids
23 reliable care, Jim, but give Melissa maximum
24 attention.

25 A To me, that's conflict. This is why I have

1 counsel.

2 CHAIRMAN GOLDWAY: But you've said in your
3 responses that it's up to the field personnel to
4 interpret language, and you quoted.

5 MR. TIDWELL: To apply 101.

6 CHAIRMAN GOLDWAY: To apply 101, and in fact
7 you quoted some of 101 specifically in that field
8 personnel so you're assuming that individuals in the
9 field can interpret the law and act upon it.

10 MR. TIDWELL: Madam Chairman?

11 CHAIRMAN GOLDWAY: I think what the question
12 is is if you were in the field, how would you act on
13 it?

14 THE WITNESS: First of all, if I was in
15 conflict with the law or felt that it was something I
16 was unclear on, and I was out there as one of the
17 discontinuance coordinators, I would ask for legal
18 advice with our counsel.

19 CHAIRMAN GOLDWAY: If you think it's
20 unclear, have you provided the legal advice in the
21 document there?

22 THE WITNESS: The advice is citing the
23 statute, and if there are questions, although that's
24 not specifically laid in here, I would like to believe
25 that a reasonable person would seek additional

1 guidance through counsel.

2 CHAIRMAN GOLDWAY: And does the counsel have
3 guidance to give them?

4 MR. TIDWELL: Madam Chairman, I can speak
5 for the counsel and answer in the affirmative.

6 CHAIRMAN GOLDWAY: So do you have an
7 interpretation that you would give to the field so
8 they could act on it?

9 MR. TIDWELL: As part of an attorney/client
10 privileged communication, I would.

11 CHAIRMAN GOLDWAY: But there's no direct
12 interpretation for them?

13 MR. TIDWELL: I would offer an
14 interpretation in the course of communicating with
15 clients.

16 CHAIRMAN GOLDWAY: But then the individual
17 field managers can interpret it differently?

18 MR. TIDWELL: Individual field manager,
19 Madam Chairman, apply the 101 process and then submit
20 proposals for review by headquarters, including
21 counsel, and it is through that process that the
22 lawyers can step in, but we're not there every step of
23 the way advising on legal interpretation of statute as
24 the district review team is compiling a decision
25 package. If they have questions, they confer with us.

1 MR. HUGHES: I'll try this another way.

2 BY MR. HUGHES:

3 Q Congress, I will grant, sometimes speaks
4 confusingly. I'll admit Mike and I exchanged Latin
5 quote just daily.

6 MR. TIDWELL: Greek.

7 BY MR. HUGHES:

8 Q His pronunciation is terrible by the way,
9 but your boss is Dean Granholm, right?

10 A That is correct.

11 Q And let's say you have 10 areas that are
12 assigned to you to work on, 10 subject areas you
13 cover, and Dean says to you Jim, I want you to give
14 all of these attention, but I'm really, really worried
15 about No. 6. I want you to give that special or
16 maximum attention. Would you find that an enigmatic
17 instruction?

18 A It would be very clear.

19 Q That's what I think. Thank you. Now I'm
20 going to turn to it looks like No. 42, and it's asking
21 about 2,800 candidate post offices. In that answer
22 from the Postal Service, they quote Section 101, which
23 talks about a maximum degree of service, and at the
24 bottom of the page, the Postal Service's answer after
25 quoting this section that says "Maximum Degree," it

1 says this embodies the breadth of the universal
2 service obligation which Commission Acton referred to.

3 Every customer, including those in small
4 isolated towns need regular and effective access to
5 the sending and receipt of mail, needs that define the
6 minimum necessary access to Postal Service. Again,
7 I'm not asking you to construe that difficult legal
8 term "maximum," but "minimum" sounds like kind of a
9 different word to me, would you agree?

10 A And I won't respond. Again, we're
11 referencing statute here, and I would like --

12 Q We can put Mr. Tidwell under oath. I might
13 get maximum/minimum the same concept in postal land.

14 MR. TIDWELL: I don't --

15 CHAIRMAN GOLDWAY: Ask Mr. Boldt. He's
16 developing the manuals, giving advice to people in the
17 field to interpret this legislation. He's got to have
18 some opinions on it.

19 MR. TIDWELL: Okay.

20 BY MR. HUGHES:

21 Q Do you think taking my word that Congress
22 said there's some folks in little towns who are
23 concerned about who get maximum service, would the
24 saying that we're looking at the needs that define the
25 minimum necessary postal service be a fair way to pass

1 that instruction on to the field manager?

2 A Can I ask you a definition of maximum?

3 Q Sure, and I'll answer that with a question.

4 Did you play sports in high school?

5 A I did not.

6 Q Did you go to school in high school?

7 A I did.

8 Q Okay. If a teacher said Jim, I want your
9 maximum attention, what percentage of your attention
10 would she be asking for?

11 A As much as I could provide.

12 Q And I know they talk about giving 120
13 percent effort, but in the world I come from, that
14 would be 100 percent, right?

15 A But not every individual can achieve 100
16 percent in your scenario.

17 Q Okay. But the teacher asked you to give
18 your maximum attention, so you should give it all the
19 attention you could?

20 A That I could, yes.

21 Q If she had changed that instruction to say
22 give me the minimum attention, would you understand
23 that you would receive the same instruction?

24 A No, I would think I was given a different
25 instruction.

1 Q So would I. In our interrogatory 11, we
2 quoted the statute where it says provide a maximum
3 degree to rural areas, and we said if the Postal
4 Service were ever to provide maximum service, what
5 would that include, and the institutional answer to
6 that question was it would include the retail services
7 listed in response to Popkin No. 6, which was that
8 three-page list that had a complete line of check
9 marks all the way through all three pages.

10 So if the postal service were providing a
11 maximum degree, it would be providing all those
12 services it check-marked on those three pages that are
13 already in the record, but then the answer goes on to
14 say "subject to more variation and access and less
15 proximity than would be experienced in urban and
16 suburban areas. That would sound like the Postal
17 Service is knowingly not providing maximum service to
18 rural areas, do I understand that correctly? I'm not
19 asking a statutory --

20 A That's an institutional response.

21 Q And you're Mr. Institutional today until
22 Dean bumps you.

23 MR. TIDWELL: And, Madam Chairman, the
24 Postal Service would object to the question, but it
25 gets back to we're debating an interpretation of

1 statute. We're trying to draw a legal conclusion from
2 this witness as to what the statute means.

3 MR. HUGHES: No, we're not.

4 MR. TIDWELL: Counsel is offering his legal
5 interpretation of the statute and wants to debate what
6 the witnesses legal interpretation might be.

7 MR. HUGHES: No, let's be very --

8 CHAIRMAN GOLDWAY: I don't want to prolong
9 this, but I do feel that the Postal Service is making
10 an interpretation in the context of the 101 manual and
11 the procedures that it has developed and the
12 priorities that are or are not in the discontinuance
13 manual, and Mr. Boldt is, if not the boss, he's the
14 second in command, who's been dealing with those
15 decisions, and he should answer them, or if not, he
16 should ask Mr. Granholm to answer that question for
17 it.

18 We're not in Court here. We're talking
19 about an interpretation the Postal Service is making
20 with regard to policies it's implementing not whether
21 that interpretation is right or not.

22 MR. TIDWELL: And, Madam Chairman what the
23 Postal Service has made clear in various
24 interrogatories responses is that the policies are
25 reflected through the statute, in the regulations, and

1 to the VPO101 and managers at Mr. Boldt's level apply
2 VP101 as an attempt to be faithful to the statute, and
3 Mr. Bolt is here to articulate how we apply the PO101.
4 He's not in a position to debate --

5 CHAIRMAN GOLDWAY: Well, then perhaps Mr.
6 Granholm has to answer this right now.

7 MR. TIDWELL: Mr. Granholm is no more of an
8 attorney than Mr. Boldt.

9 CHAIRMAN GOLDWAY: It's not a question of an
10 attorney. It's a question of what the policies are
11 that are embodied in this particular initiative.

12 MR. HUGHES: Madam Chairman, if I may?
13 Statutes use common English language words, and the
14 fact that a common English language word appears in a
15 statute does not suddenly make it mystical or the
16 province only of attorneys any more than if Congress
17 used the word "big" or "six-foot tall." Those aren't
18 words that suddenly only lawyers can interpret.

19 Now, I'm not asking him for the legal
20 interpretation of maximum. I am simply asking him why
21 when the postal service says if it were providing a
22 maximum degree of service, it would provide everything
23 on that list, but we're not going to do that in rural
24 areas. They're plainly admitting it's not the
25 maximum.

1 MR. TIDWELL: Can you cite to me the
2 interrogatory response that says precisely that?

3 MR. HUGHES: NLP 11, if you are providing a
4 maximum degree of services, what would that be? It
5 would be all the retail services listed in Popkin 6,
6 that three-page list, subject to more variation and
7 access and less proximity. Well, I think the point is
8 made. The Postal Service understands what maximum
9 means and admits that it's not providing it presumably
10 because the words have mystical meaning that haven't
11 been explained to the field managers. I'll move on.

12 BY MR. HUGHES:

13 Q Jim, given your experience with rural and
14 urban postal customers, since you've been a Postmaster
15 in an urban area and over rural areas, in general who
16 would you say are the Postal Service's most dependent
17 customers? Dependent, rural or urban?

18 A Whether I never really gave it thought to
19 classify it that way one way or the other to be honest
20 with you.

21 Q Well, go ahead and think about it now.

22 A I mean, they all have very important needs,
23 or they would not be using our products and services.

24 Q Somebody who lives in a little town of
25 \$5,000 people. It only has a post office. The

1 nearest UPS store is 40 miles away versus a customer
2 in downtown Manhattan who's got post offices and UPSes
3 several blocks away. Which customer would you say is
4 more dependent on the Postal Service?

5 A You asked me earlier about their needs.
6 Individuals have different needs. I mail packages all
7 the tie back to my children. You may or may not. I
8 don't know, so I might have different needs than you.
9 It would not matter wether I live in a rural or an
10 urban area. My needs are what they are to me.

11 Q In general, who would you say are the Postal
12 Service's most vulnerable customers, rural or urban?

13 A I don't have a measurement for that.

14 Q And no gut feeling for it?

15 A I do not.

16 Q Which postal customers have a relative
17 abundance of access channels, urban or rural
18 customers?

19 A Again, needs are specific to individuals.
20 Those that might have access to broadband may be able
21 to do that online, be able to fulfill all of their
22 needs whether they be in urban or rural.

23 Q Customer A lives in Pookeyville, Iowa, a
24 town of 2,000, that only has a post office. That's
25 it. Customer B lives on Wall Street with internet

1 access, UPS, FedEx, Postal Service options within
2 blocks. Which customer has a relative abundance of
3 alternatives and alternate access channels?

4 A If the question is specific to which
5 customer has more choices, the way you described it,
6 the customer on Wall Street would have more choices.

7 Q Okay. Would that make Customer A more
8 likely to be dependent on the post office than
9 Customer B given the average range of needs human
10 beings have?

11 A Coming back to this, again, I can't
12 determine the individual's needs. A customer on Wall
13 Street may have more needs than the customer in
14 Hokeydonk or whatever you described, a community with
15 2,000 people.

16 Q Okay. Of course, that goes back to the
17 presiding officer's information request that it turns
18 out the Postal Service doesn't collect any data as to
19 the needs of its customers in regard to disabilities,
20 whether they have cars, whether they have
21 transportation, whether they're blind, halt, crippled.

22 A I do have the measurement of the criteria,
23 and that was these offices have gotten down to two
24 hours or less. These offices are showing declining
25 volumes, which means the customers in those areas are

1 demonstrating to us through their transactions that
2 they need us less.

3 Q Of course, you didn't take into account the
4 number of visits per customer, only walk-in revenue.

5 A Financial transactions. That's correct.

6 Q Now, I live in a town called Alpine, Utah.
7 When I moved there, the population was 2,000. It had
8 no internet service. For 10 years, it had no internet
9 service. It has never had a post office. The
10 population is now 10,000. The nearest town adjoining
11 is 18,000. It doesn't have a post office, and the
12 nearest town to that is about 30,000, about 15 miles
13 away. It has a post office. Given all you know, will
14 Alpine ever gain a post office under the retail access
15 optimization initiative?

16 A The initiative is to review those offices
17 for discontinuance, not to review those areas for
18 additional facilities.

19 Q Okay. So despite the title "optimization,"
20 it's appeared downsizing? Nothing in the RAO will
21 ever cause a post office to be opened?

22 A In this initiative, this is for
23 consideration for possible discontinuance. 101 is --

24 CHAIRMAN GOLDWAY: Are there other
25 initiatives?

1 THE WITNESS: I'm sorry, Madam Chairman.
2 The 101 is the guideline that we're hear to talk about
3 today, and that is for discontinuance.

4 CHAIRMAN GOLDWAY: But are there other
5 initiatives that would respond if populations grow,
6 and it's determined that a post office would be
7 needed?

8 THE WITNESS: Madam Chairman, I'm not the
9 one to answer that specifically, but I can tell you
10 from living and working in the Postal Service that
11 right now are finances are so strapped that new
12 facilities are certainly not high on the agenda.

13 BY MR. HUGHES:

14 Q Okay. So despite the title "optimization,"
15 it's really just downsizing with a more attractive
16 label?

17 A Optimizing our existing footprint which our
18 customers through their transactions are demonstrating
19 to us they need less, and that is unfortunate.

20 Q Okay. So we're optimizing them in a
21 downsized way?

22 A Based on customer trends.

23 Q Sure. Now, I understand that no having
24 internet service, even though our town was part of a
25 larger urban and suburban area was not uncommon and

1 that a whole lot of rural communities that are
2 completely isolated from others are not likely to have
3 internet access for the foreseeable future. No one's
4 ever likely to run a line to those towns, true?

5 A No, I don't agree with that. I have some
6 personal experience in a place that I vacation for
7 many, many years for many, many weeks, 40 miles from
8 the nearest town that has internet service.

9 Q Okay. You will grant that there are many
10 towns that have no internet access presently?

11 A I believe that to be accurate.

12 Q Okay. Now, I'm going to ask you to pretend
13 you're a postal customer. In fact, I suspect you
14 probably are. Again, if you lived in Pookeyville,
15 Iowa, with a population of 3,000, and you learned your
16 post office was closing as a result of the RAOI, and
17 it was going to be replaced with a VPO or you could go
18 to the post office 40 miles away, would this news
19 disappoint or elate you?

20 A It depends. If I am going to the office
21 that has the post office, and I regularly go there for
22 perhaps a doctor's visit or that's where I buy my
23 groceries, and I could conveniently do both in the
24 same transaction, I might be elated by that.

25 Q Of course, we have no data whatsoever other

1 than your anecdotal belief that people in small towns
2 drive elsewhere to do most of their business?

3 A We do not have data to support that.

4 Q Okay. After your town had been optimized,
5 would you feel you were receiving a maximum degree of
6 effective postal service?

7 A I think that's again an individual's
8 perception, and as I testified earlier, I think there
9 will be customers that will be elated. They will
10 actually have an increase in their --

11 Q So you might feel cheerful to know you'd
12 lost your post office, but you had a VPO, and the post
13 office 40 miles away? That could make you happy?

14 A Given the right set of circumstances, that
15 possibility exists. What I'm saying here is I think
16 it's inaccurate to assume that everybody will be
17 inconvenienced. That's simply not accurate.

18 CHAIRMAN GOLDWAY: Well, but you're not
19 planning on measuring any of that?

20 THE WITNESS: No, I'm not.

21 BY MR. HUGHES:

22 Q I'm going to turn to presiding officer
23 information request No. 2, question 7, the presiding
24 officer asked about the advisory opinion and docket in
25 2009-1, and basically what the Postal Service learned

1 and did as a result of that advisory opinion. I'm
2 going to quote here from the Postal Service's
3 institutional answer, "The Postal Service was and is
4 under no obligation to act upon the Commission's
5 carefully crafted advisory opinion nor to map out and
6 undertake responses to specific pieces of that
7 advice." Would you understand that to be true for
8 this proceeding as well?

9 A I apologize. I am not at the --

10 Q Request No. 2:

11 A Right.

12 Q Question 7.

13 A Thank you.

14 Q "The Postal Service," and I'm quoting from
15 the bottom of the page, "was and is under no
16 obligation to act upon the Commission's carefully
17 crafted advisory opinion nor to map out and undertake
18 responses to specific pieces of that advice."

19 A I think that institutional response stands
20 as it is listed, again or as information. I was not
21 fully part of the history in 2009.

22 Q Sure.

23 A I'm familiar enough to know that it was the
24 Sbot case.

25 Q Okay.

1 A I do have some familiarity with it. I do
2 believe some of those recommendations were
3 incorporated in the 101, and there was I believe one
4 recommendation that we improve our financial analysis.
5 That has been adopted, and I believe there was another
6 one. I have part of it here, to be able to have the
7 quantitative decision factors, and I think that falls
8 into the CSDC program, so a couple of that advice was
9 taken and incorporated in part into this process. The
10 interrogatories, you know, was answered as it is.

11 Q But you as a postal manager would understand
12 that you weren't under any obligation to act on the
13 advisory opinion?

14 A It's not for me to decide.

15 Q Would Dean decide that?

16 A I would reference counsel.

17 MR. HUGHES: Well, thank you, Mr. Boldt. I
18 appreciate your answers and your time.

19 THE WITNESS: Thank you.

20 COMMISSIONER HAMMOND: Thank you, Madam
21 Chairman.

22 CHAIRMAN GOLDWAY: Thank you. Are we okay
23 to move ahead?

24 VICE CHAIRMAN ACTON: Madam Chairman, if I
25 may?

1 CHAIRMAN GOLDWAY: You have a question
2 before we --

3 VICE CHAIRMAN ACTON: Please, Madam
4 Chairman. Just as a followup to a couple of questions
5 that Mr. Hughes closed with, Mr. Boldt, the earlier
6 advisory opinion in 2009-1, we're going to have a
7 series of questions about that, about how previous
8 thoughts were incorporated or not, so --

9 THE WITNESS: Yes, and I'll be at somewhat
10 of a disadvantage, Mr. Commissioner. I wasn't
11 involved in the entire case, and a lot of the language
12 that was crafted was before my current assignment.

13 VICE CHAIRMAN ACTON: Okay.

14 CHAIRMAN GOLDWAY: Maybe we can ask Mr.
15 Granholm.

16 VICE CHAIRMAN ACTON: We may need to ask Mr.
17 Granholm, but just so you know, and you mentioned too
18 the Change, Suspension, Discontinuance Center, the
19 CSDC?

20 THE WITNESS: Correct.

21 VICE CHAIRMAN ACTON: If we have questions
22 about that, can you --

23 THE WITNESS: I'm not the program manager.
24 I will attempt to answer what I can. I do know that
25 throughout these proceedings or earlier that there was

1 a technical conference, and I believe members of the
2 Commission were there. I believe there were two of
3 them that demonstrated the program, but I'm not the
4 program manager, but I'll attempt to answer as many
5 questions as possible.

6 MR. TIDWELL: Just for the record, Mr.
7 Commissioner outstanding response to PYR 3 or 4,
8 question 7, which asks for a detailed description of
9 some of the contents of CSDC and FDB, Facility
10 Database, as well, and we indicated in a filing
11 yesterday or the day before that there was going to be
12 a need to confer with the Commission to see how best
13 to respond to that inquiry. The inquiry asks for
14 descriptions of various data fields, all the data
15 fields in each system, and I've been informed that FDB
16 has 2,400 data fields, and CSDC, the story is more
17 complicated because CSDC imports anything from
18 everywhere, and so we're going to be challenged, but
19 we will endeavor to try to work with the Commission to
20 develop more information about both systems in the
21 days ahead.

22 VICE CHAIRMAN ACTON: Okay. Well, expert
23 staff has crafted some technical questions for me to
24 express for the record with relation to the CSDC, so
25 keeping in mind what you've just told us and what your

1 responses are, staff can look in reference to the
2 replies and tell me if these questions are still
3 needed here today, and I'll followup on that in a
4 moment, but when we ask you questions, Mr. Boldt,
5 about a previous advisory opinion in 2009-1, we're
6 doing it to educate ourselves because there's some
7 conflicting the information that the Commission is
8 faced with on this front.

9 The Postmaster General in previous testimony
10 before Congress has indicated that most, if not all,
11 of our previous recommendations were adopted in this
12 new proposal, so I'm not in the business of trying to
13 point out where the PMG pay have been right or wrong.
14 I have great request for Postmaster General Donahue.
15 We just want to educate ourselves going forward so
16 that we're better informed to know and not make
17 inappropriate recommendations that didn't make sense
18 to the Postal Service the first time.

19 What we may ask you to do is sort of run
20 down the list with me of these seven different
21 questions, and we'll wait until we're finished here
22 because some of them may be answered in the Court of
23 the proceedings.

24 THE WITNESS: And I will attempt to answer
25 as many as I can.

1 VICE CHAIRMAN ACTON: Yes. I just want you
2 to have the background for what we're trying to
3 accomplish by doing that.

4 THE WITNESS: Again, I wasn't fully engulfed
5 in the SBC case.

6 VICE CHAIRMAN ACTON: Yes, I appreciate
7 that. I'll get the questions into the record. You
8 can contribute what you can. If need be, Mr. Granholm
9 can join us here and make a supplement testimony.
10 Thank you.

11 COMMISSIONER HAMMOND: Madam Chairman?

12 CHAIRMAN GOLDWAY: Yes, Mr. Hammond.

13 COMMISSIONER HAMMOND: I do want to save all
14 the questions I can until the end of the day so our
15 counsels can all have as much time as they need, et
16 cetera, but since Mr. Hughes brought this up, I really
17 just understand one of the things that they were
18 talking about, and I may not once we get done, but
19 with the revised answer today that you all were
20 discussing about where the league had asked if all of
21 these post offices had been closed in 2010, and the
22 question was what percentage reduction, so the
23 response was it has been estimated that the aggregate
24 annual operating expenses of these facilities is just
25 over \$200,000. Okay. Now, but what I don't

1 understand is we know the Postal Service lost billions
2 of dollars in 2010, regrettably. Okay. Does that
3 mean the U.S. Postal Service would have lost \$200,000
4 less if all those things had been closed down?

5 THE WITNESS: If they had all been closed
6 down in 2010?

7 COMMISSIONER HAMMOND: Yes.

8 THE WITNESS: Again, as counsel pointed out,
9 there are some additional costs that would offset
10 that, but if they were all closed absent any
11 additional costs, we would have had a cost avoidance,
12 if you will, of \$200 million.

13 COMMISSIONER HAMMOND: So the Postal Service
14 would have lost \$200,000 less if they had all been
15 closed?

16 CHAIRMAN GOLDWAY: Well, no, because they
17 had the costs for rural carriers and labor costs and
18 some location costs.

19 COMMISSIONER HAMMOND: Right. So then it
20 is --

21 CHAIRMAN GOLDWAY: It's not clear that all
22 those labor cost could be saved.

23 COMMISSIONER HAMMOND: So then it is not a
24 fact that the Postal Service would have lost \$200
25 million less in 2010 if the had all been closed?

1 THE WITNESS: Again, the variable factor in
2 there is any additional costs, which was pointed out
3 by counsel.

4 COMMISSIONER HAMMOND: Okay. Okay. All
5 right. I just wanted to see as to exactly the correct
6 way to say that of lost, saved, borrowed less, you
7 know, that sort of thing. I'm not sure I still
8 understand it exactly as far as overall savings would
9 be.

10 CHAIRMAN GOLDWAY: We don't know what the
11 impact number is.

12 COMMISSIONER HAMMOND: Okay. I understand
13 it a little bit less, so thank you very much.

14 CHAIRMAN GOLDWAY: We'll now call the next
15 Intervenor, Ms. Rush, Tonda Rush, from the National
16 Newspapers Association.

17 COMMISSIONER HAMMOND: Thank you, Madam
18 Chairman. We did reserve the right to re-cross if new
19 things come out in cross and to cross Mr. Granholm
20 should he take the stand. Thank you.

21 MS. RUSH: Good afternoon, Madam Chairman
22 and Commissioner.

23 BY MS. RUSH:

24 Q Mr. Bolt, I'm Tonda Rush representing
25 National Newspaper Association.

1 A Good afternoon.

2 MS. RUSH: All of NNA's questions to Mr.
3 Boldt were redirected to the Postal Service, and I
4 must admit a little uncertainty about how the
5 Commission meant to have these on the record in this
6 expedited proceeding, so if it suits counsel, I will,
7 in the cases where I need to ask Mr. Boldt some
8 clarification, I will read the response and represent
9 the NNA plans to designate all of these hopefully
10 before the end of the week if they aren't already on
11 the record.

12 CHAIRMAN GOLDWAY: That's certainly fine.

13 MS. RUSH: I'm actually not certain who
14 answers institutional interrogatories. Maybe I can
15 find out.

16 CHAIRMAN GOLDWAY: If you have some
17 questions that you feel need to be answered by Mr.
18 Granholm here, we'll consider that.

19 MS. RUSH: Thank you. I appreciate that,
20 and it does help to know that Mr. Granholm may be here
21 for a while this afternoon, so I think that would help
22 us get to our answers.

23 BY MS. RUSH:

24 Q I have a fairly few questions for you, but
25 some of the answers you've given to previous counsel

1 raised some questions in my mind. I just want to be
2 clear that I heard what you were saying in response to
3 Mr. Hughes a moment ago when you said the closing of a
4 small post office won't necessarily inconvenience all
5 customers because I think I heard you say there will
6 be a post office maybe to the west of the existing
7 office, and they might be closer to that one. Is that
8 what you think?

9 A Yes, the description I used was let's say
10 the post office being considered for discontinuance is
11 in the middle of town, and you live on the west side
12 of town, and the post office that's going to receive
13 and handle those products and services, you may
14 actually be closer depending on where you live
15 geographically, and you might actually find that more
16 convenience.

17 Q But the Postal Service isn't opening any new
18 post offices under this initiative in the foreseeable
19 future, so wouldn't you be going to that office
20 already if it's already closer to you?

21 A Not for things like picking up your mail if
22 you were notified where you would have to go to the
23 center of town.

24 Q I see.

25 A That would be one example.

1 Q I wanted to make sure I understood that.

2 A Yes.

3 Q I think when Mr. Levi was asking you earlier
4 today if I remember correct about future post office
5 closings not considered on the list under the RAOI,
6 what Mr. Hughes has called the endangered species
7 list, I think you said the Postal Service's intention
8 is to digest this initiative, learn the lessons from
9 it and then take a look at what comes next, is that a
10 fair representation?

11 A And I think we also referenced presiding
12 officer's information request, I believe, 4, question
13 5, I believe. Let me make sure that's accurate. Yes,
14 4, presiding officer information request 4, question
15 No. 5, and I referenced the response in there
16 accordingly.

17 Q Can you just elaborate a little on what
18 lessons you're hoping to draw from this initiative?

19 A Yes, because I think we responded to that as
20 well.

21 Q Okay.

22 A Bear with me one second, please. We
23 responded to your question again in pardon 5, which is
24 future plans will be developed after the Postal
25 Service has absorbed lessons derived, including

1 operational and financial ones from the initiative
2 itself, but also including the Commission's advisory
3 opinion, so obviously from an operational perspective,
4 I think, you know, is it working?

5 Are we achieving the savings that we should
6 that we would achieve? Are we satisfying our
7 customers or have complaints gone up? I mean, those
8 are some of the things we should be looking at after
9 we do this, and that would be some of the lessons that
10 would be learned.

11 Q Will you be monitoring customer service
12 complaint lines, for example?

13 A Directly at my level, no, I won't, but --

14 Q Someone will feed that information to you?

15 A Not directly to me, but certainly those
16 local managers will have that and should be analyzing
17 that all the time, every day as part of our day-to-day
18 business.

19 Q Do you know what --

20 CHAIRMAN GOLDWAY: Local managers report
21 back to you on what the findings are as a result of
22 the changes? I mean, they have normal monitoring they
23 do.

24 THE WITNESS: It's not set to do that right
25 now.

1 CHAIRMAN GOLDWAY: You don't have any
2 current plans to monitor the effects of this?

3 THE WITNESS: I have to give that some
4 thought, Madam Chairman. I would like to give that
5 some thought.

6 BY MS. RUSH:

7 Q Well, would it be fair to say in light of
8 the Postal Service's financial situation that the
9 principle lesson that you would like to learn is the
10 cost-savings lesson?

11 A I think the principal lesson here in this
12 initiative is to right size and optimize the retail
13 facility to meet the needs of the transactions that
14 we're seeing today. I think that potentially if we
15 close a facility, there is a cost savings associated
16 with that, but that is not per se the driver of this
17 initiative. We're seeing activity in offices and
18 doing a study to determine whether we should continue
19 operations in that office or not.

20 Q Will the responses from the customer
21 questionnaires and the community meetings, if they
22 happen, be among the lessons that you will draw from
23 this? Should there be another proceeding and another
24 year let's say to close more post offices?

25 A All of that information is evaluated prior

1 to the final determination already, so part of the
2 process that's outlined in the 101 and those responses
3 and concerns must be addressed before they go for
4 final determination.

5 Q Okay. Would you accept that the Postal
6 Service senior executives in a variety of venues have
7 said there are more post office closings ahead?

8 A I think to some extent, we outline that
9 possibility in our response to the presiding officer
10 request No. 4, question 5.

11 Q Is it likely, with your new job assignment
12 of three months, that is the next round of closings is
13 announced that you're likely to be involved in
14 analyzing those candidate offices as well?

15 A If that comes to that, yes, that would be
16 correct.

17 Q So would it be fair to say that you're
18 building a body of expertise in how to go about
19 choosing these offices and how to handle the closings
20 and how to handle the services that you will carry
21 forward into the next round of closings, if there is
22 another round?

23 A I think that's happening at all levels
24 including the local levels and the discontinuance
25 coordinators. They're all learning lessons as we move

1 forward.

2 Q So it may be through the factors that may be
3 of concern to various stakeholders, the people in the
4 affected offices, the mailing community, that maybe
5 identified in this proceeding might be something that
6 instruct the Postal Service as you go into the round,
7 whenever that may occur, is that fair to say?

8 A I think that's fair to say.

9 Q You answered in response, I think, to one of
10 the Chairman's questions and again to Mr. Levi, and
11 you didn't answer, but the Postal Service answered in
12 some of NNA's questions about how the Postal Service
13 account. The use of any of those targeted offices by
14 periodicals, mailers. I am -- let me just ask you to
15 turn to NNA T14.

16 A Sure.

17 Q For example.

18 A Okay. T14 you said?

19 Q T14. T12 I think also made some reference
20 to that. And I believe the Postal Service's response,
21 not your response, has been, yes, the post offices are
22 potential entry points for periodicals mail.

23 A Uh-huh. That's a response on two.

24 Q And I think the response on three was that
25 the Postal Service did examine the revenue accounts of

1 the various 650 candidates to see whether there were
2 periodicals mail revenues appearing in those accounts.
3 That's T13. Are you familiar with that analysis at
4 all?

5 A I'm not following where there is an
6 analysis.

7 Q Well, let me just ask you. In the process
8 -- you've said several times here that the revenue
9 analysis in this initiative has been walk-in.

10 A Correct.

11 Q It's stamps, it's flat-rate boxes,
12 primarily, correct?

13 A Postage stamps.

14 Q And I asked the Postal Service to confirm
15 that a local publisher could be using one of these
16 offices for an entry office, and that there could be
17 revenue coming into that office that may or may not be
18 reflective of that office's accounts. Would you agree
19 with that?

20 A It goes into commercial revenue.

21 Q It would be commercial revenue. So the
22 revenue could be associated with that office, but it
23 would not be included in your analysis because it was
24 not walk-in revenue.

25 A And in part when a large mailer enters a

1 large mailing, they get credit for the transaction.
2 They're not completing all of the work either.

3 Q They, who they, which they?

4 A That local office of entry.

5 Q The local office.

6 A I mean, they're not necessarily completely
7 -- particularly a large mailer they may be mailing out
8 to an entire state or, you know, one-third of the
9 country. They're getting credit for the transaction,
10 the workload associated with the transaction. And
11 then on the receiving side, if that mail ended up in
12 their hands for final distribution, they would get
13 credit accordingly as far as workload is concerned.

14 CHAIRMAN GOLDWAY: Now, all of that is part
15 of that 13.5 percent that's of work hour?

16 THE WITNESS: What do you mean, on the 13.5
17 percent?

18 CHAIRMAN GOLDWAY: I'm trying to figure out
19 how it gets credited. It doesn't get credited in
20 revenue. Does it get credited in work hours?

21 THE WITNESS: They get the work hour credit
22 for the work associated with that transaction. The
23 revenue goes into commercial revenue and does not get
24 credited to that office.

25 MS. RUSH: Sorry, Madame Chairman.

1 CHAIRMAN GOLDWAY: Go ahead.

2 BY MS. RUSH:

3 Q I want you to consider a local weekly
4 newspaper that might be distributing 90 percent of its
5 copies within one of the candidate offices in this
6 initiative. How would that revenue be recognized?

7 A Assuming that office was --

8 Q Assuming that's the entry office, it's both
9 -- in their case, it's both the entry and destination.
10 Let's say it's all that same zip code.

11 A They would get credit for the transaction,
12 handling the transaction, in accordance with our
13 variance model. They would not -- the credit -- the
14 dollars would go into commercial revenue, and the work
15 associated with the delivery of that newspaper in this
16 example, they would get credit for in terms of
17 workload. That goes into the variance model.

18 CHAIRMAN GOLDWAY: So this commercial
19 account doesn't get credited to any region? Or where
20 does the commercial money get allocated? Who gets
21 credit for it?

22 THE WITNESS: It does not get allocated back
23 down to a five -- or a local post office.

24 CHAIRMAN GOLDWAY: Even if the commercial
25 enterprises based in that local post office and all of

1 the mail goes out through that local post office, it's
2 not credited there?

3 THE WITNESS: All too often, again the entry
4 point -- you know, the example she is using as the
5 entry point is that office. The workload is being
6 credited for that office. The revenue is not. But
7 more often, with large mailers -- and I'm going to
8 give you approximate numbers of Postal Service's
9 roughly \$68 billion. Approximately 51 billion is
10 commercial revenue.

11 When Valassis, one of our largest mailers,
12 deposits an entire two or three states into one
13 office, the checks are millions of dollars.

14 CHAIRMAN GOLDWAY: They're hardly likely to
15 go into that little --

16 THE WITNESS: No, not the office that she's
17 describing. But that offices doesn't get credit for
18 the commercial revenue either. Where I was last
19 postmaster, I had \$60 million in plant loads coming
20 in. I got work associated with the transaction, but
21 the revenue was commercial revenue.

22 CHAIRMAN GOLDWAY: Who gets credit for it?
23 It just goes into some national pool?

24 THE WITNESS: It's commercial revenue. It
25 falls into --

1 CHAIRMAN GOLDWAY: So there is no
2 recognition of the connection between the economic
3 location, the viable location of that post office to
4 accept it, given --

5 THE WITNESS: Getting credit for the
6 workload associated with accepting the mail.

7 CHAIRMAN GOLDWAY: Yes, but not the revenue.

8 THE WITNESS: Correct.

9 BY MS. RUSH:

10 Q All of our weekly newspapers aspire to be
11 the size of Valassis. But I'm trying to focus on what
12 happens here to the little post office that may
13 actually be entering their mail, and that is both
14 origin and destination for them, which would be the
15 case for the examples that I want to talk to you
16 about.

17 So I'm having a hard time understanding how
18 in your analysis you're going to recognize others in
19 the workload factor, that a post office might have
20 let's say \$80,000 of walk-in revenue, but it's
21 responsible for \$100,000 of periodicals revenue that
22 you're not seeing in revenue accounts there. How will
23 you know in your analysis that you've got a
24 periodicals publication almost wholly destined for
25 that five-digit zip code area? How will you recognize

1 that in your initiative here?

2 A It will get recognized for the workload
3 associated with the work, the transaction, and then
4 the delivery of that mail.

5 Q So you will be able to see that there is
6 some transaction going on there, and it is measured to
7 you in workload hours.

8 A Right.

9 CHAIRMAN GOLDWAY: Is it pulled out so you
10 know that it's generated by a particular large mailer?
11 Or is it just part of your two hours of workload?

12 THE WITNESS: I think one of the
13 interrogatories -- right. It would be in the two
14 hours of workload, the transaction would.

15 CHAIRMAN GOLDWAY: But would it identified
16 as part of that, or just --

17 THE WITNESS: I believe one of the
18 interrogatories we provided the tables for the SOV
19 calculations. They are in there. That would explain
20 it. I don't know which one it is off the top of my
21 head.

22 CHAIRMAN GOLDWAY: So the reviewers would
23 see within the SOVs that there is a --

24 THE WITNESS: Because the workload was in
25 there already. That's correct.

1 CHAIRMAN GOLDWAY: But it's as a result of a
2 particular large mailer in that community that can be
3 identified.

4 THE WITNESS: It was in the workload.

5 BY MS. RUSH:

6 Q In your positions when you were in central
7 Illinois, if I remember correctly from your biography,
8 you were involved with rural delivery.

9 A I was.

10 Q Okay. So you had some experience with
11 overseeing newspaper deliveries in small post offices,
12 I assume. Would it be fair to say that if a local
13 newspaper entered at a local post office, let's say 90
14 percent of its distribution in that five-digit area,
15 and that that mail was presented certainly sorted to
16 the carrier route, walk-sequenced -- let's say it's a
17 high-density mailing. Would most of the workload
18 hours show up there in the rural carrier's hours?

19 A Well, let me back up a little bit in your
20 example. I want to make sure that I'm clear in what
21 we're dealing with here with the 2,800. Most of these
22 2,800 do not have carriers. They are strictly P.O.
23 box.

24 Q I understand. I'm asking you because I am
25 operating under the assumption that as you said, the

1 lessons learned here will apply to the next round of
2 closings that you look at. And I think the Commission
3 needs to understand, and I would like to understand,
4 how the newspapers will be affected by these.

5 A Again, we're talking about the rural
6 carrier.

7 Q Understood.

8 A That workload will be associated to that
9 rural carrier for the workload that he or she engages
10 in in delivering that. We have a rather complex
11 process in evaluating the routes. And when that
12 mailing comes in, if it's during a mail count, which
13 is the tool that we use to analyze what the evaluation
14 should be for a route, they will get credited
15 accordingly, and their workload, or in this case their
16 pay in evaluated hours would reflect the workload
17 associated with delivering more newspaper and all the
18 other mail.

19 Q Understood. I guess my question is of the
20 work hours credited in some way to that post office,
21 in the example I gave, would you assume most of the
22 work hours will be credited to the rural carriers'
23 activities?

24 A In the example you gave, yes, I believe that
25 would be true.

1 Q So if I gave you a different example, and I
2 brought in a bundle of newspapers that were sorted to
3 the basic level, no other preparation other than
4 bundles for that five-digit zip code, would the work
5 hours be higher?

6 A They're not going to the carrier, right?
7 They're going to have to be sorted?

8 Q They're coming in basic periodicals
9 preparation.

10 A In that case, it would have to be sorted by
11 a clerk, a function four operation as well, and there
12 would be some credit associated with that sortation.
13 And then they would still get the same workload to the
14 rural carrier, yes.

15 Q So we would see it coming in as an office
16 carrier -- or I mean office costs, some carrier costs.

17 A Well, the carrier costs would remain the
18 same, assuming the same amount of pieces were --

19 Q So it would be true then in your analysis a
20 less finely prepared bundle of newspapers give that
21 candidate office a better chance of staying open
22 because it has more work hours?

23 A The example you described would give that
24 candidate office more hours. And there would be more
25 work associated with that, which would increase our

1 costs as well.

2 Q Interesting. We asked the Postal Service to
3 acknowledge -- ask you to acknowledge, and the Postal
4 Service did acknowledge in response to T16, I believe,
5 of NNA -- we said, please confirm that local
6 newspapers mailed under a periodicals permit sometimes
7 intermail at a local post office, but drop time
8 sensitive copies of those issues for same-day or next-
9 day delivery at nearby offices under a practice called
10 exceptional dispatch. And Postal Service confirmed.
11 Do you have some familiarity with the exceptional
12 dispatch process that small newspapers use?

13 A You might want to familiarize me a little
14 bit. I believe I do, where you drop off at multiple
15 destination post offices. I believe you pay for your
16 permit and all of that at one office, but you're
17 dropping to several offices. And by --

18 Q Let me represent, subject to the Postal
19 Service's correction here, that the periodicals
20 publisher enters the mail in one post office, and then
21 drops the bundles at associated offices usually, and
22 pays for the mailing at the entry office basically.
23 So there is no -- there is nothing -- no activity
24 there other than the bundle being dropped off, and
25 then being taken out to the streets.

1 Have you had some experience with that?

2 A I did. There was a paper back in my
3 Yorkville, Illinois days that was a county newspaper,
4 and they had a similar arrangement back then.

5 Q If one of the exceptional dispatch offices
6 on the endangered species list were to be chosen for a
7 discontinuance, how would the newspapers' mailing
8 practices ave to change?

9 A The associate office that would be the
10 administrative office that will be delivering to that
11 location, either in those cluster boxes or the P.O.
12 box there will be the office that will take that out
13 and originate that out to that P.O. Box.

14 Now, actually, in that example that you
15 used, it actually saves you cost because you'll
16 actually get to stop at less facilities, and it will
17 reduce your transportation, and it will also give us
18 the product perhaps even a little bit earlier.

19 Q A little?

20 A A little bit earlier.

21 Q Earlier?

22 A Yes. If you have less places to stop,
23 because oftentimes, as I recall, you guys are dropping
24 these off at 4:00, 5:00, 6 o'clock in the morning, if
25 memory serves me.

1 Q Should I pull from that that you mean that
2 you think the critical entry times may change for the
3 publishers?

4 A I'm going to infer that at all, no.

5 Q Do you think it's likely?

6 A I'm not at liberty to respond to that.

7 Q Okay. If one of the candidate offices -- if
8 all of these candidate offices closed, and they're, as
9 you represented, primarily box service offices, is the
10 Postal Service as part of its analysis verifying that
11 there are actually numbers of boxes available in the
12 gaining office to serve everyone?

13 A Certainly the local folks should be looking
14 at that when they do their analysis and they look at
15 that. And as well talked about earlier, there may be
16 occasions where there may have to be a change of
17 address. I believe it was in response to some of the
18 interrogatories in here that we did acknowledge that
19 that may have to happen.

20 Q So if there aren't enough boxes in the next
21 closest post office, some people may go to a yet
22 further post office to get their mail.

23 A There are even some occasions where some
24 customers may now be in the line of travel and may now
25 get home delivery, delivery to their street box out

1 there, their street box. Some of those scenarios will
2 happen as well, and in fact they have.

3 Q So there will be some analysis of changing
4 carrier routes as a part of this discontinuous --

5 A There would almost have to be, yes.

6 Q In one of the interrogatories -- and I can't
7 tell you which one -- you gave us some explanation of
8 the differences between a contract post office, a
9 postal unit, and a village post office. And I
10 understand now from listening to your responses to
11 counsel earlier the Postal Service's concept of the
12 village post office is it will be handling basically
13 two transactions, selling stamps, handling flat-rate
14 boxes.

15 Can you give me a general description of the
16 array of services a contract post office, post unit
17 would provide?

18 A I think that's outlined in Mr. Popkins
19 interrogatory, that checklist. It's too numerous to
20 mention, but it was the interrogatory that was
21 referenced. Those checklists include contract postal
22 units in there.

23 Q We asked the Postal Service whether any
24 contract postal units were eligible for exceptional
25 dispatch for periodicals mail. And I don't have my

1 hand on it right this minute. The Postal Service said
2 that wasn't part of the practice in the past. Do you
3 agree with that?

4 A That's correct. It's NN18-9, I believe, was
5 your interrogatory on that.

6 Q Is there a reason why it could not be, why a
7 contract office could not include a requirement for an
8 exceptional dispatch bundle given that the paperwork
9 is all being handled somewhere else, and the office is
10 simply receiving bundles of newspapers?

11 A Knowing that that has been the practice for
12 CPUs, that's as far as my history knows. Is that
13 something we could possibly look at? I would have to
14 explore that, but there is history there as to why we
15 are not doing it with CPUs and CPOs today. My first
16 reaction is -- I'd have to look at that. There is a
17 reason why we're not doing it today.

18 Q I'm interested in knowing -- given the
19 limited services in the offices that are on the
20 candidate list today, this may not be applicable yet,
21 but it might be in the future -- how the Postal
22 Service will be dealing with local -- not newspapers
23 necessarily, but standard mail customers as it closes
24 small post offices. Will there be a shift to a
25 gaining office somewhere else where the customers are

1 directed to bring their bulk business mail?

2 A It would be the same, yeah. I mean, they
3 would have to get an entry point. And if that was
4 their previous entry point, and we discontinued that,
5 there would be a new entry point for them as well from
6 an originating perspective, yes.

7 Q Are you at all familiar with the Postal
8 Service's initiative in the every door a direct mail
9 campaign?

10 A Limited, yes.

11 Q How will that campaign be affected by these
12 -- let's say all 3,650 close. Will it change how the
13 Postal Service approaches that particular product?

14 A On the surface, I can't think of a reason
15 that it would change. It just might be a new entry
16 point, that's all.

17 Q Might you have postmasters that were
18 carrying out initiatives to promote EEDM that will no
19 longer be with us?

20 A There will still be an administrative
21 postmaster that should be carrying out that same
22 mission.

23 Q So you would expect someone from the gaining
24 office, whoever picks up those services would be
25 carrying out that mission?

1 A I would expect that.

2 Q And that they would be marketing to those
3 smaller communities?

4 A I would expect that that would be a part of
5 their responsibilities, yes.

6 Q You said in your testimony that when
7 community input is sought for the offices on the
8 candidate list, that in most cases there is a
9 community meeting held. It's not required, however.
10 Is that correct?

11 A Let me go to the 101. I know there are some
12 exceptions, but let me go to the 101.

13 Q You said on page -- maybe page 19, I think
14 it was, of your testimony.

15 A Well, let me reference the 101, please. 'A
16 community meeting may be held at any time after the
17 questionnaire is sent before any final determination
18 is expected to be made unless otherwise authorized by
19 the vice president of area operations or the vice
20 president of delivery and post office operations. A
21 community meeting shall be foregone only where
22 exceptional circumstances make a community meeting
23 infeasible.'

24 Q Infeasible. What kind of circumstance might
25 that be?

1 A I can think of an experience not too longer
2 where the entire community left. The plant owned the
3 town, the homes. They packed up and ordered everybody
4 out. There was nobody there to have a community
5 meeting. They were all ordered out. The plant owned
6 all the property. That, I think, is an extreme
7 circumstance that would certainly fall into this
8 category.

9 Q You read that the meeting may be held. Is
10 there a reason why the language isn't must be held?

11 A I think it says --

12 Q The community meeting may be held any time
13 after --

14 A Can be held any time after the
15 questionnaire.

16 Q May be held, not must be held, correct.

17 A No, no, no. It says 'can be held any time
18 after the questionnaire.' It says, 'unless otherwise
19 authorized by the vice president.' So that tells me
20 that absent that, it should only be foregone when
21 there are exceptional circumstances.

22 Q Okay. So your expectation is that the
23 districts are managing how these go, correct?

24 A Absolutely.

25 Q And the districts will have those community

1 meetings?

2 A Yes.

3 Q When there is a community meeting, is the
4 notification to the household covered by that office
5 done solely by mail?

6 A Yes.

7 Q Is it always done by mail?

8 A No. There is more to it. There is also a
9 notice posted in the post office, and there is an
10 opportunity for questionnaires to be in that post
11 office for them to be filling out as well.

12 Q And how is the mailing carried out? Is it a
13 post card saying we're having a meeting, please come?

14 A It's actually a little bit more than that,
15 but let me get the exact -- going to the
16 questionnaire. It's in the 101, starting with chapter
17 242.11, which talks about the cover letter. Then it
18 talks about the questionnaire that would be included
19 in it. And I don't know that you really want me to
20 read them verbatim here, but it is referenced rather
21 explicitly in here.

22 Q Okay. There was some earlier conversation
23 about the timing of that meeting. I think someone was
24 discussing the fact that one was held at 10 o'clock in
25 the morning. I'm curious to know whether the format

1 of those meetings is managed at the district level.

2 A And that is in accordance with the
3 guidelines as well.

4 Q Accordance with the guidelines.

5 A Uh-huh.

6 Q And the community has an opportunity to ask
7 questions.

8 A They do.

9 Q Yesterday there was a hearing before the
10 Senate Committee on Homeland Security and Governmental
11 Affairs. Are you aware of the hearing at all?

12 A On Tuesday, you're referring to?

13 Q Tuesday, correct. Sorry, I missed a day.

14 A I am somewhat aware of it.

15 Q Did you attend it?

16 A No, I did not attend it. I did get a chance
17 to listen in on part of it. Unfortunately, the feed
18 that we had was extremely garbled. It started and
19 stopped frequently.

20 Q Sometimes Congress is garbled. Sometimes
21 the witnesses are garbled also.

22 A So I did not get a full verbatim
23 understanding of that.

24 Q Senator Moran of Kansas quizzed the
25 Postmaster General at some length about how these

1 meetings are held. One of the questions he asked I
2 will pose to you because Mr. Donahoe couldn't or
3 didn't quite answer it. What Senator Moran asked was
4 when the community comes into the meetings, are they
5 given a checklist of the elements that will be taken
6 into account and what they can do to keep their post
7 office open?

8 A And that question was posed to me earlier
9 today, and I responded that there is no checklist.
10 And as I recall, the question was leading towards me
11 coming up with a specific reason that -- why one would
12 not close. And as I stated then, and I believe I'm
13 stating again equally, there are a multitude of
14 factors that have to be taken into consideration, and
15 not one factor can sway it one way or the other.
16 There is no weight on any of these things. I mean,
17 they all have to be taken into consideration.

18 Q Can the community be told by the district
19 manager or whoever runs the meeting -- if someone
20 says, well, what can we do to keep this post office
21 open, is there an answer to it, to the question?

22 A On that hypothetical, I don't know that
23 there is an answer for that, because again I don't
24 know of any one reason that would keep a post office
25 open by itself. There is a multitude of factors that

1 have to be considered.

2 Q Do you consider the primary reason for the
3 community meetings to collect feedback from the
4 community about whether the office should be closed?
5 Or is it primarily to advise the community of the
6 services that may be in place if the office does
7 close, or how their lives will be affected?

8 A I think both topics are appropriate. I
9 think at the time we are saying we are proposing; we
10 are looking feedback. These are some of the options
11 that we have considered. We'd like to hear some of
12 your options. Again, I have not attended one
13 recently. I have attended other community meetings.
14 Not everybody is on the same page. There are people
15 that have opposing views, even amongst the community.

16 Some may think it's the right thing to do.
17 Others obviously will not. And that all has to be
18 weighed.

19 Q You've attended them before this initiative.

20 A Not for post office closures, but I have
21 attended other community meetings involving postal
22 affairs.

23 Q Is there typically a press release or a
24 journalist invited to come cover the meetings?

25 A I don't believe we notify the press, nor is

1 that a requirement of this. Again, the notice has
2 been published nationally. It's on the web site, as
3 everybody well knows, for at least this particular
4 round. We also say that we should notify them five to
5 seven days in advance before the community meeting,
6 again following the guidelines in --

7 Q Which is by mail.

8 A Yes.

9 Q And by the poster on the post office wall.

10 A Uh-huh.

11 Q We asked whether the Postal Service had ever
12 considered purchasing advertising in the local media,
13 and the Postal Service responded to us in some answer
14 that you weren't an expert in advertising. But --

15 A I'll stand by that answer.

16 Q I'll ask you, having gone through these
17 community meetings, is it something that would help
18 you to get a better response and more fulsome
19 participation?

20 A Again, just so we're clear, the community
21 meetings I attended were for other postal affairs, not
22 for --

23 Q Okay. Hypothetically then, if the Postal
24 Service really wanted the community to attend, would
25 the Postal Service more likely generate a response and

1 participation if it advertised it more widely?

2 A With all due respect, I'd like to think that
3 the mail is powerful advertising, and going to every
4 address within that community is very adequate.

5 Q Any idea what the traffic level on the
6 Postal Service web site is prior to announcing a
7 community meeting?

8 A I have no idea.

9 Q Any idea whether you get more individual
10 visitors from that or not?

11 A I don't know.

12 Q I want to go back to the question about the
13 reporters being invited to cover. Are you aware of
14 any circumstances where the press has been barred from
15 attending the meetings?

16 A Personally, I'm not aware of that, no.

17 Q Are you aware of any circumstances where
18 photography has been prohibited at the meetings?

19 A I'm not aware of that, no.

20 Q Recordings, tape recordings, digital
21 recordings?

22 A None of those circumstances have been
23 brought to my attention.

24 Q Does the inspection service typically attend
25 these meetings?

1 A They're not one that would typically attend
2 that I'm aware of.

3 Q Okay. If I represented to you that there
4 was a meeting in the last week in Missouri where the
5 inspection service told a participant to stop tape
6 recording, or the postal officials would all leave,
7 would that surprise you?

8 A I'd want to know more about it. I really
9 can't comment on it.

10 Q If you heard that it was made to Senator
11 Blunt, would it make a difference in your analysis?

12 A I don't know the senator.

13 Q I guess what I'm really trying to get at
14 here is if the format of the meetings is really
15 managed at the district level, is it up to the
16 district managers to decide how open this meeting is
17 and how much community participation is actually
18 enthusiastically solicited by the Postal Service? Or
19 is that something that the manual leaves very little
20 discretion on, in your view?

21 A Certainly, if you're looking for where the
22 buck stops, you know, scenario, it obviously falls to
23 that district manager. But the reference to the
24 community meetings suggest more the manager of
25 marketing, I believe. I'd like to reference that, if

1 I could, if I could find it real quick. It is
2 outlined in the 101 as a part of the district team.

3 So, you know, again to answer your question,
4 ultimately the district manager should play a role in
5 that, but I think the marketing manager should discuss
6 the time with the postmaster and other responsible
7 personnel.

8 Q If a report came back to you that said, when
9 we sent postcards out to 40 people, we had a meeting
10 at 10:00 a.m. The inspection service came. We saw to
11 it that no one took any pictures, and we saw to it
12 that no one recorded the meeting. Would it affect
13 your analysis of the quality of the community input
14 that came back to you in making a decision?

15 A I'm not at liberty to respond to that. I
16 mean, there are so many other factors that could be a
17 possibility. I mean, why was the inspection service
18 there to begin with? I'm at a loss to come up with an
19 answer.

20 Q That would be an unusual circumstance in
21 your --

22 A Potentially could, unless there is some
23 other factors that would make it a usual experience.

24 MS. RUSH: I don't believe I have any
25 further questions. Thank you very much, Mr. Boldt.

1 CHAIRMAN GOLDWAY: Thank you, Tonda. I'll
2 follow up a little on this line of questioning. If
3 the community were to present information that showed
4 that the Postal Service was actually going to lose
5 money by closing this post office, the cost of the
6 adjustments necessary to improve the receiving post
7 office, the cost for closing out the lease of the
8 existing building, the cost for additional
9 transportation that would be needed for rural
10 carriers, et cetera -- if the community were able to
11 demonstrate that, would that be enough to stop the
12 post office from being closed?

13 THE WITNESS: Madame Chairman, I think the
14 financial analysis, that should certainly be taken
15 into consideration. I don't know that a circumstance
16 would prevail that would make that situation accurate.

17 CHAIRMAN GOLDWAY: Well, we just had one in
18 --

19 THE WITNESS: Well, again, dealing with the
20 offices selected on this list, bringing the 2,800 of
21 them are bringing in less than \$27,500 in total
22 revenue, and have earned workload of less than two
23 hours. So I --

24 CHAIRMAN GOLDWAY: So but if somebody in the
25 community were able to show that you were still -- I

1 mean, we're not -- this RAOI also covers stations and
2 branches as well, you know.

3 THE WITNESS: That's true.

4 CHAIRMAN GOLDWAY: So if somebody were to
5 show that the work hours were in fact figured
6 incorrectly, which is something that Mr. Levi had
7 brought up earlier, or that -- and, and that you
8 weren't going to save money, and that the community
9 was very much against that, and that the community was
10 going to provide you a free post office facility to
11 use, would you think that that would be adequate
12 enough to change the opinion of the review?

13 THE WITNESS: Given exactly the way you
14 described it, I think that that would have to be taken
15 under consideration.

16 CHAIRMAN GOLDWAY: Can you inform us as to
17 why the 24 post offices in Alaska that were originally
18 on the list were removed from the list? What were the
19 characteristics that were determined there to remove
20 them from the list?

21 THE WITNESS: I don't have the absolute
22 specifics for all of them, but I believe some of the
23 remote locations and where they are and where a
24 neighboring office might be or how far away it might
25 be played a very important role in that decision

1 making.

2 CHAIRMAN GOLDWAY: So the information with
3 regard to how remote the area was, how far the
4 distances were between post offices was something that
5 was considered.

6 THE WITNESS: I believe. I don't have all
7 of those facts for those 24 offices, but I do believe
8 that that played a role in that decision.

9 CHAIRMAN GOLDWAY: Okay. But is there any
10 guideline then that you can develop as a result of
11 those 24 that might translate to Montana or Wyoming?

12 THE WITNESS: Respectfully, I think that
13 gets -- can be very concerning. If we set a guideline
14 here at the headquarters level and said apply it
15 nationally, let's just say outside of five miles, then
16 anything within that could potentially close
17 regardless of the circumstances, not taking into
18 consideration the community input, not taking into
19 consideration other local circumstances.

20 So I think it's inherently dangerous to set
21 an absolute guideline at this level without allowing
22 the local folks to do their job and do their due
23 diligence and their analysis. I think that's why we
24 have the process that we have, so that they can do
25 that, and they can weigh all those things in, and

1 there is no specific weight on that, but weigh all
2 those factors. The impact to employees, the impact to
3 customers, and the impact to the financial bottom line
4 of the Postal Service all have to be weighed.

5 Setting a guideline at this level I think
6 becomes very dangerous.

7 CHAIRMAN GOLDWAY: I think that what I'm
8 trying to get at is at least providing the community
9 with some direction as to the kinds of information
10 they could provide to you that might change your
11 opinion. And one doesn't need to necessarily say it's
12 150 miles, but one could give the community some
13 guidelines, you know, if you can save us money on
14 rent, if you can demonstrate that there is revenue
15 coming right around the corner because new apartments
16 are going to be built next to you; if the calculations
17 for work hours seem to be incorrect versus your
18 experience and how much you've used the post office,
19 are those things that you could suggest to the
20 community that they might give you information back
21 on?

22 THE WITNESS: I would hope that they would
23 take those into -- you know, I wish I could say that
24 one size fits all. I just don't think there is as far
25 as what there should be. I think it's inherently

1 dangerous. All right. Ms. Langley would like to ask
2 a question.

3 THE WITNESS: Okay.

4 COMMISSIONER LANGLEY: Yes. I think this
5 was something that Senator Moran was trying to get at
6 it with the Postmaster General at Tuesday's hearing,
7 was what type of criteria should his constituents be
8 looking for. And certainly the Postal Service has its
9 handbook, and that is to provide, you know, the local
10 officials with guidance. But postal consumers, postal
11 customers don't have that information. And I just
12 wanted to mention that the chairman talked about the
13 remote areas in Alaska. There is one post office in
14 Hawaii where the only way to get to it is by mule or
15 hiking down steep cliffs or by an aircraft. And we're
16 not talking an airplane. We're talking about a small
17 aircraft.

18 So it seems to me that while I'm agreeing
19 that one size shouldn't fit all because Kalaupapa in
20 Hawaii is a very unique situation compared to other
21 post offices that might be nearby. But without some
22 type of guidance or criteria on the opposite end, it's
23 difficult for postal customers to know what to do.
24 And I think the idea that there is a new apartment
25 building that is coming in or a new department store,

1 things that might increase postal usage in a
2 particular area are important.

3 So, you know, I hope the Postal Service,
4 when talking to its local folks, you know, makes it
5 clear that they're not there just to represent the
6 bottom line, but sometimes might provide assistance in
7 the opposite direction.

8 THE WITNESS: I agree with you,
9 Commissioner, that those are very important factors
10 that need to be considered.

11 COMMISSIONER LANGLEY: Thank you.

12 CHAIRMAN GOLDWAY: We're going to take a
13 break now for 10 minutes, enough time, and then we'll
14 continue with the public representative's questions.
15 Thank you.

16 (Off the record at 3:16 p.m.)

17 (On the record at 3:35 p.m.)

18 CHAIRMAN GOLDWAY: Welcome. We're back in
19 session at 3:35, and we now have the public
20 representative, Tracy Ferguson, who has questions for
21 Witness Boldt.

22 MS. FERGUSON: Good afternoon, Madame
23 Chairman, Commission.

24 CROSS-EXAMINATION

25 BY MS. FERGUSON:

Heritage Reporting Corporation
(202) 628-4888

1 Q Good afternoon, Mr. Boldt.

2 A Good afternoon.

3 Q I'd like to begin by following up on a
4 question asked by Ms. Rush. It's particularly focused
5 on question PR-3.

6 A I'll be there in a second. PR-3?

7 Q Yes. I believe it was directed
8 institutionally. And it requests periodical
9 information. Do you have a spreadsheet that's
10 associated to PR-3?

11 A I'm sorry. I'm at T13, my apologies.

12 Q That's okay.

13 A That takes about the --

14 Q The question is the small office variance
15 tool or SOV.

16 A Uh-huh.

17 Q Is a postal database that provides
18 information on postal retail facility workload.

19 A Uh-huh.

20 Q A, please provide a list of all available
21 information categories; and B, please provide the
22 originating source of all information categories. And
23 the response cited to an attached spreadsheet which
24 provides lists of the operations, data elements, and
25 data sources in the SOV.

1 A Yes.

2 Q Do you happen to have that spreadsheet in
3 front of you?

4 A I'm afraid I don't.

5 (Pause)

6 THE WITNESS: Okay. I have it.

7 BY MS. FERGUSON:

8 Q Wonderful. You had indicated to Ms. Rush
9 that you had periodical-specific information on that
10 sheet. Do you see any periodical-specific information
11 there?

12 A Let me scroll down this distribution
13 workload, retail window workload. I believe it's
14 going to fall under the transactions. But, you know,
15 I'd really want to double-check that response. But I
16 believe it falls under transactions under the retail
17 window workload.

18 Q Okay. Does that include other?

19 A It's clearly in there. But I --

20 Q That includes non-periodical as well as
21 periodical.

22 A Yeah, I believe so, but I'd want to double
23 check it. I'm not the program manager for SOV, but I
24 can dig into that for sure.

25 Q Okay. What facilities will close as a

1 result of that RAOI?

2 A What facilities will close?

3 Q What facilities will close as a result of
4 the RAOI?

5 A Of the 3,653, you want me to tell you
6 exactly which ones will close?

7 Q Please.

8 A That's too early to give you an answer to
9 that.

10 Q Okay. So how can the RAOI, which is a study
11 or an initiative, that you're asking the Commission
12 here to endorse -- how can you be sure that it will
13 constitute a nationwide effect?

14 A I think the potential exists, I believe, and
15 because this is -- there is offices here represented
16 all over the country. So, I mean, the potential
17 exists.

18 Q Okay. Does the potential exist in other
19 states such as in Alaska, where 26 out of 35 can be
20 taken off the RAOI list and therefore not even
21 considered?

22 A There are still some under consideration in
23 Alaska, to my knowledge, at this time.

24 Q But I think there are 11, correct?

25 A There are still some left over, yes, there

1 are.

2 Q But we don't know of those 11 if any will be
3 closed, or if one will be closed.

4 A At this time, I don't have that -- you know,
5 I don't believe they've completed their review.

6 Q Okay. Were you involved in the discussion
7 to close -- or sorry, to lift any of the Alaskan
8 postal facilities on the RAOI list?

9 A I was part of helping with that selection
10 process, yes.

11 Q Okay. Were you part of the discussion that
12 determined to take the 26 off of that list?

13 A No, I was not.

14 Q Do you know the specific criteria for any of
15 those offices, why they were removed?

16 A Well, as I responded to one of the
17 commissioners earlier, I don't have all the specifics
18 here regarding all 24 of those, specifically why. My
19 sense is that some of them were so remote that that
20 was part of the decision. But that is my sense.

21 Q Okay. When a facility is placed on an RAOI
22 list, does a discontinuance study immediately
23 commence, or is there a lag time?

24 A What we said in the testimony is that there
25 would be a rolling ten weeks. We knew that we were

1 asking the district to do a lot of work. And from a
2 -- if you want to over-simplify a national basis,
3 there was about 3,600. There is about 60-plus
4 district involved, and that involved about -- which if
5 it was distributed equally, and it's not, but it was
6 about 60 offices per district that they would have to
7 review. And if we rolled the two weeks, that would
8 allow them to do about six a week. And we felt that
9 that was a manageable number, where they could do a
10 quality review.

11 Q Okay. So if I understand correctly, the
12 number of facilities placed on that RAOI list were
13 placed on there each having approximately ten weeks of
14 review time to determine whether the criteria was
15 adequate or proper. Is that -- okay.

16 A That initiated the study, yes. And but they
17 didn't all start day one. Some will start week one.
18 Some will start week two. We anticipated
19 approximately a ten-week notice, but that was a
20 rolling ten weeks that they would start. So as we sit
21 here today in September, we're about I guess six or
22 seven weeks into that. We haven't even initiated the
23 study on all of those offices yet.

24 Q Okay. Earlier you discussed the selection
25 criteria for the small workload post offices with the

1 representative from NAPOS. You discussed that with
2 Mr. Levi. If I understand your response, you start
3 with the universe of post offices, then apply the
4 filters of the \$27,500 of walk-in revenue, 10,000 for
5 Alaska, and then you apply the two hours or less via
6 the SOV.

7 A A little bit backwards. The first criteria
8 was the two hours or less, and that's what I was -- I
9 was misunderstanding him because he said the whole
10 universe, and he meant the whole universe under
11 27,500, and two hours or less. That is true.

12 Q Okay. And after you apply these two
13 filters, and only these two filters, you're left with
14 the list of approximately -- well, not even
15 approximately -- 2,825 post offices that appear in the
16 library reference number two.

17 A That's correct.

18 Q Can you explain how this process worked
19 technically? Do you have a spreadsheet, like what you
20 pulled in?

21 A I didn't do it personally, but the data was
22 pulled in from the SOV variance model, pulled in the
23 workload. That was the first to determine the two
24 hours, where the workload. And then there was an
25 extraction from, I believe, EDM, which is a price data

1 warehouse where they got the financial pieces to that.
2 Then that was put into a spreadsheet. And then from
3 there it was culled down, like we discussed.

4 Q Okay. And in library reference MP-1, you
5 provided a database of walk-in revenue for fiscal year
6 2010. How many offices had walk-in revenue of less
7 than 27,500 in the fiscal year of 2010?

8 A I'm sorry. Did we respond to that? Is that
9 your question? Or are you asking me --

10 Q I'm asking you.

11 A Okay. I don't have that answer because
12 remember, the criteria was two hours and less than
13 27,500. So it's possible, although I don't think
14 likely, we could have offices that earned more than
15 two hours and still had less than 27,500.

16 Q Would it surprise you that the amount was
17 5,993?

18 A That had specifically what criteria, under
19 27,500?

20 Q Less than \$27,500 in walk-in revenue.

21 A But no relationship to workload?

22 Q Correct. For the fiscal year of 2010.

23 A That would seem high. But I'll rely on your
24 data for right now.

25 Q Okay. How many offices had an earned

1 workload of two hours or less in fiscal year 2010,
2 separate and apart?

3 A Okay. Well, first of all, make sure we're
4 clear. FY2010 was not the collection data process.
5 The collection data process was approximately one year
6 from July. I needed to spell that out. So if you're
7 looking at strictly 2010, knowing that the fiscal year
8 ends on September 30th, you're going to be a little
9 skewed from when we get our analysis, which included a
10 July 10 through a July 11 data call. So we may have
11 some apples and oranges in our analysis.

12 CHAIRMAN GOLDWAY: Well, in your figures
13 then, since you started with the two hours, what did
14 you get at the first base for that?

15 THE WITNESS: Yeah. As I recall from the
16 initial cull -- and please appreciate this is
17 approximate -- offices under two hours of workload and
18 less than -- I believe the first criteria was 100,000.
19 I believe that total was in excess of 4,000, perhaps
20 4,500, offices. But, please, that is an approximate.
21 That was the initial data gathering process.

22 CHAIRMAN GOLDWAY: Under two hours, but less
23 than 100,000 in revenue.

24 THE WITNESS: That was the first draw of
25 data. I believe that to be about 4,500 offices, but

1 please don't quote me on that.

2 CHAIRMAN GOLDWAY: You didn't just do under
3 two hours straight.

4 THE WITNESS: We started with just that,
5 yes.

6 CHAIRMAN GOLDWAY: Well, I think that's what
7 she wanted. What is just under two hours?

8 MS. FERGUSON: That's a --

9 THE WITNESS: And I didn't -- I'm sorry.

10 MS. FERGUSON: That's correct.

11 THE WITNESS: Yeah. I didn't see a first
12 draft of that. When I saw it, we had already culled
13 it down to 100,000 first.

14 CHAIRMAN GOLDWAY: I see. Okay.

15 BY MS. FERGUSON:

16 Q In PRUSPS-T12 -- I'll wait for you to get
17 there.

18 A Okay.

19 Q I asked for the workload data used to filter
20 the universe of post offices. Can you contrast how
21 you used the data to the response that this workload
22 data is unavailable?

23 A I ask the counsel -- did we recently comply
24 with this? I'm trying to remember. As I recall,
25 there was a request for each of the offices and the

1 workload data broken into different categories. Is
2 that correct?

3 Q I apologize.

4 A As I recall, there was a recent request or
5 perhaps a recent response that I think is responsive
6 to this that broke, it said, office A, so many hours
7 in retail, so many hours in workload, and so on. Is
8 that correct?

9 Q Right. The response that we recently
10 received that had anything to do with this was RAOI-
11 specific, not universe specific.

12 A Oh, I'm sorry. Let me make sure I
13 understand exactly what you're asking for here, and
14 maybe you could describe it maybe a little bit clearer
15 than it's written here.

16 Q Let me make sure my wording --

17 A We are on T12, correct?

18 Q Right. And we asked for the workload data
19 that was used to filter the universe of postal
20 offices. So I wanted all the information, everything
21 -- if you could contrast how you used the data for the
22 universe of post offices in this response. You said
23 it was unavailable.

24 A Okay. I'm not remembering why it's
25 unavailable for this discussion right now. I

1 apologize for that.

2 Q Okay. Because the concern was it existed at
3 some point to originally do the pulling from. And
4 then --

5 A But I guess if I'm understanding --

6 Q I'm just saying if I'm incorrect.

7 A You want it for all 31,500 offices. Is that
8 correct?

9 Q Yes.

10 A I think I'd have to take that under some
11 consideration. I might --

12 Q Okay. I've got some --

13 CHAIRMAN GOLDWAY: Counsel, since it appears
14 that that data is available and was the basis for the
15 original culling, can we receive that data?

16 MR. TIDWELL: Oh, sorry. Madame Chairman,
17 the Postal Service will follow up to resolve the
18 ambiguity that might be resting here.

19 CHAIRMAN GOLDWAY: Well, let's do everything
20 we can to get the data that's necessary. Thank you.

21 BY MS. FERGUSON:

22 Q I want to jump to the issue of removing
23 postal facilities from the RAOI list. It seems very
24 clear that there was criteria that placed particular
25 postal offices on the RAOI list. However, it has been

1 extremely unclear as to what criteria could be used to
2 get a postal office off of that list. A major concern
3 came up, I believe, when you were speaking with Mr.
4 Levi. And even if -- it has been talked about since.
5 But even if it was shown that the original criteria
6 that placed a postal office on the RAOI list was
7 erroneous, that post office was still going to be part
8 of the discontinuance study.

9 A I don't recall responding affirmatively that
10 way. I think we were talking about some data,
11 potential data errors. And I think I responded that
12 that should be looked at. If there is an office like
13 that, we should have --

14 Q Okay. So just to be clear, if you do
15 realize that the original data was erroneous that
16 placed a postal facility on the RAOI list, then once
17 that is noticed, that facility will no longer be on
18 the RAOI list? Or what measures would you take?

19 A I think we demonstrated that also because I
20 think in some of the interrogatories we made a
21 correction to the testimony because there was some
22 categories of offices. As we were digging through the
23 interrogatories, the offices less than a million with
24 locations five or more within a half a mile, we found
25 that to be incorrect, and we adjusted that. And then

1 there were some offices, I believe four or five, that
2 no longer met the criteria, either under the 600,000
3 or the million, and we dropped those off.

4 So I think we would have to take a very
5 close look at that, as we did when we were responding
6 to interrogatories. The total list is actually
7 reduced by four or five now.

8 CHAIRMAN GOLDWAY: So you actually reduced
9 the list by four or five --

10 THE WITNESS: Yeah.

11 CHAIRMAN GOLDWAY: -- when you went over the
12 documents with regard to the larger stations then.

13 THE WITNESS: Yeah. We noticed an error in
14 the larger stations when we were preparing this, and
15 that's why the correction in testimony as well.

16 BY MS. FERGUSON:

17 Q And whose main responsibility is it to
18 review, for example, in a particular state or a
19 particular region? Is it the district manager, the
20 postmaster, or someone at headquarters to review to
21 make sure that that facility is properly on the list?

22 A The district team that set up is outline
23 again in the 101. Each district has a discontinuous
24 coordinator, one is experienced in this and can
25 provide some expertise. We also have a headquarters

1 review, and that's part of this review process as
2 well. And he or she looks it over -- and actually, he
3 looks it over before it goes back to the district for
4 the final determination to go to then Dean Granholm,
5 who makes the ultimate decision.

6 Q Okay. I'm speaking about prior to the
7 discontinuance study. Once a facility is placed on
8 the RAOI list, there is a lag in time before
9 discontinuance study begins, or at least is supposed
10 to be. In that time, is there any review going on of
11 the particular facilities on the list so that if
12 something is there that shouldn't be there, it can
13 actually get off before the post office takes its
14 time, energy, and spends more money conducting a
15 discontinuance study?

16 A They should be looking at that at that time,
17 yes.

18 CHAIRMAN GOLDWAY: Who would be doing it?

19 MS. FERGUSON: That was my next question.

20 THE WITNESS: The local districts.

21 CHAIRMAN GOLDWAY: The local districts?

22 THE WITNESS: The district team should be
23 looking at that.

24 COMMISSIONER LANGLEY: Do they know they
25 should be looking at it now? Is there any direction

1 to them to do that?

2 THE WITNESS: Bear with me a second here.

3 COMMISSIONER LANGLEY: If a formal
4 discontinuance process hasn't started --

5 THE WITNESS: If you will, the district
6 review team is outlined in 133 of the 101. And again,
7 I'll just read it in part. 'These functional -- ' it
8 talks about the multiple functional managers that
9 should be involved. 'These functional organizations
10 within the district are responsible for the
11 development and coordination of data collection,
12 communications, analysis, and other necessary action
13 in order to support the discontinuance study under
14 their functional responsibility.

15 BY MS. FERGUSON:

16 Q Have you heard anything from any of the
17 district teams in the effect of saying this facility
18 should be or should not be on the list?

19 A The district coordinators actually work with
20 one of my counterparts, who is the headquarters
21 coordinator. And we have not had interaction that he
22 would want me to believe that there has been problems
23 there.

24 Q He has?

25 A He has not.

1 Q He has not, okay. One of the differences
2 between this initiative and what is currently in place
3 is we've talked about centralized or top-down
4 approach. And Mr. Tidwell implied that both are going
5 to be kept, both are going to go or follow the
6 discontinuance guidelines as outlined in the handbook
7 101. But is there a preference to either one?

8 A A preference?

9 Q A preference.

10 A No.

11 Q No? And what benefits do you --

12 A And I think, if I may, the example I used in
13 that was back to one of the factors that is still in
14 the 101. Most specifically, the example I used was a
15 suspension because that would clearly be from a
16 bottom-up approach, as the local folks are obviously
17 the first ones to know when a tragedy has struck a
18 post office, or if there is some reason that we have
19 to suspend operations there. And that's still, as we
20 talked, 212.2 of the 101. That's one example that I
21 used. There are a couple others that are still in
22 here.

23 I mean, the postmaster vacancy is still in
24 here as well. That would be a bottom-up approach as
25 well.

1 Q Okay. Would reduction in force movement of
2 a postmaster also be an issue if someone has been, for
3 lack of a better term, RIF'd?

4 A I'm not the HR expert here. But typically a
5 RIF would happen after the decision to discontinue an
6 office.

7 Q Okay. Now, we've talked about how the
8 district manager and the district team can alert
9 headquarters to what is going on in the district,
10 whether or not a facility really, even though it fits
11 a criteria -- or sorry, if it doesn't fit the
12 criteria, who at headquarters makes the ultimate
13 decision as to what facilities not only remain on the
14 list despite what they're hearing from the district
15 level, and is responsible for those facilities having
16 their discontinuance studies commence?

17 A I want to make sure I understand your
18 question. The next chain you're referring to once a
19 decision is made to either stop or to continue down
20 this path?

21 Q No. I was unclear.

22 A Okay.

23 Q Who at headquarters determines, once they
24 get the information -- let's say they have information
25 that says you shouldn't put this postal facility on

1 the RAOI list. And they say no, I think we're going
2 to keep it there. Who is that person? Who determines
3 that it stays on versus it's removed?

4 A If the local team decides that it's removed,
5 then they go into the CSDC program and accordingly say
6 that it's not feasible to continue the study or pursue
7 this discontinuance.

8 Q So are you saying the local team has the
9 authority to remove a facility from the RAOI list?

10 A Absolutely, absolutely. The only
11 headquarters decision is once the team has put
12 together and established that it should be removed
13 from -- or should continue down the road, then it goes
14 to the vice president of post office operations,
15 delivery and post office operations, my boss, Dean
16 Granholm, and then he makes the final determination.
17 But there is no -- you know, where anybody has to run
18 it past Dean before it comes off of a list. That's
19 left to the locals. That's what the process is all
20 about.

21 Q Okay. And would it look poorly or
22 negatively impact members of the district team if they
23 have challenged the RAOI list once, more than once?

24 A Again, I hope that they have documentation
25 to support that, both for and should they decide

1 against the discontinuance, that should be a part of
2 the documents.

3 CHAIRMAN GOLDWAY: So it was the local team
4 that reviewed the Alaska post offices --

5 THE WITNESS: That's correct.

6 CHAIRMAN GOLDWAY: -- and made the
7 recommendation?

8 THE WITNESS: That's correct, uh-huh.

9 CHAIRMAN GOLDWAY: And they did that at the
10 urging of the community?

11 THE WITNESS: Again, I can't speak for the
12 specifics for those particular ones, but it was
13 decided at the local level not to pursue
14 discontinuance of those facilities that you
15 identified. In fact, I believe there are something
16 around 80 offices already that have been removed from
17 the list for further consideration.

18 CHAIRMAN GOLDWAY: Can we get a list of
19 those?

20 MR. TIDWELL: Madame Chairman, we were so
21 close to filing that list yesterday. It is our
22 intention to get it filed tomorrow if we are not here.

23 CHAIRMAN GOLDWAY: Okay.

24 THE WITNESS: I think what he said was yes.

25 CHAIRMAN GOLDWAY: Got it, yes. We'll get

1 that list.

2 BY MS. FERGUSON:

3 Q You had mentioned that the Postal Service
4 uses demographic information during a discontinuance
5 study on the questionnaire.

6 A Yeah. There is a questionnaire and there is
7 a form, and I don't have them in front of me to
8 really --

9 Q Well, I'm familiar with it, so I can imagine
10 what you're talking about here. But is there any
11 other time during this entire process, I mean during
12 the initiative, during the discontinuance study, that
13 the Postal Service deems demographic -- not only
14 collects it, but uses it.

15 A As I've testified today, there are several
16 factors that are considered, and it's not one factor
17 such as demographics or one factor, transportation. I
18 mean, there are a multitude of factors that have to be
19 considered. That is just one factor of many.

20 Q Especially with this being a nationwide or
21 potentially having a nationwide impact, are you -- and
22 when I say you, I mean the Postal Service -- concerned
23 about the disparate impact that closing so many post
24 offices may have?

25 A From an overall perspective?

1 Q Yes.

2 A I mean, certainly it's not the position that
3 myself as a postal employee would like to be in, that
4 we're in this environment. But I do think it's
5 necessary that we right-size this network.

6 Q And understanding that right-sizing is
7 important, and given the circumstances have to be
8 done, are there any steps that you're taking to make
9 sure that as little disparate impact as possible
10 occurs, or that there is at least a fair distribution
11 of reduction that would occur?

12 A I think we're again respectfully in some
13 dangerous territory when we say fair distribution. I
14 don't know what fair is. Is fair, you know, 15 miles
15 apart in Montana? Maybe it is, maybe it isn't. Is
16 fair 15 miles apart in Washington, D.C.? Probably
17 not. So I think again, when we try to establish set
18 targets, I think we're on some very dangerous ground.
19 And as we talked earlier, one size fits all, I wish I
20 could give that. I simply can't.

21 Q Okay. It's going to be hard talking in
22 specifics if specific data hasn't been collected, but
23 I'll ask you. Have you collected specific data
24 outside of the questionnaires about the communities in
25 which postal facilities exist that you've targeted

1 right now for closure?

2 A No.

3 Q No. Are you concerned of the impact that
4 closing postal facilities may have on rural areas
5 and/or low income areas?

6 A I have -- again, I'm concerned to be in this
7 boat as I am, as we are as an organization. I'd like
8 to think that through this process, we take those
9 impacts, perhaps negative, and make the best that we
10 can and find some alternate access for those folks,
11 regardless whether they're low-income or rural.

12 Q Is there any way to track the impact? I
13 believe you've already answered that, but I --

14 A Not with demographics. I mean, I can't sit
15 here and tell you that, you know, we closed more
16 offices in let's say low-income areas than in high-
17 income areas.

18 Q Why are there demographic questions on the
19 questionnaire for a discontinuance study?

20 A I think that has a provision in the 101 for
21 again a consideration. Let me see if I can find it.
22 Well, 321 gives some guidance. It says in part, 'If
23 not already addressed elsewhere, explain how unusual
24 services furnish the customer such as reading mail to
25 the illiterate or blind customers or other special

1 accommodations for physically challenged customers can
2 be provided upon discontinuance.' An environmental
3 checklist -- and this goes to that EPA checklist we
4 were talking.

5 So again, it's in the guidelines here as
6 another consideration for trying to figure out how we
7 can -- what kind of service we can provide should
8 there be a discontinuance.

9 Q Okay. And that's to specific communities on
10 a case-by-case basis, correct?

11 A That's correct.

12 Q Okay. If it came to your attention that as
13 it appears to be -- even though in the question I just
14 asked, your answer seemed to be predicated on, well,
15 it's provided for in the statute. That's why we do
16 it. If we're not just looking at one particular post
17 office, we're looking at 172 in Illinois, would the
18 same principle apply that not just for the individual
19 post office are you trying to accommodate people that
20 might otherwise be overlooked or vulnerable, but when
21 you're looking at the whole state, is that something
22 you consider? Or do you only consider it for that
23 particular post office, and that particular post
24 office you're dealing with only?

25 A Case by case at that particular post office.

1 Again, a primary reason for the community meeting and
2 answering the questionnaire is so that we can get the
3 feedback from the community, trying to make the best
4 decision based on that feedback.

5 Q And in those meetings, you usually bring
6 tape recorders, using the postal representatives?

7 A There is no provision in there for bringing
8 tape recorders. I was a little perplexed by that.

9 Q No. But are you aware of the practice of
10 people -- of postal employees bringing tape recorders
11 to the community meetings?

12 A I am not aware of that, no.

13 MR. TIDWELL: Would they be postal employees
14 conducting the meeting or attending the meeting?

15 MS. FERGUSON: Conducting.

16 MR. TIDWELL: Okay.

17 MS. FERGUSON: Conducting the meeting.

18 THE WITNESS: Yeah. I'm not aware of that.

19 BY MS. FERGUSON:

20 Q Okay. Have you seen some of the way the
21 community meeting topics, concerns, and postal
22 responses are delineated in the discontinuance studies
23 and later on in the final determinations?

24 A Again, that does not come to me. It gets
25 rolled up and goes to one person, and that's the vice

1 president of delivery and post office operations, who
2 then reviews all of those responses and makes a
3 determination. He is the one that makes the final
4 determination.

5 Q Would it surprise you that while the
6 concerns may be specific, the responses are generally
7 boilerplate, with the exception of mileages put in, et
8 cetera? So despite having tape recordings, despite
9 knowing the area very well, despite knowing the
10 vulnerable constituents or patrons of a particular
11 post office, the response is boilerplate?

12 A Again, I don't see all of the responses.
13 That does go to the vice president of post office
14 operations for a final determination.

15 COMMISSIONER LANGLEY: Let me just interrupt
16 for a second because I'm glad that the public rep made
17 that comment. It was a question that I was going to
18 ask because I've noticed in the discontinuance
19 studies, the responses are always the same. If
20 somebody expresses a concern over the safety of mail
21 placed in a box on a rural route, the response is the
22 same no matter what facility is being considered.

23 So I'm pleased that Tracy brought that to
24 your attention.

25 THE WITNESS: Thank you.

1 CHAIRMAN GOLDWAY: Is there any direction in
2 the 101 manual about the nature of the response and
3 whether it should be specific or not?

4 THE WITNESS: Let me find it for you. I
5 think the reference is most specifically addressed in
6 353.3, which talks about analysis of the comments. It
7 says group them with the -- and I'm only reading in
8 part here okay? 'Group the comments by type of
9 concern, postal, non-postal, and by subject. Indicate
10 the number of customers expressing concern, if no
11 comments were received. The discontinuance
12 coordinator prepares a memorandum for the record
13 stating that no comments were received, if that was
14 received. If possible, comments should be received,
15 also included the analysis. The analysis should list
16 and briefly describe each point favorable to the
17 proposal and each point unfavorable to the proposal.
18 To the extent possible, the analysis should identify
19 only comments. After completing the analysis, the
20 district manager must review the proposal and
21 reevaluate all the tentative conclusions previously
22 made in light of additional customer information and
23 views in the record.'

24 CHAIRMAN GOLDWAY: So there is nothing about
25 responding to the individual concerns, which is

1 what --

2 THE WITNESS: The next section, 353.4, talks
3 about response to customer comments, specifically, 'A
4 written response must be sent to each customer
5 comment. The response must address the individual
6 concerns expressed by the customer.' That's the
7 guidelines there.

8 CHAIRMAN GOLDWAY: Apparently the responses
9 have not been specific to the individual concerns, at
10 least in some cases.

11 BY MS. FERGUSON:

12 Q That was our concern. I wanted to talk a
13 little bit more about the disparate impact. You were
14 asked in NAPOS T1-2 about rural communities, and the
15 response was -- actually, the question dealt with the
16 2,800 selected for the low workload, and the below
17 27,500 of revenue. And you were asked about an actual
18 number in the rural areas.

19 Your response said that you don't know what
20 the definition -- the Census definition of rural is,
21 and there was no citation to it. And therefore, that
22 was the extent of your response, correct?

23 A Uh-huh.

24 Q Have you since had time to look it up?

25 A No, I have not.

1 Q Okay. How does the Postal Service define
2 rural?

3 A When it comes to, for an example, rural
4 routes? I mean, that's about as close as we come to
5 defining rural. And that's an inaccurate description.
6 Most -- or probably half or more rural routes are in
7 what I call suburbia, and they're not truly in the
8 rural areas that I personally would consider rural.

9 Q Okay. However, you did state as an answer
10 to that, you didn't define what you considered rural,
11 but now that we know it's different -- you
12 differentiate it from suburbia. You did say that a
13 large number of the low workload, 2,800, were cited
14 for closure are in a rural area/low income community.
15 At least I believe the rural areas portion.

16 MS. FERGUSON: Am I incorrect?

17 MR. TIDWELL: I believe the sentence reads
18 that such offices will tend to be located in smaller
19 towns and/or rural areas.

20 MS. FERGUSON: There, okay.

21 THE WITNESS: I don't recall it.

22 MR. TIDWELL: No income --

23 MS. FERGUSON: The low income was my -- I
24 apologize.

25 THE WITNESS: Okay.

1 BY MS. FERGUSON:

2 Q Okay. So given that, do you --

3 A And I apologize. But just to come back,
4 what I was using the description of what we call rural
5 routes, I just wanted to make clear that that is not
6 necessarily what I would personally understand to be
7 rural.

8 Q I was just hoping that if the Postal Service
9 doesn't use the Census' definition, which tends to be
10 the standard definition, to understand what definition
11 was being used for rural, especially in light of Title
12 39, would be extremely helpful going forward, not only
13 for the Commission, but also for patrons of customers
14 of postal facilities, to know whether or not they even
15 qualify as rural.

16 A I would refer to counsel regarding the Title
17 39.

18 Q Now, I did say it's important to 39 because
19 39(b) specifically tells you to provide maximum
20 efficient and regular service to rural areas. So do
21 you believe that that might be important that there be
22 a standard understanding of what rural is, aside from
23 rural route?

24 A I'll defer to counsel.

25 MR. TIDWELL: The best answer that -- oh,

1 I'm sorry. The best answer the Postal Service has
2 provided along these lines is in response to PYR-2,
3 question 3. And in that response, it indicates that
4 -- I might as well quote. Quote, 'The Postal Service
5 does not have a specific definition of -- statutory
6 language, or of any larger segment of section 101(b).'

7 In there, the question asked about small post offices,
8 as the term is used in 101(b). The witness may have
9 indicated the extent to which he can address the
10 issue.

11 CHAIRMAN GOLDWAY: So even though there is
12 statutory language that you have to deal with small
13 post offices in rural America, you haven't developed a
14 definition on how to deal with that.

15 MR. TIDWELL: I don't think that the Postal
16 Service has developed a definition that everyone will
17 agree -- would agree with.

18 CHAIRMAN GOLDWAY: And you've chosen not to
19 use the Census data, one which most people do agree
20 with?

21 MR. TIDWELL: We haven't chosen to use it.
22 It's something that could influence the Postal
23 Service. But it's not the only source of definition
24 that one could rely on. There are residents who
25 disagree with their Census designations as being

1 suburban versus rural.

2 CHAIRMAN GOLDWAY: Well, we all happen to
3 disagree on lots of things, but, you know,
4 organizations have to move forward and make decisions.
5 So do you have some basis for making a decision about
6 what is rural?

7 MR. TIDWELL: None that I can address.

8 COMMISSIONER LANGLEY: This was a point of
9 contention and interest during our last advisory
10 opinion on trying to come up with a definition for
11 what is rural. And postal witnesses didn't have a
12 definition, but other witnesses also did not have a
13 definition. Has the Postal Service in not using the
14 Census information thought of other ideas of where to
15 look for what might be rural?

16 MR. TIDWELL: I am not aware of any such
17 examination.

18 COMMISSIONER LANGLEY: Would that not help
19 the Postal Service perhaps as it goes forward? The
20 Postmaster General mentioned that the plan may be to
21 cut even more numbers of post offices in the future.
22 So since there seems to be such a concern over
23 providing adequate access to rural customers, wouldn't
24 it be helpful to know what might be rural?

25 MR. TIDWELL: I think it would be dependent

1 on the nature of the initiative. We had an initiative
2 two years ago that focused on stations and branches
3 that reported to postmasters at the AS24 and above
4 level. It didn't involve, as far as anyone could
5 tell, rural or small town communities. I think it is
6 certainly something that depends on the circumstances.

7 COMMISSIONER LANGLEY: Thank you.

8 CHAIRMAN GOLDWAY: The Federal
9 Communications Commission deals with rural when it
10 talks about broadband allocation. Certainly
11 Agriculture deals with rural. There are lots of
12 agencies that have working definitions, and you have
13 some clear direction in your law. I think our issue
14 is more with regard to the impacts on six-to-five day
15 delivery than stations and branches with the concern
16 about what the impact was on rural.

17 But I'm surprised that you don't have some
18 working definition. And if not, that certainly is
19 something that would be helpful, as Commissioner
20 Langley noted.

21 BY MS. FERGUSON:

22 Q I wanted to follow up briefly. A lot of the
23 questions that I had concerning the community have
24 already been addressed. But there is one particular
25 instance in Chicago, particular -- it's a district.

1 The politician there, I believe his name is Danny
2 Davis, and there are 17 post offices closing in his
3 district alone.

4 A The record would reflect that there may be
5 17 candidates for discontinuance review. There have
6 been no -- no decisions have been made.

7 Q I apologize. You're correct, 17 are on the
8 RAOI list in his district alone. And the concern was
9 the disparate impact that would have. He is in a
10 primarily -- the majority of citizens in his district
11 are African American, and there is a higher than
12 national average Hispanic community, an Asian
13 community, and a Caucasian community, but it's primary
14 racial minorities, or a majority non-Caucasian.

15 The population of his district is over
16 600,000 people. There is a lot of concern in the
17 public that lower income, even if they are in
18 relatively urban areas, lower income areas will be
19 hard hit by the RAOI list and potential closures. So
20 while there is rural on one hand, going back to what I
21 originally said, there is low income on the other
22 hand.

23 Have there been any steps taken to address
24 that section of the population as well, whether they
25 be urban or rural, but low income altogether?

1 A No. But what I might remind everybody is
2 that the two classifications that you're probably
3 referencing had to have been stations and branches
4 under 600,000 in revenue with five or more alternative
5 access points within two miles, or a retail annex with
6 more than a million dollars in revenue in five or more
7 locations within a half a mile.

8 And when I think about that just by itself,
9 it certainly raises the question, do we need that
10 retail annex with the five locations. But that's what
11 the study will reference.

12 Also, those retail annexes -- and I happen
13 in my personal experience as a postmaster back in the
14 late 1990s, early 2000s, established a retail annex
15 because there was a need at that time. Now, that
16 traffic is reduced. Customer demand is reducing. I
17 think it is fair to look at possibly discontinuing
18 that retail annex if that's the classification it
19 falls into because it can be absorbed in an existing
20 facility that's like within a half a mile already.

21 So no, if you will, to the rest of your
22 question regarding ethnic considerations. That's not
23 a part of the consideration. It was strictly look at
24 from a revenue prospective. And again, I just want to
25 remind everybody, this isn't a single post office.

1 Every -- not every. I think there is one postmaster.
2 but everything is a station in Chicago, so it fell
3 into one of those two categories, either a station or
4 a retail annex.

5 Q Okay. I'd like to move on to cost savings
6 at this time. In a response to POIR-1, question 3 --

7 A Okay. I'm there.

8 Q You provided a PDF version of the
9 spreadsheet that will be used to calculate estimate
10 savings due to the closure of a post office. Do you
11 have that response in front of you?

12 A I do.

13 Q Okay. The PDF isn't clear. Does the cost-
14 saving method expect -- or excuse me, expect
15 transportation savings?

16 A I believe that's one of the questions asked
17 as you go through this, and it is possible that there
18 would be transportation savings.

19 Q Okay. It just says -- it says cost, but it
20 doesn't necessarily say savings. So I wanted to know.
21 And how will those costs change between the existing
22 and proposed facilities?

23 A Well, let's try and do a typical. If I
24 discontinue a post office, a small post office, let's
25 say in this example, we don't need to bring

1 transportation there any longer for the receipt of
2 mail because it's going to go to the administrative
3 office in this example, and then it will be delivered
4 by a carrier, which is something we talked about
5 earlier. So while there might be a savings of
6 transportation costs because I don't have to get that
7 originating mail there, to some extent it might be
8 offset by the carrier travel going to that office.

9 Q Okay. And does the cost savings method
10 expect EAS and craft labor savings?

11 A Yes, it does.

12 Q How will these EAS and craft labor costs
13 change between the existing and proposed facilities?

14 A Well, again I'll do a couple of examples.
15 If in fact we discontinue an office and we open up a
16 VPO, the labor associated with that postmaster or
17 craft savings clerk was no longer needed, and the VPO
18 or the contractor then would take over at a much lower
19 rate than what we're paying the postmaster or craft.

20 Q Okay. Is there any way for you to know
21 prior to doing the study and determining whether a VPO
22 contract can be established, whether that particular
23 employee is going to be transferred, promoted,
24 separated from service?

25 A There are a couple of notices that go to

1 employees. Beyond that, that would be an HR question,
2 and I don't have all the specifics on that. But it is
3 possible they could be separated.

4 Q Well, but how is it figured in this PDF?
5 How do you state it? How do you -- what are the
6 assumptions you use in this PDF to say --

7 A That that person is no longer in their
8 position.

9 Q Or if they're promoted --

10 CHAIRMAN GOLDWAY: No longer in the
11 position, but still working for the Postal Service, or
12 just no --

13 THE WITNESS: Well, if they're working still
14 for the post office, I would assume that they're
15 fulfilling a currently vacant position because no new
16 positions are being created. So you're kind of
17 getting it from both sides here. But I think that's
18 where you're going with yours.

19 CHAIRMAN GOLDWAY: Got to be quick.

20 THE WITNESS: Yeah. I'm trying. So, I
21 mean, they're not going to go into a newly created
22 position because there would be obviously no savings
23 if that was the case.

24 BY MS. FERGUSON:

25 Q All right. And I was thinking there is

1 possibly more increase in savings because when you're
2 promoted, there tends to be a higher salary paid,
3 so --

4 A Well, that's a double-edged sword, too,
5 because the person that was in there might have been
6 topped out already, so the new person coming in could
7 be at a lower wage.

8 Q But is that accounted for on this --

9 A It's not, no.

10 Q Okay. Does the cost savings method expect
11 carrier savings?

12 A That's possible. Most of the 2,800 do not
13 have carriers. In fact, as we have talked about, if
14 the carrier now has to service that area, there could
15 be additional costs for the carriers. But it is
16 possible that the right set of circumstances could
17 provide a carrier savings.

18 Q And how will those change between facilities
19 existing and proposed? Oh, I'm sorry.

20 A Okay.

21 Q In library reference three, I believe it's
22 non-public, I'm not going to ask about specific
23 office, if that's okay. So library reference, non-
24 public three.

25 A I don't know that I have it in front of me.

1 Q Do you want me to ask my question, and then
2 see if --

3 A Could you identify and describe the library
4 reference? It might --

5 Q It provided operating cost and operating
6 revenue data for over 30,000 postal retail locations.

7 A I have a copy of one small spreadsheet.

8 MS. FERGUSON: Just for the record, we're
9 showing you what we have, if it's all right to present
10 your witness with it.

11 (Pause)

12 MS. FERGUSON: If we could provide you --
13 can we provide him with a copy? If we could provide
14 you one for reference. We going to provide the
15 Commission as well.

16 (Pause)

17 BY MS. FERGUSON:

18 Q Okay. I'll get back to that in one second.

19 A Okay.

20 Q In PR-15, it references this library
21 reference number three, the non-public number three.
22 And we've just handed you a printout of library
23 reference, non-public three. Can you look at the
24 column titled CAG Group.

25 A Uh-huh. I'm now looking at the

1 interrogatory, but I'm looking at your printout here.

2 Q Yes, okay. Could you read the response for
3 me?

4 A Oh, I'll have to get to there. I'm sorry
5 again. You said PR what?

6 Q It's PR-15, directed institutional
7 interrogatories. Specifically, if you could read part
8 B of the question and the response to part B.

9 A If I'm at the right, 'Please provide the
10 operating cost information for fiscal years 2008,
11 2009, 2010 that does not include costs associated with
12 delivery activities,' correct.

13 Q Correct.

14 A Okay.

15 Q And what is the response?

16 A 'This information is not available. All
17 costs in these offices are categorized as LDC-47,
18 service workload CAG-H to L offices.'

19 Q Okay. I'm going to call it CAG. Are there
20 CAG groups below H on the handout?

21 A There are. There is Ds and Cs and Bs on
22 there. That's correct.

23 Q Okay. And can you explain why you are
24 unable to provide at least a partial response to the
25 question PR-15 at that time?

1 A I know there is a problem with some retail
2 facilities because we don't have 10-digit finance
3 numbers. But I don't know that that is inconclusive
4 of all of our facilities. So I guess I'd want to take
5 another close to this.

6 Q Okay. Because there are 30,000 in total.
7 Is that a problem with all of them or --

8 A No. That would be -- the ones I know were a
9 problem I think are somewhere around 2,000.

10 Q Okay. If you could --

11 A Was this something that we pulled for you?

12 Q Yeah.

13 A The interrogatory?

14 Q Yeah, yeah. So I would appreciate that, if
15 you could look back on that.

16 A I think we need to take a look at that.

17 Q Okay. Did you review the data before
18 selecting -- did you review the data on that
19 particular library reference before selecting the RAOI
20 post offices?

21 A I don't know that it would give the same --
22 generated from the same data sources.

23 Q But did you review that operating cost and
24 that revenue prior to selecting?

25 A Remember we selected it based on workload,

1 based on walk-in revenue, not necessarily operating
2 costs.

3 Q I understood that's how you narrowed it down
4 to 2,800.

5 A Walk-in revenue, not operating costs.

6 Q Correct.

7 A We didn't use operating costs in gathering
8 the data for the 2,800. We used walk-in with two
9 hours worth of workload, and walk-in revenue, dollars
10 coming in, not costs.

11 Q Correct. But before determining to make it
12 a manageable number by using those criteria to make
13 the larger number smaller, did you look at this
14 information?

15 A We didn't look at costs. We looked at again
16 revenue and workload.

17 MS. FERGUSON: For your advisement as well
18 as for the Commission, we do have a couple of
19 questions for some field for non-public information.
20 If we could ask those questions later, either at the
21 end of our cost questioning or at the end of our
22 questioning here in the open hearing. But we do have
23 specific questions related to under-seal information.

24 CHAIRMAN GOLDWAY: We'll have to set aside
25 some time at the end of the meeting for those

1 questions.

2 MR. TIDWELL: Madame Chairman, counsel is --
3 we'd like a moment to confer with counsel for the
4 public rep on this matter.

5 (Off the record at 4:32 p.m.)

6 (On the record at 4:33 p.m.)

7 MS. FERGUSON: It will be okay with the post
8 office if we continue with our questions.

9 CHAIRMAN GOLDWAY: Excellent.

10 BY MS. FERGUSON:

11 Q Mr. Boldt, how many offices had operating
12 revenue that exceeded operating costs in the fiscal
13 year 2010? And again, I'm asking you to reference
14 library reference MP3.

15 A I don't believe that I have that reference
16 in front of me. Do you have a copy?

17 Q I don't have a copy to share. If you don't
18 know

19 A Yeah. Off the top of my, I am not --

20 Q Okay. How many RAO offices had operating
21 revenue that exceeded the operating costs in the
22 Fiscal Year of 2010?

23 A We didn't break it down that way. Again, we
24 didn't look at -- when we selected that criteria, we
25 didn't look at operating revenue. We looked at walk-

1 in revenue and workload.

2 Q Okay. If a discontinuance study reveals
3 that a particular office is operating --

4 CHAIRMAN GOLDWAY: Are your microphones on?

5 MS. FERGUSON: Mine is.

6 CHAIRMAN GOLDWAY: Oh, okay.

7 MS. FERGUSON: I'm sorry.

8 CHAIRMAN GOLDWAY: Just I had an inquiry, so
9 I just wanted to make sure.

10 BY MS. FERGUSON:

11 Q If the discontinuance study reveals that the
12 office is in fact operating at a profit, how will that
13 impact your evaluation of whether the post office
14 should close?

15 A Let me make clear, I don't make the final
16 determination. But I would like to hear your
17 definition of a profit. Revenues brought in versus
18 costs, let's say they were even. Those revenues are
19 only a portion of the workload associated with the
20 mail that came in with those revenues. Somebody has
21 to pay the transportation, get it to the plant. The
22 plant has to process it. That's all workload that
23 comes from that revenue. So that's why I'm very
24 cautious about what you say is a profit. If you're
25 looking at strictly revenue coming in versus expenses

1 in an office, that doesn't tell the whole picture
2 because there is workload associated with that post
3 office, that postage that was collected that is yet to
4 be expended.

5 CHAIRMAN GOLDWAY: And there is postage that
6 comes in that isn't credited to that post office as
7 well.

8 THE WITNESS: Commercial, as we discussed,
9 yeah.

10 CHAIRMAN GOLDWAY: Yes.

11 BY MS. FERGUSON:

12 Q I'll go on to my next question. The
13 Beldenville, Wisconsin post office, zip code 54003, is
14 on the new hours tab of library reference two, the
15 small post offices with less \$27,500 in walk-in
16 revenue, and less than two work hours or workload
17 hours on that SOV list. Are you familiar with this
18 location?

19 A Not specifically, no.

20 Q Okay. According to library reference MP3,
21 which you have in front of you, road 287 --

22 A I really don't --

23 Q I apologize. It's not on there. It's not
24 on that one, okay.

25 MS. FERGUSON: The Court's indulgence.

1 (Pause)

2 MS. FERGUSON: There was a slight
3 misunderstanding. So what we will do is to write out
4 our questions, and the post office will stipulate to
5 them, and we'll enter them into the record. I just
6 didn't want them read into the record.

7 MR. HUGHES: This is dealing with sealed
8 materials, and the question that they wish to ask is
9 perfectly reasonable. We're perfectly prepared to ask
10 it -- or answer it. But it shouldn't be in open
11 session. So I think we'll do this as a stipulation in
12 writing after the fact.

13 CHAIRMAN GOLDWAY: If the public rep is
14 satisfied with that, and it doesn't --

15 MS. FERGUSON: That's fine.

16 CHAIRMAN GOLDWAY: -- need oral
17 examination in closed session --

18 MS. FERGUSON: No, I don't believe so.

19 CHAIRMAN GOLDWAY: Okay. So we'll proceed.

20 BY MS. FERGUSON:

21 Q I'd like to discuss your response to -- or
22 it might not be yours; the institutional response to
23 PR13.

24 A Okay.

25 Q Okay. This question asks for a version of

1 library reference one with information regarding the
2 co-location of BMUs, with post offices included in the
3 RAOI initiative. Technically, it asked for a version
4 of LR1 with this information. This was an oversight
5 on the part of the public representative team, as LR1
6 is actually the handbook.

7 Did your answer or did the post office's
8 answer to this question -- did your response referring
9 to USPS-LR2 list post offices under -- sorry. Did you
10 answer this question as if it was asked correctly,
11 referring to USPS library reference two, the list of
12 post offices under consideration?

13 MS. FERGUSON: And that's probably more for
14 Mr. Tidwell.

15 MR. TIDWELL: Mr. Tidwell didn't prepare a
16 response to the question. If Witness Boldt doesn't
17 know, it's a question we'd have to take under
18 advisement. There are dozens of people who have
19 contributed to various institutional responses, and we
20 would have to simply trace this one back to its
21 source.

22 THE WITNESS: But I think I heard you say
23 that there is an error in the question. Could we make
24 sure we have the correction?

25 MS. FERGUSON: Yes. I believe, as I said,

1 it referred to lower case L, lower case R, two, which
2 is in fact a handbook as opposed to USPS library
3 reference one. Or sorry, library reference two, which
4 it was supposed to refer to.

5 THE WITNESS: And you got that note?

6 MS. FERGUSON: The answer says there are no
7 BMUs, but I believe that was incorrect, so that's why
8 I'm asking.

9 MR. TIDWELL: Pardon. What question are we
10 on?

11 MS. FERGUSON: USPS -- I believe it's 13.

12 MR. TIDWELL: Institutional 13.

13 MS. FERGUSON: Institutional 13. That's why
14 I'm sort of looking at you because I know he may not
15 have answered it.

16 CHAIRMAN GOLDWAY: But his answers aren't on
17 the record, so we have to make sure.

18 MR. TIDWELL: And this is the interrogatory
19 that begins by referencing library reference P3.

20 BY MR. TIDWELL:

21 Q I'd like to talk to you, Mr. Bow, a little
22 bit about DIFDEN. On page 15 of your testimony, you
23 present a chart of nearest neighbor distances. Can
24 you turn to that? That's page 15 or 13; I'm not quite
25 clear which one.

1 A Page 12.

2 Q Is it 12? I'm double checking. Yes, it is.
3 You state that 260 offices with less than 100,000
4 walk-in revenue are more than 20 miles from their
5 nearest neighbor. That's how the crow flies, correct,
6 like just distance, not travel?

7 A That's correct.

8 Q The chart states that there's location data
9 for 13,494 offices. So if 260 are farther than 20
10 miles from the closest office, that means that about
11 1.9 percent of all offices with less than 100,000
12 walk-in revenue are 20 miles or more away from the
13 nearest office; correct?

14 A I think I'm following you, yes.

15 Q Okay. You state that 1,236 offices are
16 between 10 and 20 miles from the nearest post office
17 or about 9.2 percent, correct?

18 A Yes.

19 Q Okay. So, 1.9 percent, plus 9.2 percent,
20 that's about 11 percent?

21 A And that's what it says here at the bottom,
22 yes.

23 Q So would you expect 11 percent of the RAO
24 offices to be over 10 miles from the nearest post
25 office?

1 A That could be a possibility, but remembering
2 that there's -- the RAO offices -- let me make sure
3 I'm clear, we're just talking about the 2,800, not the
4 full 3,600; correct?

5 Q Correct.

6 A Okay. And knowing that that is a subset of
7 this, all things being equal, it would, yes.

8 Q Okay. What percentage of the RAOI offices
9 are more than 10 miles from the nearest post office?

10 A I don't have that answer.

11 Q Okay. If I told you it was 11 percent,
12 would you consider that reasonable?

13 A If you told me that and that was true.

14 Q How about 20 percent?

15 A Again, I don't have the data in front of me.

16 Q Have you reviewed library reference, the
17 non-public library reference seven?

18 A I don't think I have that in front of me.
19 Is that the one that was just filed and --

20 Q I believe so.

21 A -- and we talked about earlier?

22 Q Uh-huh.

23 A It was not in Excel?

24 Q Uh-huh.

25 A Okay.

1 Q Yes, okay.

2 A A quick review. I haven't sorted it or
3 looked at it and done any analysis on it.

4 Q Okay. The RAO offices are currently in the
5 -- excuse me -- the RAO offices are currently in the
6 process of a discontinuance study, correct?

7 A Yes.

8 Q Okay. According to library reference MP7,
9 over 1,000 of the 3,652 offices currently undergoing a
10 discontinuance study are more than 10 miles from the
11 nearest post office. Are you aware of this?

12 A No, but I think we've got some apples and
13 oranges here because if I'm understanding the
14 response, the response was driving distance. This was
15 geographic distance and there is a difference.

16 Q Okay.

17 A That's data -- you know, some confusing data
18 there. They're not apples and apples here.

19 Q Okay. So, it's more than 10 miles driving
20 distance from the nearest post office. Is that --

21 A This is geographic, meaning as the crow
22 flies.

23 Q Okay.

24 A The response that I believe you're
25 reference, that was just filed last night, was driving

1 distance.

2 Q Okay. So just to be clear, when I just
3 stated -- the question I just stated, that over 1,000
4 of the 3,652 offices currently undergoing a
5 discontinuance study are more than 10 miles driving
6 distance --

7 A That's correct.

8 Q -- from the nearest -- okay

9 A Yeah; if that's what the data says, yes.

10 CHAIRMAN GOLDWAY: And we have to assume
11 that's 1,000 out of the 2,800, because -- no? Would
12 there be others were the driving distance -- even
13 though they're figures were five miles, the driving
14 distance turns out to be longer?

15 MS. FERGUSON: Yes.

16 CHAIRMAN GOLDWAY: I see, okay, among the
17 36. Is this in line within tension of a top-down
18 retail optimization strategy?

19 THE WITNESS: I think to initiate a review,
20 I think it's perfectly fine. Remember, we looked at
21 it from not mileage initially, but we looked at it
22 from workload and the reason for the workload is these
23 have less than two hours and that's the minimum we pay
24 a postmaster. So, I'm paying him or her two hours
25 whether they work an hour or not and then also the

1 revenue. That was the initial criteria. And we knew
2 and as has proven out, that some would shake out of
3 the process. And as you've heard me testimony,
4 approximately 80 of them already have. That tells me
5 that the process is working and that people are
6 reviewing it.

7 BY MS. FERGUSON:

8 Q Okay. So out of the offices selected for
9 inclusion on the RAOI list, were you aware of the
10 potential distance between them when you put the mark
11 nothing?

12 A No, we were not.

13 Q Okay. On September 6, Postmaster General
14 Donahue testified before Congress. Did you listen to
15 or read his testimony?

16 A As I testified earlier, I caught part of it
17 this last Tuesday. The feed was very sporadic. I
18 don't know if that was consistent everywhere, but it
19 was -- he was nodding his head; I assume it was. I
20 mean --

21 Q Were you able to read any of it later?

22 A I did not read the testimony, no.

23 Q Okay. On the Senate website, the webcast of
24 the hearing could be reviewed. At the 140 mark, the
25 Postmaster General discusses the proposal currently in

1 front of the Commission. He stated, "what we don't
2 want to do is make people drive 20 or 30 miles to get
3 to the post office." Continuing, he is looking to
4 close reasonable offices; in his words, "reasonable
5 meaning a couple miles, three, four, five miles."
6 Does that comport with the criterion you were provided
7 when you started the RAO process?

8 A Again, that wasn't -- no, it was not. The
9 criteria was in workload and revenue.

10 Q Do you think the Postmaster intended this
11 process to include 10 percent offices over 20 miles
12 from the nearest post office?

13 A I can't speak for what the Postmaster
14 intended. He has not shared that with me.

15 Q Is the RAO process intended to include over
16 2,000 small post offices more than five miles from the
17 nearest post office?

18 A See, this leads back to trying to establish
19 a criteria from here and I think that that is, again,
20 dangerous to do so. Five miles here in Washington,
21 D.C. to the nearest post office, I think is
22 challenging. Five miles in rural Montana is an
23 average day.

24 Q According to your chart on page 12, nearly
25 50 percent of small post offices with less than

1 \$100,000 in walk-in revenue in the fiscal year 2010
2 are within five miles of another post office. Given
3 that the actual percentage of these other offices on
4 the RAO list within five miles of another post office
5 is 25 percent, do you think that that's a bit
6 misleading?

7 A You're talking about the RAOI offices.
8 Again, we're talking driving distance versus
9 geographical distance, so I think we have a disconnect
10 here.

11 CHAIRMAN GOLDWAY: Well, perhaps the
12 question is having relied on geographic distance might
13 be misleading if, in fact, the real impact for
14 customers is driving distance.

15 THE WITNESS: And we provided that
16 information. And as I've said before, I do believe
17 that that was one of the factors in why some of those
18 offices in Alaska dropped off.

19 BY MS. FERGUSON:

20 Q Do you think that it shows that the Postal
21 Service has targeted remote locations?

22 A We targeted it based on very specific data
23 set, work hour, workload, again, two hours and less,
24 and the revenue.

25 Q Are you familiar with some of the software

1 programs that measure distances between geo-coded
2 locations, such as Arc GIF, for example?

3 A I'm not familiar with that one. I'm
4 probably more familiar with -- you know, when I go on
5 to Google maps or Map Quest, I've played with some of
6 that before.

7 Q Are you aware that Google maps often gives
8 incorrect locations?

9 A I have no knowledge of that.

10 Q It gets you where you need to --

11 A I'll take your word on that.

12 Q Have you considered using such software
13 programs to minimize your driving distance impact of a
14 reduction in post offices?AThe answer is no; but,
15 again, for the very reasons that I outlined earlier
16 here. Setting a specific mileage target, I think is
17 problematic or can be problematic, because in certain
18 areas, five miles is nothing.

19 CHAIRMAN GOLDWAY: But, I don't -- that
20 doesn't need to be specific. If you have that data,
21 you can then look at the group of post offices, let's
22 say in Iowa, and choose which one might be the most
23 effective --

24 THE WITNESS: But, it can't tell from --

25 CHAIRMAN GOLDWAY: -- to remove, rather than

1 all of them.

2 THE WITNESS: My apologies, Madam Chairman.
3 I can't tell from this level whether five miles is
4 reasonable in that region or not. I can't see that
5 form here and I don't know the local conditions, which
6 is again why --

7 CHAIRMAN GOLDWAY: Well, I --

8 THE WITNESS: -- on the local level.

9 CHAIRMAN GOLDWAY: I'm going to ask some
10 questions. There have to be some balance between
11 regional information and local information, so that
12 you can wisely choose which post office is to close
13 and which to keep open. I'm sorry to interrupt. Go
14 ahead.

15 BY MS. FERGUSON:

16 Q Have you considered using such software,
17 such as ArcGIS or another type of software that
18 determines what locations are in greatest need of a
19 village post office, CBU, or an APC?

20 A Not considered using software to do that.

21 Q Do you think that might help you optimize
22 this initiative?

23 A Not knowing that software, I really can't
24 answer to it.

25 MS. FERGUSON: Okay. Commission's

1 indulgence. I have no further questions for this
2 witness. Thank you.

3 CHAIRMAN GOLDWAY: Thank you. It's now the
4 opportunity for the Commissioners to ask questions
5 before we do any re-cross and I've got lots of them.
6 But, I've been taking the prerogative of the Chair and
7 asking in between, so I will allow my better-behaved
8 colleagues to begin the questions. Ms. Langley, you
9 want to begin?

10 COMMISSIONER LANGLEY: Thank you, although
11 I've interrupted several times; so, perhaps I'm not as
12 well-behaved as the others. Along the lines of
13 questions that Ms. Ferguson was just asking, I'm
14 curious whether or not the Postal Service is looking
15 beyond revenue, in order to determine the best central
16 area in different spots of the country in which to
17 locate a retail facility. And I ask that because I
18 know the Postal IG utilized the services of Professor
19 Yager -- or Yazer, I'm sorry. And the Postal Service
20 responded last night, I think it was they are looking
21 into having potentially responsive information from
22 the OIG and it's reviewing the information. Are you
23 familiar with the OIG report?

24 THE WITNESS: Vaguely familiar. I do know
25 that Dr. Yazer did do work for the OIG. I know they

1 produced a report. I believe he built a model, if I'm
2 not mistaken, that took various factors into
3 consideration. So, I'm aware to that extent.

4 COMMISSIONER LANGLEY: And would the Postal
5 Service be using some type of application or modeling
6 to determine where to locate retail facilities to
7 optimize usage --

8 THE WITNESS: I --

9 COMMISSIONER LANGLEY: -- and accessibility?

10 THE WITNESS: I think that's certainly
11 something that perhaps the Postal Service should look
12 at, particularly in light of the OIG report and to the
13 best of my knowledge as some sort of a model.

14 COMMISSIONER LANGLEY: Is this something
15 that the Postal Service can get back to us, to give
16 more information as to once the Postal Service looks
17 at the information it responded to last night?

18 MR. TIDWELL: What exactly would the
19 Commissioner seek to receive from the Postal Service?

20 COMMISSIONER LANGLEY: Whether or not you
21 feel that the report is of value; whether there are
22 deficiencies that you might see within the modeling;
23 and how the Postal Service could use modeling such as
24 that; are there improvements that the Postal Service
25 could make to the model; and, of course, if the Postal

1 Service had no objection, the Commission might benefit
2 from receiving the supporting data underlying the
3 Yazer model.

4 MR. TIDWELL: Excuse me, Commissioner, the
5 Postal Service has received the Yazer materials
6 several days ago from the IG. We have not begun to
7 analyze them. I'm not sure to the extent to which we
8 will be able, in the short term, to express views
9 about its use in future initiatives.

10 COMMISSIONER LANGLEY: Perhaps that's
11 something that counsels can discuss that might be
12 useful to both sides in the future. Thank you.

13 Another question --

14 CHAIRMAN GOLDWAY: I'd just like to follow-
15 up. I think there are issues, especially when we're
16 talking about places where you have large numbers of
17 small rural post offices in one state or region that
18 are on the list and when you have identified 17
19 different facilities in one Congressman's district,
20 all of which meet your criteria, but you're not going
21 to close all of them; you have to choose which ones
22 are the best to close. Modeling gives you --
23 modeling, as well as the computer programs that give
24 you drive time relationships and traffic relationships
25 are things that could help you to identify which of

1 those locations is the best to keep, as opposed to
2 which community has the stronger argument to make or
3 which lease is going to be cut sooner. You could
4 actually have a more business-oriented decision about
5 which one is likely to continue to yield the most
6 revenue or bring the most customers.

7 So, I think we certainly are interested in
8 looking at the modeling that was provided by Yazer.
9 We would like to be able to provide -- use some advice
10 on that. So having the data from that study would be
11 very useful to us and I hope that you will provide
12 that to us; in addition, to reviewing it yourself and
13 determining on your own whether you think it would be
14 useful.

15 COMMISSIONER LANGLEY: That report was done
16 in 2009.

17 CHAIRMAN GOLDWAY: 2009?

18 THE WITNESS: I believe the original one was
19 -- I think it was followed-up in 2010.

20 COMMISSIONER LANGLEY: Followed up? So, it
21 was updated in 2010. Initially -

22 THE WITNESS: But, I don't know that the
23 model was updated. But, I do think --

24 COMMISSIONER LANGLEY: But the model is
25 here. The model has been there for a couple of years.

1 CHAIRMAN GOLDWAY: The Commissioners request
2 that we get responses to those questions and the data.

3 THE WITNESS: Actually, I think I stand
4 corrected. I think the most recent version of that
5 report was 2011, which is this year.

6 CHAIRMAN GOLDWAY: Could be; could be.
7 They've been working on it.

8 COMMISSIONER LANGLEY: Does the Postal
9 Service -- Department, National Telecommunications and
10 Information Administration, National Broadband Map,
11 when looking at what communities may or may not have
12 broadband Internet accessibility?

13 THE WITNESS: At my level, I have not.

14 COMMISSIONER LANGLEY: Would that be at Mr.
15 Granholm's level?

16 THE WITNESS: Perhaps. But, again, back to,
17 you know, this initiative, it obviously was not one of
18 the criteria that selected these offices.

19 COMMISSIONER LANGLEY: Right and I do
20 understand that. But, again, we are hearing from the
21 Postmaster General that this group of post offices
22 will not be the last group to be reviewed for
23 potential closing. So going forward, there are tools
24 available -- we've mentioned Census data, the National
25 Broadband Map, those are some demographic

1 informational data that could be brought to bear.

2 THE WITNESS: I mean, I do have a
3 relationship in my testimony to the digital services
4 as far as one of the alternate accesses, the fastest
5 growing avenue there over the last few years.

6 COMMISSIONER LANGLEY: Right. It may be the
7 fastest growing; but when you're looking at rural
8 areas, where one in 10 don't have access to the
9 Internet, then that access may not be available, that
10 mode of access may not be available to certain
11 customers in certain areas. And so, it's important to
12 know, I think, when you're looking the whole scheme of
13 things, where there may be a deficiency.

14 And this leads into my next question, in
15 your testimony, you mentioned that there are
16 approximately 2,500 automated postal centers. Do you
17 know how many APCs are located in the facilities that
18 are under review now?

19 THE WITNESS: I do not have that count here,
20 no.

21 COMMISSIONER LANGLEY: Is that something
22 that --

23 THE WITNESS: And it's not likely be in any
24 of the 2,800. If there are APCs, they would more
25 likely be in the stations and branches that were

1 identified.

2 COMMISSIONER LANGLEY: In the larger
3 facilities. So that would be another point of access
4 that might not be available to individuals who are
5 served by the facilities that are on the current list.

6 THE WITNESS: There would be some other
7 factors in there. Perhaps, if there was an APC in
8 there, it could move to what would be perceived as the
9 gaining facility. Those possibilities exist, as well.

10 COMMISSIONER LANGLEY: But many of those
11 gaining facilities are still in more rural areas that
12 might not meet the revenue criteria. Or is there a
13 revenue criteria?

14 THE WITNESS: No. What I was referring to
15 was where the APCs are likely are in the stations and
16 branches.

17 COMMISSIONER LANGLEY: Right.

18 THE WITNESS: If there are some that are on
19 the list and we do discontinue, we would move that APC
20 to perhaps the neighboring office that's going to the
21 gaining site. I don't foresee an APC in some of the
22 2,800.

23 COMMISSIONER LANGLEY: And that was my
24 point, that, again, there's a certain limitation on
25 points of access for the individuals in these 2,800

1 facilities.

2 This question you may or may not be able to
3 answer. I know that the governors of Iowa and
4 Illinois have questioned what they see as an apparent
5 disparity among the different states, that they felt
6 their states have more post offices that are under
7 review for closure and they have asked the Postal
8 Service for a moratorium, a year moratorium on the
9 closure of any of their state offices. Has the Postal
10 Service responded to the governors?

11 THE WITNESS: I don't know if they have.

12 COMMISSIONER LANGLEY: Thank you. I think I
13 will yield and let my colleagues have an opportunity,
14 as well. I do have more questions, if time is
15 available.

16 CHAIRMAN GOLDWAY: Commissioner Hammond, do
17 you want to jump in?

18 COMMISSIONER HAMMOND: Yes, thank you, Madam
19 Chairman, and thank you, Mr. Boldt, for being so
20 patient during today. I am now reminded that this is
21 like an old rate case, but we'll try to get on
22 through.

23 Anyway, I have some questions about -- we've
24 learned a lot about village post offices here today
25 from your discussion and from some of the last minute

1 information that we got in and the response to the
2 NNA's question, where you provided what was a village
3 post office contract, was especially helpful. So, I
4 wanted to confirm a couple of things in there that I
5 had wondered about.

6 I see from in there that you're going to
7 provide a village post office with the Sonic Eagle,
8 from what I read, and apart from the known symbol of
9 the Postal Service, that being a Sonic Eagle. So
10 apart from the Sonic Eagle provided by the Postal
11 Service, how are these village post offices going to
12 be branded, so that customers will know they're at a
13 postal facility?

14 THE WITNESS: Signage is a key factor.
15 There would certainly be some notification to letting
16 the community know when, in fact, what the ultimate
17 access would be. We will have it on our website, our
18 usps everywhere.com, I believe it's right in the
19 village post offices, will be on there, as well, so
20 that they can go on there and they'll see those
21 locations, just like they see the other almost 70,000
22 alternate access locations today.

23 COMMISSIONER HAMMOND: Okay; all right.
24 Will the village post offices, a substitute for a post
25 office, be required to fly an American flag? I didn't

1 see anything in the contract about that one way or the
2 other.

3 THE WITNESS: And I can't speak verbatim for
4 the contract and we have a purchasing office in Denver
5 that handles all of that. But, I don't believe that
6 that's a requirement that we've established, no.

7 COMMISSIONER HAMMOND: Does the post office
8 now have a flag flying out front?

9 THE WITNESS: Likely it does, yes.

10 COMMISSIONER HAMMOND: Okay. The Postal
11 Service states that the training for an approved
12 shipper is going to be more than that for a village
13 post office employee, is that right?

14 THE WITNESS: I believe that was our
15 interrogatory response, yes.

16 COMMISSIONER HAMMOND: Okay. So what kind
17 of postal training would an approved shipper receive?

18 THE WITNESS: I don't have the specifics in
19 front of me, but we could likely provide them. There
20 is an established course for that.

21 COMMISSIONER HAMMOND: Okay. So do you know
22 then what kind of postal training, if any, an employee
23 of a village post office will receive?

24 THE WITNESS: We are working on finalizing
25 that, as we speak.

1 COMMISSIONER HAMMOND: So, you are going to
2 be offering --

3 THE WITNESS: Yes, absolutely.

4 COMMISSIONER HAMMOND: -- something?

5 THE WITNESS: Absolutely.

6 COMMISSIONER HAMMOND: You do know, you just
7 haven't developed that quite as much yet?

8 THE WITNESS: It's not complete. It has
9 been started; it's not complete.

10 COMMISSIONER HAMMOND: Okay; all right. I
11 thought I read in one response and heard you confirm
12 today that possibly these village post offices may
13 contain post office boxes, is that correct?

14 A Some of the contracts may allow for the post
15 office - well, when I say "post office boxes," I'm
16 actually more referring to what we call an NDCBU or
17 centralized delivery format. We're going to put those
18 in lieu of post office boxes, where there were some in
19 the post office that may discontinue. Some of the
20 providers to be a BPO might have space inside that
21 would make that available inside; others may not have
22 the space inside and would have it either directly
23 outside or nearby.

24 COMMISSIONER HAMMOND: Okay. So, but like
25 if you have a post office in a town that you're going

1 to close down that has some post office boxes in it,
2 it is a potential that when you open up this village
3 post office, that those same people that have post
4 office boxes now may have them in the village post
5 office; is that right?

6 THE WITNESS: That is the intent, but
7 understand that the provider of that service is not
8 the employee or not the person that's going to put the
9 mail in that box.

10 COMMISSIONER HAMMOND: Okay. That's what I
11 was wondering. Who will put that mail in the box?

12 THE WITNESS: We likely believe that it will
13 be a courier from the administrative office, a nearby
14 office that will have a courier go to that and he or
15 she will then put the mail into that box.

16 COMMISSIONER HAMMOND: A U.S. Postal Service
17 employee?

18 THE WITNESS: Correct.

19 COMMISSIONER HAMMOND: All right; okay, not
20 a clerk at the general store that you're --

21 THE WITNESS: That is correct.

22 COMMISSIONER HAMMOND: Right; okay. And did
23 I hear you in discussion during the questioning from
24 Ms. Rush of the Newspaper Association, I think you all
25 -- both of you used a little postal jargon, so I got a

1 little lost. Did I understand that there might be a
2 possibility that some of her people, a publisher of a
3 small town newspaper, could get in the car and drive
4 his newspaper over to that village post office and
5 drop it off, that that might be worked on as
6 something, or was I wrong about what you were talking
7 about there?

8 THE WITNESS: No, I think we did kind of
9 conclude that those are not accepted at CBUs or is
10 intended to be received at a village post office.
11 That's the receipt, when they drop the mail off and
12 they also pay for the postage at that time -- not
13 currently in our guidelines for CBUs or is it intended
14 to be in the guidelines for a BOP. I believe I did
15 conclude that we would take a look at that.

16 COMMISSIONER HAMMOND: Oh, okay. And that's
17 not --

18 THE WITNESS: And I, also, said that -- I
19 apologize -- that there's a reason why it's not
20 accepted at CBUs today and I am at a loss with the
21 history on that.

22 COMMISSIONER HAMMOND: That's what I was
23 going to say, but, indeed, CBUs, they don't do that
24 either.

25 THE WITNESS: That's correct and --

1 COMMISSIONER HAMMOND: Okay.

2 THE WITNESS: -- I'm just not familiar with
3 the history as to why we don't accept them there and
4 I'd have to familiarize myself with that.

5 COMMISSIONER HAMMOND: Okay. So at these
6 village post offices where there may be a post office
7 box for a patron, then, like currently, I go into the
8 little post office to a local person that who has a
9 post office box and give the clerk or the postmaster,
10 the postal employee a letter for them and they're
11 probably going to stick it in the post office box
12 right then and there or sometime before the next
13 morning.

14 THE WITNESS: They won't have access.

15 COMMISSIONER HAMMOND: Well, under this --
16 currently with the post office open.

17 THE WITNESS: Yes, yes.

18 COMMISSIONER HAMMOND: Okay; all right, all
19 right. Now, you close the post office --

20 THE WITNESS: Right.

21 COMMISSIONER HAMMOND: -- and you open up a
22 village post office and put in those post office
23 boxes. Can I walk in there and hand it to anyone or
24 put it anywhere where someone doesn't then have to
25 come and pick it up and take it 20, 40 miles to a

1 distribution center to sort it and then bring it back?

2 THE WITNESS: No, they won't have the access
3 to those post office boxes or that centralized
4 delivering and to CBU. The clerk in that BPO will not
5 have access to that. So, it will have to go into --
6 our intent again is to put some collection boxes out
7 in front of all these BPOs and the customer can
8 deposit it in there. It would be processed like we do
9 today and then come, you know, if it's in the service
10 area, for the next day for delivery.

11 COMMISSIONER HAMMOND: Okay; all right.
12 That's quite informative. Thank you.

13 I, also, got a couple of questions about
14 this alternative access channels.

15 THE WITNESS: Okay.

16 COMMISSIONER HAMMOND: Now, the Postal
17 Service's RAO Initiative only considers those stations
18 and branches that have five alternative access
19 channels within two-and-a-half miles; is that correct?

20 THE WITNESS: We corrected that to two miles
21 and there were two categories. There were the group
22 that brought in less than a million dollars and had
23 five or more alternate access points within a half a
24 mile, and then there were stations, branches that had
25 600,000 or less and had five or more access alternate

1 access points within a two mile radius; so, two
2 categories.

3 CHAIRMAN GOLDWAY: That's geographic miles,
4 not driving miles or driving time?

5 THE WITNESS: That's correct.

6 COMMISSIONER HAMMOND: Okay. So, you're
7 talking about -- all right. With these alternative
8 access channels, it might be a contract postal unit.
9 It might be an approved shipper. It may be stamps on
10 consignment. If you've got a bank ATM, is that stamps
11 on consignment? Is that how you do it? Is that
12 something different?

13 THE WITNESS: I'm not the channel's person.
14 I'm not sure if that's stamps on consignment or not.

15 COMMISSIONER HAMMOND: Okay.

16 THE WITNESS: Off the top of my head, I'm
17 not. I'm more familiar like with a Costco or Sam's.

18 COMMISSIONER HAMMOND: Okay; all right. And
19 so, you think Costco or Sam's. Will that alternative
20 access channel also be considered possibly a bank ATM?

21 THE WITNESS: If it dispenses stamps, I'm
22 not sure which category that falls in.

23 COMMISSIONER HAMMOND: If it dispenses
24 stamps, I mean, yeah. So that would be an access
25 channel, also?

1 THE WITNESS: I believe so.

2 COMMISSIONER HAMMOND: Uh-huh and then a
3 collection box.

4 CHAIRMAN GOLDWAY: But, I thought I read
5 that for those stations and branches, the 600,000 and
6 the one million, that the alternative access you're
7 counting is only postal operated facilities.

8 THE WITNESS: No.

9 CHAIRMAN GOLDWAY: No? I'm not --

10 THE WITNESS: No.

11 CHAIRMAN GOLDWAY: No? Okay.

12 COMMISSIONER HAMMOND: Okay.

13 CHAIRMAN GOLDWAY: I'm glad that you
14 clarified it. Thank you.

15 COMMISSIONER HAMMOND: So did the Postal
16 Service consider using a similar measure for post
17 offices? What we were talking about were stations and
18 branches, but for post offices?

19 THE WITNESS: No. I believe maybe I should
20 clarify, Madam Chairman. Those points could be a post
21 office. We took all of that, population, alternate
22 access, and possibly a post office nearby, as well, so
23 that you could be a part of the five; but, it's not
24 just the five.

25 COMMISSIONER HAMMOND: Okay. Well, then, in

1 general, how should a district manager determine
2 whether there is an adequate reasonably nearby
3 alternative for obtaining postal products, other than
4 stamps, when they're considering whether to recommend
5 closing on a post office?

6 THE WITNESS: Commissioner, that would be a
7 part of some of the feedback that that district
8 manager would receive during the community meeting and
9 response to the questionnaires. That's a perfect
10 opportunity for the community to let them know that
11 either this is a great alternative or perhaps you've
12 got some more work to do on that.

13 COMMISSIONER HAMMOND: Uh-huh, okay. Well,
14 for post offices, in your view, how far is too far for
15 a customer to travel for an alternative full-service
16 facility? I mean, is it 20 miles? Is it 100 miles?
17 Or -- in your view.

18 THE WITNESS: Respectfully, again, I'd have
19 to -- we're so diverse in our demographics. You know,
20 do I think 20 miles is far in rural Montana? No, I
21 don't. Do I think it's far here in D.C.? Yes, I do.
22 So, it really depends on what the needs are and the
23 location you're at.

24 COMMISSIONER HAMMOND: So, in your view, you
25 have no problem with there only being a post office

1 every 20 miles in Montana?

2 THE WITNESS: I, personally, know of some
3 areas that I visited for a long time, that that is
4 true, actually 40 miles.

5 COMMISSIONER HAMMOND: Forty miles. So, you
6 think it's adequate that there only be post offices
7 every 40 miles in Montana?

8 THE WITNESS: Seeing that there is nothing
9 else between point A and B, nothing between point A
10 and B, it is reasonable in that far-fetched scenario.

11 COMMISSIONER HAMMOND: Uh-huh, okay. Thank
12 you. Madam Chairman, I have just one other line of
13 questioning. I could defer to someone --

14 CHAIRMAN GOLDWAY: Go ahead; go ahead.

15 COMMISSIONER HAMMOND: -- or get this one --
16 okay, I'll try to get this one out of the way. You,
17 according to testimony, have the primary
18 responsibility for developing policies and procedures
19 related to management of the day-to-day operations in
20 post offices, the opening and closing of facilities,
21 et cetera; right? Okay. So with that in mind, I'd
22 like to address two areas of concern that I have and I
23 believe are concern to the public, as well. And the
24 first is the Postal Service's practice of suspending
25 operations at retail facilities without a bonafide

1 emergency or without following its discontinuance
2 procedures. And the second concern is the adequacy of
3 replacement service.

4 Section 404(d) of Title 39 allows the Postal
5 Service to close or consolidate post offices, if it
6 satisfies certain notice and other requirements; is
7 that correct?

8 THE WITNESS: When referring to statute,
9 I'll defer to counsel if that's accurate.

10 COMMISSIONER HAMMOND: Well --

11 MR. TIDWELL: We'll accept the
12 Commissioner's characterization of the statute.

13 COMMISSIONER HAMMOND: Thank you, Mr.
14 Tidwell. I'm only reading what our counsel wrote for
15 me, so --

16 MR. TIDWELL: Oh, wait a second.

17 COMMISSIONER HAMMOND: -- as far as this
18 section goes -- yeah, okay. So, thank you. Now, on
19 occasion, the Postal Service has found it necessary to
20 suspend operations at retail facilities due to an
21 emergency, for an example, like a natural disaster or
22 fire, which we all understand; right?

23 THE WITNESS: Yes, sir.

24 COMMISSIONER HAMMOND: Okay. Is the
25 termination of or failure to renew a lease an

1 emergency?

2 THE WITNESS: For us to renew or one to be
3 renewed? There are times when lessors inform us that
4 absolutely, there will be no new lease and we don't
5 have an alternative.

6 COMMISSIONER HAMMOND: Okay. So, if it is
7 agreeable to the current lease, lessor -- that guy --

8 THE WITNESS: Lessor, I believe.

9 COMMISSIONER HAMMOND: But, that guy, okay.
10 If it's allowable to them, but you all terminate or
11 fail to renew a lease, is that an emergency?

12 THE WITNESS: My personal opinion under
13 emergency, no, but I'd like to believe that there is
14 some -- excuse me -- more -- you know, I don't know
15 all the conditions of the lease or what the factors
16 how and how much we're spending. Perhaps, they raised
17 the rent to some astronomical rate. Again, I don't
18 know all the facts in your example.

19 COMMISSIONER HAMMOND: Okay. You do know or
20 do you know on occasion the Postal Service has
21 suspended operations at a retail facility because it
22 terminated the lease, that is it didn't renew the
23 lease; is that correct?

24 THE WITNESS: I'm aware that there's been
25 some situations like that.

1 COMMISSIONER HAMMOND: Okay. Because I am
2 aware of some specific examples that this Commission
3 has had to deal with and, in those instances, the
4 operations were suspended in lieu of following
5 discontinuance procedures, to my understanding. I
6 mention them both: Hacker Valley, West Virginia and
7 Nooksack, Washington. There's probably others, but
8 those are specific ones which we have dealt with or
9 are dealing with. So, some of those suspensions have
10 lasted for a long time, many for years. Are you
11 familiar with either one of those?

12 THE WITNESS: I'm vaguely familiar with
13 Hacker Valley. Again, I got into this role three
14 months ago. I know that that has been going on for a
15 long time. My understanding is in the case of Hacker
16 Valley, with regards to the lessor, that person
17 terminated the lease. They wanted nothing to do with
18 us any longer, is my understanding of that.

19 COMMISSIONER HAMMOND: Uh-huh; all right.
20 So, then, at what point does the suspension
21 effectively become a closing?

22 THE WITNESS: I believe they have gone
23 through the process -- pardon me. I think that is
24 appealed to you right now; is that correct?

25 COMMISSIONER HAMMOND: Well, I see we

1 currently have Nooksack before us right now.

2 THE WITNESS: I'm not sure where Hacker
3 Valley is --

4 COMMISSIONER HAMMOND: Yeah.

5 THE WITNESS: -- but I know we have
6 suspended operations there. And I actually -- I
7 became aware of some issues there. I remember talking
8 to the neighboring postmaster. I know it's been going
9 on for I think two years.

10 COMMISSIONER HAMMOND: At least, yeah.

11 THE WITNESS: I'm vaguely familiar with it.

12 COMMISSIONER HAMMOND: Okay. Well,
13 currently, we have Nooksack, Washington in front of
14 us. Given your responsibilities, are you familiar
15 with that situation there?

16 THE WITNESS: Specifically on that one, I am
17 not.

18 COMMISSIONER HAMMOND: Okay. Well, to my
19 understanding, as I have read -- this is part of the
20 whole case that we have before us, that apparently the
21 Postal Service initiated closing procedures. The
22 Postal Service notice of termination was given on
23 April 1, 2011, the same day it posted the initial
24 notice in the Nooksack post office of a "possible"
25 change in the way postal service would be provided.

1 Now, subsequently, the Postal Service moved to dismiss
2 the appeal, arguing that the operations were just
3 suspended, not closed. So, the Postal Service then
4 told us, in response to us asking the correct specific
5 question on September 1, that the Postal Service made
6 the determination on July 11th to close the thing.

7 So, if we assume my facts are right, I have
8 two questions. Does that represent a misuse of the
9 suspension system?

10 THE WITNESS: Mr. Commissioner, I believe
11 since that is an active case, I would like to dig into
12 that and get some more specifics on it before
13 responding.

14 COMMISSIONER HAMMOND: Well, I would
15 appreciate your doing that then. And second would be
16 how is the public served by the Postal Service's
17 action in this case?

18 THE WITNESS: And I would like to review
19 that case.

20 COMMISSIONER HAMMOND: So, you want to dig
21 into that and then respond to us, to assure that
22 there's no misuse of the suspension process?

23 CHAIRMAN GOLDWAY: We'd appreciate some
24 information as of tomorrow, in fact, because the
25 decision we have to make is Monday.

1 COMMISSIONER HAMMOND: Our decision is
2 coming very close and, of course, in this instance, we
3 have continually had to ask questions over and ask
4 them perfectly correctly before getting the Postal
5 Service to respond with dates and what actions were
6 taken in this particular instance; so, if possible,
7 whatever you think best, Madam Chairman.

8 MR. TIDWELL: Pardon me, Mr. Commissioner,
9 it might be worthwhile, since we're not likely to see
10 the transcript of this hearing, to be certain of the
11 inquiries. Could you repeat those inquiries for us
12 now, so that we can make sure we've got an accurate
13 description of what we're going to need to --

14 COMMISSIONER HAMMOND: Oh, what the inquiry
15 is?

16 MR. TIDWELL: Yes.

17 COMMISSIONER HAMMOND: Yeah. It's the
18 Nooksack, Washington one. I don't see if either I
19 have the A case number -- -17 the public
20 representative says.

21 MS. FERGUSON: A-2011-17, yes. And we've
22 been getting conflicting information from the Postal
23 Service.

24 COMMISSIONER HAMMOND: Yeah. That's been
25 the problem that we've had in this.

1 MR. TIDWELL: Question one would be?

2 COMMISSIONER HAMMOND: Does this represent a
3 misuse of the suspension process?

4 MR. TIDWELL: And question two?

5 COMMISSIONER HAMMOND: Is how was the public
6 served by the Postal Service's action in this case?

7 MR. TIDWELL: Okay. We will take those
8 questions under advisement and do what we can.

9 COMMISSIONER HAMMOND: Oh, we'd appreciate
10 that, I'm sure. I have only just one other thing
11 about the specific instance of Nooksack. And I'm only
12 taking this specific instance because, I mean, this is
13 a real life appeal case and, you know, there's 3,650
14 some potential more cases coming soon. So, we have a
15 real concern about being able to do this properly.
16 And I know that the Postal Service wants to, too. I
17 know that you do.

18 THE WITNESS: We do, but I would like to
19 respectfully point out one other thing, the 3,650 are
20 under the new revised 101. I believe both cases that
21 you're citing would have been under the previous one.

22 COMMISSIONER HAMMOND: Oh, yes, they're
23 under the previous ones, yes; uh-uh, yes, you are
24 correct. Those are under the old one, yeah. Okay.

25 But the other thing with Nooksack, Nooksack

1 was suspended on May 28, 2011, okay. And the cluster
2 box units were not in place to serve the customers who
3 wanted courier delivery and they weren't put in until
4 July 1, 2011. So from May 28th to July 1, those
5 people who had counted on the Nooksack post office to
6 get their mail, I don't know how got their mail. Is
7 that a usual situation?

8 THE WITNESS: It does not sound usual, no;
9 but, let me look into the facts circumstances.

10 COMMISSIONER HAMMOND: Okay, because, you
11 know, you're going to have potentially many more of
12 these. And, of course, all we're trying to do here is
13 make sure that people who were receiving mail are
14 still going to be receiving mail. I do not know
15 whether it's correct, but there have been people who
16 say those people didn't have an answer as to how to
17 get their mail for a month. And you would not want
18 that. I know the Postal Service would not want that.

19 THE WITNESS: That is not consistent with
20 our mission.

21 COMMISSIONER HAMMOND: Oh, that's great
22 then. Okay. Thank you, very much. I appreciate your
23 concern about that. Thank you and thank you, Madam
24 Chairman, and thank you, Mr. Tidwell.

25 CHAIRMAN GOLDWAY: And I'll just indicate

1 that when Mr. Granholm first explained to us in the
2 consultation meeting about this new procedure, there
3 was some discussion that there was also going to be a
4 review of the currently suspended post offices and a
5 way to go through them to clarify the record and
6 clarify their standing in the community, and it is not
7 part of this RAOI. So, is there a process going
8 forward now to clarify and cleanup what had been
9 clearly a defacto way of closing post offices, but
10 getting around the procedures in the last several
11 years?

12 THE WITNESS: Madam Chairperson, I can't
13 respond to Mr. Granholm's discussion with you on that.
14 But, in this RAOI, remember, we carried approximately
15 260 over from the old process into this new process,
16 because they had not gotten to the level --

17 CHAIRMAN GOLDWAY: Yeah, but I'm not --

18 THE WITNESS: -- of the community meeting.

19 CHAIRMAN GOLDWAY: I don't believe those 260
20 were suspended post offices.

21 THE WITNESS: There were a few of those that
22 were suspended.

23 CHAIRMAN GOLDWAY: But there are several
24 hundred. And is there -

25 THE WITNESS: And I can't speak -

1 CHAIRMAN GOLDWAY: -- an initiative for
2 those suspended post offices going forward?

3 THE WITNESS: I would have to defer that
4 answer to Mr. Granholm.

5 CHAIRMAN GOLDWAY: Okay, thank you. Okay,
6 Vice Chairman Acton?

7 VICE CHAIRMAN ACTON: Thank you, Madam
8 Chairman. Witness Boldt, I admire your stamina and
9 encourage you to rally yourself. You're in the home
10 stretch I think.

11 THE WITNESS: We discussed the four chairs
12 in the building before I had lunch.

13 VICE CHAIRMAN ACTON: Okay.

14 THE WITNESS: I think I won.

15 VICE CHAIRMAN ACTON: All right. So, I've
16 got two lines of questions: one has to do with the
17 CSDC, which I'm going to do secondly; and the first
18 has to do with these questions about our earlier
19 docket number, N-2009-1, which was an advisory opinion
20 we offered and a similar sort of rationalization
21 approach that the Postal Service was proposing. I'm
22 going to ask these questions for a couple of reasons;
23 one is that we know that Congress has expressed an
24 interest in knowing the answers to the questions.
25 They've referenced it when the PMGs provided testimony

1 and they referenced it in my confirmation hearing, as
2 a matter of fact. And, also, you know, we try
3 diligently here to offer meaningful recommendations
4 and give thoughtful advice; but, we, also, recognize
5 that sometimes it just may not be manageable or
6 workable or make sense from an operator's standpoint.
7 So, we're looking for a little enlightenment about what
8 you've used that we've offered in the past and what
9 you may not have used and what your thoughts were.
10 All right.

11 THE WITNESS: And because I mentioned
12 earlier, I'm at somewhat of a disadvantage on the
13 entire SBOC case. I do have some familiarity with it.
14 I will attempt to answer your questions.

15 VICE CHAIRMAN ACTON: We appreciate that and
16 we had a discussion here with staff about how to
17 approach this, whether to ask you or wait for another.
18 But, we're going to start with you and if we need
19 more, then we'll pursue that, okay?

20 THE WITNESS: Okay.

21 VICE CHAIRMAN ACTON: So the first couple of
22 questions are just a yes or no and then I'll get into
23 the details about the individual recommendations we've
24 made and ask questions about whether or not you've
25 used them or not.

1 As I mentioned, on March 10, 2010, the
2 Commission issued an advisory opinion in docket number
3 N-2009-1. It was with respect to a similar Postal
4 Service retail network initiative. So the first
5 question would be has the Postal Service made any
6 changes to the formulation of the RAO Initiative, as a
7 result of this earlier advisory opinion?

8 THE WITNESS: I would ask Mike to jump in
9 anytime he'd like.

10 VICE CHAIRMAN ACTON: That's a blanket --
11 have you used any of the work at all in the previous
12 advisory opinion in the new one?

13 CHAIRMAN GOLDWAY: We need to have Mr.
14 Granholm -- Granholm is here? You can ask him about
15 this.

16 MR. TIDWELL: Commissioner Hammond, I'm
17 going to exercise what -- exercise the Commissioner
18 Act and -- I don't have quite the stamina that the
19 witness does. I'm going to exercise executive
20 privilege and punt that question to witness Granholm,
21 who has a greater familiarity.

22 VICE CHAIRMAN ACTON: Okay. We're
23 comfortable with that. So, we're going to wait on
24 these questions for this particular issue, all right.

25 MR. TIDWELL: Thank you.

1 VICE CHAIRMAN ACTON: How about the CSDC?

2 THE WITNESS: I'll attempt. I'm not the
3 program manager.

4 VICE CHAIRMAN ACTON: Let's give it a crack
5 and --

6 THE WITNESS: Okay.

7 VICE CHAIRMAN ACTON: -- if you're
8 uncomfortable with it, then you can advise me so. As
9 I understand it, the Change Suspension Discontinuance
10 Center compiles a lot of data from several different
11 sources about each facility undergoing a
12 discontinuance review; is that correct?

13 THE WITNESS: Yes.

14 VICE CHAIRMAN ACTON: And is the DS -- does
15 the CSDC exist today?

16 THE WITNESS: It does.

17 VICE CHAIRMAN ACTON: Have you seen it in
18 operation; in other words, how it collects and
19 displays data for an actual facility?

20 THE WITNESS: Specifically how it collects
21 data? No, I have not seen that process; but, I have
22 seen it to the point of when Mr. Granholm goes to
23 review for a final determination, I am somewhat
24 familiar with the things that are provided on his
25 screen, all the questions, the responses, maps, photos

1 of the facility, and those are all the things that he
2 scrolls through when he makes his final determination.

3 VICE CHAIRMAN ACTON: Okay. Has the CSDC
4 been populated with data for the 3,652 facilities
5 under the RAO Initiative yet or will that happen at a
6 later time?

7 THE WITNESS: No, that has happened.

8 VICE CHAIRMAN ACTON: Okay. Our staff has
9 been working to combine the different pieces of
10 information that the Postal Service has been good
11 enough to provide about its retail facilities and
12 we've run into some challenges in terms of getting
13 things to match up by facility. For example, some of
14 the files contain entries that are duplicates and are
15 missing facilities. Also, some files identify
16 facilities by finance number, while others use a unit
17 finance number and at least one uses a facility.

18 THE WITNESS: Welcome to my world.

19 VICE CHAIRMAN ACTON: Yeah. So, you
20 appreciate our --

21 THE WITNESS: I do.

22 VICE CHAIRMAN ACTON: -- our confusion.
23 Since the schedule for this case has accelerated,
24 rather than go back and forth with a series of
25 questions to try to figure out how to match up all

1 these different items, we'd like to ask you to please
2 file versions of all of the non-public library
3 references that include both the 10-digit unit finance
4 number and the six-digit finance number for each
5 facility.

6 THE WITNESS: Have we responded anyway to
7 that?

8 (Pause.)

9 MR. TIDWELL: Commissioner, we will take
10 that under advisement and plug away.

11 VICE CHAIRMAN ACTON: The parenthetical
12 notation is it should include NP-1 through NP-9. We,
13 also, would like you to please file a version of the
14 public library reference USPS-LR-N2011-1-2 -- I'll
15 repeat that in a minute -- that includes the 10-digit
16 and six-digit finance numbers for each facility.

17 THE WITNESS: Well, Mr. Commissioner, just
18 so I understand the request, you're just talking about
19 the 3,650? CSDC --

20 VICE CHAIRMAN ACTON: No, I'm not talking
21 about just the 3,650.

22 THE WITNESS: Then, I think I'm confused,
23 because CSDC was populated with the 3,650.

24 MR. TIDWELL: I might be able to add some
25 clarification. A lot of the data that the Commission

1 is referring to actually come from FTB --

2 THE WITNESS: Oh.

3 MR. TIDWELL: -- another source.

4 THE WITNESS: Okay, thank you.

5 VICE CHAIRMAN ACTON: Okay. Staff is
6 nodding. You must be right. And then, finally, if
7 there are facilities that do not have both 10-digit
8 and six-digit finance numbers, then please just
9 include the one that you do have for those facilities.
10 And if you could provide this information in Excel or
11 some similar format, as opposed to a PDF file, that
12 would be most efficient.

13 THE WITNESS: I think just again
14 clarification, all 31,500, is that -- that's the
15 request, correct?

16 VICE CHAIRMAN ACTON: Yes, that is the
17 request.

18 MR. TIDWELL: And there are some library
19 references that were the universe.

20 VICE CHAIRMAN ACTON: As you appreciate, the
21 staff is trying to provide the Commission the
22 analytical insight to make some decisions about our
23 advisory views and we're having problems matching the
24 data, and you're apparently experiencing some same
25 frustrations. So I think you know the last question

1 on this front might be how long do you think it may
2 take to produce that information?

3 THE WITNESS: That's a pretty tall task. I
4 think we'll have to respond with approximately how
5 long after we take it under advisement.

6 MR. TIDWELL: What I can promise, Mr.
7 Commissioner, is that once we start getting the tasks
8 farmed out, we will update the Commission every
9 several days with progress reports or completion of
10 tasks.

11 VICE CHAIRMAN ACTON: That's fair. And,
12 look, we know this is a very large task and it's
13 challenging to meet these requests and these
14 deadlines. But, the Postal Service has requested
15 expedited review. Congress is pressing us to improve
16 our performance, in terms of how quickly we offer our
17 views. So, we're trying to responsive to both the
18 Service and the congressional request. So, it can
19 seem burdensome, but, in fact, it's something that we
20 are pressed to do by our oversight operations.

21 And then I'll do the other questions with
22 Mr. Granholm later. Thanks, again. Thank you.

23 CHAIRMAN GOLDWAY: I've been going through
24 my notes and I think a lot of questions have already
25 been asked. But, I do want to clarify, does the

1 Postal Service has a definition of small post office?

2 MR. TIDWELL: The witness may want to refer
3 to POIR2, question three.

4 CHAIRMAN GOLDWAY: What is the Postal
5 Service going to do to ensure that small post offices
6 are not closed solely for operating at a deficit? Do
7 you have a system in place to assure that that doesn't
8 happen, given the requirements of the law? I haven't
9 got an answer on either of those.

10 MR. TIDWELL: Decisions will made after
11 consultation with counsel.

12 CHAIRMAN GOLDWAY: You can't answer the
13 question. Should I ask Mr. Granholm these questions?
14 These are requirements of the law. Is there a system
15 in place?

16 MR. TIDWELL: The discontinuance review
17 process.

18 CHAIRMAN GOLDWAY: Mr. Boldt?

19 THE WITNESS: I don't have anything more --
20 additional to add to that response.

21 CHAIRMAN GOLDWAY: You don't have any
22 working definition of small post office and the only
23 way that we're ensuring that post offices are not
24 closed for operating by deficit is through the
25 existing -- or this proposed initiative process?

1 THE WITNESS: And I would respectfully
2 remind that the criteria that these offices were
3 selected was not based on profitability or otherwise;
4 it was based on revenue and workload.

5 CHAIRMAN GOLDWAY: When a post office is
6 closed, is there any mechanism for evaluating whether
7 universal service continues to meet acceptable levels
8 in a community? The attorneys can't answer on the
9 record, I'm afraid. So, if you don't have an answer -
10 -

11 THE WITNESS: Then, I do not. I do not.

12 CHAIRMAN GOLDWAY: Okay. So in the proposal
13 that you have before us, as I understand it, there are
14 going to be waves of post office closings; right?
15 You've got 3,600 post offices and what did you say, 60
16 at a time?

17 THE WITNESS: In this proposal, yes, if you
18 break it down by district, each district, if it was
19 equally distributed, and we acknowledge it's not, with
20 the 10 rolling weeks.

21 CHAIRMAN GOLDWAY: So how many -- we get 60
22 a week for 10 weeks, is that --

23 THE WITNESS: Per district times 60 closed
24 districts; so 10 rolling weeks and 3,600 facilities,
25 about 360 a week is what the --

1 CHAIRMAN GOLDWAY: So, we're going to get
2 360 a week. Okay. So, let's say you decide to close
3 one or two of those 17 facilities in Congressman
4 Davis's district, and then you have the next wave and
5 you've got 15 left and one of those districts -- one
6 of those post office is among the 15 had been
7 designated as the receiving post office for the one
8 you just closed, is there any way in which you record
9 that, so that that post office is taken off the list?

10 THE WITNESS: That would be something that
11 the local officials would note and had better be taken
12 into consideration, yes.

13 CHAIRMAN GOLDWAY: Does the community -- is
14 the community made aware of that? I mean, one
15 community is notified that its post office is being
16 closed and its services are going to go to the next
17 post office and then the next post office is being
18 close. Does the first community get notice that that
19 post office is also being closed?

20 THE WITNESS: Again, that scenario should
21 not play out the way you've described it. We're not
22 going to close one office and have a receiving office
23 and then close that office simultaneously or within
24 this initiative.

25 CHAIRMAN GOLDWAY: Is there some protection

1 within this initiative, so that that doesn't happen?

2 THE WITNESS: The local district manager
3 would ultimately be the one that would oversee that --

4 CHAIRMAN GOLDWAY: But, you're not --
5 there's nothing in the guidelines to alert them to --

6 THE WITNESS: Actually, there is, because
7 the team members on there, as I explained earlier, and
8 some of their responsibilities includes data
9 gathering, operational concerns, environmental
10 considerations, delivery options, and those are all
11 things that those folks on that team should be taking
12 into consideration when they're doing their analysis.
13 And that is in the guidelines.

14 CHAIRMAN GOLDWAY: Is there anything in your
15 plan that gives consideration to the time and effort
16 that it's going to take to do post office appeals, if
17 you're doing 360 -- what did we say, 360 a week?

18 THE WITNESS: Three-hundred-and-sixty a week
19 is the review and that's nationwide. It's not saying
20 we're going to close 360 a week. We're reviewing on
21 average 360 a week.

22 CHAIRMAN GOLDWAY: Okay. So what do we
23 think? We're going to close 100 of those 360? We're
24 going to close 50 of those 360? In your consideration
25 of making that decision, are you thinking at all about

1 the resources necessary to handle appeals?

2 THE WITNESS: That's not an area that I
3 would be responsible for specifically; but, again, I
4 think it's premature in that we don't know what the
5 number will be.

6 CHAIRMAN GOLDWAY: Okay. So, I'll ask Mr.
7 Granholm, then. And I think I already asked you, is
8 there a criteria among the five or six or seven or
9 eight post offices in a community that are designated,
10 to select which one would be the best to close of all
11 of them?

12 THE WITNESS: Again, that is something that
13 should be looked at, at the district level, and those
14 are the folks that should be looking at those things.

15 CHAIRMAN GOLDWAY: So is the district going
16 to look at the 17 in Congressman Davis's office first
17 and then look at 17 that are spread in rural areas
18 second, or is it going to take one from here and one
19 from there --

20 THE WITNESS: Well, if I understand the
21 district --

22 CHAIRMAN GOLDWAY: -- and look at that?

23 THE WITNESS: If I understand the district
24 boundaries in Chicago, where Congressman Davis is, I
25 believe they are all within the same district, all 17

1 in that example are in the same district.

2 CHAIRMAN GOLDWAY: Yeah, but does that --
3 that district probably has other post offices that are
4 being closed.

5 THE WITNESS: The situation in Chicago, it's
6 Chicago.

7 CHAIRMAN GOLDWAY: So that district doesn't
8 have a mix of rural and urban?

9 THE WITNESS: It's Chicago.

10 CHAIRMAN GOLDWAY: Okay. What about in
11 Iowa, where you've got a couple of hundred post
12 offices being closed and you've got --

13 THE WITNESS: Uniquely, in Iowa, the bulk of
14 the state is one district, as well.

15 CHAIRMAN GOLDWAY: So will that district
16 take two from the suburban area and three from the
17 rural area to review on the first wave and then go
18 back? Or will it look at a group of post offices in
19 one area and decide which ones of those they should
20 keep open and then go to the next area to decide which
21 ones?

22 THE WITNESS: That possibility exists that
23 they could do it that way. They could be looking at
24 all of them --

25 CHAIRMAN GOLDWAY: There's no --

1 THE WITNESS: -- together.

2 CHAIRMAN GOLDWAY: Okay. And is there any
3 reason, from your point of view, as to why some areas
4 and states have so many more post offices than others
5 in their list?

6 THE WITNESS: The only reason would be they
7 met the criteria of low workload and the revenue that
8 we selected. That is the only reason they're on that
9 list. There was no relationship to so many in Iowa or
10 so many in any state. It was strictly based on the
11 criteria, which was the workload and the revenue.

12 CHAIRMAN GOLDWAY: Okay. So, it's likely
13 that in rural areas, the demographics are such that
14 people have lower incomes and so the revenue that
15 comes in is going to be less. And it seems to me
16 without factoring in some demographics, the 27,500
17 automatically prejudices against rural and low-income
18 areas. Did you think of anyway to make some
19 adjustments, so that you wouldn't build in what appear
20 to be heavier impacts on rural and low-income America?

21 THE WITNESS: We stuck with those two
22 criteria as a starting point for doing the studies.
23 The community will have an opportunity for input. The
24 district and the local folks know their area. They
25 know the territory that they serve and they're the

1 ones that have to make the decisions.

2 CHAIRMAN GOLDWAY: Okay. And we've already
3 had many discussions that there's no direction by
4 through the 101 handbook for the Postal Service to do
5 any demographic work or any independent work about the
6 characteristics of the community. They're simply
7 going to rely on citizen's comments or their own
8 personal knowledge, anecdotal knowledge. And you
9 think that's satisfactory?

10 THE WITNESS: I think that this provides the
11 opportunity to get all the facts on the table from the
12 community and the local knowledge of the managers
13 working out there. They have a very good knowledge of
14 these communities and the areas that they serve.

15 CHAIRMAN GOLDWAY: And I want to confirm
16 that there is nothing in this plan to evaluate its
17 impact, in terms of whether it maintains efficient
18 service or whether the community is satisfied with the
19 service that it gets from these particular post
20 offices. I know you have a nationwide community
21 service questionnaire that goes out. But, there's no
22 tracking of these particular offices and the decisions
23 you make.

24 THE WITNESS: I don't have a specific
25 tracking mechanism.

1 CHAIRMAN GOLDWAY: Today, you returned
2 answers to us on questions we asked about hours of
3 post office operations. And we had asked for the
4 pattern of office hours operations over the last
5 several years, to see whether there was a relationship
6 between revenue decline and hours of operation. And
7 you say you don't keep track retroactively of any
8 hours of operations, so that you don't know that this
9 year, the post office has \$27,000 in revenue, last
10 year it had \$40,000 in revenue, you don't know whether
11 last year it was because it was open more hours than
12 this year or not.

13 THE WITNESS: In relationship to revenue and
14 hours availability, no, we do not. We have a --

15 CHAIRMAN GOLDWAY: You don't keep that at
16 all?

17 THE WITNESS: -- real time, like a real
18 time, what is there today. There is no historical
19 data that they were opened five hours --

20 CHAIRMAN GOLDWAY: I was shocked when I saw
21 that information. I don't know how you can measure
22 demand or expect to provide adequate service when you
23 don't know whether if you keep your office open from
24 4:00 to 6:00 p.m, you're going to get more revenue,
25 than if you keep it open from 2:00 to 4:00; or if

1 you're going to keep it open for four hours, you get
2 more revenue than two; or whether, in fact, it's okay
3 because you're not going to get the differences that
4 much and you really are saving money. If you don't
5 have the tradeoff to measure the loss in revenue or
6 the potential gain in revenue from moving hours, how
7 can you measure the future of the post office you're
8 trying to decide upon saving?

9 THE WITNESS: I don't have historical data
10 on the hours of operation. I can't make that
11 connection. I can make a connection from revenue and
12 customer transactions and I can look at it from that
13 perspective, but -- and respectfully, I mean, I don't
14 have data one way or the other, but I don't believe
15 that we're making a lot of hour changes to our
16 facilities. I don't believe that that is common
17 practice.

18 CHAIRMAN GOLDWAY: You don't believe that
19 there has been a significant reduction in hours of
20 operations in post offices?

21 THE WITNESS: Significant, to my knowledge,
22 no. I don't believe significant --

23 CHAIRMAN GOLDWAY: Well, I think --

24 THE WITNESS: I'm not going to sit here and
25 tell you that there's none, because I know there are.

1 CHAIRMAN GOLDWAY: -- anecdotal evidence at
2 the Commission would contradict that.

3 THE WITNESS: But, I don't have a history.

4 CHAIRMAN GOLDWAY: So, you're assuring me
5 that we can't get that information because it just
6 doesn't --

7 THE WITNESS: I have what's there today.

8 CHAIRMAN GOLDWAY: Okay. My staff is
9 interested in questions about the relative differences
10 of the post offices that you've chosen and not chosen
11 and I guess the value of this cutoff that you've used.
12 So, I guess we want to know how many post offices are
13 operating at a deficit?

14 THE WITNESS: That question was asked
15 earlier. I believe we've provided it in one of our
16 responses, but I don't have it at the top of my head.

17 MR. TIDWELL: I believe there may be a
18 library reference that contains the total operating
19 expense and the total revenue for all 31,000
20 facilities. It may go eight, nine, and 10. That
21 question is out there. I'm assuming we've nailed down
22 the answer.

23 THE WITNESS: I think we have, but I think
24 I, also, added to that, that remembering that that
25 revenue brought in is not the end of the workload

1 associated with that revenue. So, if you take, say,
2 27,500 received at a post office and the expenses of
3 that post office are 27,500, it doesn't mean it's an
4 even swap because there is work that has to be paid
5 for beyond -- that has to be transported to a plant.
6 The plant has to work it. It has to be transported to
7 another facility. It has to be delivered. There's a
8 lot of workload yet associated with that revenue that
9 came in.

10 CHAIRMAN GOLDWAY: Do you keep track of what
11 you define as postal offices that operate at a deficit
12 --

13 THE WITNESS: I don't.

14 CHAIRMAN GOLDWAY: -- given this larger --

15 THE WITNESS: Until it was asked for in an
16 interrogatory, I had no database that tracked that one
17 way or the other.

18 CHAIRMAN GOLDWAY: All right. Then I have
19 just three issues that I wanted to reiterate. We had
20 asked for a sample of the community questionnaire.

21 THE WITNESS: Yes.

22 CHAIRMAN GOLDWAY: And workload data for all
23 post offices?

24 THE WITNESS: Yes.

25 CHAIRMAN GOLDWAY: And we wanted, as

1 Commissioner Langley said, the information on the
2 Yazer (ph) Study, including data for it, and those are
3 things we'd like as soon as possible. I have a
4 question I'm supposed to ask. 3-9. Okay. One more
5 question. Okay. The question that we wanted asked,
6 and we don't feel that your answer is responsive is
7 Question 9 from POIR3.

8 It says, "Identify the number of facilities,
9 if any, that were not subjected to the screening
10 process and describe the reasons they were excluded.
11 Identify the number of facilities that were subjected
12 to the screening process that were ultimately not
13 identified for discontinuance review. Of the
14 facilities subjected to the screening process that
15 were not identified for continuance review, how many
16 operated at a deficit in Fiscal Year 2010, or how many
17 had total operating expenses that exceeded total
18 operating revenue as these items are defined in
19 Library Reference N-2011-1-NP3."

20 THE WITNESS: Which question are you at, and
21 I believe the latter part of that is part of what we
22 have filed.

23 CHAIRMAN GOLDWAY: (c) is the one that we
24 don't feel has been answered.

25 THE WITNESS: Which? Which?

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1 CHAIRMAN GOLDWAY: "Of the facilities
2 subjected to the screening process that were not
3 identified for continuance review, how many operated
4 at a deficit in Fiscal Year 2010," and by that we mean
5 how many had total operating expenses that exceeded
6 total operating revenue as these items are defined in
7 your own Library Reference N-2011-1-NP3.

8 MR. TIDWELL: I might be able to provide
9 some clarification, Madam Chairman. Subpart (c) of
10 this question specifically identifies facilities
11 subject to a screening process that were not
12 identified for discontinuance review. As we interpret
13 the question, that subset is zero. The facilities
14 that were subjected to the screening process are those
15 within the scope of the initiative. The other 28,000
16 facilities were not subject to a screening process.

17 We have provided total operating expense and
18 total revenue data for the universe of postal
19 facilities, but we want to make it clear that the only
20 facilities subject to the screening process are the
21 ones that are within the scope of the initiative.
22 There are none that were subjected to screening, but
23 then not identified for discontinuance review for
24 purposes of this initiative. Therefore, since there
25 are none, there is, in our view, nothing to provide in

1 response to subpart (c).

2 CHAIRMAN GOLDWAY: That makes sense to me.
3 Does it make sense to our staff? I think we're going
4 to have to --

5 MR. TIDWELL: I mean, there's always RAOI
6 followup.

7 CHAIRMAN GOLDWAY: Yes, that's right.

8 MR. TIDWELL: We do what we can do to hide
9 from it, but it always finds us, but I hope that helps
10 clarify the nature of the response here.

11 CHAIRMAN GOLDWAY: Well, I think I've
12 exhausted my questions and the patience of my
13 colleagues here, and we are getting close to 6:00.
14 Normally, we break so that you can have some time with
15 your witness for re-cross, and then we have an
16 opportunity for participants as well. Do we want to
17 muddle through, or do we want to see if we can't do
18 this another day? We also have Witness Granholm that
19 we need to hear from. He's been here patiently and
20 won't be available tomorrow or will be available
21 tomorrow.

22 MR. TIDWELL: Will not.

23 CHAIRMAN GOLDWAY: Will not.

24 MR. TIDWELL: We'd like to think that what
25 we do here is more than muddle.

1 CHAIRMAN GOLDWAY: Of course. Of course.

2 MR. TIDWELL: We would like to take the
3 opportunity for a break to confer with the witness. I
4 will ask --

5 CHAIRMAN GOLDWAY: If it's all right with my
6 Commission friends, we'll take a break for 10 minutes,
7 and we'll come back with witness Granholm.

8 COMMISSIONER LANGLEY: That would be fine.
9 I think I need to leave since my husband tells me we
10 have lots of water in the basement, and the rain is
11 continuing to poor in, so I think I should help him on
12 that issue.

13 CHAIRMAN GOLDWAY: All right. I think what
14 we should do is hear from witness Granholm, and then
15 in the break, I will discuss with our legal counsel
16 what we do about cross-examination. We may have to
17 schedule that for tomorrow, okay? Thank you.

18 (Whereupon, a short recess was taken.)

19 CHAIRMAN GOLDWAY: The Commissioners and I
20 have consulted, and the situation is that we have a
21 few questions that we would like to ask of Dean
22 Granholm, who is here today and not available
23 tomorrow, and counsel have not yet had an opportunity
24 for followup questions, and the Service may have
25 questions they want to redirect to Witness Boldt,

1 which all may take some time, so we've made an
2 executive decision that we are going to call Dean
3 Granholm, Mr. Granholm, to the stand now, ask him the
4 few questions we have so that he can leave.

5 I don't believe that there will be need for
6 cross-examine or followup, but people might do that in
7 writing if they have to tomorrow with him, and then
8 tomorrow morning at 9:30 we'll resume the hearing to
9 complete followup questions and redirect that may be
10 necessary. I beg your indulgence in this, but it
11 seems to me that's the way that we're going to get all
12 the Commissioners and the various witnesses that we
13 have to satisfy the need for a full record.

14 Hearing no objections, we're moving forward
15 with that plan, so, Mr. Granholm, would you take the
16 stand?

17 Whereupon,

18 DEAN GRANHOLM

19 having been duly sworn, was called as a
20 witness and was examined and testified as follows:

21 CHAIRMAN GOLDWAY: Thank you. You may be
22 seated. Mr. Tidwell, are there any documents that
23 need to be introduced into the record in relationship
24 to this witness?

25 MR. TIDWELL: Madam Chairman, none that I'm

1 aware of. We have the institutional set already in,
2 the testimony of Mr. Boldt in. We've got Mr. Boldt's
3 interrogatory responses in.

4 CHAIRMAN GOLDWAY: Okay.

5 MR. TIDWELL: There, I suppose, are other
6 library references in this case that are not
7 associated with the testimony of Mr. Bolt that the
8 Postal Service could stipulate be entered into
9 evidence, but beyond that --

10 CHAIRMAN GOLDWAY: Okay. So that's what
11 we'll do. The remaining library references are
12 stipulated as entered into evidence but not
13 transcribed.

14 MR. TIDWELL: Fine, Madam Chairman, subject
15 to a realization that they're all about to be revised
16 with the finance number additions and cross-walks.

17 CHAIRMAN GOLDWAY: Yes, and there will be
18 additions. That's acceptable, and I believe that Vice
19 Chairman Acton had some questions that he thought were
20 appropriately directed towards you, so thank you for
21 being here today.

22 VICE CHAIRMAN ACTON: Thank you, Madame
23 Chairman, and good evening, Mr. Brown.

24 THE WITNESS: Good evening.

25 VICE CHAIRMAN ACTON: Thanks for coming

1 today and providing your testimony and for bearing
2 with us throughout all these hours of exchange. As I
3 think you probably know, I think you were here
4 earlier, we have some questions about an earlier
5 advisory opinion we've issued.

6 We're asking the questions, and I'd like to
7 characterize this carefully, we're asking the
8 questions because Congress has asked us, and they've
9 asked the Postmaster General and because we'd be
10 interested in knowing what you thought of some of the
11 earlier views we had and why you may or may not have
12 used them, and that would enlighten our process here.

13 As I mentioned earlier with Witness Boldt,
14 on March 10, 2010, the Commission issued an advisory
15 opinion in Docket No. N-2009-1, which I think, as you
16 know, was a similar Postal Service retail network
17 initiative, and the first couple of questions are
18 really sort of general yes or no questions, and then
19 depending upon how you respond to those, we may get
20 into some of the specific six or seven recommendations
21 we offered, and we'd like to know what role they may
22 have played in this new proposal.

23 The First question is has the Postal Service
24 made any changes to the formulation of the RAO
25 Initiative as a result of this earlier advisory

1 opinion?

2 THE WITNESS: Yes.

3 VICE CHAIRMAN ACTON: Second question is has
4 the Postal Service made any changes to its
5 discontinuance procedures as a result of this earlier
6 advisory opinion?

7 THE WITNESS: Yes.

8 VICE CHAIRMAN ACTON: Okay. I'm going to go
9 over the Commission's major areas of recommendations
10 in that earlier advisory opinion, and then you can
11 tell me, if you can, what changes to the
12 discontinuance procedures and the RAO Initiative has
13 the Postal Service made as a result of these
14 particular recommendations, which I will cite for you.

15 Basically, what we're looking to know in
16 each of these instances is did the Postal Service make
17 changes related to that advice, and if so, what were
18 those changes. The first recommendation was that the
19 Postal Service should develop and disseminate guidance
20 for local managers.

21 THE WITNESS: Yes, we did make changes as
22 far as our modification to the CSDC process in the
23 PO101. We have engaged in extensive training at the
24 District Manager level, the Area Vice President level
25 all the way down to the Coordinator level of exactly

1 what the PO101, the revisions to the PO101,
2 emphasized.

3 Those training sessions have been web-based
4 with sessions on NetMeeting that have clearly outlined
5 the expectations of a Coordinator level on review, a
6 District Manager's level and staff and also the Area
7 Vice President's level to fully engage into the
8 discontinuance process per the revisions to the PO101.
9 The best I can tell you is the training has been
10 robust.

11 VICE CHAIRMAN ACTON: Okay. Thank you for
12 your response. The second recommendation was that the
13 Postal Service should more clearly articulate the
14 objectives of your initiative.

15 THE WITNESS: Again, modifications have been
16 made. I would say that articulating the objectives
17 has been a major step for us understanding the
18 previous efforts which has been discussed as a bottom-
19 up process was not uniformly applied district by
20 district. It was locally generated. We saw those
21 discrepancies both in the PO closure process and also
22 in the SBOC case as far as how it was applied.

23 That helped us in creating the CSDC
24 management system as well as our efforts in modifying
25 the PO101 to allow for a top-down approach to provide

1 more consistency and application than in any way that
2 we have in the past. The consistency now is very
3 robust. I know that was a part of that item in the
4 SBOC recommendations as well that we provide better
5 consistency. The application and consistency is very
6 clear now.

7 VICE CHAIRMAN ACTON: Okay. The third point
8 that the Commission offered was that the method used
9 for evaluating proposals for consolidations and
10 closures should include a separate category for
11 community issues.

12 THE WITNESS: Community input has been
13 strengthened through the CSDC process. We've added in
14 now the full inclusion of the stations and branches,
15 which was a part of the Commission's recommendation,
16 so stations and now branches now receive the full
17 community input and full process of PO closures, which
18 was not the case prior to revisions or Federal
19 Register posting and finalization of Federal Register,
20 and then obviously this case.

21 In addition, I think our methods of
22 notifying community has improved. In the past, we
23 would put the posting on the window. We would put
24 mailers into P.O. Box customers only. Now, it's a
25 mandate that every served in all the zip codes within

1 that locale gets a letter. The letter itself is far
2 more detailed, so we think our communication method
3 has been greatly enhanced based on the recommendations
4 of the Commission.

5 CHAIRMAN GOLDWAY: I think the
6 recommendation was more that there will be a section
7 for evaluating effects on the community that was
8 separate and distinct in the process. It appears from
9 the questions we've heard today that that hasn't been
10 adopted.

11 THE WITNESS: Yes, I would say that that
12 remains the same. That area does remain the same.

13 CHAIRMAN GOLDWAY: You did not change that?

14 THE WITNESS: Correct.

15 VICE CHAIRMAN ACTON: Is there any reason
16 that you would like to offer for why the Postal
17 Service decided that that opinion was not something
18 that you should implement?

19 THE WITNESS: I think in looking at the
20 recommendations by the Commission, and specifically to
21 the SBOX situation, we felt that the P.O. 101, in
22 dealing with Post Office closures, already had a
23 robust system.

24 When your opinion in the SBOX situation
25 dealt specifically with stations and branches, where

1 we could see that a strengthening was needed, our
2 inclusion of a full process with stations and
3 branches, we feel that we did cover that.

4 As far as making any new modifications in
5 the 101 pursuant to that recommendation that was not
6 made.

7 VICE CHAIRMAN ACTON: Okay.

8 THE WITNESS: I hope that explains it.

9 CHAIRMAN GOLDWAY: I guess why wasn't it
10 made?

11 THE WITNESS: I think what I am saying is
12 that it was. The recommendations that were made by
13 the Commission were specific to stations and branches.

14 CHAIRMAN GOLDWAY: I see.

15 VICE CHAIRMAN ACTON: Yes.

16 THE WITNESS: When we moved the stations and
17 branches to the full process that did enhance in fact
18 a review of customer input.

19 VICE CHAIRMAN ACTON: This is why we wanted
20 this opportunity to ask you these questions, not only
21 when you do use our thoughts, you tell us how you used
22 them, but knowing why you may not necessarily use
23 them, or use them in a different way, a different type
24 of application is also helpful. So that we are more
25 in line in that respect.

1 You already anticipated my next question,
2 which had to do with public notice and improvement,
3 and I think you spoke to that. Do you have anything
4 to add on that?

5 THE WITNESS: No.

6 VICE CHAIRMAN ACTON: A couple of more. We
7 recommended that the financial analysis should be
8 improved.

9 THE WITNESS: The financial analysis was
10 greatly improved through the 101 process, and as part
11 of the top down process that we are talking about
12 today. We went through an extensive review, a Kelly
13 Sigmon approach, to look at our financial analysis,
14 and worked very closely with headquarters finance to
15 develop a set of criteria that is now reviewed in
16 every case under the new realm of how that financial
17 data will be developed.

18 It is not an easy generation of financial
19 data, but we feel that it is appropriate.

20 CHAIRMAN GOLDWAY: And can you share that
21 with us?

22 THE WITNESS: Absolutely.

23 CHAIRMAN GOLDWAY: And we could see what the
24 analysis is?

25 THE WITNESS: Yes.

1 VICE CHAIRMAN ACTON: Good.

2 CHAIRMAN GOLDWAY: And we can get that
3 information? Terrific.

4 VICE CHAIRMAN ACTON: The next view that the
5 Commission offered was customers should be assured
6 that the Postal Service will adhere to its published
7 procedures.

8 THE WITNESS: I realize that there has been
9 some issues. Some folks have talked about some of the
10 issues, including the Commission. It is our purpose
11 to eliminate those anomalies where we disserve
12 customers through this process.

13 We feel that our consistently improvement
14 through the new process will greatly help that, as
15 well as the oversight that is now built into the
16 process, where I have oversight responsibility for not
17 holding a community meeting.

18 I have the clear responsibility in my
19 position and my staff to ensure that those packages
20 are complete and accurate. Those changes of oversight
21 I think has really enhanced the process as well.

22 VICE CHAIRMAN ACTON: Well, I certainly
23 don't think that there is any disagreement that
24 customers should be assured. It sounds like it is a
25 management challenge that the Postal Service is moving

1 to meet.

2 Lastly, the Postal Service should coordinate
3 this initiative with any other initiatives that affect
4 the process. I'm sorry, affecting access.

5 THE WITNESS: And that is something that I
6 would say that we are working on, but it has not been
7 included in the process. We obviously brought forth
8 the village post office concept, which has been
9 discussed today, and has been a ride along with the
10 initiative, to try to provide improved access to
11 customers when we may reach a discontinuance.

12 I think that there is some more work that we
13 can do on that. I know that Kelly Sigmon, our channel
14 access vice president, has been looking at retail
15 options for the future, including kiosks, future
16 contract stations, different types of technology for
17 the future to assist customers in all places to be
18 able to utilize our alternate access moving forward.

19 Is it really a robust piece of this package?
20 No, but the village post office, I think, will provide
21 us at least some nominal access that we can provide to
22 customers in locations where we have discontinued a
23 post office.

24 I know that we had conversations about the
25 village post office in the past. We are glad to see

1 it rolled out. We think that customers will adopt it
2 in the future. We are already seeing some interest in
3 village post offices nationwide.

4 VICE CHAIRMAN ACTON: I think that we talked
5 about this in some of our briefings, Mr. Brown, that
6 with so many moving parts with your blue collection
7 box changes, and with the introduction or movement of
8 automated postal centers, as well as what is happening
9 with this initiative, they all seem related closely to
10 a primary point of concern for this agency in this
11 particular question, which is -- or which goes to the
12 alternative access issues.

13 So we are trying to match up those moving
14 parts, too, to make an assessment on how well the
15 alternative access provisions will meet the needs of
16 the local customer.

17 THE WITNESS: Agreed.

18 VICE CHAIRMAN ACTON: All right. I think
19 that concludes my questions. Thank you for your
20 insight. Thank you.

21 THE WITNESS: Thank you.

22 CHAIRMAN GOLDWAY: I would like to ask a
23 couple of questions that relate to this exercise. As
24 I understand it, you are going to start notices for
25 discontinuance in October, but not close any post

1 offices until January?

2 THE WITNESS: That's correct.

3 CHAIRMAN GOLDWAY: But we are in the process
4 of developing an advisory opinion, and we have lots of
5 people who are asking you questions, and are raising
6 some concerns about some of the lack of input or
7 contradictions in the process.

8 How do you see our advisory opinion in this
9 case affecting your discontinuance process? Where is
10 the time for our advice to get to you to make some
11 adjustments?

12 THE WITNESS: Well, as we had requested, we
13 are hoping for 90 day rulings so that we can continue
14 on our process, and yet your advice prior to any post
15 office closing and through this process, that would be
16 the best case scenario for us.

17 I think the Postmaster General also stated
18 that we do intend to look at more post offices in the
19 future, and would like your advice on our efforts at
20 this time to get much like in an SBOC case, give us
21 advice on where we potentially could improve this
22 process as well.

23 CHAIRMAN GOLDWAY: And I have a question
24 about the suspension issue, which Commissioner Hammond
25 had brought up earlier to Mr. Boldt. In the

1 consultations that we had with you, you had indicated
2 that you were going to address the several hundred
3 suspensions that have been on the books, but have been
4 de facto closings, so that the community could be
5 clear about the status.

6 But they are not part of this process, and
7 they didn't seem to be, except for a few cases, part
8 of the seven or eight hundred that have come through
9 so far before this process.

10 What are the plans with regard to clearing
11 up the matter of suspended post offices?

12 THE WITNESS: Actually, some of the 700 or
13 800 that have previously come through, a lot of those
14 were suspensions that have come off the books. A lot
15 of those were the -- I will call it the archaic
16 suspensions that went back to the 1980s, and those
17 have fallen off the list, as far as they have gone
18 through the full discontinuance process.

19 They may not have been appealed, but those
20 have closed. Quite a few of those have closed.

21 CHAIRMAN GOLDWAY: Did you send us the list
22 then of
23 the --

24 THE WITNESS: You mean of the remaining
25 suspensions at this point?

1 CHAIRMAN GOLDWAY: Well, the offices that
2 you have identified as the archaic, the ones that you
3 have already gone through the process, and the ones
4 that you intend to, so that we have that record for
5 our books?

6 THE WITNESS: Yes. I think we can to give
7 you an update on suspended offices. We did include, I
8 believe, 19 suspended offices into this process that
9 were recently suspended, as well as the 101 process
10 now has set criteria for an immediate review of
11 suspended offices.

12 So we don't have the situation that we have
13 had in the past, with suspended offices staying on a
14 suspension list for years.

15 CHAIRMAN GOLDWAY: Do you think that your
16 new process will address the concerns that have arisen
17 with regard to NUSAC and the confusion about whether
18 it is being closed or suspended?

19 THE WITNESS: I know a little bit about
20 NUSAC. As a matter of fact, I have talked with
21 Katherine Nash, the district manager, about NUSAC. I
22 have seen some of the complaints. I think there is
23 some disparate opinion based on what I have heard from
24 local postal management, but I am sure that will be
25 worked out.

1 I haven't been directly involved with NUSAC,
2 but in a case like NUSAC, where a suspension seems
3 forced rather than consequence, I think that is
4 something that we need to look at in the future, and
5 take oversight to not allow that to happen.

6 CHAIRMAN GOLDWAY: I have one more -- well,
7 I guess one more question. I will make the comment
8 that I am interested that your assessment about
9 village post offices and alternative access was more
10 frank, and gave us lower expectations for it than we
11 may have been led to believe in previous discussions,
12 or even in the announcement that was made.

13 I think that we have encouraged you to offer
14 citizens an alternative so that there is an
15 alternative before the office is closed. It appears
16 that village post offices are not moving as quickly as
17 you might have thought, and other options may be
18 better in the future.

19 But the concern that I have, and that is
20 echoed by Commission Acton, is that our job is to make
21 sure that universal services is maintained, and it is
22 much easier if we know that there is alternative
23 service being provided in advance of a post office
24 closing.

25 If the closing is going to happen, there has

1 got to be some measurement system for what the service
2 is like until the alternatives are fully on board, and
3 I am sure that we will make that point to you in our
4 recommendations.

5 And the last question was a followup on the
6 question that I had asked Mr. Boldt about my concern
7 that there was kind of a collapsing effect; that you
8 close one post office, and say that this one is the
9 receiving one, and then you close that one, and then
10 the next one is the receiving one.

11 So that you get this kind of ripple effect,
12 and where there is a whole circle of communities that
13 are without a post office because you justified one
14 sequential move after another.

15 And you are the person with the final review of all of
16 those.

17 So do you have a way to check whether that
18 problem is occurring, and to make sure that it doesn't
19 occur?

20 THE WITNESS: Based on our previous
21 conversations, yes. The new process, the SDCC, and to
22 inform the coordinator that any previously annotated
23 administrative office will be annotated as an office
24 that was called an administrative office through the
25 process.

1 That would only cover about the last year
2 since we have had the SDCC process, but in my review
3 of the new offices under the top down initiative, if
4 it was annotated as an administrative office, I will
5 know that in my final determination. And again that
6 was based on the recommendation of the Commission.

7 CHAIRMAN GOLDWAY: That is gratifying.
8 Thank you. Commissioner Hammond, do you have anything
9 else that you want to ask?

10 COMMISSIONER HAMMOND: Yes, just briefly. I
11 have a couple of miscellaneous questions on one line,
12 and welcome, Mr. Holmes.

13 THE WITNESS: Thank you.

14 COMMISSIONER HAMMOND: We appreciate you
15 staying here in the late hours. I always enjoy
16 visiting with you, and if it wasn't so late, I would
17 talk a while, but I will get right to it. And I did
18 want to ask a followup, because you brought this up
19 about where in an instance there might not be a public
20 meeting, because some people would say that they put a
21 loophole in.

22 You or the district manager can make the
23 decision to not have a public meeting, or --

24 THE WITNESS: No, it is me and the area vice
25 president.

1 COMMISSIONER HAMMOND: It is you, or the --

2 THE WITNESS: Or the area vice president,
3 and just to note that, I know that today of two
4 locations where I have already approved in the new
5 study to not have a community meeting. One was the
6 Walter Reed facility, where obviously the Walter Reed
7 Hospital was closing down.

8 That facility was -- that post office was
9 actually housed inside the building that was closing.
10 There are no people left in Walter Reed, and so that
11 building obviously is not needed for a community
12 meeting.

13 The general public could not access that
14 post office. It was really intended for that facility
15 itself, the Walter Reed facility itself, the hospital.
16 The second one that I have taken under consideration,
17 but have not approved -- I take that back. I have not
18 approved it yet, is actually located in a prison
19 facility. And at this point, I have not
20 rendered a decision, but I have been requested whether
21 we should hold a community meeting in a prison.

22 COMMISSIONER HAMMOND: Well, okay, I can
23 certainly understand that, but to give you an idea, it
24 would be fair to say that in no instance is the Postal
25 Service not going to have a public meeting because of

1 anticipated uncomfortable opposition?

2 THE WITNESS: That is fair to say, yes.

3 Absolutely.

4 COMMISSIONER HAMMOND: Okay. Thank you.

5 And I had just a couple of other questions. Can you
6 tell us the goals and purpose of the RAOI initiative?

7 THE WITNESS: Certainly I can, but I think
8 that has already been addressed. But what we want to
9 do is look at -- well, I will refer to my document.
10 We obviously want to stick with the customer demand in
11 going through the process, and the availability of
12 alternatives, including potential village post
13 offices, GPUs, rural delivery and highway contract
14 delivery, stamps by mail, fax, phone, internet access.

15 Any potential neighboring post office could
16 be an alternate. So that is one step. Also apply the
17 revised discontinuance rules to the locally initiated
18 discontinuance action already in progress that have
19 not advanced the community meeting stage, which is our
20 list, the definition of our list.

21 And improve efficiency and enhance customer
22 convenience in the provision of retail services
23 through the use of alternate access if available, and
24 then obviously capture the resulting cost savings from
25 any closure that may occur.

1 COMMISSIONER HAMMOND: Okay. So one of the
2 purposes would be to better align postal retail
3 facilities with demand?

4 THE WITNESS: Definitely.

5 COMMISSIONER HAMMOND: Okay. So does the
6 Postal Service plan to do anything specific or
7 atypical to determine or measure after the fact
8 whether these goals have been met?

9 THE WITNESS: I think we have to as part of
10 this initiative. I don't think that they are well
11 defined at this time. I think that that has been
12 discussed by Mr. Boldt, but I think we have to have a
13 review at the conclusion of this process on whether it
14 was successful or not, and I would imagine that the
15 Commission will at least through the initial process
16 give us advice on that as well.

17 I think some conversations have taken place
18 dealing with the OIG, and their use of the Dr. Yazer
19 model. We are investigating using those models as
20 well going in the future. That is a way that we can
21 look at the effectiveness of the current process as
22 well moving forward using some modeling to see what
23 the outcome of that result would be.

24 COMMISSIONER HAMMOND: And so you and Mr.
25 Boldt are going to continue to work, and that is going

1 to be a continued concentration on your part?

2 THE WITNESS: Correct.government

3 COMMISSIONER HAMMOND: Very good. After a
4 discontinuance study is initiated, but prior to
5 closing the specific facility, how does the Postal
6 Service determine that mail users will have access to
7 postal services to adequately meet the demand for
8 postal services?

9 THE WITNESS: Well, that is a locally
10 generated process by the discontinuance coordinator,
11 and the local staff at the district. They will look
12 at what is available to utilize for that replacement.

13 Again, whether it is a rural carrier who may
14 better serve the community than what the post office
15 may serve them today, through an extension of rural,
16 or an extension of highway contracts, to a village
17 post office, to a village neighboring post office that
18 may be a mile or two away.

19 There is many different ways that we can
20 look at access. What we want to do is ensure that we
21 provide the customer access to our postal products,
22 and our services, to the best extent possible,
23 including looking at the options that I just shared.

24 COMMISSIONER HAMMOND: And as I discussed
25 with Mr. Boldt, it is a major priority of the Postal

1 Service, whether it be a local postmaster, or whoever,
2 all the way up to the top, to make sure that people
3 are not without postal service for any amount of time.

4 This happens, and you were here for when we
5 were discussing the examples. You are going to make
6 sure that it does not happen that people don't have
7 their services, right?

8 THE WITNESS: I agree that is your charter,
9 as well as mine.

10 COMMISSIONER HAMMOND: Okay. All right.
11 Well, thank you very much.

12 CHAIRMAN GOLDWAY: I think that concludes
13 the questions that we have for you.

14 THE WITNESS: Thank you.

15 CHAIRMAN GOLDWAY: I appreciate your
16 patience. I hope that it was useful that you came.

17 THE WITNESS: It was. Thank you.

18 CHAIRMAN GOLDWAY: And we certainly
19 appreciated Mr. Boldt's patience and his testimony,
20 and look forward to talking with him again tomorrow,
21 and I hope that tomorrow's meeting can move quickly,
22 and that people are not too burdened with the change
23 in schedule.

24 I appreciate your understanding and
25 consideration, and with that, I wish you all a good

1 night, and good luck in the rain. Mr. Tidwell, did
2 you have some comments?

3 MR. TIDWELL: I just want to be clear as to
4 what we are expecting for tomorrow. Is there
5 additional questioning from the bench before we go to
6 followup?

7 CHAIRMAN GOLDWAY: No.

8 MR. TIDWELL: There are none?

9 CHAIRMAN GOLDWAY: Not at this time. We
10 have exhausted our questions. It is an opportunity
11 for the Intervenors to ask their questions, and then
12 there is an opportunity for redirect, and a
13 Commissioner can always interject something. But
14 there are no pending questions by the Commissioners at
15 this time.

16 MR. TIDWELL: Might it be worthwhile to
17 canvass the parties just to confirm which if any will
18 have followup? Just so we can have that for planning
19 purposes tomorrow?

20 CHAIRMAN GOLDWAY: Some of the parties
21 aren't here. Will you have followup you believe for
22 Mr. Boldt?

23 MR. HUGHES: The Postal Service has no
24 redirect, Madam Chairman.

25 CHAIRMAN GOLDWAY: Well, maybe we can end it

1 tonight. What about you, Public Representative?

2 MS. FERGUSON: We have nothing in mind at
3 this time. This is Tracy Ferguson, the Public
4 Representative. Given an evening to think some more,
5 something may come up, but at this time, nothing.

6 CHAIRMAN GOLDWAY: Well, you can always
7 submit a question in writing.

8 MR. TIDWELL: Because, Madam Chairman, if
9 there are no parties left --

10 CHAIRMAN GOLDWAY: Well, the ACWU has
11 reserved the right. Are you --

12 MR. ANDERSON: We have no questions.

13 CHAIRMAN GOLDWAY: Well, then maybe we can
14 just call the meeting.

15 MR. ANDERSON: I do have further questions.

16 CHAIRMAN GOLDWAY: So you do have further
17 questions?

18 MR. MORGAN: Well, not for the witness, but
19 for you.

20 CHAIRMAN GOLDWAY: For me? Okay. As part
21 of the hearing or afterwards?

22 MR. MORGAN: Afterwards.

23 CHAIRMAN GOLDWAY: Okay. So we appear not
24 to need any?

25 MR. TIDWELL: Madam Chairman, we have no

1 intention of conducting redirect.

2 CHAIRMAN GOLDWAY: So it appears that we can
3 adjourn the meeting, but first we have to have a
4 question from Jeremiah, who is representing -- well,
5 introduce yourself.

6 MR. MORGAN: Yes, Jeremiah Morgan
7 representing Valpak. It is more of a comment. I am
8 just following up on what Mr. Tidwell said earlier
9 about the outstanding interrogatory responses. We
10 anticipate filing a motion to designate those once
11 they come in, and we just wanted to make sure that
12 that would be in any schedule that you have.

13 CHAIRMAN GOLDWAY: You can be sure that the
14 Chair will do everything that I can to accommodate
15 people's concerns to have the record complete, because
16 that helps us all, and recognize

17 (Whereupon, at 6:49 p.m., the hearing in the
18 above-entitled matter was concluded.)

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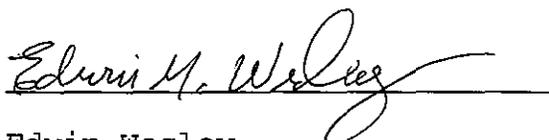
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REPORTER'S CERTIFICATE

DOCKET NO.: N2011-1
CASE TITLE: Retail Access Optimization
Initiative 2001
HEARING DATE: September 8, 2011
LOCATION: Washington, D.C.

I hereby certify that the proceedings and evidence are contained fully and accurately on the tapes and notes reported by me at the hearing in the above case before the Postal Regulatory Commission.

Date: September 8, 2011



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