OFFICIAL TRANSCRIPT OF PROCEEDINGS BEFORE THE POSTAL REGULATORY COMMISSION

In the Matter of:	)	
	)	
RETAIL ACCESS OPTIMIZATION	)	Docket No. N2011-1
INITIATIVE, 2011	)	

VOLUME #4

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POSTAL REGULATORY COMMISSION

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	)	
RETAIL ACCESS OPTIMIZATION	)	Docket No. N2011-1
INITIATIVE, 2011	)	

Room 200
Postal Regulatory Commission
901 New York Avenue, N.W.
Washington, D.C.

Volume 4
Tuesday, October 18, 2011

The above-entitled matter came on for hearing, pursuant to notice, at 9:33 a.m.

BEFORE:

HON. RUTH Y. GOLDWAY, CHAIRMAN
HON. MARK ACTON, VICE-CHAIRMAN
HON. ROBERT TAUB, COMMISSIONER
HON. NANCI LANGLEY, COMMISSIONER

APPEARANCES:

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C O N T E N T S

WITNESSES APPEARING:

MARK STRONG
JOHN P. KLINGENBERG

WITNESSES:	DIRECT	CROSS	REDIRECT	RECROSS	VOIR DIRE
Mark Strong					
By Ms. Bushman	1406	--	1570	--	--
By Mr. Anderson	--	1464	--	--	--
By Mr. Tidwell	--	1471	--	--	--
By Ms. Ferguson	--	1535	--	--	--
John Klingenberg					
By Ms. Ferguson	1572	--	--	--	--
By Mr. Hughes	--	1618	--	--	--
By Mr. Hollies	--	--	--	1722	--

DOCUMENTS TRANSCRIBED INTO THE RECORD	PAGE
Excel spreadsheet attached to Witness Morrison's testimony, Library Reference N2011-1-1	1404
Corrected designated written cross-examination of Mark Strong on behalf of the National League of Postmasters, NLPM-RT-1	1412
Response of Hobbs to Postal Service Interrogatory No. 11, USPS/NLPM-XE-T-1-1; Section 312 of Postal Operations Manual, USPS/NLPM-XE-T-1-2; Postal Bulletin 22238 dated 7-1-08, USPS/NLPM-XE-T-1-3	1497
Corrected designated written cross-examination of John P. Klingenberg on behalf of the Public Representative, PR-T-2	1576

E X H I B I T S

EXHIBITS AND/OR TESTIMONY	IDENTIFIED	RECEIVED
Corrected rebuttal testimony of Mark Strong on behalf of the National League of Postmasters, NLPM-RT-1	1406	1407
Corrected designated written cross-examination of Mark Strong on behalf of the National League of Postmasters, NLPM-RT-1	1411	1411
Response of Hobbs to Postal Service Interrogatory No. 11, USPS/NLPM-XE-T-1-1; Section 312 of Postal Operations Manual, USPS/NLPM-XE-T-1-2; Postal Bulletin 22238 dated 7-1-08, USPS/NLPM-XE-T-1-3	1490	1496
Corrected direct testimony of John P. Klingenberg on behalf of the Public Representative, PR-T-2	1572	1573
Corrected designated written cross-examination of John P. Klingenberg on behalf of the Public Representative, PR-T-2	1575	1575

1 P R O C E E D I N G S

2 (9:33 a.m.)

3 CHAIRMAN GOLDWAY: Good morning, ladies and
4 gentlemen. We're going to call this hearing to order.
5 Today's hearing on October 18 is a continuation of
6 Docket No. 2011-1, reviewing the Postal Service's
7 Retail Access Optimization Initiative, RAOI. We're
8 continuing to receive testimony filed as rebuttal to
9 the evidence presented by the Postal Service in
10 support of its initiative.
11 For the record, I am Ruth Goldway, Chairman
12 of the Postal Regulatory Commission, and joining me on
13 the dais this morning are Vice Chairman Acton,
14 Commissioner Langley and Commissioner Taub. We had a
15 very long and productive hearing yesterday, and I
16 appreciate your interest and patience in our efforts
17 to make sure the record is complete by continuing this
18 meeting this morning. Are my fellow Commissioners
19 interested in welcoming the group? No? Well, okay.
20 Then I'd like to remind those in the
21 audience today that this hearing is being web
22 broadcast. In an effort to reduce potential
23 confusion, I ask that counsel wait to be recognized
24 before speaking and please identify yourself when
25 commenting. After you are recognized, please speak

1 clearly so that our microphones may pick up your
2 remarks.
3 We had some technical difficulties with our
4 sound system yesterday -- it's a new sound system that
5 we're still adjusting -- but staff was here late into
6 the evening, and I hope that everything will be
7 working this morning in top shape.
8 Does any participant have any procedural
9 matters to discuss before we begin today's hearing?
10 MR. ANDERSON: Madam Chairman? Thank you
11 for recognizing me. I'm Daryl Anderson, counsel for
12 the APWU.
13 Attached to Witness Anita Morrison's
14 testimony is a library reference, which is an Excel
15 spreadsheet. It was submitted with her testimony, and
16 I think, though, that technically I'm required to
17 separately move its admission into the record and
18 would like to do that at this time. So APWU moves the
19 admission of APWU Library Reference N2011-1-1.
20 CHAIRMAN GOLDWAY: Any objections?
21 (No response.)
22 CHAIRMAN GOLDWAY: Then please give the
23 information to the court reporter, and we'll make sure
24 that it's included in the record.
25 MR. ANDERSON: We'll provide copies to the

1 court reporter. Thank you very much.

2 (The document referred to was

3 marked for identification as

4 Library Reference N2011-1-1

5 and was received in

6 evidence.)

7 CHAIRMAN GOLDWAY: Thank you. Today's

8 process is as follows: We will call each witness and

9 receive his or her testimony. We'll then enter the

10 written cross-examination into the record, and after

11 that we will allow oral cross-examination. After oral

12 cross-examination, an opportunity will be given to

13 present redirect testimony.

14 Two witnesses are scheduled to appear here

15 today. They are Witnesses Strong and Klingenberg.

16 Mr. Brinkmann, Mr. Hughes, from the National League of

17 Postmasters?

18 MR. BRINKMANN: Actually Michelle Bushman is

19 going to do the honors today.

20 CHAIRMAN GOLDWAY: Ms. Michelle Bushman,

21 will you identify yourself and then your first

22 witness?

23 MS. BUSHMAN: My name is Michelle Bushman,

24 and we're representing the National League of

25 Postmasters, and our first witness will be -- actually

1 our second witness -- Mark Strong.

2 CHAIRMAN GOLDWAY: Thank you. Mr. Strong,

3 will you please stand?

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1 Whereupon,

2 MARK STRONG

3 having been duly sworn, was called as a

4 witness and was examined and testified as follows:

5 CHAIRMAN GOLDWAY: Counsel you may proceed.

6 (The document referred to was

7 marked for identification as

8 Exhibit No. NLPM-RT-1.)

9 DIRECT EXAMINATION

10 BY MS. BUSHMAN:

11 Q Mr. Strong, to your right at the top of your

12 desk are two copies of your testimony. Have you had a

13 chance to review that?

14 A Yes, I have.

15 Q And if you were to provide the content of

16 that document in the form of oral testimony today,

17 would it be the same?

18 A No. We have two changes.

19 Q There are two changes. What is the first

20 change?

21 A On page 29, lines 2 and 3, "Offices like my

22 own in Sun City, Arizona, that service over 100,000

23 deliveries has lost over $2 million a year." That

24 should be "has lost millions each year for the past

25 three years."

1 Q Okay. And your second change?
2 A Page 32. On line 17 it says, "The Fisher,
3 Arkansas, meeting was on August 8." That was actually
4 September 13.
5 Q All right. Do you have any other
6 corrections to your written testimony?
7 A On the written testimony, no. That was it.
8 I'm sorry.
9 MS. BUSHMAN: All right. Madam Chairman,
10 with the changes that are noted by the witness, the
11 League moves that the rebuttal testimony of Mark
12 Strong be entered into evidence.
13 CHAIRMAN GOLDWAY: Are there any objections?
14 (No response.)
15 CHAIRMAN GOLDWAY: Hearing none, I will
16 direct counsel to provide the reporter with two copies
17 of the corrected direct testimony of Mark Strong.
18 That testimony is received into evidence.
19 However, consistent with Commission practice, it will
20 not be transcribed.
21 (The document referred to,
22 previously identified as
23 Exhibit No. NLPM-RT-1, was
24 received in evidence.)
25 CHAIRMAN GOLDWAY: We will next receive

1 written cross-examination.

2 The Postal Service, the National League of

3 Postmasters and APWU indicated that they had intended

4 to enter written cross-examination of Witness Strong.

5 Mr. Strong, have you reviewed this material?

6 THE WITNESS: Yes, I have.

7 CHAIRMAN GOLDWAY: And have you determined

8 if those questions were posed to you orally today

9 would your answers be the same as those you previously

10 provided in writing?

11 THE WITNESS: Yes, they would.

12 CHAIRMAN GOLDWAY: Is there any correction

13 or addition you would like to make to the answers?

14 THE WITNESS: On No. 39, a clarification.

15 CHAIRMAN GOLDWAY: Is it clear which --

16 THE WITNESS: It says, "The reason for this

17 is that one does not know the full extent of the

18 costs." That actually "would not know the full extent

19 of the costs" are not known until actual

20 implementation. So there is an estimate cost before

21 that period.

22 CHAIRMAN GOLDWAY: Do you have written

23 language that you're inserting to correct that

24 information?

25 THE WITNESS: No, I do not.

1 CHAIRMAN GOLDWAY: I think it needs to be in
2 writing.
3 MS. BUSHMAN: All right.
4 CHAIRMAN GOLDWAY: So you're going to pencil
5 in the corrections because we have to hand them to the
6 court reporter.
7 MR. TIDWELL: Madam Chairman, while counsel
8 takes care of that I might note that the designation
9 package initially refers to designations that were
10 made by the National League of Postmasters. Parties
11 are not permitted under the Commission's rules to
12 designate interrogatory responses of their own
13 witnesses.
14 Yesterday, in cooperation with League
15 counsel and with Commission counsel, the Postal
16 Service worked with League counsel and Commission
17 counsel to ensure that the designation package only
18 includes the designations that were submitted by the
19 APWU, the Commission and the Postal Service.
20 CHAIRMAN GOLDWAY: I appreciate the
21 counsel's cooperation in that matter, and it appears
22 that National League of Postmaster's counsel has
23 agreed to that and that information is what we have in
24 front of us.
25 In case anyone was listening, that comment

1 on correcting the nature of the cross-examination
2 evidence was made by Michael Tidwell of the Postal
3 Service.
4 MR. TIDWELL: Guilty as charged.
5 CHAIRMAN GOLDWAY: Okay. The corrections
6 have been made. Will you please provide the two
7 copies of the corrected designated written cross-
8 examination of Witness Strong to the reporter?
9 MR. TIDWELL: Madam Chairman, could we have
10 that correction read into the record for the benefit
11 of those who haven't seen what was written?
12 CHAIRMAN GOLDWAY: I think that would
13 certainly be appropriate. Do we need to bring that
14 material back to Witness Strong so he can read it?
15 Please do that, counsel. Thank you.
16 THE WITNESS: "The reason for this is that
17 one does not know the full extent of the costs until
18 one takes into account what type of delivery will be
19 provided, what type of boxes, cluster boxes, roadside
20 boxes, et cetera. This does not happen until actual
21 implementation, although they may estimate at the time
22 of the 60-day proposal."
23 MR. TIDWELL: Okay. So we've got a
24 completely new final sentence. Could you slowly read
25 that final sentence again?

1 MR. BRINKMANN: Actually, it's a final
2 clause after the word "implementation".
3 MR. TIDWELL: Okay.
4 CHAIRMAN GOLDWAY: Would you read that
5 clause after the word "implementation"?
6 THE WITNESS: "...although they may be
7 estimated at the 60-day proposal."
8 MR. TIDWELL: And does the "Moreover..."
9 sentence stay in, that final sentence that begins,
10 "Moreover..."? Is that still in?
11 THE WITNESS: Correct. Correct.
12 MR. TIDWELL: Okay.
13 CHAIRMAN GOLDWAY: Thank you. Now we have a
14 full acceptance of the corrected testimony. That
15 material is received into evidence and it is to be
16 transcribed into the record.
17 (The document referred to was
18 marked for identification as
19 Exhibit No. NLPM-RT-1, and
20 was received in evidence.)
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22 //
23 //
24 //
25 //

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Retail Access Optimization Initiative, 2011 Docket No. N2011-1

DESIGNATION OF WRITTEN CROSS-EXAMINATION
OF NATIONAL LEAGUE OF POSTMASTERS
WITNESS MARK STRONG
(NLP-RT-1)

Party	Interrogatories
American Postal Workers Union, AFL-CIO	USPS/NLP-RT1-6, 30-31, 34, 51
~~National League of Postmasters~~	~~USPS/NLP-RT1-1-54~~
Postal Regulatory Commission	USPS/NLP-RT1-2, 6, 12, 21, 29, 31
United States Postal Service	USPS/NLP-RT1-1-6, 9, 12-13, 15-16, 19, 21-32, 34-41, 43-48, 50-51, 53

Respectfully submitted,

Shoshana Grove
Secretary

INTERROGATORY RESPONSES OF
NATIONAL LEAGUE OF POSTMASTERS
WITNESS MARK STRONG (RT-1)
DESIGNATED AS WRITTEN CROSS-EXAMINATION

Interrogatory	Designating Parties
USPS/NLP-RT1-1	NLP, USPS
USPS/NLP-RT1-2	NLP, PRC, USPS
USPS/NLP-RT1-3	NLP, USPS
USPS/NLP-RT1-4	NLP, USPS
USPS/NLP-RT1-5	NLP, USPS
USPS/NLP-RT1-6	APWU, NLP, PRC, USPS
USPS/NLP-RT1-7	NLP
USPS/NLP-RT1-8	NLP
USPS/NLP-RT1-9	NLP, USPS
USPS/NLP-RT1-10	NLP
USPS/NLP-RT1-11	NLP
USPS/NLP-RT1-12	NLP, PRC, USPS
USPS/NLP-RT1-13	NLP, USPS
USPS/NLP-RT1-14	NLP
USPS/NLP-RT1-15	NLP, USPS
USPS/NLP-RT1-16	NLP, USPS
USPS/NLP-RT1-17	NLP
USPS/NLP-RT1-18	NLP
USPS/NLP-RT1-19	NLP, USPS
USPS/NLP-RT1-20	NLP
USPS/NLP-RT1-21	NLP, PRC, USPS
USPS/NLP-RT1-22	NLP, USPS
USPS/NLP-RT1-23	NLP, USPS
USPS/NLP-RT1-24	NLP, USPS
USPS/NLP-RT1-25	NLP, USPS
USPS/NLP-RT1-26	NLP, USPS
USPS/NLP-RT1-27	NLP, USPS
USPS/NLP-RT1-28	NLP, USPS
USPS/NLP-RT1-29	NLP, PRC, USPS
USPS/NLP-RT1-30	APWU, NLP, USPS
USPS/NLP-RT1-31	APWU, NLP, PRC, USPS

Interrogatory	Designating Parties
USPS/NLP-RT1-32	NLP, USPS
USPS/NLP-RT1-33	NLP
USPS/NLP-RT1-34	APWU, NLP, USPS
USPS/NLP-RT1-35	NLP, USPS
USPS/NLP-RT1-36	NLP, USPS
USPS/NLP-RT1-37	NLP, USPS
USPS/NLP-RT1-38	NLP, USPS
USPS/NLP-RT1-39	NLP, USPS
USPS/NLP-RT1-40	NLP, USPS
USPS/NLP-RT1-41	NLP, USPS
USPS/NLP-RT1-42	NLP
USPS/NLP-RT1-43	NLP, USPS
USPS/NLP-RT1-44	NLP, USPS
USPS/NLP-RT1-45	NLP, USPS
USPS/NLP-RT1-46	NLP, USPS
USPS/NLP-RT1-47	NLP, USPS
USPS/NLP-RT1-48	NLP, USPS
USPS/NLP-RT1-49	NLP
USPS/NLP-RT1-50	NLP, USPS
USPS/NLP-RT1-51	APWU, NLP, USPS
USPS/NLP-RT1-52	NLP
USPS/NLP-RT1-53	NLP, USPS
USPS/NLP-RT1-54	NLP

USPS/NLPM-RT1-1
Please refer to your testimony at page 5, lines 15-17. Explain the basis for your assertion there that the Postal Service intends to discontinue retail operations at all of the Post Offices on the Retail Optimization Initiative candidate list.

RESPONSE:

My testimony says that the Postal Service would not be able to serve rural America just as well as it does now, and certainly not to the maximum degree that it is statutorily required to do, if existing small post offices were closed. The village post office is no substitute. Moreover, the Postmaster General has said that he expects over 15,000 post offices will be closed within the next 6 or 7 years. Granted his public statements say that they will "consider" closing 15,000 but my understanding is that this positioning is simply a "spin" done to give the impression that the Postal Service will go through the procedures set forth in the law and "consider" the needs of the community. I believe that the truth of the matter is that the Postal Service intends to close the bulk of its small post offices, unless it is prevented from doing so.

To me, it is clear that you cannot give the same service in the future as you have in the past when you require someone to drive to a farther town in order to pick up their mail, their hold mail, their accountable, or their notices. Furthermore if a VPO would be the only retail service available and it sells only forever stamps or flat rate priority boxes, it is clear that that town is not getting the same service as they do now, much less the maximum service possible.

USPS/NLPM-RT1-2
Please refer to your testimony at page 5, lines 20-21, and explain the basis for your assertion that the RAO Initiative reflects a determination by the Postal Service to "concentrate its focus on providing service to large urban and suburban areas."

RESPONSE:

The fact is that the data used to close post offices is data that shows less than 2 hours of earned time. This is driven by volume and a low income area or a rural area generally is going to have fewer pieces per delivery than wealthier urban or suburban areas. The second criteria—offices generating less than 27,000 dollars in revenue—means that fewer facilities in urban areas are going to fit into that category. Moreover, the 27,000 dollars does not take into account the number of customers that may come in and buy small ticket items showing a high use but a low dollar rate per transaction. This leads me to believe that it is rural, low income areas that are being targeted for closure.

Moreover, the graphic on the map on savethepostoffice.com clearly shows that it is rural areas that are being targeted.

USPS/NLPM-RT1-3.
On page 5, lines 11-12 of your testimony, you express your agreement with statements attributed to Mr. Mark Jamison to the effect that this proceeding consists of "a request to abandon the concept of universal service."

(a) Please define "universal service" as you understand it.
(b) Upon what sources of authority do you rely for your definition or understanding of universal service?
(c) Do you believe that the mere initiation of a feasibility study of a Post Office, station, or branch for discontinuance amounts to a denial of universal service?
(d) If the answer to part (c) is affirmative, please explain your answer.
(e) Do you believe that universal service is equivalent to access to retail and delivery services? Please explain.
(f) Do you believe that the concept of access to retail and delivery services is a subset of universal service? Please explain.
(g) Do you believe that the concept of universal service is a subset of access to retail and delivery service? Please explain.

RESPONSE:

(a) Universal service is service to all Americans, coast to coast, border to border, with each of them generally receiving the same degree of retail and delivery service at the same price. There may be some exceptions—the bottom of the Grand Canyon—where physical characteristics have led to a slightly lower service standard, but those situations are so far and few between that I believe they fit within the concept of universal service. By service, I mean not only retail and delivery service, but in terms of post offices, those types of non-postal service that have been traditionally been offered in rural America. I concur with Senator Murkowski's statement that: "The concept of universal service is not a debating point; it's federal law....Mail is 'a basic and fundamental service' and Congress requires the Postal Service to 'provide prompt, reliable, and efficient services to patrons in all areas and shall render Postal Services to all communities' and must establish rates 'on a fair and equitable basis'....This means the Postal Service must provide universal service at universal rates."[2]
(b) My 38 years of Post Office experience, 30 years of which has been management experience, and my years of customer service training provided by the USPS, as well as my personal knowledge as one born and raised in Montana as to how small rural post office traditionally have fit into the rural way of life.

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[2] See http://postandparcel.info/42751/news/congress-steps-up-backlash-against-us-post-office-closures/

(c) It depends. If the initiation of a feasibility study is but a farce, with the decision already having been made to close the facility regardless of the effect on the community, then yes. If it were to be a true feasibility study, driven from the bottom up, with equal weight given to the non-postal role of the facility in the community, then no.

(d) I believe that under the current financial circumstances, top-down driven study, a large number of offices are being reviewed as a mere formality and that the decision to close them had already been made, provided that political or other forces do not prevent the closing.

(e) Not merely retail and delivery services, at least in rural America. As explained in (a) we do not separate delivery and retail when giving universal service to rural America. We do not in urban America. Service cannot be defined by me or the Postal Service; it is defined by what the customer needs.

(f) That is much too detailed and bureaucratic an approach. I do not accept it. In my opinion that retail and delivery services are just a component of "universal service" and that all the services together make up the organic totality of universally service.

(g) See my answer to (f).

USPS/NLPM-RT1-4

In the course of your career as a Postmaster, did you ever:

(a) Identify a situation where customers were being denied universal service?

(b) If the answer to part (a) is affirmative, please explain the circumstances, including date(s).

(c) If the answer to part (a) is affirmative, please explain whether you elevated such situations to the attention of senior management.

RESPONSE:

(a) Yes

(b) As a State President in Arizona I was involved in the discontinuance study of Humbolt, Arizona. It was within the past 10 years, exact date unknown.

(c) Yes I did discuss with the District Manager, after the community meetings and further discussion regarding the closure and the impact on its customers. The discontinuance was stopped and the post office remained open.

Errata and Supplemental Response of National League of Postmaster Witness Mark Strong to Interrogatories of Postal Service

USPS/NPLM-RT1-5
Please refer to your testimony at page 7, lines 12-16. Is the Postal Service obliged to meet every "need" for postal service expressed by rural postal customers on the terms and conditions expressed by those customers? If your response is affirmative, please explain.

RESPONSE:

Congress decides and defines the Postal Service's mission and obligations, not the Postal Service or I, and Congress has specified a "maximum degree" of service for rural America.

USPS/NLPM-RT1-6

Please refer to the statement at page 5, line 18 of your testimony concerning your representations regarding universal service. Assume a Post Office offering Post Office Box delivery to a small community of 300 residents is discontinued and replacement service is offered by rural carrier, with retail services offered to roadside mailboxes along the carrier's line of travel. The "gaining" and nearest Post Office is 3 miles away.

(a) Please identify with particularity all aspects of universal service that would be denied as a result of discontinuance of the Post Office in this hypothetical.

(b) Please confirm whether customers of the discontinued Post Office would lack access to retail services after the discontinuance. If you do not confirm, please explain.

(c) Please confirm whether customers of the discontinued Post Office would lack access to delivery services after the discontinuance. If you do not confirm, please explain.

(d) Did customers who were served by delivery to roadside mailboxes by the rural carriers that you managed lack access to retail or delivery services? Please explain your answer.

RESPONSE:

First one would have to assume that they were getting extension of delivery, to which is not determined at the 60 day notice to close. Many of the 3 mile customers would be required to travel to the neighboring office. If they did get delivery by the rural carrier one would also have to know if it was to a cluster box or to their home before one could completely determine the degree of service lost.

(a) Since they do not know when the carrier would arrive—and it would be impossible to "schedule" a carrier down to any precise time, they would not have reasonable access to retail services. Moreover, a customer often gets box service for a particular reason, such as security. If required to put up a mail box by the house, or use an existing mailbox by the house, you have lost the security of a post office box. Also, you have increased costs. P.O Boxes are the safest, most secure and most efficient mode of delivery available. A customer business may be next to the Post Office and his time of "getting his mail" every day may be only two or three minutes and those minutes might be critical to his business. It all depends upon the local circumstances.

(b) Yes. Same day money order service is one service they would lack. You are required to meet the carrier on the first day give them the money and fill out a form. Of course you have to be able to determine when they will be there so you can catch them. You then have to wait for the second day to get the money order. For some of our rural customers that rely on the Postmaster fill out the money order for them because they do not read or write, this transaction would not be possible. Rural Carriers would be able to sell you stamps if you left your cash or check in the rural mail box and the stamps would be left in the box or returned the next day. That is assuming no one took the money or the check out of the box. For any package over 13 ounces, you have to

> meet the carrier and present the package, if you knew when they are coming by. All other transactions can be left in the box with cash or check and they will return the receipt the next day. Again, assuming no one takes the money or check. Of course if every customer did this Rural Carriers get pick up time for these transactions with special compensation for express mail and this would reduce any savings significantly. But on a given day, a rural carrier could have five minutes of real time in the first 100 stops or an hour and a half worth of retail time in the first 100 stops. It would wreak havoc with his schedule and thus make his arrival times even more unpredictable.

If rural delivery is not extended to the customer then they will have to drive the 3 miles every day. If they have to drive, this increases the cost of their transaction and time required to use our service both for the retail and delivery of their mail…

This whole concept is not reasonable, particularly for older people in the hottest days of summer, the coldest days of winter, and the rainiest and snowiest days. This is changing the conditions so that citizens have to meet the needs of the Postal Service—e.g., be there when the carrier passes—instead fo the Postal Service meeting the needs of the citizens—e.g., being there where customers can go for services.

(c) See (b) above. Moreover, this answer does not address the non-postal services role of the post office in the community.

(d) See (b) above. Moreover, this answer does not address the non-postal services role fo the post office in the community.

See (b) above.

Errata and Supplemental Response of National League of Postmaster Witness Mark Strong to Interrogatories of Postal Service

USPS/NLPM-RT1-9
Please refer to your testimony at pages 3-4. For each postal facility at which you have been employed for longer than a year, please indicate the calendar years during which you were employed there. Also indicate for each facility whether, at the time, it was a "small rural office."

RESPONSE:

I grew up in Montana and was raised in an environment where the small rural post office was a key element in our community.

I was a clerk in Forsyth, Montana, 1973-1979 which is a small rural office. I was loaned to neighboring small offices which were also rural – Colstrip, Montana and Rosebud, Montana.

At Kalispell, Montana, from 1979 – 1981, an SCF operation, I was an acting supervisor and acting Supt of Postal Operations and dealt with Postmasters and customers from the surrounding small rural offices. The SCF was not a small rural post office, but it served small rural post offices.

At Missoula, Montana, from 1981 – 1984, I was a Supervisor in a MSC (Management Sectional Center). I had daily contact with rural offices throughout western Montana. The SCF was not a small rural post office, but it served small rural post offices.

I was at Billings, Montana, from 1984 - 1987, and it is not a rural office.

I was at Phoenix, Arizona, from 1987 – 1992, and it is not a rural office.

I have been at Sun City, Arizona, since 1992 and it is an urban office.

Moreover, I have been active in the National League of Postmasters for years, in a variety of positions and in that time have developed an certain expertise in small rural post offices issues, having dealt with so many of them.

Errata and Supplemental Response of National League of Postmaster Witness Mark Strong to Interrogatories of Postal Service

USPS/NLPM-RT1-12

Page 5, line 19 of your testimony characterizes the Postal Service as having "urban-based leadership."

(a) Please explain what you intend to convey by this statement.

(b) Is your statement intended to characterize where members of Postal Service management currently live, or where they were originally raised as children, or developed as young adults, or some combination thereof?

(c) Identify the member(s) of postal management that you believe comprise this "urban-based leadership."

(d) Please confirm that the "urban based leadership" of the Postal Service has included classified stations, branches and annexes within the scope of the RAO Initiative. If not confirmed, please explain. Identify which of these types of facilities are typically located in urban and suburban areas.

RESPONSE:

(a) The leadership that is reviewing the RAO Initiative are based in Districts, Areas and Headquarters, but Headquarter is calling the shots, and District and Area managers are not going to buck Headquarters on this issue. My sense is that the headquarters' staff enjoy the urban access of retail and delivery services provided by the Postal Service. Many, if not most, have door delivery. Few, if any, come from very small rural towns and thus generally have no personal experience with small rural post offices and rural society. They also have the convenience of numerous alternate access points as well as readily available internet service that is not enjoyed by the rural communities they are reducing that service to. They do not understand the value of a rural post office to a community and will they will not have to live first hand with the results.

(b) Generally, where they currently live, although I believe that very few come from small rural towns.

(c) Primarily Headquarters and some Area Officers.

(d) Confirmed. There are some stations that are in urban centers but are not the basis for our testimony or our objections to this plan. Those stations have alternate access not commonly available to rural areas.

USPS/NLPM-RT1-13

At page 5, line15 of your testimony, you state that the Postal Service's proposal to examine the feasibility of whether to discontinue operations at any of 3650 candidate facilities "essentially produces a drastic reduction in availability and service."

(a) In what way does a proposal to examine the feasibility of discontinuing the retail operations at particular postal retail facilities within the scope of the Retail Access Optimization Initiative "essentially produce[ ] ... a drastic reduction in availability and service"?

(b) In your opinion, what is the highest percentage of retail closures among the approximately 3650 RAO Initiative candidate facilities that would result in a "reduction in availability and service" that you would characterize as being less than "drastic"?

RESPONSE:

(a) If the study results in closure of all or substantially all of these post offices, then the availability of all services could see a drastic reduction. If a VPO is used only three services will be provided. Even rural carriers cannot provide all the services of a full service post office. Meeting the rural carrier two days in a row at the mailbox (hopefully you know when they are coming by) just to purchase a money order is far from the service they now receive, and extremely far from the notion of a maximum degree of service. How drastic the reduction in service is depends upon local conditions.

(b) The maximum degree of service shall be provided to rural America, while giving universal service to all Americans should be determined by Congress, as measured by their constituents.

USPS/NLPM-RT1-15

(a) Please refer to your testimony at page 9, line 7. Identify the "basic" public policy with which the Retail Access Optimization Initiative conflicts and explain how it is conflicts with that policy.

(b) In your view, what accounts for the failure of the Postal Regulatory Commission to opine in its Docket No. N2009-1 advisory opinion that the Station and Branch Optimization and Consolidation Initiative conflicted with that same "basic" public policy?

RESPONSE:

(a) This interrogatory relates to a heading, which is explained in Part II A-B of my testimony.

(b) Objection filed.

USPS/NLPM-RT1-16

Please refer to your testimony at page 11, lines 8-18.

(a) Can a community have an identity without having a Post Office?
(b) Can a community have pride without having a Post Office?
(c) Can a community have an anchor and hub without having a Post Office?
(d) Can a community have an anchor and hub that is not a Post Office?
(e) Does the Postal Service have an obligation to bind the nation together though the provision of facilities in which to conduct non-postal transactions and manage non-postal civic and social affairs?
(f) Does the Postal Service have an obligation to establish and maintain facilities of such character and in such locations as to accommodate the needs of postal patrons to conduct non-postal transactions and manage non-postal civic and social affairs?

RESPONSE:

(a)-(d) Of course a community might have pride and identity without having a Post Office and its possible to have other anchors and hubs. That does not take away from the fact that small rural post offices still play, and have played, a significant role in this function in rural areas. Urban areas have other anchors and hubs, that is why small urban post offices (usually stations or branches) don't quite play the role that rural post offices play. Also, not every rural post office necessarily plays that anchor or hub position. It depends. Which is exactly the reason that the Post Office closing procedures have always been (and still should be) a bottom up process that does not lend itself to using computer models to make decisions. Mayor Hobbs has discussed this area in somewhat more detail than I have and I would refer you to his testimony.

(e)-(f) Congress defines the mission and obligations of the Postal Service. They have specified a maximum degree of postal services, and Congress added further consideration in 1976, in response to a series of post office closing that the Postal Service had undertaken in abrogation of their role of binding the nation together. I would refer you to the record and other pleadings in our Complaint, C 2011-3, which is being held in abeyance, pending Postal Service action.

USPS/NLPM-RT1-19

Please refer to page 17, line 6 of your testimony.

(a) Please list and describe the sociological, economic, political and other specific characteristics that define a "typical" community in the United States and that distinguish it from one that is atypical.

(b) Is the opinion in your testimony that Odd, West Virginia is a typical community your own or that of "one of [y]our postmasters"? Either way, please explain the supporting basis for the opinion.

(c) Please provide examples of "typical" and "atypical" communities you reviewed in assessing how to categorize Odd, West Virginia, and explain the basis for categorizing them.

RESPONSE:

(a) I am not a professionally trained sociologist but I would think that a typical community in the United States would be one that shares common characteristics with other communities. An atypical community would be one that has characteristics that are different from other similarly-situated communities. Characteristics could include education levels, age, income, level of unemployment, types of employment, etc.

(b)-(c) If one looks out the window and notices that it is raining, one does not need to retain experts at some state or federal meteorological institution to determine whether it is raining. Simple observation should do. In much the same way, the observation of a intelligent federal official, our postmaster in this case, that this community is a typical West Virginia community should suffice. This postmaster is (in my opinion) a person of above-average intelligence, with a fair amount of experience in communities—she is a postmaster after all—and I am perfectly willing to place my confidence in her judgment.

Response of National League of Postmaster Witness Mark Strong to Interrogatory of Postal Service

USPS/NLPM-RT1-21

(a) Please provide the data you reviewed in preparing that portion of your testimony which asserts that "small towns tend to have the highest concentrations of elderly people." Please discuss how those data compare to data for other population centers.

(b) Please provide copies of or citations (including internet links) to sociological studies documenting the role that Post Offices play as a gathering point for retirees and serve as sources of non-postal information for retirees, relative to other gathering points and information sources.

(c) Please provide copies of or citations (including internet links) to economic, sociological, law enforcement, or labor and employment studies on which you relied in preparing your testimony which quantify the impact that "rural post office[s]... have on local business development, existing businesses, [and] law enforcement, [and] community jobs ..." relative to other factors.

RESPONSE:

(a) – (c) I believe that the migration of the young from rural to urban communities after World War II is a fairly commonly known historical phenomena. It does not take a great step in deductive reasoning to conclude that if the young are tending to leave rural America for the cities, the remaining population has a higher concentration of elderly people than does urban America.

While I did not feel I needed to rely on any academic study to support such a basic and obviously well-known point, just googling the issue as I prepare this response brought up, as the first hit, the following link:
http://oregonexplorer.info/rural/RuralIssues/AgeStructure

The article at this link, from Oregon State University states:

> Research by Annabel Kirschner, E. Helen Berry, and Nina Glasgow (2006) examining the changing age structure between the non-metropolitan (rural) and metropolitan (urban) U.S., found that between 1920 and 2000 quite a bit of change occurred between the two parts of the country. From 1920 to 1940 rural America had a median age five (5) years lower than urban America; meaning that the rural U.S. had more young people than urban areas. In 1950, 1960, and 1970, however, this difference narrowed, leading to a shift in 1980 when the median age in rural areas exceeded the median age in urban America. Since the 1980s, a rapidly aging population has characterized rural areas . . . The influx of

> older adults, coupled with the out-migration of young adults that rural America has witnessed since the early 1900s, and a decline in fertility (birth rates) paved the way for the age structure of rural areas to shift from being younger than urban areas [before WWII] to being older than urban areas.

Similarly, both League Postmasters and the Postal Regulatory Commission itself, in Lone Grove[3] and other decisions, have noted the many roles Post Offices play in rural community life.

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[3] *E.g.*, In the matter of Lone Grove, Texas, PRC Docket No. A79-2 (May 7, 1979).

Response of National League of Postmaster Witness Mark Strong to Interrogatory of Postal Service

USPS/NLPM-RT1-22

Please refer to your testimony at page 3, lines 3-6. Your career includes service as a Postmaster.

(a) Please explain whether, during your career as a Postmaster, you participated in any decisions to discontinue a Post Office, or to consolidate a Post Office (as that term is currently used in USPS Handbook PO-101).

(b) If the answer to part (a) is affirmative, please provide specific information concerning the Post Office(s) in question.

(c) Please explain whether, during your career as a Postmaster, you participated in any decisions to suspend operations of a Post Office under Handbook PO-101.

(d) If the answer to part (c) is affirmative, please provide specific information concerning the Post Office(s) in question.

(e) Please explain whether, during your career as a Postmaster, your position level or grade was elevated as the result of the discontinuance or consolidation of a Post Office.

(f) If the answer to part (e) is affirmative, please provide specific information concerning the elevation.

(g) Were you responsible as a Postmaster for any community post offices or other types of contract postal units in your service area?

(h) If the answer to (g) is affirmative, please provide specific information concerning the community post office or contract postal unit retail facilities in question.

(i) Did you manage Rural or Highway Contract Route carriers during your career as a Postmaster?

(j) If the answer to part (i) is affirmative, please provide specific information on the number of Rural or Highway Contract Route carriers that you managed.

RESPONSE:

(a) As State President for the LEAGUE, I was involved with the discontinuance of Humbolt, Arizona. The current PO 101 was not used at that time. The study was initiated by the District Manager who had firsthand knowledge of the communities involved.

(b) Dewey, Arizona, and Humbolt, Arizona, municipalities were consolidated. The Postal Service started a study to consolidate the offices since the city governments were consolidated. The study did not result in a discontinuance.

(c) No, I did not.

(d) NA

(e) No, I have never been informed that I received a position or level increase because of a discontinuance or consolidation.

(f) NA

Response of National League of Postmaster Witness Mark Strong to Interrogatory of Postal Service

(g) Yes

(h) Besides the three delivery units with full retail services and APC machines in two of these units, my urban customers had a separate stand-alone retail facility. Within my geographic area I had a CPO which eventual became this stand-alone retail facility, increasing the service available. I had up to 9 contract stations at one time giving my customers access to more retail and collection service. These same customers had collection boxes throughout the city giving them safe and secure places to deposit their mail as well. The cluster box outgoing mail slots were closed due to the high amount of vandalism.

Community post offices and contract postal units have their place in providing supplemental retail services in urban areas. They are great things in the right spot. They are not substitutes for full-scale post offices.

(i) Yes

(j) I currently serve 51 Rural Routes and 5 Highway Contract Routes. I have managed both in other offices as well. I have no idea how many in total I have managed over the years. That information should be available to the Postal Service.

Response of National League of Postmaster Witness Mark Strong to Interrogatory of Postal Service

USPS/NLPM-RT1-23
Please refer to your testimony at page 21, lines 10-11. Please identify, provide a copy of (if it is not already a matter of record in this docket), and cite the specific passage in the Postal Service document that forms the basis for your assertion that the Postal Service *almost seems to suggest* that "electronics has opened up other communications sources for rural America, and that the role of post offices in rural America has become passé ."

RESPONSE:

In the Testimony of Jim Boldt at page 4 lines 4, 5, 21, and 22 and at page 5 lines 4, 5, 8, 11, 12, and 13, and at page 6 lines 5 and 6 and at page 7 lines 5 and 6 one finds suggestions and implications that electronic technology, web sites, and digital services, and the availability of "electronics", have all opened up other communications sources for rural America. This assertion might be true if this technology were widely available and used in Rural America. But it is not. Indeed even with electronics, rural post offices still play a key role in rural America, as Mayor Hobbs' testimony shows.

USPS/NLPM-RT1-24

(a) Please define "urbanite" as you use the term at page 21, line 3 of your testimony.

(b) Please define "good mail service," as you use the term at page 21, line 6 of your testimony.

RESPONSE:

(a) A person who lives in a large city.

(b) "Good," meaning less than optimal or maximum service. As used here, "good mail service" means delivery service which is "okay" or "average," but less than the maximum range and level of services Congress required.

Response of National League of Postmaster Witness Mark Strong to Interrogatory of Postal Service

USPS/NLPM-RT1-25

Your testimony at page 6, lines 17-20 states, "While this proceeding is technically only focused on the 3,650 post offices that are currently on the chopping block, it is no secret that a much larger group—up to half of the post offices in the country—are waiting in the wings for their turn. That includes every small rural post office in the country."

(a) Define "post office" as you use it in this passage.
(b) Define the universe of "every small rural post office in the country."
(c) Please confirm that it is your understanding that the RAO Initiative is limited to the approximately 3650 retail facilities identified in USPS-T-1.

RESPONSE:

(a) A Post Office is a facility manager by a postmaster, as defined by 39 U.S.C. § 1004(i)(3). I do realize that the facilities covered by this proceeding and the larger groups that Postmaster Donahue refers to includes facilities that are technically not all post offices, but also includes stations or branches.

(b) The words in this phrase are used in their usual sense.

(c) Yes, as explained by Mr. Boldt's direct testimony, and on cross-examination.

Response of National League of Postmaster Witness Mark Strong to Interrogatory of Postal Service

USPS/NLPM-RT1-26

Your testimony at page 7, lines 13-15 states, "This includes providing full post office services, for they are vital to rural America, cost practically nothing, and are viewed as essential by rural Americans."

(a) Confirm that your claim that providing post offices costs "practically nothing" is based on a comparison of the cost of operations of Post Offices as compared to the total costs of the Postal Service. If not confirmed, please explain.

(b) Please state your understanding of the costs of providing post office services. In your estimation, how much is this cost, and how do you quantify it? Please provide all calculations.

RESPONSE:

(a) Confirmed.

(b) The cost of providing services depends upon the community. It includes the cost of the postmaster, some of whom are part time, the cost of the facility, some of which cost as little as $1 per year, and the cost of any carriers or clerks whose salaries fall under that post office. The Postal Service estimates that the total aggregate operating expenses of all 3,650 Post Offices subject to the RAOI are "about 0.3 percent of [the Postal Service's] total operating expense." See Revised Response of USPS to NLP/USPS-18.

USPS/NLPM-RT1-27

(a) Please refer to your testimony at page 25, line 6 and explain what makes the route from DeWitt to Flat Rock KY unsuitable for senior citizens.

(b) In addition to the elementary School and the Baptist Church, please confirm that there are other churches, as well as businesses located in Dewitt KY.

RESPONSE:

(a) The senior citizen concerns were due to increased travel to conduct postal business. The route to Flat Lick is not a preferred route as it is rural and not suitable for seniors because of the crime and drug issues in the areas. Many of these seniors have a post office box for security reasons since they receive prescriptions and their social security checks in their post office boxes without the fear that they will be stolen or that others will observe what is left in an unattended mail box.[4]

(b) There are other businesses there, but years ago the Post Office decided to deliver the route out of Flat Lick, Kentucky, and would not let them keep a last line address of "DeWitt" so the only businesses with a DeWitt address are the School, Church and Post Office.

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[4] See, e.g, http://www.wkyt.com/wymtnews/headlines/Knox_Co_residents_hold_meeting_to_try_to_save_Dewitt_Post_Office_131493978.html

Response of National League of Postmaster Witness Mark Strong to Interrogatory of Postal Service

USPS/NLPM-RT1-28
Please identify and provide citations (including internet links) to the primary sources for the data described at page 22 of your testimony at lines 6-20.

RESPONSE:

Data sources are provided within the quoted material. I did not independently verify each of those facts from the Save the Post Office article.

Response of National League of Postmaster Witness Mark Strong to Interrogatory of Postal Service

USPS/NLPM-RT1-29

At page 12, lines 11-12 of your testimony, you state, "The primary purpose of the RAO Initiative is to reduce costs."

(a) Please state the basis for this claim, with applicable citations to the record.

(b) Did you read the Request in this docket before finalizing your testimony?

(c) If your answer to part (b) is affirmative, please confirm that the Request in this docket identifies a number of different goals of the RAO initiative. Please confirm that cost savings is only of several goals identified for the RAO Initiative

RESPONSE:

(a) The PMG has stated numerous times that the reduction in Post Offices is to save money as part of the "optimization" plan. The entire plan calls from some 15,000 offices at an alleged savings of $1.3 billion. The Power Point the Postal Service shared with Congress has this dollar amount in the slides. Jim Boldt's testimony states that the savings if all 3,650 offices in the RAOI were closed is less than $200 million.

(b) Yes.

(c) Although the Request speaks for itself, the true goal here is to reduce costs, and that the rest of the justification is mostly fluff. At community meetings, Postal Service representatives are telling customers that post offices are being considered for closing to reduce costs and save money. Having said that, there is a strong argument that an ancillary reason that these closings are occurring is to try to pressure Congress into passing some fix for the pension overfunding problem.

Rural Americans are some of the most important customers that the Postal Service has. As can be seen from the general uprising that is going on throughout the country (as evidenced by the number of stories that are appearing every day in the press throughout the country and by the significant increase in post office closing appeal filings at the PRC) and the polling results of the Gallop Poll, the Postal Service's rural customer's want to retain their post offices. If the Postal Service truly cared what its customers thought, it would not be engaged in this wholesale closing of post offices.

Response of National League of Postmaster Witness Mark Strong to Interrogatory of Postal Service

USPS/NLPM-RT1-30
Your testimony at pages 8-9 states, "Widespread information from the field indicates that in too many cases the 'community meetings' are simply canned briefings designed for public relations purposes, in order to create the illusion that the Postal Serviced is taking into account the needs of these communities and is following both the spirit and letter of the law."

(a) Did you personally observe community meetings that fit this description?

(b) If the answer to part (a) is affirmative, please provide the locations of the community meetings that you attended, dates and names of the Post Offices that the meetings concerned, along with copies of any notes or memoranda you or your staff generated in connection with your observations.

RESPONSE:

(a) No, but at Postmaster meetings throughout the country information was shared that verifies this testimony. Phone calls and emails regarding content of information, predetermined length of meeting, limits on comments, time, etc., also verify the testimony.

As one illustrative and corroborating example, Senator Baucus recently sent a letter to Postmaster General Donahoe, expressing his disappointment with several Montana post office closings. He states:

> Neither Dupuyer nor Galata were given even a full week from the time of their public meetings to the time of receiving their closure notices. It is clear that the Postal Service decided to close these post offices without sufficiently considering community input... [P]ost offices are anchor institutions for rural Montana communities. Montanans depend on those post offices for staying in touch, receiving time-sensitive medications, and operating family businesses. Closing rural post offices would force seniors, disabled veterans, and other folks in these communities to travel many miles to the next available office. Last Wednesday, folks in Galata had a chance to hear firsthand from the Postal Service why their post office was being studied for closure. People living in Dupuyer had a chance to hear from the Postal Service last Friday. Those meetings were important parts of a transparent decision-making process that should have taken public input into account. However, only days later and without adequate time to submit informed and considered comments following the public meetings, those communities are being faced with losing their local

postal service and losing good paying jobs. The Postal Service should take the time to make sure that they are thoroughly considering the impacts of these proposed closures. Instead, there is no indication of how public comment was collected, organized, and fully understood in just a few days. There is no indication that the decision was not already made for these towns before they finally had a chance to hear from the Postal Service. Closing the Galata, Dupuyer, and Melrose post offices will take away jobs and impact families and businesses. Those families and businesses should have had more time to consider the information from the public meeting and they should have had additional time to comment on the potential impacts of losing their post office. And the Postal Service should take time to weigh those comments heavily. You have previously assured me that decisions to close post offices would come after significant and substantive consideration of public input. This has sadly not been the case. I strongly oppose closing any Montana post offices until the Postal Service has conducted all public meetings in Montana and has demonstrated that it is working in good faith to take community input into account as part of the closure studies. Thank you for your attention to this important matter. I look forward to working with you to ensure that future Montana communities receive the adequate consideration they deserve and finding long term solutions for the Postal Service without disproportionately affecting mail service in rural communities.[5]

[5] See http://www.postalnewsblog.com/2011/10/05/baucus-says-usps-hasnt-kept-its-word-on-closing-post-offices/

Response of National League of Postmaster Witness Mark Strong to Interrogatory of Postal Service

USPS/NLPM-RT1-31
At page 23, lines 1-6, of your testimony, you state, "the League has determined that Saint Francis, Arkansas, has 104 rented boxes; 67 of these residents do not have internet. New Hope, Arkansas, has 81 rented boxes; 22 do not have internet. Three towns in Iowa—Gravity, Grant, and Beaver—have limited internet access and elderly communities without computers. In the mountains of West Virginia, I would think the situation is even more drastic." Please define "limited internet access" as used in the quoted passage.

RESPONSE:

What I mean by "limited internet access" means unreliable, unavailable, too expensive for low income customers, or very slow internet access. At last count there are over 4000 Post Offices that require intranet service via a satellite. This would usually mean that there is "limited internet" service in these communities.

Response of National League of Postmaster Witness Mark Strong to Interrogatory of Postal Service

USPS/NLPM-T1-32

Please refer to your testimony at page 23, lines 8-9.

(a) Please specifically identify the phenomenon of which you have received "many specific examples" and list and describe each example.

(b) Please describe the differences between examples where you have concluded that that the Postal Service did adequately take into account the unique needs of a community and those where you have concluded to the contrary.

(c) Please list and describe examples of cases in which you have concluded that the Postal Service did adequately take into account the unique needs of a community.

RESPONSE:

(a) Some of the examples are included in the testimony. Even with just a few phone calls to the field asking how the community meetings are going we found cases where little consideration appeared to be given to the community concerns. That starts with the time and place of meeting being set to limit or discourage customer attendance, limited length of meeting, spelled out not to go over an hour, limited number and time limit for comments, etc. The perfunctory tone has irritated many, as Comments from Senator Baucus and the Iowa delegation attest. Again, many of these meetings are being held not to gather information about the community so that the Postal Service can take that information into account in making this decision. Rather, many of these meetings are being held with the attitude that this post office is being closed, how can we make this easiest on your community.

(b)-(c) We will really have to wait and see how many post offices are closed before we can answer these questions. Until they are closed, the Postal Service can still change its mind and take into account the needs of the community as it is supposed to under law, and not close post offices where there would be a negative impact on the community.

USPS/NLPM-RT1-34

On page 12, in footnote 1 of your testimony, you state, "The total net cost of the 10,000 smallest Post Offices—more than one-third of all Post Offices in the United States—is less than seven tenths of one percent (0.7%) of the total costs of the United States Postal Service." Please provide the calculations you used to arrive at this figure, and document the sources of each figure used.

RESPONSE:

The data is below. We asked the PRC for the data in January of this year and received the most recent data. We have not updated it since.

There is actually is a slight typo in the testimony. It should say "roughly" seven tenths of one percent and not "less" than seven tenths of one percent. When we received this data in January, we stopped using "less than seven-tenths" and changed it to "roughly seven-tenths. As you can see, the most recent numbers are almost eight tenths of one percent. It doesn't really change the point since the change from "less than" to "roughly" is *de minimus*.

Cost of 10,000 smallest rural post offices to USPS.

Data is FY 2009, the most recent available in January of 2011.

Annual cost for operating CAG K&L offices ($Millions): 629.38	629.38
Cost of providing CAG K&L annual retail transactions by rural carriers: 22.99	22.99
Cost of providing CAG K&L annual post office box service by rural carriers: 40.81	40.81
Lost annual revenue from CAG K&L post office boxes: 29.68	29.68
Total of Annual cost from replacing CAG K&L post office operations by rural carriers: 93.47	93.48
Net annual savings from replacing CAG K&L post office operations by rural carriers: 535.91	535.9

Savings as percentage of USPS Costs

$$\frac{535{,}900{,}000}{68{,}090{,}500{,}000} = 0.787\%$$

Source: Postal Regulatory Commission, January 2011

Response of National League of Postmaster Witness Mark Strong to Interrogatory of Postal Service

USPS/NLPM-RT1-35

At page 28 lines 18-19 of your testimony, you state that "The law specifically forbids the Postal Service to close Post Offices because they are not profitable."

(a) Please identify the law to which you refer and quote the applicable passage(s) and provide all citations.

(b) Do you deny that the law prohibits the closing of a "small" post office "solely" for operating at a deficit?

RESPONSE:

(a)-(b) See 39 U.S.C. §§ 101(b) and 404(d).

USPS/NLPM-RT1-36
Please explain how the text of the email copied on page 29 of your testimony supports the assertion that "the Postal Service has been taking steps that both hinder meaningful community input, while simultaneously cutting off post offices as though the decision to close them has already been made." In doing so, explain whose decision it was not to refer to the email in USPS Library Reference N2011-1/16 that was responsive to the one you quote on page 29. Please attach a copy of the responsive email in your response to this interrogatory.

RESPONSE:

For the first sentence, the quoted material—from a Congressman's office—explains itself.

For the second sentence, Objections have been filed.

USPS/NLPM-T1-37

Pages 23 -26 of your testimony reflect assertions regarding the number or percentage of Post Office Box holders at particular Post Offices who have internet or broadband internet service. Please provide a complete description of how these data were derived, including:

(a) the methods by which the data were collected;

(b) how and by whom respondents were identified and notified of the opportunity to participate in the survey;

(b) copies of all data collection and survey instruments or questionnaires used to record responsive data;

(c) copies of all lists of questions distributed to survey takers to read to survey respondents;

(d) copies of all instructions disseminated to those who conducted surveys or distributed questionnaires;

(e) the methods and media through which questionnaires or solicitations regarding survey participation were disseminated to survey respondents;

(g) the locations where notices soliciting survey participation were posted;

(h) the rate of postage paid for survey documents placed in Post Office Boxes of any survey participants;

(i) for each location where survey takers interacted face-to-face with survey respondents as part of the survey process, specify the addresses at which and the hours of the day during which such interactions occurred, and indicate whether any of the addresses are postal retail locations;

(j) the name(s) of the person(s) responsible for composing the questionnaires or survey questions and supervising the survey effort;

(k) identification of the person under whose direction the research was conducted;

(l) Such other information pertinent to the data collection effort as would be responsive to Rule 31(k) of the Commission's Rules of Practice and Procedure.

(m) a description of the study plan underpinning the research used to draw the conclusions in the quoted passage, a clear description of the research design, the techniques or procedures used to compile the data, and the definition of the universe under study.

(n) the date (month, day, and year) on which the research began and the date (month, day, and year) on which the research ended (i.e., the survey period).

(o) Please provide a complete copy of the research results

(p) Please define "limited internet access" as used in at page 23, line 4 of your testimony.

RESPONSE:
This was information provided me by postmasters in the respective areas. They gathered the information from their customers and passed it on to me. I do not have copies of any survey or other such information. I do not have a copy of any "methodology." In small towns of several hundred people, complicated methodologies are not needed to gather such information. These are small towns, after all. Many do not even have cell phone service, much less wi-fi.

Response of National League of Postmaster Witness Mark Strong to Interrogatory of Postal Service

USPS/NLPM-RT1-38

Your testimony states at page 12, line 6 that "Many small rural post offices have already closed."

(a) What is the source of this claim?

(b) How many Post Offices were discontinued between 1996 and 2009?

(c) For purposes of the questions below, a "management-initiated" discontinuance action means a discontinuance action where management conducts a feasibility study and discontinuance action due to a Postmaster vacancy.

  (i) Please confirm that Postal Service management did not initiate any management initiated discontinuance actions of Post Offices between 2002 and 2008. If not confirmed, please explain your response.

  (ii) Please confirm that you or your predecessors were personally involved in discussions with Postal Service management relating to decisions not to pursue management-initiated Post Office closings between 2002 and 2008. If not confirmed, please explain your response.

RESPONSE:

(a)-(b) See Mr. Boldt's testimony on page 10.

(c) Objections filed.

Response of National League of Postmaster Witness Mark Strong to Interrogatory of Postal Service

USPS/NLPM-RT1-39

At page 13 of your testimony, you state, "The Postal Service has not taken into account the full extent of the costs of extending delivery to those customers who will now receive their mail at their home, nor the cost of servicing an NDCBU by the carrier if that is the chosen delivery mode."

(a) How many Post Office discontinuance records did you review before finalizing your testimony?

(b) Do you deny that when Rural or Highway Contract Route delivery is provided as replacement service in a Post Office discontinuance action, the cost of replacement service is included in the economic savings calculation in the Proposal and Final Determination?

(c) Have you ever established Rural or Highway Contract Route service for new delivery points?

(d) If the answer to part (c) is affirmative, how did you estimate the cost of providing this service?

(e) How are rural carriers compensated for serving additional delivery points on an existing route?

(f) How is remuneration determined for Highway Contract Route carriers determined for serving additional delivery points on an existing route?

RESPONSE:

(a) Perhaps 15 or 20.

(b)-(f) See cross examination of Mr. Boldt at transcript 421-422 where he admits that there will be extra costs, and that the Postal Service did not take into account the FULL extent of costs of extending service. The reason for this is that one does not know the full extent of costs until one takes into account what type of delivery will be provided, what type of boxes, cluster boxes, road side boxes, etc. That does not happen until the actual implementation, although they may be estimated at the 60-day proposal. Moreover, were the carrier to provide retail services, that could significantly increase the compensation a carrier receives.

Response of National League of Postmaster Witness Mark Strong to Interrogatory of Postal Service

USPS/NLPM-RT1-40

At page 16 of your testimony, you state "If a rural post office disappears, the town often disappears."

(a) Did you personally conduct research before making this claim? If so, please provide all data gathered in the course of your research.

(b) Please define the term "disappears" as that term is used after the term "often" in your statement.

(c) Please quantify the frequency to which you refer by use of the term "often."

RESPONSE:

(a) No

(b) Ceases to exist as a viable, independent community

(c) I cannot quantify the word "often." It is not necessarily a quantifiable world. It means "many times." "More likely than not." "More frequently than not." "In many cases."

Response of National League of Postmaster Witness Mark Strong to Interrogatory of Postal Service

USPS/NLPM-RT1-41

At page 13 of your testimony, you state that "many of the elderly in these communities do not drive or have licenses enabling them to go to the nearest town."

(a) Define "elderly" as used in your statement.

(b) What studies or data did you consult prior to finalizing your testimony on the proportion of elderly retail customers that are served by the Post Offices in the RAO Initiative? Please furnish copies of any such studies or data.

(c) What studies or data did you consult prior to finalizing your testimony on the proportion of elderly delivery customers that are served by the Post Offices in the RAO Initiative? Please furnish copies of any such studies or data.

(d) What studies or data did you consult prior to finalizing your testimony on the proportion of elderly retail or delivery customers that do not have driver's licenses?

RESPONSE:

(a) Those of advanced age.

(b)-(c) I relied on my personal observations and the the observations made by League members and postmasters across the nation. Moreover, as I pointed out in my answer to interrogatory USPS/NLPM-RT1-21, rural communities tend to have more elderly people than urban communities. Thus, logic suggests that since the RAO is aimed at rural areas, it is aimed at communities where a disproportionate number of elderly people live.

(d) I do not need to consult a study to know that many senior citizens have given up or lost their driver's licenses.

Response of National League of Postmaster Witness Mark Strong to Interrogatory of Postal Service

USPS/NLPM-T1-43

On page 20, lines 5-15, you refer to a Gallup poll recounting the public's opposition to Post Office discontinuance.

(a) Did you participate in the survey design or direct the conduct of the survey?

(b) Please provide the following: a description of the study plan underpinning the survey described in your testimony, a clear description of the study design, all relevant assumptions underpinning the survey, the techniques or procedures used to compile the data, the definition of the universe under study, and the sampling frame and units surveyed.

(c) Please provide the following: the date (month, day, and year) on which the survey began and the date (month, day, and year) on which the survey ended (i.e., the survey period).

(d) Please provide a complete copy of the survey, including all questions posed to survey participants, all instructions provided to survey participants, and, if available to you, complete copies of the individual survey responses received from participants. Names of specific individuals may be redacted.

(e) Pease provide the total number of persons who were provided with an opportunity to participate in the survey

(f) Please state your understanding of the extent to which the Gallup survey referenced on pages 20-21 of your testimony sought customer reactions to the closure of a local post office branch in the context of a determination that a nearby postal location in combination with one or more alternate access sites were deemed capable of providing the postal services they sought.

RESPONSE:

(a) No. This is a publicly available Gallup Poll, available on the Gallop web site, the citation of which is in my testimony.

(b)-(f) Objections filed.

USPS/NLPM-RT1-44

On page 19 of your testimony, you recount the experience of Ireland, England, and Wales describing harm to communities attributed to the closing of small rural post offices.

(a) Explain why the experience of England, Ireland, and Wales is relevant to postal retail operations in the United States?

(b) What published academic papers or other widely circulated analyses have you performed comparing the experience of Post Office operations and discontinuance efforts in England, Ireland, and Wales with those in the United States? Please provide citations to such publications and internet links to copies of such papers and analyses.

RESPONSE:

(a)-(b) The experience of other rural areas and other countries is always of interest. Often, in postal matters, the size and scope of the American experience, both in terms of distances and terrain make the European experience not that applicable to the United States on a macro scale. On a micro scale, such as how a business in a small rural town might react to the closing of a post office, there are always lessons to be considered.

USPS/NLPM-RT1-45

At pages 34 to 35 of your testimony, you identify a number of criteria that should be considered when conducting Post Office discontinuance.

(a) For each numbered item in your list, please identify the source of authority that you believe requires consideration of each such numbered item. Please identify the source of authority for each numbered item.

(b) Do you deny that local Post Office discontinuance personnel gather or receive information responsive to each numbered item? Please explain your response.

RESPONSE:

(a)-(b) 39 U.S.C. § 404(d) provides the list of criteria Congress said the Postal Service should consider, and good sense and experience, and prior PRC precedent, suggest the other criteria I offer.

It is also the list from the study done by Rich Margolis. "At the Crossroads" was based on the research he did.

It is not part of the questionnaire, it is not part of the computer program that initiates the study and it is not part of any of the community questions that have been shared with me. With the exception of number 7 regarding business in town I have not seen any of these criteria addressed in the official closing docket or with regard to community impact on appeals sent through the PRC.

Response of National League of Postmaster Witness Mark Strong to Interrogatory of Postal Service

USPS/NLPM-RT1-46

At page 30 of your testimony, you state that, "People in small towns who are not mobile for any reason (no car, disability, etc.) will not be able to be present at these meetings, and these are the same people with the most desperate need for a local Post Office. This reduces the value of even holding a community meeting."

(a) Do you deny that persons of limited mobility (no car, disability) could be transported to community meetings by family, friends and neighbors? If your answer is affirmative, please explain your response.

(b) Do you deny that the Postal Service provides the following other means to solicit customer input, including:

  (i) Questionnaires mailed to delivery customers of a Post Office being studied for discontinuance, and

  (ii) Comment forms provided with the posting of the proposal.

(c) What research was performed to arrive at your conclusions at page 30?

(d) Was this research performed by you or under your direction?

(e) Please provide the following: the date (month, day, and year) on which the research began and the date (month, day, and year) on which the research ended (i.e., the survey period).

(f) Please provide a complete copy of the research results.

RESPONSE:

(a) Its possible, although if the meeting are at times when many work, or in locations that make it difficult to get to when most people are working, then no..

(b) In many cases they did not use to do that. A stack of cards on a shelf in the post office was sometimes used as "Notice."

(c)-(f)I have relied on my personal experience and the observations made by League members and Postmasters across the nation.

Response of National League of Postmaster Witness Mark Strong to Interrogatory of Postal Service

USPS/NLPM-RT1-47

Please refer to your testimony at pages 34-35.

(a) Assume, hypothetically, among many customers who visit a particular RAO Initiative candidate Post Office, the existence of 2 customers whose mail receiving and sending patterns, frequency and nature of Post Office visits, and ability to conduct transactions are virtually identical in every respect. One customer is 35 years old and the other is 65 years old. Please discuss how and why the Postal Service should treat one customer differently than the other in a socially significant way.

(a) Assume, hypothetically, among many customers who visit a particular RAO Initiative candidate Post Office, the existence of 2 customers whose mail receiving and sending patterns, frequency and nature of Post Office visits, and ability to conduct postal transactions are virtually identical in every respect. One customer is a member of a minority group, as you use the term, and the other is not. Please discuss how and why the Postal Service should treat one customer differently than the other in a socially significant way.

RESPONSE:

(a)-(a) They may have different needs. Having the post office in that town for the 65 year old, for instance, may be considerably more important than it is for the 35 year old, for the reasons discussed in my testimony, these interrogatory Responses and the testimony of Mayor Hobbs. A federal government public service institution has to consider the special needs of the citizens of the United States. As for the question of the member of a minority group, it would depend upon whether the minority group had any special or different needs and I cannot tell that from your question.

My testimony was pointing out how the *absence* of the post office will adversely affect certain groups — seniors (who may not be into computers, who walk to the post office, who need a little help from the postmaster for doing postal business, etc.), the poor (who probably aren't hooked up to broadband internet, who don't have a bank and need to use money orders, etc), and minority populations (for whom a neighborhood post office helps keep support local businesses and keeps a struggling neighborhood going, etc.).

USPS/NLPM-RT1-48

At page 28, lines 1-5 of your testimony, you state, "the fact that the methodology used to calculate other hours is fundamentally flawed, resulting in the data being skewed. The bottom line of this is that the output from the formulas is highly unreliable and should not be used for the type of evaluative purposes that they are being used for here."

(a) What specific data in particular do you consider to be "fundamentally flawed?

(b) What specific data do you consider to be "skewed"?

(c) Do local Post Office discontinuance officials fail to consider other factors in conducting a discontinuance feasibility study other than the data you identify in parts (a) and (b)?

(d) If your answer to part (c) is affirmative, then do you claim that local officials are not following the requirements of Handbook PO-101 in gathering and considering information received in connection with Post Office discontinuance studies?

(e) If your answer to part (c) is negative, then what other types of information do local Post Office discontinuance officials consider?

RESPONSE:

(a)-(b) In the cross examination of Jim Boldt, he was ask about the productivities being excessively high for Small Office Variance (SOV), in fact faster than mechanization. (See Official Transcript at pages 373-376.) Mr. Boldt admitted that the productivities of the multi-position letter sorting machine and the flat sorting machines are less than that for manual processing of letters and flats, adding: "I am not here to tell you that all the standards are perfect...." (Official Transcript at 375, lines 4-22.)

(CONTINUED NEXT PAGE)

LDC	Data Element	FY10 BPI	City Carrier
LDC - 47L	Letter Productivity	2247	1080
LDC - 47F	Flat Productivity	1422	480
LDC - 47P	PP/IPP Productivity	325	n/a
LDC - 47	Letter Productivity Boxing	1262	1080
LDC - 47	DPS Productivity Boxing	2521	n/a
LDC - 47	Flat Productivity Boxing	895	480
LDC - 47	PP/IPP Productivity Boxing	225	n/a
LDC - 47	Box Notice Time	1.6	n/a
All number are pieces per hour			
LDC - 47	Transaction Time	.9	Previous12 wks average/5.00 x 1.3
LDC - 47	Telephone Time	3	2.7 min per 1,000 Del

The productivities for the letters and flat distribution are faster than or as fast as the goals we had for the letter sorting machines as well as the flat sorting machines. These productivities divided into the volume of mail received for each office gives us the earned hours. For these offices this portion of SOV (earned hours) is one of the major components. I think it is worth mentioning that all the productivities assigned to the Postmaster are higher than any assigned to the letter carrier as well.

Jim Boldt responded to this question that they must not be that far off as the national average for accomplishing these productivities was 97%. (Official Transcript at 374.) This in itself is flawed. With Small Office Variance (SOV) if an office does not earn 8 hours of work the system defaults to 8 hours so as long as the Postmaster does not work over 8 hours, they will be 100% effective. If any Postmaster in a little bit larger SOV office works more than their designated time in distribution or window operations this "skews" the numbers even more and makes it look like the offices are making the SOV productivities when in fact they may not be. These two scenarios drive the 97%, not the goals being in line with what is actually happening.

Finally the hours earned for retail window transactions in a low income rural environment could further "skew" the numbers. We will use the $27,500 of revenue as an example since that was the number used for the RAO Initiative. The daily Monday-Friday average would be $110 a day. Keep in mind that many of these offices are part time, open 2-6 hours a day. The formula that calculates the earned hours used in SOV calls for average daily revenue divided by 5 dollars to give you the number of transactions multiplied by a factor of 1.3. So

in this case $110 divided by $5 multiplied by 1.3 is 28.60 minutes for the earned workload for the window time.

What if we are in a low income rural community where the customers don't spend $5 on a transaction, like rural West Virginia, Mississippi or Arkansas? Let's say that number is $4. Now we earn 35.75 minutes a day for the window and we most likely are not on the list. What if it was $2.50? What time was given for the non-revenue transactions, package pickup, helping fill out the money order or any other service we give to these communities that do not have a dollar amount assigned to it? Absolutely no such time is factored in.

The SOV process was meant to be a complement managing tool, not a budgeting tool, and especially not a tool used to determine if an office should be on a closing list.

(c) – (e) Objection filed.

USPS/NLPM-RT1-50

At pages 12-15 of your testimony, in discussing Village Post Offices (VPO), you state "The Postal Service's preferred substitute, where any local post office will even be provided, is only a very limited-service retail outlet with three services sold by whoever happens to be behind the counter."

(a) Provide support for your claim that the VPO concept is postal management's "preferred" substitute.

(b) Does your testimony claim that management believes that the VPO is a substitute for a Post Office, to the exclusion of other alternate access channels, such as Rural and Highway Contract Route carriers? If not, please explain your response.

RESPONSE:

(a) That is my understanding from conversations I have had with top postal officials.

(b) As detailed other places, Rural and Highway Contract Carriers are not really a reasonable substitute since no one knows exactly where they will be at any given time and expecting people to wait by their rural mail boxes in the heat of summer or the cold of winter is not reasonable. At least Village Post Offices don't move all the time.

USPS/NLPM-RT1-51

At page 14 of your testimony, you state, "with the new top-down approach and a Vice President from Headquarters giving the directive to close offices, very few District Managers will ever push back to challenge such a Headquarters decision."

(a) Did you review Handbook PO-101 revised as of July 2011 prior to finalizing your testimony?

(b) If your answer to part (a) is affirmative, identify the sections of the Handbook PO-101 that you reviewed that identify a role for a Headquarters Vice President, and briefly describe what those sections say.

(c) Do you claim that the "top-down" approach provides that a Headquarters Vice President directs the closing of Post Offices by directing field managers to close them? If your answer is affirmative, please explain your response.

(d) Please confirm, with citations to the current Handbook PO-101, the role that a Headquarters Vice President exercises in connection with the discontinuance of a Post Office, including (i) the initiation of the study of a retail facility for possible discontinuance action, and (ii) the review and signing of a final determination prepared by field management.

RESPONSE:

(a) Yes.

(b) and (d) Objections filed.

(c)-(d) What I am testifying to is the way that this process is going to work in the field, not what some manual says is supposed to happen. The gap that exists between theory (the manual) and reality (what is happening in the field) is very large in this particular situation. Moreover, sometimes the gap between what the Postal Regulatory Commission is told is supposed to happen in the field, and what really happens in the field is quite large. This is one of those cases.

USPS/NLPM-RT1-53

At page 15 of your testimony, you state, "the truth is that this initiative is aimed at rural America"

(a) Please confirm that your statement is based on the proportion of Post Offices that are the subject of the RAO initiative, as compared to the sum total of Post Offices, stations, and branches that are part of the RAO initiative. If not confirmed, please explain your response.

(b) In making the above quoted statement, did you also examine the number of retail transactions performed at Post Offices that are part of the RAO Initiative, as compared to the retail transactions performed at stations and branches that are part of the RAO Initiative? If so, please identify the data that you evaluated and their sources, and provide copies if such information is not in the record in this proceeding.

RESPONSE:

(a) Confirmed. I would also add that those post offices play a role in their communities that most of the branches and stations in this initiative do not.

(b) No I do not see the relevance in that comparison. This initiative would deprive rural America of a critical part of its infrastructure by closing those post offices and it would not do that to urban America. It is thus aimed at rural America.

1 CHAIRMAN GOLDWAY: I don't believe there's
2 any additional written cross-examination for Witness
3 Strong based on these comments. Therefore, this
4 brings us to oral cross-examination.
5 Two participants have requested oral
6 cross-examination. The American Postal Workers Union,
7 Mr. Anderson?
8 MR. ANDERSON: Thank you, Madam Chairman.
9 Daryl Anderson for the American Postal Workers Union.
10 CROSS-EXAMINATION
11 BY MR. ANDERSON:
12 Q Good morning, Mr. Strong.
13 A Good morning.
14 Q You know of course I'm counsel for the
15 American Postal Workers Union, and I have just a few
16 questions for you. First of all, thank you for your
17 testimony here. We do appreciate you giving your time
18 and energy to this effort.
19 First a technical question. My
20 understanding is that most larger post offices have
21 electronic equipment that records transactions so that
22 there's an automatic record of the types of
23 transactions and their volume.
24 I'm talking about POS technology and
25 something called an IRT, but there are very small

1 offices that are I think called non POS and non IRT
2 offices.
3 A Correct.
4 Q And my question for you just to get this
5 into the record, and I think I know the answer, is
6 that there is a way -- that the transactions are
7 recorded and there is a way -- to determine even in
8 the small offices how many transactions involve a
9 purchase of stamps and how many involve a purchase of
10 money orders, how many are nonrevenue, how many
11 nonrevenue transactions and others. Is that correct?
12 A The nonrevenue transactions would be a
13 little tougher, but that could be tracked. With the
14 revenue transactions, when we lump together the
15 $27,500 as the cutoff for the offices that we were
16 looking at for the study, they were looking at total
17 dollars and not how many transactions took place.
18 Because they don't have the IRT or the POS
19 unit it's a little tougher to do. However, every
20 office has requisitions and they requisition stamps,
21 whether it's 10 cent, 44 cent, 54 cent stamps, and
22 between that requisition and what goes into the vault
23 and which they account for, and the next time they
24 requisition they would be able to tell how many of
25 each of those denominations they sold over that period

1 of time.

2 So in fact you could be able to tell exactly

3 how many of each denomination sold, as well as each

4 money order sale you had. Tougher than with an IRT or

5 with a POS, but it's absolutely possible to do.

6 When you go to rural offices, having worked

7 in a rural office on a window, quite often our stamp

8 stock does not come in on time. Heck, that happens in

9 larger offices as far as that goes. But we would take

10 a coil, and when we ran out of a flag stamp, or back

11 in my time we didn't have Forever stamps, you would

12 start peeling off individual stamps off of a coil to

13 give to a customer.

14 Therefore, it could show that I sold coils

15 of stamps when in fact I didn't sell coils of stamps.

16 I had individual transactions on a coil. So although

17 we could track it, it even may not show how many

18 actual transactions I had. It probably would show

19 less than what was actually taking place.

20 Q But it would be close, from what you've told

21 me?

22 A Yes.

23 Q A reasonable approximation?

24 A Absolutely.

25 Q All right. I noticed that you lapsed into

1 the "we" word when you said we determined to select
2 offices of $27,500 in revenue. What do you mean by
3 we?
4 A Well, I'm still a postmaster and I'm still a
5 postal employee, and we is part of the post office. I
6 am part of the post office.
7 Q I noticed in your testimony -- can I direct
8 you? Do you have a copy of your direct testimony with
9 you?
10 A Yes.
11 Q Could I ask you to take a look at page 16?
12 I'm sorry. Page 14.
13 A Okay.
14 Q Let me just read one passage from that so
15 that everyone knows what we're talking about. It
16 says, "Finally, with the new top-down approach and a
17 vice president from headquarters giving the directive
18 to close offices, very few district managers will ever
19 push back to challenge such a headquarters decision."
20 Is that an accurate recitation of your
21 testimony on that point?
22 A Yes.
23 Q Now, push back is a little colloquial, so if
24 you would I'd like you to explain briefly what you
25 mean by very few district managers will ever push

1 back.

2 A Unfortunately, what we painted as a proposal
3 from the headquarters to work doesn't happen in the
4 field, and hopefully my testimony and the testimony of
5 others will point out that what happens at
6 headquarters as a plan is not what we get to see.

7 When a vice president at headquarters
8 decides that they're going to have a top-down approach
9 and pick 3,650 to close and it goes out to the
10 district and there's weekly telecons talking about the
11 progress of those closures, in the work environment
12 that we have today, in the financial situation we are
13 today and district managers that are being displaced
14 and being placed, they probably are not going to be in
15 the position they were in 15 years ago to push back
16 when we had a bottom-up approach, when a district
17 manager chose the offices to close. They're going to
18 not have the same opportunity to.

19 And an example is the community meetings.
20 One of the things that we did was call a number of
21 states to say how are the community meetings going?
22 And in the past a district manager -- not always, but
23 a district manager would attend those meetings because
24 it was important. It was important to the community.

25 We have yet to find one single state where a

1 district manger attended a community meeting. Now,
2 I'm not saying it didn't happen. I'm just saying it's
3 very unusual that someone wouldn't care enough to go
4 out into the community and be a part of that community
5 meeting.
6 Throughout the post office -- I don't care
7 if it's the district manager or the area vice
8 president or me -- we are working at a time where the
9 work environment is not conducive to always being able
10 to push back and live to see the next day, and when I
11 say live, I'm talking about looking at your future.
12 That's the reality.
13 Do I have evidence of that? Only that I
14 have lots of friends -- DMs, district managers, POOM,
15 even post office coordinators -- that I talk to, and I
16 know the work environment we're under today and the
17 financial constraints we're under and the pressure
18 we're under, and those three things bring a top-down
19 approach that may not be what is best for rural
20 America.
21 Q Mr. Strong, you've clearly given a lot of
22 thought to this initiative on post office closings
23 that's the subject of this hearing. Is that a fair
24 statement?
25 A Yes.

1 Q So based upon your knowledge of the Postal
2 Service and your thoughts about that, why is the
3 Postal Service doing this?
4 A Well, I think there is a genuine concern of
5 cost. I also believe there is a push from the Hill to
6 make sure that we look at every single cost. For the
7 past year you've been hearing everything from -- I
8 mean, how many times have I heard 36,000 post offices
9 out there. We have more retail units than McDonalds.
10 Number one, we don't have 36,000 facilities.
11 As testified yesterday, we have 32,000 facilities. Of
12 those 32,000 facilities, there's a little over 27,000
13 of them that are actually post offices. So the media,
14 along with Congress, have a misconception of what is
15 going on out there.
16 Q I share your pain. The American Postal
17 Workers Union is a frequent victim of the same kind of
18 misinformation.
19 A Well, with that comes an obligation to turn
20 over every stone possible, and in doing so I believe
21 -- it is my belief and my opinion -- that rural post
22 offices have become pawns in a chess game, a terrible
23 political chess game, where they have no business
24 being because there's not enough savings to do any
25 good to the post office, and it'll cause far much more

1 devastation than it's going to fix anything.

2 MR. ANDERSON: Thank you for your testimony,

3 Mr. Strong. I don't have any other questions.

4 CHAIRMAN GOLDWAY: The next party that

5 wished to cross-examine you is the United States

6 Postal Service. Is it Mr. Tidwell who's doing the

7 cross-examination this morning? Mr. Tidwell?

8 MR. TIDWELL: Yes. Good morning, Madam

9 Chairman. Michael Tidwell on behalf of the Postal

10 Service. Mr. Hughes has spread his good cheer and

11 other things to those of us who are participating in

12 this proceeding.

13 THE WITNESS: He probably did it on purpose.

14 MR. TIDWELL: I will do what I can here.

15 CROSS-EXAMINATION

16 BY MR. TIDWELL:

17 Q Good morning, Mr. Strong. Just a few

18 minutes ago you testified in response to a question

19 from APWU counsel that Mr. Granholm holds weekly

20 telecons with the districts regarding the RAO

21 Initiative. What's the basis for your claim that he

22 holds weekly telecons with the districts?

23 A I did not say that Mr. Granholm did. I said

24 there was weekly telecons.

25 Q Between who and who?

1 A To my knowledge, between headquarters, the
2 CSDC coordinators.
3 CHAIRMAN GOLDWAY: CSDC? Could you explain?
4 THE WITNESS: Oh, boy. Change
5 Discontinuance Suspension. It's the computer program
6 that they're using for the DUO process, the Delivery
7 Unit Optimization, as well as the closing process.
8 I may be wrong. I have been told that those
9 are weekly telecons, and I've been told by the
10 discontinuance coordinators that they have weekly
11 telecons.
12 BY MR. TIDWELL:
13 Q And have you found a way to verify that?
14 A Right now today I couldn't, but I'd be glad
15 to.
16 Q So you don't know whether in fact that is
17 the case yourself?
18 A I could not testify today a hundred percent
19 sure that it happens every week.
20 Q Thank you. I would like to turn your
21 attention to your response to Postal Service
22 Interrogatory 3 and in particular your response to
23 Subpart D. It's on the second page of the response.
24 I want to make sure that I understand your
25 response here. Would it be fair to say that here you

1 express your belief that the Postal Service has
2 already decided that it's going to close a large
3 number of retail offices as a part of the RAO
4 Initiative?
5 A I'm sorry. Which one? D you were looking
6 at?
7 Q D, yes.
8 A Yes, I do.
9 Q In the context of that response, quantify
10 what you mean by large number. Of the roughly
11 3,650 --
12 A You know, I can only testify to what I hear
13 and the people I talk to, the mayor that testified
14 yesterday that the feeling during their community
15 meetings that it was over. I believe Mr. Heath
16 testified to the same in Kentucky; that many of the
17 people that went into the community meetings feeling
18 that it was a done deal.
19 The many postmasters that I talk to that
20 attend the community meetings where in fact it has
21 come right out and said, and I believe it was in
22 Dewitt, Kentucky, but I'm not positive on that one,
23 that said this is a discontinuance meeting, but let's
24 just talk the facts. This office is going to be
25 discontinued.

1 Once we put a goal, and especially in these
2 financial situations, a goal of saving $200 million or
3 another goal that we have of $1.3 billion when we
4 close 15,000 offices, and that is a major part of our
5 strategic plan. Once that is a goal we start not
6 hitting all of those targets. All of a sudden those
7 goals don't mean much at all.
8 And I think that goes back to a top-down
9 process that we have. If the DM is not meeting the
10 goals of headquarters, who has established a goal of
11 $200 million for 3,650 and another $1.3 billion for
12 15,000, it makes it a lot harder to start saying we're
13 not going to close a majority of those offices. Based
14 off that I feel that in a lot of cases it's a done
15 deal.
16 Q In that response you indicated that there
17 was a public meeting in which the public was told that
18 this office is going to be discontinued. Which public
19 meeting was that?
20 A Do you want to take a few minutes and let me
21 find it?
22 MR. TIDWELL: Sure.
23 (Pause.)
24 MR. TIDWELL: Madam Chairman, I might
25 suggest that in the interest of expedition that

1 perhaps we give the witness an opportunity to research
2 this matter after today's hearing and submit a
3 response.
4 THE WITNESS: No problem.
5 MR. TIDWELL: And if we could have that
6 response by the end of the week, it would help us in
7 formulating our surrebuttal testimony that's scheduled
8 to be filed next Monday.
9 CHAIRMAN GOLDWAY: Yes. I'd be happy to
10 refer you to various public documents we have on file
11 on post office closings as well.
12 THE WITNESS: Yes. There's more than one.
13 I'll be glad to.
14 MS. BUSHMAN: Could we get that in writing
15 so that we make sure that we're responding to the
16 correct question?
17 MR. TIDWELL: Well, the transcript will be
18 out tomorrow, but basically the witness referenced a
19 public meeting at which the attendees were told that
20 this office is going to be discontinued.
21 THE WITNESS: Do you want me to read it to
22 you now? I found it.
23 MR. TIDWELL: Sure.
24 THE WITNESS: Gravity, Iowa. Number one, it
25 wasn't a POOM or DM that was leading the meeting,

1 which is required by the 101, but --

2 CHAIRMAN GOLDWAY: Who was it that was

3 leading the meeting?

4 THE WITNESS: Oh, I apologize. In this case

5 it was a POOM. It probably shouldn't have been.

6 "This is a feasibility study on

7 discontinuance, but face it, folks. It's

8 discontinuance." And that was September 27 in

9 Gravity, Iowa. Yes. Gravity, Iowa. Probably an

10 appropriate name.

11 BY MR. TIDWELL:

12 Q You're reading from what?

13 A An email that was sent to me.

14 Q From that postal official who conducted the

15 meeting?

16 A No. This was sent by one of our postmasters

17 from another community that attends the meetings to

18 make sure that the rules are followed.

19 Q So this is that individual's

20 characterization of what was said at the public

21 meeting?

22 A Yes, but I also have a tape of that whole

23 meeting that I'd be glad to share.

24 Q Please do. You also indicated that the

25 Postal Service has a goal of $200 million savings

1 associated with the RAO Initiative. What is the
2 source of your claim that the Postal Service has
3 stated that it's seeking to save --
4 A Jim Boldt's testimony where he said that the
5 savings was going to be less than $200 million.
6 Q So it's your understanding that his
7 testimony was that the goal of this initiative is to
8 save $200 million?
9 A Yes.
10 Q If I understood your discussion regarding
11 your response to Interrogatory 3(D), you didn't give
12 me a quantification of the large number that you refer
13 to in the response.
14 Am I correct in understanding that the
15 decision has been made to close a large number of
16 facilities is based on impressions of people who have
17 attended meetings? There has been no statement by the
18 Postal Service that the goal of this initiative is to
19 close a "large number" of facilities?
20 A I'm sorry. I'm not --
21 Q I'll rephrase the question. Am I correct
22 that in response to my inquiry as to what you mean by
23 large number, you didn't give me a large number?
24 A No. I did not quantify that yet.
25 Q And is it fair to say that you indicated

1 that the belief that a large number of retail
2 facilities -- that a decision has been made to close a
3 large number is based on impressions of people who
4 attended public meetings?
5 A I think that plays a role in the closure
6 process is those that attend the community meetings,
7 yes, and how the community meetings go.
8 MR. TIDWELL: I think we're good. I think
9 we're good.
10 CHAIRMAN GOLDWAY: Mr. Tidwell, are you
11 asking him to rephrase the Postal Service's own
12 request for the RAOI?
13 MR. TIDWELL: No, Madam Chairman, not at
14 all. I was just asking him to clarify the source of
15 his assertion that the Postal Service has decided to
16 close a large number of facilities and the
17 characterization that the Postal Service had decided
18 that it's going to close a large number before it's
19 conducted the first discontinuance study.
20 He's indicated that the assertion is based
21 on impressions of people who attended the meetings and
22 not anything that's been stated by anyone from the
23 Postal Service, so I'm satisfied with his response.
24 MR. BRINKMANN: Madam Chairman, I think the
25 witness said earlier, and I think it's really

1 important to make this clear now, that he has talked
2 over the last several months to hundreds of
3 postmasters, district managers, closing coordinators,
4 all sorts of people throughout the field, and what he
5 is talking about is his sense of the net impression of
6 talking to all those people over months.
7 Some may have been at meetings. Some may
8 not have been at meetings. But he said that earlier;
9 that that is where he is getting this source of
10 information of what's going on in the field.
11 MR. TIDWELL: Which I don't recall him
12 referencing district managers, but I've got the
13 opportunity to ask him.
14 CHAIRMAN GOLDWAY: He did, I believe.
15 THE WITNESS: Yes, I did.
16 BY MR. TIDWELL:
17 Q Which district managers did you discuss the
18 initiative with?
19 MR. HUGHES: Objection. There's no need to
20 name specific district managers. Given that the
21 Postal Service has been sending out copies of the
22 loyalty oath to everyone, I think Mr. Strong has an
23 understandable concern that this might be a basis for
24 discipline or a career disadvantage to anyone named.
25 MR. TIDWELL: Madam Chairman, if counsel can

1 supply for the record a copy of the loyalty oath the
2 Postal Service has been disseminating it would be
3 illuminating.
4 MR. HUGHES: You bet I can.
5 MR. TIDWELL: In the meantime, if the Postal
6 Service is expected to try to reasonably rebut the
7 testimony of the witness it is important that we have
8 the opportunity to pursue all avenues of information
9 that would help in that regard, and we can't be caught
10 up in a situation where we are expected to guess where
11 to look for information.
12 If the witness has had conversations with
13 district managers that provide a basis for his
14 testimony, the Postal Service is entitled to
15 investigate and explore with those district managers
16 to see if there's any veracity to the witness'
17 assertions.
18 CHAIRMAN GOLDWAY: I don't think the witness
19 is saying anything different than the Postal Service
20 itself is saying about the operations that are going
21 forward now based on all the information that we see
22 in reviewing post office closings here. I don't see
23 that there's any dispute with regard to the
24 information.
25 I think the witness is characterizing his

1 impression of the operations that the Postal Service
2 is going through to close facilities, and you have an
3 opportunity in your surrebuttal to specifically
4 describe what you believe the process is in more
5 detail that may be different, but I think calling
6 individual names to account is not going to be useful
7 in this process.
8 MR. HUGHES: Madam Chairman, I have the
9 email that was sent out by the operations support
10 specialist for the Dakotas District to that district
11 saying that understanding the changes that were taking
12 place in closure studies, everyone needs to be aware
13 of the guidelines below.
14 MR. TIDWELL: Madam Chairman, the Postal
15 Service would object. Counsel is trying to introduce
16 testimony.
17 CHAIRMAN GOLDWAY: I think that what --
18 MR. HUGHES: Counsel asked for the loyalty
19 oath.
20 CHAIRMAN GOLDWAY: -- counsel has requested
21 is more specific information with regard to Mr.
22 Strong's descriptions, and if you have that
23 information and feel comfortable providing it to
24 counsel I believe that we would all appreciate hearing
25 it, seeing it.

1 MR. HUGHES: Sure.

2 CHAIRMAN GOLDWAY: But I don't feel that you
3 should be obliged to name individuals in particular
4 that Mr. Strong has spoken with.

5 THE WITNESS: Thank you.

6 MR. HUGHES: I agree completely. I can
7 supply the citations that were provided to postal
8 managers.

9 CHAIRMAN GOLDWAY: Please supply as much
10 specific information as you're able to with regard to
11 this discussion.

12 MR. HUGHES: All right.

13 MR. ANDERSON: Madam Chairman? Excuse me.
14 Daryl Anderson for the APWU. The APWU has also been
15 the recipient of copies of I think the -- I haven't
16 seen what Mr. Hughes has in his hand, but we've
17 received copies of what I would describe as a loyalty
18 oath.

19 Would it be appropriate to submit our
20 evidence on that on surrebuttal? Well, surrebuttal is
21 for the Postal Service. We would request an
22 opportunity, and we could do it quite promptly, to
23 document our experience with the so-called loyalty
24 oath.

25 CHAIRMAN GOLDWAY: I think what the Postal

1 Service is requesting is as much information, specific
2 information, as it can get about the description of
3 the process from Mr. Strong.
4 If your counsel would like to work with Mr.
5 Strong's counsel to help respond to the question and
6 the information that the Postal Service is asking for,
7 that will become part of the record right now.
8 MR. ANDERSON: Thank you for your guidance.
9 CHAIRMAN GOLDWAY: You're asking for the
10 loyalty oath. You're asking for specific information
11 on directions with regard to meetings and the
12 interpretation and the fact that it appears that
13 decisions are made before the process is completed,
14 and you would like as much information as possible so
15 that you can rebut it.
16 MR. TIDWELL: From the witness, based on the
17 witness' knowledge. The parties have had their
18 opportunity to present testimony in this round of the
19 proceedings to rebut or rebut the testimony of Witness
20 Strong regarding the initiative. If the Chairman is
21 going to say now that they have an additional
22 opportunity to rebut --
23 CHAIRMAN GOLDWAY: You've asked for all the
24 information.
25 MR. TIDWELL: I haven't asked for "all of

1 the information". I asked for the loyalty oath.
2 Counsel referenced a loyal oath.
3 The Postal Service administers oaths to
4 employees as they begin their employment. Counsel is
5 not aware of any second oath that we're required to
6 undertake. If there is a second oath then --
7 CHAIRMAN GOLDWAY: Well, I understand
8 there's some information available that can be
9 provided to you to --
10 MR. TIDWELL: Respond to my request.
11 CHAIRMAN GOLDWAY: -- respond to that
12 description, and there's information, further
13 information on the characterization of how these
14 meetings are being held and whether a decision has
15 been made a priori, and you have asked for that
16 information.
17 MR. TIDWELL: And the witness provided an
18 indication that the statement was made at the
19 Gravity --
20 CHAIRMAN GOLDWAY: He's provided one, and he
21 said that there are others.
22 MR. TIDWELL: And if the witness can
23 supplement that there are others where this statement
24 was made that this office is going to be discontinued,
25 we would certainly welcome any supplement to that

1 response.

2 CHAIRMAN GOLDWAY: Thank you. Then that's

3 what he'll proceed to do.

4 THE WITNESS: Yes.

5 CHAIRMAN GOLDWAY: But I don't think he

6 should be obliged to name individual names, which is

7 the other question you had, okay?

8 MR. BRINKMANN: Thank you, Madam Chairman.

9 BY MR. TIDWELL:

10 Q I'd like to turn your attention to your

11 response to Postal Service Interrogatory 4(B).

12 A Okay.

13 Q Okay. Just curious whether you referred to

14 any postal records or any records in your possession

15 when you were preparing the response to this question,

16 or were you just recalling from memory?

17 A When I talked about the fact that a state

18 president in Arizona that I was involved in a

19 discontinuance study in Humboldt?

20 Q Yes.

21 A That was just from memory.

22 Q Just from memory? Now, when you say that

23 the discontinuance of that facility would have

24 resulted in a denial of universal service, is it your

25 testimony that the customers in Humboldt, had that

1 discontinuance occurred, that they would have been
2 deprived of delivery service?
3 A They were going to have to drive further to
4 get their retail service and their delivery service
5 than they currently were. Humboldt was a
6 consolidation of a community's local infrastructure.
7 They were being consolidated with Dewey, Arizona.
8 They were going to have to drive to Dewey to get their
9 mail and to do their retail service.
10 Along with that we were able to show that
11 there was no savings involved because of the amount of
12 -- there was going to be an extension of delivery if
13 they took rural delivery out there. If they left the
14 retail presence, because that was another thing they
15 were thinking about doing. They were going to leave a
16 retail presence out there. Since it was operated by a
17 lone postmaster anyway and they were going to man it
18 with a clerk, the tradeoff in money was nothing.
19 So for them to lose any service and not have
20 any savings for the post office it made no sense to do
21 it, so they did not do it and it's not on a study
22 today as well.
23 Q Am I correct in understanding that at the
24 time the customers of the Humboldt Post Office only
25 received delivery through post office boxes?

1 A I'm sorry? Say that again.
2 Q I thought I heard you say that the
3 discontinuance would have resulted in them having to
4 drive further for delivery.
5 A Correct. That was one of the possibilities.
6 They never got to the 60-day proposal because we had
7 community meetings and we discussed things with the
8 local DM, and before it got to a 60-day proposal --
9 it's doing it again today, isn't it? The 60-day
10 proposal. Before it got to that point we were able to
11 stop the discontinuance study.
12 Q My question was what form of delivery did
13 they have?
14 A P.O. boxes.
15 Q Okay.
16 A And one rural route.
17 Q Okay. Thanks. Take a look at your response
18 to Postal Service Interrogatory No. 9.
19 A I'm sorry. What number was that again?
20 Q I'm sorry. Nine.
21 A Nine? You're going back for some history
22 here.
23 Q Well, it's a distinguished career. It
24 reminds me of my colleague, Matthew Connolly, who is
25 stunned when people like Kent Hollies and I talk about

1 postal experiences before he was born.

2 A I hope I don't fit into that.

3 Q Well, you and I are pretty much

4 contemporaries. You've got a little head start on me.

5 Now, your testimony and your response

6 indicates that you've been the postmaster of Sun City,

7 Arizona, since 1992. How long have you been a

8 national officer with the League?

9 A I've been a national president for a little

10 over a year. I was back in my office one year prior

11 to that, and then I was the vice president for one

12 year and executive vice president for three years, so

13 total time five years and a couple months.

14 Q Five years and a couple months out of the

15 last maybe six years?

16 A Six years. Correct.

17 Q You've been here in Washington?

18 A No. Only as the national president was I

19 domiciled here in Washington. The rest of the time I

20 worked in my office and gave up my annual leave. Lots

21 of it.

22 MR. TIDWELL: I'm sure there's an upside.

23 MALE VOICE: Yes. He gets to testify.

24 BY MR. TIDWELL:

25 Q You were here yesterday for our cross-

1 examination of Mayor Hobbs, were you not?

2 A Yes.

3 Q And do you recall the discussion that he and

4 I had regarding his response to Postal Service

5 Interrogatory No. 11? It was the interrogatory

6 regarding the local postmark policy.

7 A Yes.

8 Q And for better or for worse, that was an

9 interrogatory response in which he identified you as a

10 source of his understanding that current policy of the

11 Postal Service was that all post offices were required

12 to maintain a local postmark mail slot into which

13 customers could deposit mail for postmarking at that

14 office. Do you recall that?

15 A Yes, I do.

16 Q After yesterday's hearing when we were off

17 the record, can you confirm that I provided you

18 through your counsel copies of several documents?

19 A Yes.

20 MR. TIDWELL: Madam Chairman, my colleague

21 is going to approach the witness with copies of three

22 documents --

23 CHAIRMAN GOLDWAY: Thank you. You have

24 sparked my curiosity.

25 MR. TIDWELL: -- that we shared with the

1 witness yesterday, and we have designated them as
2 Postal Service Cross-Examination Exhibits
3 USPS/NLPM-XE-T-1-1, T-1-2 and T-1-3. I'll briefly
4 summarize what they consist of.
5 T-1-1 is Mr. Hobbs' response to Postal
6 Service Interrogatory No. 11; T-1-2 is a copy of
7 Section 312 of the Postal Operations Manual; and T-1-3
8 is a copy of Postal Bulletin 22238 dated July 1, 2008.
9 (The documents referred to
10 were marked for
11 identification as Exhibit
12 Nos. USPS/NLPM-XE-T-1-1,
13 T-1-2 and T-1-3.)
14 BY MR. TIDWELL:
15 Q Mr. Hobbs, can you -- excuse me. I
16 apologize, Mr. Strong. Mr. Strong, can you confirm
17 that these are the documents that we showed you
18 yesterday?
19 A Yes, they are.
20 Q And can you confirm that the first one is
21 Mr. Hobbs' response to Interrogatory T-2-11?
22 A Yes, it is.
23 Q And can you confirm that the second is a
24 copy of Section 312 of the Postal Operations Manual?
25 A Yes.

1 Q And can you confirm that the third one is a
2 copy of the cover of Postal Bulletin 22238?
3 A Yes.
4 Q And page 3 of that postal bulletin?
5 A Ye.
6 Q And could you confirm that the third
7 document, T-1-3, announces that Section 312 of the
8 Postal Operations Manual was amended to make the local
9 postmark mail slot optional and no longer mandatory?
10 A That's correct.
11 Q Having had a chance to review these
12 documents, would you agree that Mayor Hobbs' response
13 to Interrogatory No. 11 was based in part on
14 information that was a little stale?
15 A Yes.
16 CHAIRMAN GOLDWAY: Well, except it seems to
17 me on this document, T-1-2, it says POM Issued 9 July
18 2002, Updated June 30, 2001 (sic), but this language
19 is still there so I don't understand.
20 THE WITNESS: Madam Chairman, there was one
21 change that I did make a mistake on when I was giving
22 Mayor Hobbs advice.
23 CHAIRMAN GOLDWAY: So by saying it's updated
24 then this language is no longer reliable that's on
25 this page? Do you see the bottom here that says

1 Updated? So I looked at this first date and saw
2 June 30, 2011, assuming the language on page 3 was
3 still current.
4 MR. TIDWELL: Are you looking at Section 312
5 of the manual?
6 CHAIRMAN GOLDWAY: Yes.
7 MR. TIDWELL: That shows the base issue of
8 the Postal Operations Manual with any updates through
9 June 30, 2011.
10 CHAIRMAN GOLDWAY: So what I'm concerned
11 about is since this language is on this document and
12 it says updated through 2011, is this language
13 current?
14 MR. TIDWELL: Yes, ma'am.
15 CHAIRMAN GOLDWAY: So this language says a
16 postmark must be made available.
17 MR. TIDWELL: At the retail counter.
18 MR. BRINKMANN: Mr. Tidwell's point is that
19 the postmark is still available, but Mr. Strong said
20 the slot was still available.
21 CHAIRMAN GOLDWAY: I see.
22 MR. BRINKMANN: And the slot doesn't have to
23 be there, although the local postmark has to be there.
24 MALE VOICE: Madam Chairman, can I comment
25 on that?

1 CHAIRMAN GOLDWAY: I see. So that's the
2 distinction that you were trying to draw?
3 MR. TIDWELL: Yes. Yes, ma'am. The old
4 policy was that there were two ways a retail customer
5 could get the local postmark. They could present it
6 at the retail counter and get it hand canceled, or the
7 post office was required to have a local postmark slot
8 into which a customer could deposit the mail with the
9 assurance that they would get it postmarked that day.
10 In 2008, the mail slot option was made
11 optional, and Mr. Hobbs' testimony reflected his
12 understanding that it was still mandatory.
13 MR. BRINKMANN: But actually Mr. Hobbs'
14 testimony was, if you look at the interrogatory, that
15 with a post office you can get the hand stamp for an
16 insurance company or a bank that day if it's
17 important, and without the post office that service
18 would be lost, and he made the mistake about the
19 detail of the slot based on what Mr. Strong had told
20 him.
21 CHAIRMAN GOLDWAY: That's why I raised it
22 because my understanding of Mr. Hobbs' testimony was
23 that it was available, and this document confirms
24 that, but the actual slot is no longer mandatory.
25 MR. TIDWELL: No longer mandatory. Yes.

1 CHAIRMAN GOLDWAY: But the obligation for
2 the local post office to provide a local postmark is
3 still a requirement?
4 MR. TIDWELL: Oh, absolutely. At the
5 counter for certain.
6 CHAIRMAN GOLDWAY: So we're clear about
7 that.
8 THE WITNESS: Yes. One comment to that is
9 that based off of what we were looking at originally
10 when we were looking at how far back I started in the
11 post office, that was pre AMP when we started the Area
12 Mail Processing Centers.
13 What we promised communities when we took --
14 and I was a part of it. When we took away their
15 canceling or their working of the mail and taking it
16 to local processing or SCF centers at that time, what
17 was promised those communities is that we would keep
18 that local identity and we would give them a place to
19 drop their local mail so they could be assured that it
20 would be canceled.
21 Through the years we've just let that
22 deteriorate to the point to where most people didn't
23 realize that it was even available to them and so
24 those slots were taken out. I mean, as we craft the
25 language for the future of rural post offices some of

1 that language seems to disappear as some of us forget
2 why those local slots were put there.
3 CHAIRMAN GOLDWAY: Okay.
4 BY MR. TIDWELL:
5 Q Mr. Strong, were you involved at all in the
6 review of the policy change in 2008?
7 A No, I was not.
8 Q Also yesterday in discussion on this topic
9 you indicated that in assisting Mr. Hobbs in his
10 interrogatory response you actually made an effort to
11 check what current policy was, and you went to a
12 particular website to perform some research. Do you
13 recall that part of our conversation?
14 A Yes, I do.
15 Q Do you want to tell us what website you went
16 to?
17 A The APWU website.
18 MR. TIDWELL: Madam Chairman, for clarity of
19 the record and convenience of the parties, the Postal
20 Service moves that it be permitted to enter into
21 evidence the cross-examination exhibits that Witness
22 Strong and I were just discussing if there's no
23 objection.
24 We've handed two copies of the exhibits to
25 the reporter for that purpose.

1 CHAIRMAN GOLDWAY: Any objections?

2 (No response.)

3 CHAIRMAN GOLDWAY: If none, we'll accept the

4 documents as part of the record.

5 (The documents referred to,

6 previously identified as

7 Exhibit Nos.

8 USPS/NLPM-XE-T-1-1, T-1-2 and

9 T-1-3, were received in

10 evidence.)

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USPS/NLPM-RT2-11
Please refer to your testimony at page 9, lines 19-21. Please explain the basis for your understanding that the closing of a Post Office in a community means that outgoing mail from that community will never get cancelled on the same day it is deposited in the mailstream even if:
(a) it is deposited in a blue collection box before the last scheduled pick-up time;
(b) it is left in a residential mail receptacle for pick-up that day by a rural or city carrier before the carrier makes delivery.

Response.
Any pickup that occurs in Lohrville other than that at the Post Office is done by our rural carrier when he comes through, generally around noon. The Post Office closes at 4:30. We have a blue box that we have been told will be removed if the Post Office closes.

Thus all mail will have to be picked up by the carrier at noon or it will wait until the next day. Whether the mail picked up by the carrier before noon will be canceled the same day or not is not my concern. My concern is the mail that is ready after noontime and before 4:30. Today that mail is deposited at the post office before 4:30.

Today it is canceled that same day. Indeed a business or citizen that really wants to be assured that it is canceled that day has a right to get it hand-canceled right in front of their eyes, or so Mark Strong has told me. I know in practice that that happens.

This service will disappear if our post office disappears and that is critically important for some people, some times to have that service.

I believe that, because of the importance of this service, the Postal Service has requirements (which Mark Strong told me still exits) that each post office must immediately hand cancel a letter if the customer requests it, and why each post office is supposed to have a special slot labeled "Local Postmark" and that the mail dropped in there is supposed to be hand canceled in that post office, that day.

To suggest that some letters might be canceled the same day, sometimes, at a distant facility is no substitute for asking that it be canceled in front of you, in real time.

N 2011-1

USPS/NLPM-XE-T1-1

3 Collection Service — National Service Standards

31 Applicability and General Requirements

311 Applicability

These standards only apply to collection boxes at all city delivery offices. Collection boxes are large metal containers, dedicated to the collection of deposited mail by customers. Currently, collection boxes come in three separate sizes (i.e., standard, large, and jumbo) and may include collection boxes dedicated to a single type of mail (e.g., Express Mail). These boxes are under the direct control of the Postal Service. At noncity delivery offices, the district manager or designee determines the degree of application.

The types of collection boxes are the following:

a. *Residential collection boxes:* Boxes located in primarily residential addresses. Mail from these boxes is generally collected when mail is delivered.

b. *Business area collection boxes:* Boxes located in primarily business areas, such as downtown commercial areas, office parks, or industrial parks.

c. *Arterial collection boxes:* Boxes placed along major traffic thoroughfares, convenient to the greatest number of customers and placed to facilitate efficient and effective collections.

312 Local Postmark

312.1 Local Postmark Requirement

The local postmark must be made available in every community with a Post Office. While no exceptions are made to this policy, customers may need to contact postal officials in advance as provided in 312.2.

312.2 Local Postmark Requests

Customers may request a local postmark at the retail counter of any Post Office, classified station, or branch. Customers who want significant mail volumes (50 or more pieces) postmarked should contact the postmaster or other manager in advance to ensure that adequate resources are available to provide a local postmark.

USPS/NLPM-XE-T1-2

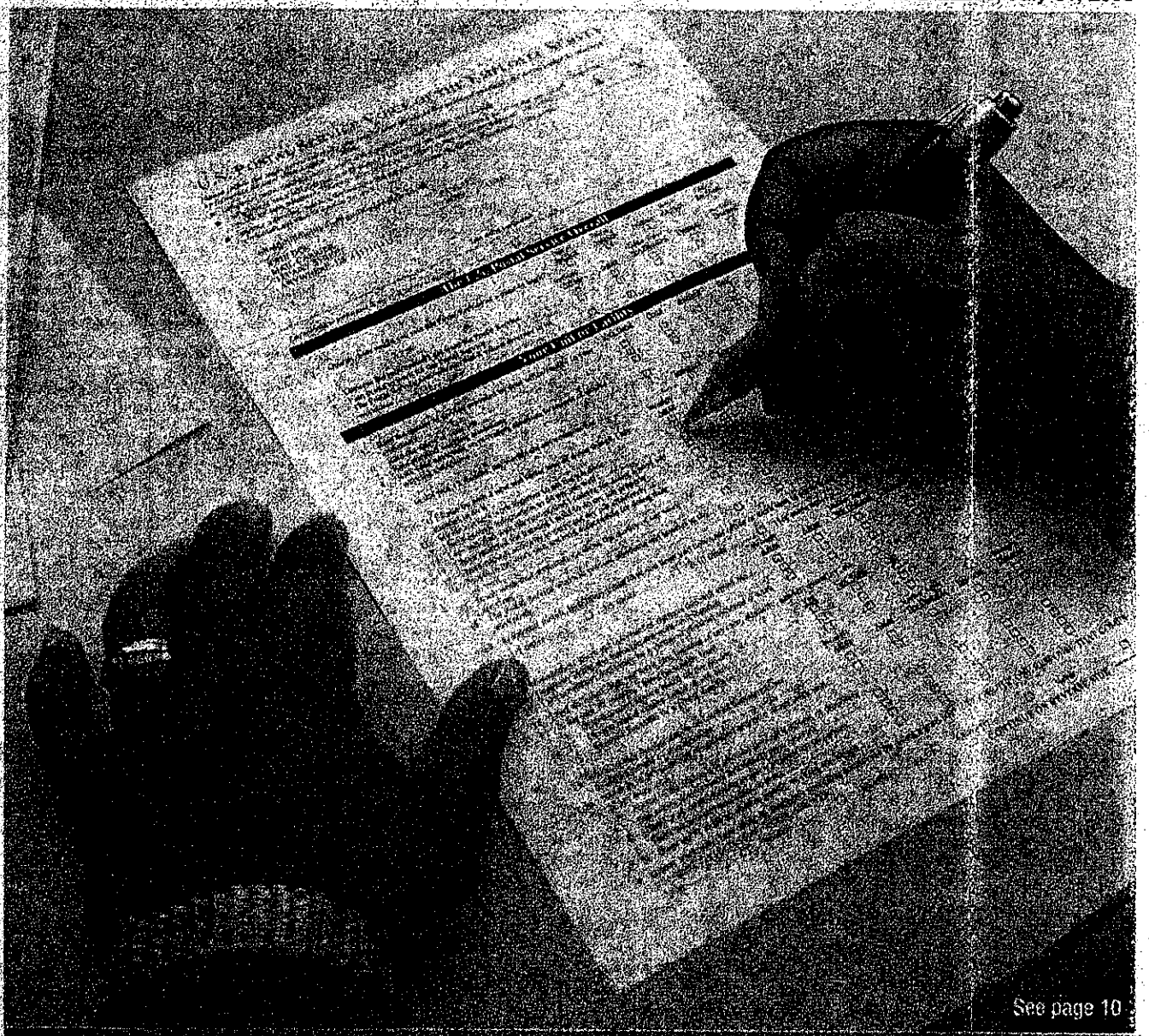
FY2008 CLOSING GUIDANCE: MESSAGE FROM THE CONTROLLER SEE PAGE 11

1499

POSTAL BULLETIN

PUBLISHED SINCE MARCH 4, 1880

PB 22238, July 31, 2008



See page 10

It's not just a survey. It's an opportunity.

Fill out your VOE survey. Return it by Aug. 25.

UNITED STATES POSTAL SERVICE®

USPS/NLRM-XE-T1-2
1 of 2

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Policies, Procedures, and Forms Updates

Manuals

POM Revision: Letter Drops in Postal Lobbies for Local Postmarks

The following changes to the *Postal Operations Manual* (POM) will be effective July 31, 2008. Postal Service™ modernization efforts have made the lobby drop for local postmarks in POM 312.2 obsolete for approximately 15 years. The requirement for a lobby drop for the local postmark is therefore changed to an option, to be determined by the postmaster.

POM section 312.1 states that the local postmark must be made available at every Post Office™. POM section 312.2 states that at Post Offices, stations, and branches, a lobby drop must be provided for the deposit of mail "for which the local postmark is desired."

Cancellation and routine postmarking of mail at Post Offices, except for transactions at the retail window, were made obsolete with the mechanized cancellation systems installed at larger facilities in the 1970s. After the installation of the Advanced Facer Canceller Systems (AFCSs) at processing plants more than 15 years ago, routine cancellation of mail at local Post Offices was virtually eliminated. The efficiencies of the AFCSs help keep postage rates as low as possible for all customers.

Note: POM section 312.1 remains unchanged, and the local postmark remains available at every Post Office.

***Postal Operations Manual* (POM)**

* * * * *

3 Collection Service — National Service Standards

31 Applicability and General Requirements

* * * * *

312 Local Postmark

* * * * *

[Revise title and text of 312.2 to read as follows:]

312.2 Local Postmark Requests

Customers may request a local postmark at the retail counter at all Post Offices, stations, and branches. Customers with significant volumes of mail to be postmarked (50 or more pieces) should contact the postmaster or other managers in advance, to assure that adequate resources are available to provide the local postmark.

* * * * *

4 Mail Processing Procedures

* * * * *

44 Mail Preparation

* * * * *

443 Endorsing, Canceling, and Postmarking

* * * * *

443.3 Postmarking

* * * * *

443.32 Local Postmarking

[Revise 443.32 to read as follows:]

Local postmarking will be available at each Post Office. The rules for local postmarking are the same as the procedures in 443.31.

* * * * *

We will incorporate these revisions into the next printed edition and into the online update of the POM, available on the Postal Service™ PolicyNet Web site:

- Go to *http://blue.usps.gov.*
- Under "Essential Links," in the left-hand column, click *References.*
- On PolicyNet, click *Manuals.*

(The direct URL for the Postal Service PolicyNet Web site is *http://blue.usps.gov/cpim.*)

— Retail Operations,
Customer Service Operations, 7-31-08

USPS/NLPM-XE-T1-3
2 of 2

1 BY MR. TIDWELL:

2 Q Mr. Strong, let's take a look at your

3 response to Postal Service Interrogatory 13. Do you

4 have that?

5 A Uh-huh.

6 Q Okay. In Subpart B we asked you to quantify

7 the highest number of RAOI facility closures that --

8 well, in response to Subpart A you offered the opinion

9 that there would be a "drastic" reduction in service

10 if all or substantially all 3,650 RAOI candidate

11 facilities were discontinued.

12 In Subpart B we asked you to quantify the

13 highest number of such facilities that would be less

14 than drastic. I don't think we quite got an answer to

15 that question, so I'm going to give you an opportunity

16 to provide a response if you can now.

17 A I believe my response speaks for itself.

18 Over time, from universal service that was established

19 really in the 1900s to the maximum degree of service

20 in the late 1900s, it is our obligation to provide the

21 maximum degree of service. I don't know that.

22 To rural America, that is not for you to

23 decide or me to decide or even the Commission. That's

24 for Congress to decide. They are the ones that

25 crafted the language, and I'm not here to change that.

1 I believe that every American deserves the maximum
2 degree of service, not minimum.
3 In fact, the maximum degree of service is
4 for rural America, the Congress actually seeing the
5 fact or could foresee the fact that rural America
6 needed more service than urban America. And today we
7 are in a position to change that history to give urban
8 America the maximum degree of service and lesser
9 service to rural America.
10 And I'm not here to make that decision. I'm
11 here to give you the opinion of myself and a lot of my
12 postmasters that I work with and the people that
13 belong to my organization and of the many postmasters
14 out there.
15 Q Well and good. Could you answer the
16 question? The question was --
17 A I don't have a number set. I believe that
18 is set by Congress.
19 MR. HUGHES: Objection, Madam Chairman. He
20 used the word drastic because you can't name an exact
21 percentage -- is it 85 percent or 86 percent -- at
22 which point something moves from almost drastic to
23 drastic to very drastic.
24 MR. TIDWELL: We'll accept a ballpark
25 estimate. We're just looking for some sense of

1 quantification.

2 MR. HUGHES: I believe the witness is saying

3 that every rural community deserves maximum service --

4 MR. TIDWELL: The witness offered a speech.

5 MR. HOLLIES: -- and you can't put a

6 percentage on --

7 MR. TIDWELL: The witness offered a speech

8 that wasn't responsive to the question that was put to

9 him. If he can't quantify --

10 CHAIRMAN GOLDWAY: Could you repeat the

11 question so I can see if I can offer some guidance?

12 MR. TIDWELL: The question is and asked for

13 his opinion. What's the highest percentage of retail

14 facility closures that would result in a reduction in

15 the availability of service that he would characterize

16 as less than drastic?

17 He says that closing all or substantially

18 all of the 3,650 would result in a drastic change, so

19 he puts the bar of drastic at 3,650 or virtually

20 3,650. We're simply asking what range might be less

21 than drastic? What's the highest that would be less

22 than drastic?

23 CHAIRMAN GOLDWAY: Are you asking him what

24 an acceptable range of post office closings would be

25 from his point of view?

1 MR. TIDWELL: I don't know what he would
2 accept. He may not accept any, but we're asking him
3 to characterize or give us a sense of what would be
4 less than drastic.
5 MR. HUGHES: Madam Chairman, the problem is
6 the effect is local so that if one post office is
7 closed in a small town the effect there is very
8 drastic, even though five states away that effect may
9 not seem drastic.
10 CHAIRMAN GOLDWAY: I understand. The
11 witness doesn't seem to me to have offered any
12 expertise on how you would consolidate the network.
13 He's giving what he said was his response and his
14 organization's response to the impact of the Postal
15 Service's proposal.
16 I think the question you're asking might be
17 better asked of the Public Representative's witnesses
18 because they actually did do some analysis of the
19 impact of post office closings and in fact in the case
20 of Kansas said you could provide as much service with
21 fewer post offices as the Postal Service is preparing
22 to provide under its recommendation.
23 So they did provide testimony evaluating the
24 impact in some sort of range, but I'm not sure, other
25 than asking him to go back and do calculations,

1 whether this is an appropriate line of questions for
2 him, Mr. Tidwell.
3 Can you ask something that relates more to
4 the qualitative evaluation that Mr. Strong presented
5 with regard to his and his institution's response to
6 the Postal Service proposal?
7 MR. TIDWELL: I'd like him to answer the
8 question.
9 CHAIRMAN GOLDWAY: Well, I'm trying to be
10 helpful here.
11 THE WITNESS: I do have one comment I'd like
12 to make.
13 CHAIRMAN GOLDWAY: Is it responsive to this
14 issue?
15 THE WITNESS: Yes. Absolutely.
16 CHAIRMAN GOLDWAY: Okay.
17 THE WITNESS: You're right. The answer
18 would be zero. Under the current process that we have
19 with the top-down process, with the community meeting
20 process that we have going on, at least the feedback
21 I'm getting from it, with the proposals that are being
22 handed out to the communities, the process we have
23 right now to kill a community when it probably
24 shouldn't have been killed, even if it's one, is too
25 many. So until we fix that process, one is too many.

1 CHAIRMAN GOLDWAY: Okay.

2 MR. TIDWELL: Thank you. That's all we

3 wanted to hear.

4 CHAIRMAN GOLDWAY: Okay.

5 BY MR. TIDWELL:

6 Q Take a look at your response to

7 Interrogatory No. 14 from the Postal Service. I'm

8 sorry. Strike that. Let's take a look at your

9 testimony at page 5, and I'd like to focus your

10 attention on lines 16 and 17. Well, actually

11 beginning on line 15 there is a sentence that reads,

12 "I know that the Postal Service has said that they

13 will be able to serve Rural America just as well, if

14 not better, once all these post offices are closed,

15 but that is truly nonsense."

16 A I'm sorry. I'm on --

17 Q Page 5 of your testimony.

18 A Page 5. Not Interrogatory 5. Okay.

19 Q Starting at line 15 there is a sentence that

20 begins, "I know that the Postal Service has said that

21 they will be able to serve Rural America just as well,

22 if not better, once all these post offices are closed,

23 but that is truly nonsense."

24 Can you tell us where the Postal Service

25 might find the statement indicating where it has said

1 that it will be able to serve Rural America just as
2 well, if not better, once all of the RAOI post offices
3 are closed?
4 MR. HUGHES: Madam Chairman, we objected to
5 that interrogatory. We filed our objection. The
6 Postal Service, to the best of my knowledge, has filed
7 no motion to compel on it. Now they are attempting to
8 ask the question orally when they haven't moved to
9 compel on the question. The objection stands. There
10 is no motion to compel. The question is improper.
11 MR. TIDWELL: Madam Chairman, the witness
12 has indicated that the Postal Service has made a
13 statement. The objection argues that the Postal
14 Service has custody or control of documents that would
15 reveal the source of this statement. The Postal
16 Service has hundreds of millions of documents. It
17 would seem that it would be very unfair for the Postal
18 Service to be expected to search every postal document
19 to find the one that the witness claims provides a
20 foundation for his assertion.
21 All we've asked him to do is to identify the
22 document or to provide a citation to the document; if
23 it was an oral statement, to provide some reference to
24 who made it and the context so that the Postal Service
25 can determine whether or not such a statement was made

1 or whether this is a proper characterization of a
2 statement made by the Postal Service.
3 CHAIRMAN GOLDWAY: I may have missed
4 something. Are you talking about some document that
5 the Postal Service would have that says it's truly
6 nonsense?
7 MR. TIDWELL: Yes, that it contains the
8 statement to the effect that we would be able to serve
9 Rural America just as well, if not better, if all the
10 RAOI post offices are closed.
11 CHAIRMAN GOLDWAY: I think the nature of his
12 statement is such that one would never expect that the
13 Postal Service would have such a document, so for you
14 to ask for it is --
15 MR. TIDWELL: We are trying to explore what
16 basis --
17 CHAIRMAN GOLDWAY: I have to uphold the
18 objection. This is his -- I think you can assume that
19 the Commissioners will read these statements and
20 understand the context, and this sort of statement
21 does not presume that there is some document that the
22 Postal Service has that says our efforts are nonsense.
23 MR. TIDWELL: No, we are saying that the
24 witness has characterized a particular statement as
25 nonsense. We are trying to --

1 CHAIRMAN GOLDWAY: The Postal Service would
2 not have any document like that.
3 MR. TIDWELL: Would a Postal Service
4 representative have issued a statement that was
5 reported anywhere?
6 MR. BRINKMANN: Madam Chairman, we --
7 CHAIRMAN GOLDWAY: I think I have to object.
8 This is not an appropriate line of questions, Mr.
9 Tidwell. I think you are fishing for something that
10 is inappropriate. We understand the context of this
11 statement. Let's provide some factual information on
12 the record that might be useful for all of us. This
13 is not useful.
14 MR. TIDWELL: Madam Chairman, that is what
15 the Postal Service is searching for, but if I have
16 been instructed to move on, I will.
17 CHAIRMAN GOLDWAY: You are instructed to
18 move on.
19 BY MR. TIDWELL:
20 Q I would like to turn your attention, Mr.
21 Strong, to your response to Postal Service
22 Interrogatory 15(a), and that refers to your testimony
23 at page 9, line 7, and you have a subject heading
24 there that reads, "If the Postal Service's RAOI
25 initiative conflicts with basic public policy and the

1 public interest," and you go on to discuss that
2 assertion in a couple of pages that follow. I am just
3 going to ask you a few questions regarding public
4 policy and the public interest, and try to see if I
5 understand the basis for your concern about how this
6 initiative might be in conflict with public policy and
7 the public interest.
8 I take it you're aware that the Commission
9 issued an advisory opinion in Docket No. N2009-1.
10 That was the case the Commission reviewed in 2009-
11 2010, the Station and Branch Optimization and
12 Consolidate Initiative.
13 A I'm aware of it.
14 Q Did you have --
15 A Not read it, not.
16 Q You have not read it?
17 A Not read it.
18 Q You have not read the --
19 A I have not read the Station and Branch
20 Optimization.
21 Q You have not read the Commission's opinion
22 in that case?
23 A Correct, I am not read the Station and
24 Branch Optimization docket, no.
25 Q Okay. So you have not read anything related

1 to that docket? You have not read any documents
2 related to that docket, even including the
3 Commission's opinion?
4 A No.
5 Q Okay, I just wanted to be clear.
6 I'll move on then to your response to Postal
7 Service Interrogatory No. 16, and I want you to take a
8 look at your response to subpart E. In your response
9 to subpart E, you reference Congress defining the
10 mission and obligation of the Postal Service, and you
11 mention the role of the Postal Service binding the
12 nation together. I take it you're referring to the
13 obligation that the Postal Service bind the nation
14 together through some personal and educational and
15 business correspondence?
16 A I'm talking about the Title 39 which states
17 that the role of the post office is to bind the nation
18 together.
19 Q Through its correspondence?
20 A I would have to read the entire law, but I
21 think it says more than just correspondence.
22 MR. BRINKMANN: Objection, Madam Chairman.
23 We are starting to get into what the law means here.
24 I mean, he can talk about the public policy but if Mr.
25 Tidwell is going to quiz him on the different sections

1 of Title 39 and try to make a legal argument about how
2 the public policy is derived for that, that seems to
3 me more a matter or brief.
4 MR. TIDWELL: I would agree if that's what I
5 were going to do, or if that's what I even started to
6 do, but I haven't. I am simply trying to clarify if
7 he is referring -- if we are referring to the same
8 section of the law, if it's the section that has the
9 words "bind the nation together".
10 CHAIRMAN GOLDWAY: My understanding of his
11 answer is that he's referring to that section, but his
12 understanding is that that section has a more
13 comprehensive meaning than just the specific sentence
14 that you were citing.
15 MR. TIDWELL: I got --
16 CHAIRMAN GOLDWAY: You got that?
17 MR. TIDWELL: I got what I wanted.
18 CHAIRMAN GOLDWAY: Okay.
19 MR. TIDWELL: I got what I wanted.
20 CHAIRMAN GOLDWAY: Okay.
21 BY MR. TIDWELL:
22 Q I'd like to Postal Service Interrogatory No.
23 27.
24 A Twenty-five?
25 Q Twenty-seven. This is the Commissioner Act

1 portion of the proceeding today. I was avoiding the
2 pain and heartbreak of watching tragic events unfold
3 as my Dallas Cowboys were playing Sunday and I
4 happened to Google the post offices in the -- the
5 Dewitt Post Office in Kentucky, and I thought of you
6 as I was doing that, and it was time better spent than
7 watching what happened in the football game.
8 But Mr. Strong, you referred to a situation at
9 the Dewitt Post Office in your testimony and I am
10 trying to make sure I've got the gist of your answer
11 to Interrogatory No. 7 straight. Am I correct in
12 understanding from your response to the interrogatory
13 that the Dewitt Post Office is currently under
14 discontinuance review?
15 A Yes, there is a video on YouTube you can
16 watch on that one.
17 Q Hmm?
18 A There is a video on YouTube that you can
19 watch for the Dewitt closing.
20 Q Okay. And should I interrupt your answer as
21 indicating that there are senior citizens who rent or
22 who have post office boxes at the Dewitt Post Office?
23 A Correct.
24 Q And that the nearest post office outside of
25 Dewitt is in the one in Flat Lick?

1 A Correct.
2 Q And if Dewitt Post Office were closed, those
3 boxholders would have to drive to Flat Lick for post
4 office box service and retail service?
5 A Correct.
6 Q And that's assuming that there was no
7 detached box units set up in Dewitt or anywhere closer
8 than Flat Lick?
9 A Correct.
10 Q Do you happen to recall the distance between
11 the Dewitt Post Office and the Flat Lick Post Office,
12 or would you accept subject to check that it's
13 according to Google maps the driving distance is
14 approximately 5.2 miles?
15 A I would have to get my information but I do
16 have that, but let me say 5.6 miles.
17 Q Well, the Google maps will give you two
18 routes to get there. One of them is 5.2 and the other
19 is 6.6, depending on if you -- Stinking Creek Road was
20 the main road that could get you to the Cumberland Gap
21 Highway, but depending on the route you could take a
22 two-lane road that is 5.1 miles or you could get on
23 the highway and it's a little longer and it's 6.6,
24 subject to check.
25 At page 26, line 7 of your testimony, if you

1 could turn there for a second, do you have it?

2 A Say which one again?

3 Q Page 26, line 7.

4 A Okay.

5 Q There you indicate that -- bear with me for

6 a second.

7 MR. BRINKMANN: Madam Chairman, I am getting

8 a little confused where things are going here.

9 MR. TIDWELL: I have got one more question.

10 It will become crystal clear. I am meaning to refer

11 not to page 26, but to page 25.

12 MR. BRINKMANN: Could I make a suggestion?

13 Maybe we could just start over with this question just

14 to make sure we get everything together so we --

15 MR. TIDWELL: Okay.

16 BY MR. TIDWELL:

17 Q Refer to page 25, line 7. Do you have that?

18 A Yes.

19 Q Beginning at line 6 you say, "The route to

20 Flat Lick from Dewitt is unsuitable for senior

21 citizens and they would have to travel even further to

22 Barberville to access their mail."

23 Would you accept, subject to check, that the

24 distance from Dewitt to Barberville is approximately

25 12 miles?

1 A I don't know that distance.

2 Q Okay, but you accept subject to check on

3 Google maps.

4 MR. HUGHES: He has testified he doesn't

5 know.

6 MR. TIDWELL: And I have asked if he would

7 accept subject to check that it's 12 miles. It's a

8 common practice here at the Commission. If he finds

9 that he --

10 MR. HUGHES: Why should he accept something

11 he doesn't know?

12 MR. TIDWELL: He can check, and if he finds

13 that the Postal Service has misrepresented the matter,

14 the counsel I am sure would be quick to bring that to

15 the Commission's attention.

16 MR. HUGHES: I am not going to --

17 CHAIRMAN GOLDWAY: I think he can proceed.

18 Let's see where he is going with his question.

19 BY MR. TIDWELL:

20 Q You indicate that there is some concern on

21 the part of customers that the drive to -- the road

22 between Flack Lick and Dewitt is unsuitable for senior

23 citizens, and could you explain why it would be

24 unsuitable?

25 MR. BRINKMANN: Madam Chairman, again I have

1 got to object. I mean, Mr. Strong has made it clear
2 that some of this information being provided is
3 information that has been passed on to him from other
4 postmasters. I mean, if counsel wants to submit an
5 interrogatory or something. You know, it would take
6 research to answer this question. He obviously
7 doesn't know it off the top of his head.
8 MR. TIDWELL: I don't know if he doesn't
9 know it.
10 CHAIRMAN GOLDWAY: It says "Other lead
11 branches have provided the following information about
12 typical communities." That's on page 24.
13 MR. BRINKMANN: Exactly.
14 MR. TIDWELL: I'm just inquiring if he knows
15 what the basis for the unsuitability of that route is.
16 If he does, he does.
17 MS. BUSHMAN: He has already answered that
18 in Interrogatory 27, Part A.
19 MR. TIDWELL: Regarding crime and the fact
20 that the route is rural, and he has indicated that
21 some customers may prefer to drive to Barberville,
22 which is a distance of 12 miles.
23 BY MR. TIDWELL:
24 Q I just simply want you to confirm that
25 you're indicating that the customers may prefer to

1 drive a greater distance to get service if the --
2 A I can only tell you what the postmaster from
3 that area said, and actually you can watch the YouTube
4 video and they explain it on there as well. That four
5 miles to Flat Lick is a winding two-lane road. That
6 is very dangerous as seen in the eyes of the senior
7 citizens of that community. They would rather take
8 the 12 miles to Barberville if they can drive. If
9 they have a car, if they have the money for gas, they
10 would rather go the greater distance than take the
11 dangerous route to Flat Lick. That's in the eyes of
12 the community that lives there day by day.
13 Q Great, that's what we wanted.
14 Take a look at your response to Postal
15 Service No. 30.
16 MR. TIDWELL: For the benefit of the record,
17 Madam Chairman, I am going to refer to two names, two
18 town names in Montana that I am certain I am going to
19 mispronounce, but I have given spellings to the
20 reporter so that the record is less garbled.
21 BY MR. TIDWELL:
22 Q Mr. Strong, take a look at your response to
23 No. 30. You quote a letter in your response that you
24 describe as being from Senator Max Baucus of Montana,
25 is that correct?

1 A Correct.

2 Q And would it be fair to say in the first

3 sentence of the quotation from the letter that the

4 first sentence alleges that the Postal Service held

5 community meetings for the Montana towns of Dupuyer

6 and Galata in relation to the post office

7 discontinuance proposals for those towns?

8 A Yes.

9 Q And that within a week the Postal Service

10 notified those communities that it had decided to

11 close their post offices?

12 A Yes.

13 Q Have you independently verified whether any

14 closure determinations were issued by the Postal

15 Service?

16 A They are in the 60-day proposal. I don't

17 believe they have been closed yet, but I couldn't

18 verify that.

19 Q Is it possible that the Senator's office is

20 in receipt of misinformation, that in fact now notice

21 of closure has been issued by the Postal Service?

22 A I think what the Senator was pointing out

23 was that if we are truly looking at the closing of

24 post offices in the way that we intend it to be or the

25 way that we say that we think that is happening, and

1 that when you have a community meeting that community
2 meeting, even though it's not part of the 101, that
3 that community meeting should be a part of the thought
4 process before putting a community in shock with a 60-
5 day notice to close.
6 When you post a 60-day notice to close in a
7 post office, you are literally putting a community in
8 shock, and when they have a meeting and we have it
9 going on where the community meeting was held two
10 days, and one day before 60-day proposals are left at
11 that post office, by the rules they are doing it
12 right, but is that the right way to treat a community
13 when we are closing it, is to have a community
14 meeting, pretend that you and I had a conversation
15 that made a difference, and then post a 60-day notice
16 to close without one comment from the community
17 meeting in there?
18 All we are saying is that that process is
19 broken and there is a Senator that is noticing that it
20 could be broken as well.
21 Q Take a look at your response to Postal
22 Service Interrogatory 31. In the third line of the
23 response you reference Intranet service, is that --
24 did you mean Internet, or am I missing something.
25 MR. BRINKMANN: Where are you, counsel?

1 MR. TIDWELL: In response to Interrogatory
2 No. 31.
3 BY MR. TIDWELL:
4 Q The Postal Service has the -- we have got
5 the Internet and the Intranet, and we have always got
6 to maintain that distinction. I was wondering if it
7 was something you were referencing that was similar.
8 A On my response I actually see an error in
9 that response.
10 Q Okay. It was just Internet service.
11 A It is intra. It should be 4,000 post
12 offices that require Intranet services.
13 MR. BRINKMANN: That's what it says there.
14 CHAIRMAN GOLDWAY: It's there. That's what
15 it says, Intra.
16 THE WITNESS: Oh, God, my eyes are going
17 bad. Try these. I am in denial with bifocals.
18 Sorry.
19 BY MR. TIDWELL:
20 Q Okay, so Intra --
21 A Yes. I'm sorry. Yes.
22 Q Okay, okay, I just wanted to be clear.
23 Take a look at your response to Postal
24 Service Interrogatory No. 34, and your interrogatory
25 response cite a Postal Regulatory Commission document

1 that contained some FY-09 data that were available in
2 January 2011, and at the bottom you provide the
3 source, Postal Regulatory Commission, January 2011.
4 Do you recall the title and date of the
5 document that you're referring to, specific document?
6 A No, I do not.
7 THE WITNESS: Counsel help me with this.
8 BY MR. TIDWELL:
9 Q Did you examine the document?
10 A Yes.
11 Q It would be helpful if you could either
12 informally or otherwise if your counsel could provide
13 us a citation. There are 59 documents that the
14 Commission posted in the month of January of 2011.
15 MR. BRINKMANN: We can do that after this.
16 MR. TIDWELL: Sure, that would be fine.
17 MR. BRINKMANN: Okay.
18 MR. TIDWELL: It would help us figure out
19 which document this information comes from.
20 BY MR. TIDWELL:
21 Q Let's take a look at your response to Postal
22 Service Interrogatory No. 36. Do you have that?
23 A Yes.
24 Q Okay. In this interrogatory we refer --
25 well, it refers to your testimony, page 29 of your

1 testimony where you quote --

2 MR. BRINKMANN: So, he needs to be on page

3 29 of his testimony, right?

4 MR. TIDWELL: Yes.

5 MR. BRINKMANN: All right.

6 MR. TIDWELL: Sorry.

7 BY MR. TIDWELL:

8 Q Let me know when you are there.

9 Q Okay.

10 Q Okay. Page 29, you quote an e-mail from

11 Congressman Costello's office, and you have sort of

12 inserted the text of most -- I guess all or most of

13 the e-mail, and can we agree that that e-mail was one

14 of the documents provided to the parties in response

15 to lead question 16, and it was provided in Postal

16 Service Library Reference No. 22?

17 MR. HUGHES: I think I can help on that. I

18 do admit that the e-mail was provided by the Postal

19 Service in response to one of our interrogatories. I

20 do not know the exact number.

21 MR. TIDWELL: Would you all be willing to

22 accept, subject to check, it's Library Reference No.

23 22?

24 MR. HUGHES: Sure. Actually, the part that

25 was quoted there didn't come in the library reference

1 but actually was in the interrogatory answer itself.
2 MR. TIDWELL: I would ask you to accept,
3 subject to check, that the e-mail text referred to is
4 reflected in the first PDF document of the library
5 reference on page 8.
6 MR. HUGHES: Your reputation for honesty and
7 veracity requires that I say yes.
8 MR. TIDWELL: I didn't quite hear that,
9 Could you --
10 (Laughter.)
11 MR. TIDWELL: For the record could you
12 repeat it over and over and over?
13 (Laughter.)
14 MR. HUGHES: I said you were an oily,
15 sneaky --
16 MR. TIDWELL: That's the Hal Hughes I know.
17 I'll see how far you will go with this.
18 This also accept, subject to check, that the e-mail
19 from Congressman Costello's office is dated September
20 12, 2011, and bears a time stamp of 4:44 p.m.?
21 MR. HUGHES: I will accept it subject to
22 check based on Mr. Tidwell's reputation in the
23 community.
24 MR. TIDWELL: I'm about to get misty here.
25 Would you also confirm or subject to check

1 that page 7 of that PDF contains the Postal Service's
2 reply, September 12, 6:10 p.m., to the 4:44 p.m. e-
3 mail?
4 MR. HUGHES: Yes, on the same basis.
5 BY MR. TIDWELL:
6 Q Okay. Then I will turn your attention to
7 your response, Mr. Strong, to Postal Service
8 Interrogatory 43.
9 A Forty-three.
10 Q Okay. And I just want to make sure, is it
11 safe to assume that the League has no information that
12 would be responsive to subparts B through F of this
13 interrogatory?
14 MR. BRINKMANN: Madam Chairman, their
15 interrogatory came off the web from the Gallop file.
16 I mean, you know, they can go look on that page that's
17 on the website as well as we can. We have no more
18 than what's sitting on that website that shows the
19 chart, the results of that survey.
20 CHAIRMAN GOLDWAY: Have you filed a motion
21 based on their objection? Have you filed a response
22 to their objection?
23 MR. TIDWELL: No, Madam Chairman. I am just
24 seeking to confirm that they don't have any of the
25 information that's identified in these subparts, and I

1 think I know what the answer is. I was just seeking a
2 confirmation.
3 MR. HUGHES: That was our answer.
4 MR. TIDWELL: From counsel?
5 CHAIRMAN GOLDWAY: Mr. Strong, you are the
6 witness.
7 MR. HUGHES: I'll stipulate to that on
8 behalf of the League.
9 CHAIRMAN GOLDWAY: Can you clarify whether
10 you have the information or whether the --
11 THE WITNESS: I don't have the information.
12 I know the postmaster general has that Gallop Poll
13 because I gave it to him in my last Senate testimony,
14 so you could ask him for it.
15 BY MR. TIDWELL:
16 Q He has the survey results?
17 A He has the --
18 THE WITNESS: Was that the survey results
19 that we had on that testimony?
20 MR. HUGHES: Yes.
21 THE WITNESS: Yes, so the survey results are
22 on the testimony that I gave the postmaster general on
23 my last Senate testimony, yes.
24 BY MR. TIDWELL:
25 Q But you're not saying he has the information

1 that would be responsive to these other subparts of
2 the interrogatory are, you?
3 MR. BRINKMANN: Are you talking about the
4 underlying documentary evidence?
5 MR. TIDWELL: Yes.
6 MR. BRINKMANN: No, no.
7 MR. TIDWELL: Just wanted to be clear.
8 BY MR. TIDWELL:
9 Q Take a look at your response to Postal
10 Service Interrogatory 50, five-oh.
11 A Okay.
12 Q Bear with me for a second. I'm going to
13 flip back to something else. No, I think I will move
14 on.
15 Instead I'd like to turn your attention to
16 your response to the Postal Service Interrogatory No.
17 37. Do you have that?
18 A Thirty-seven, yes.
19 Q Okay. Now in this interrogatory we asked
20 you a series of questions regarding various customer
21 surveys that you reference at pages 23 to 26 of your
22 testimony, and we were pleased that there were no
23 objections to this particular interrogatory, but we
24 thought the answer wasn't quite as responsive as we
25 had hoped. I am hoping that maybe if we can go back

1 through some of these questions you might be able to
2 provide some illumination.
3 Take a look, if you will, at subpart A of
4 Interrogatory 37.
5 MR. BRINKMANN: Madam Chairman. I'm not
6 sure what is to be gained here. I mean, these are
7 small areas where there are several hundred people,
8 and somebody went around and talked to them. I mean,
9 they are not a formal survey. To talk about
10 methodologies, and instructions and --
11 MR. TIDWELL: Madam Chairman.
12 MR. BRINKMANN: -- details like that when
13 all one is doing is talking to several hundred people
14 seems a waste of time.
15 MR. TIDWELL: Madam Chairman, there is no
16 evidence of how this information was gather and the
17 interrogatory seeks to explore that. The League has
18 presented a witness who discusses the surveys in his
19 testimony. We are simply through that witness trying
20 to get further clarification of the survey results
21 that he relies on, that he reports to the Commission,
22 that he presents in his testimony, and we are just
23 trying to get an understanding of how the data that he
24 presents to the Commission were developed.
25 CHAIRMAN GOLDWAY: It's appropriate for you

1 to see if you can get anymore detail than is provided
2 in this answer. Go ahead and ask.
3 MR. TIDWELL: Yes.
4 BY MR. TIDWELL:
5 Q Mr. Strong, can you describe for us the
6 methods that were used by the postmasters to collect
7 the Internet access data that's reported on page 23 to
8 26 of your testimony? Do you know how they collected
9 the information?
10 A I do not have the survey information, but
11 from Jim Boldt's testimony and a comment by I believe
12 it was Madam Chairman that it would be interesting
13 data to have on why the post office actually did not
14 check with some of these rural communities on what
15 type of Internet service they had --
16 MR. TIDWELL: Madam Chairman.
17 THE WITNESS: -- so we picked three.
18 MR. TIDWELL: Okay, sorry.
19 THE WITNESS: So we picked three
20 communities, I picked three communities out of the
21 list and called up my vice president, said, get ahold
22 of our community contacts, do what we need to do to
23 get the information on our boxholders, and do an
24 informal survey of everyone of those boxholders that
25 you can. In some cases we didn't even get all the

1 boxholders that were there.

2 We just wanted to get a rough idea, I think

3 it was substantiated yesterday with a couple more

4 testimonies, there is no formal information. There

5 are no formal documents. We as an organization wanted

6 to see what was going on in some of these communities.

7 I now live in an urban area myself. I think that

8 everybody has a Blackberry and an Internet, and I

9 wanted to find out for myself, as I thought the post

10 office should, in these rural communities is that

11 true, and in a lot of cases they don't even have cell

12 phone let alone Internet. But it was a very informal

13 survey which I think the post office should be doing

14 to make darn sure that we look at that before we start

15 closing them down. Just part of the process.

16 BY MR. TIDWELL:

17 Q So you say the postmasters contacted the

18 boxholders. Did they contact them in person?

19 MS. BUSHMAN: Objection. That was not what

20 was said in the testimony.

21 MR. TIDWELL: I am asking.

22 THE WITNESS: I have no knowledge on how

23 they contacted the customers in that town. In most of

24 those towns if you lived in a rural community you know

25 who had a date last night and what time they went

1 home. I'm sure they even know what type of computer
2 they have or whether they have a Blackberry or a
3 Droid. That's just the way small towns work. They
4 got that information, and I would guess that we're
5 pretty close to being right on it.
6 BY MR. TIDWELL:
7 Q I'm not trying to figure out how they --
8 where did they converse with the customers?
9 A I do not have that knowledge.
10 Q Would it be difficult to find out?
11 A I could try, yes.
12 Q Could we have that information by close of
13 the week because we have got to consider how and if we
14 want to try and rebut.
15 MR. BRINKMANN: So, you would like him --
16 let me get this straight. If somebody is in a town of
17 300, and it turns out the postmaster talked to say 200
18 of the people, you want in which building on which day
19 and which section of the street they talked to the
20 people to find out if they had Internet?
21 MR. TIDWELL: We haven't asked which
22 section. We will take an address.
23 MR. BRINKMANN: Do you expect them to
24 remember that?
25 MR. TIDWELL: I don't know. They can report

1 what they remember. We can ask the question. If they
2 can say that we canvassed customers out on the street
3 in front of the post office, that's the answer. If
4 they have a different answer, they can provide that.
5 CHAIRMAN GOLDWAY: It seems to me he is
6 asking for the three postmasters who you contacted, is
7 that correct? Is that how many?
8 THE WITNESS: Can I be very frank here?
9 CHAIRMAN GOLDWAY: Sure.
10 THE WITNESS: These three postmasters will
11 be very unwilling to give up too much information for
12 reprisal purposes.
13 CHAIRMAN GOLDWAY: Would they be able to
14 describe in general the method they used to talk to
15 people in their community?
16 MR. BRINKMANN: I mean, if Mr. Tidwell would
17 be satisfied with a statement that I talked to, you
18 know, an estimated X percent of the people in my
19 communities, we have no objection to that. But I
20 mean, if he's trying to get some sort of detailed
21 information that's not reasonably going to exist --
22 MR. TIDWELL: How can we know what is going
23 to reasonably exist if we don't make inquiries? I
24 mean, I can't predict what may be yielded from these
25 inquiries. All I can do is see if the information

1 does exist unless counsel knows more than the witness.
2 CHAIRMAN GOLDWAY: I think the witness has
3 been very frank in terms of the limitation of the
4 information he has provided. But if they are able, I
5 will ask the witness to go back to the three
6 postmasters and get as much a description of their
7 procedures as they feel they can provide --
8 THE WITNESS: Madam Chairman.
9 CHAIRMAN GOLDWAY: -- by the end of the
10 week.
11 THE WITNESS: There is three offices here.
12 If the post office allows me to go into those three
13 offices and do that survey myself, I will substantiate
14 it to the letter and then not have to worry about it.
15 MR. TIDWELL: Madam Chairman, the Postal
16 Service is simply seeking the information requested in
17 Interrogatory 37. We are not asking for a new survey
18 to be conducted. We simply want to understand how the
19 results of the survey that were presented and Witness
20 Strong's testimony were developed. We asked some very
21 straightforward questions, and we think it would not
22 be difficult for -- the witness has indicated that
23 these surveys were conducted under his direction.
24 Therefore we think it would be appropriate as he
25 respond as we ask in the interrogatory to know what

1 instructions were given to the survey takers in terms
2 of what sort of information to collect.
3 CHAIRMAN GOLDWAY: I will ask the witness
4 and his counsel to prepare some more detailed
5 information for you to provide by the end of the week.
6 MR. BRINKMANN: We will do that, Madam
7 Chairman. That's fine.
8 CHAIRMAN GOLDWAY: Everything that you want,
9 but the witness is quite clear about the information
10 nature of this survey so you should expect that the
11 information you get will not necessarily be the kind
12 of structured information that professional polling
13 firms provide.
14 MR. TIDWELL: We sort of have that
15 expectation but we still think that we're entitled to
16 the information, the specific information that's
17 requested in the various subparts of the
18 interrogatory.
19 CHAIRMAN GOLDWAY: Counsel indicates that
20 they will try to get you more information and they
21 will.
22 MR. BRINKMANN: Thank you, Madam Chairman.
23 CHAIRMAN GOLDWAY: How much more questioning
24 do you have for this witness?
25 MR. TIDWELL: Madam Chairman, you have

1 microphones. Do you have cameras?

2 CHAIRMAN GOLDWAY: Yes, we have got a camera

3 right behind you looking at your notes.

4 (Laughter.)

5 MR. TIDWELL: That's all I have.

6 CHAIRMAN GOLDWAY: That's all you have.

7 Great.

8 All right, are there questions for this

9 witness from other members of the participants?

10 MS. FERGUSON: I have several questions.

11 CHAIRMAN GOLDWAY: Okay, Ms. Ferguson, the

12 Public Representative now has questions.

13 MS. FERGUSON: Thank you, Chairman Goldway.

14 CROSS-EXAMINATION

15 BY MS. FERGUSON:

16 Q Mr. Strong, you had mentioned earlier,

17 actually in the first part of your testimony, about

18 possible fear of reprisal district managers feel and

19 why the top-down approach was not ideal to you or to

20 some others. Could you please explain to me, going

21 back to the first part of your testimony, how often

22 you or you have been aware of a district manager

23 disagreeing with the initial and current RAOI

24 candidate list?

25 A On the current list I have no knowledge of

1 any discipline taken place. I do have knowledge of
2 studies being stopped because they didn't go to the
3 area to get approval to stop those studies.
4 Q Let me just clarify. Who stopped the study?
5 A The local districts stopped the study.
6 Q Okay.
7 A When the stopped the study were reprimanded,
8 and the consequence to that an e-mail was sent out to
9 every office within that area saying that you will not
10 stop a study before you ask our approval and give the
11 information on why you are stopping that study
12 beforehand.
13 Q Okay. And so my understanding is this study
14 is a discontinuance study based on the identifying --
15 the RAOI identifying a particular postal facility?
16 A Correct.
17 Q Okay. And the local district manager or
18 local official stopped the discontinuance study when
19 they felt it wasn't -- the facility should not be
20 closed?
21 A Correct.
22 Q How did they communicate that to
23 headquarters? And when I say "that", but what medium,
24 by letter, by phone? Do you recall?
25 A You know what, I can't tell you for sure but

1 I do not believe, and I know I have experts in the
2 room, I do not believe on the CSDC site, computer site
3 that controls everything, I do not believe there is a
4 place on there to stop the discontinuance and put an
5 explanation in, but I'm not positive on that. They
6 went to CSDC II, and after they went to CSDC II, they
7 locked us out of it because we no longer get to see
8 that information.
9 Q Okay.
10 A It is no longer shared with us. CSDC I,
11 they believe that -- when I say "they", postal
12 headquarters believed that that should be shared with
13 all the leadership, including the postmaster
14 organizations so that we could watch the process and
15 follow the process and see what was going on.
16 On CSDC II, they decided that they didn't
17 want the process to be transparent any longer, they
18 locked us out of it, so we no longer have access to
19 the system.
20 Q Okay. So if going through a discontinuance
21 study the local postal authorities feel that there is
22 no basis for discontinuance, under the current
23 structures in place they must complete the
24 discontinuance study and then let headquarters know?
25 A When they complete the discontinuance study,

1 it goes to, and I'm not positive on this step, my
2 guess is because the areas never allow anything to go
3 past them, but it goes, my guess, to area, to
4 headquarters, and then it finally ends up on Dean
5 Granholm's desk who gets to push the final death
6 button for that office. He has the final say.
7 Q Okay. And you said that you were aware of
8 some people who stopped them prior to the completion
9 of the study and were reprimanded?
10 A Yes.
11 Q How many towns or states were that in?
12 A There was three, three facilities.
13 Q Okay.
14 A Don't ask me for those facilities.
15 Q I will not. What ended up happening with
16 those facilities?
17 A Once you tell a community that the
18 discontinuance study is stopped, even though it wasn't
19 officially approved, I wouldn't want to be the one to
20 go into that community and tell them that the study
21 started again, so they are not alive.
22 Q Okay, so the discontinuance studies are
23 continuing?
24 A No, the discontinuing studies are done.
25 Those communities will remain open.

1 Q Okay.
2 A Now who knows where they will end up on the
3 next list if there is a next list.
4 Q I understand. I understand. Okay.
5 Now to move onto the community meetings.
6 Have you attended some of these community meetings?
7 A No, I have not.
8 Q Are you aware of aware of what preparatory
9 processes the district managers or POOMs go through to
10 get these meetings ready?
11 A Well, it's scripted, there is no doubt about
12 that. Number one, they contact the local postmaster
13 or OIC.
14 Q You said they are scripted.
15 A Huh?
16 Q You said they are scripted, there is no
17 doubt about that.
18 A They have a script that they follow. I
19 mean, you can watch them on video, you can watch them
20 reading a script, and rightfully so. There is some
21 things that they have to cover. One of the things
22 they always cover is how much money this facility is
23 losing, which is ironic when it is compared to how
24 much money I lose a year, but anyway, they call the
25 postmaster or the OIC and ask for a local site where

1 the community meeting can be held, also a time, and in
2 Discontinuance Study 101 there is a time that says
3 that it should be evenings or weekends. There is the
4 first problem.
5 We have hundreds of meetings and maybe even
6 be in the thousands because we haven't contacted each
7 state, but I am just going to say we have hundreds
8 that the community meetings are happening well before
9 five o'clock, some as early as 10 o'clock in the
10 morning.
11 Q On weekdays?
12 A On weekdays. The community meeting is
13 supposed to be led by the POOM or the district
14 manager, and as I testified earlier, we have yet to
15 find a district manager that has attended a meeting.
16 In the past that has never happened.
17 Q And why did you say that was?
18 A They have more important things to do, I
19 guess. They don't think the community meetings are
20 important. We have not been able to find it. I can't
21 verify that every -- but I verified it in enough
22 states where there were zero attended. All I'm saying
23 by that is that I think the importance of the
24 community meeting is a bit diminished when we don't
25 have a DM attending a single meeting in Indiana or in

1 Illinois or Missouri, not one single meeting. And the
2 POOM or the DM is supposed to attend. We have
3 hundreds where the POOM didn't even attend.
4 MR. BRINKMANN: What is a POOM?
5 THE WITNESS: Post office operations
6 manager. It's the person that the postmaster reports
7 to. They didn't even attend. They have got a
8 neighboring postmaster doing a discontinuance meeting
9 or a discontinuance coordinator, somebody that -- a
10 support person going out and doing this other than the
11 two likely people that should be leading something
12 this important we have someone else doing it.
13 The information they start off with -- a
14 lots of times we have records showing that they come
15 in and say this meeting is going to be one hour, we
16 are going to start at 5:30 and we are going to end at
17 6:30, and each of you only have two minutes to talk,
18 and that is how we are starting off a meeting that is
19 supposed to be recognizing the importance of closure.
20 BY MS. FERGUSON:
21 Q I want to go to something you said about
22 being scripted. When the community ask questions, the
23 responses, are you aware of any responses that postal
24 employees are given to use at these meetings?
25 A No, I am not. I can't honestly say that

1 they are given, but after 38 years of experience and
2 having worked as a POOM and MPO myself I will tell you
3 that for most questions that they know are going to
4 come up, where is my delivery going to be, how much
5 money are you going to save, those type of things,
6 they have got a standard answer for that.
7 Q Are you aware of any information that they
8 are told they may not give at these meetings?
9 A No, I am not.
10 Q Is there any direction that you are aware of
11 that postal employees are given as to how to record
12 what goes on at these meetings?
13 A Well, again, in the PO 101 it says that
14 notes will be taken. We have got one that was done by
15 a person that is not a POOM or a DM where he told the
16 community, I am not taking notes, I remember
17 everything. In the Dewitt community meeting that we
18 have a video tape on where the person who was supposed
19 to be taking notes, not once during that meeting did
20 you see a note being taken. We have, again, let's
21 just say lots of examples where there was never a note
22 taken in a community meeting, and the notes are
23 supposed to be part of the official docket, and part
24 of the closing process, and we have got -- and it is
25 something that we could go out to the communities.

1 It's just something that needs to be fixed.
2 Q You mentioned tape recordings. Who is
3 recording the meetings?
4 A Anybody who wants to can. We have a little
5 problem there, too, because in parts of the country
6 they have told people they -- a TV crew that they
7 could not, and that was in Sun Valley -- not Sun
8 Valley -- somewhere in Oregon where the TV crew was
9 told they couldn't enter a public building for a
10 public meeting and tape record. WE have had other
11 instances of that that I know that have been sent to
12 the PRC. They are told that they can't video tape,
13 that it can't record, and it can. And the purpose is
14 not to intimidate anybody. One is to check the
15 process and make sure it's followed, and two, because
16 they aren't taking notes we want to be able to go
17 through that recording and make sure every question
18 that was asked, every comment that was made is part of
19 the official docket as it should be, and it is not, it
20 is simply not.
21 Q And I wanted to go to that. You mentioned
22 Gravity, Iowa, and how you actually are in possession
23 of a recording of a community meeting in that
24 particular town, and I apologize if it's not a town,
25 it may be a city, but that area.

1 When such a tape recording has been made are
2 you aware whether the community, especially when an
3 appeal has been filed, as requested that recording and
4 the recording has not been turned over?
5 A I have no knowledge of that.
6 Q Now I want to move down to the oath.
7 Without giving names, and just talking in general, as
8 a member of the Postal Service, did you take an oath?
9 A Not as a member of the Postal Service. As a
10 postmaster I am given an oath.
11 Q Okay. When you joined the United States
12 Postal Service, did you take an oath at that time?
13 A 1973. You know what, to be very honest in
14 Forsyth, Montana, if we did, we might have did a wave
15 of an oath. I do not remember an oath in 1973.
16 Q Did you ever have to give an -- you said you
17 gave an oath when you became a postmaster.
18 A Yes.
19 Q And is that the only other oath you have
20 given in relation to the Postal Service?
21 A Yes.
22 Q Are you familiar with something called the
23 Employee and Labor Relations Manual, ELM?
24 A Uh-huh.
25 Q You have got to say yes or no on the record.

1 A What's that?

2 Q You have to say yes or no because it doesn't

3 take nods.

4 A Yes, I am.

5 Q Okay. And is this a manual that's made

6 available to all postal employees, to the best of your

7 knowledge?

8 A Yes, it's available. It's available on APW

9 webpage. It's available. You can actually Google ELM

10 and it will come up.

11 Q Oh, okay. I want to go specifically to

12 Section 667.12. Do you know what that section is?

13 A Not without seeing it, but it's probably the

14 one that's being passed around by some district

15 managers right now.

16 Q I'm going to refresh your recollection with

17 it hopefully.

18 (Pause.)

19 Q Mr. Strong, do you see anything on that

20 paper that refreshes your recollection as to the

21 contents of 667.12 of the Employee and Labor Relations

22 Manual?

23 A Yes.

24 Q Okay. And what's the content? Without

25 reading that, do you recall what that section speaks

1 to?

2 A Employees are not supposed to engage in

3 campaigns against changes in mail service.

4 Q And how do you interpret that?

5 A How I incorporate it and how I talk to my

6 postmasters? That while I'm on the clock I'm a postal

7 employee, and while on the clock I do not engage in

8 any activities against any changes in mail services.

9 Q And does that include speaking against a

10 decision from headquarters to close an office?

11 A While on the clock, yes.

12 Q And it exempts when you're dealing with

13 your --

14 CHAIRMAN GOLDWAY: Speak into his microphone

15 if you need to stand.

16 MS. FERGUSON: I forgot. Thank you.

17 BY MS. FERGUSON:

18 Q It exempts when you're working or when

19 you're a member of a union, when you're dealing with

20 the union, correct?

21 A There's a fine line that they like to draw

22 between a union employee and management, a postmaster.

23 However, it is the position of my counsel and the

24 position of me as a citizen of the United States that

25 I have constitutional rights, and while I'm off the

1 clock I can speak about mail service to my Senators,
2 my Congress, my communities. I can talk to my Rotary
3 Club. I can talk to whoever I want about changes in
4 mail service in general.
5 Where I draw the line different than a
6 union, where I draw the line, I will not in a
7 community speak specifically about my office.
8 Q And how long have you been with the Postal
9 Service?
10 A Thirty-eight years.
11 Q In addition to having that particular
12 portion and some of the preceding portions of the
13 Employee Labor Manual -- let me start again.
14 To the best of your knowledge, have any
15 other colleagues of yours, and when I say colleagues I
16 don't just mean other postmasters. I mean postal
17 employees. Have they received an additional version
18 of the ELM or sections of the ELM either by mail or
19 email that you're aware of?
20 A Well, there's been an email that's been
21 circulating for a couple weeks that had sections of
22 the ELM that I felt were solely to intimidate
23 postmasters from speaking out. Last night --
24 Q And why did you feel that way?
25 A What?

1 Q And why did you feel that way?

2 A Well, number one, it came from Arkansas, and
3 Arkansas is throughout my testimony, and that letter
4 didn't come out until about a week and a half after my
5 testimony, and it went out to the postmasters with an
6 email from their POOMs saying that postmasters are on
7 very thin ice; they better watch what they're doing.
8 The same email was circulated in South Dakota, which
9 we have a copy of.

10 I mean, last night I got a phone call from
11 the president in Rhode Island, and he says Mark, he
12 says I'm having a community meeting tomorrow. It's
13 not his community. It's a neighboring community. And
14 what we do in the community meetings is we walk the
15 community through the process.

16 Q Did you say what the president was the
17 president of? You said the president. I know you're
18 not --

19 A President of the Rhode Island branch of
20 League of Postmasters, and he was having a community
21 meeting.

22 And what we do in the community meeting is
23 just talk to the public about what their rights are
24 because they don't understand. There's not enough
25 knowledge out there to get them to understand that

1 what the newspapers are saying that -- counsel has got
2 a question.
3 MR. BRINKMANN: You're talking about a
4 precommunity meeting?
5 THE WITNESS: Precommunity meeting. I'm
6 sorry.
7 MR. BRINKMANN: Not the official community
8 meeting.
9 THE WITNESS: Yes. Yes. We call them
10 precommunity meetings. We're prepping the community
11 so they understand what the process is about and how
12 the process works and how the 101 works and what they
13 can do through legislation and through their community
14 and community involvement. If they decide that they
15 don't want to get involved it could be one of those
16 ones, but that's our job is to get out there so they
17 understand the process.
18 Now, this president calls me up and says
19 Mark, I got a phone call from my POOM, who got a phone
20 call from the DM that said you get a hold of this
21 postmaster and let them know they're on thin ice.
22 Come on. I mean, what are we doing for rural America
23 when we're shutting up the postmasters, who are the
24 ones that can educate the communities on what the
25 closure process is about? That's where I've seen the

1 circulation of this ELM.

2 MS. FERGUSON: Thank you very much, Mr.

3 Strong. No further questions.

4 CHAIRMAN GOLDWAY: Okay. Is there anyone

5 else who wishes to question this witness? Questions?

6 I know the Commissioners are anxious for a

7 break. Shall we have a break before the Commissioners

8 ask questions, or should we continue until we have

9 a --

10 MALE VOICE: Why don't we go ahead with our

11 questions?

12 CHAIRMAN GOLDWAY: Let's move forward with

13 our questions then and see how quickly we can move on.

14 I know we have a long day. Do you want to begin, Mr.

15 Taub?

16 COMMISSIONER TAUB: Sure.

17 CHAIRMAN GOLDWAY: Commissioner Taub?

18 COMMISSIONER TAUB: Yes. I just wanted to

19 get your sense of the issue on the handbook.

20 Obviously there's been a lot of discussion about

21 PO-101, which is in as a library reference. As

22 described in yesterday's testimony, the concept at

23 least is this RAOI proposal was a nomination of

24 studies and then the PO-101 will be the process to

25 actually go through the discontinuation process.

1 There was some discussion, particularly in
2 the last Q&A with the Public Rep, as well as earlier,
3 about some of the concerns you've had as maybe
4 implementation. For example, the handbook saying that
5 a district manager or the manager of post office
6 operations should be there and your sense that as seen
7 in some cases that isn't there.
8 Putting that aside for a moment, looking at
9 the handbook as you know it, and you seem to be
10 knowledgeable with it. If PO-101 was followed as
11 written and outlined to what extent do you see that
12 there would remain concerns as the Postal Service goes
13 through the discontinuance process, or to what extent
14 if these were followed as written some of the concerns
15 you've had, for example, the top-bottom versus the
16 bottom-up? Would they still be there?
17 THE WITNESS: Well, there's some other
18 changes I would recommend, the first one being the
19 community meeting. Right now it says that the
20 community meeting -- it doesn't even really have a
21 start date on when it can happen, but it has to be
22 done by the 59th day of the 60-day proposal to close.
23 So I could have the community meeting on Day 59 and on
24 Day 60 pull down the comments.
25 But if we're truly trying to get community

1 input and find out what it means to that community
2 before we go into a lengthier process of looking at
3 costs and expenses and revenues, shouldn't we take
4 that into consideration, into full consideration, then
5 start the 60-day proposal and have that as part of
6 that proposal so that the community can say they
7 listened to Mike, they listened to Mark? That's not
8 there right now. They have an option of putting it
9 there if they want.
10 My guess is that we would probably not see
11 that too often across the country, and I think that's
12 important. I think the community needs to know that
13 their voices were heard before they get the first
14 stroke of death, and that being the 60-day notice. I
15 think that's very important that that's done.
16 The rest of the proposal, there's some
17 tweaking that needs to be done, but when you throw out
18 3,650 offices at one time, and then we keep hearing
19 the next number is going to be 4,000, I'm sorry. My
20 38 years -- and believe me, I do really care about the
21 post office. They don't have the leadership to follow
22 this thing through to the letter and make it work.
23 It's not possible. It is too big.
24 The way it was before when we were closing
25 60 offices a year at max, we could do it and we could

1 follow them, and we could even help them and assist
2 them. As a matter of fact, in Iowa they were
3 combining community meetings. They were having four
4 communities come together at one place during harvest
5 time at 5:00 in the afternoon. That was part of the
6 testimony.
7 But we contacted them and said come on,
8 guys. You're not even giving these communities a
9 chance, you know. And they did. They finally
10 separated those communities and had the community
11 meetings one-by-one. Now, that happened across the
12 country, but there are some that listened.
13 That big, we can't help them. We can't even
14 help them. And we're not here to get in their way.
15 In many cases we've told them we can be a part of
16 this, but we can't do it when you put out a massive
17 number like this and expect us to be able to get into
18 those communities to assist them so they understand
19 what their role is, to make sure that the DM, the
20 district managers, are doing their jobs and the POOMs
21 are doing their jobs. We can't do that with this kind
22 of number.
23 This manual is not going to help when you're
24 turning out this big a number. It's not going to do
25 it. We can't make enough changes to assist that.

1 COMMISSIONER TAUB: I appreciate that. And
2 one last follow-up on that. Given your years of
3 experience in the Postal Service in a management
4 position as a postmaster, certainly one of the
5 challenges from my experience that the criticism of
6 the Postal Service certainly when it came to
7 facilities, post offices, was always that there didn't
8 seem to be a comprehensive plan, if you will, a full
9 assessment.
10 In this case there seems to be at least on
11 the surface an attempt to look comprehensively at
12 their entire retail network. That by itself may lead
13 one to having to look at a large number of facilities.
14 Given your experience, is it better for an operation
15 the size and scope of the Postal Service to try to
16 look and get their arms around comprehensively their
17 retail network in this way or continue to --
18 THE WITNESS: In this case, no, not at all.
19 When we're talking about $4 billion, $5 billion that's
20 going to have an impact on tomorrow so that we can
21 make darn sure I still have a job tomorrow I would say
22 we need to move quick. We're talking about a blip in
23 the spreadsheet here. We're talking about less than
24 $200 million.
25 We don't have to rush the death of these

1 communities and what it means to these communities for
2 what it's going to do for the post office. It is not
3 going to make a difference to whether we're here
4 tomorrow whether we close these offices down by
5 December or March or next year.
6 So we can take a long, slow look at these
7 communities and do it right and do it right for our
8 rural citizens. We're just pitching them aside saying
9 I'm sorry. The bottom line is more important right
10 now. Absolutely not. We can slow this thing down and
11 do it right.
12 I'm not saying that there are offices that
13 may end up on a closure list, but we have the time to
14 do it right and we're rushing something for no reason
15 except for maybe a political reason because there's
16 absolutely no reason to hurry this study. None.
17 CHAIRMAN GOLDWAY: Thank you. Those were
18 good questions. Anyone else on the bench?
19 Commissioner Langley?
20 COMMISSIONER LANGLEY: Thank you, Madam
21 Chairman, and thank you, President Strong.
22 The Commissioners were told by Mr. Granholm
23 that postmasters, and I don't know at what level, but
24 postmasters would have access to the computer program
25 that's running behind the new discontinuance study,

1 but you testified in response to questions by Ms.
2 Ferguson that this is no longer the case. Could you
3 give us just a very brief background on what has
4 happened?
5 THE WITNESS: I find it very interesting
6 that while we were going through the motions of
7 closing a few small offices and delivery unit
8 optimization, which really led to more closure -- I'd
9 be up here for another four hours and we'd be going
10 back and forth for another four hours if I got into
11 that, but we probably will be back to that someday.
12 We had complete access to that process, the
13 CSDC process. The leadership, both Bob Rapoza, the
14 NAPUS president, and myself, had access to that so
15 that when one of our postmasters called us we could
16 look at it and see what was going on. We could look
17 at community dates and see what was going on. We
18 could look at times and see what was going on. We
19 could look at the finances and see if it made sense.
20 When they went to CSDC.2 and the 3,650 offices, all of
21 a sudden that access was denied.
22 COMMISSIONER LANGLEY: At what point did
23 CSDC.2 come in?
24 THE WITNESS: I'm sorry?
25 COMMISSIONER LANGLEY: When did it come in,

1 the new?

2 THE WITNESS: About January of last year.

3 Somewhere around January of 2011 is when we received

4 access to it.

5 CHAIRMAN GOLDWAY: When you stopped

6 receiving access?

7 COMMISSIONER LANGLEY: No. When did you

8 stop receiving access?

9 CHAIRMAN GOLDWAY: When did you stop

10 receiving access?

11 THE WITNESS: Oh. Pre July 21 when the list

12 of 4,000 came out. Somewhere the 1st of July. I'm

13 not positive on the date.

14 COMMISSIONER LANGLEY: So it was somewhere

15 around the same time as --

16 THE WITNESS: There was a few of us that had

17 friends that were still able to get us in, but once

18 they went through and seen that we had access they

19 shut them down too.

20 CHAIRMAN GOLDWAY: Do you recall when Mr.

21 Granholm testified?

22 COMMISSIONER LANGLEY: Well, Mr. Granholm

23 testified last month.

24 CHAIRMAN GOLDWAY: Yes, so it was after

25 July 21.

1 COMMISSIONER LANGLEY: No. He told us
2 during a consultation.
3 CHAIRMAN GOLDWAY: A consultation?
4 COMMISSIONER LANGLEY: Not a consultation.
5 During a meeting that --
6 CHAIRMAN GOLDWAY: So it was not as a
7 witness.
8 COMMISSIONER LANGLEY: -- postmasters, and I
9 did not recall at what level.
10 THE WITNESS: It was the leadership. It was
11 the organization's leadership had access. So my vice
12 presidents and NAPUS' vice presidents throughout the
13 country and the president of each state so that they
14 could talk with the district managers.
15 We all had access so that we could see what
16 was going on. It was a very transparent program at
17 that time.
18 COMMISSIONER LANGLEY: Thank you. I have
19 one further question. I know you're opposed to what
20 you see as a top-down approach to looking at post
21 office closures right now and that you believe that
22 doing it at the local level is the best way to go.
23 However, when I've looked at many of the
24 appeals that are coming before the Commission I see
25 that there is no permanent postmaster at the

1 facilities that are being closed and rather that there
2 are officers in charge or a temporary person. Does,
3 in your opinion, the lack of a permanent postmaster
4 hamper the closure process and I guess the ability to
5 ensure that community concerns are being heard?
6 THE WITNESS: Well, although there wasn't a
7 plan to close post offices until the advisory came
8 out, there was a plan to close post offices, and part
9 of that plan was not to fill them. For the past --
10 I'm just guessing -- two years Level 13 on down, the K
11 through L offices, they were never posted so they were
12 vacant so we had OICs in them all this time. I mean,
13 for at least two years they did not get posted.
14 Very rare, only when it was costing us a
15 fortune to have an officer in charge in there, did we
16 post those jobs. So they were vacant for a reason; so
17 that they could close them because recently we did not
18 close post offices that had a postmaster in place.
19 This study of 3,650 have postmasters in
20 place in a majority of those offices. We're going to
21 have postmasters that are going to lose their office
22 and could lose their job. The process is a lot
23 different for a postmaster versus an area when it
24 comes to RIF.
25 So with them vacant we have a couple

1 problems. One is that we have our contact. We don't
2 know our contacts as well to get into those
3 communities. Even though they can't do anything on
4 our clock, at least when they're on my roster I know
5 who the postmaster is and I've got a home phone number
6 where I can contact them and say okay, you've got a
7 closure going on. Let us help you with the process.
8 When there's an officer in charge in there,
9 a lot less chance. When there's an officer in charge
10 in there there's a lot less community involvement, a
11 big part of the rural post office and the role they
12 play in that community. When it's an officer in
13 charge, quite often you don't have that interaction in
14 that community so you have an important part of a
15 rural post office not taking place when you have two
16 years of an OIC in there.
17 Quite often you will hear or I will see an
18 email saying this would not have happened had we had a
19 postmaster in there, but two years of an officer in
20 charge led to the closure of this office. You've got
21 an actor in there versus a postmaster that has taken
22 the oath for that office and that community, and
23 that's hard to replace.
24 COMMISSIONER LANGLEY: Thank you very much.
25 CHAIRMAN GOLDWAY: Commissioner Acton? Vice

1 Chairman Acton?

2 VICE CHAIRMAN ACTON: Thank you. Thank you,

3 Chairman Goldway.

4 President Strong, we want to thank you for

5 your candid and rather impassioned testimony today.

6 There is both quantitative and qualitative aspects to

7 the question at hand, and you really contributed to

8 building the record in an important way.

9 You're right. We're not making decisions

10 here, but we are offering advisory viewpoints to the

11 decision makers, and a lot of what you've contributed

12 is at the core of what some of the Members of Congress

13 have been focusing on, so your testimony is an

14 important part of our consideration.

15 THE WITNESS: Thank you.

16 CHAIRMAN GOLDWAY: I wanted to ask you

17 whether you had a chance to look at some of the

18 suggestions that Witness Morrison offered as a way to

19 continue to provide service in rural areas, even if it

20 has to be reduced. She had some ideas about reducing

21 the hours of operation of post offices or of having a

22 postmaster responsible for several post offices and in

23 one post office one day and another another day.

24 Do you have any suggestions as to ways in

25 which the Postal Service could reduce its network to

1 some degree, but still maintain the connections with
2 rural America that we all believe is so important?
3 THE WITNESS: We have some discussion going
4 on right now with the Postal Service on some ideas
5 that may work. We're having a hard time initiating
6 the discussions into a serious discussion because
7 while they're still waiving the last two parts of the
8 CFR change, while they're still talking about closing
9 3,650 offices and another 4,000 behind that, those
10 discussions are kind of at a stalemate right now until
11 someone can come to us and say we realize it's a
12 mistake.
13 And I think last week on the Hill an
14 important part of a bill that we do not care for at
15 all took place when you had a bipartisan vote that
16 said in a very controversial bill, but it was still a
17 bipartisan amendment that said no more than 10 percent
18 of the offices being closed can be through the H to L
19 group, the small office group. So out of this 3,650,
20 that would be 36 offices. So even at a time when they
21 can't agree on anything on that Hill, we had a
22 unanimous vote saying we recognize the importance of
23 those post offices.
24 I would like to see a moratorium on closing
25 right now, and if you get a moratorium on closing or

1 some change so that we can sit down and have some
2 discussion with postal headquarters on how we can do
3 this and how we can do things within Title 39, because
4 Title 39 really also keeps us from putting one
5 postmaster in charge of two offices unless you do that
6 very craftily.
7 CHAIRMAN GOLDWAY: All right.
8 THE WITNESS: And it can be done. I think
9 there are things that can be done so that we still
10 have an impact on the bottom line on finances, but we
11 hold the maximum degree of service to rural America
12 and take a look at those communities that no longer
13 want to be communities and make the right decision at
14 the right time for those communities.
15 I do believe we can do that. And what's
16 important, I think, that we all recognize is that the
17 money involved doesn't matter. Of course the money
18 matters, but it doesn't matter to the bottom line in
19 the fight we have going on to save the post office
20 right now.
21 So we can protect universal service and we
22 can come up with an agreement on how we can run these
23 post offices in a more efficient way with the changing
24 times that we have. Yes, I do believe there is.
25 CHAIRMAN GOLDWAY: I appreciate it. And if

1 you feel that there's more information that you have
2 with regard to how the Postal Service is currently
3 implementing the closure process -- you mentioned
4 concerns about how they are not following the 101
5 manual -- I would appreciate you providing them to us
6 because I think to the extent that we find out what
7 the patterns of the Postal Service's implementation
8 are now we would be in a better position to make
9 recommendations for the future.
10 THE WITNESS: Okay.
11 CHAIRMAN GOLDWAY: So I'd appreciate you
12 doing that for us.
13 Do you have a question before we go to a
14 break that you would like to ask, counsel for the
15 Postal Service?
16 MR. TIDWELL: Yes, Madam Chairman. Michael
17 Tidwell for the Postal Service.
18 You just invited the witness to provide
19 additional information on the discontinuance process.
20 Is this information that would be made available to
21 the Postal Service for consideration in advance of the
22 preparation of its rebuttal testimony, or is this
23 something that the Commission expects would come in
24 after that where the Postal Service might not have any
25 opportunity to examine or conduct any further

1 follow-up with the witness on matters that are
2 relevant to the Commission's consideration of the
3 request here? We're sort of in an odd --
4 CHAIRMAN GOLDWAY: I was trying to get some
5 additional information based on the testimony that we
6 already have. I don't expect that it's going to be of
7 a different character; just more details, more
8 specific examples. I don't have in front of me the
9 calendar for when you would need that information to
10 prepare your surrebuttal.
11 Counsel, our counsel, can you give me some
12 advice as to --
13 MALE VOICE: (Away from microphone.)
14 CHAIRMAN GOLDWAY: Okay. So what's the
15 timing that we need to get this additional
16 information?
17 MR. HUGHES: Madam Chairman, the revised
18 procedural schedule says the notice of intent to file
19 surrebuttal is due October 18, which is today.
20 CHAIRMAN GOLDWAY: Well, I think they've
21 told us they're going to do that anyway, so the
22 question is --
23 MR. HUGHES: And they file it on the 24th.
24 CHAIRMAN GOLDWAY: -- when do they need to
25 have the material so that they could respond? That's

1 not today. That's what day? The 24th?

2 MALE VOICE: Which is next Monday.

3 CHAIRMAN GOLDWAY: Can I ask Witness

4 Strong's counsel if they have additional information

5 along the lines that we've asked for in the

6 questioning from the bench today, could you provide it

7 before or on October 24?

8 MR. BRINKMANN: We'll get it to you as soon

9 as we can.

10 CHAIRMAN GOLDWAY: Thank you. And then that

11 information is part of the record, and you'll have an

12 opportunity to look at it as well, counsel from the

13 Postal Service.

14 MR. TIDWELL: Madam Chairman, we'd have an

15 opportunity to look at it, but I don't know that we'd

16 necessarily have an opportunity to respond to it in

17 the form of rebuttal if it's presented let's say on

18 the 24th. Even Friday may not be --

19 MR. BRINKMANN: Well, I don't know what

20 there is.

21 CHAIRMAN GOLDWAY: We don't know how much

22 information. As I say, I don't expect it to be --

23 MR. HUGHES: That's all right. We'll get it

24 to you as soon as we can.

25 CHAIRMAN GOLDWAY: -- different in quality,

1 more in quantity, for us. I think the Commission has
2 asked some useful questions here on the bench, and if
3 we have more information we should have it.
4 MR. TIDWELL: We're just concerned, Madam
5 Chairman, that if it comes in on Friday there's really
6 no opportunity to deal with it since we've got to file
7 testimony on Monday.
8 Is there some way we could get a commitment
9 earlier than Friday for the information to be
10 provided?
11 MR. BRINKMANN: We'll go back. We'll get it
12 to you as quick as we can. I can't say any more than
13 that because I'm not quite sure what there all is. I
14 mean, we'll just have to go look and get it to you as
15 quick as we can.
16 CHAIRMAN GOLDWAY: All right.
17 MR. TIDWELL: We're essentially talking
18 about additional testimony days before we file our
19 surrebuttal, and we have some very serious due process
20 concerns about that.
21 CHAIRMAN GOLDWAY: I don't think I'm asking
22 for anything that's unreasonable here.
23 MR. TIDWELL: Madam Chairman, the Postal
24 Service might disagree.
25 MR. BRINKMANN: For instance, the question

1 that Mr. Strong came about with one instance of people
2 suggesting that at community meetings that this is
3 really a done deal and that we're closing the post
4 office and we're here to tell you how you can help us
5 close it more easily.
6 You know, we have heard a number of stories
7 about that. I'm not sure what other documentation is
8 sitting there, but certainly the instance he gave is
9 by far certainly not the only one. I really don't
10 know if there's specific information about that
11 specifically. There may be.
12 CHAIRMAN GOLDWAY: You yourself asked for
13 more documentation about this issue, and if it's
14 available I'd like to have it.
15 So can we say by close of business Thursday
16 that if you can find that information you'll provide
17 it to us?
18 MR. BRINKMANN: Certainly.
19 CHAIRMAN GOLDWAY: I don't believe this kind
20 of information will take you very long to respond to
21 any more than what you've already had, but I think it
22 will help the Commission. Thank you for agreeing to
23 provide information if you have it for us.
24 MR. BRINKMANN: Our pleasure.
25 CHAIRMAN GOLDWAY: Thank you. Now, will you

1 need to consult with your witness for re-cross?
2 MR. BRINKMANN: Yes. We'll need to sit and
3 talk for five, maybe 10 minutes just to go over a few
4 things.
5 CHAIRMAN GOLDWAY: Is your preference that
6 we conclude this testimony before lunch, or should I
7 call a break for lunch now and reconvene?
8 MR. BRINKMANN: It would probably be easier
9 if you called a break for lunch and reconvened. That
10 way everybody can go eat and --
11 CHAIRMAN GOLDWAY: Okay. That's what we'll
12 do. We'll break for lunch because we didn't have a
13 break this morning, and we'll reconvene at 1:00. We
14 appreciate everyone's patience and endurance. Thank
15 you.
16 (Whereupon, at 11:57 a.m., the hearing in
17 the above-entitled matter was recessed, to reconvene
18 at 1:00 p.m. this same day, Tuesday, October 18,
19 2011.)
20 //
21 //
22 //
23 //
24 //
25 //

1 A F T E R N O O N S E S S I O N

2 (1:04 p.m.)

3 CHAIRMAN GOLDWAY: Ladies and gentlemen,

4 we're going to reconvene. Thank you. We now have any

5 redirect.

6 MS. BUSHMAN: Madam Chairman, we do have one

7 question on redirect.

8 CHAIRMAN GOLDWAY: Okay.

9 REDIRECT EXAMINATION

10 BY MS. BUSHMAN:

11 Q Mr. Strong, the Postal Service asked you

12 previously in today's hearing, asked you to put a

13 percentage on how many post offices can close before

14 it becomes drastic. You had indicated that even one

15 post office closing could be drastic. Could you

16 clarify that?

17 A Well, the league is not saying that no post

18 offices in this country should be closed. What we're

19 saying is that it could be drastic for any rule down

20 depending on how the situation is handled, and what

21 we're saying is that the process as it is right now is

22 broken and we need to fix that process before we move

23 on and start closing post offices. Otherwise, I think

24 we would be premature in closing some of these

25 communities and killing these towns, and I think we

1 need to prevent that from happening.

2 MS. BUSHMAN: Thank you. That's all we

3 have, Madam Chairman.

4 CHAIRMAN GOLDWAY: Okay. Any questions

5 based on that question from counsel?

6 (No response.)

7 CHAIRMAN GOLDWAY: Very good. I hope you

8 all enjoyed your lunch. Mr. Strong, I'm pleased to

9 tell you that that completes your testimony here

10 today. We appreciate your participation, and your

11 appearance and your contributions to the record. I

12 think you've been a strong advocate for the people you

13 represent and I appreciate in particular your

14 flexibility to delay your appearance until today.

15 THE WITNESS: Thank you.

16 CHAIRMAN GOLDWAY: We will move on with the

17 hard decisions in front of us. Thank you very much.

18 (Witness excused.)

19 CHAIRMAN GOLDWAY: Our next witness is John

20 Klingenberg. Ms. Ferguson, you are sponsoring him,

21 the public representative --

22 MS. FERGUSON: Yes.

23 CHAIRMAN GOLDWAY: -- so would you identify

24 him so he can be sworn in.

25 MS. FERGUSON: Thank you, Chairman Goldway.

1 Tracy Ferguson, public representative. Our second
2 witness in this hearing proceeding is John P.
3 Klingenberg, who is taking the witness stand at this
4 time.
5 CHAIRMAN GOLDWAY: While you're standing,
6 Mr. Klingenberg, would you raise your hand.
7 Whereupon,
8 JOHN KLINGENBERG
9 having been duly sworn, was called as a
10 witness and was examined and testified as follows:
11 CHAIRMAN GOLDWAY: Thank you. You may be
12 seated. Counsel, you can proceed.
13 (The document referred to was
14 marked for identification as
15 Exhibit No. PR-T-2.)
16 DIRECT EXAMINATION
17 BY MS. FERGUSON:
18 Q Mr. Klingenberg, there are four documents
19 before you. Let's start off with the first two. Are
20 those documents on top, testimony of John P.
21 Klingenberg, were they authorized by you, made by you
22 or under your supervision?
23 A They were.
24 Q If you had to testify in accordance with
25 them today, would the material be the same?

1 A It would.

2 MS. FERGUSON: Chairman, I move to have

3 those entered into the record at this time.

4 CHAIRMAN GOLDWAY: Are there any objections?

5 Hearing none, Mr. Klingenberg's testimony will be

6 provided to the court reporter, and that testimony is

7 received into evidence; however, consistent with

8 Commission practice, it will not be transcribed.

9 (The document referred to,

10 previously identified as

11 Exhibit No. PR-T-2, was

12 received in evidence.)

13 MS. FERGUSON: Thank you, Madam Chairman.

14 (The document referred to was

15 marked for identification as

16 Exhibit No. LR-N2011-1 NP2.)

17 BY MS. FERGUSON:

18 Q Mr. Klingenberg, are there any library

19 references that you would also like to become part of

20 the testimony?

21 A I sponsored Library Reference Public

22 Representative LR-N2011-1 NP2.

23 MS. FERGUSON: Okay. If we could move to

24 have that as part of the record as well.

25 CHAIRMAN GOLDWAY: Any objections? Hearing

1 none, those library references will also be received
2 into evidence but will not be transcribed.
3 (The document referred to,
4 previously identified as
5 Exhibit No. LR-N2011-1 NP2,
6 was received in evidence.)
7 CHAIRMAN GOLDWAY: Next, we'll receive
8 written cross-examination. APWU indicated that it
9 intended to enter written cross-examination of Witness
10 Klingenberg. Do you have that in front of you?
11 THE WITNESS: I do.
12 CHAIRMAN GOLDWAY: Mr. Klingenberg, have you
13 reviewed this material and determined whether if those
14 questions were posed to you earlier today your answers
15 would be the same as those you previously provided in
16 writing?
17 THE WITNESS: There's one change concerning
18 Question USPS/PR-T-2-17. I used the word conclusory
19 four times when I meant to use the word summary four
20 times and the copies I have in front of me have been
21 edited to reflect that change.
22 CHAIRMAN GOLDWAY: Okay. So those are your
23 corrections?
24 THE WITNESS: Yes.
25 CHAIRMAN GOLDWAY: Are there any other

1 additional corrections?

2 THE WITNESS: No. That is it.

3 MR. HOLLIES: Madam Chairman, the packets I

4 believe also include the designations of the Postal

5 Service.

6 CHAIRMAN GOLDWAY: I wasn't aware you had

7 some.

8 MR. HOLLIES: As we did with the other

9 public representative witness yesterday, those copies

10 have been included in the sets that Mr. Klingenberg

11 just provided to Mr. Tidwell for conveyance to the

12 court reporter. Moreover, the cover page does

13 indicate which ones were designated by the Postal

14 Service.

15 CHAIRMAN GOLDWAY: Thank you. So we now

16 have the corrected written cross-examination items

17 identified by both the APWU and the U.S. Postal

18 Service provided to the court reporter. That written

19 cross-examination is received into evidence and is to

20 be transcribed into the record.

21 (The document referred to was

22 marked for identification as

23 Exhibit No. PR-T-2 and was

24 received in evidence.)

25 //

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Retail Access Optimization Initiative, 2011 Docket No. N2011-1

DESIGNATION OF WRITTEN CROSS-EXAMINATION
OF PUBLIC REPRESENTATIVE
WITNESS JOHN P. KLINGENBERG
(PR-T-2)

Party	Interrogatories
American Postal Workers Union, AFL-CIO	USPS/PR-T2-10
Postal Regulatory Commission	USPS/PR-T2-7, 3-6, 8, 10-14, 9, 15, 16, 17-20, 22-26, 29, 31-32
United States Postal Service (handwritten)	

Respectfully submitted,

Shoshana Grove
Secretary

INTERROGATORY RESPONSES OF
PUBLIC REPRESENTATIVE
WITNESS JOHN P. KLINGENBERG (T-2)
DESIGNATED AS WRITTEN CROSS-EXAMINATION

Interrogatory	Designating Parties
USPS/PR-T2-7	PRC
USPS/PR-T2-9	PRC
USPS/PR-T2-10	APWU
USPS/PR-T2-15	PRC
USPS/PR-T2-17	PRC
USPS/PR-T2-18	PRC
USPS/PR-T2-19	PRC
USPS/PR-T2-20	PRC
USPS/PR-T2-22	PRC
USPS/PR-T2-23	PRC
USPS/PR-T2-24	PRC
USPS/PR-T2-25	PRC
USPS/PR-T2-26	PRC
USPS/PR-T2-29	PRC
USPS/PR-T2-31	PRC
USPS/PR-T2-32	PRC

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

USPS/PR-T2-3. Please explain all of the analytical steps you took, from input data sources, assumptions, data limitations, all processing steps, output data, as the Commission's Rule 31(k) (39 C.F.R. § 3001.31(k)) requires. This documentation should include all data upon which you rely, including data obtained from ESRI, so that your analyses can readily be replicated. Please document each of your tables plus separate results reported in the text.

a. Did you attempt alternative analyses that you ultimately chose not to include in your testimony? If not, why not? If so, please provide a general description of what those efforts attempted to do and why they were ultimately abandoned.

Response. As stated in the PR-T-2 and the "PR-LR-NP2 Preface," I relied upon multiple USPS NonPublic Library References and census data obtained from ESRI (see line page 3 line 4 and page 12 lines 5-6 of PR-T-2). All of the tables contained in my testimony are included in PR-LR-NP2. Furthermore, all of my files are linked, and where SAS was used the SAS code has been provided. If any party, including the Postal Service, has difficulty replicating my analysis, I would be happy to hold a technical conference to explain the calculations.

(a) I attempted many analyses that were not ultimately included in my testimony as the required data was not available, unfortunately.

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

USPS/PR-T2-4. Please confirm that you and others representing the Public Representative in this case worked together to analyze the Postal Service direct case and develop an overall strategy for participating in this docket. If confirmed, please explain the person(s) with whom you collaborated, excluding counsel. If you do not confirm, please explain what approach was taken and who was evolved for what purpose and effect.

Response. Confirmed. Please see Page 2, line 22-23.

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

USPS/PR-T2-5. What was your general understanding of your part in the Public Representative's overall participation in this case (please do not answer in terms of what counsel may have advised)? Has your understanding changed any during the conduct of the case? Please explain.

Response. The Public Representative asked me to evaluate the potential impact of the RAOI proposal. My understanding of the impact of the proposal has changed as the Postal Service has provided information to allow the proposal to be evaluated.

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

USPS/PR-T2-6. Graphic 1, a map of the United States with all Postal Service offices, is overtly misleading because the RAOI offices are dark solid red with black outline and the open offices are very light blue with blue outline; one consequence is that the reds are always on top of the blues. Please produce a new variant of Graphic 1 that uses, and shows in its legend, three colors for the two underlying data types plus the intersection.

Response. The Public Representative disagrees with the Postal Service's characterization of Graphic 1 and objects to the request to re-construct the graphic, as to do so is unduly burdensome and the Postal Service has dominion and control over the information it is seeking to have re-illustrated. To take from the Postal Service's response to DBP/USPS-36, the need to reconfigure the graphic is unnecessary as reasonable readers of Mr. Klingenberg's testimony and observers of Graphic 1 can see color distinctions and overlaps, and understand that they represent the different status of the offices

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

USPS/PR-T2-7. Please confirm that you describe the purpose of your testimony as, "to provide analysis of the Postal Service's retail network and the Docket No. 2011-1 Retail Access Optimization Initiative."

a. Please confirm that your purpose statement is accurately quoted.

b. What do you understand is the Postal Service's purpose in RAOI, and to any extent its "four components" embody discrete purposes (please provide citations to support your response):

i. Filing its Request in this docket?

ii. RAOI?

c. Does your analysis of the Postal Service retail network intend to serve any specific goal?

d. Does your analysis of RAOI serve any more specific goal?

e. Please confirm that the last sentence of your first paragraph in section II, Purpose and Scope of Testimony, appears to offer general conclusions you reach, "Based on the selection criteria used by the Postal Service and the analysis provided in this testimony, it appears the 'low workload' Post Offices currently operate at deficit and provide service to rural Americans."

i. Use of the words "appears to" denotes some equivocation as to the strength of your conclusions; please explain the extent of your equivocation including any alternative to use of "appears to" that you considered and ultimately chose not to use.

ii. What is the tie between postal selection criteria and your analysis that enables you to conclude what "appears to" exist.

iii. How do you define "rural Americans"? Please explain and address how you arrived at your definition, what alternative definitions you considered but chose not to use, and any larger significance to your use of the term.

Response.

a) Confirmed that the purpose statement is accurately quoted

b) The Postal Service's Request[2] at page 5 lines 12-13 states that "for purposes of the RAO Initiative, the following categories of postal retail facilities have been identified for discontinuance review." According to the Request the purpose of the RAOI is to "examine whether to continue providing retail and other services and products at approximately 3650 of the more than 32,000 Post Offices, stations and branches in its retail network." The Postal Service's goals and purpose are further explained on pages 3 and 4 of the Request. Regarding the components, in response to APWU/USPS-T1-12, USPS-T1 stated that "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 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."

i) According to the Postal Service's Request at 1 line 14, the filing is required by 39 U.S.C. § 3661

ii) This question is unclear. It is my current understanding that the purpose of RAOI is to evaluate whether the Postal Service should close offices that meet the RAOI criteria. I believe the Postal Service has not been clearly differentiated between the RAOI criteria and the overall discontinuance process. It is my understanding that the RAOI criteria identify what offices are going to be studied for closure. Once the facilities are selected for study, the PO-101 handbook will be used by local officials to pursue a discontinuance study. One can read the statements listed in part b of this response to understand the purpose of RAOI to either "identify" or "examine" sites for closure. Generally speaking, it is my understanding that the primary purpose of the RAOI is to "identify" and the primary purpose of the new and improved PO 101 handbook is to "examine," or study.

c) The goal of my testimony is to facilitate an understanding of the potential impact of the RAOI, both on the Postal Service and the population that it serves.

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[2] Request of the United States Postal Service for an Advisory Opinion on Changes in the Nature of Postal Services (Request).

d) See response to (c)

e) Confirmed

i) As discussed in my testimony, complete and comprehensive data is, unfortunately, not available. If more detailed and accurate data was available, I would be able to remove my equivocation. See PR-T2 at 3, Appendix 1.

ii) As discussed in my testimony, 99 percent of the RAOI "low workload" Post Offices operate at a deficit and 99 percent of the RAOI "low workload" Post Offices that can be linked to census blocks are serve rural census blocks. See PR-T2 Table 2 and Table 11.

iii) See footnote 15, page 15.

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

USPS/PR-T2-8. This question stems from the second sentence of the second paragraph in section II of your testimony, which reads, "[Your testimony] provides a quantitative analysis of the Postal Service's retail network and germane proposal." In particular, the focus is on your understanding, for purposes of your testimony, of the relationship between the Postal Service retail network and its RAOI proposal. Please explain your understanding of that relationship.

Response. It is my understanding that the Postal Service has brought the Docket No. N2011-1 proposal to the Commission in order to "evaluate certain categories of facilities within the postal retail network to determine whether their numbers can be reduced while the Postal Service still maintain[s] 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." Request at 3-4. In order to evaluate how a change will impact a network, one must first understand the network, and then measure the change in the network. For example, to understand how (A-B) is different than (A), both A and B must be known quantities. In this hypothetical, A is the retail network, and B is the network of RAOI offices.

d) See response to (c)

e) Confirmed

i) As discussed in my testimony, complete and comprehensive data is, unfortunately, not available. If more detailed and accurate data was available, I would be able to remove my equivocation. See PR-T2 at 3, Appendix 1.

ii) As discussed in my testimony, 99 percent of the RAOI "low workload" Post Offices operate at a deficit and 99 percent of the RAOI "low workload" Post Offices that can be linked to census blocks are serve rural census blocks. See PR-T2 Table 2 and Table 11.

iii) See footnote 15, page 15.

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

USPS/PR-T2-9. The second paragraph in section II of your testimony says the following, "[A] discussion of alternative tactics that the Postal Service could employ to optimize retail access is provided." Is it your understanding that the Postal Service has requested an advisory opinion about the full range of plausible and empirical optimization strategies that could be applied to optimize a retail network?

a. If so, please cite to the genesis of your understanding in materials filed by the Postal Service.

b. If not, please state your understanding of what the Postal Service has requested and cite to materials filed by the Postal Service.

c. Regardless of your responses to parts (a) and (b), would you agree that the range of optimization possibilities not addressed by the Postal Service Request is broad? Please explain your response.

d. What, if any, limits on the scope of the Postal Service Request are you able to identify?

e. Is it your understanding that RAOI itself encompasses discontinuance studies on respective nominated facilities? Please explain your answer citing to materials filed by the Postal Service to support your response.

f. What is your understanding of how many offices the Postal Service sought to include within RAOI and why?

g. What experience in the business world do you have that relates to optimizing a large company's retail network?

i. Did such work examine optimization of an entire network? Please explain your response.

ii. Did such work examine a specific optimization strategy? Please explain your response.

ii. Is it your understanding that you have dealt with retail network optimization strategies as an academic exercise? Please explain your response, its relationship—if any—to related business experience, and more generally how your the Postal Service how it should undertake optimization of its retail network.

Response. My understanding of the purpose of the Postal Services proposal is explained in the response to USPS/PR-T2-7. It is my understanding that businesses often evaluate many alternatives when designing and implementing major business process re-designs. See http://ducati.doc.ntu.ac.uk/uksim/journal/Vol-2/No-2-Hlupic%20Special/paper-1%20Ed%20Hlupic/Hlupic.pdf. Further, the "alternative tactics" I discuss are not new and not developed in my testimony.

a) The materials filed by the Postal Service in this docket are devoid of any references to alternative optimization modeling techniques considered before filing the RAOI. In response to CSRL/USPS-9, which asked if the Postal Service had considered alternatives to RAOI that could produce greater cost savings, the Postal Service stated that "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." Further, one of the "alternative tactics" I discuss, the OIG-Yezer model, was discussed by Postal Service witness Granholm, who stated "I think we have to have a review at the conclusion of this process on whether it was successful or not, and I would imagine that the Commission will at least through the initial process give us advice on that as well. I think some conversations have taken place dealing with the OIG, and their use of the Dr. Yezer model. We are investigating using those models as well going in the future. That is a way that we can look at the effectiveness of the current process as well moving forward using some modeling to see what the outcome of that result would be." Transcript Vol. 1 at 620. On page 549 of transcript volume 1, concerning the OIG-Yezer model, witness Boldt stated "I think that's certainly something that perhaps the Postal Service should look at, particularly in light of the OIG report." My testimony agrees with the conclusions of witnesses Boldt and Granholm, and is informed by their responses. I am suggesting that **before** implementing a nationwide change in service, these alternatives should be considered.

b) See USPS/PR-T2-7

c) I agree that the range of optimization possibilities not discussed by the Postal Service is broad. I have not found any details on how the Postal Service defines as optimization in this docket.

d) I have been able to identify 4 selection criteria, as discussed on page 2 of my testimony. Further scope limitations are found in witness Boldt's response to APWU/USPS-T1-12, which defines 3650 as "manageable."

e) The Request at page 5 line 12-13 states that "for purposes of the RAO Initiative, the following categories of postal retail facilities have been identified for discontinuance review." Further, at page 6 lines 8-10 the Request states "comprising a total of 3652 facilities, all four categories of RAO Initiative discontinuance review candidates are described in greater detail in USPS-T-1." I understand this to mean that RAOI identifies the candidates for review, but as discussed in response to USPS/PR-T2-7, there is a lack of definitive clarity in the wording used by the Postal Service at this juncture. I am aware that the discontinuance studies are performed by local officials. Insofar as the RAOI process encompasses only the actions of Postal Service headquarters officials, the RAOI process does not include the actual discontinuance studies. If the RAOI process only encompasses the actions of Postal Service headquarters employees, the RAOI process includes the identification of facilities for discontinuance study and the final headquarters determination for each closure following the completion of the discontinuance study at the local level.

f) See response to APWU/USPS-T1-12, and transcript vol. 1 at pages 314, 495, 532.

g) None

i) N/A

ii) N/A

iii) I do not consider the potential reduction of monopoly product access for up to 16.2 million people to be an academic exercise. The remainder of the question is unclear.

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

USPS/PR-T2-10. You begin the second paragraph on page 3 of your testimony with the word "unfortunately." Please explain the judgment underlying this characterization, the extent to which it relies upon personal, professional, empirical, paradigmatic, research design, educational, experiential views and the extent to which such judgment is yours, that of the Public Representative, your agency, your fellow Public Representative witnesses or other viewpoints. Then please explain why and how the sum of such inputs allows you to substitute your judgment for that of the senior postal officials who fashioned the Request and its supporting data.

Response. Page 3 of PR-T2 reads "Unfortunately, the Postal Service, as stated by witness USPS-T-1[3], did not review cost, demographic, or operational information before bringing the RAOI proposal to the Commission. Because the Postal Service has not used this information in its Direct Testimony, the information available in this docket does not contain comprehensive details for every Post Office under review as part of the RAOI process."

Had the Postal Service had reviewed cost, demographic, and operational details before bringing the RAOI proposal to the Commission, I am confident the Postal Service would have presented the Commission with more complete, comprehensive and accurate data. My personal, professional, empirical, paradigmatic, research design, educational, experiential views have all lead me to the conclusion that data are useful in determining optimal designs and outcomes. From a professional perspective, it is unfortunate that I had to qualify my testimony with "appears to," as referenced in USPS/PR-T2-7, because the Postal Service has been unable to provide complete and comprehensive data concerning the RAOI facilities.

[3]Docket No. N2011-1 Transcript #1 at 496.

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

USPS/PR-T2-11. The first sentence of section III in your testimony posits one hypothetical means of determining whether RAOI "will have a substantially nationwide effect." What precedent, whether of legal or analytical import, supports use of the particular test you align your testimony behind? Please explain in terms that allow the reader to understand the significance for this case and beyond of the specific measure you propose in both historic and possible future terms.

Response. There is no test for "substantial nationwide effect" in my testimony. My testimony is intended to facilitate a greater understanding of the Postal Service's proposal, which requires an understanding of the Postal Service's nationwide network.

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

USPS/PR-T2-12. Where in the materials filed by the Postal Service in this docket does it claim that any purpose or the scope of RAOI reaches to include nationwide costs? Please explain how you came to conclude that is what PRC Docket N2011-1 is about.

Response. The Postal Service provided nationwide operating costs and operational details in response to multiple interrogatories, which I have relied upon in my testimony.

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

USPS/PR-T2-13.

a. Where does the Postal Service introduce or explain RAOI as an exercise in nationwide optimization of the retail network?

b. Notwithstanding any response to part (a), is it your understanding that the Postal Service is under some obligation to undertake optimization of the retail network nationwide? Must it also use tools of the type you attempt to utilize? Please explain your understanding.

Response.

a) On page 2 of the Request, the Postal Service states "until definitive information to the contrary emerges, the Postal Service concedes the possibility that the scope of the changes in service resulting from this Initiative could be at least "substantially nationwide," within the meaning of 39 U.S.C. § 3661(b)." On page 3 of the Request, the Postal Service states "the objective of the RAO Initiative is to evaluate certain categories of facilities within the postal retail network." Line 17-18 of page 1 of the Request states that the title of the Initiative is "Retail Optimization Access Initiative." I understand that the Initiative is a "Nationwide" "Optimization" of the "Retail" "Network."

b) The Postal Service is under no obligation that I am aware of to reduce retail access to a monopoly product that only the Postal Service can provide. The Postal Service is under no obligation to use the vast amounts of information at its disposal to improve its retail network, whether the tools are of the type I attempt to utilize or not.

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

USPS/PR-T2-14. Looking again at the first sentence of section III in your testimony, is it your understanding that the Postal Service made an attempt to determine "how 'optimal' the RAOI is"? If so, please explain the genesis of your understanding. If not, please explain how you arrived at the conclusion this would be a goal of your testimony. How, if at all, do you believe that your testimony succeeds in meeting that goal?

Response. I am unaware of any information provided by the Postal Service in this docket that attempts to quantify or determine how optimal the RAOI is. On September 21 and October 7, 2011, the Postal Service has provided updated lists of RAOI candidate facilities. Given that I was unable to do an analysis of every RAOI facility due to lack of information, and the number and location of RAOI facilities is a moving target, I do not think that it is possible to determine how optimal RAOI is at this time. It is my understanding that many persons who currently reside near facilities slated for discontinuance studies and possible closure do not consider the closure of their local office beneficial to them, which is one way of measuring the impact and optimality of a change. This viewpoint is informed by the Gallup poll referred to on page 17 of my testimony.

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

USPS/PR-T2-15. Please confirm that in the first two sentences of section III in your testimony, you substitute for RAOI's own context the need to put it into a national context you define as having three components: 1) the number / location of Post Offices, 2) revenue generated by each office, and 3) cost of retail service in each office. Please explain any lack of full confirmation. a. Please explain how you came up with these three components and how, in your understanding, they encompass the entire retail network's necessary components.

b. Please confirm that a major theme of USPS-T-1 is the growth in use of alternate means of access to retail services. Please explain any lack of full confirmation.

c. To any extent that postal customers access retail service via alternate access options, how, if at all, are those costs reflected by change in your three components? Please explain so that a reader not versed in postal operations or Postal Service regulation can understand.

Response. Not confirmed. According to http://dictionary.reference.com/browse/context, context can mean "the set of circumstances or facts that surround a particular event." I did not "substitute" the context of the RAOI. I discussed an important aspect of any analysis of change, the denominator. See USPS/PR-8 which discusses how the change from "A" to "A-B" is calculated. If "B" is the RAOI, then the facts regarding the current retail network "A", is the context of that change. Section III attempts to define that context, regardless of "RAOI's own context."

a) I do not believe that those three components encompass all and every necessary components of the entire retail network. The location (cumulatively the number of locations and the distance between them), operating cost, and revenue generated by each post office in the retail network are selected important parameters required for understanding the current retail network.

b) USPS-T1 table 2 shows that over the past 6 years the percentage of retail revenue generated by alternate access channels has increased by roughly 13 percent, which is an important fact.

c) Unfortunately, information regarding alternative access sites has not been provided by the Postal Service, and thus it could not be included in my analysis. I agree that including this information would represent an improvement to my analysis, and if it is provided on the record I will submit my analysis with the additional information.

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

USPS/PR-T2-16. What is your understanding of whether, or to what extent, the network of postal retail facilities has any excess capacity? If not, please explain the foundation for your understanding. If so, where is it located?

Response. I have not analyzed the retail network for excess capacity.

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

USPS/PR-T2-17. Footnote 4 in your testimony references a 2008 GAO study's report that found data reliability problems in the Postal Service's Facilities Database (FDB); the footnote follows a sentence in which you note having relied upon latitude and longitude data from the FDB. Did the GAO study report errors in facility locations reported as latitude and longitude in FDB? If so, what was the nature of those problems? If not, why did you cite that GAO study at that particular point in your testimony?

a. What do you know today about the accuracy of FDB data?

b. Is it your understanding that FDB is relied upon by the Postal Service to support daily operations? If so, what do you understand it accomplishes for the Postal Service? If not, what does the Postal Service use FDB for?

c. Did you attempt to verify the latitude/longitude accuracy of any specific facility? Why or why not? If an analyst uses data from a source known to have data quality problems, what, if any, obligation does an analyst have to evaluate whether any such problems contaminate the data used?

d. What is your professional evaluation today of the quality of the data you used from FDB? What, if anything, does this mean for the quality of your own results?

Response. The specific findings of the GAO report were (from page 17):

- 145 facility entries were exact duplicates of another facility entry (all data fields were the same);
- 1,931 facility entries had multiple retail facilities listed at the same address (e.g., a main post office and a station were listed with the same address);
- 1,288 facility entries had different amounts of square footage listed for the facility;
- 892 facility entries had conflicting information on whether the facility is owned or leased;
- 1,216 facility entries had conflicting data on the amount of the facility's rent; and
- 509 facility entries listed as having staffed more retail windows than reportedly exist at the facility.

I cited the GAO report at that point in my testimony because it was the first juncture which I had mentioned that specific library reference.

a) I understand it to be a generally reliable database with specific problems. The file "FDB CMN Core.xls" one of the files generated using the FBD provided in this docket, there are specific data reliability issues. For example 293 facilities have a recorded address of generic "Main Street," 1922 do not have a recorded latitude or longitude, and 526 do not have a recorded finance number.

b) It is my understanding that the FDB can be used for management purposes, but it is not relied upon heavily for daily operations. This is informed by the Technical Conference held by the Postal Service in this docket, for which no transcript is available.

c) I looked at the latitude/longitude data for facilities in Kansas. I found multiple redundant facilities and many facilities with potentially erroneous data. Fortunately, the Postal Service provided a library reference with other latitude longitude data to use. I believe analysts have an obligation to pursue data accuracy checks when determining how accurate ~~conclusory~~ summary statements regarding analysis performed using suspect data are. This is why I, unfortunately, had to include a qualifier concerning my ~~conclusory~~ summary statements, given my lack of certainty regarding the accuracy of the data provided by the Postal Service.

d) Most of the data in the FDB appears accurate, the data concerning window hours and employees working have at least the type of values one would expect, where information is provided. Without a secondary source that can be used to evaluate the accuracy of the data most of the FDB data fields, I am unable to further evaluate the accuracy of much of FDB data. There are instances where comparable data have been provided. As an example, I compared the Latitude and Longitude data provided in USPS-LR-NP10 for 31320 Post Offices with the Latitude and Longitude data provided for 30531 Post Offices in "FDB CMN Core.xls" That analysis showed that the latitude and longitude of 5910 Post offices in USPS-LR-NP10 could not be matched to any Post Offices "FDB CMN Core.xls" by finance number. That analysis showed that 16.7 percent of the"FDB CMN Core.xls" offices could not be matched to offices in USPS-LR-NP10. I chose to use the qualifier "appears to" regarding the ~~conclusory~~ summary statements contained in my testimony due to these types of data inaccuracies. Furthermore, I focused the analysis on specific portions of the Postal Service's proposal, specifically "low workload" offices, to focus on the offices for which

reasonably reliable data. I did not develop ~~conclusory~~ summary statements regarding stations and branches because I am unable to isolate operating cost, operating revenue, or general operating information with the data provided by the Postal Service. I believe that by focusing on the post offices which I am at least able to identify a unique finance number that can be matched to other Postal Service library references I have avoided using much of the data that is verifiably inaccurate.

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

USPS/PR-T2-18. In the second paragraph in section III in your testimony, you reference "offices that will remain open." How were you able to determine which offices will remain open?

a. Is it your understanding that all offices identified in RAOI will be closed? Regardless if you answer yes, no, or something else, what is the source (or sources) for your understanding?

b. Is it your understanding today that all offices identified by RAOI are still expected to be closed? If not, how did you learn otherwise?

c. USPS-T-1 refers to a discontinuance process that relies upon Postal Service Handbook PO-101. You instead refer to "the RAOI discontinuation process" (PR-T-2 at 3); how does that differ from the PO-101 discontinuance process?

d. What is your understanding of the relationship between RAOI and discontinuance of respective postal retail facilities?

e. How many offices in Delaware will close?

Response. I understand that offices not identified for discontinuance study as part of the RAOI procedures will remain open.

a) It is my understanding that not all offices indentified by the RAOI process will be closed. As of October 7, 2011, the Postal Service provided notice that 125 offices have been removed from consideration.

b) It is my understanding that not all offices indentified by the RAOI process will be closed. As of October 7, 2011, the Postal Service provided notice that 125 offices have been removed from consideration.

c) This statement, both revised and unrevised, generally refers to offices that will undergo discontinuance studies pursuant to their identification for study in the context of a top-down selection process.

d) See USPS/PR-T2-7

e) It appears no offices in Delaware have been identified by the RAOI selection criteria.

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

USPS/PR-T2-19. From pages 4-5 of your testimony, "The total revenue from these [30,466] [P]ost [O]ffices was $65.7 billion in FY2010." Is it your understanding that 90 percent of the Postal Service's total revenue in FY2010 was earned by all these Post Offices?

a. What is the data source for this assertion?

b. What gives rise to the remainder of Postal Service revenue?

c. If a major mailer enters a single mailing at 200 major plants around the domestic service area, which Post Office gets credit for the mailing?

d. What is your understanding of how such a mailing is paid for?

e. Do you understand what Plant-Verified Drop Shipment (PVDS) entails (a postal employee verifies the number and postage of all pieces at the mailer's plant, after which the mailer transports the mail for physical entry at various regional or national plants)?

i. To which Post Office does the revenue from a PVDS get credited?

ii. What is the foundation for your understanding of this question and answer?

f. Please confirm that your testimony then goes on to contrast the $65.7 billion revenue at these 30,466 Post Offices with their over $34 billion operating costs.

i. Where do the cost of operating plants get accounted for?

ii. Where does the cost of transporting mail from these 200 or so plants to carrier units for delivery get accounted for?

iii. Please confirm that if you were to show the Walk-In Revenue as the Postal Service defined that term to nominate RAOI offices the total revenue of that group of offices would be $42.4 million.

iv. Please confirm that if you were to calculate retail operating costs corresponding to those same RAOI offices that total would be $201.1 million.

v. Please confirm that among RAOI offices nominated based, in part, on Walk-In Revenue, the average such revenue is $16,000.

Response. The total operating revenue of the Postal Service in FY 2010 was $67.1 billion. It is my understanding that the $65.7 billion in operating revenue for these 30,466 Post Offices was 97.9% of the Postal Service's total revenue in FY 2010.

a) The data source for the operating revenue of the 30,466 Post Office for which the Postal Service has provided data is USPS-LR-NP3. The data source for the Postal Service's FY 2010 operating revenue is the ACR-USPS-LR-FY10-1.

b) I can speculate to the sources of the remainder of the revenue, but since the data provided is a total operating revenue for given Post Offices, not broken down by product, I am unable to develop further analysis of revenue unaccounted for. Potential sources include funds allocated by Congress and Post Offices not included in the USPS-LR-NP3.

c) It is my understanding that the payment process for the Postal Service is quite complex, and I am not an expert in the process, having never entered a bulk drop shipped mailing. I am generally familiar with the current permit system, which requires mailers to have a unique permit account for each facility that they enter mail at. Under that system, a mailer entering mail at 200 locations would pay for the mailing at each of the 200 locations. It is my understanding that "PVDS allows for the verification of mail and postage payment at a U.S. Postal Service facility (origin facility) and then the mailer or its representative to transport the mail (drop ship) to another Postal Service facility (destination facility) to obtain postage discounts." http://www.uspsoig.gov/foia_files/MS-AR-10-001.pdf at 1. This would allow for the mailer to pay for all mailings a 1 location. According to the OIG report at page 6, a comparative analysis of mailing paid for utilizing the variety of payment systems is not currently available.

d) "A mailer must have sufficient funds for postage payment on deposit at the post office where mailings are verified, or in a CAPS account, for each mailing at the time it is released for shipment to the destination entry postal facility. " page 1 part II subpart D https://ribbs.usps.gov/dsms/documents/tech_guides/ProgramStandards.pdf. Thus, it is my understanding the originating facility responsible for verifying the mailing will be credited for a PVDS verified mailing.

e) I understand basic concept of the process. I do not have first-hand knowledge of the process.

i) Based on the material I quote above, the originating facility responsible for verifying the mailing will be credited for a PVDS verified mailing..

ii) the material I quote above.

f) I contrast the accuracy and completeness of the revenue data provided, which accounts for 98% of the Postal Service's total revenue, with the cost data provided, which accounts for roughly 50% of the Postal Service's total operating costs.

i) It appears that, combining data from USPS-LR-NP3 with data from USPS-LR-NP6 and USPS-LR-NP13, some of the facilities included in the 30,466 Post Offices for which operating cost and revenue data for FY 2010 were provided are plants. Without a complete list of plants I have been unable to determine if all Postal Service plants are included in the NP3 list. The operating cost for many of the facilities is over $100 million dollars for FY 10. It is my understanding that the Postal Service does not spend $100-300 million operating only retail counters at specific sites.

ii) Interrogatory PR/USPS-15 requested information regarding NP3 operating costs by cost segment. The Postal Service stated that this breakdown of cost was unavailable, because "all costs in these offices are categorized as LDC-47, service workload CAG H to L offices." Transcript volume 1 at 530. Witness Boldt, after stating that there are, in fact, CAG A-G offices for which cost data are provided in USPS-LR-NP3, stated on page 531 of transcript 1 that he would "want to take another close look at this." No further information has been provided that would allow me to answer this question.

iii) I confirm that Table 2 on page 7 of my testimony shows that the Walk in Revenue of the 2646 "low workload" offices for which operating cost, revenue data, and operating information were provided was $42.4 million in FY 2010.

iv) Table 2 shows that the operating cost of the 2646 "low workload" offices that can be identified using finance numbers was $209.1 million in FY 2010. It is possible that the Postal Service, with more complete information than has been provided to me, has been able to discern the operating cost for the remainder of the "low workload" offices, and that the operating cost of all 2825 "low workload" offices was $201.1 million in FY 2010.

v) Table 2 shows that the total walk in revenue of the 2646 "low workload" offices that can be identified using finance numbers was $42.4 million in FY 2010. $42,396,198 divided by 2646 is $16,022.75.

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

USPS/PR-T2-20. Your testimony (at 5) asserts, "The retail network is composed of the Post Offices, the Post Office Boxes located in Post Offices, and the Postal Service employees that provide retail counter service at those Post Offices." What is the foundation for your understanding that the elements you identify comprise the "retail network"?

a. What is the relationship between the retail network and the delivery network?

b. Does Post Office Box service entail any form of delivery? Is it part of the delivery network or the retail network. Please explain your response and cite appropriate source materials.

c. What is your understanding of the relationship between employees who work retail counters and those putting mail in P.O. Boxes?

d. What is your understanding of the relationship between employees who work retail counters and those moving mail from trucks to carrier operations?

e. In the comparison of costs and revenues you make, where do the costs of the various employee activities addressed in this question end up?

Response. I am unaware of a formal, Postal Service sponsored definition of the retail network.

a) The retail network and the delivery network have many overlaps, from employee staffing to co-location, detailed in the OIG report RARC-WP-11-009.

b) According to USPS-FY10-19, P.O. box volumes are considered "non-delivered" volume, at least for the purpose of calculating delivery costs.

c) I am not an expert on Postal Service union rules. It is my understanding the a clerk can both put mail into P.O. boxes and work at the retail counter.

d) I am not an expert on Postal Service union rules. It is my understanding that moving the mail from trucks to carrier operations is performed by Mailhandlers.

e) It is my understanding the clerks or postmasters will put mail into a P.O Box.

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

USPS/PR-T2-22. On page 5 of your testimony, you contrast two figures for the cost of operating the retail network: "over $34 billion" and "$5.8 billion". Is it your contention that they measure the same thing? Please explain your understanding of the relationship between these numbers. What should each be used for?

a. Please explain how you determined which "cost segments and components **related to** the retail network." [Emphasis added.]

b. What definition of "related to" did you use and how did you arrive at that conclusion?

Response. $34 billion is the total operating costs of 30,466 facilities in FY10. This cost, as detailed in USPS/PR-T2-19, includes costs for operating mail processing plants and costs of operating portions of delivery network co-located with retail units. Given the Postal Service response to PR/USPS-15, I was unable to discern any further meaning of the $34 billion operating cost, other than that it is much more of the total cost of operating the Postal Service's retail than one would expect, given that the cost of mail processing, city delivery, and rural delivery was $34 billion in FY10, per the CSC. The $5.8 billion and $4.5 billion dollar estimates are intended to measure only the cost of operating the retail network, removing mail processing and delivery costs.

a) As discussed in response to USPS/PR-20, I defined the parameters of the retail network as the cost of the employees who work in the retail network, and the cost of the buildings that form the brick and mortar of the retail network. It is my understanding that Postmasters, CAG K clerks, and Clerks who are tallied by the IOCS as working window service all work in the retail network. Concerning Rents, it seemed logical to me that the costs associated with renting a building would be connected to the cost of running a retail network. Unfortunately, the total rent of buildings (or portions of buildings) that **exclusively** function as postal retail facilities is not provided by the CSC.

b) http://www.thefreedictionary.com/related+to defines "related to" as "being connected either logically or causally or by shared characteristics." I believe the costs of employing people to work in a facility and the cost of providing the facility to be connected logically to

the cost of running that facility. In this case, in the aggregate this would be the cost of operating the entire retail network.

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

USPS/PR-T2-23. (Looking at section IV(b) of your testimony,) Is it your understanding that the Postal Services identified offices included in RAOI, in part, based upon their overall costs of operation or their costs to operate retail operations? Please explain your response and cite to any source materials upon which you rely.

Response. It is my understanding that cost was not considered. On transcript vol. 1 at page 531-532, Postal Service witness Boldt states "Remember we selected it based on workload, based on walk-in-revenue, not necessarily operating costs." He further states on page 532 "we didn't look at costs."

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

USPS/PR-T2-24. What is your understanding of the relationship between "Walk in Revenue" as used in Table 2 of your testimony as compared with how it was used as a selection criterion by witness Boldt?

Response. The walk in revenue used in table 2 of my testimony is derived from a file that contains the walk in revenue of facilities that were selected based on walk in revenue, USPS-LR-NP-5.

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

USPS/PR-T2-25. Table 3 in your testimony identifies 40 offices with BMEU operations; please explain how you identified those offices, including the specific criteria you understand signify the existence of a BMEU.

Response. One of the columns in USPS-LR-NP6 has a column heading "BMEU ind." According to the word file "FDB column Descriptions" the "BMEU ind." column means "bmeu_ind: Is this a BMEU Facility? (Y or N)." I used the "IF" excel function to evaluate (Y or N) as 1 or 0, and linked the RAOI facility I.D. contained in Postal Service library references with USPS-NP6 to calculate which RAOI facilities were identified as BMEUs. The calculations used to determine what RAOI facilities were identified as BMEUs are shown in the library reference PR-LR-NP2.

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

USPS/PR-T2-26. On page 8 you observe, "99% [of "Low Workload" offices] are staffed by only one employee. This means that Postal Service management does not have the flexibility to use fewer employees to better match employee workhours to earned workload." Given that employees are unitary (one must use an entire person if she is used at all), please explain the point you are trying to make.

a. What management flexibility might change this?

b. What flexibility do you understand management has over workhours in a given facility?

Response. The point that I was trying to make is that Postal Service management does not have the flexibility to match workload to workhours in facilities with only one employee. This is in contrast with the findings of the USPS IG report "MS-AR-10-004," which discussed and described how the Postal Service could save up to $600 million per year by matching employee workhours to earned workload at facilities with multiple retail employees. If only one person is working at a given retail facility, the only method the Postal Service has to better match workhours to earned workload is to close the facility, which also does not precisely match earned workload to workhours.

a) The ability to have persons work partial workdays, possibly at multiple facilities.

b) It is my understanding that at facilities with multiple employees, management has some scheduling and hiring flexibility to match workhours with earned workload.

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

USPS/PR-T2-29. Please document the analyses you report in the paragraph at the top of page 13, as required by Rule 31(k). Please include confidence intervals as well.

Response. The top of page 13 of PR-T2 reads "Currently, 93.8% of the 311 million people living in the United State reside within 5 miles of a Post Office. There are 2.5 million people, or .8% of the population, more than 10 miles from a post office. If the RAOI offices are closed, the average person will be 3% further away from a post office. As the next sections describe, focusing on the customers currently served by RAOI offices provides a better understanding of the impact of the proposal." That information is calculated using Table 6..

Table 6: Straight-Line Distance From Census Block Center to Post Office
Total United States Population

	Before RAOI		After RAOI	
Distance (Miles)	Population	Percent of Population	Population	Percent of Population
More than 20 Miles	252,088	0.08%	314,398	0.10%
Between 15 and 20	415,466	0.13%	460,524	0.15%
Between 10 and 15	1,536,653	0.49%	1,787,840	0.57%
Between 5 and 10	17,098,606	5.49%	18,026,707	5.79%
Between 4 and 5	13,817,934	4.44%	14,211,258	4.57%
Between 3 and 4	26,002,103	8.36%	26,499,064	8.51%
Between 2 and 3	51,288,326	16.48%	52,779,998	16.96%
Between 1 and 2	99,242,719	31.89%	100,168,932	32.19%
Less than 1 Mile	101,558,963	32.63%	96,964,137	31.16%
Total Population	311,212,858		311,212,858	
Average Distance (Miles)		2.00		2.06
Increase in Average Distance				3.08%

In the "Before RAOI" column, The rows "Between 10 and 15," Between 15 and 20" and "More than 20 miles" have "Population" values of 1.53 million, .41 million, and .25 million. That adds to 2.2 million people, or .7% of the total US 2010 population. I apologize for unfortunately citing the wrong column. The 2.5 million people farther than 10 miles from a

Post Office was erroneously calculated using the "After RAOI" numbers, which are 1.8 million, .46 million, and .31 million; if all RAOI offices are closed, 2.561 million people, or .82% of the US population, will be farther than 10 miles from a Post Office. All information referred to in my testimony was included in PR-LR-NP2, pursuant to Commission rule 31(k).

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

USPS/PR2-31. In section VI(c) of your testimony you include some comparisons involving other countries. In your understanding, how meaningful is a comparison of the Postal Service domestic service area, and attributes thereof, to those of Canada, France and Australia in a general sense?

a. Please provide copies of any published or publicly circulated papers that you have used to compare the provision of postal services in the United States with the provision of postal services in those and other countries.

b. How are the countries comparable in terms of geography?

c. How are the countries comparable in terms of services provided by the country's post?

d. How are the countries comparable in terms of population density?

e. How are the countries comparable in terms of number and types of postal access points?

f. How are the countries comparable in terms of availability and use of alternate types of access (other than traditional brick/mortar facilities operated by employees of the post)?

g. How are the countries comparable in terms of postage for the equivalent of a First-Class Mail single ounce letter or the closest international cognate?

Response. In a general sense, I understand that all three countries serve both urban and rural populations. Using information from the website "Postal Freedom Index," found at http://www.postalconsumers.org/postal_freedom_index/indexofpostalfreedom.shtml, and the La Poste 2010 annual report http://www.laposte.com/Everything-about-La-Poste/Who-we-are/Facts-and-figures and the Australian Post website http://auspost.com.au/about-us/fast-facts.html, I have developed the following table with information responsive to this question. I used https://www.cia.gov/library/publications/the-world-factbook/index.html to calculate population density.

	Number of Post Offices	Letter Monopoly	Inhabitants/ SQKM	Alternate Access?	First Class Stamp
France	10,213	Open Market	101.4	6866 sites	.60 euro (up to 20 g)
Australia	1,466	less than 250 grams	2.8	2934 sites	.60 Australian Dollars
Canada	6,500	less than 500 grams	3.4	YES (42%)	.57 Canadian Dollars

a) My analysis did not require me to compare the provision of postal services in the France, Australia, and Canada to the United States. My analysis was restricted to legal requirements regarding postal retail facility proximity.

b) I am not an expert in geography. I do not understand the intent of the question, as any two countries geography can be compared, and thus all countries have comparable geography.

c) All posts provide postal services, ranging from letters to parcels. Most countries offer banking or online services, with the exception of the United States Postal Service.

d) France has a higher population density than the U.S.(31.9 inhabitants per sq km), Canada and Australia have lower population densities than the U.S. However, all four countries have pockets of rural populations requiring access to postal services. Australia and Canada have relatively more of these rural pockets.

e) The following table shows the number of postal retail outlets per person in the four countries

	Postal Retail Locations Per Person
US	0.000115
France	0.000261
Australia	0.000202
Canada	0.000191

f) All four countries offer alternate access sites. Of these countries, Australia, with its franchise model (whereby the postal operator subsidizes and franchises the provision of retail services for rural areas), has the highest percentage of alternate access sites.

g) The United States has the lowest First Class postage price.

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

USPS/PR-T2-32. Please confirm that you provide in your testimony certain analyses that focus on the distance of, apparently, residences from traditional brick/mortar postal facilities operated by postal employees.

a. Of what significance are the results you report?

b. Of what significance are the change in results assuming all RAOI nominated offices are formally discontinued?

c. Of what significance would your results be if you were able to predict or know precisely which facilities are formally discontinued.

d. Please add any commentary you think would be useful.

Response. Confirmed

a) If the question refers to statistical significance, the analysis of proximity of Post Offices to census blocks relies on census data and does not require an analysis of statistical significance. If the question uses the word significance to mean importance, that is for others to decide.

b) If the question refers to statistical significance, the analysis of proximity of Post Offices to census blocks relies on census data and does not require an analysis of statistical significance. If the question uses the word significance to mean importance, that is for others to decide. The analysis contained in Table 8 of PR-T2 shows that over 1 million more people in the U.S. will live farther than 5 miles from a Post Office if all RAOI "low workload" offices are closed.

c) If the question refers to statistical significance, the analysis of proximity of Post Offices to census blocks relies on census data and does not require an analysis of statistical significance. If the question uses the word significance to mean importance, that is for others to decide. The analysis contained in Table 8 of PR-T2 shows that over 1 million more people in the U.S. will live farther than 5 miles from a Post Office if all RAOI "low workload" offices are closed. If a precise list of offices that will be closed pursuant to the RAOI proposal was available, the analysis would provide more precise information regarding the impact of the proposal.

d) This analysis provides a method to determine how many people will be affected by the closure of the Post Office nearest their residence (and potentially demographic information about those people). This relies on more robust data than the PO-101 procedures, which measures persons who attend a discontinuance meeting as a proxy for patrons of a particular Post Office.

1 CHAIRMAN GOLDWAY: Is there any other
2 additional written cross-examination?
3 (No response.)
4 CHAIRMAN GOLDWAY: Okay. That brings us to
5 the oral cross-examination. Two participants have
6 requested oral cross-examination, the National League
7 of Postmasters and the United States Postal Service.
8 Mr. Hughes is from the National League of
9 Postmasters --
10 MR. HUGHES: Yes, Madam Chairman.
11 CHAIRMAN GOLDWAY: -- this afternoon. So is
12 there any other participant who would like to cross-
13 examine?
14 (No response.)
15 CHAIRMAN GOLDWAY: Then we'll begin with
16 you, Mr. Hughes.
17 MR. HUGHES: Thank you, Madam Chairman.
18 CROSS-EXAMINATION
19 BY MR. HUGHES:
20 Q Good afternoon, Mr. Klingenberg.
21 A Good afternoon.
22 Q How are you doing today?
23 A Quite well. Good to hear you're sounding
24 better today.
25 Q Thank you. I think it's a little progress.

1 I've also got throat lozenges for anyone who wants
2 them, including Mike, over there. You were present
3 for all the testimony yesterday, I believe.
4 A I've been listening if I haven't been in the
5 room.
6 Q All right. At page 11 of your testimony you
7 mention that some of the post offices might act as
8 entry points for commercial mail and that's not
9 accurately accounted for in either the SOV workload or
10 the walk in revenue, and when you say not accurately,
11 you mean it's just not included, am I correct?
12 A Yeah. The walk in revenue doesn't include
13 any commercial mailings. I would also note that the
14 presence of a BMU is not exclusive to having some
15 commercial revenue. I think that throughout the
16 information provided in my testimony it's clear that
17 the operating revenue of almost all of the low
18 workload offices is greater than the walk in revenue,
19 indicating some commercial mailings at pretty much
20 every location.
21 Q Okay. Now, based on that, I will take you
22 back to page 9 of your testimony and Chart 1. If I
23 understand the chart correctly, you're saying when you
24 include the hourly wage and the lease cost of the low
25 workload post offices together with the maximum walk

1 in revenue, which doesn't include the commercial mail,
2 on average there's a difference of less than $2,000 a
3 year. In other words, there's less than $2,000 a year
4 gap in all the post offices being considered.
5 A That's correct. The intent of Chart 1 was
6 to compare the minimum cost of operating a post office
7 with the selection criteria concerning revenue.
8 Q Okay. So we've had interrogatory from the
9 Postal Service that said overall if all 3,650 of the
10 places they were considering were closed, the maximum
11 cost savings would be $200 million, and as I
12 understand your testimony, you're agreeing that it
13 would be less than that even if they were all closed.
14 A Well, I think that's a slight
15 mischaracterization. I might let the Postal Service
16 disagree with your characterization of their response
17 because they've been very careful to not provide any
18 cost savings information at this point in the docket.
19 What I've done, the figures in my testimony aren't for
20 all 3,652 offices. I can only talk to the operating
21 costs of the offices for which operating cost
22 information has been provided.
23 Q 2,800, as I recall.
24 A It's about 2,600. I think that there's a
25 footnote here. If you look at Footnote 7 on page 6,

1 the operating cost of 256 stations and branches for
2 which unique data can be identified was a little bit
3 over $127 million in fiscal year 2010, and if you
4 combine that with the operating cost of the 2,646 post
5 offices for which operating cost data, the workload
6 offices for which operating cost data was available,
7 that comes out to about $336 million. But again,
8 that's just operating costs and I think that's very
9 distinct from actual projected savings.
10 Q All right. By the way, I did note in your
11 testimony on page 10 you've said that does include
12 revenue from other sources than walk in, so it's not
13 just commercial, it's also presorted, first-class,
14 standard mail and periodicals are all not included.
15 A That's correct.
16 Q So basically any cost avoidance is going to
17 have to be considerably less than the, well,
18 significantly less than $200 million the Postal
19 Service said --
20 A Well, again, what I've shown here is that
21 the operating cost for the offices that the data is
22 available is about $330 million, so you can consider
23 that the absolute upper bound of any savings from
24 closing that about 3,000 offices. When you consider
25 that there is commercial revenue from these offices,

1 and there is some workload at these offices, you know,
2 that there will be some cost of, you know, offering
3 those -- you know, if some of the revenue moves, then
4 some of the cost would move as well. Unfortunately,
5 there hasn't really been enough information in this
6 case to say here's what the projected savings are
7 going to be. All you can do at this point is put an
8 upper bound on it.
9 Q All right. So we're operating in an area of
10 uncertainty, but we do have an upper limit.
11 A That's correct.
12 Q And according to Chart 1, again, the
13 different sort of, the average difference per post
14 office for the low workload ones is going to be less
15 than $2,000.
16 A Well, really, the intent of Chart 1 was to
17 show that if the postmaster was only working two hours
18 a day for six days a week, which is the maximum amount
19 of earned workload they could have, so basically if
20 the Postal Service had the management flexibility, the
21 operating flexibility to only have those post offices
22 open for the amount of time that they needed to be
23 open for the amount of business that the Postal
24 Service calculates they're going to do in a given
25 week, if you take the cost of the postmaster working

1 those 12 hours and the average lease cost of the small
2 workload offices, that operating cost is greater than
3 the revenue selection criteria. So when I look at the
4 information available, it appears to me that it's not
5 possible for the low workload criteria offices to
6 operate at a profit given the information available
7 and the selection criteria that the Postal Service has
8 chosen. I found it surprising that $27,500 turned out
9 to be lower than the minimum possible cost, as I
10 calculated, of operating these post offices even if
11 there was additional management flexibility.
12 Q Sure. Of course, that's against a
13 background that the vast majority of post offices lose
14 money.
15 A Indeed, and these offices are mostly open
16 eight hours a day, so the operating cost is actually
17 much greater than, well, not much greater. It's about
18 $75,000. That number is in Table 4.
19 Q Okay. But again, we're operating with some
20 uncertainty because there's also revenue not being
21 considered.
22 A Indeed.
23 Q All right. Thank you. Now switching areas,
24 I was surprised and very interested when you said at
25 the bottom of page 14 that many foreign posts operate

1 under strict legal requirements to provide access
2 within specific geographic proximity, and then you
3 give the example of Australia, Canada and France.
4 When you said many, were there more than those three?
5 A Those were the only three that I was able to
6 find actual percentages on. I believe that many of
7 the posts that have been open to competition in Europe
8 have some legal provisions for access, but I tried to
9 stick to what I could actually quantify.
10 Q Okay. And so you didn't select these with
11 any desired outcome, they were the three you could
12 obtain definite information on?
13 A Simply information available.
14 Q All right. And you reached the conclusion
15 on page 15 that the Postal Service doesn't provide
16 retail access that would meet all the criteria for
17 either Australia, Canada or France.
18 A That's correct.
19 Q And as you probably heard yesterday -- I
20 can't think of his name.
21 A Professor Waters?
22 Q Professor Waters -- thank you very much --
23 testified that Canada was not only, as he probably
24 said, much larger than the United States, but also
25 included areas that were much more sparsely settled.

1 A Well, I didn't include this section to argue
2 that the Postal Service needed to meet these
3 international criteria. I thought that there -- a
4 little bit of the impetus for this was a meeting I had
5 with a member of the Australian post who talked to me
6 about how they have to subsidize their retail outlets
7 in rural areas. Another impetus was the recent
8 development on the Hill of I believe Senator Tester
9 proffered an amendment that would require no post
10 offices be closed if they were not within 10 miles of
11 another post office. I haven't seen anyone link
12 population data to post offices and that's something
13 that is done in other countries, and I believe the
14 information is available that we could do it in this
15 country. So I'm not arguing that these are indeed the
16 ultimate access proximity requirements, I'm simply
17 arguing that in other countries they have strict legal
18 requirements, and that, I think, might simplify the
19 process of determining where access needs to be going
20 forward.
21 Q Sure. I certainly understand America's
22 different than France, and Australia and Canada,
23 although possibly more similar to Canada.
24 A Well, I mean at the same time, you know,
25 Australia and Canada both have some urban areas that

1 have a lot of population density and rural areas with
2 very low population density and the U.S. shares those
3 characteristics. As described in an interrogatory
4 response to the Postal Service, it's not, you know,
5 it's not exactly the same, but I think the comparison
6 still holds some value.
7 Q Sure. It frankly surprised me that the
8 three you picked, and again, you didn't pick them with
9 any result in mind, that currently we wouldn't meet
10 those criteria for those countries. Switching to page
11 17 and 18 of your testimony, and this goes back to a
12 point we were talking about earlier, you state that
13 the Postal Service hasn't yet provided its estimate of
14 savings from implementing the RAOI process, but as
15 publicly stated, it might be $200 million, and you
16 footnote the source. Then you point out that if the
17 RAOI was instituted and all 3,652 offices were closed,
18 16.2 million citizens would face a longer drive and
19 hypothetically, if they went just an additional 1.18
20 miles just once a week to drop off mail or visit their
21 post office, the cost to society would be $232
22 million. Have I correctly understood what you've
23 stated?
24 A Yes, that's correct.
25 Q So basically if the Postal Service

1 recognized the maximum savings it could from closing
2 everything, and that doesn't include the additional
3 costs they would incur, nor the revenue they didn't
4 count, but if we took the maximum, the cost to society
5 would be, you estimate, $32 million higher, am I
6 correct?
7 A Well, I think it's close. The thing is that
8 that's really a hypothetical. I don't have enough
9 evidence to say that those 16.2 million people are
10 actually going to the post office once a week and
11 would actually suffer that economic loss. The point
12 of that hypothetical was just to put in perspective
13 the problem that someone who provides monopoly access
14 to monopoly product faces where the customers don't
15 have maybe as many options as they might like, and
16 that when you're implementing a large change it's
17 important to look at the cost benefit to the Postal
18 Service, but also the cost detriment to the rest of
19 society. That's also, the genesis of that was the
20 slight discussion of Pareto optimality.
21 Q No. That's very useful and helpful
22 information and I was going two ways with it. The
23 first was one neither you, nor I would have data on,
24 but I suspect that I would go to the post office more
25 than once a week. Once a week seemed conservative to

1 me. What made you think once a week was sort of the
2 reasonable number to pick?
3 A It was round. It was a whole number.
4 Q Seven days in -- okay. Round enough.
5 You'll grant that there may be many folks who would go
6 daily, I suppose.
7 A The catch with measuring how often people go
8 to a post office is that not all transactions are
9 revenue transactions. It's the kind of thing that's
10 going to be basically impossible to get great data on,
11 although it's possible some information is available
12 in the household diary study. I think that was
13 discussed yesterday. I didn't have that in front of
14 me at the time, and I don't now.
15 Q Okay. And heading into your area of
16 expertise and outside mine, I gather what you're
17 saying is when you look at Pareto optimality what's
18 happening here is, in effect, a cost transfer that the
19 Postal Service, if it saved the money it said it might
20 save, is actually transferring the cost of that to
21 citizens who might incur a greater cost --
22 A I'm not stating that that is what's
23 happening here. I really do not have the information
24 at this juncture to determine whether the proposed
25 closings would be efficient or inefficient for the

1 system at large. Really, my only intent was to
2 describe how you might go about, you know,
3 parameterizing that calculation, which I think is an
4 important calculation to undertake.
5 Q I think so, too. Again, as I understand it,
6 if we're talking about the maximum is $200 million and
7 a reasonable estimate is $1.8 and once a week, which,
8 you know, we're not saying is necessarily so, there
9 would be an increased net societal cost that would be
10 above the maximum savings for the Postal Service.
11 A When you're undergoing a network change it's
12 important to make sure that it's an efficient change.
13 Right now there's just simply not enough information
14 to make a declarative statement on the matter.
15 Q Sure. I mean in terms of social impact it
16 would almost be the same as a rate increase, I guess.
17 You would just be paying a sort of gas tax instead of
18 a postage tax.
19 A That's certainly an interesting way to look
20 at it.
21 MR. HUGHES: Well, I defer to please.
22 That's all I have. Thank you very much.
23 CHAIRMAN GOLDWAY: Thank you, Mr. Hughes.
24 Now we have questions from the Postal Service. Is it
25 Mr. Hollies who's going to ask the questions today?

1 BY MR. HOLLIES:

2 Q Good afternoon, Mr. Klingenberg.

3 A Good afternoon, counselor Hollies.

4 Q I have not prepared a greeting along the
5 lines I prepared for the two witnesses who I've cross-
6 examined prior to you in this proceeding, but we also
7 have a bit more of a relationship, have we not? Have
8 we not interacted informally in connection with this
9 case?

10 A Very favorably many times.

11 Q Thank you. I don't have a great deal of
12 questions this afternoon, but I do have a few. Let's
13 start with what Mr. Hughes was asking you about.
14 There are two basic reasons why customers visit post
15 offices, wouldn't you agree, and the two would be for
16 purposes of accessing retail services, and especially
17 for those who visit more frequently, perhaps to pick
18 up their mail, so it's for mail delivery purposes.
19 Would you agree with that?

20 A I'll agree with you generally. I mean,
21 we've heard a lot about how people might go to the
22 post office because it's a local meeting place or, you
23 know, convenient social area, but for purposes of the
24 Postal Service and the services it offers, you can
25 either buy stamps, or packages, or pick up your mail

1 there.

2 Q Thank you. Also in your discussion with Mr.

3 Hughes, you made reference to Pareto optimality. Is

4 that actually the topic that you have in your revised

5 testimony?

6 MS. FERGUSON: If I could direct him to the

7 page? I believe it's page 17 where you begin speaking

8 about Pareto.

9 MR. HOLLIES: Thank you.

10 THE WITNESS: I believe I refer to Pareto

11 dominance, which is a way of measuring Pareto

12 optimality.

13 BY MR. HOLLIES:

14 Q Well, I'll handle that on brief. I might

15 choose to differ with your characterization, but you

16 are the, I hope, more knowledgeable on that particular

17 topic.

18 A Pareto dominance is a way of, you have a

19 frontier curve of Pareto efficient choices, and a

20 Pareto dominant position is the one that's furthest

21 out on the curve, so when you move from a Pareto

22 dominant position to a weaker position, well, there's,

23 you know, many ways to characterize it, but it's all

24 talking about the benefits and cost to society.

25 Q I think that that part I can agree with.

1 Could you turn, please to, our third interrogatory to
2 you. That's USPS/PR-T-2-3. Part A of that
3 interrogatory, and I'll just read it quickly, it's
4 only three sentences: Did you attempt alternative
5 analyses that you ultimately chose not to include in
6 your testimony? If not, why not? If so, please
7 provide a general description of what those efforts
8 attempted to do and why they were ultimately
9 abandoned.
10 CHAIRMAN GOLDWAY: Could you repeat the
11 question?
12 MR. HOLLIES: That was the -- you want me
13 to --
14 CHAIRMAN GOLDWAY: No. The number.
15 MR. HOLLIES: It's the No. 3 from the Postal
16 Service. USPS/PR --
17 CHAIRMAN GOLDWAY: I'll find it.
18 MR. HOLLIES: Okay.
19 CHAIRMAN GOLDWAY: I hope.
20 MR. HOLLIES: Your response indicates, at
21 least the first four words say, I attempted many
22 analyses. Is that correct?
23 THE WITNESS: That's correct.
24 BY MR. HOLLIES:
25 Q But you did not answer the question, at

1 least the part embodied in the third sentence of it.
2 Would you agree with that?
3 A I didn't think that a full description of
4 all the different ways that I looked at the Postal
5 Service's proposal that I found unproductive or dead
6 ends was, you know, I had a lot of questions to answer
7 here in a very short amount of time and I just didn't
8 think that was going to add very much to the record.
9 I guess maybe it's not my place to make those
10 decisions.
11 Q I think that's a reasonable response, but we
12 have an opportunity to fill in a little bit here, if
13 you would. What options did you attempt or consider?
14 Could you identify them, or characterize if they're a
15 group?
16 A I mean, generally, just looking at the
17 information provided by the Postal Service in its 24,
18 roughly, library references concerning workload, and
19 work hours, and what kind of services were offered,
20 and how many patrons use post office boxes and where
21 those post office boxes were located. I spent some
22 time using the MaxIm software trying to determine if
23 it would be fruitful to provide further graphical
24 details about where affected locales might be. One
25 particularly interesting thing that I did not include

1 in my testimony that I kind of wish I'd given more
2 thought to in the responses I provided was kind of I
3 did a lot of data double checks.
4 I tried to take as many different sources
5 and see if I could corroborate any information
6 provided, and you see a hint of that with the Chart
7 No. 1 I was discussing with Mr. Hughes where you
8 compare the average wage of a postmaster and look at
9 the hours that a given post office was open, and I
10 thought it would be interesting to see how reasonable
11 the operating cost was. So in one of the library
12 references, I believe it was NP-6, the Postal Service
13 provided hours that a post office is open; however,
14 the -- so what I did was I compared closing time to
15 opening time, I subtracted an hour, I guessed that was
16 how many hours in a given day the postmaster was
17 working, multiplied it by the hourly wage, added in
18 the lease costs, and then I compared that to the
19 operating costs from a different library reference.
20 On the whole, I found those numbers to be relatively
21 similar, but because I didn't have the Saturday
22 operating work hours and I didn't have the lunch break
23 hours, I didn't feel that that analysis was accurate
24 enough, or a complete or thorough enough analysis to
25 include in my testimony. So I went on many avenues

1 like that. If there's a specific type of analysis
2 you're concerned about, if you could ask me a more
3 direct question, I might be able to give you a more
4 direct answer.
5 Q Well, thank you for that invitation, but at
6 least for purposes of this question, I was just trying
7 to see where you had gone and what you had considered.
8 Thank you. IN response to my observation a moment ago
9 that perhaps your response to Part A of this question
10 was missing content, you explained that there was a
11 certain amount of time pressure, which I understand
12 there was, and this whole case has been conducted with
13 a time pressure and I did pose a fair number of
14 questions to you, I'm curious about your understanding
15 of how best to respond to interrogatories. Your
16 observation that maybe the details I was asking here
17 and the scale of things weren't the most earth shaking
18 is a reasonable one, but on a broader scale, what is
19 your understanding of your obligation in responding to
20 interrogatories?
21 MS. FERGUSON: I'll have to object at this
22 time. Mr. Klingenberg's interrogatories were reviewed
23 by me, counsel in this case. I was the one who
24 formally decided what was left on the interrogatories.
25 That's a question that I think is better directed

1 towards a counsel. Of course, whatever was on the
2 interrogatories had to be approved by Mr. Klingenberg
3 as his own statement or one that he was willing to
4 adopt, but I don't believe he's the proper person to
5 go, to direct the question as to how to answer a legal
6 document.
7 MR. HOLLIES: That's a fair observation but
8 I'm not asking a question that seeks a legal response.
9 The witness has an obligation to respond to the
10 interrogatories. This is a new witness, at least in
11 my experience, and I think it is a reasonable
12 question. Perhaps I could ask you as well, but that's
13 not on today's agenda. I'm asking for the witness'
14 understanding of his obligation as a witness to
15 respond to interrogatories and I would look for a
16 response without any comments that your counsel might
17 have provided from the legal perspective. As a
18 general matter, I hope you understand that it's
19 inappropriate for one counsel to ask about the legal
20 advice a witness from some other party received, so
21 I'm not looking for that, I'm looking for your own
22 views.
23 MS. FERGUSON: Again, I'm going to object.
24 If you have a question about a specific interrogatory,
25 that is appropriate. About interrogatories in

1 general, I don't believe that that gets to the crux of
2 what you want to know, nor is it appropriate for this
3 hearing.
4 MR. HOLLIES: Madam Chairman, I would submit
5 it's a perfectly appropriate question. It goes to the
6 preparation of this witness, his understanding of the
7 case and his understanding of the extent to which he
8 needs to try and answer the questions. I'm not going
9 to go very far with this, I'm just trying to get a
10 general understanding of his view of how to respond to
11 interrogatories. There will be a follow-up.
12 CHAIRMAN GOLDWAY: I think it's appropriate
13 for you to ask this question recognizing that the
14 answer will not be necessarily a legal analysis, but
15 his own personal experience.
16 MR. HOLLIES: So this is a reasonable
17 question?
18 CHAIRMAN GOLDWAY: Yes.
19 MR. HOLLIES: Thank you.
20 THE WITNESS: I attempted to answer all the
21 questions I could honestly and thoroughly. I may have
22 misspoke a little bit when I said that I didn't
23 qualify Question 3 as needing a thorough answer. I
24 felt that I had no real information to provide that
25 you were seeking there, but in every other instance,

1 and even in that one, I provided the answer that I
2 thought was honest and accurate. My answer there was
3 simply that I tried a lot of things but none of them
4 were really of the completion and accuracy that
5 thorough and detailed analysis would meet.
6 BY MR. HOLLIES:
7 Q Thank you. I didn't mean to base that
8 exclusively on Question 3, it was a more general
9 question, but that was a helpful answer. Thank you.
10 With that, I would like to move to No. 4. This
11 question asks somewhat generally about the public
12 representative participation in this case and it asks
13 for a confirmation that you worked as a group, or as a
14 unit, at some level, but there was more than one
15 person involved, and your response is a confirmation
16 and you provide a citation, page 2, lines 22 to 23, of
17 your testimony, which is a reference to Witness
18 Waters, is it not?
19 A It is.
20 Q He was very refreshing in his appearance
21 yesterday. Could you explain what you did or how you
22 coordinated with him? I'm trying to get a feel for
23 the respective boundaries of your testimonies.
24 A As my cite states, the Census data that I
25 used to develop the proximity analysis was developed

1 with some assistance from him, so in that respect, I
2 discussed how to go about solving the problem that I
3 believed needed to be answered.
4 Q Okay. That's very helpful. Was there
5 exchange in the other direction as well?
6 MS. FERGUSON: I'm going to jump in here and
7 object on the attorney work product. There are
8 several instances where Mr. Klingenberg was in a
9 meeting with myself and Witness Waters. We were
10 preparing for trial. Then there were other
11 interactions between Klingenberg and Witness Waters
12 concerning actual studies. I believe he answered that
13 portion. When it came to strategizing how to get the
14 proper -- when we strategized or prepared for trial,
15 that is under attorney privilege. It's work product.
16 The other part is fair game.
17 MR. HOLLIES: Okay. Do you understand her
18 objection?
19 THE WITNESS: I believe that every time that
20 I spoke to Mr. Waters, Prof. Waters, counsel was in
21 the room.
22 BY MR. HOLLIES:
23 Q Well, okay. I was hoping to respond to that
24 by acknowledging that those are real concerns of hers
25 and whether you can answer the question without

1 treading into the areas that she's talking about.
2 That's a yes/no.
3 A I provided the help to the public
4 representative that she requested. I think any
5 further than that goes into discussions that I've had
6 with counsel.
7 Q Okay. Thank you. What did you understand
8 as the intended goal, or purpose, or results of your
9 testimony?
10 A The public representative asked me if I had
11 seen any technical or analytical information in this
12 case that would help the participants and public
13 representative better understand the proposal at hand.
14 As such, she requested that I put together a piece of
15 testimony that would help further the discussion.
16 Q Would you say that you're able to deal with
17 data fairly well?
18 A I have some experience in that matter.
19 MR. HOLLIES: Let's move on to the fifth
20 interrogatory from the Postal Service.
21 Thank you, Mr. Court Reporter. I was
22 informed that yesterday I sometimes was not loud
23 enough through the microphone so I should, I would do
24 well to try and focus on that.
25 //

1 BY MR. HOLLIES:

2 Q This interrogatory response avoids providing
3 any real content, in my view, and I'd like to ask
4 about what you understand along the lines of what I
5 was asking a moment ago. Your purpose in putting
6 together this answer was?

7 A I may have misunderstood the question. I
8 thought the question was asking me about the Postal
9 Service's case, not the public representative's case,
10 and I don't think I am prepared at this juncture to
11 discuss the public representative's case.

12 Q That's fair. I'd rather talk about your
13 testimony.

14 A Okay. I don't see the word testimony in
15 this question.

16 Q Okay. The first sentence of the response
17 begins the public representative asked me to evaluate
18 the potential impact. I guess, would you say that's a
19 paraphrase of the answer you gave me a moment ago?

20 A I think so.

21 Q Okay. What did you have in mind by way of
22 potential impact?

23 A Well, my testimony discusses the link
24 between people who live near a post office that might
25 be closed and how their distance, their proximity to a

1 post office will change as a result of the proposal
2 if, again, assuming that all 3,652 are closed, which
3 is really the only way we can go about analyzing it.
4 It's hard to -- I thought about doing a Monte Carlo
5 simulation and running through all the possible
6 scenarios at one closed to 3,652 closed. But also the
7 impact of the Postal Service on its operating revenue
8 and operating, well, only operating costs, I should
9 say.
10 Q Okay. Well, let me try a characterization
11 and see if you're comfortable with it. At times in
12 this case we have distinguished, or the Postal Service
13 at least has distinguished between the RAOI proposal
14 itself and the subsequent follow-through consisting of
15 the PO101 discontinuance studies affecting each
16 facility. Is it fair to say then that you were
17 looking to evaluate the potential impact of the sum of
18 those?
19 A That's correct.
20 Q And the second sentence of your response,
21 which reads "My understanding of the impact of the
22 proposal has changed as the Postal Service has
23 provided information to allow the proposal to be
24 evaluated", is that anything more than a reflection of
25 the fact that you've got more data over time, and

1 therefore, your thoughts about what you could do with
2 it changed over time?
3 A That's a fair characterization.
4 Q The Commission has a lot of resources, ones
5 I understand are today perhaps stretched on a scale
6 similar to what's true in my own office, but
7 notwithstanding that, did you rely on any particular
8 Commission staff technical support person?
9 A I have not relied on any Commission
10 technical staff for this case.
11 Q Okay. My counsel has pointed out a weakness
12 in that question so let me go back and ask it again in
13 two different forms. Was your response in terms of IT
14 or technical support? Yes. The nods don't make --
15 A I have not, you know, discussed the data and
16 asked anyone to perform any calculations for me here,
17 at the Commission, but I do occasionally have computer
18 problems or a problem with my phone. So have I asked
19 people to make sure that my phone is working when I'm
20 to make a call regarding my testimony? Yes. So I
21 think administrative and technical support maybe would
22 be the distinction I would like to make there.
23 Q Okay. Thank you. That's constructive. If
24 we could get your microphone today to cooperate, that
25 would be good, too. It seems to work better when you

1 project more into it, at least it seems to respond
2 fully. Perhaps you can give me guidance about mine,
3 as well. It's sometimes tough to tell when you're the
4 speaker and you hear it through the speakers, as well
5 as other ways. Okay. Thank you. Let's turn to the
6 next question, which is No. 6 from the Postal Service.
7 This question deals with Graphic 1, which this
8 question tries to explain to you, seems to be to the
9 Postal Service to be misleading because it's showing
10 two types of offices, post offices, and for one of
11 those you use a solid, dark color, and for the other
12 you use a light color. We accordingly requested a
13 different version, one that perhaps would show one
14 color for one kind of office, a second color for a
15 second kind of office, and a third color to show
16 locations where you have an intersection of one and
17 two. The response was not affirmative in the sense
18 that you have not produced a replacement graphic. I
19 would like to hear your understanding of why that's
20 not necessary or appropriate.
21 A There's two reasons for that. One is the
22 time crunch. I believe the Postal Service has all the
23 data here necessary. My counsel advised me regarding
24 the situation with this graphic in comparison to
25 certain responses of the Postal Service regarding

1 similar charts and graphs, I believe it's David Popkin
2 Response No. 36 which is referenced in my response,
3 where it does not appear to be the norm in this case
4 to reproduce graphics when all parties have the data
5 we used to produce them.
6 Q Thank you for that answer. My colleague has
7 a copy of that interrogatory, that is DBP, as in David
8 B. Popkin, /USPS-36. My colleague is distributing
9 this. It consists of the interrogatory itself and
10 then two pages from Witness Boldt's testimony which
11 show, in color, the graph in question, excuse me, the
12 tables in question, Tables 1 and 2. For purposes of
13 simplicity, let me read the interrogatory itself and
14 the response and we'll go from there. Is that good
15 with you, Mr. Klingenberg?
16 A It's fine with me.
17 Q Thank you. DBP/USPS-36 states: "Tables 1
18 and 2 of the testimony show a truncated Y, or vertical
19 axis. Please provide a table with the same data,
20 except with the Y, or vertical axis, going all the way
21 down to zero." The response reads: "No. Reasonable
22 readers of both tables clearly understand that the
23 trend lines are fairly represented without configuring
24 the tables to take three or four times as much space
25 on each page." Did I get that correct?

1 A You read that correctly.
2 Q Thank you. Take a look, if you would,
3 please, in particular at Table 2. Tell me, if you
4 would, what a substitute Table 2, as Mr. Popkin
5 requested, would further show that is not shown on
6 Table 2 as it is in the testimony.
7 MS. FERGUSON: Objection. The basis for
8 this, it's not dealing with Mr. Klingenberg's
9 testimony at all. It's asking him to evaluate your
10 response and why you, you meaning the Postal Service,
11 why the Postal Service responded the way it did and
12 how it could have changed its response or not changed
13 its response. That is not what is at question here.
14 What I believe is a question is you would like him to
15 reproduce a graphic to which he has already stated not
16 only does he have the information, but the United
17 States Postal Service has the information, the time
18 would take too long and that reasonable readers of the
19 graph No. 1 in Mr. Klingenberg's testimony is clear on
20 its face. To have him analysis a table that Mr. Boldt
21 provided in his testimony and then to determine
22 whether or not you were correct or incorrect in your
23 response is not proper.
24 MR. HOLLIES: I strongly disagree, but I
25 don't really need to. I can avoid your objection by

1 proceeding in a different way.

2 BY MR. HOLLIES:

3 Q Mr. Klingenberg, was your reasoning in

4 citing to the response to Mr. Popkin's interrogatory

5 along the following lines, that the disutility

6 indicated in the response by the Postal Service to the

7 request is comparable to the disutility of responding

8 to Interrogatory 6 to you from the Postal Service? Is

9 that accurate or fair?

10 MS. FERGUSON: Objection. Argumentative.

11 MR. HOLLIES: It's not argumentative, Madam

12 Chairman. I'm asking for the basis of his response,

13 which appears to be to me as I have characterized, and

14 he is --

15 CHAIRMAN GOLDWAY: I think the witness has

16 explained his response, which is that reasonable

17 readers can look at the chart and make the adjustments

18 necessary on their own. The public representative has

19 a legal argument, which I think is pretty sound.

20 MR. HOLLIES: I'm asking why the witness

21 cites this as an example applicable to his response.

22 Perhaps I should just ask him that.

23 CHAIRMAN GOLDWAY: That's a better question,

24 I think.

25 THE WITNESS: The response to Popkin 36 said

1 reasonable readers can interpret the graphic as they
2 see fit. I believe that is true of Graphic 1 in my
3 testimony as well.
4 BY MR. HOLLIES:
5 Q Okay. So would you then take the position
6 that your graphic is not intentionally or otherwise
7 misleading?
8 A I would definitely characterize my Graphic 1
9 as not misleading.
10 MR. HOLLIES: Okay. Madam Chairman, the
11 Postal Service moves to strike Graphic 1 from the
12 testimony of Mr. Klingenberg. We have articulated the
13 basis, that is, it is misleading in the sense that the
14 choice of colors and how the intersection of the two
15 colors is handled gives rise to a misleading
16 impression of the extent to which the red dots
17 proliferate. The portion of the map that is red is
18 vastly disproportionate to the number of the dots the
19 red represents. We have asked the witness to resolve
20 that problem and he is not apparently prepared to do
21 so. I recognize that there was a time crunch when
22 this came in. We have a little more time now. In the
23 event that a replacement graphic could be provided, I
24 was not going to feel compelled to make a motion to
25 strike this. It is overtly misleading, and therefore

1 should not be part of the record.

2 MS. FERGUSON: The public representative

3 would just like to respond briefly. The United States

4 Postal Service claims that this is a misleading

5 graphic, albeit to them. I believe what matters is

6 whether it's misleading to the Commission in general.

7 If it is misleading, or believed to be misleading, by

8 the United States Postal Service, they of course are

9 welcome to introduce their own such graphic either in

10 rebuttal testimony or in some other form that I may

11 not be aware of. They may make it in what they

12 determine to be clear as they have all the information

13 that it's based on not only from Witness Klingenberg,

14 but it really is information that's under their domain

15 and control to begin with. So we feel that to strike

16 it is premature at this time.

17 CHAIRMAN GOLDWAY: I think it's, the public

18 representative is correct in this matter, and I'm

19 going to overrule the objection, but I will encourage

20 you to make your case in your brief if you feel that

21 this chart is misleading and that other information is

22 more persuasive. You do have the data in which to

23 provide that other information.

24 THE WITNESS: Given the time constraints in

25 this case, I'd be happy to work with you to develop a

1 chart or graphic that you see as better characterized
2 in the situation.
3 MR. HOLLIES: Offer accepted. Thank you.
4 Let's not do it now.
5 THE WITNESS: Office is right there.
6 BY MR. HOLLIES:
7 Q And I believe that obviates my next six
8 questions on this interrogatory, so we can move on.
9 Would you turn to the Postal Service's
10 interrogatory eight to you, please? This question
11 relates to my own confusion in understanding your
12 response; so if this is as I expect, you will quickly
13 be able to straighten me out. The tail end of your
14 response, the last two sentences, read, and I'll read
15 them, "for example, to understand how A minus B is
16 different than A, both A and B must be known
17 quantities. In this hypothetical, A is the retail
18 network and B is the network of RAOI offices."
19 That doesn't seem quite right to me. Do you
20 mean that B is the network without RAOI nominated
21 offices, as if they've been discontinued?
22 A It might have been more clear if I had said
23 B is the selected RAOI offices. In my own mind, I
24 perceive the RAOI offices as their own separate
25 network in this particular hypothetical where A is all

1 the offices and B are only the RAOI offices.
2 Q That works, thanks. On a broader level,
3 what criteria define a network sufficiently that
4 before and after measurements are meaningful?
5 A Could you rephrase that for me?
6 Q Yes. What I'm getting at is RAOI involves a
7 known number of offices and you're obviously comparing
8 before versus after. And I'm wondering what the
9 magnitude of change is necessary for such measurements
10 to be meaningful. If two offices disappeared, that
11 might not be enough. So does that help?
12 A Well, I think I see where you're going with
13 this. When you're comparing -- when you're looking at
14 the impact of a change in a network, you would like to
15 look at, as I think I stated in my testimony, the cost
16 of that network, the cost of operating the network,
17 the revenue generated by the network, the access, the
18 proximity to access for the network. So, if you go
19 from 30,000 offices to 29,999, it's unlikely that one
20 office will have a major impact on the characteristics
21 of the network as a whole. But when you approach a 10
22 percent reduction in network size or number of nodes
23 in the network, in this instance, I believe that I've
24 shown that the reduction in access might be upwards of
25 three or four percent, the reduction in operating cost

1 could be a maximum of about half of a percent of the
2 cost of operating those network nodes. There's no
3 information available on revenue impact, but those are
4 the types of things you would want to look at.
5 Q Fair enough. Let me add one more layer and
6 ask again. I think we're all familiar at some level
7 with SBOC, a previous case in which three plus
8 thousand offices of a similar type, at least they are
9 classified retail units operated by the Postal
10 Service, were, in a sense, nominated for
11 discontinuance studies, much as we have 3,600 plus
12 nominated, and the net result was the discontinuance
13 of 140 offices. Would you say that if we had the same
14 result here, only 140 offices ended up being
15 discontinued from RAOI, would you say that's closer to
16 the difference between 30,000 minus one or the 32,000
17 minus 3,600?
18 A Mathematically, that's clearly closer to the
19 first one.
20 Q Yes. I guess I should have expected that.
21 No, I'm asking back now on the broader level of
22 whether or not you're going to get a meaningful change
23 in the network.
24 A I think you'd have to know the
25 characteristics of the 149 offices you're referring

1 to. If it turns out that they represent a large
2 percentage of the access availability or the operating
3 revenue or the operating cost, then -- I don't think
4 that the number of post offices alone can define how
5 important a change in the network -- the services
6 offered by the network are. I think you need to look
7 at the specific characteristics of a given change.
8 Q Fair enough. And what we're analyzing, at
9 least what the Postal Service thinks it's analyzing in
10 RAOI is overall access to retail services; isn't that
11 right?
12 MS. FERGUSON: Objection. The witness
13 cannot tell what's in the Postal Service's mind. He
14 can only tell what the Postal Service has testified
15 unless that's testimony.
16 BY MR. HOLLIES:
17 Q Have you read Mr. Boldt's testimony?
18 A I believe in question seven, you asked me,
19 do you understand -- what do you understand is the
20 Postal Service's purpose in RAOI and to any extent its
21 four components embody discrete purposes. I have a
22 rather long answer to that question. You then asked,
23 what was the Postal Service's purpose in filing its
24 request. My answer to that was more brief. According
25 to your request on page one at line 14, the filing is

1 required by Title 39.

2 Q Thank you. You've just -- well, you've used

3 my own question in order to explain why I'm going

4 where I'm going. Yes, your answers to seven were

5 quite clear and, therefore, I didn't have any follow-

6 up oral cross-examination. But, that is why I thought

7 the foundation for my question was not something I

8 needed to repeat. And so, yes, you've answered those

9 questions and I think that you've established that you

10 understand what I'm asking about. Is not the Postal

11 Service, as reflected in your responses to question

12 seven, addressing the question of beginning to

13 optimize its retail network, that is access to retail

14 services?

15 A I'm not completely prepared to --

16 Q Could you explain what you agree with and

17 explain why you don't agree with part of it, as well?

18 MS. FERGUSON: Objection. If the question

19 can be clearer, so that there's an actual answer that

20 can be given. It appears as though the witness is

21 confused and I have to admit counsel is a bit

22 confused, too.

23 MR. HOLLIES: I'm sensitive to that. That's

24 reasonable. I was trying to get at his confusion.

25 //

1 BY MR. HOLLIES:

2 Q If you could just tell me directly, I could

3 rephrase and we'll get through this.

4 A Are you asking what my understanding of why

5 the Postal Service filed RAOI? Because, you ask me in

6 there if I thought that this was an attempt at

7 optimizing the network. And so, there are several

8 different questions that I'll get at I think is

9 similar here. I'm not quite sure which one you would

10 like me to get at.

11 Q In my earlier questions, follow-up questions

12 on your responses to number eight, you ended up

13 indicating when I asked about whether a change

14 involving 140 offices was closer to loss of 3,600 or

15 loss of one and your response was that it depended

16 upon the access that that implicated, or at least --

17 A More characteristics than access.

18 Q Yes.

19 A But that was one of them.

20 Q And access is the one I'm focusing on.

21 A Okay.

22 Q And so, I'm really just asking you to

23 confirm that access to retail services is a key

24 underpinning of this case.

25 A Yes.

1 Q I didn't think that was hard, okay. I'm not
2 trying to do anything funny here. I'm headed to a
3 question that I, also, addressed with Dr. Waters
4 yesterday and that is many participants in this
5 proceeding have, as you have, compared sort of before
6 the fact with after the fact, ex ante and ex post,
7 assuming that all of the offices are discontinued.
8 And that's a fair comparison; but, I'm interested if
9 you have any suggestions on how to improve the
10 measurement of access, itself, particularly including
11 the alternate access methods that the Postal Service
12 has focused on?
13 A Well, I certainly agree that their alternate
14 access should be included in the measurement of
15 access. I think that's a weakness that Professor
16 Waters' testimony suffers from and my testimony
17 suffers from because that information was not
18 provided. I think he succinctly stated that had the
19 Postal Service given us the location data for
20 alternate access sites, we would have included it -- I
21 would have included it in my analysis. I believe he
22 said the same thing.
23 But at the same time, I believe that
24 alternate access sites may not have the same total
25 quality to those wishing to access Postal Services as

1 brick and motor sites and even further not all brick
2 and mortar sites are created equal; some offer
3 passport services, you know. So, I think that as the
4 Postal Service moves forward in optimizing its retail
5 network and looks to move to more alternate channels,
6 as it has expressed its will to do so in this case,
7 that looking at developing a quality matrix for access
8 may be important, where you can say everyone needs to
9 be -- you know, if you want 99 percent of the
10 population within five miles of some access and 85
11 percent within 10 miles of passport access, I mean,
12 you don't have to look at it -- you can look at the
13 problem from a variety of angles. And it's important
14 to include alternate access sites, but it's also
15 important not to assume that an alternate access site
16 provides the same full range of services that a brick
17 and mortar site might.
18 Q Thank you. The suggestion of perhaps
19 dealing with services in what I'll characterize as
20 layers reflecting the distinctions between access of
21 various sites certainly makes some sense to me. And,
22 yes, I can understand that had the data been available
23 for alternate access of the form that has a particular
24 site, I wouldn't be at all surprised for you to have
25 included that.

1 But, let's move to the more challenging ones
2 where the locus is not exactly easily identified. And
3 I note for the record that the witness smiled and
4 nodded at me, so he knows where we're going. Let's
5 take an example: Internet purchase of postage for a
6 package that's to be picked up at home. Do you have
7 an idea on how to bring that into the analysis?
8 A Well, certainly, Internet access isn't
9 universal, so Professor Waters yesterday talked about
10 getting data at the most granular level. If you had
11 information on what homes have Internet access and
12 what homes don't, you might then use as a proxy a
13 library. If you want to argue that the Postal Service
14 should no longer offer post offices and everyone
15 should buy their stamps on line, then you have to look
16 at how far would a person have to travel to a point of
17 Internet access, which might be, for example, a
18 library.
19 I understand that the usps.com represents a
20 difficult location to pin down on a map; but, at the
21 same time, methods -- the idea is not particularly
22 unsolvable. It just deserves further thought.
23 Q And I'm asking for your thoughts, so thank
24 you for taking us part way down that road. Do you
25 have any understanding of the extent to which -- I'll

1 use traditional terms, but please don't use them too
2 strictly -- land line telephone service is available
3 throughout these United States.
4 MS. FERGUSON: I'm going to object here.
5 This is not within the scope of the testimony.
6 MR. HOLLIES: Madam Chairman, it will prove
7 shortly to be. And all I'm asking for is his
8 understanding. It will be connected in a moment.
9 CHAIRMAN GOLDWAY: Why don't you offer some
10 of your own analysis and say "subject to check" on
11 this question, okay, as a premise for him answering
12 the question.
13 MR. HOLLIES: I have a problem with using
14 that particular approach and it will be ill advised of
15 me to explain that at this point on the record. I
16 could do so privately. But, let me try a different
17 approach.
18 BY MR. HOLLIES:
19 Q Did you ever have dial-up Internet access at
20 your home?
21 A Once upon a time.
22 Q Did it work?
23 A Poorly.
24 Q Poorly by comparison to what we have today
25 in the way of broadband, higher bandwidth access; is

1 that correct?

2 MS. FERGUSON: Objection. If counsel has a

3 question that goes towards the testimony, we would

4 urge him to ask it and not ask about personal

5 experiences that seem to have absolutely no basis nor

6 tied to the current testimony that's in question right

7 now.

8 MR. HOLLIES: My question was an elaboration

9 on his response. He answered poorly and I asked if

10 that explanation fit as a comparison between his

11 characterization of dial-up access and broadband

12 access. This is a follow-up to his own question. I'm

13 not breaking new ground here.

14 MS. FERGUSON: If you could point me to the

15 question where it talks about dial-up in his

16 interrogatories or the area in his testimony, I'd

17 appreciate it.

18 CHAIRMAN GOLDWAY: I think if you were to

19 explain where you're going, perhaps the Public

20 Representative wouldn't choose to object to every

21 question, okay?

22 MR. HOLLIES: That's probably a fair

23 observation.

24 BY MR. HOLLIES:

25 Q Doesn't anybody with a phone have at least

1 dial-up access opportunity?

2 MS. FERGUSON: Objection, outside the scope.

3 CHAIRMAN GOLDWAY: Yeah.

4 MR. HOLLIES: We're talking about Internet

5 access. We're talking about the locus of that in a

6 larger analysis.

7 CHAIRMAN GOLDWAY: This witness did not

8 attempt -- did not present expert testimony on

9 broadband access. If you have a position on broadband

10 access that you'd like to present to him and then that

11 information can be used for him to analyze the

12 optimization of the network, give it to him. Don't

13 stretch this out. We're on our second day, it's

14 getting very late, and I don't think that this line of

15 questioning gets us very far.

16 MR. HOLLIES: It certainly doesn't at the

17 rate we're going. My point is imminently legitimate

18 and I believe the witness and I have a fair

19 understanding and we can resolve this quickly, if we

20 just had a moment to do so.

21 BY MR. HOLLIES:

22 Q We were examining the question of

23 integrating into an overall analysis of access, forms

24 of access that do not necessarily lend themselves to

25 ready analysis as having a specific location, were we

1 not?

2 A That's correct.

3 Q And we ventured into the Internet because

4 it's a way that Postal customers can access certain

5 Postal services, would you agree with that?

6 A On Table 2 of Boldt's testimony, which

7 fortunately you handed me a copy of earlier, it shows

8 that digital services were, say, 17 percent of all

9 retail revenue in 2011 and post offices, stations, and

10 branches were responsible for roughly 65 percent of

11 all retail revenue in FY2011. Table 2 on page 7 --

12 Q That's from the cross-examination exhibit?

13 A From the cross-examination exhibit. So, I

14 think maybe to simplify the conversation we're having

15 here, it's certainly difficult to map the nebulous

16 location of the Internet, but post offices are still

17 an important part of the retail network. So, it's

18 certainly possible that at some point in the future,

19 mapping distances to post offices will be less of a

20 concern in measuring postal access; but, I don't think

21 we're quite there yet.

22 CHAIRMAN GOLDWAY: Especially since it's my

23 understanding that all Internet sales are counted as

24 retail sales and we don't have any characterization of

25 what they may or may not be.

1 THE WITNESS: And, yes, there's not a lot of
2 information on that 18 percent, so I'm not really
3 prepared to answer a lot of questions on the Postal
4 Service's digital platform because I don't have any of
5 it.
6 MR. HOLLIES: Okay. I wasn't headed there
7 and we don't need to go there, but your answers are
8 nonetheless constructive. Thank you.
9 BY MR. HOLLIES:
10 Q Were you present yesterday during Dr.
11 Waters' discussion of these related issues?
12 A Yes, I was.
13 Q He seemed to think that some of them were
14 thorny, but amenable to analysis. And I'm really just
15 asking you the same question, do you have suggestions?
16 A I certainly deferred to his judgment on
17 expert matters of mapping questions.
18 Q Okay.
19 A He seemed to think that it was plausible to
20 deal with them. I would have to agree with that.
21 Q As far as that goes, I think I would, too.
22 Thank you.
23 (Pause.)
24 Could you look at number nine from the
25 Postal Service, please? I'm looking at the tail end

1 of your response to part A and I'm still trying to
2 formulate the exact question. The last sentence of
3 your response reads, "my testimony agrees with the
4 conclusions of witnesses Boldt and Granholm and is
5 informed by their responses" -- I'm sorry, that's the
6 second to last sentence. I'm going to include that,
7 plus the actual last sentence, which itself reads, "I
8 am suggesting that before implementing a nationwide
9 change in service, these alternatives should be
10 considered," end of answer.
11 From this statement, am I correct in
12 understanding that in your opinion, no other approach
13 should be utilized?
14 A I believe my response in full discusses some
15 alternative methods for network optimization and
16 delivery unit improvements. The specific sentence
17 that you're referring to says, "I believe that the
18 record in this case shows that the Postal Service
19 witnesses have both stated they value and are going to
20 in the future consider using the OIG Dr. Yesser model
21 to perform network optimization." And I have reviewed
22 that model. I believe it to be very valuable. I
23 believe that many of the things discussed in this case
24 can be -- you know, drawn directly to that model. And
25 I think that based on the comments made by both

1 Witness Boldt and Granholm, that the Postal Service
2 may -- should have considered this model before
3 developing the current case, if it wanted to optimize
4 its network, as the name implies.
5 Q Okay, thank you for that. So, I take it
6 then, you think a partial optimization is a poor
7 strategy to pursue?
8 A If by partial -- well, could you, please,
9 define partial for me?
10 Q RAOI.
11 A I believe that the Postal Service's retail
12 network is large enough that it would be feasibly
13 impossible to optimize in one case or with the
14 reduction of 3,600 offices and a questionable number
15 or unknown number of village post offices. But, I
16 think that if there are offices on the RAOI list that
17 for access reasons, cost reasons, or revenue reasons
18 would not be an improvement to the Postal Service's
19 network to close, I do not believe that closing
20 offices that would have a negative effect on the
21 overall ability of the network to perform its mission
22 would not be an improvement. Did I wind up in enough
23 circles there to that?
24 Q Well, there were a few too many negatives in
25 that last sentence.

1 A You've asked me a complex question and I'm
2 trying to break down whether you mean partial, in
3 terms of size, or partial, in terms of some offices
4 are good or positive to close and some offices are bad
5 or negative to close. And I believe that if you close
6 offices that should not be closed, that's a bad thing.
7 I mean, it's -- measuring is the importance there.
8 You don't know whether or not you should or should not
9 close an office until you look at the important facts
10 and I believe that the Yesser model, specifically its
11 revenue aspects can provide important information when
12 determining if a post office is in a good or bad
13 economic location.
14 Q Okay. So, I think you're saying it would be
15 perhaps let's use the word "better," rather than
16 "optimal," to first pursue a Yesser-type approach; is
17 that fair?
18 A I believe the Yesser approach would be an
19 optimization approach.
20 Q Thank you.
21 (Pause.)
22 I believe your response to part F, subpart
23 three to this same interrogatory, the very last -- the
24 tail end of the interrogatory, also, expresses the
25 point that you just stated. Do you disagree with

1 that?

2 A Part F of question nine?

3 Q Yes.

4 A On my copy, that reads, "see response to an

5 APWU question."

6 Q Oh, I'm sorry, my citation problem. Subpart

7 three of Part G, my fault, that, I think, is -- you're

8 making the same point there that you've just

9 summarized for us. Do you disagree with that?

10 A I think that point is a little bit

11 different. The question G, part III of T2-9 asked

12 whether I thought RAOI was an academic exercise, I

13 believe. Let me make sure I have that in front of me.

14 Q No, you're correct, that's in this numbered

15 question. But, go ahead, if you could explain my

16 misunderstanding, that would be helpful.

17 A Whether or not RAOI is an academic exercise

18 is a different question than whether RAOI is an

19 optimal exercise or has included optimization methods.

20 Q Fair enough. The last part of your

21 response to this subpart states quite fairly that the

22 remainder of the question is unclear. And it is. I

23 screwed up the syntax. Let me try it again posed

24 properly. This is referring -- refers back to the

25 first question. I'll read the whole part, because the

1 second part refers to the first part. The first part
2 is, "is it your understanding that you have dealt with
3 retail network optimization strategies as an academic
4 exercise," and you just answered no, I think. So the
5 last part was, "please explain your response, its
6 relationship, if any, to your own experience, and,
7 more generally, how you think the Postal Service must
8 undertake optimization." Is that an answerable
9 question?
10 A Yeah, I can attempt to answer that question.
11 Q Please.
12 A I'm certainly not in a position to tell the
13 Postal Service precisely how to undertake its retail
14 optimization, but I can offer some suggestions and I
15 have done that in my testimony. I believe that retail
16 access to a monopoly product remains important and I
17 think that the Postal Service should use the
18 information and methods available to it, a variety of
19 them, to determine the best outcomes.
20 (Pause.)
21 Q Let's move on to number 10. I asked a
22 compound question and I got a compound answer. And
23 I'd like to try to breakdown the elements of your
24 response, if that's a reasonable thing to do. The
25 sentence I'm focused on here is in the second

1 paragraph of the response, starting on the fourth
2 line, and reads, "my persona, professional, empirical
3 paradigmatic research design, educational,
4 experiential views have all led me to the conclusion
5 that data are useful in determining optimal designs
6 and outcomes." Would you agree that a test of a new
7 procedure must be borne only from analysis of the type
8 you would like to have performed?
9 A I don't think I have exclusive domain to
10 analysis methods.
11 Q Thank you. That neatly finesses the need
12 for my follow-up. How about number 12, "Where in the
13 materials filed by the Postal Service in this docket
14 does it claim that any purpose or the scope of RAOI
15 reaches to include nationwide costs? Please explain
16 how you came to conclude that is what PRC docket
17 N2011-1 is about." And your response says,
18 essentially, the data were provided so, therefore, you
19 used them in your testimony. Is that a fair
20 characterization?
21 A That's a fair characterization.
22 Q I would submit that your answer doesn't
23 answer the question asked, however, and this is an
24 issue that's come up in cross-examination of a number
25 of witnesses. Is it your specific understanding that

1 RAOI is for the purpose of saving costs?

2 A I think that -- well, I've cited to in

3 responses to other questions that the Postal Service

4 has said it does expect to have -- experience cost

5 savings as a result of this docket, but it doesn't

6 have a particular number for cost savings in mind.

7 And I, also, want to clarify that it's not my job to

8 determine what the Postal Service's purpose of RAOI

9 is. We had a long discussion earlier about the effect

10 -- the impact of a change in the network on that

11 network. So, the inclusion of nationwide cost in my

12 testimony was not a comment on the purpose of RAOI,

13 but a potential impact of RAOI.

14 Q Are you aware of any legal barrier to

15 relying upon cost savings as the justification for

16 discontinuing post offices?

17 A I'm not a lawyer.

18 MR. HOLLIES: I take it that's a no. Madam

19 Chairman, I have a little bit less left than what I've

20 already covered. My colleague suggested that it might

21 be time for the afternoon break.

22 CHAIRMAN GOLDWAY: Oh, my gosh. I really

23 had hoped we were going to get out of here by 3:00.

24 There is so much other work we have to do. Okay.

25 MR. HOLLIES: Well, I can continue if you

1 prefer.

2 CHAIRMAN GOLDWAY: Oh, I think we do need a

3 break. I think we do need a break. Can we manage

4 with 10 minutes and be back here at 2:45? If there's

5 anyway you can speed this up, we'd really appreciate

6 it, Mr. Hollies.

7 (Whereupon, a brief recess was taken.)

8 CHAIRMAN GOLDWAY: I'm reconvening this

9 meeting, encouraging our participants to move as

10 promptly as possible. Mr. Klingenberg is back at the

11 witness chair and Mr. Hollies, please continue.

12 MR. HOLLIES: Thank you, Madam Chairman.

13 I'm busily striking questions that we have covered

14 sufficiently already.

15 CHAIRMAN GOLDWAY: Great.

16 BY MR. HOLLIES:

17 Q Could you turn to number 15, please, that

18 being USPS/PR-T2-15? Let me start with an easy point.

19 In the fourth line of your response to that

20 interrogatory, you say, "see USPS/PR-8." I believe

21 you are trying to refer to the response to that

22 interrogatory, is that correct?

23 A You're correct, it should read, "see

24 response to USPS-PR-T2-8. I was actually -- it's a

25 further correction.

1 Q Very good, thank you. I'll offer this
2 parenthetical. When you identified your library
3 reference at the outset of your testimony, I
4 appreciate that you put the docket number in as it
5 should be. There's suppose to be a slash after the
6 docket number, as well.
7 A Or to correct that in the future.
8 Q Thank you. Well, this case could use more
9 precision and perhaps you can help me do the same.
10 This response to number 15, the main body of the
11 response, seems to me internally inconsistent. And in
12 the interest of trying to push through quickly, let me
13 just lay it out for you and see if you can explain.
14 The interrogatory asks for a confirmation from you and
15 the response starts with the words, "not confirmed."
16 And, yet, by the last sentence, it seems that you are
17 actually confirming it.
18 A The question reads, "please confirm that in
19 the first few sentences of section three in your
20 testimony, you substitute for RAOI's own context, the
21 need to put it into a national context that you define
22 as having three components." I don't believe it's a
23 fair characterization that I was substituting one
24 context for another. I don't believe that you have to
25 -- I believe that both context can exist, whatever the

1 Postal Service defines as the context to RAOI and the
2 context that I had put it in, in my testimony, which
3 is the context of the impact of the change from a
4 network to another network minus some offices. So, I
5 confirmed that I used the word "context," but I don't
6 believe I was substituting.
7 Q That's very helpful. I had not keyed on
8 substitute as the explanation for the answer, which
9 makes more sense now as you have explained it. Let me
10 recharacterize the question, then, because the intent
11 was to focus on how you arrived at your three
12 components and ask you what they encompass and why are
13 they helpful to you.
14 A Well, we've talked about how you would --
15 the characteristics of the retail network that you
16 would need to look at when you analyze the change and
17 earlier we mentioned -- earlier we mentioned these
18 three specific characteristics: the location, which
19 is required to determine proximity or access; the
20 cost; and the revenue generated by the offices. So,
21 I'm not -- I don't state that those are the only three
22 aspects of the retail network. I simply think that
23 those are three characteristics that are important to
24 put a context around the retail network. There are
25 certainly things that you can add in, you know, but I

1 didn't do that here.

2 Q Thank you. That is consistent with a number

3 of other questions where we've -- where I have

4 effectively illustrated that a point that's key to the

5 Postal Service, that is, alternative access in its

6 various forms, whether they have locations or not, are

7 not encompassed. And by now, I guess that just a

8 repetition, so I'll leave it there.

9 Let's turn instead to Part C of that

10 response. The question of Part C reads, "to any

11 extent that Postal customers access a retail service

12 alternative access options, how, if at all, are those

13 costs reflected by change in your three components?

14 Please explain, so that a reader not versed in Postal

15 operations or Postal Service regulation can

16 understand." It strikes me that you've only responded

17 to part of the question and let me ask a question to

18 illustrate that. Is it your understanding that the

19 only details of alternate access options salient to

20 retail access by customers are those tied to alternate

21 access sites? I think you answered, but go ahead.

22 A I believe that all channels of alternate

23 access do have some costs. They do have some revenue.

24 And we've discussed that the geographic location of

25 that alternate access, if it occurs digitally, is a

1 difficult, but not impossible task.

2 Q Thank you. I think I'm just beating the

3 drum again there. I'll move on. Let's try number 16.

4 This question attempts to ask you about whether you

5 have any understanding of excess capacity in Postal

6 retail facilities and the short version of your answer

7 is no, you have not conducted that analysis. Is that

8 a fair summary?

9 A That's a fair summary.

10 Q Are you aware of published economic

11 literature, which asserts there's excess capacity in

12 the Postal Service retail network?

13 A I have -- I think in my testimony, I point

14 to an Inspector General study, an OIG report, that

15 discusses how the Postal Service could save, I

16 believe, $600 million by better matching workload to

17 work hours, earned hours -- earned work hours to work

18 load, something like that. I don't believe that the

19 word "excess capacity" appears in that report and I

20 can't think of any time that I've read a report, which

21 had the words, "retail network, excess capacity," and

22 a dollar amount tied to it. I can't say that I

23 haven't -- I mean --

24 Q That's fine.

25 A -- and I didn't analyze it in this

1 testimony. I don't have anything in there on that
2 topic.
3 Q Thank you. This response -- maybe the
4 response you've just given me is all that there is to
5 get from you; but, let me raise this with you and see
6 what you think. It seemed to me that the lack of your
7 analysis of the retail network's excess capacity or
8 analysis of any kind that would bear on excess
9 capacity was, in a sense, a shield that you used to
10 not answer the question, when, in various other
11 questions, that condition was not used as a way to
12 avoid the question.
13 MS. FERGUSON: Objection. Is this a comment
14 or a question?
15 MR. HOLLIES: I'll turn it into a question.
16 BY MR. HOLLIES:
17 Q Do you understand what I'm saying and can
18 you respond?
19 MS. FERGUSON: Objection. There's no
20 response because there's no question.
21 MR. HOLLIES: I would submit that if we
22 asked the court reporter to read back the last
23 statement I made, it is a question.
24 MS. FERGUSON: The last statement was that
25 you could turn it into a question.

1 CHAIRMAN GOLDWAY: I think you can try to
2 rephrase this, Mr. Hollies. Let's try and be clear
3 about what we're asking the witness.
4 MR. HOLLIES: I'll give it a shot.
5 BY MR. HOLLIES:
6 Q Is it your understanding that you have used
7 the absence of any analysis you may have conducted
8 consistently across your interrogatory responses, as a
9 way of guiding what you can and cannot respond to?
10 A I tried to respond to the interrogatories as
11 they involved an aspect of my testimony and referred
12 specifically to an aspect of my testimony. As many as
13 there were, I'm not sure that I was completely
14 uniformed across all 54 pages of responses. I'm sure
15 that there are some that would more accurately reflect
16 my testimony and less so.
17 Regarding specifically excess capacity, it's
18 rather difficult to quantify or discuss excess
19 capacity when I'm not familiar with any metrics by the
20 Postal Service, as to even the total spend on the
21 network. One of the reasons that included in my
22 testimony a discussion of how much it cost to operate
23 the retail network is because I haven't seen -- the
24 Postal Service doesn't produce a report titled, "total
25 retail network expense 2010 -- 2011." I tried to

1 piece it together from various information sources.
2 So, while it's possible that there may be excess
3 capacity and there are things that you could look at
4 to quantify that, it's very difficult for me to take
5 an estimate of something when I don't know the
6 starting point. So, if we could agree on the starting
7 point, it would be much easier than to discuss a
8 change in their potential excess capacity.
9 Q Thank you. That was productive. Let me
10 give you an example or see if you're familiar with a
11 readily available example. Have you looked at the
12 administrative records in any of the pending
13 discontinuance cases?
14 A I may have glanced at a copy. I don't think
15 I've ever read one cover-to-cover.
16 Q Okay. We won't go there, then. Okay, let's
17 move to 17. I have a series of questions to this and
18 let me see if I can pick up the starting point
19 properly.
20 (Pause.)
21 Interrogatory seven focuses upon footnote
22 four in your testimony, which, itself, references a
23 2008 GAO study that found data reliability problems in
24 the facilities database; is that correct?
25 A Question 17, that's correct. I may have

1 misheard. I thought you might have said seven.
2 Q My colleague is saying the same -- yeah, it
3 was 17, not seven.
4 A Then your characterization of 17 is correct.
5 Q Thank you. That correction was necessary,
6 thank you. I think I've got the answer here, but just
7 to make sure, I want to see if my understanding is
8 correct about your understanding. Is it your
9 understanding that the exact GAO findings you repeat
10 are problems today?
11 A I found similar issues with some of the
12 items that the GAO discussed. Specifically, they
13 discussed generic addresses, facilities that appeared
14 twice -- facilities that appeared twice in the FDB.
15 So, regarding some of their conclusions, the precise
16 numbers in their report may no longer be accurate, but
17 some of the general issues may persist.
18 Q Thank you. I would like to take you through
19 a series of questions to illustrate, I think for your
20 understanding and mine, the fact that some of those
21 problems may be a reflection of the real world in
22 which the Postal Service's service exist.
23 MS. FERGUSON: Objection, objection. This
24 is testimony about why the numbers are what they are,
25 not a question to this witness. If we're getting USPS

1 testimony, this isn't the time.

2 MR. HOLLIES: I'm not going to be

3 testifying. I'm asking the witness to testify.

4 BY MR. HOLLIES:

5 Q Looking at the specific bullets in your

6 response, the first relates to 145 supposed exact

7 duplicates; is that right?

8 A That is a fair characterization of the data

9 provided in the GAO report.

10 Q Assuming that description is completely

11 accurate, the duplicate records at least appear to

12 confirm the accuracy of one another; correct?

13 A I didn't develop that data. I didn't

14 develop the GAO report. In my experience looking at

15 the FDB, where two records are the exact same, that

16 simply is an error in how data were pulled from the

17 FDB. I didn't find any records in what were provided

18 me where every single data field was the exact same.

19 There are records where nine out of 10 data fields to

20 be the exact same, which then led me to question the

21 accuracy of the 10th data field, which was not the

22 same. But, I think double counting of a data field

23 doesn't make both of them true; it just means it's

24 there twice.

25 Q That's fair. It is accurate that you have

1 done various forms of data manipulations while you've
2 been a Commission employee; correct?
3 A That's fair.
4 Q In any of those, was it necessary to
5 undertake a step that is described as de-duping the
6 data?
7 A I'm not familiar with the term "de-duping."
8 Q Also known as de-duplicating.
9 MS. FERGUSON: If counsel could define that
10 for the witness.
11 THE WITNESS: I'm familiar. The Excel
12 terminology is remove duplicates, so that's, I think,
13 how a user might define the operation. But, I
14 certainly have removed duplicates in files where that
15 was necessary.
16 MR. HOLLIES: That's all I'm asking. If we
17 exceed the witness's understanding, I will either move
18 on or try and fix it.
19 BY MR. HOLLIES:
20 Q The second bullet reflects multiple
21 facilities at a single location, is that right?
22 A Again, I cut and paste that from -- I cut
23 and pasted that from the GAO report, which I didn't
24 write myself or participate in, in any way. So --
25 Q That's helpful, too.

1 A -- you and I are both -- are equally
2 qualified to interpret their results.
3 Q I was just trying to use a summary of that
4 bullet point as a prelude to the further questions.
5 Was my summary in any way inaccurate?
6 A Your summary stated it accurately.
7 Q Okay, thank you. But knowing that this is
8 not your original work will help here. Thank you.
9 For purposes of the next couple of
10 questions, please assume I'm asking about multiple
11 facilities at a single location without limitation on
12 there being retail units, okay? Could I get a word --
13 A Could you provide an example of how that
14 might be possible?
15 Q Yes, I'm about to do that.
16 A Okay.
17 Q Let's assume traffic at an existing location
18 grows, so additional parking is needed. Would you
19 agree that additional parking might be obtained by
20 modifying an existing lease, buying or leasing
21 adjoining land, or paving land already within the
22 existing lease? Do those all seem to be plausible
23 possibilities to you?
24 A In looking at the FDB, the Postal Service's
25 facilities management is a bit confusing because, in

1 many instances, multiple locations will share the same
2 finance number. And so, it's not clear when a finance
3 number repeats itself, whether that's the same place
4 or different places. So the example that you bring up
5 might be the -- the Dulles is a good example of this,
6 where you had a Dulles SCF and then they needed more
7 space, so they bought another space. And in the FDB,
8 it's not clear whether that would be two finance
9 numbers or one finance number or a third finance
10 number with a retail unit getting a third finance
11 number.
12 And I'm not in a position to determine how
13 accurate the FDB is and why the FDB is or is not
14 accurate. I think that the GAO presumably did good
15 work when they did their study and found that there
16 were listing problems and duplication problems. And
17 repeatedly, there have been questions provided to me
18 that ask why I use qualifiers in my testimony and
19 things of that nature. And simply put, the
20 information on the Postal Service's facilities, their
21 costs, their location, it's not completely
22 comprehensive and any comments I may have had
23 regarding this GAO study or issues within the
24 facilities database all get back to the point of there
25 may be reasons that things are duplicated, there may

1 be reasons why it's a generic main street; but, I'm
2 not in a position to evaluate that and without some
3 summary comprehensive statement by the Postal Service,
4 it's very difficult to understand their reach on that
5 work, fully, completely, and accurately. And when
6 you're making a change in that work, as we've
7 discussed today, it's important to understand what
8 you're starting with, to understand what the impact of
9 that change is.
10 Q That was very constructive and will shorten
11 this. Thank you. But, your description of Dulles is
12 quite useful because it exemplifies the kinds of
13 situations that do exist. And we're perhaps at a
14 relative disadvantage here, at least we're not equal,
15 that I was part of analyzing problems with that
16 database.
17 A And with 40,000 facilities, plus I
18 understand that this is not a simple problem. But, it
19 is certainly a large problem.
20 Q Okay. Let me see if I can combine these in
21 a way that means we don't have to go through 30
22 separate questions. Well, let me see if you're
23 willing to accept a simple characterization that lets
24 me move on. The situations that you have -- the
25 situation you have described in Dulles reflects change

1 in use of a location, as that term might be used in
2 various senses over time and that how a location is
3 used evolves. And would you expect that that kind of
4 problem would contribute to the kinds of things the
5 GAO has reported?
6 MS. FERGUSON: Objection. I believe the
7 witness has testified that the GAO report has
8 specified specific problems it found in the Postal
9 Service's information or data and to speculate on why
10 those problems are there is outside the purview of
11 this particular witness.
12 MR. HOLLIES: There's some foundation in
13 your objection and I was attempting to save some time
14 in a way that would forestall the necessity of asking
15 iterative questions that would demonstrate precisely
16 what you're raising. Could we perhaps see if he can
17 answer that question?
18 MS. FERGUSON: Believe me, I am -- and
19 Commissioners, I do apologize, I do understand the
20 interest of time and I really do wish that this was
21 not taking as long as it is. However, I cannot allow,
22 without my own objection, questions that I feel are
23 inappropriate to go without an objection.
24 MR. HOLLIES: And your objection was that it
25 calls for speculation. Can we ask the witness if he

1 thinks that it calls for speculation.

2 MS. FERGUSON: The witness isn't the lawyer;

3 I am. It calls for speculation.

4 CHAIRMAN GOLDWAY: Mr. Hollies, the witness

5 has already testified that he doesn't have personal

6 knowledge of the GAO report and how it was done.

7 MR. HOLLIES: I agree and he's also adopted

8 it as his testimony. And I'm trying to get some

9 understanding of the problems that he sees as not

10 necessarily being problems, just being reality, as a

11 way of moving on and asking him some other questions

12 about this interrogatory response.

13 CHAIRMAN GOLDWAY: I think the record is

14 fairly clear about the problems with the information

15 on the retail network provided and information

16 provided by the Postal Service.

17 MR. HOLLIES: And I'm trying to address some

18 --

19 CHAIRMAN GOLDWAY: I think we need to move

20 on to some other issue that might be useful to us.

21 MR. HOLLIES: Madam Chairman, with all due

22 respect, part of the Postal Service obligation in

23 seeking and advisory opinion from the Commission is

24 the establishment of a factual record that best

25 enables the Commission to issue an advisory opinion

1 that is valuable and useful to the Postal Service.
2 And by eliminating or at least explaining some of what
3 appear to be problems, I believe that improves the
4 quality of the record and may well thereby facilitate
5 the generation of a better opinion by the Commission.
6 That's all I'm trying to do here, and I can do it the
7 long way or I can do it the short way.
8 Let me try again at the characterization and
9 one that doesn't call for speculation.
10 (Pause.)
11 BY MR. HOLLIES:
12 Q The first example I went through was one
13 where the need for additional parking resulted in
14 various ways of acquiring that parking. And your
15 response, Mr. Klingenberg, I believe recognized that
16 those were possibilities and they might present
17 challenges to how data are recorded in the facilities
18 database; is that correct?
19 A That's correct.
20 Q Let's assume mail processing operations are
21 conducted in a facility. Let's call it an annex.
22 Suppose further that local Postal officials are
23 looking to expand post office box service. So, they
24 choose to open a section of the PO boxes at the annex.
25 Let me further postulate growth of two types taking

1 place on different dates. First, because many of the
2 PO box customers are small businesses that receive a
3 lot of parcels, for their benefit, the Postal Service
4 establishes a retail window at which large boxes that
5 don't fit can be picked up and generally pick up
6 matters for which left notices, which is a term of
7 Postal -- or left in the boxes, so that it might be a
8 registered mail item, for example.
9 Suppose further that the retail window is
10 later expanded to four windows with caller service
11 added for business who outgrow the largest PO box
12 size. Now one last expansion that starts with a major
13 processing plant. This is a further hypothetical. To
14 serve customers, it also have a door or window or
15 dock, where recipients of large mail volumes pick up
16 their mail several times a day. Residential growth
17 nearby leads to an expansion of the building to house
18 20 letter carriers and their cases, together with a
19 new fenced parking lot for their vehicles, which tend
20 to be smaller than the trucks needed for plant
21 operations, to handle left notice articles from
22 carriers and to provide retail access for residential
23 customers. Together with an APC, the facility is
24 built out further to have a new retail presence, plus
25 still more parking, this time for customers.

1 A Mr. Hollies, if the FDB contains three
2 different listings --
3 MS. FERGUSON: I have to object. There's no
4 question.
5 THE WITNESS: Well, I think we can end this
6 conversation, which is very --
7 MS. FERGUSON: Mr. Klingenberg, I do believe
8 so, too. Please let him ask his question.
9 BY MR. HOLLIES:
10 Q Can you see how these growth patterns would
11 be reflected -- it would need to be reflected in a
12 facilities database?
13 MS. FERGUSON: Objection. This is not
14 within the scope of Witness Klingenberg's testimony at
15 all.
16 CHAIRMAN GOLDWAY: Actually, I think that
17 the witness has already answered this question
18 thoroughly in explaining the complications in the
19 Postal Service database. He's already given you all
20 the response that he can. He fully understands the
21 complexity. I don't know why we need to go over these
22 in example after example. If you would like to argue
23 on brief about some of these things, you certainly
24 can.
25 MR. HOLLIES: Madam Chairman, I'm just

1 trying to get this answer from the witness.

2 CHAIRMAN GOLDWAY: The witness has answered.

3 I think we need to move on to some other issue, other

4 than the complications of the Postal Service's

5 database with regard to facilities. He's already

6 explained his understanding of it.

7 BY MR. HOLLIES:

8 Q Mr. Klingenberg, can you add clarity to

9 this?

10 MS. FERGUSON: Objection.

11 CHAIRMAN GOLDWAY: Mr. Hollies, please move

12 on to the next area.

13 MR. HOLLIES: Well, regardless of whether he

14 can or cannot, I guess we're left with that.

15 MS. FERGUSON: Is that commentary or

16 question, Mr. Hollies?

17 MR. TIDWELL: He was talking to me.

18 BY MR. HOLLIES:

19 Q Well, let's get to the next point. Okay.

20 One can understand, Mr. Klingenberg, after having

21 heard from you about the difficulties with the

22 facilities database that reconciling data sets is a

23 challenge and that was a challenge necessary for your

24 testimony. Why would you reach to a GAO study which

25 reported problems that help explain the frustration

1 you had working with it from 2008?

2 A That was the most recent GAO report on the

3 topic. I did not feel I was in a position to

4 thoroughly analyze the FDB for correctness and

5 thoroughness and completeness because I was not given

6 the full FDB. I was only given portions of the FDB

7 that I requested or that other parties requested. As

8 such, I thought it was important for the Commission to

9 understand that while some analysis can be performed,

10 the Postal Service, itself, struggles to fully

11 comprehend its retail network. However, I will also

12 point out that if you read the full GAO report, the

13 Postal Service apparently has attempted to improve the

14 FDB and it may be that that has been successful.

15 The analysis contained in my testimony and

16 the response to this question shows that many issues

17 remain. And in the instances where I can compare data

18 sets to the FDB, I find the other data sets to be more

19 complete and accurate; specifically, the longitude and

20 latitude data that I refer to in part C of PR-T2-17.

21 Q Are you aware of a change in the curve of

22 mail volume per year in recent years?

23 MS. FERGUSON: Objection. Outside the

24 scope.

25 MR. HOLLIES: If he's not aware of mail

1 volume and you think that's outside the scope of his
2 testimony and are prepared to so stipulate, I would be
3 happy with that.
4 MS. FERGUSON: If you could point me to the
5 mail volume portion of his testimony, I would be happy
6 to read that.
7 MR. HOLLIES: This man looked at a lot of
8 data in order to generate his analysis and some of
9 that included volume data.
10 MS. FERGUSON: If you could point me to that
11 portion, I'd be happy to read that.
12 MR. HOLLIES: PO boxes are an example.
13 MS. FERGUSON: If you could point me to the
14 portion from which you're deriving your question and
15 it speaks to mail volume, I'd be happy to read it.
16 MR. HOLLIES: Madam Chairman, the change in
17 mail volume that is from growth to one where it's now
18 declining is so fundamental to this proceeding, it's
19 difficult to understand how counsel can argue it's
20 outside the scope of his testimony. That is why we
21 are here.
22 MS. FERGUSON: We are here, I believe --
23 CHAIRMAN GOLDWAY: I don't think the Postal
24 Service actually focuses on that in their argument to
25 us and his answer had to do with access. We can all

1 stipulate that we're all aware of the decline in mail
2 volume that has occurred in the postal system. If you
3 have a specific question to ask him with regard to his
4 research, we can do that.
5 MR. HOLLIES: I'll try that.
6 BY MR. HOLLIES:
7 Q A GAO study that came out in 2008 would
8 necessarily have relied upon a facilities database
9 built while mail volume was growing, since mail volume
10 peaked in 2007; is that correct?
11 MS. FERGUSON: Objection. Our concern is
12 the GAO report, if counsel wants to go to the reasons
13 behind or substantiating the GAO report, I believe
14 it's best to ask the GAO and provide that in
15 surrebuttal -- or rebuttal testimony. My thought is
16 that this witness has already answered that he used
17 that because it was the most current GAO study that
18 dealt with the FDB. But, in order to get to the root
19 of what substantiated that report, he is not
20 necessarily qualified to answer that.
21 CHAIRMAN GOLDWAY: We can unfortunately all
22 stipulate that the data that we used is never perfect.
23 If you have specific arguments about the GAO study
24 that you'd like to add to your brief, I think you'd be
25 more than welcome to do that and the Commission will

1 read that thoroughly. But, I don't think this witness
2 is the proper person to ask about the GAO study. He's
3 already indicated the conditions under which he used
4 it.
5 MR. HOLLIES: Yes, and by using it, he has
6 adopted it as his testimony. And I'm able to -- it is
7 appropriate for me to probe his understanding of his
8 own testimony and how it fits into this case, and that
9 is all that I am doing.
10 CHAIRMAN GOLDWAY: Mr. Hollies, you're
11 trying our patience and I would urge you to move to
12 areas where the information is not already obvious and
13 that we can learn some more from questions that you
14 might ask.
15 BY MR. HOLLIES:
16 Q Okay. If a 2008 GAO study was your most
17 recent data source on quality of the facilities
18 database, that implies that you have not seen anything
19 more recent addressing the FDB's data?
20 MS. FERGUSON: Objection. That
21 mischaracterizes the testimony. The witness said that
22 he himself noticed discrepancies within the FDB that
23 were provided to him, even in the small portion of the
24 FDB that was provided to him, and that was mentioned
25 or illustrated in response to T2-17C. So I believe

1 that that question mischaracterizations the facts in
2 evidence.
3 MR. HOLLIES: He has only cited to one
4 external study on the facilities database, and my
5 question seeks to confirm that he has not seen any
6 external study since that time.
7 MS. FERGUSON: That's a different question.
8 BY MR. HOLLIES:
9 Q Can you answer that one?
10 A I have not seen any external study of the
11 FDB since the 2008 study by the GAO.
12 Q Please look back to the main body of our
13 Interrogatory 17, the question and the response. You
14 failed to answer the very first question, did the GAO
15 study reference any errors in the latitude/longitude
16 of facilities in the FDB.
17 A Without the full study in front of me, at
18 this time, I am not sure of the answer to that.
19 (Pause.)
20 BY MR. HOLLIES:
21 Q Okay. We move on. Your response to this
22 question indicates that you placed Footnote 4 pointing
23 to the use of the FDB data FDB data, and the 2008 GAO
24 study's criticism of its data at the end of the
25 sentence on lines 20 through 22 of page 3 in your

1 testimony; is that right?

2 A That's correct.

3 (Pause.)

4 BY MR. HOLLIES:

5 Q Because you mention for the first time in

6 that sentence a library reference using data from the

7 FDB, is that why you felt the footnote was appropriate

8 there?

9 A That is what my response to Question 17

10 says.

11 Q Was it your intention also to imply that

12 longitude and latitude data indicating locations for

13 31 thousand plus post offices also had data quality

14 problems?

15 A I believe that I specifically found that

16 result when I analyzed the FDB data.

17 (Pause.)

18 BY MR. HOLLIES:

19 Q I think that this will take you back to more

20 familiar territory. How many separate address fields,

21 or sets of address fields, does the FDB have?

22 A Are you referring to street address fields

23 there? I mean, an address has many components. There

24 is the zip component, and there is the State

25 component.

1 Q Thank you for the clarification. That is
2 why I amended the question to include sets of fields,
3 figuring that each sets of fields would reflect a
4 single address?
5 A I think it would be clearer here if I
6 reminded you that the FDB is a postal service program
7 from which data is pulled. The file that I was
8 looking at -- well, there were multiple files derived
9 from FDB data that have been provided by the Postal
10 Service in this case.
11 Specifically, the one that I think you are
12 =referring to here is a file called FDB Core CMN. I
13 referenced it specifically in my testimony. In that
14 particular file, there are multiple address fields,
15 and I am thinking somewhere in the range of five to
16 seven.
17 There is a zip plus four, and I believe two
18 address fields, and I would have to specifically look
19 at the file because it doesn't follow precisely what
20 you logically expect.
21 Q Thank you. I was thinking back to -- well,
22 I believe -- well, did you not get a list of the
23 fields available in the FDB, and tell us the ones from
24 which you wanted data?
25 A Pursuant to a technical conference in this

1 case, the Postal Service did provide me a list of FDB
2 fields; multiple Public Representative inquiries, as
3 well, I believe, APW filed interrogatories as well
4 regarding specific FDB fields that people would like
5 to have access to.
6 Q Was there not discussion involving use
7 subsequent to the technical conference about those
8 different addresses for facilities?
9 A That could have taken place. There were a
10 lot of discussions, and I don't remember if addresses
11 was one of them.
12 Q All right. Your Honor of 5 to 7, was that
13 to different sets of addresses, or was that the data
14 elements in a set?
15 A I am specifically thinking of that file, FDB
16 Core, and I believe it is CMN, that was provided in a
17 non-public library reference in one or two of the
18 Postal Service. That included fields that I
19 specifically remember, an address one and an address
20 two, a zip, zip plus four, all nine zips. That is at
21 least five fields.
22 And for some reason, I am thinking that
23 there might be another field or two that involved an
24 address there. Maybe State, but I would have to look
25 at it.

1 case, the Postal Service did provide me a list of FDB
2 fields; multiple Public Representative inquiries, as
3 well, I believe, APW filed interrogatories as well
4 regarding specific FDB fields that people would like
5 to have access to.
6 Q Was there not discussion involving use
7 subsequent to the technical conference about those
8 different addresses for facilities?
9 A That could have taken place. There were a
10 lot of discussions, and I don't remember if addresses
11 was one of them.
12 Q All right. Your Honor of 5 to 7, was that
13 to different sets of addresses, or was that the data
14 elements in a set?
15 A I am specifically thinking of that file, FDB
16 Core, and I believe it is CMN, that was provided in a
17 non-public library reference in one or two of the
18 Postal Service. That included fields that I
19 specifically remember, an address one and an address
20 two, a zip, zip plus four, all nine zips. That is at
21 least five fields.
22 And for some reason, I am thinking that
23 there might be another field or two that involved an
24 address there. Maybe State, but I would have to look
25 at it.

1 Q That's fine. That is exceptional detail.
2 Thank you. you are getting deeper than I can. I am
3 looking at your response to Interrogatory Number 17,
4 and your response begins at the bottom of the same
5 page on which the question is posed, and extends on to
6 a next page, and a bit on to a third page.
7 A Yes.
8 Q The sentence that starts at the bottom of
9 that second page, the full page, reads as follows:
10 "Furthermore, I focused the analysis on specific
11 portions of the Postal Service's proposal,
12 specifically low workload offices, to focus on the
13 offices for which reasonably reliable data." I think
14 that is an incomplete sentence.
15 A That sentence should conclude with "on the
16 offices for which reasonably reliable data was
17 available." Am I allowed to amend my earlier
18 statement regarding if I were to answer the questions
19 today that I would say the same thing?
20 Q Well, by answering the question in the
21 transcript, you have effectively done that.
22 A Fair enough.
23 Q In your response to Part B of this
24 Interrogatory, you indicate an understanding -- well,
25 I will read your response. "B: It is my

1 understanding that the FDB can be used for management
2 purposes, but it is not relied upon heavily for daily
3 operations." Is it your testimony that FDB is not
4 used for daily operations at all?
5 MS. FERGUSON: Objection. This question
6 really should have had an objection in front of it.
7 It actually right now is asking the witness to get
8 into the mind again of the Postal Service.
9 He doesn't know when it is used, and he
10 doesn't know how it is used, or why it is used. He is
11 analyzing the data that he is given from it, which
12 according to what I have understood, wasn't even the
13 data that -- all of the data that was requested.
14 So to ask him to determine when it is used,
15 I think that is better left to the Postal Service
16 rather than his conjecture.
17 MR. HOLLIES: My question, Madam Chairman,
18 is about his own sentence, and what he means by it.
19 The characterization that I read, including the words,
20 "but it is not relied upon heavily for daily
21 operations", contains an equivocation in the form of
22 heavily. So he clearly has some understanding of his
23 own words, and I am asking for that meaning.
24 CHAIRMAN GOLDWAY: I think the witness can
25 attempt to clarify his own sentence if that is all

1 that you are asking for.

2 THE WITNESS: The file that you provided me

3 involving FDB data columns was many, many pages long,

4 at least 30 or 40. I don't believe that the Postal

5 Service double-checks every single one of those data

6 columns every day to make sure that they are opening

7 or closing at the correct time, and taking lunch at

8 the correct hour.

9 But I am sure among those pages that you can

10 find at least one data column that is double-checked

11 every day to make sure that things are running as

12 planned. And the next sentence read, that this is

13 informed by the technical conference held by the

14 Postal Service in this docket, but which no transcript

15 is available, that technical conference was the basis

16 for my understanding.

17 If it was available, I would be able to --

18 you know, a one or two hour session does not give me a

19 complete understanding of how the FDB is actually

20 used, especially since that technical conference

21 focused on the data available within the context of

22 the information system, and not so much its operations

23 use.

24 BY MR. HOLLIES:

25 Q Thank you for that thorough answer. Looking

1 at your response to Part C, which is immediately
2 below, you state that you found multiple redundant
3 facilities, and many facilities with potentially
4 erroneous data. Did that data include latitude and
5 longitude errors?
6 A Yes, it did.
7 Q How could you know what was correct?
8 A A good example of this would be a double-
9 listed facility in the FDB, where one listing had a
10 latitude and longitude, and another had an address,
11 and I went on the Postal Service's webpage, at
12 whitepages.com, and found that both the zip code and
13 the address, and the latitude and longitude, between
14 the two fields, none of them are correct.
15 I assumed that the white pages was in fact
16 the correct library reference between that data was
17 later provided to us, and what I found on the website
18 matched what the application was. So I would have to
19 look up the specific example, but I did double-check
20 some of the data, and I did find specific problems as
21 is detailed in the question, response to the question.
22 (Pause.)
23 BY MR. HOLLIES:
24 Q Well, thankfully, I am done with that
25 question. Could you turn to Number 20. This

1 interrogatory asked you about your characterization of
2 the Postal Service retail network, and the foundation
3 for your understanding.
4 And the response to the main part of the
5 question simply says that you are unaware of a formal
6 Postal Service definition for the retail network. But
7 you haven't actually answered the question, which was
8 from what does your understanding arise.
9 A My understanding of the Postal Retail
10 Network is derived from my experience working on
11 postal matters. My response to the question basically
12 tries to say that if you go on usps.com, and type in
13 what is the retail network, I was unable to find
14 anything in the annual report, or any other Postal
15 Service produced reports that says the retail network
16 has these components, and has this cost.
17 So I considered the possibilities, and
18 decided on what I believed to be some reasonable
19 parameters.
20 Q How long have you worked at the Commission?
21 A My testimony says that I began working here
22 in 2009, but I do have Postal experience beyond that.
23 Q We asked you in some interrogatories looking
24 for a better understanding of simple details in your
25 testimony, and this interrogatory is an example of

1 that, and our questions arose because shall we say
2 those with more or with longer experience in postal
3 matters didn't entirely agree with you.
4 MS. FERGUSON: Objection, this is
5 commentary, not directed to -- at least it doesn't
6 appear to be directed to elicit any helpful
7 information, but more to comment on the witness'
8 testimony.
9 BY MR. HOLLIES:
10 Q And if counsel would have paused another
11 breathe, the question was coming. Are you familiar
12 with the domestic mail manual or the postal operations
13 manual?
14 A Generally, yes. I am sure that I have read
15 them at some point. I cannot say that I consulted the
16 domestic mail manual when I developed this testimony.
17 Q That answers my next question, too. Thank
18 you. In Parts C and D, in your responses to Parts C
19 and D of this question, you begin with the statement
20 that you are not an expert on Postal Service union
21 rules. What in those questions gave you reason to
22 think that union rules were implicated?
23 A Well, Questions C and D read -- well, C
24 reads what is your understanding of the relationship
25 between employees who work retail counters and those

1 putting mail in P.O. Boxes, and it is my understanding
2 that the same employee can perform both of those
3 activities.
4 But I believe that there are specifically
5 union rules that designate what kinds of employees can
6 perform those activities. I probably wouldn't have
7 answered that I am not an expert on union rules had
8 you only posed C, but it is my understanding in
9 regards to D, that movement of the mail has something
10 to do with mail handlers versus clerks, and the Postal
11 Service is certainly better aware of the relationship
12 between those employees than I am.
13 Q Okay. thank you. Please turn to Number 32.
14 Your response to Part D of this interrogatory was
15 commentary that I thought that you might want to add
16 to the responses to the previous parts and you did.
17 To what extent do you understand that the count of
18 people attending community meetings constitutes a key
19 metric relied upon by the Postal Service in
20 discontinuance studies?
21 A It is my understanding that the count of
22 persons who attend a meeting, or return the handout,
23 is how they post service
24 measures usage of a given post office, and it is my
25 opinion that geographical proximity may provide a

1 method for determining how many people use a post
2 office that doesn't depend upon who is available at
3 10:00 a.m. on a Monday.
4 Q Would you say that a Postal Service
5 discontinuance -- well, let me rephrase that. Is it
6 your understanding that a Postal Service final
7 determination -- that is, the decision that is the
8 result, or can be the result of a discontinuance
9 study, rests upon a quantified analysis?
10 MS. FERGUSON: Objection, not part of the
11 testimony. Outside of scope.
12 MR. HOLLIES: It is not outside the scope of
13 this answer to this question, and it is also within
14 the scope of the answers to the questions that he has
15 just provided.
16 MS. FERGUSON: I believe D mentions a
17 discontinuance meeting, which as I understand it is
18 part of the discontinuance review, but not part of the
19 final determination, or how the Postal Service
20 necessarily -- he is not speaking as to how the Postal
21 Service arrives at its particular final determination.
22 I believe it is outside the scope.
23 BY MR. HOLLIES:
24 Q I see where you are coming from. I can
25 rephrase my question. Mr. Klingenberg, do you see

1 yourself as an expert in forms of quantified analysis?
2 A Can you rephrase that for me.
3 Q Are you an expert in quantified analysis?
4 A I have performed many analyses in my
5 testimony.
6 Q And if I were to ask you to provide a yes or
7 a no answer, it would be?
8 A Quantified analysis is -- well, I am not
9 exactly sure what you mean by that term.
10 Q I wasn't trying --
11 A There are terms of art for what people do,
12 and I am not sure that falls into what I do.
13 Q Fair enough. I thought I was asking a
14 simple question, but understood. You answered my
15 question about whether the count of customers
16 attending a meeting was a significant metric by saying
17 that you thought that there was a better metric. Is
18 that fair?
19 A My response says that this relies on more
20 robust data than the P-101 procedures. Robust and
21 better are not necessarily the same.
22 Q Agreed. Would you like to explain?
23 A I think that the Postal Service could
24 evaluate both numbers.
25 Q Fair enough. Is it your understanding that

1 the discontinuance of a post office can be reduced to
2 a formula?
3 A I am not in a position to determine how Vice
4 President Granholm, as President Strong earlier stated
5 today, press the button.
6 MR. HOLLIES: Thank you. Thank you, Mr.
7 Klingenberg. That concludes my questions.
8 CHAIRMAN GOLDWAY: Thank you. Are there any
9 other questions for this witness?
10 MS. FERGUSON: I have one brief question.
11 Tracy Ferguson for the Public Representative.
12 CHAIRMAN GOLDWAY: Is this your opportunity
13 for recross, or is this -- I mean, redirect?
14 MS. FERGUSON: Yes, this is my redirect.
15 CHAIRMAN GOLDWAY: Well, maybe we should ask
16 the Commissioners if they have any questions first.
17 MS. FERGUSON: Oh, I apologize. We are
18 getting a little weary here. Does anyone have
19 questions for Mr. Klingenberg?
20 COMMISSIONER LANGLEY: I have just a couple
21 of questions relating to what you had described as
22 problems and limitations of the data, and it may have
23 been answered during this afternoon's session. So I
24 apologize if it has been answered, and then please say
25 so.

1 But in several places in your written
2 testimony, you describe as I said problems and
3 limitations of the data provided by the Postal Service
4 in this case. So I would like to ask you how these
5 data issues may have affected your analysis.
6 So, first, if you could just discuss whether
7 and how data problems may have affected the accuracy
8 or reliability, and if that is the case, do you
9 believe that this would influence the Commission's
10 consideration?
11 THE WITNESS: When the Public Representative
12 asked me to look at the information available, and
13 discern what I could from that information, the first
14 step is always is this information good information.
15 So what I would like to have seen was if
16 there are 3652 offices, the operating costs for all
17 the offices, the location for all the offices, the
18 revenue for all the offices, hopefully the costs
19 broken down by cost segment.
20 You know, a very informed and educated way
21 of looking at what the potential cost savings could
22 be, and maybe revenue broken down by some demographic
23 information to think about from a marketing
24 perspective, and what happens next if this post office
25 closes.

1 And as detailed in my testimony, the first
2 step was never really completed. The stations and
3 branches aspect of this proposal, I believe, is
4 woefully misunderstood. Well, it is not
5 misunderstood.
6 There is just a lack of understanding
7 because there isn't any information, and that is a
8 longstanding issue with the Postal Service's data
9 systems, where they don't collect information on
10 operating costs, and revenue information, by district
11 finance number for these stations and branches.
12 And as I have discussed ad nauseam here
13 today, in order to understand what the impact of a
14 change is, you have to understand what you are
15 starting with. So it is rather difficult, and I
16 believe by focusing on the low workload offices, the
17 majority of these offices have one person working, and
18 you know where they are.
19 The information is pretty well available if
20 only 200 are missing, and that is still -- that is
21 only a 90 percent accuracy rate, which if this were a
22 test of statistical significance, you might not do so
23 well, but it is a census data, and so it is not really
24 apples to apples.
25 But in general, it is my understanding that

1 many people on The Hill have said that if offices are
2 going to close, I need information on what the cost
3 is, and what the revenue is, and what the impact on
4 the Postal Service is, and I have not seen that here.
5 The Postal Service has said that they
6 expected to have an estimate of the savings on October
7 1st. Well, I believe they said October generally. At
8 the time, I understood it to mean October 1st, and now
9 it is October 18th, or the 17th, or whatever it is,
10 and that has not arrived yet. So it has made this
11 case difficult from the perspective of developing
12 testimony.
13 COMMISSIONER LANGLEY: So if you had had
14 additional information, you would have done exactly
15 what?
16 THE WITNESS: I would have done additional
17 workup. The Postal Service put together what they
18 claimed, or what they have stated will be the method
19 used to calculate the way that the economic savings of
20 closing a post office when they do their PO-101 study.
21 But I didn't have any of the data that went
22 into that, and so I couldn't -- you know, the way that
23 I have calculated operating costs in this instance is
24 a complete upper bound, and it is very possible that
25 we discussed with Witnesses Boldt and Granholm are you

1 going to include carrier savings when you switch from
2 retail access to no retail access.
3 And it is possible that even when the Postal
4 Service develops a cost savings number, if that comes
5 after the brief and this case is due, there will be no
6 real chance to evaluate whether that is the correct
7 way to go about measuring this, and whether the Postal
8 Service has accurately figured out what is going to
9 happen next.
10 And given the 10 percent change in access
11 that poses a difficult problem I think.
12 COMMISSIONER LANGLEY: Thank you very much.
13 CHAIRMAN GOLDWAY: Are there any other
14 questions?
15 VICE CHAIRMAN ACTON: Thank you, Madam
16 Chairman. Thank you, Mr. Klingenberg, for your
17 contribution to the record. Would you stipulate that
18 the general mission of this initiative is to optimize
19 the Postal Service retail access arrangement?
20 THE WITNESS: That term, optimize, has been
21 a difficult one in this case. The Postal Service
22 asked me what the basis for my use of the word
23 optimize in my testimony was. I found it in the title
24 of the initiative.
25 For me, for something to be optimal, it

1 needs to either improve things, or be the best
2 possible scenario of not making things worse, if that
3 is not too many words, but if the Postal Service is
4 going to reduce access, this goes to the idea of
5 Pareto efficiency, and it needs to do so in a way that
6 minimizes the losers.
7 You have winners and losers, and by reducing
8 access, it is possible that everybody wins. If you
9 save enough money to keep the Postal Service running
10 for another hundred years, then that is certainly a
11 reasonable idea.
12 But if you don't achieve that, and you
13 reduce access, you have created losers and possibly no
14 winners, and that seems less beneficial to me, or less
15 optimal.
16 VICE CHAIRMAN ACTON: Usually when you are
17 optimizing,
18 you are coping with a set of constraints and
19 variables?
20 THE WITNESS: That's correct.
21 VICE CHAIRMAN ACTON: And in your testimony,
22 you talk about standard proximities?
23 THE WITNESS: Yes.
24 VICE CHAIRMAN ACTON: Isn't that a
25 constraint or a variable that is applied differently

1 here than in the overseas post that you reference?
2 THE WITNESS: It does not appear that the
3 Postal Service has considered proximity, a proximity
4 constraint from the perspective of consumer demand in
5 their proposal here.
6 VICE CHAIRMAN ACTON: But what I mean is
7 that overseas posts may have this standard, but that
8 is a constraint that they have to incorporate into
9 their optimization efforts?
10 THE WITNESS: That's correct.
11 VICE CHAIRMAN ACTON: The Service on the
12 other hand here does not labor under that requirement,
13 or doesn't benefit from it, depending on your point of
14 view?
15 THE WITNESS: That's also correct.
16 VICE CHAIRMAN ACTON: But overseas posts do
17 have other constraints?
18 THE WITNESS: And fewer constraints. I
19 mean, some of those posts have open letter monopolies,
20 and so the Postal Service here has a letter monopoly,
21 and apparently no constraint, at least approximate
22 constraint to find in the law.
23 VICE CHAIRMAN ACTON: Frequency of delivery
24 perhaps?
25 THE WITNESS: There are many USO constraints

1 on the Postal Service.

2 VICE CHAIRMAN ACTON: And two of which from

3 the nations that you cite are allowed to change it as

4 the manager sees fit?

5 THE WITNESS: That's correct.

6 VICE CHAIRMAN ACTON: And raising rates,

7 don't the overseas posts pay rates considerably higher

8 than us for a single piece, first-class mail piece?

9 THE WITNESS: They do, and where there is

10 competition, it appears that there is no market for a

11 lower single piece rate.

12 VICE CHAIRMAN ACTON: And here we have a

13 rate cap?

14 THE WITNESS: We do.

15 VICE CHAIRMAN ACTON: Which the regulator

16 won't allow to be pierced?

17 THE WITNESS: Correct.

18 VICE CHAIRMAN ACTON: And how about the

19 provision of non-Postal Services overseas; financial

20 services, cell phones?

21 THE WITNESS: I believe that many of those

22 posts are allowed to compete in non-postal sectors.

23 VICE CHAIRMAN ACTON: So when you are

24 working to maximize system optimization, you have to

25 work with the constraints that you are able to

1 control, the levers in your charge?

2 THE WITNESS: That's correct.

3 VICE CHAIRMAN ACTON: And the Postal

4 Services here are different than what they are in

5 France or Canada?

6 THE WITNESS: That is a fair way of looking

7 at it. But when you optimize a network, you want to

8 end with the best possible result for the most

9 possible people. So while the Postal Service may not

10 have a constraint that legally requires them to have

11 99 percent of the population within, let's say, 10

12 kilometers, they are working within the constraint of

13 being -- the law asked to them to be a profit

14 maximizing business even given all the constraints.

15 VICE CHAIRMAN ACTON: Yes, they do.

16 THE WITNESS: So if you asked me whether

17 this has been an optimization initiative, the question

18 is, is the Postal Service going to end this initiative

19 better than it started it.

20 VICE CHAIRMAN ACTON: But the system here is

21 the United States Postal Service, and not just the

22 retail access element. There is a larger concern, and

23 the Postal Service is only able to change certain

24 elements of the system within its own control, and

25 this is one of them. Good or bad, this is one of

1 them.

2 THE WITNESS: And that is certainly true,
3 but if this initiative doesn't make the Postal Service
4 better off in the end, then it is not an optimization
5 initiative, and at this point the Postal Service has
6 not provided cost savings data. It has not said here
7 is the positive benefit to the Postal Service of doing
8 this.

9 So far it is clearly understood that there
10 will be a negative benefit to consumers, and then
11 possibly the Postal Service. I understand that many
12 of these locations don't generate a lot of revenue,
13 but the Postal Service is a more complex entity than
14 just the walk-in revenue at a small post office in a
15 small town.

16 The Postal Service operates an entire retail
17 network, and an entire monopoly product that is based
18 on people continuing to use the service, and it being
19 an important part of people's lives. And I understand
20 that that has become less so in recent years, but it
21 is not clear that this initiative balances that.

22 VICE CHAIRMAN ACTON: Thank you, Mr.
23 Klingenberg.

24 THE WITNESS: Thank you, Commissioner.

25 CHAIRMAN GOLDWAY: So if we are to

1 understand your perspective, Mr. Klingenberg, the
2 Postal Service has presented a plan, the end result of
3 which would be to reduce the number of post offices.
4 They are calling it an optimization plan,
5 but in your view, they really have not done the
6 analysis to determine what the optimum should be with
7 regard to either closing post offices, or creating a
8 balance in the network that is optimum for their
9 future.
10 THE WITNESS: That is a fair
11 characterization.
12 CHAIRMAN GOLDWAY: And the analysis that you
13 have done, you have indicated that it has some
14 limitations because you don't have the full database
15 that the Postal Service has available to it, but you
16 are suggesting these as possible alternatives; is that
17 correct?
18 THE WITNESS: that's correct.
19 CHAIRMAN GOLDWAY: So that when the
20 Commission looks at your testimony, we look at your
21 suggestions as not as the absolute solution to the
22 Postal Service problem, but as possible approaches?
23 THE WITNESS: Yes, and given that I was
24 unable to develop an independent analysis of estimated
25 savings, and only in upper bound for a percentage of

1 the RAOI offices, and given that I was unable to
2 include alternate access points in the proximity
3 analysis, that could also be viewed as something that
4 could be approved.
5 But I think that both of those methods of
6 analysis are important when determining what the
7 impact of the Postal Service's proposal will be.
8 CHAIRMAN GOLDWAY: Thank you. Commissioner
9 Taub.
10 COMMISSIONER TAUB: Yes. Just one question,
11 and following up on Commissioner Acton's line of
12 questioning, and thank you for your time this
13 afternoon as we wrap up. You engaged in some dialogue
14 with the Commissioner about the international example
15 that you had referenced in your testimony, and the
16 alternative ways of possibly analyzing the Post
17 Service's proposal here.
18 And we have heard several over the last
19 couple of days as well looking at demographics, and
20 looking at a variety of other distance issues, and
21 fuel cots. Commissioner Acton, as he had indicated
22 from the international standpoint, many of those
23 countries have very specific criteria that the postal
24 operators have to undertake in the statute.
25 And I had just wanted to clarify that you

1 are not suggesting that the Commission be looking at
2 imposing its perspective that really is the purview of
3 Congress to enumerate specificity that may not exist
4 in the statute right now?
5 THE WITNESS: Yes, and the reason that I
6 included that analysis in my testimony was not so much
7 that the Commission clearly could say that we might
8 think that this distance is reasonable, and this
9 distance is not reasonable, but it clearly is within
10 the purview of Congress to determine that geographic
11 proximity.
12 And as recently as I have said earlier,
13 Senator Tester, I believe, has introduced a kind of
14 distance metric into a current bill, and I thought
15 that it might be helpful for the postal community
16 going forward to keep in mind that we can accurate
17 measure, or a least try to measure, postal access.
18 And maybe define the scope of statutes as
19 accurately and narrowly as possible to avoid future
20 difficulties in interpreting Congress' intent.
21 COMMISSIONER TAUB: I appreciate that.
22 Certainly looking at this from a Commission
23 perspective, we have to go with Title 39 as enacted,
24 and before us today. But thank you.
25 VICE CHAIRMAN ACTON: Madam Chairman,

1 please.

2 CHAIRMAN GOLDWAY: Sure. We have had a long

3 day, but you certainly had a right to ask questions.

4 VICE CHAIRMAN ACTON: I am as eager as you

5 are I did not -- and I think you know this, and for

6 the sake of the record, my reference to proximities

7 wasn't because I think that it is a good or a bad

8 ideal necessarily.

9 But if I am asking to give some thought to

10 that, and I might in the context of this docket, then

11 I will. But I think that I was just trying to speak

12 to my larger concerns. And I know that this is not

13 going to be part of what we do in this particular

14 instance.

15 This filing will be resolved on the facts of

16 the case at hand, but there is a lot of moving parts

17 to this that I have to keep in mind, and I think that

18 I have expressed them for the record here today just

19 for the benefit of your feedback, because I do respect

20 your opinion, and I am glad to have it.

21 THE WITNESS: It is 4:11 now, and it has

22 been a long day, and I believe that was the most

23 complex question that I have been handed today, and so

24 I apologize if I was not able to keep all the moving

25 parts in my mind coherently.

1 And I agree that you can't look at retail
2 optimization in a bubble. The Postal Service is going
3 through an unprecedented period right now, but many
4 people today, I believe, and President Strong pointed
5 out quite clearly earlier, that if $200 million is the
6 final number, the balance of $200 million, versus a 5
7 or 10 percent reduction in access, may not be
8 something that is good for the Postal Service in the
9 long run.
10 And it is something that does need to be
11 very carefully considered, and I am confident that the
12 Commission will do an excellent job of just that.
13 CHAIRMAN GOLDWAY: Thank you. Now, Ms.
14 Ferguson, do you have another question?
15 MS. FERGUSON: And I apologize for not
16 following proper procedure. I have no further
17 questions.
18 MR. HOLLIES: Madam Chair, I do have one
19 followup.
20 CHAIRMAN GOLDWAY: Sure.
21 RECROSS-EXAMINATION
22 BY MR. HOLLIES:
23 Q You said earlier that you began work here in
24 2009. Does that mean that you did or did not work on
25 the SBOC docket?

1 A I did not work on the SBOC docket to my
2 recollection.
3 MR. HOLLIES: Thank you.
4 CHAIRMAN GOLDWAY: That was your question?
5 That was easy. Okay. So, it appears that we have
6 concluded the public hearing with regard to the
7 participant testimony. I will excuse you, Mr.
8 Klingenberg, from the witness stand, and thank you for
9 your participation, and your contribution to the
10 record.
11 (Witness excused.)
12 CHAIRMAN GOLDWAY: We have a question from
13 the Postal Service?
14 MR. TIDWELL: Not any question. But, Madam
15 Chairman, just in case it is not otherwise established
16 in a pleading today, the Postal Service wants to make
17 clear on the record today that it intends to file
18 rebuttal testimony in this docket.
19 CHAIRMAN GOLDWAY: You just took my question
20 from me. I was going to ask that question to make
21 sure when we adjourn this meeting that we know clearly
22 that we are going to see one another again, and what
23 is the hearing date? October 28 at 9:00 a.m. we will
24 have the surrebuttal hearing on the RAOI initiative.
25 I want to thank everyone for their

1 attendance, and their interest in this issue, and look
2 forward to the written materials that will result from
3 this hearing, and in anticipation of the next one.
4 Thank you.
5 COMMISSIONER TAUB: Madam Chairman, just to
6 clarify, Commissioner Langley and I believe that it
7 is actually October 24th that we are having the
8 hearing. I believe you said the 28th.
9 CHAIRMAN GOLDWAY: I was taking it from our
10 counsel.
11 COMMISSIONER TAUB: Counsel, have we changed
12 the dates?
13 COMMISSIONER LANGLEY: Okay. I think there
14 is --
15 CHAIRMAN GOLDWAY: Okay. There was some
16 adjustment earlier to deal with the transfer of
17 extensions from the Postal Service.
18 COMMISSIONER LANGLEY: The Commissioners
19 have it on their calendar on a wrong date then. Thank
20 you.
21 CHAIRMAN GOLDWAY: That can be fixed.
22 (Whereupon, at 4:16 p.m., the hearing in the
23 above-entitled matter was concluded.)
24 //
25 //

REPORTER'S CERTIFICATE

DOCKET NO.: N2011-1

CASE TITLE: Retail Access Optimization Initiative

HEARING DATE: 2011 10/18/11

LOCATION: WPC

I hereby certify that the proceedings and evidence are contained fully and accurately on the tapes and notes or digital recording reported by me at the hearing in the above case before the Postal Regulatory Commission.

Date: 10/18/11

Gabriel Gheorghiu

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