

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

RETAIL ACCESS OPTIMIZATION
INITIATIVE, 2011

DOCKET NO. N2011-1

INITIAL BRIEF OF DAVID B. POPKIN

November 4, 2011

Respectfully submitted,

N20111BRIEF

DAVID B. POPKIN, POST OFFICE BOX 528, ENGLEWOOD, NJ 07631-0528

The Postal Service has requested expedited action in this Docket. As a result, the Commission shortened many of the scheduled dates and also reduced the time for the response to be made to Interrogatories from the normal 14 days to 7 days. Even so the Postal Service took over the 7 days for many Interrogatories and as long as 40 days to respond to one of my Interrogatories.¹

There are still a number of Motions that I have made which still have not been acted on by the Commission. I wonder if the comment made by Vice Chairman Acton at the last Commission meeting that the volume of "A Cases" could be affecting the Commission's efforts in other Dockets such as this one applies.

These delays and/or inactions not only have the obvious direct effect on the ability of participants to pursue their case but also have an indirect effect. For example, if an interrogatory response that was due to be made prior to the expiration of discovery was not made until after that date, the ability to react to that response with additional discovery that was not a direct follow-up would not be permitted.

¹ Interrogatory DBP/USPS-72 filed on September 7, 2011, and responded to on October 17, 2011

On September 14, 2011, I filed a Motion ² to have the Postal Service refile its Library Reference to show, among other entries, the number of Post Office Boxes in use at various facilities. I wanted to evaluate the data to determine whether a given facility that was slated to absorb the box holders of a nearby discontinued facility would have the capacity to do so. ³

Many of the Library References filed by the Postal Service sorted the facility listings by the redacted Finance Number of the facility. For those participants who have to deal with the public versions, the data is somewhat confusing. I also have some question on the reliability of the Postal Service's Library Reference. For example, one Library Reference showed incorrect District Names as noted below:

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO POPKIN INTERROGATORY
DBP/USPS-74**

Please refer to your Library Reference USPS-LR-N2011-1/13 and the corresponding non-public version NP8.

[a] Please advise the method by which the entries have been sorted.

[b] The entries do not appear to be consistently correct. For example, on page 52 it shows entries for PM Central Islip / Fort George / PVDCranston Finance Unit as being in the Northern NJ PFC when they are located in NY, NY, and RI. That worksheet is PART of the data used to answer the request to provide a count of offices by CAG (Cost Ascertainment Group). Please explain what appears to be an obvious error in these three entries and also please discuss the validity of the remaining entries.

[c] Please explain the criteria for an office being categorized in each of the CAG levels.

RESPONSE

(a) The entries were sorted on the basis of the Facility ID number from the Facilities Data Base, which was redacted.

(b) The sort by CAG is correct. The columns for Area and District were not used in the sort because they were extraneous to the data sort needed to

² David B. Popkin Motion Number 12 and David B. Popkin Motion Number 13 filed on September 26, 2011.

³ For example, if Facility A had 500 post office boxes installed of which 400 were already rented and Facility B was being discontinued and was supposed to be "absorbed" by Facility A had 200 post office box holders, either it would not be possible to accommodate all of the additional customers or it would require the installation of additional boxes at Facility A at a cost. Furthermore, the different size boxes available and in use would be a concern.

answer the question and should not have accompanied the summary worksheet that reflects the number of offices by CAG and the aggregate CAG percentage total. Please continue to rely on other Library References for Area and District affiliations.

(c) Cost Ascertainment Group levels are based upon revenue unit *classification*. As of October 1 of each year, Post Offices are categorized through a cost ascertainment grouping (CAG) process based on allowable postal revenue units for the second preceding fiscal year as follows:
One revenue Unit is \$387.55

- (1) CAG A–G. Post offices having 950 or more revenue units.
- (2) CAG H–J. Post offices at least 190 but fewer than 950 revenue units.
- (3) CAG K. Post offices having at least 36 but fewer than 190 revenue units.
- (4) CAG L. Post offices having fewer than 36 revenue units.

The Library Reference had obvious errors and when informed of the errors, the Postal Service simply just disregarded the information and let the incorrect Library Reference stand.

The distances provided to the nearest neighbor also appeared to have unreliable instances as noted below:

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN
DBP/USPS-73**

Please refer to your Library Reference USPS-LR-N2011-1/12 and the corresponding non-public version NP7.

[a] Please explain how the distances were calculated.

[b] Is the distance shown the distance FROM the facility being discontinued TO the replacement facility or is it the reverse? There appears to be different distances due to one way streets,

[c] If the nearest replacement office was originally calculated using airline distances, has it been reevaluated to see that it is still the nearest facility when the distances have been converted to driving distances? If not, why not?

[d] I have checked two entries in the Library Reference using www.mapquest.com and I arrived at different distances than shown in the

Library Reference.

Englewood Annex 07631 [55 Smith Street] to Englewood Main Office 07631 [77 Engle Street] = Mapquest 1.17 / 1.26 reverse miles / Library Reference 0.9 miles

River Road Fair Lawn 07410 [12-44 River Road] to Fair Lawn Main Office 07410 [14-24 Abbott Road] = Mapquest 1.11 miles / Library Reference 0.1 miles.

Please explain the discrepancy for these two entries and please discuss the validity of the remaining entries.

RESPONSE

(a) Through the utilization of readily available mapping resources such as www.uspswhitepages.com, driving atlases, or local postal records.

(b) No records have been maintained to indicate whether the calculation in each case was from A to B or from B to A.

(c) As numerous interrogatory responses have made clear, the "as the crow flies" distance was used solely for the purpose of creating the pools of station, branch and annex candidates that are part of the ROA Initiative. For purposes of facility-specific USPS Handbook PO-101 discontinuance review, driving distance will be used to determine the proximity of the retail location nearest the one being studied for discontinuance. Accordingly, no purpose would be served by seeing how that latter distance might compare to the former distance.

(d) Different mapping software programs -- such as MapQuest, Google and Microsoft Bing -- calculate driving distances using different methodologies and, therefore, can produce different estimates of distance between the same points. The fact that one might use Mapquest, for example, to produce driving distance estimates for two origin-destination points that vary from those produced by Bing, for example, validates this observation.

These were problems that were observed with an evaluation. The Commission and the participants should be able to trust the data provided by the Postal Service.

If there are changes in the Postal Service's case as noted by the Postmaster General, the Postal Service should make the appropriate update on the record as noted below:

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

DBP/USPS-76 In the hearing before the United States Senate Committee on September 6, 2011, the Postmaster General stated several times that the

revenue cutoff for use in the current Docket was \$20,000 rather than the \$27,500 figure that was previously provided by the Postal Service. Does this require the filing of updates by the Postal Service as required by the Commission's Rules? If not, what was the significance of his testimony?

RESPONSE

No update is required by any Commission rule under the circumstances. The significance of that aspect of the Postmaster General's Congressional testimony is that it proves, despite carrying the weight of the postal world on his shoulders, that like his predecessors, he is a mere mortal and does not have perfect recall of every bit of postal minutiae at the tip of his tongue twenty four hours a day.

The Postal Service is requesting the Postal Regulatory Commission to provide an advisory opinion on the optimizing of retail access. They adopted a top-down policy with various criteria being evaluated. If they are not able to provide any details on why certain facilities have been removed from The List, how can the Commission provide the best possible Advisory Opinion? See the response to Interrogatory DBP/USPS-82 as follows:

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

DBP/USPS-82 Please refer to Library Reference USPS LR N2011-1/11 filed on September 21, 2011. For each of the facilities no longer under consideration for discontinuance review, please advise the condition or conditions that led to that decision. The response should be facility specific and not generalities why the group of facilities was placed on the list.

RESPONSE

As was the case in the Station and Branch Optimization and Consolidation Initiative reviewed in Docket No. N2009-1, the Postal Service does not require local Retail Access Optimization Initiative discontinuance coordinators to systematically record such information as they perform preliminary analysis that leads them to narrow down the candidate pool and eliminate facilities from further consideration. Accordingly, under the circumstances, the Postal Service can offer the following:

Assuming each district was operating at the same pace in examining candidates, the first candidates to drop would likely be those for which it could be summarily determined that the facility was extremely isolated and alternate postal retail locations were virtually inaccessible to the community the candidate facility served. Not surprisingly, such circumstances are most likely to exist in the state of Alaska. Accordingly,

Alaska facilities or those isolated by themselves on small islands in other states might drop off the list most rapidly without the need for more thorough analysis or a full-blown discontinuance study. In other circumstances, the existence of a cluster of relatively close candidate facilities might lead to a local determination to eliminate from further consideration the one facility in the cluster most isolated from the others, especially if it appeared to have the least promising prospects for developing alternate access opportunities.

Additional factors that may lead to a facility being dropped from consideration relatively early during a top-down initiative without the need for a full-blown study could include existing leasehold obligations, the lack of space in a nearby gaining facility to accommodate the transfer of Post Office Box and other retail operations, or factors that surface during consideration of public input.

The Postal Service has chosen a number of revenue values to use in their evaluation of those facilities to make the study list. Having the finance data available without having to go through the access procedures and the subsequent restrictions and procedures would help evaluate the validity of the arbitrary finance values for consideration. Without the revenue data it is not possible to fully evaluate the appropriateness of the revenue values chosen by the Postal Service for the facilities that have been placed on the list. It would appear that the Postal Service backed into their choice of revenue values to achieve what they perceive to be the desired result.

The use of walk-in revenue as opposed to total revenue can lead to conditions that are not representative of the actual activity at a facility. Revenue is revenue and should be counted. Walk-in revenue is only a part of the activity of a postal facility and the other activity should enter into the decision to discontinue a facility..

Another distortion to the total revenue at a specific facility is now caused by the consolidation of Business Mail Entry Units ["BMEU"]. For example, a business mailer in Englewood, New Jersey, is now required to bring the mail to the BMEU at Paramus, New Jersey.

Some examples are noted in Interrogatory DBP/USPS-30 as follows:

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORY OF DAVID POPKIN **DBP/USPS-30** Please refer to your attached chart in response to Interrogatory DBP/USPS-13.

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

RESPONSE

- (a) Permit imprint and precancelled (P&P) stamp mailings are bulk entry transactions for which there is relatively little acceptance workload in relation to the high dollar value of the bulk mailing. Counting this mail as walk-in retail would skew the assessment of walk-in revenue per hour. Metered mail can be entered in bulk or at retail. As a matter of convention, for purposes of earned workload, metered mail is counted as walk-in revenue, despite the fact that some metered mailings may, to some degree, be "similar" to permit imprint and precancelled stamp mailings. Otherwise, making a change to count P&P transactions as retail or all metered mail as commercial would skew comparisons to historical data, productivity and revenue trends.
- (b) The same general considerations as discussed in response to subpart (a) come into play. Also, commercial postage revenue is often paid at a facility different from the one at which the mail is accepted and where work is performed.
- (c) The objective is to measure walk-in retail workload via transactions that require interaction with or activity by retail window personnel who perform work associated with the mail or service in question. Transactions conducted via an APC do not fall within that category.
- (d) See the response to subpart (c).

The Postal Service is utilizing the availability of alternate access points. As noted in the chart in the response to Interrogatory DBP/USPS-6, there are different levels of service provided at each type. If I need a booklet of 20 Forever Stamps, it's nice to know that I can get them at my local supermarket rather than having to go to my local post office. However there are many services that I would have to visit an independent post office or classified branch/station.

Another problem that I have with the Postal Service's choice of criteria is that only stations and branches were chosen for the categories of other than small offices. For example, in Bergen County, New Jersey, there are two adjoining municipalities, Lodi [07644] and Hasbrouck Heights [07604]. Each of these municipalities has a post office to serve its needs, however, because Hasbrouck Heights is a branch of the Hackensack post office, while Lodi is an independent office, Hasbrouck Heights was evaluated and met the requirements for inclusion on the list to be studied while Lodi was not evaluated. Stations and Branches that serve independent municipalities should be excluded from the evaluation.

The use of the name of a Village Post Office is really a misnomer. It really is just a publicity gimmick to get customers to be less concerned with the loss of their "real" post office. The only services that are available would be to sell booklets of 20 Forever Stamps or to mail prepaid flat rate envelope/box. The VPO doesn't even need to have a scale since it really would be hard to have a flat rate envelope/box to weigh 70 pounds. It also does not allow a mailer to take advantage of the NON-flat rate Priority Mail boxes when their postage rate is less than the similarly sized flat rate box. Unless a blue collection box is installed, it won't even be possible to mail a letter at a VPO. In any case a mailer who has a non-flat rate mailpiece over 13 ounces ⁴will not be able to mail it at a VPO even if there is a blue collection box and the mailer is aware of the proper postage and has the necessary postage.

The Postal Service was unable to provide a response as to the PERCENTAGE [as opposed to dollar revenue] of transactions that can only be conducted at an independent post office or classified branch/station. In the screening process all of the alternate access facilities were considered equally. See Interrogatory DBP/USPS-78 as follows:

RESPONSE OF THE UNITED STATES POSTAL SERVICE

⁴ Due to the aviation security requirement

TO INTERROGATORY OF DAVID POPKIN

DBP/USPS-78 Please refer to your response to Interrogatory DBP/USPS-69.

For each of the different categories of facilities that are being studied for discontinuance or consolidation, approximately what percentage of the transactions that take place would still be able to be transacted at each of the different types of alternate access facilities being considered?

I am not interested in the ratio of TYPES of transactions [as indicated by a check mark] but I am interested in the NUMBER of transactions. For example, if one is to consider the discontinuance of an independent post office and its replacement by a stamp consignment location. Assume that for a given period of time the independent post office conducted a total of one hundred customer transactions. These consisted of fifteen transactions of selling booklets of twenty Forever stamps [the only transaction type that can be accomplished at a stamp consignment location], twenty transactions of selling 29¢ post card stamps, and the remaining sixty-five transactions of accepting Media Mail parcels. In this case 15% of the transactions conducted at an independent post office can be transacted at a stamp consignment location since 15 transactions could be completed out of a total of 100 transactions.

RESPONSE

The clarification attached to this question confirms that the original request does not articulate a question to which the Postal Service is able to respond. Based on the response to DBP/USPS-6 and other interrogatories, it is abundantly selfevident that the overwhelming majority of postal retail transactions are stamp purchases; and that a full range of postage denominations can be purchased at postal retail locations compared to the more limited options at various alternate access channels. While it would be unconventional, parties in this docket are free to treat the entry of mail under every different retail price category in the Mail Classification Schedule and the purchase of stamps at every existing postage denomination as "distinct retail transactions" for purposes of tallying differences between the number of "distinct retail transactions" that can be conducted at a Post Office vs. a Village Post Office, for example, and for calculating the ratio of Post Office to VPO "distinct retail transactions." Putting aside apparently vast differences of opinion regarding the value of such an exercise, it does not require an expenditure of postal resources to conduct. Accordingly, there should be no expectation of an expenditure of postal resources to perform that exercise. Sufficient information in the Domestic Mail Manual, in response to DBP/USPS-6 and to other interrogatories is available for the desired percentage estimates to be calculated by those who consider that such data will materially inform the Commission in the exercise of its advisory responsibilities in this docket.

Another statement made by the Postal Service is that if Facility A is discontinued, the customer may find that Facility B is a better facility than Facility A for whatever reason[s]

that may be. If Facility B was a better facility, the customer would already be utilizing it and not be forced to use it by the discontinuance of Facility A. The Postal Service indicates that customers who are forced to use a new facility because of the discontinuance of their facility will be able to combine the new trip with other errands that they have. Picking up one's mail would occur more frequently, in most cases, than trips made for food shopping, banking, medical appointments, etc.

It is important to make every effort to allow customers to keep their full existing address in the event of the discontinuance of their facility. If a customer's address is PO Box 123, Jonesville NJ 07634 and Jonesville is discontinued and Smithville takes over the delivery of the mail, the customer should be allowed to keep their full PO Box 123, Jonesville NJ 07634 address and just have the mail sent to Smithville by the P&DC. Requiring a customer to change their mailing address is a major inconvenience and should be avoided if there is any way to do so. That is similar to the recent change by the Federal Communications Commission with their rule change that allows customers keep their cell phone number if they change providers.

Another concern is that a customer whose address has been changed and who is required to complete a change of address order will find that not all of the mail addressed to the old address will be forwarded to the new address even though the change was due to the action of the Postal Service. There appears to be no difference in the mail forwarding process between a "regular" Change of Address order caused by an actual move and a Change of Address Order caused by the action of the Postal Service as a result of the discontinuance of a facility. Furthermore, there will be a delay in the receipt of mail due the forwarding process.

When calculating the distances to the nearest neighbor, the Postal Service should use driving distance and not airline miles. In many cases there are significant disparities between the two due to such conditions as mountains, bodies of water, highways, one way roads, etc. Also types of roads and traffic should be taken into account.

It should be noted that there is a great disparity between the various Districts and Areas that provide retail window service on Saturday. For the entire country, 83% of the facilities have Saturday service while the Districts vary between 23% and 99% having Saturday service. This should be taken into account such as when a facility has window service on a Saturday is being discontinued and the nearest neighbor does not. See Interrogatory DBP/USPS-16 as follows:

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN DBP/USPS-16**

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

[a] Given that Saturday has a lesser retail service than a weekday, has this been taken into account in determining whether alternate access sites are available on Saturday.

[b] If not, why not?

[c] If so, please explain.

[d] Please provide a tabulation showing the percentage of postal facilities that have retail window service on Saturday broken down by District, Area, and nationwide.

RESPONSE

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

(d) See the attachment to this response.

**Area District
% of offices with
retail window hours
but not open
Saturday**

CAPITAL METRO (K) ATLANTA 13%
CAPITAL METRO (K) BALTIMORE 7%
CAPITAL METRO (K) CAPITAL 23%
CAPITAL METRO (K) GREATER SO CAROLINA 14%
CAPITAL METRO (K) GREENSBORO 24%
CAPITAL METRO (K) MID-CAROLINAS 47%
CAPITAL METRO (K) NORTHERN VIRGINIA 7%
CAPITAL METRO (K) RICHMOND 19%
CAPITAL METRO (K)Total 21%

EASTERN (C) APPALACHIAN 5%
 EASTERN (C)
 CENTRAL
 PENNSYLVANIA 2%
 EASTERN (C) CINCINNATI 4%
 EASTERN (C) KENTUCKIANA 3%
 EASTERN (C) NORTHERN OHIO 3%
 EASTERN (C)
 PHILADELPHIA
 METROPO 10%
 EASTERN (C) SOUTH JERSEY 3%
 EASTERN (C) TENNESSEE 7%
 EASTERN (C) WESTERN NEW YORK 2%
 EASTERN (C)
 WESTERN
 PENNSYLVANIA 3%
 EASTERN (C) Total 4%
 GREAT LAKES (J) CENTRAL ILLINOIS 2%
 GREAT LAKES (J) CHICAGO 22%
 GREAT LAKES (J) DETROIT 6%
 GREAT LAKES (J) GATEWAY 4%
 GREAT LAKES (J) GREATER INDIANA 1%
 GREAT LAKES (J) GREATER MICHIGAN 7%
 GREAT LAKES (J) LAKELAND 2%
 GREAT LAKES (J) Total 4%
 NORTHEAST (B) ALBANY 1%
 NORTHEAST (B) CARIBBEAN 6%
 NORTHEAST (B) CONNECTICUT VALLEY 5%
 NORTHEAST (B) GREATER BOSTON 9%
 NORTHEAST (B) LONG ISLAND 3%
 NORTHEAST (B) NEW YORK 30%
 NORTHEAST (B)
 NORTHERN NEW
 ENGLAND 1%
 NORTHEAST (B)
 NORTHERN NEW
 JERSEY 12%
 NORTHEAST (B) TRIBORO 20%
 NORTHEAST (B) WESTCHESTER 2%
 NORTHEAST (B) Total 5%
 PACIFIC (F) BAY VALLEY 48%
 PACIFIC (F) HONOLULU 32%
 PACIFIC (F) LOS ANGELES 48%
 PACIFIC (F) SACRAMENTO 72%
 PACIFIC (F) SAN DIEGO 47%
 PACIFIC (F) SAN FRANCISCO 71%
 PACIFIC (F) SANTA ANA 47%
 PACIFIC (F) SIERRA COASTAL 51%
 PACIFIC (F) Total 56%
 SOUTHWEST (G) ALABAMA 11%
 SOUTHWEST (G) ARKANSAS 11%
 SOUTHWEST (G) DALLAS 72%
 SOUTHWEST (G) FT WORTH 56%
 SOUTHWEST (G) HOUSTON 35%
 SOUTHWEST (G) LOUISIANA 45%
 SOUTHWEST (G) MISSISSIPPI 31%
 SOUTHWEST (G) NORTH FLORIDA 10%
 SOUTHWEST (G) OKLAHOMA 25%

SOUTHWEST (G) RIO GRANDE 25%
SOUTHWEST (G) SOUTH FLORIDA 30%
SOUTHWEST (G) SUNCOAST 29%
SOUTHWEST (G) Total 29%
WESTERN (E) ALASKA 41%
WESTERN (E) ARIZONA 35%
WESTERN (E) CENTRAL PLAINS 4%
WESTERN (E) COLORADO/WYOMING 4%
WESTERN (E) DAKOTAS 13%
WESTERN (E) HAWKEYE 10%
WESTERN (E) MID-AMERICA 4%
WESTERN (E) NEVADA SIERRA 53%
WESTERN (E) NORTHLAND 7%
WESTERN (E) PORTLAND 77%
WESTERN (E) SALT LAKE CITY 24%
WESTERN (E) SEATTLE 47%
WESTERN (E) Total 19%
Grand Total 17%

The cost savings involved with the potential discontinuance of an office should be evaluated. After all, why should hundreds or even thousands of customers be inconvenienced and incur potential additional cost just so the Postal Service can potentially save a small amount of money. See Interrogatory DBP/USPS-18 as follows:

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN
DBP/USPS-18**

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

RESPONSE

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

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

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

The Commission should consider my comments in formulating their Advisory Opinion in the Docket.