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C O N T E N T S

WITNESSES APPEARING:
JEFFREY C. DAY

<u>WITNESSES:</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>	<u>VOIR DIRE</u>
Jeffrey C. Day					
By Ms. Brownlie	10	--	321	--	--
By Ms. Holmes	--	141	--	--	--
	--	256	--	--	--
By Ms. Mittleman	--	211	--	--	--
	--	257	--	--	--
	--	--	--	323	--
	--	--	--	327	--
By Mr. Costich	--	238	--	--	--

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Corrected designated written cross-examination of United States Postal Service and United States Postal Service responses to Presiding Officer Information Request, USPS-T-1	44
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E X H I B I T S

<u>EXHIBITS AND/OR TESTIMONY</u>	<u>IDENTIFIED</u>	<u>RECEIVED</u>
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Designated cross-examination of Jeffrey C. Day on behalf of United States Postal Service, USPS-T-1	13	13
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P R O C E E D I N G S

(9:34 a.m.)

CHAIRMAN GOLDWAY: Ladies and gentlemen, I'd like to call this meeting to order. I am Ruth Goldway, Chairman of the Postal Regulatory Commission, but in this docket, N2012-2, the Presiding Officer is Vice Chairman Nanci Langley, so for this hearing I am going to pass the gavel over to Vice Chairman Langley and she will continue with the proceedings.

VICE CHAIRMAN LANGLEY: Thank you, Chairman Goldway, and good morning. This hearing of the Postal Regulatory Commission for July 11, 2012, will come to order.

In today's hearing, the Commission will receive Postal Service evidence in support of its Post Office Structure Plan or POSTPlan as it's also known. The Commission will evaluate this evidence when considering the Postal Service's request for an advisory opinion on Docket No. N2012-2.

For the record, I am Vice Chairman Nanci Langley of the Postal Regulatory Commission and Presiding Officer of the docket. Joining me on the dais this morning are Chairman Goldway, Commissioner Acton, Commissioner Hammond and Commissioner Taub.

I also wish to thank the Intervenors for

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1 their participation in the docket and welcome those
2 who are joining us today both in the audience and
3 online. In addition, I would like to thank Witness
4 Day and the Postal Service for providing timely
5 responses to the interrogatories that have been
6 submitted.

7 I would now like to give my colleagues an
8 opportunity to offer any welcoming thoughts or opening
9 remarks they may have. I'll begin with Chairman
10 Goldway.

11 CHAIRMAN GOLDWAY: I was just thinking how
12 nice it is that I don't have to give any comments or
13 take charge of this hearing, but I do want to say that
14 the matter of retail service to average citizens,
15 especially in rural areas, is something that's very
16 important to me, and I appreciate the interest in this
17 case and the diligence with which the Presiding
18 Officer has developed the record. I will listen very
19 carefully.

20 VICE CHAIRMAN LANGLEY: Thank you, Chairman
21 Goldway. Commissioner Acton, do you have any remarks
22 at this time?

23 COMMISSIONER ACTON: Vice Chairman Langley,
24 I just want to thank you for your fine work and
25 leadership on this docket. It's been a great pleasure

1 to have you in the Presiding Officer role, and I look
2 forward to today's proceedings. Thank you.

3 VICE CHAIRMAN LANGLEY: Thank you. I take
4 all compliments. Commissioner Hammond?

5 COMMISSIONER HAMMOND: Thank you. Like the
6 Chairman said, retail postal service to customers is
7 very important and we care a lot about what the Postal
8 Service is doing in this regard also, so I look
9 forward to the information we're going to get today as
10 we get ready to go forward. Thanks.

11 VICE CHAIRMAN LANGLEY: Thank you. And
12 Commissioner Taub?

13 COMMISSIONER TAUB: That's okay.

14 VICE CHAIRMAN LANGLEY: All right. We
15 appreciate that.

16 We will begin with a few procedural matters.
17 Hard copies of materials identified for designation as
18 written cross-examination by participant Elaine
19 Mittleman were not received in time to be incorporated
20 into the designation packets for today's hearings.
21 After the designation packet has been entered into the
22 record, we will provide an opportunity for Ms.
23 Mittleman to move to designate the additional
24 materials as written cross-examination to Witness Day.

25 There has been no indication that a closed

1 hearing will be necessary today. It is the
2 responsibility of counsel to alert me if this
3 circumstance changes. If it becomes necessary, a
4 closed session will be convened at the end of the day
5 to consider materials filed under seal.

6 I would also like to remind those in the
7 audience today that this hearing is being web
8 broadcast, so to reduce potential confusion for
9 listeners I would ask that counsel wait to be
10 recognized before speaking and please identify
11 yourselves when speaking. Once you are recognized,
12 please speak clearly so that our microphones may pick
13 up your remarks, and do press the button where it says
14 Push each time you speak.

15 Briefly, our process for entering testimony
16 into the record is as follows: We will first call
17 Witness Day and allow the Postal Service to enter his
18 written testimony into the record. The Commission
19 will then receive the designated written cross-
20 examination and will enter that into the record.

21 We will then provide an opportunity for Ms.
22 Mittleman to move to designate the additional
23 materials as written cross-examination to Witness Day.
24 After that, we will allow for oral cross-examination
25 of Witness Day, and once oral cross-examination is

1 concluded the Postal Service will be given the
2 opportunity to conduct redirect examination.

3 I would also like to remind the participants
4 that the close of business today is the deadline for
5 filing a notice of intent to file rebuttal testimony.
6 The Commission will issue a procedural schedule once
7 it has determined whether any participant wishes to
8 file rebuttal testimony.

9 That concludes the procedural matters that
10 I'm aware of. Does any participant have any
11 procedural matters to raise at this time?

12 (No response.)

13 VICE CHAIRMAN LANGLEY: Thank you. We have
14 one witness who is scheduled for today, Jeffrey Day.
15 Before we proceed with the testimony of Witness Day, I
16 ask that counsel for the Postal Service please
17 identify themselves for the record.

18 MS. BROWNLIE: Good morning. Carrie
19 Brownlie for the Postal Service.

20 MR. NUSBAUM: Keith Nusbaum for the Postal
21 Service.

22 VICE CHAIRMAN LANGLEY: Thank you very much.
23 And will you identify your witness so I may swear him
24 in?

25 MS. BROWNLIE: Thank you, Madam Presiding

1 Officer. We call Jeffrey Day to the stand.

2 VICE CHAIRMAN LANGLEY: Mr. Day, will you
3 please stand?

4 Whereupon,

5 JEFFREY C. DAY

6 having been duly sworn, was called as a
7 witness and was examined and testified as follows:

8 VICE CHAIRMAN LANGLEY: Thank you. You may
9 be seated.

10 Counsel, you may proceed to offer this
11 witness' testimony.

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

15 DIRECT EXAMINATION

16 BY MS. BROWNLIE:

17 Q Good morning, Mr. Day.

18 A Good morning.

19 Q Can you please introduce yourself for the
20 record?

21 A I am Jeffrey Day. I am the Manager of
22 Retail Operations at Postal Headquarters.

23 Q Earlier this morning I handed you two copies
24 of your direct testimony entitled Direct Testimony of
25 Jeffrey C. Day on Behalf of the United States Postal

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1 Service marked as USPS-T-1. Did you have a chance to
2 examine them?

3 A Yes, I did.

4 Q Was this testimony prepared by you or under
5 your direction?

6 A Yes, it was.

7 Q Do you have any changes or corrections to
8 make?

9 A No, I do not.

10 Q If you were to testify orally today, would
11 your testimony be the same?

12 A Yes, it would.

13 Q There are also four library references
14 associated with your testimony, Library References 1
15 through 4 in this docket. Is that correct?

16 A Yes, it is.

17 Q Do you sponsor these library references?

18 A Yes, I do.

19 MS. BROWNLIE: Madam Presiding Officer, the
20 Postal Service hereby moves into evidence the direct
21 testimony of Witness Day on behalf of the United
22 States Postal Service with the associated library
23 references.

24 VICE CHAIRMAN LANGLEY: Thank you. Is there
25 any objection?

1 (No response.)

2 VICE CHAIRMAN LANGLEY: Hearing none, I will
3 direct counsel to provide the reporter with two copies
4 of the testimony of Jeffrey Day. That testimony is
5 received into evidence, and consistent with Commission
6 practice the testimony will not be transcribed.

7 (The document referred to,
8 previously identified as
9 Exhibit No. USPS-T-1, was
10 received in evidence.)

11 VICE CHAIRMAN LANGLEY: Counsel, can you
12 identify the library references that have been filed
13 by Witness Day in this docket and indicate whether or
14 not he is relying on that material?

15 MS. BROWNLIE: Library References 1 through
16 4 were associated with Witness Day's testimony, and
17 those will be included with this written testimony,
18 the direct testimony.

19 VICE CHAIRMAN LANGLEY: Thank you. We will
20 next receive written cross-examination. First we will
21 address the responses of Mr. Day

22 Mr. Day, have you had an opportunity to
23 examine the packet of designated written cross-
24 examination that was made available to you in the
25 hearing room today?

1 THE WITNESS: Yes, I did.

2 VICE CHAIRMAN LANGLEY: Are there any
3 corrections or additions that need to be made?

4 THE WITNESS: No, there are not.

5 VICE CHAIRMAN LANGLEY: Thank you. If the
6 questions contained in that packet were posed to you
7 orally today, would your answers be the same as those
8 you previously provided in writing?

9 THE WITNESS: Yes, they would.

10 VICE CHAIRMAN LANGLEY: Thank you. If
11 everything is in order, counsel, will you please
12 provide two copies of the designated written cross-
13 examination to the reporter? The designated written
14 cross-examination is received into evidence and will
15 be transcribed into the record.

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

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22 //

23 //

24 //

25 //

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Post Office Structure Plan

Docket No. N2012-2

DESIGNATION OF WRITTEN CROSS-EXAMINATION
OF UNITED STATES POSTAL SERVICE
WITNESS JEFFREY C. DAY
(USPS-T-1)

Party

Interrogatories

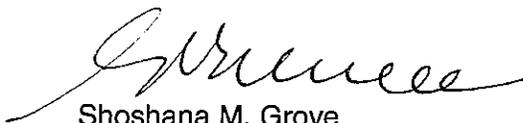
Postal Regulatory Commission

APWU/USPS-T1-2, 5, 7, 9

Public Representative

APWU/USPS-T1-1, 6, 8, 10-15
PR/USPS-T1-1-6, 8-9, 12-13

Respectfully submitted,



Shoshana M. Grove
Secretary

INTERROGATORY RESPONSES OF
UNITED STATES POSTAL SERVICE
WITNESS JEFFREY C. DAY (T-1)
DESIGNATED AS WRITTEN CROSS-EXAMINATION

Interrogatory

Designating Parties

APWU/USPS-T1-1	PR
APWU/USPS-T1-2	PRC
APWU/USPS-T1-5	PRC
APWU/USPS-T1-6	PR
APWU/USPS-T1-7	PRC
APWU/USPS-T1-8	PR
APWU/USPS-T1-9	PRC
APWU/USPS-T1-10	PR
APWU/USPS-T1-11	PR
APWU/USPS-T1-12	PR
APWU/USPS-T1-13	PR
APWU/USPS-T1-14	PR
APWU/USPS-T1-15	PR
PR/USPS-T1-1	PR
PR/USPS-T1-2	PR
PR/USPS-T1-3	PR
PR/USPS-T1-4	PR
PR/USPS-T1-5	PR
PR/USPS-T1-6	PR
PR/USPS-T1-8	PR
PR/USPS-T1-9	PR
PR/USPS-T1-12	PR
PR/USPS-T1-13	PR

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

APWU/USPS-T1-1.

On Page 11 of your testimony you explain that “[b]ased on community input and operational needs, POStPlan could result in: (1) upgrade of the Post Office Level; (2) realignment of retail window service hours to actual workload; or (3) discontinuance study.”

(a) Please define “operational needs” and specify the factors that are evaluated as part of the consideration of “operational needs.”

(b) Provide copies of any written materials including but not limited to, documents, emails, presentations, instructions, meeting minutes or notes, internal correspondences, that provide guidance on how to evaluate the community input and operational needs of the Postal Service.

(d) Please confirm that the decision to upgrade the Post Office Level is not affected by community input. If not confirmed, please explain fully.

RESPONSE

(a) Please see the response to PR/USPS-T1-3.

(b) Please see the response to PR/USPS-T1-5. The Postal Service is in the process of developing both a community survey and an instructional memorandum for POStPlan, and will provide a copy of the final documents when they are completed.

(d) Confirmed.

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

APWU/USPS-T1-2.

Of the facilities being evaluated by POSTPlan, how many do not have Point-Of-Sale data? Please provide a list of these facilities identified by finance lead number, finance number, unit finance name and unit name.

RESPONSE

Please see library reference USPS-LR-N2012-2/1. Column S, entitled "Office Technology" indicates whether the Post Office utilizes Point-of-Sale systems or other systems.

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

APWU/USP-T1-5.

On page 18 of your testimony you state “[i]f a candidate Post Office is not continued with realigned window service hours, however, the Postal Service **will likely** study the facility for discontinuance” [Emphasis added.] What will determine whether a discontinuance study will occur in this situation?

RESPONSE

The Postal Service expects that Post Offices not selected for realigned retail window service hours will undergo discontinuance study. However, Post Offices that currently offer 8 hours of retail window service that are upgraded to EAS Level 18 Post Offices will not experience realignment or discontinuance study.

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

APWU/USPS-T1-6.

For facilities that are currently being considered for discontinuance, will community input already received during the discontinuance process be considered during the POStPlan analysis?

RESPONSE

Please see the Direct Testimony of Jeffrey C. Day on Behalf of the Postal Service (USPS-T-1) at pages 18-19. For facilities that are currently being considered for discontinuance that are instead continued with realigned window service hours, the Postal Service will consider community feedback gathered as part of POStPlan, and not the discontinuance study. For facilities that are currently being considered for discontinuance that are not continued with realigned window service hours, the community input received as part of the Handbook PO-101 process will be considered as part of the resumed discontinuance study.

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

APWU/USPS-T1-7.

What factors affect the “timeframe for implementation” of retail window service hour changes?

RESPONSE

Please see the Direct Testimony of Jeffrey C. Day on Behalf of the Postal Service (USPS-T-1) at pages 18-19. In addition to feedback gathered at the community meeting, the Postal Service will also consider operational needs, such as the availability of the facility, utilities, and staffing. (See also the response to PR/USPS-T1-3).

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

APWU/USPS-T1-8.

On page 24 of your testimony you explain that "CSDC has been modified to include a new customer survey with more questions that measure non-revenue transactions at Post Offices." Please provide a copy of the new customer survey.

RESPONSE

The customer survey is included as Attachment A.



Postal Service Customer Questionnaire

Your responses to the following questions are important to the US Postal Service and will be considered in the feasibility study for the Post Office. Please take a few minutes to complete this survey and return it no later than in the postage-paid envelope provided.

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

1. Did you visit the Post Office for personal reasons, business-related reasons, or both?

- Personal reasons Business-related reasons Both

2. Please check the appropriate box to indicate whether you used the Post Office for each of the following:

Postal Services	Daily	Weekly	Monthly	Never
a. Buying Stamps	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Mailing Letters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Mailing Parcels	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Pick up Post Office box mail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Pick up general delivery mail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Buying money orders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Obtaining special services, including Certified Mail, Registered Mail, Insured Mail, Delivery Confirmation, or Signature Confirmation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Sending Express Mail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Sending Priority Mail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Carrier pickup	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. Buying stamp-collecting material	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l. Entering permit or bulk mailings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m. Obtaining other federal agency forms (e.g., Selective Service, Duck Stamps, Passport Applications)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
n. School bus stop	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
o. Assisting senior citizens, persons with disabilities, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
p. Public bulletin board	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
q. Community gathering place	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
r. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Attachment to Postal Service Witness Day's Response to APWU/USPS-T1-8 (N2012-2)

3. Did you ever use any of the following alternative methods to conduct business with the Postal Service?

- Post Office in vicinity of where you work or shop YES NO
- usps.com website YES NO
- Stamps by Mail YES NO
- Stamps by Phone YES NO
- Stamps Online YES NO
- Click-N-Ship YES NO
- Buy stamps or mail packages at grocery or other retail store YES NO

4. Do you currently use local businesses in the community?

- Yes No

5. If you answered "yes" in Question 4, would you continue to use these businesses if the Post Office is discontinued?

- Yes No

6. Do you currently use businesses in nearby communities?

- Yes No

7. Do you have a means of transportation available to get to another Post Office in the vicinity?

- Yes No

8. How do you currently receive your mail?

- Carrier PO Box Other

Additional Comments:

Name: _____

Address: _____

City, State Zip: _____

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

APWU/USPS-T1-9.

How are the "driving distances between Post Offices being studied and an alternative access point or another Postal Service facility" calculated? [Page 24]

RESPONSE

CSDC includes an input form to add driving distances between a Post Office being studied and an alternative access point or another Postal Service facility. Field personnel are asked to select the name of the Post Office being studied from a drop-down menu which then populates the ZIP+4 Code, Finance Number, and County for the Post Office. Field personnel then input the EAS Level and select the Administrative Office from a drop-down menu. Field personnel are then instructed to input the driving distance to the Administrative office using driving distance from commonly used map software (such as MapQuest or Google Maps). Field personnel are then instructed to select the Near Office from a drop-down menu, and then they are instructed to input the driving distance derived from commonly used map software.

To illustrate, below is a sample screen shot from the CSDC "Request to Study Form."

Post Office Name:	ACAMPO
Zip+4 Code:	95220-9998
EAS Level:	<input type="text" value="18"/>
Finance Number:	050012
County:	<input type="text" value="SAN JOAQUIN"/>
ADMIN Office:	<input type="text" value="ATWATER-MAIN_PO CA 95301"/>
ADMIN Miles Away:	<input type="text" value="3.0"/> Use driving distance from commonly used map software.
Near Office Finance Number:	<input type="text" value="AHWAHNEE-MAIN_PO CA 93601"/>
Near Miles Away:	<input type="text" value="2.0"/> Use driving distance from commonly used map software.

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

APWU/USPS-T1-10.

Please provide a copy of the training materials for the discontinuance coordinators and the training materials/presentations to be used at the planned "national level training" referenced on page 24 of your testimony.

RESPONSE

As identified in the Direct Testimony of Jeffrey C. Day on Behalf of the Postal Service (USPS-T-1) at page 24, "the Postal Service is developing additional training materials for discontinuance coordinators." These materials are still in development.

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

APWU/USPS-T1-11.

With regard to community feedback

- (a) How is a "community" defined under POSTPlan?
- (b) How is community feedback obtained?
- (c) Who in the community is provided with notice and the opportunity to provide written feedback?
- (d) Who is provided with notice and the opportunity to attend a community meeting?
- (e) How will the notice of the community meeting be provided?
- (f) How much time is permitted for members of the community to provide written feedback?
- (g) What is the expected time between when the Postal Service receives written community input and when the community meeting is held?
- (h) Please identify by name and title the persons responsible for reviewing the community surveys.
- (i) Please provide all training materials and other documents, presentations, etc., which provide guidance and/or instruction on how to review and evaluate these surveys.
- (j) How does the Postal Service intend to ensure that it receives feedback from vulnerable members of a community, particularly the elderly, who are unable to attend a community meeting?

RESPONSE

- (a) The definition of community is provided in Handbook PO-101.
- (b) Please see pages 17-19 of the Direct Testimony of Jeffrey C. Day on Behalf of the United States Postal Service and the response to PR/USPS-T1-6.
- (c-d) The Postal Service intends to direct its notice regarding the opportunity to provide written feedback and attend a community meeting to customers of each POSTPlan candidate Post Office.
- (e-i) Information responsive to these interrogatory parts will be included in the instructional memorandum referenced in the response to APWU/USPS-T1-1(b) above.
- (j) Please see the response to part (b) above.

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

APWU/USPS-T1-12.

Based on Figure 2 of your testimony, the Average Retail Hours per Week are well matched to the Average Earned Workload Hours per week for Levels 15 and 16 Post Offices. What is the purpose of including those offices in the plan?

RESPONSE

Please see the response to EM/USPS-28. As explained in that response, and as shown in Figure 7 on page 6 of the Direct Testimony of Jeffrey C. Day (USPS-T-1), a number of the EAS Level 15 and 16 Post Offices have an AEWL of 5.74 or less.

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

APWU/USPS-T1-13.

Based on your testimony at pages 10 and 13 there appears to be two reasons for an office to be upgraded from an EAS level 16 or below to an EAS Level 18 or above office. One way is for an office to have 5.74 hours of Adjusted Earned Workload and another is for an office to be upgraded because there is no other EAS Level 18 or above to serve as an APO for a particular cluster of post offices. Please confirm that upgrades presented in Figure 7 are all being undertaken due to the first reason.

RESPONSE

Confirmed that no Post Office identified as a Level 18 in Figure 7 is being upgraded solely so that Post Office may serve as an APO for a cluster of RMPOs (not to exceed 10 RMPOs per cluster). Please see page 13, footnote 10 of the Direct Testimony of Jeffrey C. Day on behalf of the United States Postal Service (USPS-T-1). Please note, however, that because Post Offices designated as PTPOs have additional responsibilities, the AEWL for those Post Offices accounts for the time associated with these responsibilities. See the responses to POIR No. 2, Question 8 and POIR No. 4, Question 3.

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

APWU/USPS-T1-14.

Library Reference USPS-LR-N2012-2/6 indicates that upgrading offices that are currently EAS Levels 15 and 16 offices to EAS Level 18 offices will cost the Postal Service approximately 10-20 percent more for essentially the same level of service. What is the rationale for that?

RESPONSE

Please see the response to EM/USPS-28. This interrogatory does not account for the EAS Level 15 and 16 Post Offices that will be classified as Level 4 or Level 6 RMPOs or PTPOs, per Figure 7 of the Direct Testimony of Jeffrey C. Day on behalf of the United States Postal Service (USPS-T-1). When taking into account all classification changes for EAS Level 15 and 16 Post Offices, Library Reference No. 6 (USPS-LR-N2012-2/6) indicates an estimated net savings of approximately \$48,000,000 for EAS Levels 15 and 16.

Further, the Post Offices identified in this interrogatory are not necessarily providing the same level of service once they are upgraded. For example, those Post Offices serving as APOs will have additional administrative responsibilities associated with their reporting RMPOs.

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

APWU/USPS-T1-15.

The timeline on page 22 of your testimony indicates that upgrades of Post Offices will be completed in June 2012. How many upgrades does the Postal Service anticipate will take place in the POStPlan offices by June 30, 2012?

RESPONSE

A partial objection to this interrogatory has been filed. As an initial matter, the referenced timeline on page 22 of the testimony states that “[t]he Postal Service will begin upgrading POStPlan Offices” in June 2012. The testimony does not support the interrogatory’s assertion that the upgrades will be completed in June 2012. As of June 30, 2012, the Postal Service has upgraded 951 Post Offices from EAS Level 16 or below to EAS Level 18 or above.

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

PR/USPS-T1-1.

The following refers to the POSTPlan offices that are scheduled to have reduced Post Office window hours. Your testimony indicates that the realignment of window service hours will take into consideration the community meeting feedback to determine the time of day retail window hours will be available. USPS-T-1 at 19.

- a. For those POSTPlan offices that currently do not offer Saturday hours, does the Postal Service plan to offer Saturday hours at each office? At any offices? Please explain why or why not.
- b. Will window service hours be the same for each day of the week that a given POSTPlan office is open? If not, why?
- c. Will late afternoon retail window hours be available at each office at least once a week? If not, please explain how the Postal Service plans to provide retail window service for customers who are unable to get to the Post Office during normal weekday business hours. For example: 8:00 a.m. to 5 p.m. Monday through Friday.

RESPONSE

- a. Saturday retail window service hours will not be changed pursuant to POSTPlan.
- b-c. As described on page 16 of the Direct Testimony of Jeffrey C. Day on behalf of the United States Postal Service (USPS-T-1), the Postal Service expects that selection of the time of day for retail window service hours will reflect consideration of input provided in response to customer surveys. The Postal Service expects that this decision will be made at the local level. Where currently Post Offices offer retail window service hours on Saturday, those hours will not be changed pursuant to POSTPlan.

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

PR/USPS-T1-2.

The following refers to your testimony (USPS-T-1) at 16. You indicate that the Postal Service will annually review the Adjusted Earned Workload (AEWL) for all Level 2, 4, and 6 Remote Post Offices (RMPOs) and Part-time Post Offices (PTPOs). The review may alter the number of hours each is open.

- a. Upon completion of the annual review, will RMPOs and/or PTPOs be subject to a discontinuance study?
- b. If your response to part "a" is affirmative, please explain the criteria the Postal Service will use to determine whether a discontinuance study of a RMPO and/or PTPO is warranted.
- c. Please provide examples of "other changes that could result in the reclassification of certain Post Offices."

RESPONSE

a-b. The annual evaluation has the purpose of confirming that over time retail window service hours continue to reflect actual customer use of the services provided by a particular Post Office. Where a change in customer use of services requires an adjustment to retail window service hours, the annual evaluation will allow the Postal Service to make the adjustment quickly. Nevertheless, POSTPlan will not impact the Postal Service's ability to initiate future discontinuance studies for RMPOs and PTPOs, like other Post Offices, pursuant to the criteria and policies established in USPS Handbook PO-101 (USPS-LR-N2012-2/5).

c. The reference to "other changes that could result in the reclassification of certain Post Offices" includes long-term changes to transportation access points, such as the construction of bridges that would reduce the driving distance between Post Offices to less than 25 miles, and the impact on proximity due to physical changes to retail facilities, such as suspension of a Post Office due to a natural disaster.

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

PR/USPS-T1-3.

Please provide examples of “the operational needs of the Postal Service” as that phrase is used at pages 17-18 of your testimony. Please explain when “the operational needs of the Postal Service” would lead to discontinuance even if a “communit[y] [wishes] to maintain [its] existing Post Office.” USPS-T-1 at 24.

RESPONSE

As used in witness Day’s testimony, “operational needs of the Postal Service” include the availability of the facility, utilities, and staffing. For example, a discontinuance study of a Post Office might be initiated due to operational needs when the Postal Service is unable to acquire necessary staffing or utilities to operate the office safely.

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

PR/USPS-T1-4.

With regard to Post Offices that closed during FY2011 or during quarters 1 and 2 of FY2012, will the Postal Service resurvey communities to see if they would elect to have an RMPO or a PTPO in their community? If your response is other than affirmative, please explain.

RESPONSE

No.

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

PR/USPS-T1-5.

The following question refers to your testimony at 21. Please provide a copy of the POSTPlan community survey that the Postal Service will begin distributing in September 2012.

RESPONSE

The Postal Service is in the process of developing a community survey and will provide a copy of a final form when it is completed.

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

PR/USPS-T1-6.

Please refer to your testimony at 17. You state that “after candidate Post Offices are identified, Postal Service personnel will survey customers to solicit their preference for realigned window service hours or discontinuance study”

- a. Please provide a copy of the survey to be used to solicit POStPlan office customer preferences.
- b. If a formal survey is unavailable, please specifically explain how Postal Service personnel will gather customers' preferences.
- c. How will the Postal Service contact local residents of the proposed POStPlan office to obtain their preferences?

RESPONSE

- a. Please see the response to PR/USPS-T1-5.
- b. The Postal Service intends to make a survey available to customers of POStPlan candidate Post Offices. It is expected that the survey will request that customers express their preference for one of four service options – Remotely Managed Post Office (RMPO) or Part-Time Post Office (PTPO) classification, discontinuance study and potential carrier service, discontinuance study and potential local business Village Post Office, or discontinuance study and potential service through a nearby Post Office. To account for the possible selection of the RMPO or PTPO classification option, it is expected that the survey will request that customers describe their preferred time period during the day for weekday retail window service hours.
- c. The Postal Service intends to mail surveys and related information to customers, and make the surveys and information available to customers at the retail counter of candidate Post Offices.

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

PR/USPS-T1-8.

Please refer to Figure 5 that provides window service hours and average daily earned work load by Post Office classification after POSTPlan. USPS-T-1 at 10.

- a. Please discuss the basis for the new Post Office classification after POSTPlan.
- b. Did you attempt to estimate revenues and costs for each Post Office after realignment of window service hours with customer use to understand the potential impact of POSTPlan on Post Office efficiency?
- c. Based on Figure 5, there is a significant divergence between daily window service hours and average daily earned workload for level 4 and level 6 & PTPO Post Offices. Did you consider including additional Post Office classifications (such as, *Office level 3* with daily window service of 3 hours, and *Office level 5* with daily window service of 5 hours) to more closely match window service hours with customer use?

RESPONSE

- a. The basis for the new Post Office classification after POSTPlan is Adjusted Earned Workload.
- b. No.
- c. No.

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

PR/USPS-T1-9.

You state that Post Offices with more than 5.74 hours of Adjusted Earned Workload (AEWL) will be upgraded to EAS Level 18 or above, and those Post Offices with AEWL 5.74 or fewer hours will either be realigned with customer use or may be studied for discontinuance. USPS-T-1 at 10. Please explain how the 5.74-hour cut-off is determined and the justification for it.

RESPONSE

The 5.74 cut-off determination is a numerical analysis of the AEWL. If a Post Office's AEWL is greater than the numerical threshold, 5.74 hours, it will be upgraded to EAS Level 18 or above. The justification of using greater than 5.74 hours of AEWL as the threshold was based on management's determination of operational needs and consultations with Postmaster associations.

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

PR/USPS-T1-12.

Your response to PR/USPS-T1-1a states, "Saturday retail window service hours will not be changed pursuant to POSTPlan." USPS-LR-N2012-2/1 shows that Glencliff, NH 03238 will be a Level 2 office (Column P) and currently provides Saturday retail window service (Column U). The Post Office Locator Tool at USPS.com shows that Glencliff provides retail window service on Saturday from 7:00am to 1:00pm.

- a. As the person with "primary responsibility for managing and developing policies and procedures governing day-to-day retail operations in Post Offices," (USPS-T-1 at i) please explain the anomaly of a Level 2 office offering 6 hours of retail window service on Saturday.
- b. PB 22289 (July 15, 2010) revises POM 126 Retail Services Management. Section 126.412 states, "Window service is provided on Saturdays if there is a demonstrated need." Please explain, for FY2013 and beyond, how the Postal Service manager with authority to set Saturday retail window service hours at a Level 2 office will determine whether there is a "demonstrated need" for Saturday retail window service.
- c. POM section 126.42 states, "If the needs of the community have changed, the postmaster should use recent Window Operations Survey (WOS) reports as well as customer feedback to determine if a change in service hours should be considered." Will this procedure apply to RMPOs and PTPOs in future years?
- d. Please discuss the justification for, and provide any analysis performed regarding, leaving the Saturday retail window service hours unchanged.

RESPONSE

- a. The Postal Service anticipates that Saturday hour usage may increase with the implementation of POSTPlan, and has determined that to best evaluate the need for Saturday hours, it will not change Saturday hours as a result of POSTPlan. This will allow the Postal Service to review customer use of Saturday window service hours during the implementation period. If customer use changes on Saturdays during the implementation period, future evaluation of Saturday hours can take this change in behavior into consideration. Once POSTPlan is fully implemented and the hours of each POSTPlan office have been aligned accordingly, the Postal Service will evaluate the demonstrated need for Saturday

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

window service hours at RMPOs and PTPOs in the same manner it evaluates the demonstrated need for Saturday window service hours for all other Post Offices.

- b. The cited revision to POM 126 Retail Services Management. Section 126.412 will not be changed as a part of POSTPlan, except for the addition of the requirement that units offering Saturday delivery must continue to do so unless otherwise approved by Headquarters Retail Operations. Once POSTPlan is implemented, the need for Saturday window service hours for RMPOs and PTPOs will be evaluated in the same manner as other Post Offices. Please also see the response to subpart [a] above.
- c. No. In the near future, the Postal Service will be revising POM section 126.42. Specifically, the cited provision (POM section 126.42 Change in Retail Hours) and subsequent provision (POM 126.43 Postal Operations Manual) will be removed, and replaced with the following text:

126.42 Change in Retail Hours

Except as provided below, permanent changes in the hours of operation must be approved by the district and area offices. Once approved, the area retail office must notify Headquarters Retail Operations of the change in hours of operation at a minimum of 30 days in advance of the change. The notification is performed via e-mail, using the "Notification of Proposed Change in Office Hours" located at <http://blue.usps.gov/wps/portal/officehours>.

Total daily hours of service for RMPOs and PTPOs on weekdays are determined by Headquarters Retail Operations. The actual hours of service each weekday and weekend are determined by district officials. Offices offering Saturday delivery must continue to do so unless otherwise approved by Headquarters Retail Operations.

The postmaster is responsible for informing customers 30 days in advance of any change in hours of operation by posting temporary signs on the

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

entrance doors. These temporary signs should identify the nearest Post Office that can provide retail service outside of the new hours of operation. Offices must check with their district retail office for further information about appropriate temporary signage.

The postmaster must order a replacement for the mandatory "hours of operation" decal from the *Direct Vendor Signage Catalog* with sufficient time to receive the new decal prior to the change in hours. Apply the new decal to all entrance doors per the retail standardization guidelines.

The postmaster is also responsible for making changes to all databases containing unit hours of operation such as the facilities database. Review and update the lobby hours, window service hours, Express Mail acceptance times, and passport acceptance times as necessary.

- d. Please see the response to subpart [a].

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

PR/USPS-T1-13.

What policies or programs have been or will be established by the Postal Service to recruit employees to staff RMPOs and PTPOs? Please provide a detailed description of any such policies or programs.

RESPONSE

The Postal Service will follow the same policies and procedures used today to recruit career and non-career employees. The Postal Service is going through the recruiting process and has been approved to accept applications. In addition, the Postal Service has offered Postmasters eligible for optional retirement the opportunity to return to serve as Postmaster Relief employees without any effect on their annuity payments.

BEFORE THE
 POSTAL REGULATORY COMMISSION
 WASHINGTON, DC 20268-0001

Post Office Structure Plan

Docket No. N2012-2

DESIGNATION OF WRITTEN CROSS-EXAMINATION
 OF UNITED STATES POSTAL SERVICE

Party

Interrogatories

Postal Regulatory Commission

DBP/USPS-1-3, 6, 8-9, 11, 13, 31
 EM/USPS-2-3, 8, 10, 36
 PRC/USPS-POIR No.1 - Q5, 9, 12-14
 PRC/USPS-POIR No.2 - Q2, 5, 7, 10-11, 13-14,
 PRC/USPS-POIR No.3 - Q2-3
 PRC/USPS-POIR No.4 - Q4-6

Public Representative

APWU/USPS-T1-4 redirected to USPS
 DBP/USPS-15-16, 19-22, 24-29
 EM/USPS-13-14, 20, 25, 28, 33, 39
 PR/USPS-T1-10-11 redirected to USPS
 PRC/USPS-POIR No.1 - Q1-8, 10-11, 15-18,
 PRC/USPS-POIR No.2 - Q1, 3-4, 6, 8-9, 12
 PRC/USPS-POIR No.3 - Q1, 3-6
 PRC/USPS-POIR No.4 - Q1-3, 5-6

Respectfully submitted,



Shoshana M. Grove
 Secretary

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

<u>Interrogatory</u>	<u>Designating Parties</u>
APWU/USPS-T1-4 redirected to USPS	PR
DBP/USPS-1	PRC
DBP/USPS-2	PRC
DBP/USPS-3	PRC
DBP/USPS-6	PRC
DBP/USPS-8	PRC
DBP/USPS-9	PRC
DBP/USPS-11	PRC
DBP/USPS-13	PRC
DBP/USPS-15	PR
DBP/USPS-16	PR
DBP/USPS-19	PR
DBP/USPS-20	PR
DBP/USPS-21	PR
DBP/USPS-22	PR
DBP/USPS-24	PR
DBP/USPS-25	PR
DBP/USPS-26	PR
DBP/USPS-27	PR
DBP/USPS-28	PR
DBP/USPS-29	PR
DBP/USPS-31	PRC
EM/USPS-2	PRC
EM/USPS-3	PRC
EM/USPS-8	PRC
EM/USPS-10	PRC
EM/USPS-13	PR
EM/USPS-14	PR
EM/USPS-20	PR
EM/USPS-25	PR
EM/USPS-28	PR
EM/USPS-33	PR

InterrogatoryDesignating Parties

EM/USPS-36	PRC
EM/USPS-39	PR
PR/USPS-T1-10 redirected to USPS	PR
PR/USPS-T1-11 redirected to USPS	PR
PRC/USPS-POIR No.1 - Q1	PR
PRC/USPS-POIR No.1 - Q2	PR
PRC/USPS-POIR No.1 - Q3	PR
PRC/USPS-POIR No.1 - Q4	PR
PRC/USPS-POIR No.1 - Q5	PR, PRC
PRC/USPS-POIR No.1 - Q6	PR
PRC/USPS-POIR No.1 - Q7	PR
PRC/USPS-POIR No.1 - Q8	PR
PRC/USPS-POIR No.1 - Q9	PRC
PRC/USPS-POIR No.1 - Q10	PR
PRC/USPS-POIR No.1 - Q11	PR
PRC/USPS-POIR No.1 - Q12	PRC
PRC/USPS-POIR No.1 - Q13	PRC
PRC/USPS-POIR No.1 - Q14	PRC
PRC/USPS-POIR No.1 - Q15	PR
PRC/USPS-POIR No.1 - Q16	PR
PRC/USPS-POIR No.1 - Q17	PR
PRC/USPS-POIR No.1 - Q18	PR
PRC/USPS-POIR No.2 - Q1	PR
PRC/USPS-POIR No.2 - Q2	PRC
PRC/USPS-POIR No.2 - Q3	PR
PRC/USPS-POIR No.2 - Q4	PR
PRC/USPS-POIR No.2 - Q5	PRC
PRC/USPS-POIR No.2 - Q6	PR
PRC/USPS-POIR No.2 - Q7	PRC
PRC/USPS-POIR No.2 - Q8	PR
PRC/USPS-POIR No.2 - Q9	PR
PRC/USPS-POIR No.2 - Q10	PRC
PRC/USPS-POIR No.2 - Q11	PRC
PRC/USPS-POIR No.2 - Q12	PR
PRC/USPS-POIR No.2 - Q13	PRC

Interrogatory

PRC/USPS-POIR No.2 - Q14
PRC/USPS-POIR No.3 - Q1
PRC/USPS-POIR No.3 - Q2
PRC/USPS-POIR No.3 - Q3
PRC/USPS-POIR No.3 - Q4
PRC/USPS-POIR No.3 - Q5
PRC/USPS-POIR No.3 - Q6
PRC/USPS-POIR No.4 - Q1
PRC/USPS-POIR No.4 - Q2
PRC/USPS-POIR No.4 - Q3
PRC/USPS-POIR No.4 - Q4
PRC/USPS-POIR No.4 - Q5
PRC/USPS-POIR No.4 - Q6

Designating Parties

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**RESPONSE OF UNITED STATES POSTAL SERVICE TO
APWU INTERROGATORY REDIRECTED FROM WITNESS DAY**

APWU/USPS-T1-4.

Your testimony indicates that the type of community served by a Post Office is not considered in the POSTPlan analysis [Page 15-16]. Why has the Postal Service decided not to consider this information?

- (a) Do you believe there is no value to considering the type of community served by a Post Office?
- (b) Do you believe that all communities have the same need for postal services?
- (c) Do you believe that all types of communities have the same means to provide input to the Postal Service?

RESPONSE

- (a) For the purposes of POSTPlan, the important issue is a community's need for postal services, as evidenced by a community's use of postal services, rather than the type of community. The Postal Service determined that consideration of the three criteria identified on page 15 of the Direct Testimony of Jeffrey C. Day on Behalf of the Postal Service (USPS-T-1), "the AEWL of a Post Office, the distribution of RMPOs (clusters), and the distance between Post Offices," was the most effective way to achieve the goals of POSTPlan, tailoring the Postal Service retail network to actual customer use of postal services, using AEWL as a proxy for customer use.
- (b) No, communities have different needs for postal services. A community's need for postal services is demonstrated by its use of postal services, which is reflected in the measurement of adjusted earned workload.
- (c) A means for providing input to the Postal Service is available to customers in all communities served by the Postal Service.

**UNITED STATES POSTAL SERVICE
RESPONSE TO DAVID B. POPKIN INTERROGATORY**

DBP/USPS-1.

The Postal Service has filed a number of Library References in this Docket that contain large listings of various postal facilities in the format of an Excel spreadsheet. USPS-LR-N2012-2/1 has one spreadsheet and USPS-LR-N2012-2/2 has two spreadsheets.

[a] For each of these three spreadsheets please generically describe the type or categories of postal facilities that are included in the listing along with the approximate number of facilities in that listing.

[b] For each of these three spreadsheets please generically describe the type or categories of postal facilities that are NOT included in the listing along with the approximate number of facilities that are not included in that listing.

[c] For each of these three spreadsheets please fully describe each of the column headings and if there is a code shown the listing of the difference entries in that column.

RESPONSE

[a-b] USPS-LR-N2012-2/1 contains all POSTPlan Offices, as defined in USPS-T-1.

Collectively, the two spreadsheets in USPS-LR-N2012-2/2 contain postal facilities with either Postmaster or Function 4 (clerk) positions, including POSTPlan Offices. The number of facilities in each spreadsheet is available by reviewing the respective row numbers. All postal facilities not described above are necessarily excluded from the respective spreadsheets.

[c] The column titles accurately and completely describe the data in the columns.

**UNITED STATES POSTAL SERVICE
RESPONSE TO DAVID B. POPKIN INTERROGATORY**

DBP/USPS-2.

[a] As the process is being implemented, how will members of the public be able to determine those offices that have become an RMPO and what the APO is for that facility?

[b] Will this information be shown on the usps.com website?

[c] If not, why not?

RESPONSE

[a-c] Hours of operation will continue to be available as they are today, including at Post Offices and on usps.com. Customers will be able to determine whether a particular Post Office is classified as an RMPO or PTPO based on retail window service hours. The Postal Service has not determined whether APO assignments will appear on the usps.com website.

**UNITED STATES POSTAL SERVICE
RESPONSE TO DAVID B. POPKIN INTERROGATORY**

DBP/USPS-3.

[a] Is the PTPO determined by a 25-mile driving distance or by an airline distance?

[b] Please provide any guidelines that are provided to evaluate or determine that distance.

RESPONSE

[a] See pages 13-14 of the Direct Testimony of Jeffrey C. Day on Behalf of the United States Postal Service (USPS-T-1).

[b] Postal Service decisions regarding the 25-mile distance utilized the Microsoft MapPoint program.

**UNITED STATES POSTAL SERVICE
RESPONSE TO DAVID B. POPKIN INTERROGATORY**

DBP/USPS-6.

This Docket proposes to have smaller offices considered as Remotely Managed Post Offices ["RMPO"] and supervised by a Postmaster at an Administrative Post Office ["APO"].

[a] Are there any plans to extend this concept to larger offices – Level 18 and above?

[b] If so, please provide full details.

RESPONSE

[a] No. The evaluation of Post Offices classified at Level 18 or above is outside the scope of POStPlan.

[b] Not applicable.

**UNITED STATES POSTAL SERVICE
RESPONSE TO DAVID B. POPKIN INTERROGATORY**

DBP/USPS-8.

[a] Please provide insight on how the collection times at the blue collection boxes located at the post office will have their collection times affected by the changes proposed in this Docket.

[b] Please provide similar information for the collection time at blue collection boxes located at points away from the post office.

RESPONSE

[a] The Postal Service does not expect that collection times for blue collection boxes located in Post Offices will be affected by POSTPlan.

[b] The Postal Service does not expect that collection times for blue collection boxes not located in Post Offices will be affected by POSTPlan.

**UNITED STATES POSTAL SERVICE
RESPONSE TO DAVID B. POPKIN INTERROGATORY**

DBP/USPS-9.

[a] Please provide insight into how the changes proposed in this Docket will affect the time of the dispatch from the post office to the processing center.

[b] Please provide information on how it will affect the ability of the post office to dispatch mail collected by city delivery/rural delivery/HCR delivery carriers from customers along their route to have it dispatched for processing at the processing center of the day of collection from the customer.

RESPONSE

[a] The Postal Service does not expect that the timing of the dispatch from a Post Office to a processing center will be affected by POSTPlan.

[b] The Postal Service does not expect that the timing of the dispatch of mail collected by city delivery/rural delivery/HCR delivery carriers from customers along their route will be affected by POSTPlan.

**UNITED STATES POSTAL SERVICE
RESPONSE TO DAVID B. POPKIN INTERROGATORY**

DBP/USPS-11.

Please provide insight into how the changes proposed in this Docket will affect the times that a customer will have to pick-up accountable or oversized mail at the post office whether addressed to a post office box or to a carrier route operated out of that office.

RESPONSE

POStPlan will result in the change of retail window service hours at many Post Offices, including the times that a customer may pick-up accountable or oversized mail from the retail window. Customers currently may receive accountable or oversized mail through options that do not involve pick-up at a Post Office retail window, and POStPlan will not impact the availability of these options.

**UNITED STATES POSTAL SERVICE
RESPONSE TO DAVID B. POPKIN INTERROGATORY**

DBP/USPS-13.

Please provide insight into how the changes proposed in this Docket will affect the times that carriers providing delivery service at that office will leave the office to start their routes.

RESPONSE

The Postal Service does not expect that the times that carriers providing delivery service at that office will leave the office to start their routes will be affected by POSTPlan.

**UNITED STATES POSTAL SERVICE
RESPONSE TO DAVID B. POPKIN INTERROGATORY**

DBP/USPS-15.

Please refer to your response to Interrogatory DBP/USPS-1.

[a] Please confirm, or explain, that Library Reference USPS-LR-N2012-2/1 contains all of the post offices being considered in this Docket.

[b] Please advise the approximate percentage of the total number of post offices that this represents.

[c] Please confirm, or explain, that Library Reference USPS-LR-N2012-2/2 collectively contains all of the post offices in the country.

RESPONSE

[a] Confirmed.

[b] See footnote 1 and page 2 of the Direct Testimony of Jeffrey C. Day on Behalf of the United States Postal Service (USPS-T-1).

[c] Confirmed. Library Reference USPS-LR-N2012-2/2 includes Post Offices and other Postal Service-operated retail facilities.

**UNITED STATES POSTAL SERVICE
RESPONSE TO DAVID B. POPKIN INTERROGATORY**

DBP/USPS-16.

Please refer to your response to Interrogatory DBP/USPS-2.

If a customer has a complaint regarding the service being conducted at an RMPO or PTPO, how will they know the location of the responsible Postmaster at the APO?

RESPONSE

Consistent with the procedures in place today, Postal Service customers will have the ability to submit a complaint by contacting the Postal Service at 1-800-ASK-USPS® (800-275-8777).

**UNITED STATES POSTAL SERVICE
RESPONSE TO DAVID B. POPKIN INTERROGATORY**

DBP/USPS-19.

Please refer to your response to Interrogatory DBP/USPS-8.

Your response does not seem logical. If an office is now open for the better part of the business day and a collection is made towards the end of that time, if that office is now open for fewer hours during the day and those hours are made earlier in the day, who will make the collection of the blue collection box?

RESPONSE

Employees other than postmasters who work within the Administrative Post Office reporting structure of a particular Post Office, including Highway Contract Route carriers, will continue to be available to perform responsibilities associated with collection.

**UNITED STATES POSTAL SERVICE
RESPONSE TO DAVID B. POPKIN INTERROGATORY**

DBP/USPS-20.

Please refer to your response to Interrogatory DBP/USPS-9 subpart [a].

Your response does not seem logical. If an office is now open for the better part of the business day and a dispatch is made towards the end of that time, if that office is now open for fewer hours during the day and those hours are made earlier in the day, who will make the dispatch of the mail?

RESPONSE

Currently, Postal Service retail facilities have retail window service hours that end before dispatch times. The Postal Service will apply its current practices regarding after hours dispatch to any Post Office that faces the situation described in this interrogatory as a result of POStPlan. Employees other than postmasters who work within the Administrative Post Office reporting structure of a particular Post Office, including Highway Contract Route carriers, will continue to be available to perform responsibilities associated with dispatch.

**UNITED STATES POSTAL SERVICE
RESPONSE TO DAVID B. POPKIN INTERROGATORY**

DBP/USPS-21.

Please refer to your response to Interrogatory DBP/USPS-9 subpart [b]. Your response does not seem logical. If an office is now open for the better part of the business day and a dispatch is made towards the end of that time, if that office is now open for fewer hours during the day and those hours are made earlier in the day, who will make the dispatch of the mail that the carrier collected along their route?

RESPONSE

See the response to DBP/USPS-20 above.

**UNITED STATES POSTAL SERVICE
RESPONSE TO DAVID B. POPKIN INTERROGATORY**

DBP/USPS-22.

Please refer to your response to Interrogatory DBP/USPS-10.

[a] Please confirm or explain that some of the offices being covered by this Docket provide access to post office boxes only at times when there is an employee on duty.

[b] If so, how will these customers have the same access to their post office boxes if the hours of service are reduced?

RESPONSE

[a] Confirmed.

[b] The Postal Service intends to make changes to Post Office Box lobbies or identify other solutions where necessary to allow customer access to delivery receptacles for at least the same period as available today.

**UNITED STATES POSTAL SERVICE
RESPONSE TO DAVID B. POPKIN INTERROGATORY**

DBP/USPS-24.

Please refer to your response to Interrogatory DBP/USPS-13.

If an affected office reduces its hours and they are made in the late afternoon, who will be available at the office to sort the mail for the carriers to deliver?

RESPONSE

This interrogatory assumes that carriers will be in the POStPlan offices. To the extent possible, carriers will be assigned to an office without reduced hours, such as an APO. In those instances where the carrier is assigned to an RMPO or PTPO, the employee staffing the office will sort the mail during the Post Office's retail hours of operation. Such instances provide an example of when the Postal Service will have to consider operational needs (namely, the employee's availability to sort mail), in addition to customer feedback, when determining the daily hours in which window service will be provided at that particular Post Office.

**UNITED STATES POSTAL SERVICE
RESPONSE TO DAVID B. POPKIN INTERROGATORY**

DBP/USPS-25.

[a] How will this Docket affect the box up time for post office box mail?

[b] If the activity level during the reduced window hours is now increased, what effect will that have on the box up time?

RESPONSE

[a] Box up time will take place during each Post Office's retail hours of operation.

Communities will be aware of this factor when providing feedback regarding the daily hours in which window service will be provided at their Post Offices.

[b] Please see page 16 of the Direct Testimony of Jeffrey C. Day on behalf of the United States Postal Service (USPS-T-1). The Postal Service will review the AEWL for all Level 2, 4, and 6 RMPOs and PTPOs on an annual basis that could result in reclassification of certain Post Offices. Increased activity at those Post Offices will be accounted for accordingly.

**UNITED STATES POSTAL SERVICE
RESPONSE TO DAVID B. POPKIN INTERROGATORY**

DBP/USPS-26 Please refer to your response to Interrogatory DBP/USPS-16. Your response appears to indicate that all service complaints must be filed with the 1-800-ASK-USPS telephone system.

[a] Are customers permitted to make their complaint or inquiry directly to the local facility?

[b] Are customers permitted to make their complaint or inquiry up the USPS "chain of command"?

[c] Are customers permitted to make their complaint or inquiry directly to the Postal Regulatory Commission?

[d] Are customers permitted to make their complaint or inquiry to a non-USPS individual or entity?

[e] If the response to any or all of subparts [a] through [d] is not an unqualified yes, please respond to the original interrogatory.

RESPONSE

[a-e] The Postal Service imposes no restriction on a customer's freedom to direct a complaint to a particular person or organization. This situation will not change as a result of POStPlan. The Postal Service has developed 1-800-ASK-USPS® (1-800-275-8777) as a customer service tool and an outlet for customer complaints.

**UNITED STATES POSTAL SERVICE
RESPONSE TO DAVID B. POPKIN INTERROGATORY**

DBP/USPS-27 Please refer to your response to Interrogatory DBP/USPS-18. Please confirm, or explain if you are unable to confirm, that the Postal Service has not implemented any procedure where carriers from one independent post office have been transferred to another independent post office and/or where the supervision of one independent post office has been transferred to another independent office where both independent offices are EAS Level 18 or above.

RESPONSE

Not confirmed. The Postal Service currently has guidelines in place for the transfer of delivery services from one Post Office to another Post Office, known as Delivery Unit Optimization (DUO). However, the Postal Service is not aware of any instances where delivery for an EAS Level 18 or above Post Office was transferred to another EAS Level 18 or above Post Office as described in this Interrogatory. Further, the Postal Service currently has guidelines in place for the conversion of a Post Office to a station or branch. Please see Handbook PO-101 (Library Reference No. 5 (USPS-LR-N2012-2/5)). Neither set of guidelines has restrictions specifically based on Post Office level.

**UNITED STATES POSTAL SERVICE
RESPONSE TO DAVID B. POPKIN INTERROGATORY**

DBP/USPS-28 Please refer to your response to Interrogatory DBP/USPS-22 subpart [b].

Please provide details on the "other solutions" that are being considered for implementation.

RESPONSE

With respect to access to Post Office Boxes, in addition to changes made the Post Office Box lobbies, the reference to "other solutions" includes, but is not limited to, cluster box units or alternate access locations, such as contractor-operated units operating in a community in addition to an RMPO or PTPO.

**UNITED STATES POSTAL SERVICE
RESPONSE TO DAVID B. POPKIN INTERROGATORY**

DBP/USPS-29 Please refer to your response to Interrogatories DBP/USPS-19 , 20, 21, and 24.

[a] Please confirm or explain that these added duties may be required to be performed at the RMPO/PTPO location.

[b] Please confirm or explain that these added duties may be required to be performed by an individual other than the "normally" assigned RMPO/PTPO employee.

[c] Please confirm or explain that there may be travel time for the APO employee to travel to the RMPO/PTPO location.

[d] Will that employee be "on the clock" while travelling from the APO to the RMPO/PTPO location?

[e] Please explain why the Postal Service cannot increase the retail time to allow for all of the necessary functions?

RESPONSE

[a] Confirmed.

[b] Confirmed.

[c] Confirmed.

[d] Currently, in such situations, it is likely that the mail is not transported by the Postmaster, but by a contract employee, for example, as part of a highway contract route. Compensation for a contract employee depends on the terms of his or her contract. That system will remain in place under POSTPlan.

[e] The Postal Service has determined that POSTPlan presents an effective method of performing the responsibilities referenced in this interrogatory.

**UNITED STATES POSTAL SERVICE
RESPONSE TO DAVID B. POPKIN FOLLOW-UP INTERROGATORY**

DBP/USPS-31.

Please refer to your response to POIR Number 3 – Question 6. With respect to the use of parcel lockers,

- [a] Confirm or explain that they may not be used for accountable mail.
- [b] Advise the sizes of the various parcel lockers that are in use.
- [c] Confirm or explain that parcel lockers while larger than a post office box, they will not hold all sizes of mail.
- [d] Confirm or explain that parcel lockers are in the same area as the normal post office boxes and therefore will not be accessible if the post office boxes are not accessible.
- [e] Please provide an estimate of the percentage of offices of EAS Level 16 and below that utilize parcel lockers.
- [f] Confirm or explain that an office will only have a finite number of parcel lockers and therefore there may be times when all lockers are in use.

With respect to forwarding the mail to a neighboring Post Office:

- [g] Will the Form 3849 advise the addressee that this option exists and the procedure for implementing it?
- [h] If not, why not?
- [i] If so, what is the procedure that is used?
- [j] How will the mail piece be annotated so that the receiving Post Office will be aware that it is mail to be picked up by a customer of another office?
- [k] Will the mail piece be forwarded to the neighboring Post Office separately and directly or will it be forwarded in the normal mail stream?
- [l] Will the mail be forwarded manually by the delivery office or will it be processed through the normal Change of Address process?
- [m] Will the mail be dispatched to the neighboring Post Office no later than the next business day after the request is made?
- [n] If not, why not?
- [o] Will all mail be forwarded as preferential mail [such as First-Class Mail] even if it is a deferred class of mail [such as Parcel Post]?
- [p] Will all mail be forwarded free of charge even if it is a class of mail that normally would be forwarded postage due?

With respect to requesting redelivery:

- [q] Will the Form 3849 advise the addressee that this option exists and the procedure for implementing it?
- [r] If not, why not?
- [s] If so, what is the procedure that is used?
- [t] Please confirm or explain that any redelivery will be made by the carrier on the next available delivery date.

RESPONSE

Please note as a general matter that this interrogatory requests information regarding policies and procedures currently in effect and that will not change as a result of

**UNITED STATES POSTAL SERVICE
RESPONSE TO DAVID B. POPKIN FOLLOW-UP INTERROGATORY**

POStPlan.

[a] Not confirmed. Most types of accountable mail may be left in a parcel locker. If a signature is required, mailers can opt to waive the signature requirement. However, parcel lockers may not be used for accountable mail if a mailer requires a return receipt.

[b] Parcel lockers are currently provided by a number of manufacturers with a variety of specifications.

[c] Confirmed, however, parcel lockers can accommodate the vast majority of packages.

[d] Not confirmed. Parcel lockers may be located outside of the Post Office. Please also see the Direct Testimony of Jeffrey C. Day on behalf of the United States Postal Service (USPS-T-1) at page 16.

[e] Currently, an estimated 40 percent of EAS Level 16 and below Post Offices have parcel lockers.

[f] Confirmed.

[g] PS Form 3849 will not change as a result of POStPlan. However, upon customer request, accommodations are, and will continue to be, made to pick up a package from a neighboring Post Office.

[h] Such changes may cause confusion for the customer.

[i-k] The Postal Service currently implements this procedure at Post Offices. If a customer requests that a package be forwarded to a neighboring Post Office, the package will be sent under cover, separated from regular mail and marked with the date of pick-up requested by the customer.

[l] The Postal Service does not classify this process as a "forward."

[m] Not necessarily.

**UNITED STATES POSTAL SERVICE
RESPONSE TO DAVID B. POPKIN FOLLOW-UP INTERROGATORY**

[n] The date of delivery will depend on the customer's preference and operational availability. The Postal Service works, and will continue to work, with customers to determine the best timeline for delivery. If a customer requests next day delivery, the Postal Service uses, and will continue to use, its best efforts to accommodate the customer's request.

[o] See the response to subparts [j-l].

[p] Yes.

[q] Yes, PS Form 3849 currently provides, and will continue to provide, customers with the option to have their package redelivered and the process is detailed on the reverse side of the form.

[r] Not applicable.

[s] See the response to subpart [q] above.

[t] If the customer requests delivery on the next delivery day, the Postal Service uses, and will continue to use, its best efforts to accommodate this request.

**UNITED STATES POSTAL SERVICE
RESPONSE TO ELAINE MITTLEMAN INTERROGATORY**

EM/USPS-2.

If persons conducting business need access to postal services at random times during the day, rather than at a scheduled time, how can they get that access?

RESPONSE

Consistent with the options available to customers today, if the retail window hours of a particular location are not conducive to a customer's immediate need, the customer may access services at another Post Office or obtain services through alternate retail access channels.

**UNITED STATES POSTAL SERVICE
RESPONSE TO ELAINE MITTLEMAN INTERROGATORY**

EM/USPS-3.

If persons want to have a package picked up by a carrier, how much lead time is needed to request pick-up? If persons are on a deadline and need prompt service to be able to mail a package, what options are available to them to use the Postal Service, rather than an alternative, such as UPS or FedEx?

RESPONSE

With respect to the first question, the Postal Service does not expect that package pick-up by a carrier will be affected by POSTPlan.

With respect to the second question, customers will continue to have the same options available to them today.

**UNITED STATES POSTAL SERVICE
RESPONSE TO ELAINE MITTLEMAN INTERROGATORY**

EM/USPS-8.

What effect will reducing retail hours have on the lease terms and costs of postal facilities? Will the Postal Service include any lease costs or savings in determining the reduced hours for retail facilities?

RESPONSE

The Postal Service does not expect that lease terms and costs associated with the physical aspects of postal facilities will be affected by POSTPlan.

**UNITED STATES POSTAL SERVICE
RESPONSE TO ELAINE MITTLEMAN INTERROGATORY**

EM/USPS-10.

Will some postal workers have hours reduced to two or four work hours per day? Will some postal workers have to travel to several retail facilities during each work day?

RESPONSE

It is possible that postal employees will have the option to work reduced hours or travel to more than one facility during the work day. Please also see page 13 of the Direct Testimony of Jeffrey C. Day on behalf of the United States Postal Service (USPS-T-1).

**UNITED STATES POSTAL SERVICE
RESPONSE TO ELAINE MITTLEMAN INTERROGATORY**

EM/USPS-13.

Will the Postal Service withdraw the final determinations it has issued for post offices that have not closed?

RESPONSE

No. Please see pages 17-19 of the Direct Testimony of Jeffrey C. Day on behalf of the United States Postal Service (USPS-T-1). The Final Determinations, as part of the discontinuance process, will be held in abeyance pending a determination of whether to realign retail window service hours.

**UNITED STATES POSTAL SERVICE
RESPONSE TO ELAINE MITTLEMAN INTERROGATORY**

EM/USPS-14.

What is the status of the cases remanded by the Postal Regulatory Commission back to the Postal Service?

RESPONSE

A partial objection to this interrogatory has been filed. Further, consistent with the Direct Testimony of Jeffrey C. Day on behalf of the United States Postal Service (USPS-T-1) at page 1, footnote 1, non-operational Post Offices will not be part of POSTPlan.

**UNITED STATES POSTAL SERVICE
RESPONSE TO ELAINE MITTLEMAN INTERROGATORY**

EM/USPS-20.

Will the Postal Service reconsider or provide an opportunity for a rehearing concerning post offices that closed from the beginning of 2011 to the present?

RESPONSE

No. See page 1, footnote 1 of the Direct Testimony of Jeffrey C. Day on behalf of the United States Postal Service (USPS-T-1).

**UNITED STATES POSTAL SERVICE
RESPONSE TO ELAINE MITTLEMAN INTERROGATORY**

EM-USPS-25.

Will the Postal Service pursue discontinuance or consolidation for postal facilities included in this plan?

RESPONSE

POStPlan will not impact the Postal Service's ability to initiate future discontinuance studies for Post Offices, including RMPOs and PTPOs, pursuant to the criteria and policies established in USPS Handbook PO-101 (USPS-LR-N2012-2/5).

**UNITED STATES POSTAL SERVICE
RESPONSE TO ELAINE MITTLEMAN INTERROGATORY**

EM/USPS-28.

The Direct Testimony of Jeffrey C. Day (USPS-T-1) states at page 6 that "(t)he Postal Service retail network currently offers window service hours that, on average, far exceed actual customer use of postal services." As shown in Figure 2 on the same page, the Average Earned Workload exceeds the Average Retail Hours for both Levels 15 and 16. Why are these Levels included in the plan to reduce hours, if the Average Earned Workload exceeds the Average Retail Hours?

RESPONSE

The numbers in Figure 2 on page 6 of the Direct Testimony of Jeffrey C. Day (USPS-T-1) represent averages across the indicated EAS Levels. As explained by witness Day on page 12, Post Offices having more than 5.74 hours of AEWL will be categorized as EAS Level 18 or above. As further illustrated in Figure 7 on page 15 of witness Day's testimony, 1,799 current EAS Level 15 Post Offices and 1,908 current EAS Level 16 Post Offices are expected to be upgraded to EAS Level 18 Post Offices. However, the remaining current EAS Level 15 and 16 Post Offices have an AEWL of 5.74 or less, indicating that they will be classified as RMPOs or PTPOs under POSTPlan.

**UNITED STATES POSTAL SERVICE
RESPONSE TO ELAINE MITTLEMAN INTERROGATORY**

EM/USPS-33.

The Direct Testimony of Jeffrey C. Day (USPS-T-1) states at page 17 that “the requirements for discontinuance ... are not applicable to the Postal Service’s procedure for determining realignment of retail window hours.” If the Postal Service is asserting that it does not have to comply with the statutes and regulations concerning discontinuance, what procedures will the Postal Service be required to follow in this plan?

RESPONSE

The procedures set forth in 39 U.S.C. § 404(d) and Handbook PO-101 apply to Post Office discontinuance studies, and the Postal Service intends to follow them when it selects a Post Office for discontinuance study. To the extent POSTPlan involves preservation of an existing facility and reduction in window services hours, implementation will be guided by the criteria established in this docket, and in the instructional memorandum referenced in the response to Presiding Officer’s Information Request No. 2, Question 14. To the extent the review of a Post Office performed under POSTPlan results in a discontinuance study, then the procedures of Handbook PO-101 will be followed.

**UNITED STATES POSTAL SERVICE
RESPONSE TO ELAINE MITTLEMAN INTERROGATORY**

EM/USPS-36.

What use is the Postal Service making of the questionnaire responses and information from community meetings held during 2011-2012?

RESPONSE

To the extent this interrogatory is referring to completed questionnaires, as described in and required by Handbook PO-101 (USPS-LR-N2012-2/5), the Postal Service is using those results for their intended use as described in and required by Handbook PO-101 (USPS-LR-N2012-2/5).

**UNITED STATES POSTAL SERVICE
RESPONSE TO ELAINE MITTLEMAN INTERROGATORY**

EM/USPS-39.

Why did the Postal Service fail to advise the PRC and those appealing to the PRC about closings of the existence of the ORC research? Why did the Postal Service fail to advise the PRC and those appealing to the PRC of the consideration and possibility of an alternative plan to reduce retail hours, rather than to close post offices?

RESPONSE

The Postal Service is aware of no disclosure obligation related to the research referenced in this interrogatory. The Postal Service included the research in this docket to support the changes proposed in this docket.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PUBLIC
REPRESENTATIVE INTERROGATORY REDIRECTED FROM WITNESS DAY**

PR/USPS-T1-10.

You note that EAS Level 18 or above Post Offices will continue to be evaluated through the Workload Service Credit (WSC/PS Form 150) process, whereas Remotely Managed Post Offices (RMPOs) and Part-Time Post Offices (PTPOs) will be evaluated annually through a modified Customer Service Variance (CSV) or Small Office Variance (SOV) program. USPS-T-1 at 10.

- a. Please provide a discussion of the methodology and data sources used for calculating CSV or SOV.
- b. How often will the EAS Level 18 and above offices be evaluated through the WSC process? Will these Post Offices be correspondingly upgraded or downgraded based on WSC results regularly?

RESPONSE

- a. See pages 11 and 12 of the Direct Testimony of Jeffrey C. Day on behalf of the United States Postal Service (USPS-T-1) for information regarding the methodology for calculating CSV and SOV. The data sources used for calculating CSV and SOV are provided in USPS-LR-N2012-2/8.
- b. The evaluation of EAS Level 18 or above Post Offices through the Work Service Credit system is a longstanding practice within the Postal Service. The Work Service Credit system is the tool that calculates the Post Office levels, and it will continue to be utilized for the EAS Level 18 or above Post Offices. Consistent with current practice, it is possible that EAS Level 18 or above Post Offices will receive an upgrade or downgrade as a result of the Work Service Credit evaluation. This does not represent a change to current Postal Service policy. To ensure equity, if an EAS Level 18 Post Office falls below the zone of tolerance and is selected as a candidate for a downgrade, it will now be subject to analysis of adjusted earned workload before a downgrade occurs.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PUBLIC
REPRESENTATIVE INTERROGATORY REDIRECTED FROM WITNESS DAY**

PR/USPS-T1-11.

Based on the results of surveying 1,024 customers, the Postal Service asserts that communities will prefer to keep local Post Offices open with realigned hours. USPS-T-1 at 19-20.

- a. Please explain if the 1,024 customers are a representative sample of the Post Office customers.
- b. Please discuss the approach used for selecting the sample and the reliability of the results in approximating the preferences of all customers.
- c. What was the sample frame?
- d. Please provide the data and information described in rules 31(k)(1) and 31(k)(2)(i), irrespective of whether the Postal Service believes that the survey constitutes a "statistical study."

RESPONSE

Preamble. A partial objection to this interrogatory has been filed.

a-d. To the extent that the information requested exists and has not already been provided in Library Reference USPS-LR-N2012-2/4, please see Library Reference USPS-LR-N2012-2/7.

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

1. In his testimony, witness Day states that the Postal Service will review, on an annual basis, Remotely Managed Post Offices (RMPOs) and Part-Time Post Offices (PTPOs) to determine appropriate window service hours for these post offices. See USPS-T-1 at 11.

- a. Please describe the process for annually reviewing each RMPO and PTPO. Include the criteria the Postal Service will consider during this annual review.
- b. How will the Postal Service consider feedback from the community when determining window service hours during the annual review process?

RESPONSE

- a. The Postal Service expects that each year, it will review Remotely Managed Post Offices utilizing the criteria established in POSTPlan. The review will focus on Adjusted Earned Workload (as defined in witness Day's testimony), and retail window service hours will be determined based on this review. Part-Time Post Offices are defined by their proximity to another Post Office, and thus the evaluation will consider any long-term changes to transportation access points, such as the construction of a bridge that would reduce the driving distance between Post Offices to less than 25 miles, and the impact on proximity due to physical changes to retail facilities, such as suspension of a Post Office due to a natural disaster.
- b. After establishing the number of retail window service hours available under the Remotely Managed Post Office or Part-Time Post Office reclassification option, the Postal Service will consider community input as part of its determination regarding the time of day for those hours. If a review of a Post Office indicates that a reduction in the number of retail window service hours is appropriate, the Postal Service will apply its existing processes developed as part of the Postal Service's historical practice of reviewing Post Offices for changes in classification.

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

2. Witness Day states that the Postal Service has modified its Change, Suspension & Discontinuance Center computer system to include a new customer survey with more questions measuring non-revenue transactions at post offices. USPST- 1 at 23-24. Please describe how non-revenue transactions at post offices will be considered when determining a post office's Adjusted Earned Workload (Adjusted Workload).

RESPONSE

Non-revenue transactions are included in SOV and CSV, which are the bases for determining Adjusted Workload. For Post Offices with Point-of-Sale (POS) terminals, non-revenue transactions are accounted for using actual data input by retail employees. For Post Offices without POS terminals, the Postal Service determines the ratio of non-revenue transactions to revenue at POS terminal Post Offices and uses this ratio to estimate the number of non-revenue transactions.

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

3. Witness Day states, "Nonexecutive-staffed Post Offices receive a classification within one of two ranges, EPM Levels 51 to 55 or EAS Levels 11 to 26, depending on the Postmaster level for that facility." USPS-T-1 at 5. Besides the Postmaster level, what other factors (*e.g.*, measures of workload or other physical attributes) determine the EAS or EPM level of a facility?

RESPONSE

None.

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

4. Page 6, Figure 2, shows current average window service hours and earned workload for the POSTPlan offices by current post office classification.
- a. Please explain how the Average Earned Workload Hours per week (last column in Figure 2 on page 6) are calculated.
 - b. Do the Average Earned Workload Hours per week (last column in Figure 2 on page 6) include the 10 percent multiplier factor?

RESPONSE

- a. Average Earned Workload uses data on earned workload compiled through SOV and CSV. The total hours of earned workload in SOV and CSV for each Post Office level is then divided by the number of Post Offices at that level.
- b. No.

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

5. Page 6, footnote 3, states that "the term earned workload reflects a combined value for the mail distribution, Post Office Box delivery and retail window service activity at a facility."

- a. Please describe and provide any available documentation showing how to calculate earned workload as the term is used in witness Day's testimony.
- b. Please explain how Work Service Credit is factored into the calculation of earned workload.

RESPONSE

- a. Other than Library Reference No. 2 (USPS-LR-N2012-2/2), no documents were identified pursuant to this request. Earned workload, as used in witness Day's testimony, is a calculated value using SOV or CSV for each POSTPlan Office. For offices utilizing SOV, earned workload is the sum of hours spent performing mail distribution, PO Box distribution, retail operations, Postmaster administrative functions, and other miscellaneous administrative functions. For offices utilizing CSV, earned workload is the sum of hours spent performing automation activities, business services, mail distribution, PO Box distribution, retail operations and administrative functions. Because of differences between the SOV and CSV variance programs, including the type of reporting technology at Post Offices, the two programs categorize some similar activities under different titles. Despite these differences, the programs are similar in that they are both intended to identify the actual hours of work performed at a given Post Office.
- b. Work Service Credit is a measurement method to determine Postmaster level. Earned workload, as defined on page 6, footnote 3 of USPS-T-1 is a separate measurement of work performed at a Post Office, and as such Work Service Credit is not factored into the calculation of earned workload.

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

6. Witness Day states, "The Postal Service generally will not study for discontinuance candidate Post Offices as part of the POSTPlan unless the community has a strong preference for discontinuance...." USPS-T-1 at 15. Please explain how the Postal Service will determine whether a community has a "strong preference" for discontinuance.

RESPONSE

The Postal Service intends to review the information provided by customers in response to the questionnaires distributed in connection with consideration of a Post Office under POSTPlan to determine whether a community has a "strong preference" for discontinuance. The survey will be analyzed and the results will be shared at the community meeting. A "strong preference" would be demonstrated where over sixty percent of the returned questionnaires reflect a preference for discontinuance study.

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

7. When a post office is "upgraded" as that term is used in witness Day's testimony (see *generally* pages 10-14), please explain what this entails beyond changing the EAS or EPM level of the Postmaster.

RESPONSE

As used in witness Day's testimony, the term "upgrade" refers to a change in the Post Office level from EAS Level 16 or below to EAS Level 18 or above. Post Offices upgraded to EAS Level 18 or above will reflect the characteristics of current EAS Level 18 or above Post Office, such as staffing, possible remote management of RMPOs and full-time weekday hours.

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

8. Witness Day states, "Specifically, a Post Office that is 25 or more driving miles from the nearest Post Office or that is outside a 25 mile radius of the nearest APO" will be known as a PTPO. USPS-T-1 at 13-14. Please provide the rationale for selecting 25 miles as the threshold for establishing PTPOs.

RESPONSE

The 25 mile threshold is based on management's determination of operational needs, customer impact and consultations with Postmaster associations.

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

9. How is the number of customer visits factored into a decision to realign a particular post office's hours?

RESPONSE

To the extent that a customer visit results in either a revenue or recorded non-revenue transaction, it will be included in SOV or CSV, which are used to determine Adjusted Earned Workload. For Post Offices without POS terminals, customer visits resulting in non-revenue transactions are estimated using the method described in the response to POIR No. 1, Question 2.

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

10. The Postal Service stated in a press release that once the POSStPlan has been completely implemented, "the Postal Service estimates savings of a half billion dollars annually." Please provide an estimate of the anticipated savings from implementing the POSStPlan and electronic worksheets showing how the savings are calculated.

RESPONSE

Electronic worksheets showing an estimate of cost savings, and how the savings are calculated are provided in USPS-LR-N2012-2/6. Based on the expected classification of Post Offices as a result of POSStPlan, this model provides that the Postal Service will save an estimated \$517,129,956 in labor costs. As articulated in the Request on page 3, "postal management's goal in pursuing the POSStPlan is to improve efficiency and meet customer needs by matching retail hours and services to community postal needs and use patterns." This goal is not contingent on a specific cost savings estimate or expectation.

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

11. Please explain any efforts the Postal Service has made to estimate the expected impact on revenue from reducing window service hours under the POStPlan. Include electronic worksheets showing how this estimate was calculated.

RESPONSE

The Postal Service has made efforts to estimate the POStPlan's expected impact on revenue, but has been unable to identify or determine any accurate method for doing so. This is true, at least in part, because the Postal Service has not reduced window service hours in this manner before and therefore has no empirical evidence on which to base such an estimate. Efforts to estimate the impact on revenue have consisted of observation of the correlation between window service hours and revenue, and inferences there from. Such inferences do not provide an accurate or representative assessment of causation between a decrease in window service hours and consequent decrease in revenue.

Unchanged customer access to Post Office boxes and mail receptacles, as well as the availability of alternate access opportunities, many of which are not tied to a particular location, helps illustrate the reasons why it is difficult to draw any legitimate conclusions in today's retail environment about the specific effects that a change in window service will have on revenue.

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

12. Please explain where the data developed on the spreadsheets in Library Reference No. 3 (USPS-LR-N2012-2/3) are incorporated into the spreadsheet "Summary.xls" in Library Reference No. 1 (USPS-LR-N2012-2/1). Please provide revised spreadsheets with links.

RESPONSE

USPS-LR-N2012-2/3 contains average walk-in revenue for Post Offices considered under POStPlan. No Revenue data are incorporated in the spreadsheet "Summary.xls" in USPS-LR-N2012-2/1. Because revenue is not included in both spreadsheets, the Postal Service is unable to provide the requested links.

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

13. Please explain why the number of records shown on the spreadsheets "CSV_Calc.xls" and "SOV_Calc.xls" in Library Reference No. 2 (USPS-LRN2012- 2/2) do not equal the number of records shown on the spreadsheet "Summary.xls" in Library Reference No. 1.

RESPONSE

USPS-LR-N2012-2/1 contains POSTPlan Offices, as defined in USPS-T-1.

Collectively, the two spreadsheets in USPS-LR-N2012-2/2 contain postal facilities with either Postmaster or Function 4 (clerk) positions, including but not limited to POSTPlan Offices.

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

14. For Library Reference No. 2 (USPS-LR-N2012-2/2), please provide definitions for the data field "MPOO Code" used on spreadsheets "CSV_Calc.xls" and "SOV_Calc.xls."

RESPONSE

For both spreadsheets in USPS-LR-N2012-2/2, "MPOO Code" is a numerical value representing a specific Manager of Post Office Operations (MPOO) for a given District.

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

15. Please provide available walk-in stamp revenue, total walk-in revenue, and permit revenue for each facility listed in Library Reference No. 1 (USPS-LRN2012- 2/1, "Summary.xls").

RESPONSE

Walk-in stamp revenue, total walk-in revenue and permit revenue for each facility listed in USPS-LR-N2012- 2/1 is provided in USPS-LR-N2012-2/NP1.

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

16. How will the POSTPlan affect carrier operations at post offices that are converted to RMPOs and PTPOs?

RESPONSE

The Postal Service does not expect that carrier operations at Post Offices that are classified as RMPOs and PTPOs will be affected by POSTPlan.

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

17. Assume that the Postal Service proceeds with a discontinuance study of a candidate post office and replaces services with a nearby post office. What will happen if another community located in the footprint of the nearby post office chooses to use a nearby post office? How will the Postal Service handle the ripple effect of such decisions?

RESPONSE

When a Post Office is discontinued, services will be provided to the affected communities by nearby Postal Service-operated retail facilities and alternate access options. As is the case before discontinuance occurs, a community served by a discontinued Post Office has options for obtaining postal services from Postal Service-operated retail facilities located near where they reside, work, or travel, or alternate access options. Postal Service management has significant experience with providing services to communities after a Post Office discontinuance occurs, and it will continue to apply the procedures it has developed for that purpose. However, it is expected that few Post Offices will face discontinuance study as a result of POSTPlan. In fact, because POSTPlan offers communities the option of realigned window service hours in lieu of a discontinuance study, and establishes an annual review process that could result in increased hours where there is increased customer use, it is likely to minimize the "ripple effect" cited in this information request.

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

18. The Postal Services states that the "POStPlan will continue to provide 'a maximum degree of effective and regular postal services to rural areas, communities and small towns.'" The Postal Service adds that "communities will continue to receive postal services that meet or exceed their actual use. Thus, effective postal services will continue to be provided to residents of rural communities." Request at 10. Please identify any other factors the Postal Service considered when determining whether the POStPlan is consistent with the other relevant policies of title 39, including, among others, section 101(b).

RESPONSE

As set forth on pages 8 through 10 of the Request, the Postal Service evaluated the statutory requirements and authorities, including 39 U.S.C. § 101(b), and determined that POStPlan is consistent with Title 39. The Postal Service expects that few, if any, Post Offices will become the subject of a discontinuance study as a result of POStPlan. But to the extent that some Post Offices become the subject of a discontinuance study as a result of POStPlan, they will not be selected based on operation at a deficit, but rather based on other factors, such as a postmaster vacancy, emergency suspension, or insufficient customer demand.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING
OFFICER'S INFORMATION REQUEST NO. 2**

1. Witness Day indicates on page 12 of his testimony that Customer Service Variance (CSV) and Small Office Variance (SOV) results will be multiplied by 1.1 to account for "minor variations" in calculating earned workload using CSV and SOV and to enable a Remotely Managed Post Office (RMPO) to adjust its window service hours upward if its number of retail transactions increases. Please provide the rationale for selecting 1.1 as the appropriate multiplier.

RESPONSE

The selection of 1.1 as the multiplier resulted from management's determination of operational needs and consultations with Postmaster associations.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING
OFFICER'S INFORMATION REQUEST NO. 2**

2. On page 13 of his testimony, witness Day states that RMPOs report to and are managed by a postmaster located at an Administrative Post Office. Please explain how this arrangement is similar to or different from the "circuit rider" postmaster concept discussed in Docket No. N2011-1, the Retail Access Optimization Initiative. A circuit rider postmaster, as described in that opinion, is "a postmaster who would oversee several offices within a reasonable driving distance and allow contract clerks to conduct the day-to-day operations of the postal facility."

RESPONSE

The concepts described above are similar. But the Postal Service can identify at least one difference between the concepts -- the "circuit rider" concept contemplated contract labor, while the Postal Service proposal in this docket retains career positions for Part-Time Post Offices and Level 6 Remotely Managed Post Offices (RMPOs), and noncareer employee positions for Level 2 and 4 RMPOs.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING
OFFICER'S INFORMATION REQUEST NO. 2**

3. On pages 13-14 of his testimony, witness Day indicates that Part-Time Post Offices (PTPOs) and Level 6 RMPOs will be staffed by career employees, while Level 4 and Level 2 RMPOs will be staffed by non-career employees.
- a. Please provide the productive hourly wage rate for career employees who will staff Level 6 RMPOs and PTPOs.
 - b. Please provide the productive hourly wage rate for noncareer employees who will staff Level 2 and 4 RMPOs.

RESPONSE

Please see USPS-LR-N2012-2/6, which provides hourly wage and salary information for employees staffing RMPOs and PTPOs.

- a. The hourly wage for new hire career employees who will staff Level 6 Post Offices and PTPOs is \$12.30. For incumbent employees, the hourly wage will depend on the incumbent's current level of pay.
- b. The hourly wage for new hire noncareer employees who will staff Level 2 and Level 4 Post Offices is \$11.76.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING
OFFICER'S INFORMATION REQUEST NO. 2**

4. Witness Day indicates that customers may obtain postal services from (1) post offices, (2) stations, (3) branches, (4) contract postal units, (5) Village Post Offices, (6) stamp consignees, (7) usps.com, and (8) Automated Postal Centers. USPS-T-1 at 3.

- a. Please identify the services that are currently available (e.g., stamps, flat rate boxes, post office boxes, etc.) at post offices at each EAS Level.
- b. Please identify the services that are currently available at stations, branches, contract postal units, Village Post Offices, stamp consignees, usps.com, and Automated Postal Centers.
- c. Please identify the services that will be available at PTPOs and at each RMPO level after the POSTPlan is implemented.

RESPONSE

a. The types of services available at a Post Office is not affected by EAS level.

Not all services are available at all Post Offices, and such determinations are typically made based on conditions in the local community.

b. As with Post Offices, the products and services available through other channels depend on the individual facility, not the level or category of facility.

However, as a general matter, the Postal Service furnishes the following information:

- Stations and branches provide the same range of services as Post Offices.
- Contract postal units (CPUs) and Village Post Offices (VPOs) offer a range of products and services that will vary depending on the individual contract governing those facilities. The range of products and services potentially offered through VPOs and CPUs, may include, but is not limited to, stamps sales; First-Class Mail, Express Mail, and Priority Mail services; shipping supplies; ZIP Code lookup; rate calculation; change of address; packaging products; collection boxes; PO Boxes; and a number of ancillary services (such as COD, delivery confirmation, insurance, and return receipt).

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING
OFFICER'S INFORMATION REQUEST NO. 2**

RESPONSE to Question 4 (continued)

- Retailers participating in the Stamps on Consignment program offer postage stamp sales.
 - usps.com offers a wide range of services, including, but not limited to, stamps sales; First-Class Mail, Express Mail, Priority Mail, GXG, Priority Mail International, and Express Mail International services; shipping supplies; customized mailings through CardStore, Premium Postcards, and Click2Mail; ZIP Code lookup; Post Office Locator; rate calculation; change of address; packaging products; reserve or renew PO Boxes; and hold mail.
 - Automated Postal Centers (APCs) offer a number of products and services, including, but not limited to stamp sales; international postage for documents and correspondence; rate calculation; Express Mail, Priority Mail, First-Class Mail, and Parcel Post services; ZIP Code lookup; Express Mail, Certified Mail, and Return Receipts; purchase Delivery Confirmation service; and PO Box rental payments.
- c. See response to part a above. Remotely Managed Post Offices and Part-Time Post Offices are Post Offices and will offer the same services as other Post Offices. Their classification status as a Remotely Managed Post Office or Part-Time Post Office will not affect the range of services that they offer.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING
OFFICER'S INFORMATION REQUEST NO. 2**

5. Witness Day states: "In the future, the proportion of overall postal retail revenue generated at Postal Service-operated retail units will continue to diminish as customers continue to increase their use of alternate access channels available where they reside, work and shop." USPS-T-1 at 4. To the extent that witness Day relies on studies or other documentation in making this statement, please provide those documents.

RESPONSE

This statement reflects a review of the trends in Figure 1 in the Direct Testimony of Jeffrey C. Day on Behalf of the United States Postal Service (USPS-T-1).

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING
OFFICER'S INFORMATION REQUEST NO. 2**

6. Witness Day states that "the term POSTPlan Offices includes all 17,728 EAS Level 16 or below Post Offices that were operational as of the close of FY 2011." USPS-T-1 at 1.

- a. Please provide the rationale for using EAS Level 16 and below as the criterion for selecting candidate post offices under the POSTPlan.
- b. If the Postal Service performed any financial analysis (e.g., net revenue estimates) before selecting the EAS Level 16 and below criterion, please provide the results of all such analysis.

RESPONSE

- a. EAS Level 16 or below Post Offices were selected for consideration under POSTPlan because the level of retail activity at these Post Offices indicated that they would continue to serve customer needs, as reflected by customer use, with realigned retail window service hours.
- b. The Postal Service did not perform a financial analysis before selecting the EAS Level 16 and below criterion.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING
OFFICER'S INFORMATION REQUEST NO. 2**

7. Witness Day states, "Saturday hours will not change as a result of the POSTPlan." USPS-T-1 at 16. Assume that a post office with 4 Saturday retail window hours is converted to a Level 2 RMPO. Will that RMPO continue to have 4 Saturday retail window hours after POSTPlan is implemented?

RESPONSE

Yes.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING
OFFICER'S INFORMATION REQUEST NO. 2**

8. In his testimony, Witness Day states that POSTPlan will result in approximately 6,145 clusters, each managed by a single APO. USPS-T-1 at 13, 14 n.11. Please provide the finance numbers identifying each of the 6,145 Administrative Post Offices.

RESPONSE

The Postal Service is currently working with the field to determine which offices will serve as APOs and will provide the list of finance numbers identifying all APOs when the list is finalized. Please note that implementation of POSTPlan may affect the number and choice of Post Offices that serve as APOs.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING
OFFICER'S INFORMATION REQUEST NO. 2**

9. The spreadsheet "Summary.xls," included as Library Reference No. 1 (USPS-LR-N2012-2/1) separates Annual Earned Workload into three categories: Annual Earned Retail Window Workload, Annual Earned Retail Window and Admin Workload, and Annual Earned Workload Less Retail Window and Admin. See Columns V, X, and Y.

- a. Please confirm that column Y, "Annual Earned Workload Less Retail Window and Admin," measures the mail distribution and Post Office Box deliveries at POSTPlan post offices.
- b. Does the Postal Service expect the implementation of the POSTPlan to decrease the number of hours related to mail distribution and Post Office Box deliveries? Please explain fully.

RESPONSE

- a. Confirmed.
- b. Generally no; however, hours related to mail distribution and Post Office box deliveries could decrease at Post Offices where, because of the hours of retail operations, mail distribution is performed by a carrier from another office in lieu of a retail employee.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING
OFFICER'S INFORMATION REQUEST NO. 2**

10. The following questions relate to permit imprint and metered mail volumes and revenues.
- a. Are volumes and/or revenues from permit imprint and metered mail included in the calculation of Adjusted Earned Workload? Please explain.
 - b. Please provide permit imprint and metered mail revenues for each facility shown in Library Reference No. 1 (USPS-LR-N2012-2/1).
 - c. Are permit imprint and metered mail revenues included in the "Total Walk-in Revenue" figures provided in Column C of Library reference No. 3 (USPS-LR-N2012-2/3)?

RESPONSE

- a. Yes. Adjusted Earned Workload is calculated using CSV and SOV, and reflects the actual work associated with permit imprint and metered mail that is performed using Post Office resources. To the extent permit imprint and metered mail is being accepted and dispatched from a Post Office, this process is included in the calculation of Adjusted Earned Workload.
- b. Metered mail revenue was provided in USPS-LR-N2012-1/NP1 in response to Question 15 of POIR No. 1. Permit imprint revenue is not attributable to specific facilities.
- c. Meter mail revenue is included in the underlying data used to calculate the "Total Walk-in Revenue" provided in USPS-LR-N2012-2/3. Permit imprint revenue is not attributable to specific facilities and is not classified as Walk-In Revenue. Permit imprint revenue is not included in the "Total Walk-In Revenue" value reflected in Postal Service Library Reference USPS-LR-N2012-2/3.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING
OFFICER'S INFORMATION REQUEST NO. 2**

11. From time-to-time, the Postal Service has changed the number of window hours at Postal Service retail facilities. Has the Postal Service measured the effect of such changes—whether the hours are increased or decreased—in terms of revenue, costs, community impact, and other effects? Please provide a description of all such analyses, and an explanation of how these measurements were developed.

RESPONSE

The Postal Service has not undertaken such analyses. Please see also

Response to POIR No. 1, Question 11.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING
OFFICER'S INFORMATION REQUEST NO. 2**

12. Assume that the Postal Service implements the POSTPlan and converts candidate post offices into RMPOs and PTPOs.
- a. If the Postal Service subsequently initiates a discontinuance process and decides to close an RMPO, please confirm that the Postal Service will provide notice of appeal rights to the Commission in the Final Determination.
 - b. If the Postal Service subsequently initiates a discontinuance process and decides to close a PTPO, please confirm that the Postal Service will provide notice of appeal rights to the Commission in the Final Determination.

RESPONSE

- a. Confirmed. RMPOs are Post Offices as the term is used in 39 USC § 404(d).
- b. Confirmed. PTPOs are Post Offices as the term is used in 39 USC § 404(d).

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING
OFFICER'S INFORMATION REQUEST NO. 2**

13. In response to DBP/USPS-3[b], the Postal Service states that "Postal Service decisions regarding the 25-mile distance utilized the Microsoft MapPoint program."

- a. Please confirm that Microsoft MapPoint calculates distance as driving distance rather than straight line distance.
- b. If confirmed, please indicate what version of Microsoft MapPoint the Postal Service is using and what additional tools (e.g., add-ons, additional software, or programming languages) the Postal Service used to calculate driving distance in Microsoft MapPoint.
- c. If not confirmed, please explain in detail what program/software was used to calculate the 25-mile driving distance from the post office impacted by POSTPlan to the nearest post office. See USPS-T-1 at 13-14.

RESPONSE

- a. Microsoft MapPoint is capable of providing both driving and straight line distance calculations, and the Postal Service used both driving and straight line distance for POSTPlan.
- b. The Postal Service used Microsoft MapPoint version 2010 (17.00.18.2200) with no additional tools to calculate driving distance.
- c. Not applicable.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING
OFFICER'S INFORMATION REQUEST NO. 2**

14. If the Postal Service determines to implement the POSTPlan, will its rules for establishing hours and maintaining RMPOs, PTPOs, and Administrative Post Offices be codified in regulations or Handbook PO-101?

RESPONSE

The procedures for retail window service hour realignment described in POSTPlan are independent of the Post Office discontinuance process, and they will not be included in Handbook PO-101. Instead, an instructional memo will be developed and distributed to field personnel to describe procedures for POSTPlan consistent with the presentation in this docket. Several changes to postal regulations in the ELM, POM, ASM, Handbook PO-209 and Handbook PO-101 are expected to be published in connection with the POSTPlan. These regulation changes have been sent to labor organizations for review. Insofar as the Handbook PO-101 is concerned, the expected changes are very minor. They reflect the addition of definitions for Remotely Managed Post Office (RMPO) and Part-Time Post Post Office, and an explanation that the earned workload criterium for a discontinuance study will be measured based on the established level for the lowest level RMPO, and not EAS level.

RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 3

1. In response to POIR No. 1, question 1(b), the Postal Service states, "If a review of a Post Office indicates that a reduction in the number of retail window service hours is appropriate, the Postal Service will apply its existing processes developed as part of the Postal Service's historical practice of reviewing Post Offices for changes in classification." Please describe what those historical practices include and highlight how community feedback will be considered.

RESPONSE

The review of Post Offices for operational modifications is not a new process. As an example, the Postal Service routinely reviews offices under the work service credit (WSC) system prior to posting a vacant position. If the office has dropped to a lower classification level, the office is posted with the lower level. The Postal Service has utilized annual reviews as well. Under the current structure, there is a range of WSC values to ensure that offices did not go up and down year by year. These changes are determined at the local level, and notice of the changes is posted at the Post Office. Historically, there has not been a community meeting associated with adjustment in office level, even if that adjustment resulted in reduced retail hours.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S
INFORMATION REQUEST NO. 3**

2. In response to POIR No. 1, question 10, the Postal Service estimates that full implementation of the POSTPlan will save more than \$500 million. The Postal Service reiterates that "postal management's goal in pursuing the POSTPlan is to improve efficiency and meet customer needs...." (citing Request at 3). It adds that "[t]his goal is not contingent on a specific cost savings estimate or expectation."

- a. By "improve efficiency," does the Postal Service mean reduce costs? If not, please explain what the Postal Service means by "improve efficiency" and include in the discussion how the Postal Service's current and projected financial situation plays a role or does not play a role in the need for the POSTPlan.
- b. According to the Postal Service, the goal of the POSTPlan is not contingent on a specific level of savings. Would the Postal Service pursue the POSTPlan if there were no savings? Please explain.

RESPONSE

- a. The term "improve efficiency" does mean, in part, reduce costs. However, improvement of efficiency also means, in part, aligning window service hours to reflect actual customer use, thereby avoiding underutilized hours of operation. Many POSTPlan offices include non-productive hours of operation because these offices are open for more hours than customer use requires. Decreasing the number of underutilized hours at a Post Office makes the Post Office more efficient, and also reduces costs.
- b. No. The Postal Service would not pursue the POSTPlan if it did not result in savings. However, the Postal Service has not determined a particular threshold of savings that it must obtain to justify implementation of the POSTPlan. POSTPlan was developed based on the specific situation that the Postal Service finds itself. That being said, POSTPlan is a sound business approach to address underutilized hours of operation, regardless of the situation. To close the gap on underutilized hours will always lead to savings; therefore, if there were no savings, then presumably, there would be no gap and POSTPlan would not be necessary.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S
INFORMATION REQUEST NO. 3**

3. In Library Reference No. 1 (USPS-LR-N2012-2/1), Column Q titled "PTPO Status" contains blank entries, as well as entries labeled "Cluster," "Isolated," "Cluster (upgraded to 18)," and "Isolated (upgraded to 18)."
- Please explain what each of these designations, including blank entries, represents.
 - Please explain how each post office's corresponding "PTPO Status" was determined.
 - Witness Day states, "As part of the POSTPlan, Postal Service officials will consider three criteria: the AEWL [Adjusted Earned Workload] of a Post Office, the distribution of RMPOs (clusters), and the distance between Post Offices." USPS-T-1 at 15, lines 11 through 13. Please explain how the distribution of clusters is used as a criterion as part of the POSTPlan.

RESPONSE

- Column Q (PTPO Status) indicates whether or not the identified Post Office is a PTPO. A blank indicates that the Post Office will not be classified as a PTPO. The term "Cluster" indicates that the Post Office will be classified as a PTPO because it is outside of a 25 mile radius of its potential APO. The term "Isolated" indicates that the Post Office will be classified as a PTPO because it is 25 or more driving miles from the nearest Post Office. Offices identified as "Cluster (upgraded to 18)," and "Isolated (upgraded to 18)" will be upgraded to EAS Level 18 Post Offices, and will not be PTPOs.
- Once a POSTPlan Office was determined to be eligible for a realignment of hours based on its AEWL (as explained on pages 11-16 of the Direct Testimony of Jeffrey C. Day on Behalf of the United States Postal Service (USPS-T-1)), the Postal Service analyzed the distance from the APO and the distance between Post Offices. The Postal Service first determined whether a POSTPlan Office was within a 25 mile radius of a potential APO. A Post Office identified in Library Reference 1 (USPS-LR-N2012-2/1) as "Cluster" or "Cluster (upgraded to 18)" is outside of the 25 mile radius of its potential APO. The Postal Service then

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S
INFORMATION REQUEST NO. 3**

RESPONSE to Question 3 (continued)

determined that any Post Office that would otherwise be classified as an RMPO that was 25 or more driving miles from the nearest Post Office would be classified as a PTPO. These Post Offices are identified in Library Reference 1 (USPS-LR-N2012-2/1) as "Isolated" or "Isolated (upgraded to 18)."

Because PTPOs do not report to an APO and are thus responsible for administrative tasks instead of an APO, the administrative time otherwise excluded from an AEWL calculation under POSTPlan was added back in to calculate the AEWL for PTPOs. Post Offices that would otherwise be classified as PTPOs that have an AEWL (including administrative time) totaling more than 5.74 hours will be upgraded to EAS Level 18 Post Offices.

Please note that Postal Service headquarters is working with the field to finalize the status of POSTPlan Offices. Specifically, some offices have been identified as requiring redesignation from RMPO to PTPO or EAS Level 18 or above due to anomalies, such as limited seasonal ferry service, that impact the driving distance to the nearest Post Office. In addition, other PTPOs may be upgraded to EAS Level 18 or above when accounting for additional time worked that does not qualify as administrative time and is not otherwise captured in the variance calculations, such as time associated with assisting in mail delivery by plane at a local airstrip. As previously indicated, Postal Service headquarters is working with the field to finalize the new status of POSTPlan Offices and APOs, and the Postal Service will file an update to Library Reference No. 1 (USPS-LR-N2012-2/1) when the review process is complete.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S
INFORMATION REQUEST NO. 3**

RESPONSE to Question 3 (continued)

- c. POStPlan limits the size of clusters to include no more than 10 RMPOs, i.e. no APO may supervise more than 10 RMPOs. If a proposed cluster were to include more than 10 RMPOs, the proposed cluster would be split and one of the RMPOs would be elevated to serve as an APO for the newly created cluster. This practice was not required for the initial distribution of POStPlan Offices as identified in Library Reference No. 1 (USPS-LR-N2012-2/1); however, the Postal Service may utilize this procedure, if required, during subsequent annual reviews.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S
INFORMATION REQUEST NO. 3**

4. Witness Day states, "Classification of a community's Post Office as an RMPO or PTPO does not preclude establishment of a contractor-operated unit in that community." USPS-T-1 at 15, lines 9 and 10. Would such a contractor-owned unit operate in addition to or in lieu of the existing RMPO or PTPO?

RESPONSE

Contractor-operated units may operate in addition to an RMPO or PTPO.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S
INFORMATION REQUEST NO. 3**

5. Please indicate whether the Postal Service will consider reduced post office box revenue in analyzing the net financial impact of the discontinuance as part of the improvements to the discontinuance process described on pages 22 to 24 of witness Day's testimony. If so, please explain how it intends to calculate the reduced revenue.

RESPONSE

It must be stressed that the discontinuance process covered in Handbook PO-101 is not part of POSTPlan. That being said, there are not current plans to include Post Office Box revenue in analyzing the savings to the Postal Service associated with the discontinuance.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S
INFORMATION REQUEST NO. 3**

6. For customers who are unable to pick up parcels or accountable mail during the reduced hours, what options will be available for them to access their mail?

RESPONSE

Customers currently may receive parcels or accountable mail through options that do not involve pick-up at a Post Office retail window, and POStPlan will not impact the availability of these options. Such options include parcel lockers, delivery to a neighboring Post Office (including the POStPlan Office's APO), and redelivery (home delivery at a time rescheduled by the customer).

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S
INFORMATION REQUEST NO. 4**

1. The response to question 13 of POIR No. 1 states that the two spreadsheets in Library Reference No. 2 (USPS-LR-N2012-2/2) "contain postal facilities with either Postmaster or Function 4 (clerk) positions, including but not limited to POSTPlan Offices." Please provide the extraction from Library Reference No. 2 (that is either part of CSV_Calc.xls or part of SOV_Calc.xls) that contains records (with all fields) for the 11 POSTPlan offices listed below:

Facility ID	Finance Number	Office Name	Address	City	State	Variance Program
1388340	049657	WRIGHT PO	8305 ARKANSAS HIGHWAY 256	WRIGHT	AR	SOV
1362223	162418	ELDENA PO	1295 HICKORY ST	ELDENA	IL	SOV
1374799	186507	NEW MARKET PO	412 MAIN ST	NEW MARKET	IA	CSV
1355445	211040	BOOTHVILLE PO	37823 HIGHWAY 23	BURAS	LA	SOV
1385814	216994	PILOTTOWN PO	37823 HIGHWAY 23	BURAS	LA	SOV
1385814	218866	VENICE PO	42558 HIGHWAY 23	VENICE	LA	SOV
1436512	414892	LYNDELL PO	2 LYNDELL RD	LYNDELL	PA	SOV
1378256	487260	POTTSVILLE PO	12098 FM 218 W	POTTSVILLE	TX	SOV
1378381	546846	PRESTON PO	30405 SE 84TH ST	PRESTON	WA	CSV
1364211	573648	FRONTIER PO	224 STATE HIGHWAY 233	FRONTIER	WY	SOV
1379066	577562	RELIANCE PO	1004 S 1ST ST	RELIANCE	WY	SOV

Source: Library Reference No. 1 (USPS-LR-N2012-2/1)

RESPONSE

Please see the errata and replacement files for Library Reference No. 2 (USPS-LR-N2012-2/2). These files contain the CSV and SOV data for FY2011. There are Post Offices without the complete FY2011 variance calculation. For those Post Offices without CSV or SOV data available, the Postal Service constructed the calculation to be consistent with a CSV or SOV calculation when determining the AEWL as provided in Library Reference No. 1 (USPS-LR-N2012-2/1).

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S
INFORMATION REQUEST NO. 4**

2. Library Reference No. 1 (USPS-LR-N2012-2/1) shows over 600 post offices with no postmasters, postmaster reliefs, clerks, support, or transitional employees. However, each post office registers Earned Workload and Walk-In Revenue. Please explain.

RESPONSE

The offices that do not have employees listed in Library Reference No. 1 (USPS-LR-N2012-2/1) were likely staffed by an OIC or an employee detailed to the Post Office at the time the data for the library reference was extracted. Neither an OIC, nor an employee detailed to a Post Office, would be identified by the web Complement Information System (webCOINS) as an employee for that Post Office.

The adjusted daily earned workload hours (AEWL), used to determine the level of POSTPlan Office, were based on the earned hours associated with the daily workload in that office. This calculation, as well as the revenue calculation, is determined regardless of the number or category of employee(s) in the office. As such, the fact that the identified offices do not show a postmaster, postmaster relief, clerk, support or transitional employee does not affect the AEWL or revenue attributable to those offices.

RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 4

3. In response to POIR No. 2, question 13, the Postal Service states that it "used Microsoft MapPoint version 2010 (17.00.18.2200) with no additional tools to calculate driving distance." The Postal Service further indicated that it "used both driving and straight line distance for POSTPlan." If available, please provide a spreadsheet listing the driving distances between each Remotely Managed Post Office (RMPO) and Part-Time Post Office (PTPO) and the nearest post office. If not available, please explain.

RESPONSE

The mileage information requested is not available. When performing the mapping analysis required by the POSTPlan, the Postal Service first determined each POSTPlan Office's distance from a proposed APO. POSTPlan Offices less than 25 miles driving distance from a proposed APO satisfied the distance requirement and were identified as RMPOs. POSTPlan Offices more than 25 miles driving distance from an APO were then studied to determine the nearest Post Office (other than an APO).

The Postal Service searched for the nearest Post Offices, and then, using MapPoint, mapped the driving distance to determine whether the POSTPlan Office was within 25 miles driving distance from the nearest Post Office, and designated the POSTPlan office as an RMPO or PTPO, recording that designation accordingly. The Postal Service did not maintain records of this portion of the mapping process.

For mapping purposes, the Postal Service does have records of the mileage between an APO and its RMPOs. Per the response to POIR No. 2, Question 8, the Postal Service is working with the field to determine which offices will serve as APOs and will provide the list of finance numbers indentifying all APOs when the list is finalized. The Postal Service will also include the mileage from an APO to its RMPOs with this list. Please note that implementation of POSTPlan may affect the number and choice of Post Offices that serve as APOs.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S
INFORMATION REQUEST NO. 4**

4. Witness Day states that the "earned workload measurement for each office will be determined by the most recently completed fiscal year (FY)." USPS-T-1 at 12, lines 10-11. Please also refer to the two spreadsheets in Library Reference No. 2 (SOV_Calc.xls and CSV_Calc.xls files).
- a. Please clarify the meaning of "12 week trend" in the titles of the columns "P" through "V" in SOV_Calc.xls and columns "M" through "AQ" in CSV_Calc.xls.
 - b. Please explain how the data from the 12-week period starting on January 14, 2012 and ending on April 6, 2012 is representative of the data for the entire year. Include in your explanation a discussion of how seasonality may affect this.
 - c. Please indicate whether Postal Service performed any comparative calculations over a different period of time. If so, please provide the results from that analysis.

RESPONSE

Please see the errata and replacement files for Library Reference No. 2 (USPS-LR-N2012-2/2). These files contain the CSV and SOV data for the full FY2011.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S
INFORMATION REQUEST NO. 4**

5. The spreadsheet in Library Reference No. 1 (USPS-LR-N2012-2/1) contains columns with various measures of workload (columns V, W, X, Y, Z, AA, AB, AC, AD, AE, AG, AI, AJ) and summary data on Daily Adjusted Earned Workload (columns AK and AL). Please provide an electronic spreadsheet showing how the figures in each of these columns were calculated. For data in each of the columns listed above, please identify the particular cells and columns of the input data files located in the two spreadsheets (SOV_Calc.xls and CVS_Calc.xls) in Library Reference No. 2 (USPS-LR-N2012-2/2).

RESPONSE

The requested information is provided in Library Reference No. 9 (USPS-LR-N2012-2/9). As shown in Library Reference No. 9 (USPS-LR-N2012-2/9), columns X, Y, AA, AB, AC, AD, AE, AG, AI, AJ, AK and AL in Library Reference No. 1 (USPS-LR-N2012-2/1) are calculations based on data from the errata to Library Reference No. 2 (USPS-LR-N2012-2/2). The table below identifies corresponding columns between Library Reference No. 1 (USPS-LR-N2012-2/1) and the spreadsheets from the errata to Library Reference No. 2 (USPS-LR-N2012-2/2).

USPS-LR-N2012-2/1	2011_SOV_Data.xls	2011_CSV_Data.xls
V	F	H
W	H	I
Z	I	J

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S
INFORMATION REQUEST NO. 4**

6. In calculating the cost savings as shown in Library Reference No. 6 (USPS-LR-N2012-2/6), how does the Postal Service treat offices with a current Postmaster vacancy and which may be managed by (a) an Officer in Charge (OIC) and (b) a Postmaster Relief (PMR)? Please explain.

RESPONSE

The average Postmaster salaries used in Library Reference No. 6 (USPS-LR-N2012-2/6) are an average of the salaries for Postmasters currently assigned to each of the respective levels. The Postal Service used this average salary for offices with an OIC or PMR covering the assignment.

1 VICE CHAIRMAN LANGLEY: We will now provide
2 an opportunity for Ms. Mittleman to move to designate
3 the additional materials that she has identified as
4 written cross-examination to Witness Day.

5 MS. MITTLEMAN: Good morning. I have handed
6 two copies to counsel, and I therefore move that they
7 be included in the record.

8 VICE CHAIRMAN LANGLEY: Thank you. And,
9 counsel, have you had an opportunity to review the
10 additional institutional written cross-examination
11 identified for designation?

12 MS. BROWNLIE: Yes, we have.

13 VICE CHAIRMAN LANGLEY: And are you able to
14 sponsor these?

15 MS. BROWNLIE: Yes, we can.

16 VICE CHAIRMAN LANGLEY: Are there any
17 corrections or additions that need to be made?

18 MS. BROWNLIE: No.

19 VICE CHAIRMAN LANGLEY: Ms. Mittleman, if
20 you would provide two copies of the written cross-
21 examination identified for designation to the
22 reporter? The written cross-examination is received
23 into evidence and will be transcribed into the record.

24 //

25 //

1 (The document referred to was
2 marked for identification as
3 Exhibit No. EM/USPS-2 and was
4 received in evidence.)
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**UNITED STATES POSTAL SERVICE
RESPONSE TO ELAINE MITTLEMAN INTERROGATORY**

EM/USPS-2.

If persons conducting business need access to postal services at random times during the day, rather than at a scheduled time, how can they get that access?

RESPONSE

Consistent with the options available to customers today, if the retail window hours of a particular location are not conducive to a customer's immediate need, the customer may access services at another Post Office or obtain services through alternate retail access channels.

**UNITED STATES POSTAL SERVICE
RESPONSE TO ELAINE MITTLEMAN INTERROGATORY**

EM/USPS-8.

What effect will reducing retail hours have on the lease terms and costs of postal facilities? Will the Postal Service include any lease costs or savings in determining the reduced hours for retail facilities?

RESPONSE

The Postal Service does not expect that lease terms and costs associated with the physical aspects of postal facilities will be affected by POSTPlan.

**UNITED STATES POSTAL SERVICE
RESPONSE TO ELAINE MITTLEMAN INTERROGATORY**

EM/USPS-9.

What will happen to the postal facilities in the hours that they will be closed after the reduced hours have been implemented? Are there safety and environmental concerns about having postal facilities closed for a majority of the day?

RESPONSE

With respect to the first question, PTPOs and RMPOs will follow the same policies and procedures as current part-time Post Offices.

With respect to second question, no. There are part-time Post Offices that are currently operational which have not posed any unique safety or environmental concerns.

**UNITED STATES POSTAL SERVICE
RESPONSE TO ELAINE MITTLEMAN INTERROGATORY**

EM/USPS-10.

Will some postal workers have hours reduced to two or four work hours per day? Will some postal workers have to travel to several retail facilities during each work day?

RESPONSE

It is possible that postal employees will have the option to work reduced hours or travel to more than one facility during the work day. Please also see page 13 of the Direct Testimony of Jeffrey C. Day on behalf of the United States Postal Service (USPS-T-1).

**UNITED STATES POSTAL SERVICE
RESPONSE TO ELAINE MITTLEMAN INTERROGATORY**

EM/USPS-12.

What is the status of the final determinations issued by the Postal Service from January 2011 to the present concerning closing post offices?

RESPONSE

See page 1, footnote 1 of the Direct Testimony of Jeffrey C. Day on behalf of the United States Postal Service (USPS-T-1).

**UNITED STATES POSTAL SERVICE
RESPONSE TO ELAINE MITTLEMAN INTERROGATORY**

EM/USPS-38.

Why did the Postal Service authorize research by ORC concerning consumer preference while the Postal Service had determined to close many post offices? Did the Postal Service evaluate whether the results of the ORC research were consistent with the position of the Postal Service about closing post offices?

RESPONSE

Please see the Direct Testimony of Jeffrey C. Day (USPS-T-1) at page 10 (“The POStPlan reflects a determination by senior management to explore options other than discontinuance of underutilized Post Offices. . . .”). Please also see witness Day’s testimony at page 19 (explaining that the Postal Service’s expectation “that most communities will prefer that Post Offices remain open with realigned hours” is based on both “prior experience and market research”).

1 MS. MITTLEMAN: Thank you.

2 VICE CHAIRMAN LANGLEY: And thank you, Mr.
3 Nusbaum, for doing that.

4 Is there any additional written cross-
5 examination for Witness Day?

6 (No response.)

7 VICE CHAIRMAN LANGLEY: That brings us to
8 oral cross-examination. Three participants have
9 requested oral examination: The American Postal
10 Workers Union AFL-CIO, Elaine Mittleman and the Public
11 Representative, Rand Costich. Are there any other
12 participants who wish to cross-examine Mr. Day?

13 (No response.)

14 VICE CHAIRMAN LANGLEY: Seeing or hearing
15 none, we will begin cross-examination with the APWU.
16 Counsel, will you please introduce yourself and then
17 you may proceed?

18 MS. HOLMES: Good morning. Thank you. My
19 name is Melinda Holmes. I'm counsel to the American
20 Postal Workers Union. Thank you. I'm appearing today
21 in substitute to my partner, Darryl Anderson, who
22 sends his regards.

23 CROSS-EXAMINATION

24 BY MS. HOLMES:

25 Q Mr. Day, in the Postal Service's initial

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1 request to the Commission, the Postal Service
2 described that part of the intent of POSTPlan is to
3 realign window service hours to reflect actual
4 customer use.

5 Now, my understanding is is that the Postal
6 Service is using earned workload hours as that
7 designation. Is that correct?

8 A Yes, it is.

9 Q Now, earned hours does not show the actual
10 length of any transaction that occurs in a facility.
11 Isn't that correct?

12 A The earned work hours do not show the actual
13 time that it takes to do a transaction. Correct.

14 Q And earned work hours also does not account
15 for customer wait time. Is that correct?

16 A Earned hours do not account for customer
17 wait time.

18 Q Earned work hours applies a predetermined
19 time value to the various types of transactions and
20 activities that can occur at the window. Is that
21 correct? Would that be a fair summary of what that
22 is?

23 A In general, that would be a fair summary.

24 Q Now, in the Postal Service's response to the
25 Presiding Officer's Question No. 3, the term

1 underutilized hours was used. Could you define what
2 underutilized hours means?

3 A Would you mind reminding? What
4 interrogatory were you --

5 Q Sure. I'm sorry. This is the Presiding
6 Officer's Interrogatory Question No. 3(b) as in boy.

7 MS. BROWNLIE: I'm sorry. Which set of
8 information requests?

9 MS. HOLMES: The June 28, 2012.

10 MS. BROWNLIE: Thank you. Is there a number
11 associated with the POIR?

12 (Pause.)

13 MS. HOLMES: Yes. I'm sorry. Yes. It's
14 Response No. 3. These are to Questions 1 to 6 of the
15 Presiding Officer's Information Request. No. 3.

16 THE WITNESS: No. 3, Question 2, you said?

17 MS. HOLMES: No. 3. In the response it's
18 paragraph (b).

19 THE WITNESS: So you're referring to -- I
20 just want to make sure that I understand your
21 question.

22 You're referring to the statement, and I'm
23 reading directly from the response, that says, "That
24 being said, POSTPlan is a sound business approach to
25 address underutilized hours of operation regardless of

1 the situation."

2 MS. HOLMES: That's right.

3 THE WITNESS: And your specific question is
4 what does underutilized hours mean?

5 MS. HOLMES: That term, underutilized hours.
6 That's right.

7 THE WITNESS: An example would be an office
8 that has eight hours of operation and yet they in fact
9 only through transactions earn two hours, so there
10 would be a six hour period of time that is
11 underutilized.

12 BY MS. HOLMES:

13 Q Now, is it not true that the Postal Service
14 does capture data for at least some of the offices
15 that would be involved in the POSTPlan to show when
16 during the day transactions occur?

17 A That would be true.

18 Q But the Postal Service is not relying on any
19 of that data for purposes of establishing realigned
20 window service hours under POSTPlan. Is that correct?

21 A We're not relying on the time of day factor.
22 We're looking at the specific transactions.

23 Q In terms of setting the window hours in a
24 realigned POSTPlan office, is the Postal Service going
25 to rely solely on input from community meetings to

1 determine what hours an office should be open?

2 A We're going to rely on the input from the
3 community, but we're also going to have to assess our
4 operational needs.

5 Q And can you describe how that assessment of
6 operational needs would occur?

7 A Well, as an example, if a specific office
8 has carriers, if there's any carriers in that office,
9 we're going to have to sort the mail to the carriers.

10 We're going to have to have that mail to the
11 carriers by a certain time of the day so that they can
12 go and complete their route. That might introduce an
13 operational need that needs to be considered when
14 determining the hours of the operation.

15 Q And who will decide what the retail hours
16 will be, the window service hours will be?

17 A The Postal Service will ultimately decide
18 what the retail hours will be.

19 Q At what level of the Postal Service do you
20 expect that decision will be made?

21 A At the local -- I mean the district that's
22 responsible for the post office.

23 Q And just to clarify, the decision of what
24 hours the window will be open will be made I believe
25 you just said based on operational needs and input

1 from the community meeting?

2 A Correct.

3 Q Does the Postal Service anticipate
4 soliciting input from the community any other way than
5 the community meeting?

6 A Yes. The community survey that's going to
7 be sent out will also give them an opportunity to
8 indicate what timeframe that those hours will be.

9 Q When window service hours are realigned, can
10 those hours be split over the course of a day?

11 A If it was operationally feasible and the
12 community selected that they liked that, we would take
13 that into consideration.

14 Q So just to make sure that what I'm saying is
15 what you mean, for example, then the office could
16 conceivably be open for an hour from 8 a.m. to 9 a.m.
17 and then again for an hour from 5 p.m. to 6 p.m.?

18 A That could happen.

19 Q And is there any limitation that the
20 ultimate hours that an office, the window, is open
21 fall within certain time ranges? For example, could
22 the hours be from 7 p.m. to 8 p.m.?

23 A I can't think of a situation where they
24 could be from 7:00 -- did you say 7 p.m. to 8 p.m.?

25 Q Right. So outside of what is now the

1 traditional range.

2 A Right. We have to get the mail back to be
3 processed, so we're not going to have an office open
4 until 9 p.m. We can't get that mail back to a
5 processing plant to be processed. So that's another
6 area where operational consideration would be taken
7 into account.

8 Q And will POSTPlan allow for increased
9 staffing during the reduced hours to accommodate what
10 could be increased customer volume and wait time
11 during those hours?

12 A You know, some of these offices that you're
13 talking about, and I sense there might be a little bit
14 of a disconnect between the earned hours as opposed to
15 what you're saying is real world. I think that's kind
16 of what you're getting at.

17 Most of the offices contained in POSTPlan
18 would fall under SOV, and certainly there's a
19 percentage of them that fall under CSV as well. To
20 date this year, 98 percent of the offices are working
21 within the SOV standards, the offices that are in SOV,
22 so it's an achievable standard. It's not just some
23 number that was pulled out of the air and it really
24 takes longer. It's a standard that is actually met on
25 a consistent basis.

1 (Pause.)

2 A Oh, customer service variance is CSV and
3 small office variance is SOV. I'm sorry. I'm sorry.

4 Q I'm sorry. I think you might have --

5 A Been midpoint.

6 Q -- been in mid swing.

7 A Can we start again with your question? I
8 want to make sure I'm addressing your question being I
9 was interrupted midpoint. Not interrupted, but being
10 I didn't get my answer out.

11 Q Well, my question concerned if we're
12 reducing the hours --

13 A Yes.

14 Q -- let's say to a two hour a day window
15 service --

16 A Yes.

17 Q -- in a POSTPlan office and if that were to
18 have the effect that it drives the business that may
19 have come in during the course of the day to come in
20 during those two hours, my question was whether the
21 POSTPlan envisions the possibility of increasing the
22 staffing at the window in that office to accommodate
23 this funneling of business into those two hours, as
24 opposed to having been spread out over a six --

25 A No, we don't anticipate --

1 Q -- or eight hour day.

2 A Sorry. We don't anticipate having to add
3 staff. The earned hours that are associated with
4 POStPlan give the person who would be doing that work
5 ample time to service whatever customers would come
6 through the door with their demonstrated usage of the
7 Postal Service.

8 Q But I believe you just testified that that
9 doesn't account for the customer experience where they
10 might have to wait longer because they're now waiting
11 for that one person to do multiple transactions.

12 A Some of these offices have like four
13 customers a day that we're talking about. They have
14 four customers a day. We don't anticipate there's
15 going to be an issue with wait time in line. We don't
16 anticipate that we're going to have to add additional
17 staff in order to accommodate this.

18 Q Will there be a way, though, since the
19 earned hours do not account for the time it actually
20 takes to perform a transaction or for customer wait
21 time for those things to be taken into consideration
22 with regard to staffing if those things are negatively
23 affected?

24 A We don't anticipate they'll be negatively
25 affected and, kind of going back to what I was

1 initially stating, in the current environment the
2 offices that were using that measurement system,
3 they're making that committed time 98 percent of the
4 time, and that's under the current environment without
5 the 10 percent adjustment.

6 So basically we're saying we're going to
7 give a bump of 10 percent more time than the adjusted
8 evaluated workload, so if you just apply that standard
9 to us achieving at 98 percent of the time within that
10 time period we will most likely hit it 100 percent of
11 the time.

12 Q And just to make sure that the record is
13 clear, when you say meeting that standard 98 percent
14 of the time, are you saying that the actual
15 transaction time --

16 A It's matched.

17 Q -- 98 percent of the time is the same as
18 the --

19 A Or less.

20 Q -- earned work hours for that transaction?

21 A The same or less. Yes.

22 Q And how do you measure that? How does the
23 Postal Service measure that?

24 A We measure it through the customer service
25 variance and the small office variance are tools that

1 are not just used for staffing. They're also used to
2 measure performance within the offices.

3 And so the transactions that physically take
4 place in post offices are actually applied against the
5 time standard that's set within those programs, and we
6 monitor how those offices are performing against the
7 time standard that's set.

8 For SOV, small office variance, 98 percent
9 of the time that is achieved. Roughly 98. I mean,
10 it's give or take. Some weeks it's up a little. Some
11 weeks it's down a little.

12 Q But is what SOV and CSV are capturing, is
13 that the time that the point of sale terminal is on,
14 or is it capturing actually how long it took for my
15 mother, for example, to come in and pick up some
16 stamps, pick out some stamps? She wanted to see what
17 different kind of stamps there were before she
18 decided. Is that time captured, her experience?

19 A It's not captured per transaction. I think
20 that's the basis of your question.

21 Q Yes.

22 A It's not captured per transaction, but what
23 it can do is it can look at the transactions through a
24 given day and the time that was actually spent doing
25 those transactions applied against the time standard.

1 CHAIRMAN GOLDWAY: I don't understand that
2 answer. Could you clarify?

3 THE WITNESS: Yes. When you look at the
4 time standards, a better example would be a unit with
5 a POS unit. In a POS unit, a transaction takes place
6 and it records exactly what that transaction is. We
7 know exactly what transaction that clerk did.

8 In some cases we can time the exact
9 transaction because another transaction takes place
10 relatively close behind it, if you catch my drift, but
11 we know what transactions the individual employee is
12 making and we can apply the time that it took based on
13 their hours against the time standard that's set and
14 we can determine that in fact we are meeting/
15 achieving that goal.

16 CHAIRMAN GOLDWAY: If the POS terminal
17 measures just the transaction --

18 THE WITNESS: Correct.

19 CHAIRMAN GOLDWAY: -- and then it measures
20 another transaction 10 minutes later --

21 THE WITNESS: That doesn't account for the
22 exact time of that transaction.

23 CHAIRMAN GOLDWAY: -- and there is some work
24 that somebody is doing with the customer in the 10
25 minutes in between those two transactions, how is that

1 10 minutes accounted for?

2 THE WITNESS: It would be over the course of
3 the day. What we can't do is we can't time each
4 individual, specific transaction.

5 CHAIRMAN GOLDWAY: Well, then how is that 10
6 minutes measured? Where is it measured?

7 THE WITNESS: The 10 minutes that a person
8 is just interacting with the customer?

9 CHAIRMAN GOLDWAY: Yes.

10 THE WITNESS: It's not necessarily measured.
11 Well, it isn't measured.

12 CHAIRMAN GOLDWAY: I think that was the
13 question.

14 THE WITNESS: Okay. Okay.

15 CHAIRMAN GOLDWAY: So that isn't measured.

16 THE WITNESS: That is not, yes, and I think
17 when I first answered I said it isn't specifically
18 measured. Yes.

19 BY MS. HOLMES:

20 Q You testified a moment ago about the
21 scenario where the window service hours may not align
22 with other operational needs like boxing the mail, for
23 example.

24 In that case does the Postal Service intend
25 to increase staffing to accommodate those

1 responsibilities that are at sort of disparate periods
2 of time in the day?

3 A The earned workload that we have taken into
4 consideration includes boxing mail or if there's any
5 mail prep. That's all included in that time factor
6 that's being considered.

7 There's no part of POSTPlan that we
8 anticipate we're going to have to increase staffing in
9 offices in order to achieve the needs of the
10 community.

11 Q Does that mean that one postal employee then
12 will cover those duties at those different times of
13 day?

14 A Yes. That's taking place today without
15 POSTPlan. I mean, the same employee that's boxing the
16 mail is the employee that works the counter. Quite
17 frankly, when people talk about post offices I think
18 for the most part they envision the large city post
19 office that has a line of people. That's not the kind
20 of post offices we're talking about primarily in
21 POSTPlan.

22 Generally in a POSTPlan office a customer
23 comes through the door. The postal employee serves
24 that customer. They may not have another customer for
25 an hour, two hours. They go, they box mail, they prep

1 mail, and so the duties go hand-in-hand with each
2 other.

3 Q So does that mean that under POSTPlan the
4 postmasters and the postmaster reliefs in their
5 respective level offices, that they will be scheduled
6 to work more hours a day than the hours the window is
7 open? Is that right?

8 A Not per se. There will be a slight
9 adjustment because they have to do closeout and stuff.
10 As an example, a two-hour office, they will get two
11 hours and 10 minutes. That employee will be on the
12 clock for two hours and 10 minutes.

13 The window will be open for the two hours.
14 They have 10 minutes for doing their administrative
15 closeout, which is well within reason to accomplish
16 the closeout in that 10 minute period.

17 Q Let's use that example. We'll drill down on
18 this a little bit. In a two-hour office then on the
19 window service hours the Postal Service will schedule
20 an additional 10 minutes for opening and closing?

21 A Yes.

22 Q And how about in a four-hour office?

23 A It would be four hours and 20 minutes.

24 Q And in a six-hour office?

25 A Let me rethink that a minute.

1 (Pause.)

2 A Six hours and 30 minutes.

3 Q Then what you testified to earlier, though,
4 were other duties that could not be done during the
5 hours that the employee is working the window either
6 because they need to be performed at an earlier time
7 in the day, for example, like boxing the mail.

8 So that same employee will be scheduled for
9 additional hours then beyond the two hours and 10
10 minutes and four hours and 20 minutes or six hours and
11 30 minutes?

12 A No, they wouldn't be. They wouldn't be
13 scheduled for additional hours. The point is like in
14 a two-hour office there's probably -- and I'm giving a
15 generalized. Certainly you'd find exceptions to this
16 example, but generally in a two-hour office they
17 actually earn maybe 30 minutes of actual retail time.
18 They'll be open for two hours.

19 Just like today, during that two-hour period
20 they will serve the customer. Then when that customer
21 leaves and nobody else is there they will go and box
22 the mail. If another customer comes through the door
23 they will stop boxing the mail. They'll go service
24 it.

25 The point is is that there's ample time to

1 accomplish the work. We won't have to hire additional
2 staff. I think that's the question you keep referring
3 back to.

4 Q Whether it's hiring additional staff or
5 scheduling additional hours for the existing staff.
6 But the example you gave earlier was let's say that
7 the window service hours are from 4:00 to 6 p.m.
8 Boxing the mail occurs in the morning. Isn't that
9 right?

10 A It could. One of the questions in the
11 community survey that we're working on -- it's not
12 completed yet, but one of them asks if the different
13 hours affected your box up time.

14 A community can say do you know what? I
15 don't need my mail until 3:00 in the afternoon and I'd
16 rather be open from 1:00 to 3:00 and so for like
17 boxing, the physical boxing of mail, the community
18 would make the choice for a different set of hours
19 with the understanding that that would change their
20 box up completion time.

21 Q And if the community doesn't choose that?

22 A What do you mean, if they don't choose that?

23 Q Well, if they --

24 A If their preference would be we'd rather
25 have you there in the morning so I can get my mail

1 earlier in the day then that's their choice.

2 Q In that situation, though, those two matters
3 are tied together though. You will not have window
4 service hours --

5 A We're not going to have two hours of window
6 and then bring somebody back in later in the day or
7 bring somebody in early in the day to box mail,
8 creating the need for more hours.

9 The whole purpose of POSTPlan is to align
10 the actual hours spent with the work that exists in
11 the offices. That's the whole purpose.

12 Q Right. But it's aligning well, not the
13 actual hours spent, but the hours earned on
14 transactions, but not necessarily when those
15 transactions occur over the course of the day,
16 correct?

17 A Correct.

18 Q So the community is going to have to make a
19 decision whether they can come and mail their package
20 after work or they want their box mail available to
21 them in the morning when it's available. Is that
22 correct?

23 A Well, there's more to it than that. Under
24 POSTPlan there's actually four paths that the
25 community can select. The community may select a

1 discontinuance option.

2 We suspect that some communities will show a
3 strong preference for discontinuance. I don't know
4 how much. I don't think it will be very wide, but
5 certainly there will be some communities that will say
6 we'd prefer that you just go with discontinuance.

7 So under POSTPlan you have the four paths.
8 It's not just one path. So the community is going to
9 express to us what they would prefer to see, and we're
10 going to go with the realignment of window service
11 hours unless the community shows a strong preference
12 for one of the closure options.

13 Q Well, assuming that the community doesn't
14 want the post office closed, what I'm trying to
15 understand is how POSTPlan aligns the window service
16 hours with the other services that the post office
17 says it wants to continue providing to the community
18 and how you reconcile that those might require
19 different times to make most effective use of the
20 community's use of the Postal Service's facilities.

21 So in a scenario where discontinuance is not
22 the community's desire, you're saying that it
23 ultimately becomes a prioritization of window service
24 hours and how those relate to operational needs, but
25 the Postal Service is not going to look at an option

1 where you split those two things up and satisfy both
2 of those needs if they're not consecutive or --

3 A Yes. We're not going to look at splitting
4 it up and spending double the time. We're not going
5 to do that.

6 Q Well, it wouldn't be spending double the
7 time exactly.

8 A Well, whatever the earned workload would be.
9 The earned workload that determines whether it's a
10 two, a four or a six in that option is based on the
11 actual work that takes place. And as you pointed out,
12 not time of day, but the actual work that takes place
13 in that post office.

14 Q Let's talk a little bit about the work
15 itself that happens in the POSTPlan offices. There
16 have been references to administrative tasks that a
17 part-time post office will perform that would
18 otherwise be performed by an APO for the remote post
19 offices. What are those administrative tasks? What
20 kind of things are encompassed in that?

21 A They're not specifically identified. We
22 realize that in doing time factors there's
23 administrative functions that have to take place.
24 There's reports that have to be done, things of that
25 nature.

1 And so those types of things would fall back
2 onto the administrative post office, who would have
3 the oversight of the RMPO, the remotely managed post
4 office, and those administrative hours would then not
5 be applied to the remotely managed post office because
6 the administrative post office would take over that
7 responsibility.

8 Q Reports. Are there any other types of work
9 that you're envisioning?

10 A There are. Administrative duties. I mean,
11 it's defined in manuals. I certainly don't have it
12 memorized. I can't go through all of them.

13 Q And I'm not asking you to be specific to the
14 T. I was just trying to get some idea -- you've
15 talked about reports and reporting -- what the
16 other --

17 A Some can be dealing with customers. I mean,
18 you get some administrative time based on how many
19 customers are served because we know that based on
20 your customer service base there's going to be
21 inquiries. There's going to be possibly complaints,
22 things of that nature.

23 Q And so is the vision that for the part-time
24 post offices that they will hold onto some of those
25 responsibilities because they don't have an APO to --

1 A The part-time post office does not have an
2 administrative post office. They'd still report to
3 the district, which could be hundreds of miles away,
4 so they would hold onto their administrative functions
5 and handle it within the part-time post office. Yes.

6 Q And that's where you're saying those are
7 things like reporting, handling customer complaints?

8 A Right. Correct. Correct.

9 Q And the vision then is a remotely managed
10 post office will shed those responsibilities and those
11 will go to the APO? Is that correct?

12 A Correct.

13 Q Now, the remotely managed post offices. I
14 take it they will not be performing human resources,
15 HR, labor relations responsibilities. Is that
16 correct?

17 A Correct.

18 Q That those will be performed by the APO?

19 A Yes.

20 Q And similarly, though, the part-time post
21 offices, they will not perform HR and labor relations?

22 A They would have their administrative
23 functions put back in there.

24 But to say HR could be a misunderstanding
25 because there's not a lot of HR functions that go on

1 in these small post offices, but in theory the PTPO,
2 the part-time post office, would handle their own
3 responsibilities.

4 Q What do you envision might be entailed in
5 those responsibilities that a part-time post office
6 would need to hold onto?

7 A I don't. I don't. You're the one that
8 brought up HR issues. I don't anticipate there really
9 are -- they're not going to be doing hiring. There's
10 one employee. They're not going to be doing career
11 counseling.

12 Q And then the additional administrative
13 responsibilities that the APOs take on for their
14 remotely managed post offices. That's what you were
15 describing earlier? That's the reporting, the
16 customer complaints, the HR, labor relations. Is
17 there anything else that those offices are going to
18 need to --

19 A There might be. Like I said, I don't have a
20 list memorized, but that's the general feeling for it.
21 That's the general. There could be some other things
22 that I'm not thinking of off the top of my head, but I
23 think that gives a sense of what types of things we're
24 talking about.

25 Q And so does the Postal Service anticipate

1 needing to increase staffing in those APOs to be able
2 to handle those increased responsibilities coming
3 from --

4 A That could be a possibility.

5 Q I want to ask you some questions about the
6 savings that the Postal Service anticipates from
7 POSTPlan.

8 From your testimony, you indicated that the
9 Postal Service part of why it is pursuing POSTPlan is
10 because it expects that it will result in savings, but
11 the savings are limited primarily or only to labor
12 costs that the Postal Service anticipates being able
13 to save on. Is that correct?

14 A I don't know what specifically. I mean, if
15 you're asking me if that's a direct quote of
16 testimony, I can't answer that. I'd have to look at
17 it exact.

18 Q No. I'm asking you. Is the --

19 A But the general concept, yes. That's
20 correct.

21 Q Are labor costs the only place where the
22 Postal Service is anticipating savings from POSTPlan?

23 A It's the primary, yes.

24 Q What are the secondary areas?

25 A It's primarily labor.

1 Q Now, is the Postal Service looking at the
2 net labor cost savings? So it's the money that you
3 would save by not continuing to operate these offices
4 the way that they are currently being operated?

5 A For clarity sake, I mean, because in the
6 first question you made reference to me giving
7 testimony.

8 In the second question you're asking about
9 specific amounts of savings, and in my testimony I
10 don't recall there being a specific -- I mean, there's
11 a library reference that speaks to that, but in my
12 direct testimony there's not a reference, a specific
13 reference to a dollar amount of savings.

14 So in my testimony there's not a reference
15 to savings that would be gross or net. It's just
16 saying that that's what we anticipate we'll save or
17 the savings.

18 Q Okay. I mean, I believe in your testimony
19 you referenced a \$500 million savings.

20 A There is a library reference that speaks to
21 \$500 million in savings. That's correct.

22 Q Do you know? Is the Postal Service looking
23 at offsets in savings on the current labor costs with
24 anyone other than the expected salaries and benefits
25 under the POSTPlan program?

1 A That estimated \$500 million savings is
2 somewhat of a rough estimate. We didn't really dive
3 deep into the weeds in it, but by my summation I
4 believe it to be a conservative estimate. I really
5 believe we're going to save more than \$500 million,
6 but we came up with a simple formula because we knew
7 we'd be asked how much do you anticipate that you're
8 going to save.

9 POSTPlan wasn't predicated upon saving any
10 specific dollar amount, but we knew we'd be asked so
11 we made an estimate based on taking a picture of what
12 there is today compared to what it would look like
13 under the POSTPlan environment.

14 Q But that picture you took isn't of today, of
15 the current labor costs. It's not of actual labor
16 costs, correct?

17 A Not entirely, but it takes into account the
18 actual labor costs.

19 One of the things, and it was pointed out in
20 an article about it didn't take into account the PMRs
21 and the OICs that are currently working. While that's
22 true, the other side of the coin, because there's two
23 sides to every coin. The other side of the coin is
24 that we took the average salary range for the
25 postmasters, which is a very conservative approach.

1 When we filed in POSTPlan, and I'm going to
2 make some estimates here, but approximately 60 percent
3 of the postmasters that were covered under POSTPlan
4 were eligible for retirement. They're not on the low
5 end of the pay scale. They're on the high end of the
6 pay scale. And so we took a conservative approach
7 saying we're just going to go midrange on the pay
8 scale to figure out what this savings would be, and we
9 didn't figure the high end, even though the majority
10 of the employees that we're talking about are on the
11 high end of the pay scale.

12 And as I already testified, we didn't dig
13 into the weeds. We didn't go into -- but I still
14 believe this rough estimate is a conservative
15 estimate. I believe that we're going to save beyond.

16 Q And just to be clear then, the Postal
17 Service has not calculated the actual labor costs
18 under today's current environment for these offices?
19 Is that correct?

20 A No, we have not.

21 Q In the offices that you were applying the
22 postmaster salary average to, did you include the
23 offices where there were actually a postmaster
24 vacancy?

25 A Yes, we did.

1 Q And you commented that there were also
2 offices, about 600 offices, that are staffed by an
3 officer in charge or a postmaster relief also included
4 in the total. Is that correct?

5 A I didn't say that number. You said the
6 number.

7 Q Okay. That's fair enough. You're right.
8 You didn't say the 600.

9 A But, yes. That's fairly close.

10 Q And so both where the vacancies are and
11 where they're staffed by nonpostmasters, you were
12 applying, though, what is a higher postmaster salary
13 to those offices, correct?

14 A Not necessarily. There's some offices where
15 an OIC might be making more money than if there was an
16 incumbent postmaster. That could exist.

17 Q An OIC. Is that typically a clerk?

18 A It could be. It doesn't have to be.

19 Q Who else can serve as an OIC? An OIC is an
20 officer in charge, correct?

21 A Pretty much any postal employee. It's an
22 officer in charge. You could have a higher level
23 postmaster OIC in a lower level post office. I mean,
24 it's rare, but it could happen.

25 Q Do you know who was staffing the offices,

1 the other offices where there were postmaster
2 vacancies but were not an OIC or a PMR staffing the
3 office?

4 A I guess I need more specificity in the
5 question. Do I know who was staffing?

6 Q What classification of employees were
7 staffing those other offices?

8 A Can we start over? I think I got lost.

9 Q All right. Let me go back. You verified
10 that there were some offices where there were
11 postmaster vacancies.

12 A Uh-huh.

13 Q I believe you were explaining that there is
14 a smaller number of those offices you know that there
15 are postmaster reliefs or OICs staffing that office
16 and filling that vacancy essentially.

17 For the remainder of the offices, does the
18 Postal Service know what classification of employee is
19 staffing those offices, if any?

20 A I couldn't answer that from my level. I
21 mean, the districts decide who staff offices.

22 I guess if you had a specific question I
23 could answer and say well, yes, I'm aware that those
24 do staff, but I'm not really sure what you're looking
25 for. For a general rule you have PMRs and OICs that

1 staff post office vacancies as a general rule.

2 Q That might be the general rule, but do
3 clerks ever staff those offices?

4 A Yes, that happens. Yes.

5 Q Does the Postal Service anticipate
6 calculating the actual labor costs under POSTPlan once
7 it's implemented to see what your actual labor costs
8 are?

9 A It would be a difficult process. POSTPlan
10 is going to have a two-year rollout. It's not going
11 to happen overnight. It's not going to be today we're
12 not in POSTPlan and tomorrow we're totally in POSTPlan
13 so we can do a really great snapshot of here it is
14 today. Here it is tomorrow. Let's compare numbers.

15 What's going to happen is there's going to
16 be a slow, methodical -- well, I shouldn't say slow.
17 I don't think it's necessarily going to be slow, but
18 there's going to be a methodical rollout over the
19 course of time for a two-year period.

20 But, yes, the Postal Service monitors our
21 expenses consistently every year. We do financial
22 reporting on how we're performing, and certainly we'll
23 be able to compare fiscal year 2012 with the future
24 fiscal years on the costs of our operating expenses,
25 so --

1 Q But with regard to --

2 A But to do a snapshot today and a snapshot
3 tomorrow, that's not really -- it isn't going to work
4 that way because it's not a complete rollout
5 overnight.

6 Q And so does that mean the Postal Service
7 won't look on an office-by-office level at the actual
8 labor costs and whether it realized the savings it
9 anticipated as it rolls out POSTPlan?

10 A We didn't make an anticipation office-by-
11 office, so it's not like we have this anticipation
12 that Office A is going to save this much money and now
13 we can compare Office A with what we suspected. Like
14 I said, we didn't delve that deep into it. We made a
15 rough estimate on what we believe we will save.

16 Q And so then at the end of two years does the
17 Postal Service plan to look at its actual labor costs?

18 A We're going to be looking at that through
19 those two years, not at the end of two years. We look
20 at those monthly. We look at those weekly. So, yes,
21 we're going to be monitoring our labor costs as we go
22 forward.

23 Q Well, you just testified that that would be
24 hard to do during the rollout of POSTPlan. I'm just
25 trying to understand to see whether the Postal

1 Service --

2 A Let me try and clarify. I didn't say it's
3 going to be hard to do to monitor labor costs. What I
4 said is it's going to be difficult to say --

5 I believe your question was are you going to
6 take a snapshot today and then compare it next week or
7 at the end of POSTPlan. That comparison can be made,
8 but we're going to have to go back to 2012, fiscal
9 year 2012, because if we look at the end of 2012 we're
10 still rolling out POSTPlan. If we look at mid 2014,
11 we're still rolling out POSTPlan.

12 So there will be monitoring, though, all
13 along the way. It's not like we're just going to
14 throw our hands up in the air and say we're not
15 worried about our financial situation until the end of
16 POSTPlan. We're going to be monitoring monthly and
17 we're going to be seeing savings as we go forward.
18 Yes, we will be seeing savings.

19 Q Well, you're testifying that you are going
20 to be seeing savings, but what I understand you to be
21 saying is that you're not going to be specifically
22 trying to track those against actual labor costs today
23 and then what the result is, whether it's one month or
24 two years from today.

25 A We'll be tracking our cost savings as we go

1 forward. Yes, we will. If I said that we don't track
2 our cost savings then I misspoke. That's not what I
3 meant to say. We will be tracking our cost savings as
4 we go forward.

5 Q And how do you track the savings if you have
6 not measured the actual labor costs as your baseline?

7 A We know what our actual -- we do know by
8 office. Not on a national scale. We do know by
9 district, by area. We know what our labor costs are
10 in those, and at a national level we could roll up a
11 national level and say this is our national labor
12 cost.

13 Q But POSTPlan doesn't affect every single
14 post office, and we also have other initiatives going
15 on, route realignments, et cetera. But, yes, we're
16 going to be looking at the units that are involved
17 with POSTPlan down at the district level, and we're
18 going to be making sure that we're achieving the
19 savings. We will have reduced hours. We're going to
20 be monitoring the hour savings, et cetera.

21 A Maybe I misunderstood your question. I
22 thought what you were saying is a snapshot today and a
23 complete snapshot after the hearing and see where
24 we're at. It's going to be a process over time, but
25 we will be monitoring it all along the way.

1 Q Just so that I'm clear then, you're saying
2 that at the district level the Postal Service does
3 have that actual labor cost data for the offices that
4 might be included in POSTPlan?

5 A And at Headquarters we can pull it by
6 district level.

7 Q I'm sorry?

8 A At Headquarters we can pull it by district
9 level. Do we make a practice of doing that? If one
10 is out of line we probably will contact the area and
11 say what's going on in this district or whatever.

12 But if you're asking if Jeff Day, Manager of
13 Retail Operations, is going to pull up Kuna, Idaho, to
14 see how they're comparing, that level, we're not going
15 to do it at Headquarters office. That's not going to
16 happen.

17 Q And so I understand, though, going into
18 POSTPlan that was also in aggregate not how the Postal
19 Service calculated its current labor costs and its
20 anticipated labor costs under POSTPlan. Isn't that
21 correct?

22 A Repeat the question.

23 Q Well, you described your process of pooling
24 those actual costs, but I believe your testimony is
25 that was not what you did in POSTPlan.

1 A That is not what we did. We made an
2 estimate on what our savings would be.

3 Q Based on averages, but not actual costs?

4 A Correct.

5 Q In doing that, did you or the Postal Service
6 do any other estimates of future labor costs using
7 different assumptions in terms of perhaps what
8 employee is filling those positions in the POSTPlan
9 offices and what their average salary would be?

10 A By the time I got involved with POSTPlan
11 we -- I guess how I'm going to answer that is I wasn't
12 there at the very beginning of the discussions on
13 POSTPlan. I'm not able to answer that question. I
14 don't know.

15 You know, I have seen one presentation that
16 was months before I took this position that did show a
17 couple different options, but I wasn't part of that
18 presentation. As a matter of fact, I can't even say
19 that that presentation was ever given. I don't know.
20 The answer is I don't know.

21 Q This was an internal presentation that you
22 had seen?

23 A Like I said, I don't even know if the
24 presentation was given. I saw a presentation that was
25 prepared, and I believe it was internal. It wasn't

1 released to the press or anything like that. It was
2 an internal presentation.

3 I didn't see the entire presentation. I saw
4 some slides. But I don't know if the presentation was
5 given consideration, if it was just -- I don't know.
6 I just don't know.

7 Q From your recollection of the different
8 options you said, it was talking about different ways
9 of staffing the POSTPlan offices? Is that what your
10 recollection is of the options?

11 A Like I said, I didn't sit and look at the
12 presentation. I didn't go through it slide-by-slide.

13 Q I understand. Is it your general sense that
14 that's what the different -- when you said different
15 options, what were the options about?

16 A I didn't go through the slide presentation.
17 All I saw was there was a slide presentation that
18 somebody was going through. They were looking for
19 something. I'm standing over their shoulder, and they
20 go through it really quick.

21 I didn't have a chance to really look at it
22 and it was months before I got there, so I'm not able
23 to answer your question as to what the content was or
24 what was considered. I don't know. I don't know.

25 Q You talked about at the district level and

1 perhaps even a finer cut about monitoring labor costs
2 in the POSTPlan offices. Under POSTPlan do you see a
3 good or a bad trend in those labor costs as related to
4 what was either expected or what had been the case pre
5 POSTPlan? Could that lead to further action?

6 A Define what you mean. If I see a bad trend
7 in an individual office performance could that --

8 Q Not performance, but on their labor costs.
9 If it doesn't appear that there's any difference in
10 the labor costs from pre POSTPlan to post POSTPlan.

11 A And what is your question, if that's --

12 Q I'm asking does that trigger any further
13 action on the part of the Postal Service?

14 A Certainly going down to that structure level
15 from the district level, I mean, if you said a
16 POSTPlan is currently working at six hours a day and
17 you take it down to two hours a day and you look and
18 see that they're still spending six hours a day, I'm
19 sure that somebody is going to go and say why are you
20 working six hours a day? You're authorized two hours
21 and 10 minutes a day.

22 Yes, it would result in -- it would raise a
23 red flag, and somebody would address it. Yes.

24 Q That someone being most likely on the more
25 local level?

1 A Yes.

2 Q On the district level?

3 A Yes.

4 Q But there's not an automatic result that has
5 to ensue from that? Is that correct? That would be
6 at the discretion of the district to --

7 A It would depend on your definition of
8 automatic result. We do expect that there will be a
9 result of reduced hours immediately as we start
10 implementing POSTPlan, and we will be monitoring that
11 at the headquarters level and we will take it down by
12 area level.

13 I'm sure that we'll identify a vital few
14 where we're not seeing what the expectation is, but as
15 far as Headquarters calling some small community to
16 talk to the person who's running the office to find
17 out, that's not going to happen. I mean, that's the
18 district's function. That's not the Headquarters
19 function.

20 But it's going to be monitored throughout
21 the entire structure to ensure that we are achieving
22 the savings that we're supposed to be getting. You're
23 asking for financial. I'm telling you that more than
24 likely we're going to be looking at hours at the -- I
25 mean, financial. You can't separate financial from

1 hours, but our telltale is going to be hours. We're
2 going to be looking at the hours that are spent in
3 these offices.

4 Q So on that point, and I understand that
5 you've testified that this isn't about trying to
6 achieve a certain amount of savings, but along the
7 lines of what you're saying is there sort of a minimum
8 labor cost savings expectation that the Postal Service
9 has for POSTPlan?

10 I mean, you just talked about the savings
11 that you're supposed to be getting, so clearly if you
12 cut hours from six hours to two hours is there a sort
13 of commiserate expectation that your labor costs,
14 you'd see that sort of proportional decline in those
15 as well?

16 A Not necessarily. And I don't know how you'd
17 manage that because you have different pay scales
18 certainly.

19 Let's say we have two identical offices.
20 They're both six hours today. They're both going to
21 two hours tomorrow. One is being run by a senior
22 postmaster that's at the high end of his pay scale.
23 The other one isn't. The savings, the dollar
24 savings -- the hour savings for the two offices would
25 be similar if they both had realigned hours to two

1 hours. Their hour savings would be similar. Their
2 dollar savings would not be similar.

3 So at the Headquarters level we took an
4 estimate based on averages. I mean, we could go deep
5 in the weeds and spend three years doing an analysis
6 down to every single post office level, and by the
7 time we got done 300 of those post offices changed and
8 now it's a different pay scale and we'd have to start.
9 You're never going to get it to an exact amount from
10 the Headquarters level. I don't see how you could get
11 it to an exact amount.

12 Q I don't want to interrupt you, but I wasn't
13 talking necessarily about the dollar per dollar
14 comparison, but the proportional decrease.

15 So whether or not the person is at the
16 highest end of their salary or at the lowest end, is
17 it the Postal Service's expectation that in the same
18 way that hours are reduced by 50 percent that the
19 labor costs, whatever those are in that office, would
20 be reduced by a similar measure?

21 A Not necessarily 50 percent or whatever, but
22 yes. There's an expectation that we will save money,
23 yes.

24 Q And is that expectation tied to that same --
25 I'm just trying to understand because you were talking

1 about hours as being the measure of savings.

2 Is that expectation on the labor cost
3 savings, which is what you described as being the
4 financial savings. Is it that same expectation as the
5 reduction in the hours?

6 A As far as I know, we have set no plan for
7 office performance at this point in time based on
8 POSTPlan. I don't know if that answers your question
9 or not.

10 When we implement POSTPlan and we establish
11 budgets for fiscal year 2013-fiscal year 2014,
12 POSTPlan is going to be considered. We haven't even
13 completed our rollout plan for POSTPlan yet. It would
14 be premature to say we expect that we're going to save
15 this many hours or this much money by three months
16 after this process is over because we have not even
17 established our total POSTPlan rollout plan yet.

18 So it may take us a couple months to even
19 get started, and if we start going down to the
20 district level saying here's your expectation it could
21 be time wasted if we haven't rolled it out to the
22 point where it could be efficient yet.

23 I think the quick answer to your -- and I
24 don't know that there is a quick answer because we've
25 been going around. The answer to your question is

1 will there be established? Yes, there will be. Are
2 they established right now? No, they are not.

3 Q Truly I think that what I'm getting at, and
4 perhaps you've answered this, from where the Postal
5 Service is right now in looking at POSTPlan, whether
6 it's a \$1 savings or a \$500 million savings it doesn't
7 essentially matter. Would that be fair to say?

8 A I'm not sure that I'd characterize that as
9 fair to say.

10 Q That might be too extreme. I understand.

11 A That's very extreme. But if there's a \$300
12 million savings and not a \$500 million savings, I
13 think as an organization we're going to say yippee.
14 We saved \$300 million. \$300 million is nothing to
15 shake a stick at.

16 Q I certainly don't disagree with you. And I
17 guess I was just trying to understand if the Postal
18 Service, though, has a minimum expectation, but if
19 it's only \$50 million of savings on the labor costs
20 whether that's --

21 A We never really addressed that because --

22 Q Okay.

23 A -- we know that it's going to be more than
24 \$50 million. Quite frankly, whenever you throw out
25 numbers on projections of savings you're going to have

1 economists all over the land that are going to apply
2 their model and they're going to come back and say
3 that won't work because of this and this won't work
4 because of that. You're going to have people pointing
5 out disparities regardless of your methodology.

6 Q No. That's true. What this drives at,
7 though, was your testimony that this was one of the
8 driving forces behind POSTPlan was labor cost savings.

9 A And it is, and there's an expectation that
10 we will save hundreds of millions of dollars.

11 Q Right. And that's what I'm trying to
12 understand is where that expectation is for the Postal
13 Service where because as a priority --

14 A It's also part of my testimony that we
15 didn't set a specific dollar amount. That was also.
16 But in the library reference we did do a rough
17 calculation and we say about \$517 million.

18 Q Right. And I think that you and I agree,
19 though, as you just testified, what that actually is
20 and what that actually amounts to be could be --

21 A Time will tell.

22 Q -- very different, and I'm just trying to
23 figure out where on the bottom it --

24 A And I can say from operational experience
25 and the methodology that we used it's my belief that

1 this is a conservative approach and that we'll
2 probably save more than that.

3 Q And I understand. I'm not trying to put you
4 on the spot that if you're wrong that that means the
5 whole thing falls apart, but I'm trying to understand
6 if the Postal Service right now has an expectation
7 that if the savings it realizes --

8 A We have not set any cutoff. We have not set
9 any cutoff. If somebody came and said I'd run
10 everything to the minute of every employee and you're
11 only going to save \$100 million so now POSTPlan is
12 off, no. We have not set anything like that.

13 Q Now, does POSTPlan assume hiring additional
14 employees who aren't currently on the rolls?

15 A Under POSTPlan, we realize that there may be
16 cases in administrative post offices where we do have
17 to hire employees that aren't currently on the rolls
18 or transfer employees.

19 That might be even -- I think there's a
20 higher probability of transferring employees than
21 hiring employees, but there is an understanding of the
22 possibility, and I really think that it would be rare,
23 but the possibility exists that some APOs will earn
24 additional workload and get additional staffing to
25 cover that workload.

1 Q I was trying to understand because in the
2 library references there's a reference to the \$11.76
3 rate for postmaster reliefs at the Level 2 and 4
4 offices, but that rate is for new hire postmaster
5 reliefs. Isn't that correct?

6 A That's correct.

7 Q And so that would only apply then to new
8 PMRs who are hired into the system at \$11.76 an hour?
9 Would those be new? The new hires, are those new
10 postal employees who aren't currently on the rolls?

11 A I don't have an answer for that question
12 because I don't work in HR, and I don't know if
13 there's going to be some triggering factor where maybe
14 an incumbent PMR gets a reduction. That I don't know.
15 I just really don't know. We do intend on hiring the
16 new PMRs at the rate that's indicated.

17 Q Am I correct that it's the plan, though,
18 that if they're current PMRs who stay in their PMR
19 position, but in these offices, that if they're making
20 a higher hourly rate than the \$11.76 an hour they'll
21 retain their existing hourly rate? Is that right?

22 A Sitting here, I mean, I don't recall. I
23 know that we talked about that and I know that I sat
24 in meetings, but, like I said, I'm not in the HR
25 Department. I'm not sure what the final conclusion

1 was on that.

2 Q Now, your cost savings. That doesn't
3 include any operational either one-off or recurring
4 costs associated with implementing POSTPlan. Is that
5 right?

6 A That's correct.

7 Q Has the Postal Service accounted for any of
8 those operational costs anywhere for implementing
9 POSTPlan?

10 A We know that there's going to be some
11 operational costs. We budgeted money for retrofitting
12 some of the facilities so that we can maintain
13 customers' access to their mail receptacle.

14 Q And that in particular, that's talking about
15 building renovations, correct?

16 A It could be. Not necessarily, but that is
17 certainly an option.

18 Q How much has the Postal Service budgeted for
19 that?

20 A \$5 million.

21 Q For all of the POSTPlan offices to retrofit?

22 A No, because 60 percent of the POSTPlan
23 offices currently have 24 hour access to their mail
24 receptacles so we don't have to touch those.

25 Q When you say mail receptacles, you mean the

1 box section?

2 A Well, not all the post offices utilize box
3 sections so I say mail receptacle because it could be
4 a P.O. box. It could be a CBU. I mean, there's other
5 options out there that we do deliver to, but,
6 generally speaking, it would probably be the P.O.
7 boxes, yes.

8 Q And as an ongoing operational cost, are
9 there increased costs for maintaining that kind of
10 access, whether it's security, both in terms of
11 securing the rest of the facility and keeping the box
12 section safe for customers?

13 A If it's a building modification to give 24
14 hour access, which that's not a requirement, but if
15 that was what was done that would be a one-time
16 expense. It wouldn't be an ongoing expense.

17 You don't have to provide a locking door
18 that separates the retail counter monthly. I mean,
19 once you paid for that retrofit it's done.

20 Q Well, I guess that's what I was asking is do
21 you envision those being one-time costs or recurring
22 costs?

23 A For the most part one-time costs. I mean,
24 as soon as you say yes, they'll all be one-time costs
25 somebody will come up with an example where it won't

1 be, but yes. Generally speaking, it will be a
2 one-time cost.

3 Q Does the Postal Service anticipate any
4 liability from POSTPlan from, for example, the
5 management employee organizations with regard to this
6 fairly dramatic change of hours?

7 A A management organization?

8 Q Yes, who represent --

9 A No, we do not.

10 MS. BROWNLIE: Objection. Asks for a legal
11 conclusion regarding liability.

12 MS. HOLMES: Well, I think the witness
13 answered the question. In terms of budgeting, whether
14 he expected any budgeting for any liability.

15 THE WITNESS: No.

16 BY MS. HOLMES:

17 Q Now, I believe in your original testimony
18 you testified that the Postal Service is going to
19 review each individual office annually. Every
20 POSTPlan office annually.

21 A Correct.

22 Q And at what level, given our earlier
23 discussion, is that review going to happen? Is that
24 at the district level?

25 A The district level.

1 Q And that review is only for the earned work
2 hours? Is that correct?

3 A Correct. Adjusted earned workload.

4 Q And when annually does that occur for a
5 POSTPlan office?

6 A I don't believe we determined the specific
7 date or month or whatever that that would take place,
8 but I would presume, based on our historical track
9 record, it would be somewhere towards the end or the
10 beginning of a fiscal year. That would be my
11 assumption, but I don't know that. I mean, it could
12 be different.

13 Q And if the earned work hours drops in an
14 office, in a POSTPlan office post POSTPlan, what
15 happens?

16 A If it drops below -- certainly in my
17 testimony I give the example of an office that earns
18 between zero and 1.99 hours it would be a two-hour
19 office. Between two hours and 3.99 would be a
20 four-hour.

21 If it drops below the zone that they're
22 currently in then they would go down to the next
23 lower. Their retail hours would be adjusted to the
24 lower level of offices that they now fit.

25 Q And what happens for the two-hour office

1 that doesn't have anywhere else to go if it drops and
2 its hours are --

3 A The range for a two-hour office is 0.00
4 hours, so if they earn below 0.00 hours -- that means
5 in the entire year not one person walked through the
6 door -- it would probably be selected for a
7 discontinuance study.

8 Q Now, does it become an automatic process
9 that the hours, the total number of hours, would
10 change if they move between these categories of levels
11 of offices?

12 A Some of that is still being worked out
13 because we're thinking that there's going to be a zone
14 of tolerance because what we don't want is we don't
15 want to have the yo-yo office. This year it's a
16 two-hour office or four-hour office. Next year it's a
17 two-hour. The next year it's a four-office. The next
18 year it's a two-hour.

19 So we're trying to figure out a zone of
20 tolerance so that when they drop below that zone of
21 tolerance they're probably not going to come back up
22 to the other level, so we're looking at a zone of
23 tolerance right now.

24 Q Is it an option to look at changing or
25 actually expanding the window hours to capture more of

1 the revenue stream that might be lost because of the
2 decrease in hours or the particular hours, the window
3 service hours that are set?

4 A The plan, and I guess for every action
5 there's an opposite and equal reaction, but the plan
6 that you just pointed out does automatically build in
7 for a consideration of increase in hours, and that
8 would be measured by foot traffic through the door.

9 If an office is this year a two-hour office,
10 but people say we're going to use this post office
11 more because we don't want a two-hour office, we want
12 a four-hour office, and now -- because do you want to
13 know what? There's a false assumption out there that
14 people use the post office in their community. Some
15 people do. Some people don't.

16 Some people use the post office that's next
17 to work. Some people use the post office that's next
18 to the grocery store that they run to, and they don't
19 use their local post office. And so that's one of the
20 -- I guess with a large retail network that's
21 something that you have to put up with.

22 So somebody that says they've dropped --
23 let's say that their realignment came to two hours and
24 the community says we want a four-hour office. We
25 don't want a -- and a person says I'm going to quit

1 doing my postal business at the one next to my work.
2 I'm going to do it at the one at home. If they earn
3 more hours they will increase to the higher level
4 based on their adjusted earned workload.

5 Q Does that mean, though, that the Postal
6 Service doesn't have a way of assessing, though, that
7 the reason I use the post office that's by my work is
8 because the hours of my post office have now been
9 reduced to a time that I can't physically ever get
10 there such that if there is a change in the window
11 hours that that could increase foot traffic and
12 revenue, as opposed to an increase or decrease in the
13 hours of the overall office?

14 A I don't think that any retail organization
15 has a way of knowing why a customer chooses patterns
16 that they choose. There could be a McDonalds that's
17 right next to my house, but I like the one that's down
18 the road. McDonalds would never know why I like the
19 one down the road, or even possibly they wouldn't know
20 that I live right next to one and go to the one down
21 the road.

22 The Postal Service would have a very
23 difficult time -- as a matter of fact, I can't think
24 of a way for us to do it -- because people use Postal
25 Service locations that aren't in their home community.

1 They do that with or without POSTPlan.

2 There's communities that have an eight-hour
3 post office in their community that earns 30 minutes,
4 and one of the reasons it earns 30 minutes is because
5 pretty much everybody in that community is already
6 using another postal location someplace else.

7 Q I understand the anecdote, but from a
8 business perspective it's trying to capture, though,
9 when your customer base wants to use the product that
10 you sell, and I'm just asking if when you start to see
11 a decrease in their earned hours if the Postal
12 Service's only reaction to that is to cut the hours of
13 the office more as opposed to consider or reconsider
14 how it has structured its retail operations to meet
15 the community's needs.

16 VICE CHAIRMAN LANGLEY: May I just ask a
17 question for a second?

18 MS. HOLMES: Yes. No. And I understand
19 your answer to be that it will be about aligning the
20 hours to the total foot traffic, but not necessarily
21 aligning in terms of the total number of hours a day,
22 but not changing those hours to try to match when that
23 foot traffic could come in or might come in.

24 THE WITNESS: But also part of --

25 MS. BROWNLIE: Objection. It's

1 mischaracterizing the witness' testimony and not
2 asking a question.

3 VICE CHAIRMAN LANGLEY: Let me just ask if
4 the customer surveys that you'll be doing, will that
5 address the usage of say a particular post office
6 within a specific community?

7 In a discontinuance process the customer
8 surveys indicate where do you shop? Where do you use
9 the postal facility? How many times do you go to the
10 post office? It's very explicit.

11 THE WITNESS: Uh-huh.

12 VICE CHAIRMAN LANGLEY: So will the customer
13 surveys for say adjusting hours at an individual post
14 office include those sort of questions so the Postal
15 Service can better determine?

16 THE WITNESS: The survey that we're working
17 on for the community is in a draft form right now.
18 The draft form that it's in does not include questions
19 about where do you do your postal business or things
20 of that nature.

21 What it does address is it addresses the
22 four paths that are being offered, asking for them to
23 choose which path of those four paths they would
24 prefer, and then it goes on to say if you choose the
25 POSTPlan -- well, they're all within POSTPlan, but if

1 you choose the realignment of hours option what
2 timeframe would you want your office to be open, and
3 it also gives a disclaimer that choice will affect
4 your P.O. box up time.

5 VICE CHAIRMAN LANGLEY: But as it stands
6 right now there will be nothing?

7 THE WITNESS: As it stands right now, and it
8 is in draft form. We're not asking them where they
9 go. We already know that these small post offices --
10 there's things that we do know about these small post
11 offices. One thing we know is that they're open far
12 more hours than what would be justified based on the
13 traffic that they do.

14 No retail outlet, and I know that we have a
15 different mandate. I'm not trying to shirk that
16 responsibility. I understand that responsibility, but
17 there isn't a retail outlet that would -- if I was a
18 restaurant and I sold two hamburgers a day, I wouldn't
19 be open for 14 hours a day saying man, I hope I can
20 sell another hamburger.

21 Under POSTPlan we're trying to realign the
22 hours to the usage of the customer, and the customer
23 has all kinds of options. They may not go to the post
24 office next to work. They may chose to use usps.com.
25 They have more options today than they've ever had in

1 the history of the United States, let alone the United
2 States Post Office. They have more options to date
3 for access to the Postal Service than they've ever had
4 in the history, and we're continuing to build on that.

5 Part of POSTPlan, the change with POSTPlan,
6 when we do a discontinuance as an example, and I'm not
7 an expert necessarily on discontinuance. That whole
8 process took place before I ever came to the position,
9 but when we did the discontinuance we would try and go
10 in and open a village post office behind it. Well, a
11 village post office kind of got a bad name because the
12 businesses within the community didn't want to know it
13 was a business that put the death knell in their post
14 office and so communities were saying that they
15 weren't interested in being a village post office.

16 Now we're offering village post office in
17 conjunction. These communities, these small
18 communities that we're talking about, we're primarily
19 talking about the focus seems to be on the two-hour
20 office. Over 90 percent of their transactions is just
21 the purchase of postage. It's not special services.
22 It's not passports. It's not Express Mail. It's the
23 purchase of postage. That can be satisfied through
24 usps.com.

25 And we're also looking at now because

1 there's not a negative stigma with VPOs, we're still
2 looking at putting in a VPO if the office selects a
3 realignment of hours, thereby giving the community
4 more access to the Postal Service services that they
5 have demonstrated through their purchasing power that
6 they use.

7 And so we are conscious. We're trying to
8 make our services and our products available. So
9 maybe that answers your question a little bit better.
10 I don't know.

11 VICE CHAIRMAN LANGLEY: Thank you. Ms.
12 Holmes, you may continue.

13 BY MS. HOLMES:

14 Q Just to clarify, the VPOs. Those are the
15 vending machines? Is that correct?

16 A No. VPO is a village post office.

17 Q I'm sorry. The village post offices.

18 A It's aligning with a business within the
19 community.

20 Q Are they CPUs, or are they a form of --

21 A They are not CPUs.

22 Q They are postal facilities?

23 A It is not a postal facility. It's a
24 contract with the local business.

25 Q All right.

1 A And it's not a CPU. It's a VPO, village
2 post office.

3 Q And what you were describing with the
4 questionnaires. In the annual review that the
5 district is doing of its POSTPlan offices, is the
6 expectation that if there's going to be a change then,
7 if a district sees some room for changing the hours,
8 that they would reinvoke the community's input through
9 those questionnaires or other ways?

10 A Not necessarily because if we do annual --
11 community meetings are very expensive. We don't want
12 to get into the annual community meeting business. We
13 really don't want to do that. So the quick answer is
14 no, that's not our game plan.

15 Q The questionnaires that Commissioner Langley
16 was asking about. Would that be something that the
17 Postal Service would use in lieu perhaps of a
18 community meeting?

19 A Those questionnaires are very expensive to
20 process. More than likely what we'd do -- if they
21 went from like a four-hour office and the retail
22 realignment brought them to a two-hour office,
23 operationally we would probably pick two hours within
24 the timeframe that they already said that they had a
25 preference for.

1 Q And earlier we were talking about the
2 one-time and recurring costs. I take it then the
3 Postal Service has budgeted for you said the expense
4 of the community meetings --

5 A Yes, we have. Yes, we have.

6 Q -- and the questionnaires?

7 A Yes, we have.

8 Q I guess reprinting signage, for example?

9 A Very expensive. And, yes, we've budgeted
10 for that. Yes.

11 Q How much has been budgeted for that?

12 A I don't have that. I don't have that number
13 offhand.

14 Q Is it in the millions?

15 A I don't know. I don't have that.

16 Q Okay.

17 A I don't know.

18 Q Does the Postal Service expect POSTPlan to
19 change their revenue in the POSTPlan offices?

20 A A very interesting way you framed the
21 question. The Postal Service does not believe that
22 POSTPlan is going to affect our revenue per se as a
23 whole.

24 Could it impact the revenue at the post
25 office itself that was impacted by POSTPlan? I'd have

1 to say that the answer to that could be yes. Maybe
2 somebody who was doing business at that local post
3 office would choose the one next to work, but I don't
4 know that. I mean, there's no way to predict what
5 behavior.

6 Q But I guess the point is that the Postal
7 Service is not expecting one way or the other? The
8 POSTPlan isn't based on any assumptions about changes
9 in revenue?

10 A The Postal Service does not anticipate that
11 we are going to lose revenue based on POSTPlan.

12 Q Will the Postal Service measure any changes
13 in revenue in the POSTPlan offices?

14 A It would be -- first of all, revenue is
15 dropping on its own. How would you know whether the
16 revenue drop is due to POSTPlan or whether it's due to
17 the normal business of the Postal Service losing
18 revenue?

19 Q I'm not asking you to --

20 A There's no way that you can pinpoint to we
21 have 1 percent --

22 VICE CHAIRMAN LANGLEY: Sure you can. If
23 you've got ones that you haven't changed yet as you're
24 rolling it out, you can measure some against the
25 others. You've got a control group.

1 THE WITNESS: But there are anomalies that
2 take place within certain communities that would not
3 necessitate that it's a POSTPlan impact. But we are
4 going to be looking at that.

5 We're not anticipating that we're going to
6 lose revenue based on POSTPlan implementation. We
7 might lose revenue at a specific office. That's a
8 possibility.

9 BY MS. HOLMES:

10 Q My question is based on your testimony
11 talking about changes in revenue within the Postal
12 Service as a whole, and my question was just whether
13 or not the Postal Service has a specific plan to
14 assess and/or measure changes in revenue in the
15 POSTPlan offices --

16 MS. BROWNLIE: Objection to the --

17 MS. HOLMES: -- without speculating as to
18 what you will do about it, just whether that's
19 measurement.

20 MS. BROWNLIE: Objection to the extent that
21 it mischaracterizes the witness' testimony regarding
22 any statements dealing with revenue.

23 MS. HOLMES: Well, the question is about
24 whether or not the Postal Service was going to measure
25 revenue in the POSTPlan offices.

1 THE WITNESS: We will measure revenue. Will
2 we make assumptions that revenue reductions are based
3 on POSTPlan? We won't make those assumptions.

4 MS. HOLMES: Right. I wasn't asking whether
5 you would.

6 BY MS. HOLMES:

7 Q Now, let me ask you just a couple more
8 questions. This goes towards staffing the POSTPlan
9 offices.

10 I believe you testified earlier that some of
11 the employees that are currently staffing the offices
12 that might be downgraded under POSTPlan are clerk
13 employees. Is that right?

14 A For clarity sake, we don't consider an
15 adjustment of retail hours a downgrade. You said --

16 Q Okay. I'm sorry.

17 A -- offices that would be downgraded.

18 Q The Postal Service is sensitive about that.
19 My apologies.

20 A Well, because it's not a downgrade. The same
21 services are being offered in that post office that
22 always were being offered in that post office. It's
23 just a realignment of the retail hours.

24 I don't know of specifics where there are
25 clerks that are running these offices, but I'm sure

1 there are some across the country somewhere, yes.

2 Q Well, if clerks are currently staffing any
3 of these offices will they be excessed or replaced if
4 the office changes to a POSTPlan office?

5 A That question, I'm going to explain why it's
6 a vague question that can't be answered --

7 Q Okay. Please do.

8 A -- because it is kind of vague. Because not
9 necessarily due to POSTPlan, but we could move and
10 we've already pointed out some work is going to move
11 from the RMPO offices to the APO office. That may
12 necessitate -- that transfer of work may say okay,
13 this office doesn't earn that anymore. The clerk will
14 be relocated. So that could happen.

15 The Postal Service always has the option to
16 realign and move carriers because some of these
17 offices have carriers in them. We may opt and say
18 we're going to take the carrier out of this operation,
19 and that might be the whole reason why a clerk was
20 even there because there was a carrier operation
21 there. Well, if we take the carrier out there's no
22 need for a clerk to be there anymore. And so do we
23 see movement of employees? We've always had movement
24 of employees.

25 Q No. Of course. I understand. And I owe

1 you some clarity in my question. What I was referring
2 to is where it's a clerk who is staffing the office in
3 lieu of a postmaster or under POSTPlan a postmaster
4 relief.

5 Does POSTPlan envision moving that clerk out
6 of those responsibilities, whatever happens to them,
7 and staffing with either postmasters in the six-hour
8 offices or postmaster reliefs in the two- and
9 four-hour offices?

10 A I don't have an answer to that specifically.

11 Q Okay.

12 A That's a labor issue.

13 Q I'm going to take a fire on this one. You
14 may not know. The postmaster vacancies that we
15 presently have in some of these offices, and perhaps
16 it might be caused by POSTPlan if the postmaster
17 decides to retire rather than have their hours
18 reduced.

19 A It's part of the process.

20 Q It's part of the office. The Postal Service
21 doesn't presently plan to fill any of those vacancies
22 with clerks rather than with a new postmaster or
23 postmaster relief, is that correct, under POSTPlan?

24 A I would say as a general statement that is
25 accurate, but once again you're talking about a labor

1 issue and I'm not privy to what's going on as far as
2 labor, and if there are negotiations, that I don't
3 know. But as a general rule, your answer would be
4 affirmative, that under POSTPlan the plan is to staff
5 them with PMRs.

6 Q And that was I think you testified earlier
7 your --

8 A In the twos and the fours. In the sixes it
9 would be an EPM.

10 Q It would be a postmaster, right. And I
11 think you were testifying earlier that sort of the
12 general financial assumptions were based on those
13 offices being staffed by a postmaster relief or a
14 postmaster, not some other classification of employee,
15 is that correct?

16 A Right.

17 Q And will any of the what will be the new
18 level two and four offices, will they be staffed with
19 more than one employee?

20 A The two-hour offices?

21 Q Yes, the two-hour and the four-hour offices.

22 A As a general rule, I would say no. I mean,
23 the workload in those offices is relatively small, and
24 I can't imagine why they would have two employees, but
25 there could be some exceptions. I mean, it's a big

1 United States of America. There could be some
2 exceptions someplace, but I can't envision what would
3 cause us to have two employees in one of those.

4 One cause, and I don't think that you're
5 approaching it from this angle, but there could be two
6 employees if one of the employees is a carrier.

7 Q Right. I was talking more about, you know,
8 handling the window service and not so much --

9 A That's how I understood it.

10 Q So the envision is for the level two and
11 four offices that there would be one --

12 A Correct.

13 Q One employee. Now, if the Postal Service
14 can't fill all the postmaster relief positions to
15 staff those offices, do you know how those positions
16 are going to be filled?

17 A A very speculative question.

18 Q Is there a plan for how to fill those
19 positions?

20 A We've been filling PMR positions for -- we
21 had this type of part-time employee. We have been
22 hiring this type of noncareer employee for years and
23 years and years. You know, I'm not going to assume
24 there will be any more challenges than what we
25 currently face, and so I guess the quick answer is no,

1 we don't.

2 CHAIRMAN GOLDWAY: But you've been hiring
3 them on an eight-hour day basis.

4 THE WITNESS: No, not necessarily. Our
5 noncareer employees, we do have several noncareer
6 employees that have been on less than an eight-hour
7 basis. We currently have two-hour post offices in the
8 Postal Service.

9 CHAIRMAN GOLDWAY: I see.

10 THE WITNESS: We currently do.

11 BY MS. HOLMES:

12 Q But this would be an increase in the number
13 of those?

14 A It would be an increase in the number of
15 them, but we also have --

16 Q At this point there is not a particular plan
17 for what would you do if the labor market doesn't
18 support it?

19 A Correct, but we've had noncareer employees
20 in different classifications that have been very part
21 time that we've been hiring. It's not like we've only
22 had very rare occasions. I mean, we used to have
23 casuals that were noncareer that could work just a few
24 hours a day. We've had TEs, the transitional
25 employees that were noncareer that we sometimes would

1 only work very limited hours. I mean, the Postal
2 Service has dealt with noncareer part-time employees
3 for years.

4 Q I agree. I can say with some authority
5 though some of those things have certainly changed in
6 terms of those particular options.

7 A Absolutely.

8 Q Now who substitutes for the postmaster
9 relief when they're unable to work since traditionally
10 the postmaster relief was the relief to the
11 postmaster, so now that they've moved into that
12 postmaster role essentially who is their substitute?

13 A That would also be incorporated in -- you
14 asked what are some of the administrative duties. If
15 the PMR of a level two office was unable to come to
16 work today, they would contact the administrative post
17 office, who would then have to figure out how they're
18 going to staff that office.

19 Once again, that's not an unusual
20 circumstance. We have post offices all over this
21 country that have one postmaster that's manning that
22 station and if they get sick, we have to find a way to
23 go out there and take care of it. So it would be a
24 similar process. It's just that now it would be dealt
25 with from the administrative post office level.

1 Q So they'll manage all the substitutions
2 whether it's sick or vacation or that kind of thing
3 for their RMPOs, for the PMRs there?

4 A Yes.

5 Q The Postal Service anticipates I believe
6 using postmaster annuitants to fill some of these
7 postmaster relief positions, but there are some limits
8 on those individuals about how many days a year they
9 can work. Do you know whether the Postal Service has
10 a plan for how it staffs these PMR offices for a full
11 year?

12 A I'm unable to answer that. I'm not an HR
13 person and that's the first I've heard that there is a
14 limit to how many days a year we can work them, so I'm
15 unable to answer that question.

16 Q And just lastly, you testified earlier that
17 you weren't personally involved in the initial design
18 of POSTPlan from your earlier testimony, is that
19 right?

20 A No, they were talking about, and I don't
21 know how far along. I mean, I got in at a very early
22 stage of it, but it wasn't like I came to the post
23 office and said, hey, I got this great idea.

24 Q Do you know when that earlier work occurred?

25 A I do not.

1 Q Do you know who was responsible for that?

2 A I'm sure that my vice president was in on
3 it, but I don't know what involvement or whether it
4 was -- I don't even know whether it was just a gleam
5 in the eye. I don't know. I wasn't here.

6 Q I'm sorry. Who is your vice president?

7 A Mr. Granholm, Dean Granholm.

8 MS. HOLMES: Thank you. I don't have any
9 further questions. Thank you, Mr. Day.

10 VICE CHAIRMAN LANGLEY: Thank you very much,
11 Ms. Holmes and Mr. Day, and, Ms. Holmes, you touched
12 on many of the bench questions. So we are now going
13 to take a break for let's say 15 minutes and we will
14 return, I can't figure this out. At --

15 CHAIRMAN GOLDWAY: Eleven-twenty-five.

16 VICE CHAIRMAN LANGLEY: Eleven-twenty-five
17 is best, yes. Thank you.

18 (Whereupon, a short recess was taken.)

19 VICE CHAIRMAN LANGLEY: If we're ready, we
20 will begin again.

21 The next participant who has asked to cross-
22 examine the witness is Ms. Elaine Mittleman. Counsel,
23 please introduce yourself and then you may proceed.

24 MS. MITTLEMAN: Thank you. I'm Elaine
25 Mittleman. I guess I'm here on my own. I've been

1 involved in different matters since my post office got
2 affected, but I guess today here I'm just representing
3 myself basically. Is that a good enough introduction?

4 VICE CHAIRMAN LANGLEY: Yes, that's fine.

5 MS. MITTLEMAN: Okay.

6 CROSS-EXAMINATION

7 BY MS. MITTLEMAN:

8 Q Good morning, Mr. Day. I guess it's almost
9 good afternoon, but we're still on good morning I
10 guess, and I wanted to say first I thought your bio
11 was interesting, and it seemed to me like you've lived
12 in a lot of different places and had an interesting
13 career, so I thought that was -- you've obviously
14 worked your way up during the years.

15 A Yes, ma'am. Thank you very much.

16 Q Yes, that was interesting.

17 And my first question, I won't say I'm new
18 to this, but I'm not as versed in this obviously as
19 you are, this is going to sound silly I'm sure, but
20 when you reference a fiscal year, I don't know. What
21 term is the fiscal year? It must not be the calendar
22 year, is it?

23 A No, ma'am.

24 Q Is it October?

25 A Fiscal year runs from October, the first of

1 October --

2 Q Okay, like the government.

3 A -- to the last day of September.

4 Q That's what I would have guessed, but I
5 wasn't sure of that.

6 Okay. On page 15 of your testimony there is
7 a Figure 7 about the numbers of post offices, and I'm
8 going to just approximate this, but it appears that
9 the level 15 and 16, a good percentage of those are
10 going to be upgraded to level 18, is that correct?

11 A According to the -- yes, they'll be -- of
12 the level 15s, there's going to be 1,799 that will be
13 upgraded to 18 and the 16s will have 1,908.

14 Q So then if you look down at the bottom, the
15 total, 17,728, and if you take out the level 18s, then
16 if you subtract that 4,561, that leaves you with about
17 13,000 post offices?

18 A Roughly, yes.

19 Q So that's what we're really talking about
20 here in terms of reduced hours, realignment of hours?

21 A That would be accurate.

22 Q Okay. And how many post offices
23 approximately are there altogether? I mean, just a
24 ballpark.

25 A Yes, 32,000.

1 Q So POSTPlan is really about 13,000 out of --
2 let's say a third of the post offices maybe?

3 A I've never --

4 Q Okay.

5 A I've never done the math to look at it that
6 way.

7 Q But there's a lot of post offices that won't
8 be involved in the POSTPlan?

9 A There are a lot of offices that will not be
10 involved in POSTPlan.

11 Q Okay. And those would be the offices that
12 have more customers, more than one a day or something,
13 the larger post offices are not going to be included
14 in the POSTPlan, is that correct?

15 A The offices that earn more workload not be
16 part of POSTPlan.

17 Q Right. And so for those post offices, is
18 there some other initiative or plan being considered?
19 Are they just pretty much going to stay the status quo
20 as they are now?

21 A I'm not sure that I understand your
22 question. If you're asking -- are you asking if there
23 is like a POSTPlan for the larger offices?

24 Q Well, I mean, in other words, we're spending
25 a lot of time talking about the POSTPlan and it may

1 give the impression that that affects everybody, but
2 it really does not at least the way I understand it.

3 A POSTPlan does not affect everybody. That's
4 a correct statement.

5 Q Right. So the post offices that are not
6 included in the POSTPlan, are they just at least for
7 now going to be staying the same way that they are in
8 terms of status?

9 MS. BROWNLIE: Objection to relevance
10 considering that the question is regarding post
11 offices not part of POSTPlan.

12 VICE CHAIRMAN LANGLEY: I think Mr. Day
13 could at least give his feelings on this.

14 THE WITNESS: I think a key word that you
15 said is "status quo", and I don't think that the
16 Postal Service can stay in status quo. I guess that
17 answers your question. No, I don't think it will be
18 status quo for all post offices across the country
19 unless they're POSTPlan. I don't think that's the
20 case.

21 BY MS. MITTLEMAN:

22 Q Okay. On page 4 of your direct testimony
23 you said from 2006 to 2011 percentage of revenue
24 attributable to post offices, stations and branches
25 has continuously decreased, and I was wondering, has

1 the Postal Service taken measures to attempt to have
2 the revenue increase? I mean, to address the decrease
3 in revenue.

4 A Yes, we have.

5 Q And what kind of measures are those?

6 A We've offered new products and services.
7 We've had some very successful campaigns.

8 Q Can you give me an example?

9 A If it fits, it ships. Flat-rate priority,
10 that's an example of products and services that we've
11 offered, and certainly I didn't come prepared to talk
12 about all the products and services --

13 Q Right. No, I understand that.

14 A -- that we've incorporated in order to
15 enhance our business. But yes, we've done a lot.
16 We've had advertising campaigns. We introduced new
17 products. Yes, we're very interested in increasing,
18 but I'm not prepared to talk about it.

19 Q Okay.

20 A I mean, I just didn't prepare for that. I
21 didn't anticipate that question.

22 Q That's fine. And whatever those measures
23 be, the POSTPlan won't interfere with any of those
24 efforts I suppose.

25 A No, it will not.

1 Q Okay. Now again this is from my outsider's
2 point of view. It seems that your evaluations of post
3 offices is measured in time, workload, work hours. Do
4 you also measure post offices in terms of
5 profitability?

6 A I'm not sure I understand. I guess you'd
7 have to tell me what you mean by do we measure them
8 based on profitability.

9 Q Well, if you're running a business, let's
10 say you were Best Buy --

11 A Okay.

12 Q -- or McDonald's or something and you
13 thought I need to close some of my locations, chances
14 are you would try to evaluate whether those locations
15 were profitable.

16 A In the POSTPlan environment, that is taken
17 into account. In other words, the adjusted earned
18 workload is based on the specific workload of that
19 office, which would include whatever work is done in
20 that office and it would also include all the retail
21 transactions that take place in that office. And
22 speaking of the retail transactions, I'd just like to
23 add, because the question came up about how we account
24 for that, it's not a rigid -- the accounting of the
25 retail process is not a rigid formula. As a matter of

1 fact, there is soft time that's built right into it.

2 For example, in customer service variance,
3 CSV, for every 45 minutes of earned work there is 15
4 minutes of soft time for things that might not be
5 accounted for in the actual transaction that's built
6 into that.

7 But in direct answer to your question is,
8 yes, the economics of that office is taken into
9 consideration. That's one of the reasons -- I mean,
10 we don't look at it and say it's not profitable, so we
11 need to do that. What we do is we look at the
12 workload, but in essence one is going to relate to the
13 other.

14 Q So the post offices to the extent you know
15 that are included in the POSTPlan, are they
16 profitable?

17 A Most of the offices, and I think that I gave
18 testimony that approximately 80 percent of them are
19 not profitable.

20 Q Okay. And under the statute I think the
21 post office is not allowed to consider whether a post
22 office is losing money, is that correct?

23 MS. BROWNLIE: Objection. Calls for a legal
24 conclusion.

25 MS. MITTLEMAN: Okay.

1 BY MS. MITTLEMAN:

2 Q All right. Does the profitability of a post
3 office depend on its EAS level?

4 A No.

5 Q So like a small level 16 or level 2 could be
6 profitable or a level 25 could be profitable?

7 A That's a pretty wide swing, and there are no
8 level 25 offices.

9 Q I just made up a number.

10 A I understand you don't understand our
11 structure.

12 Q Right. I don't.

13 A But it's feasible that you could have a
14 large office that's not profitable. That's feasible.
15 I can't give you a specific example of one, but that's
16 feasible.

17 Q Okay. From my point of view, cutting back,
18 realigning hours or closing post offices makes it more
19 difficult to obtain at least some postal services,
20 postal transactions, for example, if you want to mail
21 a package. And why is it helpful for the Postal
22 Service to pursue a strategy that makes it more
23 difficult for its customers to use its services?

24 A There's an assumption in the question, and
25 I'm not necessarily in agreement that POSTPlan makes

1 accessibility to the Postal Service more difficult to
2 our customer base. As a matter of fact, alternate
3 access just this year has grown by 4 percent. People
4 are making that migration and that choice on their
5 own. It would not be responsive to say, okay, our
6 customer base has shown a preference for alternate
7 access, they're going to other locations, they're
8 going to our computer options, they're going to
9 USPS.com.

10 But you know what, let's just maintain the
11 status quo and stay open anyhow just in case somebody
12 wants to come in and use our services. That doesn't
13 make fiscal sense. You have to respond to a changing
14 world and that would require that you change. I would
15 argue that our products and services are still going
16 to be made available to the American public.

17 Q Well, the services, I think you normally
18 talk about the services as being purchasing of stamps,
19 is that correct?

20 A In the POSTPlan offices, that would
21 represent the majority of the transactions that take
22 place in those offices.

23 Q And what if the services that the patron
24 needs are mailing a package on a timely basis or on
25 short notice, which is not the same thing as buying

1 stamps? What opportunity would they have under the
2 POSTPlan to do that?

3 A You can still mail a package under USPS.com.
4 You can --

5 Q How do you do that?

6 A Go into the computer. You type in the
7 address of where you're located and where it's going
8 to. It will tell you how much the -- based on weight
9 how much postage is required on that package, and you
10 can still mail that package.

11 Q But how do you get it into the system?

12 A We have programs such as carrier pickup
13 where you can notify the post office, and if you do
14 have a carrier, the carrier will come and pick up that
15 package from you. There are other options, and that's
16 precisely why we're interested in leaving that postal
17 footprint in that community, so that if you are
18 looking for a service that's not readily available
19 through alternative access, there's still our presence
20 in the community that you can go to to conduct that
21 business and get that service that you're looking for.

22 Q I mean, if you want carrier pickup, would
23 that involve having the carrier come the next day? I
24 mean, if you wanted to do it by the close of business,
25 the carrier won't be there at the close of business,

1 is that correct?

2 A Yes and no. I guess I have the advantage
3 because I've been a postmaster, I've dealt with this
4 on a real-world level. If we get a request for
5 carrier pickup and the carrier hasn't left and they
6 want it picked up that day and the carrier hasn't left
7 yet, the office, we can simply tell the carrier go by
8 this address, they've got some packages for you to
9 pick up.

10 If a customer calls us at 1:00 in the
11 afternoon and says I'd like this package picked up at
12 2:00 this afternoon, that's probably going to be
13 something that we can't do. The carrier is already
14 out on the street. There's no way for us to contact
15 the carrier and tell him that that package is there
16 for pickup, and it would be a next day pickup.

17 Q What about let's say a small businessperson,
18 that the kind of business they have they need to get
19 their mail first thing in the morning either to get
20 the checks or, you know, see what they need to do that
21 day and then they also need to have the ability to
22 send mail out at the end of the day based on whatever
23 they've done during the day? How would they be able
24 to do work with one of these post offices that let's
25 say that is open two hours?

1 A That's a very good question, but in the
2 POStPlan environment, the offices that earned -- that
3 would have an adjustment of two hours in most cases,
4 and I qualify it by saying most cases, I believe in a
5 vast majority of the cases, but I want to qualify it
6 because I don't want somebody going out and finding
7 the one exception to the rule, we're the last business
8 in the community. The other businesses have folded up
9 tent and left already. It's very limited access.

10 And so, if a business is still in that
11 community, their mail delivery is not going to be
12 affected. Their ability to get mail into our system
13 is not going to be affected. We're not going to
14 change any collection times based on POStPlan
15 restructuring of retail hours. The collection of mail
16 will still take place the same time that it's taken
17 place, and so the availability of that business in
18 other limited scope -- I'm sure there are some out
19 there that are like that, that's why I say it's an
20 excellent question -- they have the same ability after
21 POStPlan to get mail into the system that they had
22 prior to POStPlan.

23 Q But they would have to do the package
24 themselves if it was a package the way that you
25 describe it.

1 A Once again, being an experienced postmaster,
2 there are businesses that ship out packages, but most
3 are shipping out letters and flats, not packages. And
4 certainly, if there's a community where, you know, the
5 types of businesses that ship out a lot of packages,
6 and those do exist, they're normally in larger
7 communities because they're like a clearinghouse and
8 they ship packages for -- and what that means is
9 there's a large employee base for that company to make
10 that happen, which would mean it's probably not in the
11 community that we're talking about under POSTPlan and
12 the two-hour environment.

13 Q So would it be possible in the POSTPlan to
14 have the post office -- I think I know the answer to
15 this question -- but to have the post office open one
16 hour in the morning and one hour at the end of the
17 day, or are you talking about two hours consecutively?

18 A Well, the possibility exists. We don't
19 anticipate that's going to happen a lot. We don't
20 anticipate that the community is going to say -- to
21 me, and all I can speak for is my own personal
22 feeling. If I'm doing business with a post office
23 that has a two-hour window, I'm probably not going to
24 want two separate one-hour windows because then if I'm
25 running a little bit behind, I mean, it's a lot easier

1 to miss the connection on a one-hour window than it is
2 on a two-hour window. I don't anticipate, and I could
3 be wrong, but we're going to listen to the community,
4 I don't anticipate that happening on a wide scale.

5 But if a community expresses a desire to
6 have one hour in the morning, one hour in the
7 afternoon, we're going to look at that. We're going
8 to see if we can line that up within our operational
9 needs, and if we can, we will support the community's
10 desire.

11 Q Since you are an experienced postmaster, in
12 this same vein, if the person with the package or
13 letter, whatever, wants to have either receipt or, you
14 know, certified mail or something that requires some
15 other attending, how would they do that under the
16 POSTPlan?

17 A You can also use USPS.com to send certified
18 mail. Pretty much any type of mail that we have can
19 be shipped through USPS.com. You can pick up
20 supplies. You can order supplies from USPS.com that
21 would include return receipts that you can put on your
22 own packages and you can rate it, you can put it on
23 there. But if you want to go to your post office to
24 do it, you'd have to go during hours that it's open.

25 Q And at least in my work and I think a lot of

1 other peoples' work, I'm on deadlines and time
2 constraints and frantic, running around, et cetera, so
3 I need to have something available when I need it, and
4 some days it's one time of the day and some other. So
5 it would be hard to structure that, and so with a
6 carrier pickup, it would be very unlikely that, you
7 know, you could call the carrier in the morning and
8 say can you -- I mean, it would be nice to have that
9 order of a life, but that -- you know.

10 A And once again, that demand in a POSTPlan
11 office is nil.

12 Q Yes.

13 A You're talking, like I said, most of the
14 businesses have already left those communities.
15 You're not talking about a hustle-bustle Washington,
16 D.C. area where there's a lot of stuff going on.
17 You're talking about --

18 Q So the POSTPlan covers what I will politely
19 call the little old ladies, not with the cats but just
20 the little old ladies that go and want to buy a book
21 of stamps. Is that pretty much what the customers are
22 for the POSTPlan post offices?

23 A I would not accept that characterization at
24 all. I wouldn't because there could be a young person
25 that wants to buy stamps and there could be any

1 gender. It's based on what the traffic is within the
2 facility. What the buying pattern, that's better than
3 traffic, what the buying pattern is within that
4 community that makes them a candidate for POSTPlan,
5 and in the smaller level, the two-hour earned offices,
6 as I already testified, 90 percent of that transaction
7 is not anything that would require anything special
8 from the Postal Service. It's just I want to buy some
9 stamps.

10 Q It's a community place for them to go to and
11 have somebody to talk to.

12 A And, you know, for two hours a day they can
13 still go there and talk if it's a two-hour office. We
14 are sensitive to that, but we also need to have a
15 company that's viable into the future, and I don't see
16 how we can do that unless we address this massive
17 disparity between what our customers are showing they
18 need through purchase compared to what we're actually
19 staffing and scheduling for in this present day. We
20 can't continue with the status quo.

21 Q Okay. And you said that you thought at
22 least some of the communities might choose the option
23 for a discontinuance.

24 A Some could.

25 Q Under what circumstances would that be a

1 preferable choice?

2 A In answering that, let me qualify my answer
3 by saying it's totally speculative.

4 Q Right.

5 A I don't know why somebody would want to do
6 that, but I'll use myself as an example. I live in a
7 small rural community, I do. I live in Chesapeake
8 Beach, Maryland, small community. I have a post
9 office there. I have never walked through that post
10 office door one day in my life.

11 Q Wow.

12 A I never really plan to, and it's not
13 because, well, it's easy for you to say, Jeff, you
14 work for the post office, you just take your mailing
15 needs -- there's no retail counter at my office.
16 There is in a close locality to my office, and I guess
17 if I had to go to the post office, I would choose the
18 one that's by where I work and not by my community.

19 And so using myself as a personal example I
20 guess, if I got a questionnaire from the Postal
21 Service that says you have four paths, which one would
22 you choose, my choice would be I don't need the post
23 office, I never go to it, never been to it. I don't
24 need any replacement for it because if you put in a
25 VPO or whatever else you put in, I'm not going to it.

1 It's more inconvenient for me. And in these rural
2 communities you do have people that are driving 60, 80
3 miles one way to get into work. Most of those people
4 are doing their shopping, their purchasing of gas,
5 their purchasing of postal products in the community
6 that they're commuting to for their day-to-day
7 business, not in the community. That's why other
8 businesses have left those communities.

9 Does that give you some idea on why somebody
10 would say go ahead and close it? I mean, that's one
11 example. I could probably think of some others.

12 Q No, that's good.

13 A But that's a real-life example that would
14 apply to me.

15 Q Do you use the post office?

16 A Yes, I do.

17 Q The one at work?

18 A Pardon me?

19 Q Do you use the one at work?

20 A I do not.

21 Q Okay. So you have a different location you
22 go to?

23 A You know what, in my personal life I don't
24 ship a lot of packages. I don't. Normally I drop my
25 mail in a blue collection box. I'm one of those guys,

1 I buy my stamps at Costco. I support the Postal
2 Service, but I can get stamps cheaper at Costco than I
3 can from the post office. I buy my stamps at Costco.
4 And when I ship something that takes more than one
5 stamp, I figure it out, I lick the stamp, I put it on
6 the package and I ship it. So I use the blue
7 collection boxes. I use stamps from Costco. I use
8 alternate access. I do use USPS.com.

9 Q Okay. Based on my experience, I would ask
10 you another question. How do you calculate when they
11 keep changing the amount of stamps? How do you
12 calculate how much postage to put on something? I
13 know you work at the post office. You probably know.

14 A Well, are you talking about rate changes?

15 Q Right.

16 A The stamps that we're providing now are --

17 MS. BROWNLIE: Objection. Objection to the
18 extent that the questioning isn't relevant to the
19 specifics of POSTPlan.

20 VICE CHAIRMAN LANGLEY: Please go on, Ms.
21 Mittleman, on to your next question.

22 MS. MITTLEMAN: Okay, that's fine.

23 BY MS. MITTLEMAN:

24 Q When you talked to the EAS level 15 and 16,
25 most of those or a good percentage of those are going

1 to become level 18, and then the post offices that are
2 smaller will be -- many of them will be RMPOs or
3 PRPOs, is that correct?

4 A PTPOs.

5 Q Oh, sorry.

6 A Not a problem.

7 Q Okay. How does that compare to the
8 structure of post offices and stations and branches?
9 Are those similar concepts?

10 A Let me rephrase your question to make sure I
11 understand what you're asking.

12 Q Okay.

13 A You're asking if the relationship between an
14 AMPO, which is the administrative post office to the
15 remotely managed post office, the RMPO, if that
16 relationship is similar to a post office with a
17 station or a branch. Is that what your question is?

18 Q Correct. Yes.

19 A It is a similar relationship, but there are
20 some distinct differences.

21 Q Could you just briefly describe the
22 differences?

23 A One is that, I mean, the reporting structure
24 is different in that in a post office you have one
25 postmaster and you have station managers versus the

1 station and branches side of the house.

2 Under the APO/RMPO environment, you have
3 career and noncareer. In the stations and branches,
4 you have career that are running that. So there are
5 differences between the two situations, but the actual
6 reporting structure is similar.

7 You have a parent if you will for lack of a
8 better term, I mean, we don't call it a parent office
9 in any of our testimony or in any of our manuals, but
10 in concept I'm trying to explain it in a way that it
11 can be seen. You have a parent post office that has
12 other post offices report to it. Similar concept
13 under the APO/RMPO environment.

14 Q And will the station, branch and -- I
15 believe you said that the -- I read that the Postal
16 Service does not use the term "main post office", is
17 that correct?

18 A As a future reference, we do not name main
19 post offices the main post office, but there still are
20 some that are called main post offices throughout the
21 country.

22 Q Okay. So my understanding of post office or
23 main post office, whichever you want call it, is
24 designated that because that's where the postmaster is
25 located?

1 MS. BROWNLIE: Objection to the extent that
2 the questioning deals with stations and branches,
3 which are outside of POSTPlan.

4 MS. MITTLEMAN: Well, this is about the post
5 office.

6 VICE CHAIRMAN LANGLEY: Can you relate it
7 more to the question at hand or the docket at hand?

8 MS. MITTLEMAN: Right. I just was wondering
9 whether the same type of management --

10 VICE CHAIRMAN LANGLEY: Are you asking
11 whether they are administratively similar?

12 MS. MITTLEMAN: Yes, that's what I'm trying
13 to ask. Yes.

14 THE WITNESS: They would be administratively
15 similar.

16 MS. MITTLEMAN: Okay, that covers it.

17 BY MS. MITTLEMAN:

18 Q And I believe we talked about this before,
19 but from the Postal Service perspective, the POSTPlan
20 will provide cost savings, but that is not really the
21 emphasis or the focus of the POSTPlan.

22 A The focus of the POSTPlan is to realign our
23 retail hours to match what the communities have
24 demonstrated that they need through their activity
25 with the Postal Service.

1 Q And so whatever the cost savings will be you
2 testified you thought it would be more than, you know,
3 a de minimis amount. So with whatever range it is,
4 that's good for the Postal Service, but that is not
5 necessarily the goal of doing the POSTPlan. I mean,
6 you're not making a yes or no decision based on, if
7 you save 300 million, you know, that's not enough.

8 A We're not making a yes or no decision based
9 on a specific dollar amount of savings.

10 Q Okay. And I believe you testified that the
11 Postal Service is not either -- you're not estimating
12 a change in revenue or you're estimating that there
13 will not be a change in revenue?

14 MS. BROWNLIE: Objection to the extent that
15 the question misstates the witness's testimony. It
16 was a statement that he had --

17 BY MS. MITTLEMAN:

18 Q What was your testimony about the Postal
19 Service position on the revenue change from the
20 POSTPlan?

21 A We are not anticipating a drop in revenue
22 based on POSTPlan.

23 Q And will you be measuring the revenue,
24 change in revenue? I believe you said before you
25 couldn't attribute if it was from the POSTPlan or from

1 something else, but will you be --

2 A The simple truth is there's too many moving
3 parts to adequately measure whether or not POSTPlan
4 had an impact on revenue. We continue to measure
5 revenue. We always, as far as I can see, we always
6 will.

7 Q So you have a revenue number for each post
8 office?

9 A Correct.

10 Q Okay. And so then you would be able to say
11 that, you know, the revenue of certain post offices
12 was so much this year, so much the next year, so it
13 will be possible to calculate the change but just not
14 what it was attributed to?

15 A We cannot necessarily attribute that that
16 reduction is actually a reduction. Go back to my
17 example. Maybe the person that lived in the house
18 before me used the post office all the time. Now I
19 move into the house. I don't use that post office. I
20 use alternate access. The Postal Service didn't lose
21 my revenue. They didn't lose the revenue of the
22 person that lived in the house before me. They moved
23 to another community and they're using that post
24 office now.

25 But if you just look at those pure numbers,

1 it might appear that the city in which I lived lost
2 revenue and really no revenue was lost at all. It
3 just relocated to another location.

4 Q Okay. I think you talked during your
5 testimony about the status of the final determinations
6 that had occurred and you said they were being held in
7 abeyance, the final determinations to close the post
8 office.

9 A Yes.

10 Q So can you elaborate on what that means by
11 being held in abeyance?

12 A The implication is we're not moving on them
13 right now.

14 Q Does that mean that they're still determined
15 to be closed?

16 A No, it means that we're not moving on them
17 right now. They have reached that level of the
18 process, but we're not doing anything at this point in
19 time.

20 Q And if you did -- not you but the Postal
21 Service decide to close some -- discontinue some of
22 those post offices, would the Postal Service have to
23 go through the process again or will they rely on the
24 final determination that had already been made?

25 A It would rely on the final determination

1 that has already been made.

2 Q And do you know how long that final
3 determination is valid? Is there a time limit on
4 that?

5 A To my knowledge, there is no time limit on a
6 final determination.

7 Q And the post offices that went through this
8 closing process in the final determination over the
9 last year or so, is there any opportunity for them to
10 be reopened?

11 A Let me tweak your question a little bit
12 because you said if a final determination had been
13 made, and the implication was but they're not closed,
14 and then you said would they be reopened. Well, if
15 they're not closed, they're not closed. A final
16 determination doesn't equal closure. And going to the
17 heart of your question, we have a number of those that
18 have reached final determination and they're not
19 closed.

20 Our intention is to go back in with a
21 community meeting, offer the four paths, see what the
22 community says and move forward. If they say leave us
23 open with reduced realigned retail hours, we will
24 leave them open with realigned retail hours. If they
25 show a strong preference for one of the paths for

1 closure, it now comes out of POSTPlan and goes into
2 the PO-101 process where they do a study for closure.

3 But in that case where a final determination
4 has already been made the process doesn't start from
5 square one. If we go in and offer the four paths and
6 the community shows a strong preference for closure,
7 we have a community meeting where we explain, okay,
8 you've selected closure, here's the timeframe, here is
9 what's going to happen, if they have mail receptacles,
10 here is where your mail receptacles will be moved to,
11 and go through the mechanics of the closure that
12 they've selected by a strong preference of their
13 opinions.

14 Q Okay.

15 A And we would move forward with the closure.
16 We wouldn't start from square one.

17 Q And what about the post offices that have
18 the final determination and then they have closed? Is
19 there any opportunity for them to be considered?

20 A No, those are closed offices.

21 Q So that's a final result?

22 A It doesn't exist. It's a closed office.

23 MS. MITTLEMAN: All right. Okay. I don't
24 have any more questions.

25 VICE CHAIRMAN LANGLEY: Thank you, Ms.

1 Mittleman, and thank you for your contribution. I
2 realize this is your first time before us, but you did
3 well and you raised some interesting points.

4 I think we will now go to the Public
5 Representative. I would like to break about 12:30, a
6 quarter of 1. So you don't have to complete your
7 questioning in that timeframe, but I did want to just
8 alert you that if you come to a point that seems like
9 a good break at 12:30, then we can do that.

10 So if you would please introduce yourself
11 for the record and then proceed.

12 MR. COSTICH: Thank you, Madam Presiding
13 Officer. I'm Rand Costich, representing the Public
14 Representative.

15 CROSS-EXAMINATION

16 BY MR. COSTICH:

17 Q Good afternoon, Mr. Day. I'd like to follow
18 up on some questions that came up this morning.

19 There was some discussion with the counsel
20 for APWU about communities wanting morning hours. If
21 most communities in a cluster wanted morning hours,
22 would that create staffing difficulties?

23 A Define what you mean by cluster. Just the
24 community itself?

25 Q No, the post offices within or underneath

1 one APO.

2 A So let me rephrase it so I know that I
3 understand exactly what you're asking.

4 So we have an APO. That APO has three
5 RMPOs. All three communities want early morning
6 service. That should not be that -- I don't see where
7 that would have an impact on the Postal Service.

8 Q You'd have to have three PMRs?

9 A Well, it would depend on the level of the
10 office. If they were RMPOs, we'd have three noncareer
11 employees. It could be an EPM. It could be a PMR.
12 But I'm not thinking that there is a huge -- that
13 we're going to have -- the simple answer to your
14 question is yes, there would be three noncareer
15 employees that would staff those offices.

16 Q And if the cluster had 10 RMPOs and they all
17 wanted morning hours, you'd need 10 PMRs or --

18 A Very hypothetical being that the average is
19 two RMPOs per APO. Very hypothetical, but there is
20 the probability, we have stated in our ruling --

21 VICE CHAIRMAN LANGLEY: Excuse me. Mr. Day,
22 could you speak into your mic?

23 THE WITNESS: Oh, I'm sorry.

24 VICE CHAIRMAN LANGLEY: And it bends so you
25 can bring it toward you.

1 THE WITNESS: Oh, I'm sorry. I'll just lean
2 forward a little bit.

3 VICE CHAIRMAN LANGLEY: Thank you.

4 THE WITNESS: The answer to the question is
5 because we do have within our rules that we could have
6 up to 10 RMPOs, but the answer to your question is
7 yes, there might be a need to hire 10 noncareer
8 employees to staff those RMPOs.

9 BY MR. COSTICH:

10 Q There are currently PMRs serving in POSTPlan
11 offices now?

12 A We haven't implemented POSTPlan yet, but
13 there are offices that will be under POSTPlan that do
14 have PMRs in them if that was your question.

15 Q And they can continue serving in those
16 offices after the hours are realigned?

17 A Yes.

18 Q And some of them are paid more than \$11.76
19 an hour?

20 A I would assume that there are some.

21 Q And that higher rate would continue?

22 A I don't know that. That's a labor issue, a
23 human resource issue. I don't know.

24 Q If one were to go to Light Blue website,
25 would one be able to answer that question?

1 A I don't know.

2 Q If it were the case that these PMRs could
3 continue at their higher rate, would that come out of
4 the district budget?

5 A Would it come out of the district budget?
6 No, it would not come out of the district budget
7 because the budget that's given to the district is an
8 hourly budget. Although they do have total dollars
9 spent for their district, they don't have -- the plan
10 on work hours is a work hour budget. That's how
11 they'd be measured.

12 Q In a discussion with the presiding officer,
13 you indicated that it would be possible to have both a
14 post office and a village post office in the same
15 community.

16 A Yes.

17 Q Wouldn't that tend to reduce the traffic at
18 both of those facilities?

19 A Not necessarily. I mean, the potential
20 exists. I don't see how it would exist for reducing
21 both facilities. The potential exists that it could
22 reduce one or the other, but I don't know that that
23 would happen. I mean, I don't know, but the potential
24 exists I would say.

25 Q Could you turn to page 1 of your testimony?

1 In Footnote 1, you say that in practice nonoperational
2 post offices will not be part of POSTPlan. Do you see
3 that?

4 A What line is it on where it says "in
5 practice"? I'm just looking for the phrase "in
6 practice" and I don't see the phrase "in practice".

7 Q On the very bottom line --

8 A Okay.

9 Q -- right after "FY-2011".

10 A Oh, there it is. Okay, I see it. Yes.
11 Okay.

12 Q Does this mean that any post office
13 suspended in say FY-2012 would not be part of
14 POSTPlan?

15 A Suspended offices, it may or may not be.
16 For practical purposes, a suspended office is
17 nonoperational right now. POSTPlan only deals with
18 operational post offices. The district may elect in a
19 suspended office to reopen that post office, and if
20 it's one that would qualify under POSTPlan, then it
21 would enter under POSTPlan.

22 Q Does the district have any say as to when a
23 particular post office is evaluated or the hours are
24 chosen, the community meeting held?

25 A If I understand your question, you're asking

1 if the district has any input on the hours that are
2 chosen?

3 Q No, when that occurs, when the process --

4 A So if it's a two-hour -- are you asking if
5 it's a two-hour office does the district have input on
6 whether that's from 8 to 10 or whether that's from 11
7 to -- is that what you're asking?

8 Q No. As I understand it, the implementation
9 of POSTPlan is phased until into 2014.

10 A Uh-huh. Correct.

11 Q How is any particular post office scheduled
12 to --

13 A That will be scheduled at the headquarters
14 level.

15 Q And if at the time a particular post office
16 was scheduled it was suspended, then it would not be
17 further --

18 A If it was suspended, it would not be
19 scheduled because suspended offices for practical
20 purposes are not part of POSTPlan. If it was reopened
21 by the district, then headquarters would roll out when
22 it would be placed under POSTPlan and have its
23 community meeting.

24 Q The Library Reference No. 1 that lists all
25 the potential POSTPlan offices includes 82 suspended

1 offices.

2 A Correct.

3 Q Are those offices part of POSTPlan or not?

4 A The suspended offices are not -- no, no.

5 Q The Postal Service on May 9 published a list
6 of post offices affected by POSTPlan. Are you aware
7 of that list?

8 A I know there's been lists published. I'm
9 not aware of the specific list that you're referring
10 to.

11 Q Could you refer to page 23 of your
12 testimony? On line 15 you refer to the CSDC computer
13 system. Do you see that?

14 A Yes, I do.

15 Q Could you explain what that is?

16 A CSDC, its title has changed, Suspension and
17 Discontinuance Center. It's a computerized program
18 that tracks the movement on offices whether they're
19 suspended, whether they're going forward toward
20 closure. It's going to include the POSTPlan offices
21 and the rollout, the community meeting. It's the
22 program that monitors and controls the elements of our
23 movements with post offices.

24 Q The CSDC contains a list of all post offices
25 affected by POSTPlan --

1 A Yes, it does.

2 Q -- along with their new level?

3 A Yes, it does. That's not finalized though.

4 MR. COSTICH: Madam Presiding Officer, could
5 I ask that the Postal Service be directed to provide a
6 current list of level 2, level 4 and level 6 post
7 offices along with their current suspension status?

8 VICE CHAIRMAN LANGLEY: Yes, you may.

9 MS. BROWNLIE: Can I speak to that?

10 The mapping should be finalized. We
11 anticipate it being finalized at the beginning of next
12 week, and as soon as that's done we will supplement
13 the record with the updated list.

14 VICE CHAIRMAN LANGLEY: So we would have
15 that no later than say Thursday of next week?

16 MS. BROWNLIE: The date on next Thursday is?
17 Sorry.

18 CHAIRMAN GOLDWAY: The 17th. The 17th.

19 MS. BROWNLIE: The 17th.

20 VICE CHAIRMAN LANGLEY: The 19th would be --

21 MS. BROWNLIE: Thursday, the 19th should be
22 fine, yes.

23 CHAIRMAN GOLDWAY: It would be here no later
24 than the 19th.

25 MS. BROWNLIE: The updated list identifying

1 the final levels and the individual APOs and the RMPOs
2 within the clusters, and the mileage that we also
3 discussed in the interrogatory responses will be
4 provided no later than the 19th.

5 VICE CHAIRMAN LANGLEY: And will it contain
6 suspension status as well?

7 MS. BROWNLIE: Yes.

8 VICE CHAIRMAN LANGLEY: Thank you.

9 BY MR. COSTICH:

10 Q Mr. Day, could you turn to your response to
11 Interrogatory PR/USPS-T1-3?

12 A T1-3 you said?

13 Q T1-3.

14 A Okay. Okay.

15 Q Now this interrogatory asked for examples of
16 situations in which the operational needs of the
17 Postal Service would trump the desire of the community
18 to retain its post office with reduced hours, correct?

19 A I think that the question is referring to
20 the postal needs based on the hours that the community
21 selects that they would want their hours open in a
22 reduced hour environment if that's what you asked. Is
23 that what you asked?

24 Q I guess the question reads, "Please explain
25 when the operational needs of the Postal Service would

1 lead to discontinuance even if a community wishes to
2 maintain its existing post office."

3 A An example would be a building burnt down,
4 there was no other building in which to put a post
5 office. It could include inability to nobody in the
6 community wants to work at a post office. There are
7 issues where we may not be able to meet that
8 community's desire. We anticipate that would be very
9 rare.

10 Q In terms of the inability to find someone to
11 staff the office, are you aware that that led to some
12 emergency suspensions in the last year?

13 A I am aware of that. That's why that is a
14 valid option that we expect it will happen, but it's
15 not going to happen routinely.

16 Q Are you aware that the Postal Service
17 reported suspending 212 post offices between
18 January 1, 2011 and February 3, 2012?

19 A No, I am not aware of that. That was prior
20 to me coming to headquarters.

21 Q That's in the response of the Postal Service
22 to Chairman's Information Request No. 1, Question
23 28(c) in Docket No. ACR-2011, filed February 3, 2012.

24 Do you know how many post offices have been
25 suspended since February 3, 2012?

1 A No, I do not.

2 Q Is that information obtainable from CSDC?

3 A Yes, it is.

4 Q Is the reason for an emergency suspension
5 recorded in CSDC?

6 A I haven't had to operate in the system. I
7 believe that it is, but I can't answer with absolute
8 certainty that it is.

9 Q Are you aware that one reason for an
10 emergency suspension is a challenge to the sanctity of
11 the mail?

12 A No, I'm not.

13 Q Or lack of adequate measures to safeguard
14 the office?

15 A No, I'm not.

16 Q Offices are suspended at the district level?

17 A Yes.

18 MS. BROWNLIE: Objection to relevance to the
19 extent that the suspended offices are not part of
20 POSTPlan.

21 MR. COSTICH: The POSTPlan has been marketed
22 as a means for preserving 13,000 or so rural post
23 offices, but as counsel said, it doesn't apply to
24 suspended post offices, and the Commission should be
25 aware of how many offices are actually going to fall

1 out of POSTPlan as a result of suspension. The
2 testimony of Witness Day on page 11 at Footnote 6 is
3 that the Postal Service can't tell us what the actual
4 number of POSTPlan post offices will be because it
5 doesn't know how many are going to be suspended.

6 VICE CHAIRMAN LANGLEY: I believe it's
7 difficult to make an assumption of what will be
8 suspended in the future. On the other hand, the
9 Commission has had a longstanding interest in post
10 offices that have been suspended, and I believe the
11 Postal Service provides a list to the Commission on a
12 regular basis. So I am assuming that this can be
13 worked out, particularly on the list you'll be
14 providing to us next week.

15 MS. BROWNLIE: The list will be able to
16 identify the currently suspended as of the publication
17 of the list.

18 CHAIRMAN GOLDWAY: I intend to ask some
19 questions about lease negotiations and suspensions
20 that will follow on this topic.

21 VICE CHAIRMAN LANGLEY: And I think when it
22 is --

23 CHAIRMAN GOLDWAY: So I'd be happy to hear
24 more --

25 VICE CHAIRMAN LANGLEY: -- opportunity for

1 the bench to be asking questions --

2 CHAIRMAN GOLDWAY: -- and that may eliminate
3 my questions.

4 VICE CHAIRMAN LANGLEY: Definitely. Thank
5 you.

6 BY MR. COSTICH:

7 Q If a post office is slated to become a level
8 2 office, but the lobby is only open when an employee
9 is staffing the facility, how will the Postal Service
10 maintain current lobby hours at that post office?

11 A Depending on your definition of lobby, are
12 you talking about access to the mail receptacle?

13 Q Yes.

14 A Well, earlier I misspoke. I transposed the
15 numbers in my head. I believe I said that 60 percent
16 of the offices currently have 24-hour access, and I
17 misspoke. It's 40 percent that has 24-hour access. I
18 just wanted to -- this seems to be a good opportunity
19 to clarify that. So 40 percent of these offices,
20 there is no problem.

21 On the remaining offices, there's a number
22 of options that we can do. There could be a building
23 modification. It could be putting a locking-style
24 mailbox on the exterior. There's a number of things
25 that we can do in order to -- that wouldn't change the

1 customer's address. It still gives them access to
2 their mail and still provides security. So there are
3 options that we can do to ensure that the customer has
4 the same level of access to their mail that they
5 currently have.

6 Some of these communities only have eight
7 P.O. boxes that are being utilized. Some of these
8 communities are that small.

9 Q There are no post office boxes in the post
10 office?

11 A There are. What I'm saying is there's
12 options that we can exercise to ensure that they have
13 access to their mail receptacle. It may be an
14 exterior locking mailbox as opposed to one inside the
15 post office. But we are going to make the
16 modifications to ensure that they have access to the
17 mail the same amount of time that they have at the
18 present time.

19 Q Is the cost of those modifications included
20 in Library Reference 6?

21 A No, it is not.

22 Q I believe you said 60 percent of POSTPlan
23 offices do not have 24-hour access.

24 A And let me qualify that as an estimate.
25 Based on units reporting back to us, that's the rough

1 estimate that we have. It could be give or take a
2 little bit.

3 Q So 8,000, 9,000 post offices?

4 A You know, I'm not going to try and do math
5 in my head real quick, but we're not talking about the
6 entire 17,726 population. We're talking about the
7 roughly 13,000 that are actually looking at reduced
8 hours. So it would be --

9 Q Sixty percent of 13,000?

10 A -- 60 percent of that, and if that number is
11 8,000, then it's 8,000. I'm not going to do the math
12 in my head to validate it.

13 COMMISSIONER TAUB: Excuse me. Commissioner
14 Taub. I just want to clarify the question. I didn't
15 quite hear it. Was it clarifying that you had
16 testified earlier -- I had written down you had said
17 about 60 percent of the offices have 24-hour access to
18 their post office box?

19 THE WITNESS: That's what I said, but I had
20 it backwards. It's 40 percent that have and 60
21 percent that do not have.

22 COMMISSIONER TAUB: Okay.

23 THE WITNESS: I got that backwards in my
24 initial testimony. I was looking for an opportunity
25 to straighten it out, so I want to make sure that it's

1 accurate.

2 COMMISSIONER TAUB: Okay.

3 THE WITNESS: And this gave me the
4 opportunity to do that.

5 COMMISSIONER TAUB: Thanks for clarifying
6 that. Thank you.

7 BY MR. COSTICH:

8 Q Would the facilities database indicate which
9 post offices don't have 24-hour access?

10 A That's where we pulled the information from
11 was the facility database. But if somebody didn't
12 accurately reflect -- and you know what, sometimes the
13 district coordinator is not going to know. And if
14 they don't know, they're probably not going to say,
15 yes, it does have 24-hour access. It's a ballpark.

16 Q How is mail transported from a processing
17 plant to a level 2 post office?

18 A I can only speak in a general term, but I'd
19 say in most cases it would be through a contract
20 driver.

21 Q And how is mail secured at a post office if
22 there's no one there to receive it?

23 A We currently have that situation across the
24 United States. We have contract drivers that pick up
25 mail and facilities that have been closed. It's not a

1 new practice. In many cases, the mail is prepped in a
2 foyer, locked in a foyer. The contract driver has
3 access that they can get into the foyer, pull the mail
4 out, lock it back up when they're done. And, I mean,
5 it's a common practice now. We do that now.

6 Q That's at post offices that don't have 24-
7 hour lobby service?

8 A Yes, yes.

9 Q And the same process works in reverse for
10 outgoing mail from that post office?

11 A Yes.

12 Q If a level 2 post office currently has a
13 postmaster and that postmaster remains in his
14 position, what happens to him or her on June 30, 2014?

15 A We will exercise our RIF option.

16 Q He'll receive notice?

17 A Yes. They will get a specific RIF notice.
18 And, you know, I'm not going to be able to speak to
19 the mechanics of that. I'm not an HR person. But,
20 yes.

21 Q But such a postmaster would receive his or
22 her current salary through, what, the end of fiscal
23 2014?

24 A Through the end of fiscal 2014.

25 Q But that wouldn't count against the district

1 budget because the budget is in hours, not in dollars?

2 A In essence, correct.

3 MR. COSTICH: Thank you, Mr. Day. I have no
4 further questions.

5 VICE CHAIRMAN LANGLEY: Thank you very much.
6 We are going to take a break now, and then when we
7 come back counsel in front of us will have an
8 opportunity to follow up with any cross-examination
9 questions they might have. So we will come back at
10 let's say 10 after -- no, I'm sorry. We'll come back
11 quarter of 2:00, please. Thank you. We're in recess
12 now.

13 (Whereupon, at 12:33 p.m., the hearing in
14 the above-entitled matter was recessed, to reconvene
15 at 1:45 p.m. this same day, Wednesday, July 11, 2012.)

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1 And I'm talking about -- we talked about,
2 for example, that in some of these small communities,
3 the post office is the only business left open or
4 internet access by members to some of these
5 communities, items like that where you didn't cite to
6 a particular source or sort of hard and fast numbers.
7 I just wanted to understand for the record whether
8 that was from your experience or from data that you
9 actually looked at.

10 A Both.

11 Q And was that data, was that something that
12 you looked at in preparation for your testimony today?

13 A I didn't specifically look at that data for
14 preparation for testimony today, no.

15 MS. HOLMES: Great. Thank you.

16 VICE CHAIRMAN LANGLEY: Thank you, Ms.

17 Holmes. Ms. Mittleman?

18 FURTHER CROSS-EXAMINATION

19 BY MS. MITTLEMAN:

20 Q Yes. Good afternoon. When you talked about
21 the community will have an opportunity to express
22 their opinion, I guess through questionnaires or a
23 community meeting, is that correct?

24 A Yes.

25 Q At least some of these communities went

1 through the previous process. I'm not sure what the
2 title of it was, but the ones that led to the final
3 determinations, so they have already been to community
4 meetings.

5 A Yes.

6 Q And I just wondered, perhaps they will think
7 that we've already done this once before. And, you
8 know, will you take measures to explain why that was
9 the previous process that seems to have just kind of
10 stopped and now they're in a totally new process which
11 requires another community meeting and questionnaires
12 and whatever else?

13 A When the community survey is sent out, it
14 gives an explanation as to what the survey is and what
15 it's about.

16 Q But, I mean, what if they say we already did
17 this once before and look what happened, nothing. We
18 got left in limbo.

19 A Like I said, before I stated this is still
20 in draft form, and it is still in draft form. But
21 it's really -- I mean, if you -- the average person
22 would read that and realize this is some new options
23 because it spells out the four paths. It doesn't just
24 talk about discontinuance. It spells out the four
25 paths, which includes the reduction in service hours.

1 So the element of your question that I have
2 a difficult time with is I can't assert that anybody
3 will understand what's going on. I think that the
4 survey is very explanatory and will articulate what it
5 is we're doing and that it's not the same old thing.

6 Q And to the extent that this other process
7 was going on -- again, I'm not sure what the title of
8 it was, RAOI or maybe a different title. While the
9 Postal Service was considering this new really totally
10 different plan, the POSTPlan, would it have been
11 helpful to have advised those communities that spent a
12 lot of time on the previous process and then, you
13 know, were basically left in limbo?

14 Now, I mean, this may be a better
15 alternative for them, but they have devoted a
16 considerable amount of time and effort in many cases
17 to the previous process, and then it seemed to just
18 whimper, end in a whimper basically.

19 A I'm not sure that I picked up on what your
20 question is with that.

21 Q Well, I mean, is the Postal Service
22 concerned that having, you know, sent all these
23 communities the previous sets of questions and
24 community meetings and all the other related
25 activities to which they devoted in many cases a lot

1 of heartache and time and then left more or less
2 hanging -- is the Postal Service concerned about what
3 kind of attitude that will leave in the community's
4 mind about, well, here we go with another whole new
5 scheme that, you know, what will happen with this?

6 A I don't think it will leave them hanging
7 because if the communities were putting a lot of
8 effort, it was more than likely in an effort to
9 preserve their post office. And I think when they get
10 this survey that articulates there's four paths now
11 and they see that there's an opportunity to retain
12 their post office, I think they're going to be happy.
13 I think they're going to be relieved.

14 Q Is there any -- was there any possibility
15 that these people could have been informed -- I don't
16 know when this came out, May sometime, this new plan?
17 It was announced in May I think.

18 A I think it would have been premature because
19 we were developing the plan and we weren't really sure
20 -- I mean, as you develop it, it grows, it changes and
21 so it's premature to go out and -- because the Postal
22 Service could have said the studies that we've already
23 conducted we're going to complete and we're going to
24 close. We could have said that. If we would have
25 went to the communities and said, hey, we're working

1 on something else, just hang tight, and then we
2 decided to go forward with the closures, that would
3 have been a worse effect than waiting for us to
4 completely formulate this plan and then go forward
5 with this plan, and that's what we chose to do.

6 Q And the post offices by luck or happenstance
7 that happened to have closed, you know, months, some
8 months before or even weeks before this announcement,
9 they're pretty much just out of luck, is that correct?

10 A I don't know if I'd term it out of luck, but
11 they're not going to be revisited. They're a closed
12 office, and we're not going to go back and revisit an
13 office that's closed.

14 Q So if for some reason those post offices,
15 the final determination had been issued somewhat later
16 so that their process would have dragged out through
17 May by the time this was announced, they'd still be
18 open, they would have been in a -- you know, from
19 their point of view, hopefully a better situation than
20 facing the fact that they were closed and they have no
21 alternative.

22 A Historically, that isn't what took place.
23 Historically, they are closed. I mean, the offices
24 that are closed are not going to be revisited.

25 Q Do you happen to know how many offices were

1 closed in the last year?

2 A I have a vague idea. It's not very many. I
3 mean, I'm uncomfortable spitting out a number, but
4 it's a low number.

5 Q And like I said, those people have no chance
6 to reopen.

7 A No. If they're closed, they're closed.

8 Q What about the ones that were remanded back
9 for further consideration by the Postal Regulatory
10 Commission?

11 A If they're not closed, if they're an
12 operational office, they will be given the opportunity
13 to consider the four paths.

14 Q In some cases, I think the Postal Service
15 went ahead and closed the post offices even while the
16 appeal was pending to this Commission. And so again,
17 just by luck, if they happen to have been closed even
18 though there was an appeal pending, they are now
19 closed, whereas if the Postal Service had left them
20 open until the appeal was completed, then there might
21 be a chance that they still would be open when this
22 new POSTPlan was announced.

23 A I'm not aware of any offices that have
24 closed prior to the Commission rendering or answering
25 to the appeal process. I'm not aware of it.

1 MS. MITTLEMAN: All right. Thank you. I
2 have no more questions.

3 VICE CHAIRMAN LANGLEY: Thank you very much.
4 We will now ask if there are any questions
5 from the bench. Commissioner Hammond?

6 COMMISSIONER HAMMOND: I do have some
7 questions, please. Thank you. Thank you. I have
8 some miscellaneous questions for clarifications and
9 stuff. But number one, how big is Chesapeake Beach?
10 I mean, you said it's a small community.

11 THE WITNESS: It's a small community. I'm
12 not really -- it wouldn't be down to the two-hour
13 office. I haven't ever looked it up to tell.

14 COMMISSIONER HAMMOND: Well, like
15 population-wise and stuff, how big?

16 THE WITNESS: I'm not sure. I'm not sure.
17 It's big enough that there is a McDonald's in it.

18 COMMISSIONER HAMMOND: Oh, okay. So it's
19 fair sized.

20 (Laughter.)

21 COMMISSIONER HAMMOND: Okay. For your
22 perspective, I was just wondering about it. I come
23 from a town of 400.

24 THE WITNESS: Oh, okay, okay.

25 COMMISSIONER HAMMOND: Yes, okay. So all

1 right. I had some questions about village post
2 offices.

3 THE WITNESS: Okay.

4 COMMISSIONER HAMMOND: You had said in your
5 testimony, you noted that the post office operations
6 are supplemented by a variety of retail access
7 channels, including 22 village post offices right now.

8 THE WITNESS: The current number is we
9 actually now have 28 that have awarded contracts.
10 There's 26 that are open and operational at this point
11 in time.

12 COMMISSIONER HAMMOND: So there is over that
13 many, okay. So the Postal Service is still actively
14 trying to increase the number of village post offices
15 now?

16 THE WITNESS: Yes, we are.

17 COMMISSIONER HAMMOND: So you're going to
18 continue on that?

19 THE WITNESS: Yes, we are.

20 COMMISSIONER HAMMOND: Okay. So, in
21 communities where the post office will operate fewer
22 hours as a result of the POSTPlan, what efforts are
23 you going to make to recruit businesses to service
24 village post offices?

25 THE WITNESS: We're going to -- excuse me.

1 I was talking while you were still framing your
2 question. I apologize.

3 COMMISSIONER HAMMOND: Yes.

4 THE WITNESS: We're going to make a maximum
5 effort to get village post offices in those
6 communities even though they may be going to a two-
7 hour office or a four-hour office. We would like the
8 availability of them to go in and -- as I've already
9 testified, 90 percent of their transactions are stamps
10 purchases. They could possibly wind up with a village
11 post office and the community having more hours
12 available in the day to do their purchases with the
13 Postal Service than what they currently have in our
14 present structure. We see it now as an enhancement
15 rather than a replacement.

16 COMMISSIONER HAMMOND: Okay. So you don't
17 have -- the Postal Service then wouldn't have plans to
18 say close a two- or four-hour post office if a local
19 business contracts with the Postal Service to service
20 a village post office.

21 THE WITNESS: That is not our plan.

22 COMMISSIONER HAMMOND: That's not your goal.

23 THE WITNESS: No.

24 COMMISSIONER HAMMOND: Okay. That's good to
25 know. I also was wondering how many towns or villages

1 or boroughs or whatever you want to call them are
2 there across the U.S. where there's no business
3 besides the U.S. Postal Service?

4 THE WITNESS: I don't have specific data on
5 that. I know that I testified that many of the
6 communities are like that, but I can't quantify it.

7 COMMISSIONER HAMMOND: I thought -- yes. I
8 thought that's what you told Ms. Mittleman was the
9 case earlier today, and then I thought Ms. Holmes just
10 asked whether that was your personal impression or
11 statistics and I thought you said you had statistics.
12 So I was trying to see whether we could get what
13 statistics the U.S. Postal Service has in that regard.

14 THE WITNESS: I'm not going to be able to
15 produce -- she asked for data. We do have some data.
16 We've gone into community meetings. We have been in
17 communities. We've seen what they have as far as when
18 we go in there, and especially now that we're
19 searching for village post offices, that's kind of
20 heightened it. But as far as a databank that would
21 say there is X number of communities, this many of
22 them only have a post office, I'm not aware of that
23 data being available.

24 COMMISSIONER HAMMOND: Oh, so --

25 THE WITNESS: I'm basing that off of --

1 COMMISSIONER HAMMOND: So the Postal Service
2 doesn't have statistics on how many there might be,
3 right?

4 THE WITNESS: Not specific data, correct.

5 COMMISSIONER HAMMOND: Oh, okay, okay. I
6 had thought that you said that you did have
7 statistics, but you don't.

8 THE WITNESS: No. I have looked at some of
9 our community meeting reports and things like that.

10 COMMISSIONER HAMMOND: Uh-huh. Okay.

11 THE WITNESS: But yes.

12 COMMISSIONER HAMMOND: Yes, okay. And then
13 I just had one other question, which any time that we
14 are dealing with suspensions, which have been brought
15 up today, so any time I have someone like you before
16 us, are you aware of any instance where the U.S.
17 Postal Service has suspended operations of a post
18 office to avoid allowing the appeal of a post office
19 closure?

20 THE WITNESS: I am not aware of a situation
21 where we've done that to avoid an appeal. I'm not
22 aware of one.

23 COMMISSIONER HAMMOND: Okay. Thank you very
24 much.

25 VICE CHAIRMAN LANGLEY: Thank you,

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1 Commissioner Hammond. Anybody else? Commissioner
2 Acton?

3 COMMISSIONER ACTON: Thank you, Madam Vice
4 Chairman. Mr. Day, I think you referenced a survey
5 earlier in your testimony that the Postal Service is
6 presently developing.

7 THE WITNESS: The community survey, yes.
8 It's in a draft form, yes, sir.

9 COMMISSIONER ACTON: Do you know when that
10 survey may be available to the Commission?

11 THE WITNESS: I don't have a projection
12 date, but certainly when it's completed we'll provide
13 it. I would presume that it would be before September
14 because September would be the time period when we'd
15 start actually looking at having community meetings.

16 VICE CHAIRMAN LANGLEY: Is there any
17 estimate of time beyond soon?

18 CHAIRMAN GOLDWAY: I think the Commission is
19 interested in this --

20 THE WITNESS: And I understand that.

21 CHAIRMAN GOLDWAY: -- because when we went
22 through the advisory opinion process for the RAOI
23 initiative or RAOI -- is that -- and then heard from
24 communities that had participated in the
25 discontinuance process that there were many concerns

1 about the community surveys, how they were
2 distributed, who received them, whether they were
3 clear, what the options were, and we gave some
4 specific advice as to what we thought ought to be in
5 them. You took some of it. So I think it's our
6 interest in getting as much as we can from you about
7 those plans so we can give you more advice on how to
8 be sure that the system works properly to advise
9 communities.

10 THE WITNESS: And I appreciate that, and we
11 would look forward to that.

12 CHAIRMAN GOLDWAY: Do we have a date we can
13 agree upon?

14 MS. BROWNLIE: Madam Chair, this is Carrie
15 Brownlie for the Postal Service. The survey is being
16 reviewed and it's being worked on. If we could have
17 until Friday to go back and speak with our colleagues
18 at headquarters that are working on the survey, we
19 could let you know by Friday when we could have a
20 draft to the Commission.

21 VICE CHAIRMAN LANGLEY: That would be
22 appropriate. Thank you.

23 COMMISSIONER ACTON: Is that your plan is to
24 provide us a draft rather than --

25 MS. BROWNLIE: To the extent that it might

1 be changed based on --

2 COMMISSIONER ACTON: Sure.

3 MS. BROWNLIE: -- you know, based on the
4 Chair's recent comments. But it will be what we
5 consider to be the product, the final product.

6 COMMISSIONER ACTON: Okay. Thank you.

7 Also in your testimony, Mr. Day, you
8 reference the clustering of remotely managed post
9 offices.

10 THE WITNESS: Yes, sir.

11 COMMISSIONER ACTON: Can you talk a bit
12 about how that would develop?

13 THE WITNESS: The cluster of remotely
14 managed post offices, basically there's a multitude of
15 facets. Not a multitude, but there's a few things
16 that are considered. When we identify a potential
17 administrative post office, the first step that we do
18 in determining the remotely managed post offices is we
19 go with a 25-mile radius around the APO to determine
20 what offices are within that 25-mile radius.

21 We added a second element to that because in
22 one of our programs we offered the 25-mile radius, and
23 a legitimate concern was brought up that just because
24 it's within a 25-mile radius, it could be 100 miles
25 driving. So we started off with a 25-mile radius, and

1 then if it went through that qualifying factor, the
2 second qualifying factor was no more than 25 miles
3 driving distance.

4 So for an office to be identified as an
5 RMPO, it first has to be within that 25-mile radius of
6 an APO. The second thing is it has to be within 25
7 miles driving distance of another postal-operated
8 facility, not necessarily the APO but a postal-
9 operated facility.

10 We also through the mapping process, because
11 of our internal budgeting and processes for monitoring
12 performance, we couldn't cross district lines or area
13 lines. So, if you had an APO that was on a border of
14 one district, possibly some of those offices could not
15 go within that APO. They may have had to have gone to
16 an APO on the other side of that district line so that
17 we could keep everything lined up within the district
18 so we can account for things.

19 And so there was the two major criteria.
20 Now, if an office was outside of the 25-mile radius
21 and there was no other APO that was within a 25-mile
22 radius, that's what created the PTPO, the part-time
23 post office. We look at that as an isolated
24 situation. There's really no place else within reason
25 for them to get services. So, in making that map, we

1 will make that a six-hour office. Even if that only
2 earns two hours, we're going to make it a six-hour
3 office because we determine that area of reasonability
4 as 25 miles driving, 25 miles radius from the APO.

5 So, in doing that, we've accounted for a lot
6 of anomalies, such as in Hawaii, Alaska, Guam, Puerto
7 Rico. They have PTPOs, part-time post offices, due to
8 their isolated location where they do only earn enough
9 workload to become a two-hour office, but they're
10 actually going to be open six hours a day because of
11 their isolation and nature.

12 And so then the other criteria is maybe it's
13 within that 25-mile radius, but they're not within 25
14 miles of another post office. That's another criteria
15 of how they could become a PTPO. I hope that answers
16 your question.

17 COMMISSIONER ACTON: It does. Thanks for
18 your testimony.

19 THE WITNESS: Yes.

20 VICE CHAIRMAN LANGLEY: Thank you.

21 Commissioner Taub?

22 COMMISSIONER TAUB: Good afternoon.

23 THE WITNESS: Good afternoon.

24 COMMISSIONER TAUB: I just wanted to make
25 sure I understood and had some clarity on some issues

1 that we various folks have gone through earlier today,
2 so I hope you'll indulge me a little bit if we're
3 hitting the same ground that may have been covered
4 earlier.

5 One issue that I wanted to get into was the
6 purpose of the POSTPlan effort. And on your
7 testimony, pages 9 to 10 and particularly at the top
8 of 10, it kind of echoes what you've testified to
9 today it seems, which is POSTPlan reflects a
10 determination by senior management to explore options
11 other than discontinuance of underutilized post
12 offices, and it was initiated in an effort to identify
13 those communities with post offices offering retail
14 window hours and services that do not match customer
15 use of postal services.

16 To summarize then, the purpose is, as you
17 had described, trying to match hours with workload.

18 THE WITNESS: Absolutely. And for clarity's
19 sake, I'd like to expand on that a little bit because
20 I think that it might have gotten somewhat convoluted
21 in that we were just looking at the actual retail
22 hours where a person comes in and gets a product or a
23 service from the employee behind the counter. That
24 earned workload includes everything that is going on
25 in that office. It includes if there's a box section.

1 It includes the boxing up of the mail. It includes if
2 there's carriers and we have to sort mail to carriers.
3 It includes that sorting of mail to carriers. And so
4 it's all-inclusive of the work that takes place in
5 that facility. That's the adjusted earned workload.
6 And we made an adjustment to it to add 10 percent back
7 in case there's any anomalies that weren't taken into
8 consideration.

9 Now we used CSVN SOB as our driving factor
10 to determine what that earned workload was. And I'd
11 also kind of like to stress once again that those
12 products, they didn't just come out of thin air. They
13 were developed out of extensive studies, seeing the
14 average time it takes to do a specific task and they
15 have soft time built into them. For the window
16 accounting of BSOB and the CSV, there's soft time
17 built in. For every 45 minutes of actual work that
18 you earn, we build in another 15 minutes of soft time
19 for things that we can't account for. If a customer
20 asks for instructions on how to fill out this form,
21 that takes time. That's built into the process.

22 And I hope that clarifies it a little bit.

23 COMMISSIONER TAUB: Oh, definitely, yes. So
24 it really is an attempt to look at the hours and match
25 that up with the workload in as thorough a way as you

1 could. Is it fair to similarly characterize -- there
2 was some discussion this morning of the Commission's
3 previous decision issued right around Christmas on the
4 RAOI initiative and the concerns that had taken place
5 about efforts to close facilities, that it seems to
6 some degree the recommendations of this body as well
7 as listening to the customers, an effort to say let's
8 not close these facilities, let's maintain a presence
9 and how can we do that in a way that, as you said,
10 matches workload with hours.

11 Is that a fair assessment of also maybe a
12 factor that as described here, the determination by
13 senior management to look at another approach than
14 just closing?

15 THE WITNESS: Beyond a fair assessment, I'd
16 say it's an accurate assessment. I was placed in this
17 job in January of this year, and as you know, your
18 advisory opinion on RAOI came out right about that
19 time period. My first assignment en route to this
20 position was to go over the PRC findings and come
21 prepared to discuss how we can incorporate those
22 findings and try and create a better option for the
23 American public.

24 COMMISSIONER TAUB: I appreciate that. I
25 would think that would be an example of where, you

1 know, this advisory opinion process that Congress put
2 in place 42 years ago, you know, does work and --

3 THE WITNESS: I would agree.

4 COMMISSIONER TAUB: -- there are some
5 improvements. To that degree, since the objective is
6 hours to workload, what are the measures that the
7 Postal Service will use to assess how it's doing,
8 whether it's at the end once it's fully rolled out in
9 2014 or certainly as it goes along? What are the
10 factors you would look at to say, you know, this is
11 working well or it needs to be adjusted or improved or
12 in an extreme case, jeez, you know, we really need to
13 go back to square one? What are those measures that
14 the Postal Service expects to look at?

15 THE WITNESS: Well, I think one of the
16 driving factors is to create a Postal Service that's
17 viable into the future. I mean, we need to be a
18 viable entity in this country along with whatever
19 economic issues are faced. The drive of this plan is
20 to align the work hours with the actual workload that
21 exists. We've maintained for years the tools that
22 identify to us how much time, and like I said, they
23 weren't times that were picked out of the thin air.
24 There were extensive studies. I was on a team for a
25 year where I traveled all over western area doing

1 function four audits, which is exactly to the heart of
2 this process where we've gone in and we actually --
3 boots on the ground going into units all over the
4 country, examining, watching what people are doing,
5 documenting everything that we're seeing, identifying
6 if there are time-wasting practices, identifying those
7 time-wasting practices, taking steps to correct those
8 time-wasting practices.

9 And so we know that in this system aligning
10 work hours with workload, the measurement is work
11 hours, how many work hours are being spent. And
12 that's going to consistently be compared to earned
13 work hours. That's the driving factor of POSTPlan and
14 that's why there's an annual review. If there's an
15 upswing in economy and more people start using postal
16 products and services, it will result in increased
17 hours in communities.

18 By the same token, if we continue in our
19 trends to alternate access -- as I've already pointed
20 out in testimony today, that's improved 4 percent just
21 this year alone. The generation coming up is more
22 comfortable working on a computer than they are going
23 in and standing in line in a company. That's going to
24 continue to increase. The Postal Service is looking
25 at ways to -- and I'm not an expert on alternate

1 access, but the Postal Service is looking at ways at
2 expanding alternate access, self-service kiosks where
3 you can go work off of a machine that's not
4 necessarily even in a postal facility.

5 We're looking at all kinds of things to
6 improve alternate access and making our business
7 available to the public as best we can. If those
8 increase and the need for brick-and-mortar or whatever
9 or the time period associated with brick-and-mortar
10 continue to go down, the measurement of work hours
11 compared to workload earned is going to be the driving
12 factor that says, okay, we need to make this from a
13 four to a two or we need to make this from a two to a
14 four. It could go either way, and I think that's the
15 nice thing about it.

16 COMMISSIONER TAUB: I appreciate that. So
17 again, if one were to, whether in the Postal Service
18 or from a regulator's perspective, look at measures of
19 success, it would be work hours versus earned worked
20 hours as this --

21 THE WITNESS: Work hours compared to what is
22 actually earned, yes, sir.

23 COMMISSIONER TAUB: So to the extent that
24 there's a focus from folks saying, jeez, is this
25 objective beyond trying to match hours to workload,

1 it's an efficiency issue, and hence one of the
2 measures or objectives should be cost reductions -- is
3 that an appropriate perspective from the Postal
4 Service's end as they roll this out, or should we be
5 looking to -- there's a lot of talk obviously today
6 about that. And I just want to clarify, you know, is
7 time spent trying to drill down as to the cost
8 reductions from the Postal Service's perspective, is
9 that misplaced, or would that naturally come out of
10 looking at work hours versus earned work hours?

11 THE WITNESS: It's going to naturally come
12 out of reducing work hours. It's going to equal
13 reduced money. But we didn't start from the premise
14 of reducing money. We are what we are. If a
15 community earns 40 hours a day of work, we're going to
16 have multiple employees in that office that are doing
17 that 40 hours a day worth of work. And let's just say
18 something happens and across America, every office
19 earns 40 hours a day worth of work. We're going to be
20 in a strong financial situation because if we continue
21 to match our work hours with our workload, that leads
22 to a strong financial performance.

23 The driving factor for setting up POSTPlan,
24 although it is going to save money, the driving factor
25 for setting up POSTPlan was not financial in nature.

1 It was we know that it takes a certain amount of time
2 to do a certain amount of transactions. We know that
3 currently we have offices -- and we do. We have
4 offices that earn 30 minutes a day and they're open
5 six, eight hours. And how do you reconcile that?

6 Our first go-around was to say they're not
7 really being used, we'll close them. And I wasn't
8 part of that, so if you dive deep in questions on
9 that, you're going to hear a lot of I don't knows.

10 COMMISSIONER TAUB: Sure, sure.

11 THE WITNESS: But our first attempt was to
12 say they're not really being used, let's close them.
13 There's value, though, to them remaining open. There
14 is value to it and we recognize that. And so we tried
15 to say, okay, and it was based on input from the
16 stakeholders. Why close the doors? Why don't you
17 adjust the hourly rate? I mean, if you have an office
18 that's bringing in 25,000 or \$27,500 a year -- that
19 was a component of the closure -- yet we're paying
20 \$80,000 a year in salaries, that doesn't make sense.

21 And so the comment of let's lower the wage
22 structure to match the work that's being done there
23 and lower the hours of operation to the actual time it
24 takes to -- that was a beautiful concept, and we went
25 with it.

1 COMMISSIONER TAUB: If I could just ask the
2 presiding officer if I could continue this line of
3 questioning for a few more minutes, I have a couple
4 more that I'd like to cover, and I don't want to
5 impose upon your time with the questions.

6 VICE CHAIRMAN LANGLEY: Okay. That would be
7 fine. I know Chairman Goldway has questions as well.

8 COMMISSIONER TAUB: Yes, likewise. Thank
9 you. On that issue then of cost, I just wanted to --
10 you know, both with your answers here earlier this
11 morning as you talked about there was the Library
12 Reference No. 6, which was put in. I don't know if
13 you've got that. That's the one that, as you had
14 described it, really wasn't a deep dive. It was a
15 simple formula to look at almost in my words a quick
16 and dirty way of trying to get what would be a rough
17 estimate of the costs.

18 THE WITNESS: Probably fairly decent words.

19 COMMISSIONER TAUB: Okay, fair enough, quick
20 and dirty. If you have that library reference, you
21 know, it's showing your estimate of the 517 million,
22 and you described using the average salary, average
23 postmaster salary, for the respective EAS level to
24 calculate the savings.

25 THE WITNESS: Uh-huh.

1 COMMISSIONER TAUB: And there was some
2 discussion this morning about the fact that there are
3 a fair number of offices that have officers in charge
4 or postmaster relief in place. To what extent would
5 you have a concern that using the average number
6 overstates the savings on the OIC and PMR given that
7 there's OICs and PMRs and some vacancies in existence
8 in a percentage of these offices? And again, I
9 realize there was some discussion this morning, but I
10 was hoping you could clarify that point.

11 THE WITNESS: I would say that if we started
12 with the premise where we tried to figure out the
13 longevity of the postmasters that were in the office
14 and applied a formula that would say, okay -- and
15 applied instead of an average between the minimum and
16 the low for each level office, if we said, okay, we
17 know that they're at the 75 percent mark and not the
18 middle of the road and we tried to apply that, I think
19 it would be a valid point that the Postal Service,
20 their approach was not necessarily unreasonable but
21 unrealistic.

22 How is that for -- but the fact that we
23 went, knowing that the majority of these postmasters
24 are on the high end of their pay scale and the fact
25 that we -- and we intentionally did this because we

1 knew that there would be some issues that we haven't
2 accounted for. And so we're trying to take a very
3 conservative approach so that when those issues raise
4 up, it's probably not going to have -- it certainly
5 isn't going to have the level of impact that the
6 person that raises it is indicating that it will have.

7 So we went with the average. And so, as an
8 example of looking at that particular library
9 reference, there's 4,425 level 11 offices. The
10 minimum range is 33,168. The maximum range is 51,792.
11 And that would make the average of those two ranges
12 \$42,480. And then we added in the salaries and
13 benefits, the benefits with the salary, for an average
14 of 65,094. We multiplied that times the 4,425, and
15 it's just real simple math. It was a down and dirty,
16 as you described it, to come up with about where we
17 are, conservatively where we are, knowing that it's
18 probably way higher than that because we weren't going
19 to account for every anomaly.

20 So I still am of the belief that this
21 conservative approach, even with the anomaly that was
22 identified that we have some OICs, some PMRs that are
23 in offices that weren't taken into account, the
24 conservative approach I think will more than
25 compensate for that.

1 COMMISSIONER TAUB: And you had I thought
2 mentioned earlier today that there are instances where
3 OICs -- actually more so PMRs that do receive
4 compensation that would be higher than maybe an
5 average postmaster salary in some cases.

6 THE WITNESS: In those cases, I'm not
7 necessarily -- as a matter of fact, I'm not talking
8 about PMRs. Those are very rare instances. You may
9 have -- for example, in a larger office in a
10 metropolitan area, the line supervisor, the delivery
11 supervisor, in a unit is a level 17. Let's say that
12 delivery supervisor's goal is to become a postmaster.
13 They may say I need an OIC in order to get that
14 postmaster experience in order to become a postmaster.
15 So that level 17 supervisor may wind up being the OIC
16 in a level 15 post office.

17 So an OIC could actually -- and we don't
18 lower their -- we give them their current pay scale.
19 We don't lower their pay scale to the 15 when they're
20 on that assignment. It's a developmental assignment.
21 And so there's going to be cases where the PMR -- not
22 PMR, the OIC. A PMR is a PMR, and OIC is completely
23 different. The OIC filling in for that job has a
24 higher pay scale than what that job would be if it was
25 filled with a PMR or with a postmaster.

1 COMMISSIONER TAUB: So there could be
2 instances there -- and you had also -- again, this was
3 looking at labor costs. This doesn't take into
4 account if I understood what you described earlier --
5 there could be expenses involved. There's money set
6 aside for possible modifications for some of these
7 facilities.

8 THE WITNESS: Right.

9 COMMISSIONER TAUB: There's expenses, as you
10 I think described, very expensive to do community
11 meetings, surveys. There's those expenses. Would you
12 expect to also on the ledger of looking at savings and
13 costs -- are there savings going from an office in a
14 building where the lights are on and the heat's
15 running eight hours a day to down to six hours or four
16 hours, or --

17 THE WITNESS: Absolutely. And certainly the
18 technology exists where you can put it on a timer and
19 it would automatically cut off when there wasn't
20 anybody in the office and come back on an hour before
21 they get to the office or whatever so it reaches the
22 operating temperature. But those factors were not
23 figured in.

24 COMMISSIONER TAUB: And why is that?

25 THE WITNESS: Once again, the POSTPlan

1 program was not monetarily driven. We knew that we
2 would have to come up with an estimate. We did a down
3 and dirty. Those were your words.

4 COMMISSIONER TAUB: Quick and dirty I think
5 is it.

6 THE WITNESS: A quick and dirty. We did a
7 quick and dirty to come up with some rationalization,
8 and it's not an unreasonable approach, but it's not an
9 exact science.

10 COMMISSIONER TAUB: Sure. And so to the
11 extent that this library reference is fixated on
12 trying to do a quick and dirty on labor costs, that's
13 really just one factor of costs and savings that could
14 be looked at if one were going to try to do a cost
15 savings, a cost benefit analysis. But going back to
16 what you described earlier, the purpose here from the
17 Postal Service's perspective was to match hours and
18 workload.

19 THE WITNESS: And if I might just add,
20 another thing that might bear some clarification
21 because I think that the concept came out that it's
22 either/or. It's either 24-hour access to the mail
23 receptacle or reduced, and that's not the case. There
24 could be ways that we provide the same access or
25 possibly even greater access with no expenditure

1 coming out of the Postal Service. If we open a VPO,
2 we can arrange for mail delivery out of the VPO as an
3 example. So there are options for us to ensure that
4 the community has the same access to their mail
5 receptacle that would not impact -- we wouldn't have
6 to go in and do major renovations to the building. We
7 wouldn't --

8 COMMISSIONER TAUB: Yes. I appreciate it.
9 Well, I appreciate my colleagues' indulgence, but I
10 felt this was an important area given the discussion
11 and the inclusion of that library reference. So thank
12 you.

13 THE WITNESS: Thank you very much.

14 VICE CHAIRMAN LANGLEY: Thank you. Chairman
15 Goldway?

16 CHAIRMAN GOLDWAY: Thank you. First of all,
17 Mr. Day, thank you for being here and for patiently
18 answering our questions. Could you just explain for
19 me what your position is with regard to the unit in
20 the Postal Service that's dealing with post office
21 closings? Because in the RAOI, we had Dean Granholm
22 here.

23 THE WITNESS: Correct.

24 CHAIRMAN GOLDWAY: What is your position?

25 THE WITNESS: I work within Mr. Granholm's

1 group. He is the vice president that I work for
2 within the company. As the manager of retail
3 operations, I have the oversight if you will for
4 retail operations across the United States of America.
5 I am the headquarters' perspective on retail
6 operations.

7 Now there's retail -- it kind of gets a
8 little bit confusing, but there's other retail
9 operations that don't deal with operations that come
10 out of a different group. But we are the operations.

11 CHAIRMAN GOLDWAY: But what group would that
12 be?

13 THE WITNESS: Marketing has some retail
14 functions as well. They handle alternate access. I
15 don't handle -- I handle the operations of retail from
16 the Postal Service, not with contractors, not with --
17 if that makes sense. So I don't manage CPUs. They're
18 not postal operations. They're contracted.

19 CHAIRMAN GOLDWAY: And who's doing the
20 village post offices?

21 THE WITNESS: I am going to be doing village
22 post offices. I know.

23 CHAIRMAN GOLDWAY: Okay. And you said that
24 you came to headquarters just as the RAOI was
25 completed.

1 THE WITNESS: Correct.

2 CHAIRMAN GOLDWAY: You're aware that the
3 RAOI initiative was focused exclusively on saving
4 money. The formula was what post offices are losing
5 money and therefore how to close them and identifying
6 3,700 or so that they wanted to close right away, the
7 reason being that the Postal Service needs to save
8 money in every way it can. And now this proposal
9 appears to me to incorporate the RAOI in that the
10 communities are being offered four different
11 proposals, the three that were already in the RAOI and
12 this fourth one, which is one we suggested in the
13 context of the RAOI as another way to save money that
14 would be less painful to customers.

15 So it seems to me it's very nice to say that
16 you don't have a specific amount of money or a
17 specific formula in terms of exactly how much money,
18 but certainly isn't the primary motive to reduce
19 operating overhead for the Postal Service and to make
20 sure that its finances are in better shape?

21 THE WITNESS: I would say that when we
22 drafted POSTPlan, we were sincerely looking at
23 aligning the work hours with the workload, but we knew
24 that that would result in saving money. Yes, we did.
25 And just for a point of clarity, my understanding of

1 RAOI is the objective was not to close 13,000 post
2 offices.

3 CHAIRMAN GOLDWAY: Three thousand seven
4 hundred.

5 THE WITNESS: Or 3,700. The goal was to
6 study them for closure, and certainly some of those
7 before they ever put the moratorium in, the studies
8 were closed as it being not --

9 CHAIRMAN GOLDWAY: Maybe 10 percent were
10 taken off the table. Many of those same 10 percent
11 that are in the PT --

12 THE WITNESS: PO.

13 CHAIRMAN GOLDWAY: -- whatever you call it,
14 the very remote areas. Okay. And then I want to ask,
15 since you are in charge of the VPOs, and you said -- I
16 thought it was quite interesting that it was hard to
17 get VPOs because there were so many businesses and
18 communities that didn't want to be seen as somehow
19 participating in killing off the post office, the post
20 office is a good part of the business community, and
21 they didn't want to look like they were being jackals
22 in some way. So you think it might be easier to get
23 VPOs in if you're keeping the post office open.
24 That's what I'm assuming.

25 THE WITNESS: And historically, that's

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1 turned out because when VPOs are being offered under
2 the RAOI process, we had nine VPOs month after month
3 after month after month. When we came out and started
4 looking at POSTPlan and announced that we were going
5 to be coming out with POSTPlan and did the news media
6 release, we now have 26 open. We have more people
7 saying they're interested in them. And so we know
8 that the availability of businesses who wish to be
9 VPOs is going to increase as time goes on.

10 CHAIRMAN GOLDWAY: So, in the phasing in
11 that you're doing from now through the end of 2014, it
12 may well be that there are VPOs coming in at the same
13 time that you are reducing hours.

14 THE WITNESS: Correct.

15 CHAIRMAN GOLDWAY: Or at the same time that
16 you're doing your annual review.

17 THE WITNESS: Correct.

18 CHAIRMAN GOLDWAY: And I get it that if
19 you're putting in a VPO before you've actually done
20 the phase-in that you might be able to save some money
21 in terms of expenses for adaptability by putting those
22 expenses into the VPO unit that you would have
23 instead, helping them to get the post office boxes or
24 for them to have more. So I get that.

25 But I think what I'm concerned about is,

1 especially with those 3,000 post offices that have had
2 their discontinuance notice and they're hanging, if
3 you get a VPO, does it make it easier for you to just
4 say we're going implement that discontinuance notice?
5 You know, will the businesses accept a VPO and then
6 sort of unwittingly be part of a process that makes it
7 easier for you to close a post office? What's the
8 dynamic there?

9 THE WITNESS: And I really appreciate that
10 question because I'd like to have some clarity to
11 that. The purpose of the VPO is not to go in and
12 ultimately close down the post office. That's not the
13 goal of going in and instituting VPOs at this point in
14 time. What it is is the Postal Service trying to
15 continue to meet that community's entire postal needs.
16 And as I stated in my testimony earlier, under the
17 POSTPlan environment, we're already creating two-hour
18 offices that earn 30 minutes a day. That will
19 continue in spite of a VPO.

20 So we may have an office that's a two-hour
21 office that earns an hour and 99/100s per day. We
22 open a VPO and now it earns 30 minutes per day. We're
23 not going to say, okay, we're going to close down that
24 post office because it's dropped. It's still a two-
25 hour office. They still are in between that range of

1 zero to 1.99.

2 CHAIRMAN GOLDWAY: But it could be that you
3 have a six-hour office that --

4 THE WITNESS: It could be a six hours that
5 goes down to four.

6 CHAIRMAN GOLDWAY: -- gets turned to four or
7 to two at some point.

8 THE WITNESS: And in that particular
9 instance, because a six-hour office is a career
10 position, a four-hour office is a noncareer position,
11 when we're looking at the zone of tolerance, we're
12 going to take that into -- it's probably going to be a
13 greater zone of tolerance because worse than going
14 from a two-hour to a four-hour to a two-hour to a
15 four-hour would be going from career to noncareer to
16 career to noncareer, career to noncareer.

17 So that is when the tolerance is going to be
18 sufficient that when it drops down below a six-hour
19 office and becomes a noncareer position, that it's
20 more than likely not going to bounce back up to a
21 career position again. But the goal of the VPO is to
22 provide the community with access to postal services.

23 CHAIRMAN GOLDWAY: Okay. Well, I think
24 that's very important to clarify. I'm following up on
25 Commissioner Hammond's concern.

1 Another area I wanted to talk about is
2 suspensions. The public representative pointed out
3 there were a significant number of suspensions last
4 year. There are some here. We're still trying to
5 find out how many there are. I had a rather
6 disturbing meeting with the representatives of the
7 Lessors Association yesterday who are telling me that
8 the new lease negotiators for the Postal Service,
9 CBRE, are basically insisting on 20, 30 percent lower
10 rents, 30-day notice, landlords paying for the
11 commissions, all kinds of things that hadn't been part
12 of previous contracts, and they're doing this in the
13 smallest of post offices where if you're serious about
14 maintaining a post office, it seems to me one part of
15 the company is at odds with the other part of the
16 company.

17 If your commitment is to keep these post
18 offices there and the negotiators for real estate are
19 doing everything they can to put landlords in a
20 position where they say forget it and you can suspend
21 the post office because then there's no lease, we
22 don't seem to be going in the same direction here.

23 And I just wanted to get from you your sense
24 of how committed the Postal Service is to actually
25 maintaining all these 13,000 post offices, or are we

1 going to see more and more suspensions based on
2 canceling of leases?

3 THE WITNESS: Some of my answer to that
4 question is going to be subjective because I don't
5 work for the leasing department and I don't really
6 know, I'm not working for facilities, and I don't know
7 what specific issues you're talking about. But I do
8 know as a postmaster in several different cities that
9 I did have leases that I was responsible for and
10 certainly in my time as postmaster there came times
11 when the lease was ready to expire and we had to
12 renegotiate a lease. I didn't do the negotiating, but
13 I'm somewhat, not real familiar, but somewhat familiar
14 with the process.

15 I do know this, that there are situations,
16 especially when the Postal Service was in a better
17 financial situation and we were posting good revenues
18 and actually in the black by hundreds of millions of
19 dollars, the Postal Service had negotiated leases and
20 then we have economic turns and the Postal Service
21 tries to lease facilities at the rate that facilities
22 are leasing for in a particular area.

23 Some entities, and I'm not speaking
24 specifically to yours because I don't know who you
25 talked to, but some entities have been spoiled by the

1 Postal Service just coming to the table on their terms
2 and saying yes, we'll renew the lease.

3 Now they're looking at what floor space
4 leases for in an area, and if their lease is way out
5 of line with what the actual expense is for a building
6 in that area, they're going to push back and say
7 you're asking too much for the lease. We're not a
8 cash cow. We can't just pay top dollar far higher
9 than what the going rate is for a location and
10 continue on.

11 Now does that fit what you're talking about?
12 I can't answer that. All I can do is give you a
13 common sense approach from a postmaster and things
14 that I have observed as a postmaster, but we are very
15 dedicated to keeping our presence in communities.

16 CHAIRMAN GOLDWAY: Could I ask for perhaps
17 an institutional response to my question, to get a
18 policy statement from the Postal Service about its
19 parameters for negotiating leases in these 13,000
20 small post offices where the POSTPlan has announced a
21 commitment to keep them open?

22 MS. BROWNLIE: We can respond to an
23 institutional request. Is it possible for
24 clarification and for the record to have a request in
25 writing and then for us to be able to respond

1 accordingly?

2 CHAIRMAN GOLDWAY: Yes, we'll do that. I'll
3 put it in writing. Thank you.

4 I have a couple more questions. I know the
5 presiding officer has lots, but I think these are
6 still not in the general area that we had talked
7 about.

8 I'm concerned about how the shift in hours
9 in these different post offices will impact service
10 standards. So you have collection boxes in front of
11 post offices. Will the people who are mailing have to
12 get their mail in earlier in the day because there's
13 only going to be somebody coming to pick up at 8 a.m.,
14 or will they actually get improved service because
15 somebody's coming at 4 p.m. to pick up the mail from
16 the collection box? Or will they get their mail later
17 in the day or deliver it a day later because the mail
18 is only there from 8 to 10? Have you done any studies
19 about the impact on service standards for this?

20 THE WITNESS: There shouldn't be any impact
21 on service standards. We intend to not modify
22 collection schedules based on POSTPlan. We do have
23 contractors that are currently going out there to pick
24 up that mail. It could be at the present time that
25 possibly the postmaster pulls that mail and gets it to

1 the contractor. We can modify the contract where they
2 actually pull the mail out of the box.

3 We're not planning on changing any
4 collection times based on POSTPlan. So, if they
5 currently have, and in those smaller communities
6 you're probably not going to see a 5:00 pickup time
7 because it has to get back to the plant, but if they
8 have a 3:00 pickup time as an example, it will stay
9 3:00.

10 CHAIRMAN GOLDWAY: That's important to put
11 in the record. Thank you.

12 And the locations for collection boxes, are
13 they going to be available 24 hours a day as well as
14 the post office box that belongs to the customer?

15 THE WITNESS: The collection boxes will have
16 no change. The blue box that's sitting out there, the
17 customer can drop off the mail to them whatever time
18 as currently is the structure.

19 CHAIRMAN GOLDWAY: Okay. So will there be
20 any extra expense to the Postal Service for having to
21 maintain those standards?

22 THE WITNESS: I guess the answer that I'm
23 going to give is I really don't know because it does
24 involve contractors and it could be that the rural
25 carrier that's driving by that collection box could

1 pick it up. Is there an increased expense if it's a
2 rural carrier? There is, but it's small. I mean,
3 they get credit for turning the key in the box and
4 pulling the mail out, but it's very de minimis.

5 CHAIRMAN GOLDWAY: So it's part of this cost
6 benefit analysis that Commissioner Taub was talking
7 about.

8 THE WITNESS: Yes.

9 CHAIRMAN GOLDWAY: Okay. And then I am
10 still concerned about the ability to hire people who
11 work just two hours a day and whether, as has happened
12 with suspensions in the past, if you can't find
13 somebody we'll wind up with a suspension. Have you
14 given any thought to one of the ideas we had in the
15 RAOI, which was we were talking about a circuit rider
16 where somebody might work four or six hours a day at
17 two or three of these post offices?

18 THE WITNESS: We're making that available.
19 We are making that available.

20 CHAIRMAN GOLDWAY: You're making that
21 available.

22 THE WITNESS: That if the community, if one
23 community selects 8:00 to 10:00 and another community
24 selects noon to 2:00 and it's within the same APO,
25 that it could be the same noncareer employee that goes

1 from one to the other and actually operates more than
2 one of the RMPOs.

3 CHAIRMAN GOLDWAY: Do you think communities
4 would like the idea of having staggered hours in their
5 general area so they could know they have the option?

6 THE WITNESS: It's one of the things that
7 we've actually talked about including in the community
8 meeting. When we're deciding, giving the community
9 feedback on deciding what hours they want, one thing
10 that we talked about in one of our meetings was
11 actually saying the community up the road took 8 to
12 10. You may want to consider a different window so
13 that if your office is closed you can go up the street
14 to the other one. So we've actually talked about
15 including that in the community meeting.

16 CHAIRMAN GOLDWAY: And then one other
17 question. I had talked about how important the survey
18 was to us. I'm also concerned about the process for
19 the community meetings. And if you've got some
20 outline of how you're going to handle them, I think
21 we'd appreciate seeing that.

22 There was some concern that at least in some
23 districts the press was turned away and that the
24 meetings were scheduled at inopportune times or at not
25 very convenient locations, so I think we want to make

1 sure that the lessons we learned from the review
2 process in those previous post office closing appeals
3 are learned and that the community meeting process is
4 improved. So do you think you'll have something in
5 writing? Is there going to be some sort of script or
6 some sort of work outline for your staff that you
7 might share with us so that we could see what the
8 process for community meetings is going to look like?

9 THE WITNESS: I'm sure that we could
10 probably -- at this point in time, I'm not 100 percent
11 sure that the game plan was to come up with a script,
12 but we can.

13 CHAIRMAN GOLDWAY: All right. So I guess I
14 can ask that question and perhaps it can be added to
15 the question about a community survey.

16 VICE CHAIRMAN LANGLEY: Right, a script, a
17 checklist.

18 MS. BROWNLIE: In addition to our ability to
19 provide a timeline this week about the survey, there
20 will also be information provided about at least an
21 instructional memorandum to go along with the survey
22 and the processes that are required on the local
23 level.

24 VICE CHAIRMAN LANGLEY: That would be very
25 helpful. That is a hole right now that we're

1 confronting.

2 CHAIRMAN GOLDWAY: One question that my
3 Chief Assistant wanted to ask, I think this doesn't
4 deal with the small post office. You have a DUO
5 program where you're moving sorting operations out of
6 post offices to save. Are any of these small post
7 offices that we're talking about ones where you'll
8 have to move some sort of sorting, mail handling
9 operation out and move it somewhere else?

10 THE WITNESS: The DUO program that you refer
11 to, it relates to carriers. And yes, within POSTPlan
12 we're going to be looking at RMPOs that have carriers
13 and the feasibility of moving those to the APO, the
14 Administrative Post Office, the APO. We're going to
15 look at that. Certainly it won't work 100 percent of
16 the time, but we're going to look at that.

17 CHAIRMAN GOLDWAY: So is that a possibility
18 for savings as well?

19 THE WITNESS: It could be a possibility for
20 savings. With the postmaster factor taken out of it,
21 the savings would be much, they'd be greatly reduced
22 because a lot of the savings that come from a DUO
23 activity is the reduction in level and salary.

24 CHAIRMAN GOLDWAY: I see.

25 THE WITNESS: And so a lot of the savings

1 associated with the DUO, but it still could make good
2 business sense even if it was slightly more expensive.
3 It could still make good business sense. We're going
4 to look at those opportunities and see if they exist.

5 CHAIRMAN GOLDWAY: Okay. All right. Well,
6 thank you. Thank you, Presiding Officer, for giving
7 me this time.

8 VICE CHAIRMAN LANGLEY: Thank you, Chairman
9 Goldway. I am going to ask of the Postal Service,
10 earlier in the hearing the Postal Service indicated it
11 would provide an updated list of POSTPlan offices by
12 next Thursday, July 19. Could the Postal Service also
13 provide an update to the cost savings estimate that it
14 provided in Library Reference No. 6 to reflect this
15 updated POSTPlan office list?

16 MS. BROWNLIE: Yes, we can update Library 6
17 to match the updated list, Library Reference 6.

18 VICE CHAIRMAN LANGLEY: Thank you.

19 Now I have some questions for Mr. Day.
20 Thank you so much for your participation. A few
21 questions from our staff and then some questions that
22 I have as well.

23 In a response filed to POIR No. 4, Question
24 1, you state that no CSV or SOV data is available for
25 some POSTPlan post offices. Could you describe the

1 methodology used for calculating the adjusted earned
2 workload for those offices in Library Reference No. 1?

3 THE WITNESS: I can't go into the weeds on
4 it because it's not my department that does that, but
5 I can give a general explanation.

6 As I've already said in testimony, the CSV
7 and the SOV is not a new process to the Postal
8 Service. We've been evaluating specific workloads
9 associated with the hours that it takes to do that and
10 accounting for soft time within those issues. And the
11 very few offices, there's not very many that don't
12 have the CSV or SOV data available, but when they
13 don't, the people that actually work on that, Dave
14 Ruezy's given testimony to the Commission before.
15 They can go in and rebuild based on the knowledge of
16 the amount of money the facility took in, the type of
17 facility that it is. They can go. It's not a perfect
18 science, but it's close. It's close. This isn't a
19 new process to us. We've been doing this for years.

20 VICE CHAIRMAN LANGLEY: All right. Thank
21 you.

22 And now going to POIR No. 4, Question 5,
23 Library References 1 and 2. Column W in Library
24 Reference 1 contains figures based either on SOV or
25 CSV data. The figures based on CSV data are supposed

1 to correspond to Library Reference 2, Spreadsheet
2 2011_CSV_DataColumnI. However, the data in these two
3 columns do not correspond. Could you please explain
4 the discrepancy between the two columns?

5 THE WITNESS: Well, they are very close, and
6 usually what you're going to find is it's rounding
7 errors because the systems, one works off of like a
8 four digit like with four digits behind it. One
9 system works off of two digits, so there's rounding
10 errors that are going to equate to differences. The
11 numbers aren't going to look exactly the same because
12 it rounds.

13 VICE CHAIRMAN LANGLEY: Okay. Thank you.

14 And a couple of my colleagues have asked
15 about VPOs, and it's my understanding at the present
16 time that VPOs sell only stamps and allow individuals
17 to mail flat rate boxes and that would be purchasing
18 the stamps from the VPO. Will there be an expansion
19 of services available at VPOs?

20 THE WITNESS: We've talked about that. We
21 don't really have a plan currently to where we're
22 wanting to negotiate a broader term than that. We may
23 revisit it. I don't know. But right now there is no
24 plan to expand that.

25 VICE CHAIRMAN LANGLEY: What about something

1 that would allow individuals to have packages dropped
2 off at VPOs?

3 THE WITNESS: They can currently drop off
4 packages.

5 VICE CHAIRMAN LANGLEY: I'm sorry, I
6 apologize. Packages that are addressed to a customer.
7 Is that something -- I was told that a VPO cannot
8 accept a package from the Postal Service to a customer
9 if it doesn't fit in an individual's post office box,
10 because sometimes the VPOs have boxes at the facility.
11 They are not allowed to accept that package.

12 THE WITNESS: So I want to make sure I'm
13 understanding you.

14 VICE CHAIRMAN LANGLEY: You've mailed me a
15 package and I am served by a VPO, but the only way I
16 can get that package is going to a post office
17 somewhere else. I can't receive the package at the
18 VPO from you.

19 THE WITNESS: That's not accurate. As a
20 matter of fact, I can think of at least one VPO since
21 I've taken over the position that they were getting
22 packages and we installed parcel lockers so that they
23 would have a place to lock up the package so the
24 customer could come pick up their mail.

25 VICE CHAIRMAN LANGLEY: Okay. That's good

1 to know and I hope that's something that will continue
2 to be expanded. And that leads into another question
3 that I have. I know the Postal Service is testing
4 GoPost, which is proving to be very successful. It
5 allows customers to intercept mail and direct it to
6 different areas.

7 If a post office is going to be open say two
8 hours a day, what options would somebody in a small
9 town that doesn't have a GoPost nearby have to
10 redirect packages? How does that work for an
11 individual say served in a small area without having
12 to go to another post office? How does somebody get
13 it at his or her house if there is no say rural
14 delivery?

15 THE WITNESS: I don't have an answer for
16 that. GoPost doesn't come under my jurisdiction.

17 VICE CHAIRMAN LANGLEY: I know it doesn't.

18 THE WITNESS: That's out of the retail
19 department that's under -- but I don't have an answer
20 for that question. I apologize. I just don't know.

21 VICE CHAIRMAN LANGLEY: But I would hope the
22 Postal Service is looking for innovative solutions --

23 THE WITNESS: We constantly are.

24 VICE CHAIRMAN LANGLEY: -- for individuals
25 who are in more remote areas who are going to see

1 their post office hours reduced and therefore might
2 have more need of being able to redirect packages or
3 accountables in some manner that is conducive to the
4 customer.

5 THE WITNESS: We currently have a structure
6 where they can redirect parcels, but I might have
7 misunderstood your question. For example, there may
8 be, and it doesn't present itself very often, but
9 there may be an issue where a customer says I stand a
10 better chance of picking the package up at the APO
11 than I do, because of the limited hours. We can send
12 that package to the APO for the customer to come pick
13 it up at the APO.

14 VICE CHAIRMAN LANGLEY: How would the
15 customer communicate that request?

16 THE WITNESS: It would probably be as a
17 result of them contacting the post office and saying
18 you're only open two hours, how can I get this because
19 I'm not available during the two hours you're open.

20 VICE CHAIRMAN LANGLEY: But you can't call a
21 post office.

22 THE WITNESS: Yes, you can. Seriously, if
23 you call, and I know that not all the phone numbers
24 are listed, but if you call 1-800-Ask-USPS -- or if
25 you do call the 1-800 number, and --

1 VICE CHAIRMAN LANGLEY: If you can stand the
2 wait of getting to a person.

3 THE WITNESS: I understand. It's not a
4 perfect system.

5 VICE CHAIRMAN LANGLEY: But again, I'm
6 suggesting that it might be useful to consider making
7 this more user-friendly for individuals so they can
8 have better access.

9 THE WITNESS: Okay. That's a good point.

10 VICE CHAIRMAN LANGLEY: Thank you.

11 Another question from staff. In response to
12 POIR No. 4, Question 6, the Postal Service stated that
13 for POSTPlan offices without a postmaster and which
14 are staffed by an OIC or PMR, it used the average
15 salaries of postmasters to calculate savings. Could
16 you provide the actual average salary and benefits or
17 hourly rate if applicable for the OICs and PMRs at
18 these offices by EAS level?

19 THE WITNESS: I personally cannot, not at
20 this hearing.

21 VICE CHAIRMAN LANGLEY: The Postal Service,
22 could you provide that?

23 MS. BROWNLIE: We may be able to. It would
24 require us to speak with the human resources contacts
25 to figure out if they have the capability.

1 VICE CHAIRMAN LANGLEY: All right. Thank
2 you. And if you could get back to us by Friday, the
3 same way on the timeline, that would be helpful.

4 MS. BROWNLIE: So just to clarify, the
5 question is whether or not we can get average salaries
6 for current OIC or PMRs acting in the POSTPlan
7 offices?

8 VICE CHAIRMAN LANGLEY: By EAS level.

9 MS. BROWNLIE: Okay.

10 VICE CHAIRMAN LANGLEY: Yes. Thank you.

11 And my last question right now, your
12 testimony states that Saturday hours will not change
13 for the POSTPlan offices. If an office doesn't have
14 Saturday hours, but the community during its community
15 meeting or through the questionnaires indicates it
16 would like to have Saturday hours, would Saturday
17 hours be added?

18 THE WITNESS: Under POSTPlan we're not even
19 addressing Saturday hours. We're not going to
20 increase and we're not going to decrease them as a
21 result of POSTPlan.

22 VICE CHAIRMAN LANGLEY: So that would stay
23 as it is now.

24 THE WITNESS: Correct.

25 VICE CHAIRMAN LANGLEY: All right. Thank

1 you. And are there any further questions from the
2 bench? Commissioner Taub?

3 COMMISSIONER TAUB: Thank you.

4 I just wanted to follow up some more on the
5 questioning earlier, just a point. Your testimony on
6 pages 9 and particularly 10, that was what I cited
7 earlier, but after what I had read it describes the
8 POSTPlan. The Postal Service has identified post
9 offices at EAS level 16 or below, so that's the
10 universe. And then based on that universe, that's
11 where there was let's look at the adjusted earned
12 workload. And then that moved up and those below the
13 line we look at.

14 To what extent, if at all, does that have
15 any relation to the post offices that were presented
16 for a look to move possibly the discontinue stage in
17 the last advisory opinion, the RAOI? Are those in any
18 way connected? Or as I read this, this looks like
19 this is a different cut. It wasn't we're going to
20 take what was in the RAOI and now move it into a
21 different approach. It's we're starting with a blank
22 sheet of paper and what's the post offices at EAS
23 level 16 or below and then apply this adjusted earned
24 workload. Am I missing something there?

25 THE WITNESS: No, you're hitting the nail on

1 the head. It is a totally different cut, but that
2 being said, common sense would tell me, and I haven't
3 gone and validated, but common sense would tell me
4 that probably every office that was under RAOI would
5 fit in that category with the imposed plan based on
6 the criteria of \$27,500 a year, would probably -- not
7 necessarily but probably equal the reduced workload
8 that would be evaluated under the -- there could be
9 exceptions. I have not gone in and compared the RAOI
10 offices with the POSTPlan offices. I would suspect
11 that a lot of them, if not all of them, are within --
12 but we didn't start off and say okay, we have RAOI
13 offices, how can we expand that or something like
14 that. No. We came up with a criteria, a brand new
15 blank sheet of paper. Here were go. Let's see what
16 falls into this net.

17 COMMISSIONER TAUB: I appreciate that.
18 Thank you. Thank you, Chairman.

19 CHAIRMAN GOLDWAY: And I have one more
20 question, and it may be in the testimony and I didn't
21 read it. The reason for choosing 25 miles as opposed
22 to some other number? The Senate bill I believe has
23 10 miles in it. What was the criteria for choosing 25
24 miles?

25 THE WITNESS: I'm not sure that I can point

1 to a hard fast criteria. I think that as an
2 organization we determined that we felt like that was
3 reasonable. Once again, I consider the community that
4 I live in a rural community. It may not be the 400,
5 but I still consider it a rural community. I do drive
6 probably 60 miles to work. I never really clocked it,
7 but it's over an hour commute one way and we're
8 driving 60 miles an hour, so I'm assuming that it's
9 around 60 miles to work. I do drive 20, 25 miles to
10 go to the grocery store of my choice. I do drive
11 probably 10 miles or so to go to the gas station that
12 I choose to fill up with. We just concluded that 25
13 miles was a reasonable distance.

14 CHAIRMAN GOLDWAY: I'm not sure I'm
15 satisfied with that answer, but if that's the answer,
16 that's what we'll have on the record. Thank you.

17 VICE CHAIRMAN LANGLEY: Thank you. I do
18 have a couple more questions, so please bear with me.

19 You've had a very distinguished, I guess
20 it's more than 30 years now career with the Postal
21 Service and we thank you for your service.

22 THE WITNESS: Well, thank you.

23 VICE CHAIRMAN LANGLEY: So, in your
24 experience, particularly as a postmaster, how are
25 retail transactions typically distributed during the

1 day? Is there a mad rush at the door when a post
2 office opens? Do people rush in at the end of the
3 day?

4 THE WITNESS: Unfortunately I'm not going to
5 be able to answer that from the perspective of a
6 POSTPlan office because --

7 VICE CHAIRMAN LANGLEY: No, I'm asking you
8 from your experience.

9 THE WITNESS: My offices were larger
10 offices. The smallest office that I was postmaster in
11 was a level 20 post office in Othello, Washington.
12 And of course the largest office that I was in was a
13 level 26 in Scottsdale, Arizona. But in that
14 environment, absolutely. You have a rush when you
15 first open up the door in the morning, you have a rush
16 somewhere around the lunch hour period, and you have a
17 rush at the end of the day.

18 VICE CHAIRMAN LANGLEY: So, and this is
19 speculative and if it's out of line, just say it's out
20 of line. If you have a two-hour window, is there an
21 expectation of a two-hour rush?

22 THE WITNESS: I don't expect a two-hour rush
23 because, as I've already testified to, some of these
24 offices earn 30 minutes and so, if everybody came at
25 once, we'd probably be able to service them within

1 five minutes or less.

2 VICE CHAIRMAN LANGLEY: So you're
3 comfortable that the clerk or the postmaster will be
4 able to handle that.

5 THE WITNESS: Yes. Absolutely.

6 VICE CHAIRMAN LANGLEY: And really a final
7 question. I know you stated that you don't foresee
8 any I guess notification after, there will be after a
9 community meeting of the new hours, notification in
10 the sense that during the discontinuance process there
11 are signs posted on the lobby windows. How will the
12 Postal Service communicate with a community once the
13 community meeting is completed, the questionnaires are
14 submitted, there's a review at the district level?
15 How will changes in hours be communicated to a
16 community?

17 THE WITNESS: Traditionally when the Postal
18 Service has changed retail hours they've given a 30-
19 day notice. Post a sign in the lobby saying, you
20 know, as of this date your hours are going to be
21 changed to reflect this, and more than likely it would
22 be similar to our past. I mean, I'm sure that that
23 will probably be part of our planning as it goes
24 forward that we'll submit to you, but we haven't
25 formally talked about what that notification will look

1 like, but there's going to be notification. It's not
2 just one day they're going to go and the next day they
3 go back and we're closed. There will be a
4 notification that's given to the community that would
5 inform them of the change of hours.

6 VICE CHAIRMAN LANGLEY: Would you expect
7 that the Postal Service's Handbook PO-101 would be
8 modified to show that this should happen? Because
9 right now I think that the realigning of retail window
10 hours doesn't constitute really a closing or
11 consolidation pursuant to the handbook as it stands
12 now. So, to ensure that customers are duly notified,
13 would there be consideration of changing the handbook
14 to have a new process included?

15 THE WITNESS: The Handbook PO-101, we're not
16 planning on changing Handbook PO-101 as a result of
17 POSTPlan because the Handbook PO-101 deals with
18 closures. POSTPlan is not a closure. It's a
19 realignment of the retail hours. So they're two
20 distinct processes.

21 As a matter of fact, one thing that I think
22 I'm going to clear up from my previous testimony, I
23 was asked a question about if a community that was at
24 a final determination, if a community was at a final
25 determination, but they didn't get closed and now

1 they're under POSTPlan and we go and we offer them
2 their four options and if they selected one of those
3 four options what would take place. Well, we would
4 follow the PO-101 because that's a closure. That has
5 nothing to do with POSTPlan.

6 So it's like those four options are part of
7 POSTPlan, but if they choose any of the three options
8 that deal with closure, we're now outside a POSTPlan
9 and we're into the PO-101 if that makes sense. There
10 is a distinction between the two, and as an
11 organization we plan on keeping a distinction between
12 the two.

13 VICE CHAIRMAN LANGLEY: Okay. Thank you.

14 Are there any other followup questions from
15 the bench?

16 CHAIRMAN GOLDWAY: I was going to ask about
17 the fact that if there is a discontinuance that the
18 community is notified of their right to appeal.

19 THE WITNESS: Yes, they would be.

20 CHAIRMAN GOLDWAY: We want to make sure that
21 that right continues, and I'm glad to see that you
22 volunteered that as well.

23 So that was my final question.

24 VICE CHAIRMAN LANGLEY: Any others?

25 COMMISSIONER ACTON: I just want to follow

1 up quickly on this evolution of the postal network
2 that you reference in your testimony. You've talked
3 here today about the village post office. I know it's
4 had a bit of a checkered experience. I'm wondering if
5 it's on track going forward.

6 THE WITNESS: We believe that it's on track
7 going forward. As a matter of fact, we're setting a
8 very aggressive goal. It's not a published goal, but
9 we've set a very aggressive goal for areas to open
10 VPOs weekly. We are very interested in the VPO. We
11 think it's going to be a great enhancement to the
12 POSTPlan process and we want to open a bunch.

13 COMMISSIONER ACTON: You mentioned earlier
14 how many you currently have.

15 THE WITNESS: We have 20 -- I had the number
16 and my mind just went blank. I think we have 26 that
17 are physically open and 28 I believe that have the
18 contract awarded, but two of them haven't opened yet.
19 It takes about 30 days from the award of the --
20 because you've got to get signage and supplies and
21 stuff and it takes about 30 days from the award of the
22 contract to physically getting it open.

23 COMMISSIONER ACTON: Okay. Automated postal
24 centers, are those frequent or typical features in the
25 list of facilities that are on this POSTPlan?

1 THE WITNESS: Those would not be a common
2 feature within POSTPlan offices. Those are normally
3 in high traffic areas where, like I had a lot of those
4 in Scottsdale, a large metropolitan area. We had
5 automated postal centers in Scottsdale.

6 If you have an office that's earning less
7 than 27.5, there's not a big demand for an automated
8 postal center. It wouldn't pay for itself. It just
9 wouldn't pay for itself.

10 COMMISSIONER ACTON: Okay. So the
11 likelihood that one of these facilities with reduced
12 hours would have an APC as part of its solution is
13 not --

14 THE WITNESS: More than likely that's not an
15 option.

16 COMMISSIONER ACTON: Okay. You had read our
17 RAOI, so you know how interested the Commission is in
18 ensuring suitable alternative access and I think the
19 new proposal goes a long way toward addressing a lot
20 of our concerns as we expressed here today. An
21 important part of the plan needs to be that there is
22 an option in place, not just a theory available on
23 paper.

24 THE WITNESS: And we're working hard to
25 achieve that.

1 COMMISSIONER ACTON: Well, I'll know more
2 about what I think soon.

3 THE WITNESS: Okay. Thank you.

4 COMMISSIONER ACTON: Thanks for your
5 testimony.

6 VICE CHAIRMAN LANGLEY: Thank you. Anyone
7 else from the bench?

8 (No response.)

9 VICE CHAIRMAN LANGLEY: Okay, Ms. Brownlie,
10 would the Postal Service like some time to discuss
11 with your witness whether or not there is a need for
12 redirect?

13 MS. BROWNLIE: Yes, ma'am. If we could have
14 a 15-minute break, that would be great.

15 VICE CHAIRMAN LANGLEY: We will have a 15-
16 minute break. We'll be back at 3:30.

17 MS. BROWNLIE: Thank you.

18 (Whereupon, a short recess was taken.)

19 VICE CHAIRMAN LANGLEY: As long as we have a
20 quorum present, I think we will go ahead and begin.

21 Before I turn to Postal Service counsel, I
22 would like to just make mention to Mr. Day, in
23 response to my question concerning the discrepancies
24 between Library Reference 1 and Library Reference 2
25 CSV data, you indicated differences probably relate to

1 rounding. However, the entries in Library Reference
2 1, Column W linked to CSV data have the entry zero
3 while the entries in Library Reference No. 2, Column I
4 vary substantially from zero. So I would appreciate
5 if you could review the columns of data I referred to
6 in my initial question and report further on why there
7 are these discrepancies. Thank you.

8 And, Ms. Brownlie, we are now back in
9 session to permit the Postal Service to conduct
10 redirect examination of Witness Day, and you may begin
11 now.

12 MS. BROWNLIE: Thank you. This is Carrie
13 Brownlie for the Postal Service, and I just have two
14 questions for Witness Day to clarify the record.

15 REDIRECT EXAMINATION

16 BY MS. BROWNLIE:

17 Q You mentioned in your previous testimony
18 that there will be no changes to the PO-101 Handbook
19 as a result of POSTPlan. Would you like to clarify
20 whether there will be any nonsubstantive changes to
21 the PO-101 Handbook?

22 A Yes, there will be some minor changes to the
23 PO-101, and that's covered in POIR Request No. 2,
24 Question 14. In that, we do point out that there will
25 be some minor changes that reflect the addition of

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1 definitions for remotely managed post offices and
2 part-time post office and an explanation that the
3 earned workload criterion for the discontinuance study
4 will be measured based on the established level for
5 the lowest level RMPO and not the EAS level. So there
6 is a minor correction to that.

7 Q Thank you. And with respect to package
8 delivery in POSTPlan offices, other than the toll free
9 number that you referenced earlier in your testimony,
10 are there options available for redelivery of a
11 package?

12 A Yes, there are. On the notification form,
13 Postal Form 3849, the customer can fill in the back of
14 that form requesting the delivery on a different date
15 when they're available or asking, they can send it to
16 neighbor's location or Saturday pickup or they can
17 even designate that somebody else can come in and pick
18 it up for them.

19 MS. BROWNLIE: Thank you. The Postal
20 Service has no further questions.

21 VICE CHAIRMAN LANGLEY: Thank you.

22 And so may I just ask, rather than a
23 neighbor's house, could it be redirected to somebody's
24 office or work?

25 THE WITNESS: It has to be within the

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1 community that is served.

2 VICE CHAIRMAN LANGLEY: So it's still within
3 the community. Okay. Thank you.

4 And also in regard to my previous question,
5 will you try to get back to me by close of business on
6 Friday?

7 MS. BROWNLIE: Close of business on Friday
8 with respect to the Library Reference 1 and 2?

9 VICE CHAIRMAN LANGLEY: Right. The
10 discrepancy between zero and not zero.

11 MS. BROWNLIE: That's not a problem. Thank
12 you.

13 VICE CHAIRMAN LANGLEY: Thank you.

14 And does anyone else wish to follow up on
15 redirect testimony?

16 MS. MITTLEMAN: I just have a question based
17 on what you just said.

18 VICE CHAIRMAN LANGLEY: Please identify
19 yourself.

20 MS. MITTLEMAN: Elaine Mittleman.

21 VICE CHAIRMAN LANGLEY: Thank you.

22 RE-CROSS-EXAMINATION

23 BY MS. MITTLEMAN:

24 Q When you asked him about redirecting a
25 package to an office and, Mr. Day, I think you said it

1 has to be within the community, what is the definition
2 of community in that context?

3 A The same delivery area.

4 Q What does that mean?

5 A The same delivery area. So, if it's
6 addressed to Kuna, Idaho, it would be within Kuna,
7 Idaho.

8 Q So the same town essentially?

9 A Yes.

10 MS. MITTLEMAN: Okay. Thank you.

11 VICE CHAIRMAN LANGLEY: Is it the same zip
12 code or the actual route?

13 THE WITNESS: I don't have a copy of the
14 form sitting right here in front of me right now, but
15 I think it's within the same town. It doesn't
16 necessarily -- in this case, it would be the same zip
17 code because you're probably not going to find a
18 POSTPlan office that has two zip codes in the town.
19 But the concept --

20 VICE CHAIRMAN LANGLEY: It couldn't be an
21 adjoining town?

22 THE WITNESS: Right. The concept is that
23 you have to be within the same delivery unit so that
24 it doesn't get confusing. You can give it to a
25 carrier and say drop this off at the neighbor's house

1 instead of sending it to a totally different town
2 where they're going why do I have this piece of mail.

3 VICE CHAIRMAN LANGLEY: So it couldn't be
4 redirected to another post office.

5 THE WITNESS: Probably not. I know that I
6 said that it could go to the APO and we're going to
7 bring that up as dialogue when I go back to see if we
8 want to incorporate that. But as of this point in
9 time, that is not a process that exists.

10 VICE CHAIRMAN LANGLEY: Okay. Because that
11 is a concern, as I expressed, that individuals will in
12 some way be restricted to access of deliverable
13 packages or accountables by having very limited retail
14 post office access.

15 THE WITNESS: Yes, I understand.

16 VICE CHAIRMAN LANGLEY: And I do understand
17 that there's an intent to put in parcel lockers I'm
18 assuming at all facilities that don't have parcel
19 lockers, or is that going to be just for some
20 facilities?

21 THE WITNESS: I'm hesitant to say that it
22 will be put in at every facility because quite frankly
23 there could be towns that don't get anything that
24 would warrant a parcel locker. All the mail that they
25 receive can fit into their standard mail box. And the

1 Postal Service doesn't want to go install parcel
2 lockers just for the sake of installing parcel
3 lockers. If there's an identified need, we're
4 certainly going to consider that, and historically we
5 have taken the right action when there's a need.
6 We'll fill the need.

7 VICE CHAIRMAN LANGLEY: But if 60 percent of
8 the facilities don't have 24-hour box access --

9 THE WITNESS: A parcel locker doesn't have
10 anything to --

11 VICE CHAIRMAN LANGLEY: No, I know, but if a
12 package, if a small package, medicine, for example, is
13 placed in somebody's post office box and currently 60
14 percent of the POSTPlan offices do not have 24-hour
15 access to that box, what happens to the customer's
16 ability to access the box?

17 THE WITNESS: As I testified before, there's
18 not going to be any change to the availability of
19 their mail receptacle. They're going to be in the
20 same environment that they are today. It may not be
21 the exact P.O. box that they're in, but we will
22 provide a mail receptacle, some form or fashion, that
23 would allow them the same access that they have today.

24 VICE CHAIRMAN LANGLEY: So, if they have
25 access 9 a.m. to 5 p.m. every day, they will still

1 have that access?

2 THE WITNESS: They'll still have 9 a.m. to 5
3 p.m., yes.

4 VICE CHAIRMAN LANGLEY: Thank you. Is there
5 anyone else who wishes to ask, redirect --

6 MS. MITTLEMAN: If I could just follow up, a
7 couple of quick questions. Elaine Mittleman.

8 FURTHER RECROSS-EXAMINATION

9 BY MS. MITTLEMAN:

10 Q Two things. When you answered a minute ago
11 that you could not redirect it to a business, if there
12 was a business in that community or that zip code --

13 A You could send it to that business.

14 Q So it isn't the fact that it's a business,
15 you were just assuming there was no business.

16 A Right.

17 Q So it's not the definition of a business
18 that's the problem.

19 A Correct.

20 Q Okay. And then that led me to my next
21 thought, which is on these POSTPlan post offices,
22 would there be any chance that any of them would
23 change their zip code or the name of their town or
24 anything like that? They'll all still have the same
25 zip code?

1 A Correct.

2 MS. MITTLEMAN: Okay. Thank you.

3 VICE CHAIRMAN LANGLEY: Are there any
4 further questions from the bench? I'm giving the
5 bench its prerogative.

6 (No response.)

7 VICE CHAIRMAN LANGLEY: If not, Mr. Day,
8 thank you. That completes your testimony here today
9 and we appreciate your appearance and your
10 contributions to the record. Thank you. You are
11 excused.

12 THE WITNESS: Thank you very much.

13 (Witness excused.)

14 VICE CHAIRMAN LANGLEY: Does any participant
15 have any other issue they wish to raise at this time?

16 (No response.)

17 VICE CHAIRMAN LANGLEY: If there is nothing
18 further, then this hearing will adjourn. I thank you
19 all for participating. The questions and responses
20 were most illuminating and will certainly assist us as
21 we evaluate this docket. Thank you. We're adjourned.

22 (Whereupon, at 3:37 p.m., the hearing in the
23 above-entitled matter was adjourned.)

24 //

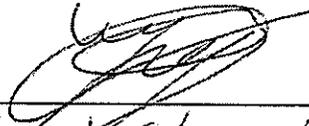
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REPORTER'S CERTIFICATE

DOCKET NO.: N2012-2
CASE TITLE: Post Office Structure Plan
HEARING DATE: 7/11/12
LOCATION: Washington, D.C.

I hereby certify that the proceedings and evidence are contained fully and accurately on the tapes and notes reported by me at the hearing in the above case before the Postal Regulatory Commission.

Date: 7/11/12



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