

ORDER NO. 244

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Dan G. Blair, Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton;
Ruth Y. Goldway; and
Tony L. Hammond

Station and Branch Optimization and
Consolidation Initiative, 2009

Docket No. N2009-1

NOTICE AND ORDER CONCERNING
A POSTAL SERVICE REQUEST FOR AN ADVISORY OPINION
ON A PLAN TO OPTIMIZE THE POSTAL RETAIL NETWORK

(Issued July 10, 2009)

On July 2, 2009, the United States Postal Service (Postal Service) filed a request with the Postal Regulatory Commission (Commission) asking for a determination whether a plan to optimize the postal retail network by consolidating the operations of some retail stations and branches into nearby facilities constitutes a change in the nature of postal services, substantially on a nationwide basis, within the meaning of 39 U.S.C. 3661(c).¹ The Postal Service describes the plan as the Postal Service Station and Branch Optimization and Consolidation Initiative (Initiative). Request at 1.

If the Commission determines that the Initiative will likely generate changes in the nature of postal services on a substantially nationwide basis, the Postal Service then requests that the Commission issue an advisory opinion under section 3661(c) which

¹ Request of the United States Postal Service for an Advisory Opinion on Changes in Postal Services, July 2, 2009; and Notice of the United States Postal Service of Filing Erratum to Request [Erratum], July 2, 2009 (Request).

concur that such service changes would conform to the policies reflected in title 39 of the United States Code. *Id.* at 2.

The Postal Service states that the Initiative already began in May with the examination of the portion of the retail network consisting of stations and branches that report to Postmasters at or above the USPS Executive & Administrative Schedule level 24 pay grade. USPS-T-2 at 8. It asserts that the stations and branches that meet this criterion are located primarily in urban and suburban population centers and comprise approximately two-thirds of the over 4,800 stations and branches nationwide. Request at 5-6. The stated objective of the Initiative is to “realign the postal retail network with current and future postal customer service needs, to reduce inefficiency and redundancy, and to capture the resulting cost savings.” *Id.* at 6. The results will be used to inform any decisions on whether to expand the Initiative to a broader pool of stations and branches. *Id.* The Postal Service states that if the Initiative results in a decision to change the nature of any postal service provided at any postal facility, such changes will not be implemented before October 2, 2009. *Id.* at 7.

The Postal Service’s Request is accompanied and supported by two pieces of testimony and four library references. The Postal Service states that the reasons underlying the pursuit of the objectives contained within the Initiative are described in the Direct Testimony of Alice M. VanGorder on Behalf of United States Postal Service (USPS-T-1), July 2, 2009. It states that the process to be employed in making decisions to achieve the objectives are described in the Direct Testimony of Kimberly I. Matalik on Behalf of United States Postal Service (USPS-T-2), July 2, 2009. The library

references provide public and non-public versions of the official records for the closings of the Buhl, PA classified station² and the Washburn, IA classified branch.³

The Request and all supporting public materials are on file in the Commission's docket room for inspection during regular business hours, and are available on the Commission's website at *www.prc.gov*.

Further procedures. Section 3661(c) of title 39 requires that the Commission afford an opportunity for formal, on-the-record hearing of the Postal Service's Request under the terms specified in sections 556 and 557 of title 5 of the United States Code before issuing its advisory opinion. All interested parties are hereby notified that notices of intervention in this proceeding shall be due on July 28, 2009. Any participant requesting a hearing in this matter shall so state in conformance with 39 CFR 3001.20(b).

At this time, the Commission cannot anticipate the duration, or even the exact form, proceedings on this matter will take. Participants who wish to offer their views on these issues may do so in their interventions. Due to the nature of this Initiative, the Commission may consider holding public hearings outside of Washington, D.C.

The Postal Service indicates that its Initiative was fostered, in part, by the current financial crisis and the continuing decline in mail volume. In light of this, it requests that the Commission expeditiously issue its opinion. However, a proposal for changes which could impact the nature of postal service on a nationwide basis must be examined carefully. The Commission urges participants to carefully consider, prior to the prehearing conference, the justification for any proposed discovery period.

² USPS-LR-N2009-1/1 Official Record to Close the Buhl, PA Classified Station, Docket No. 16146 (Public Version); and USPS-LR-N2009-1/NP1 Official Record to Close the Buhl, PA Classified Station, Docket No. 16146 (Non-Public Version). The public version excludes the names of customers and postal patrons providing comments to the Postal Service.

³ USPS-LR-N2009-1/2 Official Record to Close the Washburn, IA Classified Branch, Docket No. 50706 (Public Version); and USPS-LR-N2009-1/NP2 Official Record to Close the Washburn, IA Classified Branch, Docket No. 50706 (Non-Public Version). The public version excludes the names of customers and postal patrons providing comments to the Postal Service.

The Commission will hold a prehearing conference in this docket on July 30, 2009 at which these questions will be discussed.

Public participation. Section 3661(c) of title 39 requires the participation of an “officer of the Commission who shall be required to represent the interests of the general public” in these proceedings. Robert Sidman is designated to serve as Public Representative to represent the interests of the general public.

It is Ordered:

1. The Commission establishes Docket No. N2009-1 to consider the Postal Service Request referred to in the body of this Order.
2. The Commission will act *en banc* in this proceeding.
3. Notices of intervention shall be filed no later than July 28, 2009.
4. Participants who wish to request a hearing on the Postal Service’s Request in this docket shall submit such a request, together with statements in conformance with 39 CFR 3001.20(b), on or before July 28, 2009.
5. A prehearing conference is scheduled for July 30, 2009, at 9:30 a.m., in the Commission’s hearing room.

6. Pursuant to 39 U.S.C. 3661(c), the Commission appoints Robert Sidman to represent the interests of the general public in this proceeding.
7. The Secretary shall arrange for publication of this Notice in the *Federal Register*.

By the Commission.

Judith M. Grady
Acting Secretary