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POSTAL SERVICE POLICY GOVERNING THE FUELING OF VEHICLES

GOVERNMENT
Storage



HEARING BEFORE THE COMMITTEE ON OFFICE AND CIVIL SERVICE HOUSE OF REPRESENTATIVES NINETY-FIFTH CONGRESS

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U.S. POSTAL SERVICE POLICY GOVERNING THE FUELING OF POSTAL VEHICLES

WEDNESDAY, DECEMBER 13, 1978

HOUSE OF REPRESENTATIVES,
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The committee met, pursuant to notice, at 10:06 a.m., in room 311, Cannon Building, Hon. Morris K. Udall presiding.

Mr. UDALL. The committee will be in session. We are in a time when taxpayers and citizens all over the country are more and more concerned about getting the maximum value from every public dollar spent, and I wanted to take the time today to focus on a particular problem that came to the forefront because of some articles and investigations in Tucson, Ariz., within the last couple of months.

The Postal Service has thousands of vehicles and buys millions of gallons of gasoline every year, much of it from retail service stations. What I am concerned with and I want to look into today are the practices of the Postal Service to see if we are spending too much money on fuel. Obviously there are several options. The Service can have its own bulk tanks, or it can buy from commercial stations and with commercial purchases there are two or three ways to go at it: Either the full-service pump or the self-service pump, the possibility of bulk discounts which might be extended to the Postal Service, and so on.

I think it is important today to get to the bottom of this and find out if the allegations of the Postal Service paying too much are true, or if there are justifications for the policies that it follows. I am not interested just in my own congressional district, but I think it may well have nationwide ramifications if there are savings that can be brought about.

So I welcome the officials of the Postal Service here today, and we will proceed with your statement, Mr. Braughton, if that is agreeable, and if your colleagues wish to supplement it, they may do so, and we will have time for questions. Go ahead.

STATEMENT OF JAMES R. BRAUGHTON, ASSISTANT POSTMASTER GENERAL, DELIVERY SERVICES DEPARTMENT, U.S. POSTAL SERVICE, ACCOMPANIED BY ROBERT McCUTCHEON, ASSISTANT POSTMASTER GENERAL, PROCUREMENT AND SUPPLY DEPARTMENT, AND DONN CRANE, DIRECTOR, OFFICE OF FLEET MANAGEMENT

Mr. BRAUGHTON. Thank you, Mr. Chairman. We appreciate the opportunity to appear before you today to discuss U.S. Postal Serv-

ice policy governing the fueling of postal vehicles and the purchase of gasoline, with particular emphasis on some questions that have been raised with regard to practices in the State of Arizona. With me at the table today are Robert McCutcheon, Assistant Postmaster General, Procurement and Supply Department, and Donn Crane, Director of our Office of Fleet Management.

The Postal Service operates one of the world's largest civilian fleets. We are constantly striving to operate this fleet at the lowest possible cost. Since fuel now represents almost 22 percent of our total vehicle maintenance and operating cost, we are sensitive indeed to the price paid for fuel. We appreciate the attention which this hearing and the committee's interest are giving to the subject of minimizing costs. In a system as large and far-flung as the Postal Service—operating in all kinds of different local situations—bringing attention to cost control problems and possibilities is very helpful.

One concern that has been identified in Arizona is the matter of retail instead of bulk purchase of gasoline. Postal Service policy is to provide for procurement and dispensing of bulk gasoline from our own tanks wherever this is economically beneficial. Safety hazards, local environmental ordinances, space restrictions, and insufficient volume will, in some cases, preclude the installation of bulk fueling facilities.

In that event, the local postmaster is authorized to obtain gasoline by fueling individual vehicles at retail gasoline stations. The local postmaster and the fleet operations managers are generally responsible for obtaining fuel and other vehicle services at the lowest overall cost.

The Postal Service presently has 619 bulk fuel facilities around the Nation, including tanks at both Tucson and Phoenix. Fifty of the tank facilities have been installed since January 1976. Fuel pumped from these tanks accounts for almost 50 percent of the national total.

Fuel for our bulk fuel tanks is procured under contracts secured for the Department of Defense and the Federal Establishment by the Defense Fuel Supply Center. The national average cost of our fuel per gallon, including both bulk and retail, is 55.1 cents with all applicable taxes.

The prices paid for bulk fuel range from about 46 cents to almost 62 cents per gallon, depending on the area of the country. Each time a new postal facility using as many as 20 vehicles is planned, a study is made to determine the economic and environmental feasibility of installing bulk fuel equipment.

We try to monitor local implementation as much as possible. Substantial variations in a number of the cost factors from locality to locality necessarily requires considerable decentralization in decisionmaking.

Since it has been brought to our attention that the full potential for bulk fuel purchase may not have been gained in Arizona, we asked the Western Region to perform new cost studies in Tucson, Phoenix, and elsewhere to reevaluate the possible cost effectiveness of bulk fuel facility installation. Some of these studies are not yet complete; however, preliminary information reveals that installa-

tion of tanks and pumps at Speedway and Rincon stations in Tucson would produce a net annual loss to the Postal Service.

Certain local factors tend to make bulk purchase less attractive in Arizona than in many other States. Chief among these is the State tax factor. While the Postal Service, like other Federal agencies, is exempt from taxes imposed on gasoline purchasers, it is not exempt from the economic burden of taxes imposed on the sellers of gasoline when the cost of the tax is passed on as part of the price of the fuel.

In Arizona, such a tax is imposed on sales of gasoline both in bulk and at retail, eliminating any tax savings in bulk purchase. The average cost to the Postal Service in the Tucson and Phoenix area for bulk gasoline is 62.9 cents, as compared to 70.9 cents for retail gasoline. This is a smaller difference than would be found in most places where bulk purchase is cost-effective.

Still, it is necessary to obtain a thorough review of the other costs involved—such as capital costs for the bulk tanks, fuel pump, and accessory equipment, and labor costs including the clerical cost of maintaining the fuel inventory and dispensing records—to see whether bulk purchase would pay for itself at locations in that State. We are advised that installation of tanks and pumps that meet clean air vapor recovery requirements, together with equipment for oil and water-dispensing and tire inflation, now costs in excess of \$30,000. Our initial impression is that amortizing this cost and applying the costs of providing under-the-hood services will exceed any savings generated by the Arizona pump price differential in most cases.

Another practice that has been questioned in Arizona is the matter of payment and recordkeeping procedures when we do purchase fuel at retail.

The Postal Service uses the credit cards of the major suppliers for ease and low cost of accounting and payment. Generally these fueling sources are businesses which already provide maintenance services for our vehicles under competitive contract.

We generally are not able to secure retail fuel by competitively bid contracts. Since the majority of the stations are operated by small businessmen using a major oil company franchise, these operators are reluctant to enter into formal contracts because of the delayed payment they would entail. This reluctance is reinforced by the fact that the major oil company's credit card enables the operator to extend credit without investing his own operating capital.

When purchasing fuel at retail, the Postal Service generally does not pay the posted pump price. The oil companies extend to the Postal Service the same discounts secured by the Defense Fuel Supply Center and allowed on the U.S. Government national credit card. In addition, the oil companies consolidate the billing of all locations. For the most part, they arrange for the Postal Service to receive credit for State taxes in those States where credit is due because the tax is imposed on the purchaser.

In addition to these discounts arranged nationally, we urge our local offices to secure such additional discounts as may be possible. We are advised that the postmaster at Tucson has just recently

secured agreements for further discounts and is now paying 66.8 cents per gallon in that city.

Fuel dispensed into postal vehicles is certified by the initials of the driver at the time of fueling. These entries are made on a postal register which is reviewed for accuracy and reasonableness by a postal supervisor, generally on a weekly basis.

Each week the entries on the ledger are aggregated by individual vehicle and imprinted on a machine-scanable form. The data is then recorded by individual vehicle at our data centers. Vehicles which do not meet a satisfactory range of miles per gallon use are reported to each of our vehicle maintenance facility offices on a vehicle exception report.

Continued high usage of fuel triggers an immediate investigation. This reporting system is one of the major tools of our new vehicle management accounting system. Credit and billings are certified by the supervisor who reviews the transaction ledger.

Another issue that has been raised in Arizona is why Postal Service drivers use full-service rather than self-service lines when purchasing fuel at retail.

The Postal Service finds it economical to obtain routine checks of oil levels, brake fluid, battery condition, and radiator levels as a part of the vehicle fueling operation. This servicing is essential to us since most of our vehicles are scheduled for preventive maintenance at our garages only twice a year.

The Postal Service inherited from the Post Office Department a long-established practice that letter carriers do not perform either these routine checks or refueling of their vehicles. On May 22, 1975, we were able to negotiate a memorandum of understanding with the National Association of Letter Carriers which provides for carriers to fuel vehicles from our own bulk fuel facilities in locations where there is no vehicle maintenance facility or where it is impractical to have the fueling performed by a garage employee. The agreement precludes the performance of the under-the-hood services by regular letter carriers.

Questions of additional washup time would probably be raised by the letter carriers if they were required to use self-service lines and perform their own routine service checks at retail stations. At 18 cents a minute, including fringe benefits, a few additional minutes figured into route assignments would cost the Postal Service more in labor than it would save through the difference in fuel prices.

Mr. Chairman, we believe that this hearing and the interest that has been shown in Arizona are beneficial in bringing publicity and public attention to one difficult area of trying to hold down Postal Service costs. This review particularly has brought to our attention that local managers have not always been gaining the additional discounts that may be available to them. We have instructed our Sectional Center Managers to focus attention on this problem. We intend to continue to do whatever we can to keep the fuel cost element of the postal system as low as possible.

Thank you. We will be happy to respond to any of your questions.

Mr. UDALL. Thank you.

Let me focus first on the question of State and gas tax. You say in Arizona this is 8 cents?

Mr. BRAUGHTON. Yes, sir.

Mr. UDALL. I am not clear how this works. I am the little guy on the corner operating a filling station. When I buy from Shell at their bulk plant, do I pay the tax there and then charge the customer the tax? How does it work?

Mr. CRANE. Our understanding is that in States which charge the Federal Government the gasoline fuel taxes, generally that tax is imposed directly on the seller. In the other States the seller acts as agent for the States in collecting the tax.

Mr. UDALL. In Arizona, I pay the tax; I am the retail dealer.

Mr. CRANE. Yes.

Mr. UDALL. I am taxed when I buy a gallon from my distributor, Shell; I pay the 8 cents to the State of Arizona?

Mr. CRANE. That is our understanding.

Mr. UDALL. I simply raise the price to the customers by 8 cents. So what you have is where the State of Arizona couldn't tax the Government directly, you couldn't impose a tax on the Federal Government, you get the Feds indirectly by imposing it on the retail dealer who then passes it on to the Government?

Mr. CRANE. That appears to be correct, sir.

Mr. UDALL. Why don't other States follow this practice and get some more money?

Mr. CRANE. I could not respond to that.

Mr. UDALL. Well, it seems to me if Arizona is getting away with this, that the other States would adopt the same practice and get some more revenue. Maybe I better not suggest that in a public place.

Mr. BRAUGHTON. We certainly hope they don't, sir.

Mr. UDALL. All right, let me get back to what I think intrigues the ordinary citizen. I had a great deal of mail and comment on this series of newspaper stories in Arizona.

I am the Postal Service out there, and I can buy bulk, you say, at about 62 cents; was that the figure you had?

Mr. BRAUGHTON. Sixty-two cents; yes, sir.

Mr. UDALL. Is there any competition involved in fixing that 62 cents? Can I shop around Shell and Exxon and all the friendly folks and maybe get it at 60 or 61 cents, or is this kind of a fixed price among the oil companies, which lecture us about the benefits of competition but don't often practice it?

Mr. BRAUGHTON. These locations are picked essentially where they are closest to the unit that they are servicing, so we can—

Mr. CRANE. I believe, Mr. Chairman, you were talking about bulk?

Mr. UDALL. Yes. You say the average cost to the Postal Service in Tucson and Phoenix for bulk is 62.9 cents, and compared to 70.9 cents for retail, that is about the best you can do. You can't crowd them on the 62 cents through competition or competitive bidding in a typical situation?

Mr. McCUTCHEON. Sir, the bulk fuel is procured under the Defense Fuel Supply Center contracts, and they endeavor to compete anywhere they possibly can throughout the country. Other government agencies use them, too, so in essence, if we are riding a defense contract, the odds are it has been awarded competitively.

Mr. UDALL. If 62 cents is the best you can get for bulk in Arizona, you tell me that 70 cents is the average retail price, on page 3 of your statement, a difference of 8 cents, are you talking about retail self-service or retail full service?

Mr. CRANE. That is retail full service.

Mr. UDALL. How much would you save at the self-service pump getting the same product?

Mr. CRANE. This is an average of a large number of stations in the Tucson area. The range was anywhere from 69.9 to 74.9 cents, with the average at 70.9 cents. At the self-service pumps the range is probably on the order of 67.9 cents.

Mr. UDALL. So you are talking about 62 cents bulk, 67 cents self-serve, and 70 cents at full service, roughly.

Mr. BRAUGHTON. Yes, sir.

Mr. UDALL. This is a typical situation. In other States is the spread about the same, 5 cents between bulk and self-service, and another 3 cents between self-service and full service?

Mr. BRAUGHTON. No, sir; there is a much wider change.

Mr. UDALL. Do you have a typical example of where the range is wider?

Mr. CRANE. Washington, D.C., pays in bulk fuel 46.18 cents per gallon.

Mr. UDALL. Self-service would be what?

Mr. CRANE. Self-service in the Washington area for unleaded is about 67 cents.

Mr. UDALL. And full service would be?

Mr. CRANE. On the order of anywhere from 69 to 75 cents at the pump today.

Mr. UDALL. Why is bulk 62 cents in Arizona and in the West and 46 cents here?

Mr. CRANE. There are two elements, Mr. Chairman. The first is the 8-cent tax which is assessed against each gallon in the State of Arizona.

Mr. UDALL. That takes us up to 54 cents.

Mr. CRANE. That is right, and the other element is the transportation cost. Transportation for fuel in Arizona and the west coast is significantly higher. The average cost of fuel in our western region is 62.6 cents per gallon whereas the national average is 55.1 cents per gallon, so we are reflecting primarily State tax and transportation costs.

Mr. UDALL. Let me get to what I think bothers the ordinary citizen about this whole situation. I drive my car in Arizona when I am there, and I drive my car here, and when I go to the station I generally, unless I have some problem, go to the self-service pump. I occasionally look under my hood; I always go to the air pressure valve and check out my tires. Why can't the letter carrier on the job make those simple routine checks rather than paying another 3, or 4, or 5 cents to a service station operator to do them?

Mr. BRAUGHTON. There are a couple of reasons, sir. Number one, as I pointed out, at 18 cents a minute of pay in fringe, every minute we add to that carrier's route assignment—

Mr. UDALL. Let me stop you right there.

That is item 1. I am a friendly carrier; I drive into the station and you pay me 18 cents a minute. How is there a savings between

my getting out? I have to sit there. It takes a certain number of minutes to service that vehicle. My meter is running and my 18 cents are going whether I am checking the tires or reading a post card.

Mr. BRAUGHTON. That is true, sir; but one of the things that would be added to the route is the necessity for some washup time for the carrier, particularly for the under-the-hood services.

Mr. UDALL. I don't wash up and I don't know of many people who do. You can't seriously argue that every carrier has to go to the washroom and dig up some soap and paper towels because he checked the tires or pulled out the oil stick.

Mr. BRAUGHTON. It is reasonable to assume that this time would be requested.

Mr. UDALL. Has any such request been made by the National Association of Letter Carriers?

Mr. BRAUGHTON. For this particular operation?

Mr. UDALL. Yes.

Mr. BRAUGHTON. Since they don't perform it, not for any particular operation, but washup has been an issue between the Postal Service and the unions for quite some time.

Mr. UDALL. Maybe we should have the carriers here and talk about it. I understand from their officials that there was no objection on the part of most letter carriers in performing these services.

When the letter carrier goes home and turns in his postal vehicle, and his wife sends him out to Christmas shop, and he checks his own vehicle, he doesn't seem to mind doing it then.

Do you understand they would object to doing this?

Mr. BRAUGHTON. We have had grievances filed by the particular union objecting to this particular activity, the use of self-service lanes, yes, sir.

Mr. UDALL. Is this a widespread, national demand of the letter carriers' organization or local cases?

Mr. BRAUGHTON. These were local situations.

Mr. UDALL. I would think, myself, that the average citizen who is paying more for a postcard or letter for postage these days than he would like to pay would not be very sympathetic to someone making an adequate salary being unwilling to take a few minutes to check the oil and the tires without demanding that the contract be amended and another 10 minutes of washup time being added.

Mr. BRAUGHTON. There is another factor, Mr. Chairman: In using the self-service lanes, which we all have—and that is, generally, many times you run into lines more so than at the full-service lanes—and, again, you build in the waiting time, plus the anticipated washup time; and, again, a very small amount of minutes added to a particular route can more than offset the difference in the price of self-service/full service.

Mr. UDALL. Well, that may be so in some cases, but in other cases—and certainly in my experience—generally you are not going to have any more wait at the self-service pump than you are at the full-service pump.

Let me go on to one other thing that I think bothers the ordinary citizen:

Why is it impossible for me as the local postmaster in a small or medium-sized community, or even in a big community, to say to the gas stations—there may be 10 within a mile radius or a half-mile radius—to say, “Look, friend, in the next year we are going to buy \$500,000 or \$100,000 worth of gasoline at either the self-service or full-service pump. How much will you give off if we bring all of our trucks over here?”

In every field of commercial activity the person or the company that is buying a very large quantity of something can force a few pennies off the price by offering to do their business in bulk at a particular facility.

To what extent have you tried or failed in that endeavor?

Assuming that the bulk isn't feasible, that you are going to go to one pump or the other at the local station, why can't you put it out for bid and get a few cents off?

Mr. CRANE. There is no reason at all. As a matter of fact, in this particular instance the local postmaster in Tucson was alerted by the articles and went out and did precisely that, and his staff members visited 31 gasoline stations in the Tucson area, including the associate offices of Tucson, and finally arranged for discounts ranging from 2 cents to 6 cents a gallon.

That has already been accomplished in the span of time from November 15 to December 5.

This is charged to all of our local managers to develop these kinds of procurement practices in the field.

Mr. UDALL. That is my point. Tucson is not important by itself. That may be a few hundred dollars a year savings that you just talked about. Why are we not doing that aggressively in San Antonio and Boston and Portsmouth, N.H., and every place else?

Mr. BRAUGHTON. I would like to read a TWX sent yesterday to all our management and sectional centers, and I will make it available for the record:

Many sectional centers and associate offices have achieved fleet discounts for gasoline supplied to postal vehicles from commercial gas stations. With the constantly rising fuel prices of the last few years, we must not overlook this potential for lower fuel prices.

Please review the commercial purchases of fuel and negotiate fleet discounts when possible. Your associate office postmasters should be advised to do likewise.

Mr. UDALL. That is encouraging and, if nothing else comes out of this little hearing this morning, maybe we could leave a little tighter rein across the board nationally and save the Postal Service and eventually the users of the mail a few bucks by raising this investigation.

You say on page 1 that fuel represents about 22 percent of your total vehicle maintenance and operating cost. That is 22 percent; what is the annual dollar figure? What are we talking about for the Postal Service over all, spending for fuel of all kinds during the year?

Mr. BRAUGHTON. Approximately \$50 million.

Mr. UDALL. So if we could knock off 10 percent on fuel, we are talking about a potential savings of \$5 million, or 5 percent off on fuel, we are talking about savings of \$2.5 million across the country?

Mr. BRAUGHTON. Yes, sir.

Mr. UDALL. Do you use all different kinds of fuel? Are there postal vehicles that use diesel, for example?

Mr. CRANE. The larger vehicles are all diesel; the tractor-trailers are powered by diesel fuel.

Mr. UDALL. Do you have the same problem of buying some commercially and having some out of the bulk tanks in the bigger centers?

Mr. CRANE. No; almost all of the diesel fuels come from our own tanks. These are in the larger cities and the vehicles work out of our garage locations.

Mr. UDALL. So all the diesel purchases would be bulk?

Mr. CRANE. Generally, yes.

Mr. UDALL. The things we talked about would be applicable—

Mr. CRANE. Primarily to gasoline.

Mr. UDALL. Do you have a mileage figure on the postal vehicles generally? What do you get miles-per-gallon across the country on the average?

Mr. CRANE. The average rate is very low because of the type of service we are performing, and it probably does not exceed 8 miles per gallon.

Mr. UDALL. This would cover everything?

Mr. CRANE. Yes, from the big tractor-trailers—

Mr. UDALL. Down to the jeeps and things?

Mr. CRANE. Yes, they may get some of the poorest mileage because they are constantly stopping and starting. It takes approximately 20 miles of engine operation before the engine performs at full efficiency. Very few of our vehicles go 20 miles a day.

Mr. UDALL. Do you have a test and research operation going on to see about more efficient engines and better ways to economize with the fuel?

Mr. CRANE. Yes, we do. We are testing diesels in small vehicles. We have two hydrogen-powered vehicles under test now. We have 383 electric vehicles in our fleet.

Mr. UDALL. Do you have rules of thumb or general standards that will tell you roughly when bulk is more economical for a particular operation than going the retail route, number of vehicles, gallons of gas? Or does it depend on other factors?

Mr. BRAUGHTON. It depends on a number of things. No. 1 is the area price for bulk versus retail, the number of vehicles at a particular location and the usage.

In some areas we have very low mileage; in some areas—particularly in the southern and western areas—we have longer distance travel by the carriers.

We have to look at the local environmental ordinances, space availability for an existing location. We generally, as a rule of thumb, where there are less than 20 miles, don't feel that we could justify installation, and in most cases it would have to be probably in the 30 to 40 mile range. There is no hard rule for that.

Mr. UDALL. When you have your own bulk tanks, both for trucks and for your ordinary letter-carrier vehicles, do you have the same problem with regard to the operator of the vehicle putting the gasoline in the tanks? Is this done by other postal employees or the operator of the vehicle?

Mr. BRAUGHTON. For the most part it is done by the people at the garage who perform the fueling and the servicing of the vehicle. In some more remote locations where we have installed bulk tanks at stations and branches where it is not practical to bring the garageman out to fuel, we require the regular letter carriers to do the fueling operation and use part-time people or bring the garageman out from the vehicle maintenance facility to perform the service.

Mr. UDALL. Do you have the same trouble with all of the unions, that is, the truck drivers, the operators of big trucks, as against the letter carriers? Do they have the same complaints against putting the fuel in the vehicles they operate?

Mr. BRAUGHTON. Well, we have not had the problem, because most of these drivers are operating the larger equipment based at our vehicle facilities where this is traditionally done by the garage employees. So it has not been a problem with the other unions.

Mr. UDALL. I think I have covered most of the points I wanted to get into today.

The father of postal reform himself, the great patriot of Illinois, has arrived.

Mr. Derwinski, do you have any questions or comments?

Mr. DERWINSKI. Just in running through this prepared statement, Mr. Braughton, I checked with some of my postmasters and they tell me that one of the reasons for the contract for purchases of supplies from retail service stations is that they generally have a tie-in for repairs and maintenance as well on vehicles.

Did you cover that in your statement?

Mr. BRAUGHTON. Not in great detail. I did mention the fact that we use retail facilities where we do have contracts for contract maintenance.

Mr. DERWINSKI. I noticed in your statement you make a reference to what you call the inherited situation, which limits the carriers' work on maintaining and repairing vehicles. Is that a matter of union jurisdiction more than anything else?

Mr. BRAUGHTON. It is past practice that was incorporated into the work rules that were in effect at the time we negotiated our first contract.

Mr. DERWINSKI. Have you been able to obtain a little management flexibility in that area?

Mr. BRAUGHTON. Yes, sir, we have. We negotiated an agreement with the union in 1975 which provides for the letter carriers to fuel vehicles at locations where it is not practical to do this by garage employees, but just the fueling, not the under-the-hood service.

Mr. DERWINSKI. What about the rural letter carrier, isn't the rural letter carrier provided more flexibility? In effect, doesn't the rural letter carrier have more flexibility than the regular letter carrier in acquiring fuel for transportation vehicles and so on?

Mr. BRAUGHTON. Yes, sir; traditionally, the rural letter carrier as part of his employment is required to furnish the vehicle and we expect it to be serviced and ready to operate when it is presented in the morning to handle the route, and he does then receive equipment maintenance allowance to cover it.

Mr. DERWINSKI. Do any of you gentlemen recall the specific arrangements you have for fuel supplies and maintenance and service at the main post office in Chicago?

Mr. CRANE. We had a serious problem at the main post office in Chicago, sir. The fuel tanks were located underneath the central garage and I understand that we had a flooding condition, and finally we had to close out those tanks; and we have been doing some renovating in that area, to try to get those bulk tanks back in service again.

I believe the situation is now under control; but it was pretty bad for quite a time. That is a fairly old building which was a Government-built GSA building. The tanks were in serious condition; they have been repaired, I am quite sure.

Mr. DERWINSKI. The reason I asked, among other things, that building, of course, in addition to being constructed some time ago, was constructed in the railroad age and was deliberately placed over railroads, and now you no longer utilize those railroads, so you have all sorts of problems there.

Mr. Crane, you are not any relation to Congressman Phil Crane?

Mr. CRANE. No, I am not. I come from Chicago, however.

Mr. DERWINSKI. So if he is our next President, any promotions you would get would be on merit?

Mr. CRANE. That's right.

Mr. UDALL. The Chair would have to rule that question out of order.

Mr. DERWINSKI. I have no other questions, Mr. Chairman.

Mr. UDALL. Let me pursue one thing: You mentioned a moment ago, in connection with your experimental programs, that you are utilizing some electric vehicles. I think you mentioned 300?

Mr. CRANE. That's right.

Mr. UDALL. Is this a promising development? Do you save fuel and energy and other things?

Mr. CRANE. We are saving a considerable amount of fuel and energy on those particular routes, because the internal combustion engine is so inefficient in that kind of service. Actually, total energy from the wellhead to the drivewheel is about 20 percent less in terms of Btu with the gasoline vehicle of the same configuration on the same kind of route.

Mr. UDALL. Do you have plans to expand the use of electric vehicles on these routes?

Mr. BRAUGHTON. We are developing plans now to purchase about 300 additional vehicles.

Mr. UDALL. Anything further from our friendly staff?

Well, I think this has been useful and if we save the taxpayers and the Postal Service a few dollars out of these new offers you are making, it will all be worthwhile. I appreciate your cooperation and attendance this morning.

This will conclude our hearings and we stand adjourned.

Mr. BRAUGHTON. Thank you, Mr. Chairman.

[Whereupon, at 10:45 a.m., the hearing was adjourned.]

[A prepared statement received from Congressman Heftel follows:]

PREPARED STATEMENT OF CONGRESSMAN CECIL HEFTTEL

Mr. Chairman, I appreciate this opportunity to submit my views today on the fuel-purchasing policies of the Postal Service.

Certainly, the basic policy should be to purchase the most efficient fuel at the most economical price. Studies would determine whether that entails the Postal Service purchasing its own bulk quantities of fuel or whether it is more economical to buy fuel on the retail market. I would hope such studies will be conducted as a consequence of your hearings.

But I also hope there are those in our federal government agencies who are looking beyond the gasoline pumps to other energy sources to power our vehicles. If the federal government is truly committed to reducing our consumption of oil, then I believe we should consider seriously the use of vehicles powered by alternate energy sources—vehicles such as the electric car and truck.

Intensive research is continuing into the development of economical electric vehicles, and eventually, electric vehicles will provide more economical transportation than gas-powered trucks and cars.

Electric vehicles do, in fact, have the potential to reduce our dependence on oil in a highly visible manner. In areas of our country where hydroelectric power is plentiful, electric vehicles could provide transportation totally independent of a petroleum supply. More research and continuing development of these vehicles may soon make the burning of oil to produce electricity for electric cars and trucks a more economical use of petroleum than converting it into gasoline for conventional vehicles.

I believe it would be appropriate for the Postal Service to study whether a portion of its 160,000-vehicle fleet should be composed of electric vehicles. Not only would they reduce oil consumption and decrease pollution, but their visibility on our streets would demonstrate to the American people that the federal government is committed to alternate energy development. The fleet also would be a valuable source of research data to help spur that development.

Thank you again, Mr. Chairman, and I commend you for your determination to ensure that the Postal Service is utilizing our limited resources as efficiently as possible.

