

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MAIL PROCESSING NETWORK RATIONALIZATION
SERVICE CHANGES, 2011

Docket No. N2012-1

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO GREETING CARD ASSOCIATION INTERROGATORIES
GCA/USPS-1 THROUGH 5**

The United States Postal Service hereby provides institutional responses to the above-listed interrogatories of the Greeting Card Association dated December 16, 2011.

Each interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF GREETING CARD ASSOCIATION**

GCA/USPS-1

Please describe and explain fully the relationship, if any, between (i) the Mail Processing Network Rationalization plan and associated changes in service standards, as set forth in this Docket, and (ii) the plan to eliminate Saturday delivery, as set forth in Docket No. N2010-1. In particular:

- (a) Do the Mail Processing Network Rationalization plan presented in this Docket (hereafter, "MPNR plan") and its associated service standard changes depend for their feasibility on elimination of Saturday delivery?
- (b) Do the savings anticipated from the MPNR plan and its associated service standard changes depend on elimination of Saturday delivery?
- (c) If the answer to (b) is other than an unqualified "no," please indicate whether retention of existing Saturday delivery arrangements would (i) make any such savings unavailable, or (ii) affect the amount of such savings.
- (d) If the answer to (c)(ii) is other than an unqualified "no," please indicate the amount of such effect on savings, breaking down the answer as far as possible among the categories of savings anticipated from the MPNR plan and its associated service standard changes.

RESPONSE

- (a) No.
- (b) No.
- (c) (i) N/A
(ii) N/A
- (d) N/A

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF GREETING CARD ASSOCIATION**

GCA/USPS-2

- (a) Did the development of the MPNR plan assume the elimination of Saturday delivery?
- (b) If the answer to (a) is other than an unqualified "no," please state whether any alternative mail processing network rationalization plan, not assuming elimination of Saturday delivery, was prepared.
- (c) If any alternative plan of the type described in (b) was prepared, please (i) describe any such plan and provide any documents setting forth, explaining or evaluating it, and (ii) describe the reasons why such alternative plan was not adopted.

RESPONSE

- (a) No.
- (b) N/A
- (c) N/A

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORY OF GREETING CARD ASSOCIATION

GCA/USPS-3

Did the Postal Service, in deciding on the timing of this filing, consider the possibility that the filing, plus any related media coverage, could adversely affect the willingness of customers to use the mails for purposes and at levels commonly found in the end-of-year holiday season? If any such consideration occurred, please describe it fully and provide any documents setting forth, explaining, or evaluation such consideration.

RESPONSE

The Postal Service, in deciding on the timing of this filing, determined that the sooner it could take significant measures to address the consequences of the continuing decline of First-Class Mail, the sooner it could improve its long-term financial stability. The Postal Service is aware that "bad news" about its financial circumstances could cause some mailers to be less willing to use its products and services. The Postal Service has faced that reality during the past several years in which its negative financial circumstances have been reported regularly in the public media. However, the Postal Service has conducted no analysis of whether filing the request in this docket in January 2012, for instance, would be better for its bottom line than filing in December 2011. The Postal Service is of the view that there is no "good" time to be facing the circumstances that it faces or to file an advisory opinion request of the type presented to the Commission in this docket.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF GREETING CARD ASSOCIATION**

GCA/USPS-4

The Postal Service asserts that falling mail volumes in First-Class Mail (hereafter, "FCM") have forced it to eliminate excess/redundant mail processing capacity and related transportation expenses.

- (a) Please confirm that a moving average of the past three recent years 2008 – 2010 is 84.6 billion pieces for FCM, and that that is essentially the same as the 84.7 billion pieces from 1988 -1990. If you do not confirm, please explain why.
- (b) Please confirm that between 1988 and 1990, overnight delivery was a service standard for FCM, and provide the volume of FCM that was delivered overnight.
- (c) Under current delivery standards, what is the percentage of FCM that is delivered overnight?
- (d) Please explain fully, including the use of geographic overlays of the national mail processing network then (1988 -1990) and now (2008-2010), why the Postal Service believes it must eliminate the overnight delivery standard to deliver the *same* FCM volume that it could deliver overnight not many years ago?

RESPONSE

- (a) Confirmed, however, 84 billion and steadily rising is not the same as 84 billion and declining, for purposes of network planning. Thirty years ago, the Postal Service also was not faced with the current shift in the mail mix between First-Class Mail and what is now Standard Mail. Nor was it facing the changing proportions within First Class Mail (between presort and single-piece) that are currently being experienced and projected.
- (b) Confirmed. Please see Docket No. N89-1, USPS-T-2 at 7.
- (c) Please see the response to DBP/USPS-2.
- (d) Please review the response to subpart (a) above and USPS-T-1 and USPS-T-2. It should be borne in mind that mail processing technology has advanced considerably since 1988 and that the Postal Service now

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF GREETING CARD ASSOCIATION**

RESPONSE to GCA/USPS-4 (continued)

employs 235,000 fewer career employees than it did then. In addition, mail processing operations now include delivery point sequencing. Accordingly, simply comparing 1988 vs. 2011 mail volumes or 1988 vs. 2011 facility locations or numbers does little to inform one whether a network deemed suitable for the future in 1988 would be deemed suitable for the future in 2011, or shed light on appropriate First-Class Mail service standards.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF GREETING CARD ASSOCIATION**

GCA/USPS-5

Please describe and explain fully the relationship, if any, between (i) the MPNR plan and associated changes in service standards, as set forth in this Docket, and (ii) the plan to close or consolidate roughly 3,600 retail post offices. In particular:

- (a) Do the MPNR plan presented in this Docket and its associated service standard changes depend for their feasibility on elimination/consolidation of the above-cited several thousand retail post offices?
- (b) Do the savings anticipated from the MPNR plan and its associated service standard changes depend on elimination/consolidation of several thousand retail post offices?
- (c) If the answer to (b) is other than an unqualified "no," please indicate whether retention of existing levels of retail post offices would (i) make any such savings unavailable, or (ii) affect the amount of such savings.
- (d) If the answer to (c)(ii) is other than an unqualified "no," please indicate the amount of such effect on savings, breaking down the answer as far as possible among the categories of savings anticipated from the MPNR plan and its associated service standard changes.

RESPONSE

- (a) No.
- (b) No.
- (c) (i) N/A
(ii) N/A
- (d) N/A