

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

COMPLAINT OF GAMEFLY, INC.)
)
) Docket No. C2009-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF GAMEFLY, INC.
(GFL/USPS-221-24)
(January 15, 2010)

Pursuant to Rules 26 and 27 of the Commission's Rules of Practice and Procedure, the Postal Service hereby provides its Responses to the following interrogatories of GameFly, Inc.: GFL/USPS-221-24, filed on November 23, 2009. These responses are 39 days late.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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GFL/USPS-221. Please refer to your response to GFL/USPS-209. As requested in GFL/USPS-209, please identify the name, position, and areas of responsibility of all individuals providing the information contained in the response to GFL/USPS-209.

RESPONSE:

The Plant Manager, Long Beach P&DC provided information regarding the Long Beach P&DC. Christensen Associates provided information regarding Orlando operations. The Pittsburgh P&DC Manager, In-Plant Support, provided information regarding operations in Pittsburgh. The Manager, Processing Operations, a Headquarters position, also provided input for the response to GFL/USPS-209.

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GFL/USPS-222. Please refer to your response to GFL/USPS-209(c) where it states: According to the Long Beach P&DC, it does not perform a secondary sortation. Instead, it makes two separations, one each for return-to-sender and BRM mail, through culling as that mail is commingled in the tubs and at the feeder points on the floor.

(a) Please confirm that the “mak[ing of] two separations” occurs after the incoming primary sortation. If not confirmed, please explain after what sortation scheme this activity occurs.

(b) Please confirm that this activity is similar to the activity “separating jackpotted DVDs” in the cost model for Netflix returns. If not confirmed, please explain fully.

(c) Please explain why, at least for pieces that are processed on AFSM 100s, this process is more efficient for the Postal Service than assigning separate ZIP Codes to GameFly’s return-to-sender and BRM mail and having separate AFSM 100 separations (with the lower volume return-to-sender separation likely on the incoming secondary scheme) for GameFly’s return-to-sender and BRM pieces.

(d) Please confirm that by “commingled,” the Postal Service means that GameFly’s return-to-sender pieces and BRM pieces are commingled, not that GameFly’s pieces are commingled with pieces sent to other mail recipients. If not confirmed, please explain fully.

(e) Please identify the name, position, and areas of responsibility of all individuals providing the information contained in the above subparts.

RESPONSE:

(a) Confirmed.

(b) Not confirmed. The separation of GameFly return pieces is necessitated by the need to assess postage for pieces returning from customers but not for pieces returned as UAA.

(c) Unique 5-digit ZIP Codes are assigned only when an addressee’s mail volume is sufficient, which GameFly’s is not. The supply of 5-digit ZIP Codes is limited and the Postal Service accordingly manages their use closely. GameFly mail arriving in Pittsburgh all undergoes secondary sortation to separate UAA from customer returns. Because the BRM pieces have a different ZIP+4 code than the return to sender mail, it is more efficient to sort the pieces separately in a secondary operation. As described in the response to GFL/USPS-209(c), there are fewer available bins on an AFSM 100 than on letter sorting equipment.

(d) The response to GFL/USPS-209(c) refers to commingled collection mail, which normally includes GameFly return pieces from customers as well as other

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DVD return pieces. This collection mail could also include UAA GameFly pieces if they were delivered to an address where the addressee no longer resides.

(e) The Plant Manager, Long Beach P&DC, provided information relevant to this Response. The Manger, Processing Operations, a Headquarters position, also provided input for this response

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GFL/USPS-223. Please refer to the Postal Service's response to GFL/USPS-209(c). Please respond to this question based upon the Postal Service's knowledge of the actual processing of GameFly pieces at the Pittsburgh P&DC.

(a) Please confirm that the Pittsburgh P&DC is the facility that is identified as ZIP Code 15290 in Confirm data. If not confirmed, please provide the correct ZIP Code for the Pittsburgh P&DC.

(b) Taking into account your response to GFL/USPS-209(c), please provide an operational reason for why the number of incoming secondary Confirm scans that GameFly received over a recent period of approximately three months at the Pittsburgh P&DC was nearly five times the combined number of outgoing and incoming primary (including MMP and SCF) scans received at the Pittsburgh P&DC. In particular, please address whether the Pittsburgh P&DC incoming secondary operation in which GameFly's pieces are processed serves a role that is similar to incoming primary at some other facilities.

(c) Please define "incoming secondary" as used in the USPS response to GFL/USPS-209(c).

(d) Please identify the name, position, and areas of responsibility of all individuals providing the information in the above subparts.

RESPONSE:

(a) Confirmed.

(b) Postal Service analysis of GameFly scans in this docket extends only to pieces being returned to GameFly. As explained in the responses to GFL/USPS-222, all return pieces destinating at the GameFly's Pittsburgh location would ordinarily undergo incoming secondary sortation to separate UAA returns from those originated by customers, a distinction that requires distinguishing pieces based on ZIP+4 rather than 5-digit ZIP Code. Confirm data analyzed by and previously supplied by the Postal Service to GameFly (GFL/USPS-21) show that approximately 17 percent of all return scans are incoming secondary; when Pittsburgh destinating pieces are isolated from GameFly's three other locations, that percentage goes up to 27 percent. Both of these numbers are consistent with the fact that the majority of GameFly pieces return to its Pittsburgh location, where substantially all pieces undergo incoming secondary sortation.

(c) As used in the response to GFL/USPS-209(c), "incoming secondary" was intended to mean the processing of MMP flats on any sort program after an ADC or SCF sort program has processed these flats in the same facility.

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(d) The Manager, Pittsburgh P&DC, In-Plant Support, provided input to this Response. The Manger, Processing Operations, a Headquarters position, also provided input for this response

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GFL/USPS-224. Please refer to the response to GFL/USPS-209(d) where it states, "Flats should be culled automatically based on height, although flat-shaped GameFly pieces are very close to the maximum height for letters."

- (a) Please confirm that GameFly pieces are flat-shaped. If not confirmed, please explain fully.
- (b) Please confirm that GameFly pieces are above the maximum height for letters. If not confirmed, please explain fully.
- (c) Please provide an estimate of the percentage of GameFly pieces that are "culled automatically based on height" and explain the basis of the estimate.
- (d) For GameFly pieces that are manually culled, please explain whether they are typically culled with other flats or with other DVD mailers and explain the basis of your response.
- (e) Please confirm that a portion of GameFly's pieces that are manually culled are subsequently processed on AFSM 100s. If not confirmed, please explain fully.

RESPONSE:

- (a) Confirmed.
- (b) Confirmed.
- (c) The Postal Service has no means of generating such an estimate. Since GameFly's pieces meet the height requirement for First-Class Mail flats, they should be culled automatically based on height. The fact that GameFly mailpieces tend to flap and bend compounds the inability of the Postal Service to provide an estimate.
- (d) GameFly pieces may be culled with other DVDs, letters or flats depending on where the culling takes place. The Postal Service has no knowledge of any study that would allow a more specific response.
- (e) While it is possible that some GameFly pieces are culled manually and then processed on AFSM 100s, the Postal Service is unable to provide specific confirmation.