

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

**SIX-DAY TO FIVE-DAY CARRIER DELIVERY
AND RELATED SERVICE CHANGES, 2010**

Docket No. N2010-1

**INTERROGATORIES OF THE AMERICAN POSTAL WORKERS UNION, AFL-CIO
TO USPS WITNESS GREGORY M. WHITEMAN
(APWU/USPS-T9-1-8)
(May 21, 2010)**

Pursuant to Rules 25 through 28 of the Rules of Practice, American Postal Workers Union, AFL-CIO directs the following interrogatories to United States Postal Service witness Gregory M. Whiteman (USPS-T-9). If the witness is unable to respond to any interrogatory, APWU requests that a response be provided by an appropriate person capable of providing an answer.

As used in these interrogatories, the terms listed below are defined as follows:

The term "document" means all writings of any kind, including the originals and all copies, whether different from the originals by reason of any notations made on such copies or otherwise (including without limitation correspondence, memoranda, notes, diaries, statistics, letters, telegrams, minutes, contracts, reports, studies, summaries, pamphlets, books, interoffice and intraoffice communications, offers, notations of any sort of conversations such as telephone calls, meetings or other communications, bulletins, computer printouts, teletypes, telefaxes, worksheets, and all drafts, alterations, modifications changes and amendments of any kind to the foregoing); graphic or oral records or representations of any kind (including without limitation photographs, charts, graphs, microfiche, microfilm, videotape recordings, motion pictures); and electronic, mechanical or electrical records or representations of any kind (including without limitation e-mails, computer files, tapes, cassettes, discs, recordings).

The term "all documents" means every document as above defined known to

USPS and every such document which can be located or discovered by reasonably diligent efforts.

The term "Postal Service" includes all agents, employees, attorneys, representatives, and anyone acting on its behalf, as well as the Board of Governors, contractors and subcontractors to the Postal Service, and the Postal Service Office of Inspector General (OIG).

The term "person" means any natural person, corporation, partnership, proprietorship, association, organization or group of natural individuals.

The term "identify," when used with regard to a person means to provide the full name, position, address and telephone number of the person.

The term "identify," when used with regard to a document means to describe the subject matter of the document, its author, its date and any addressee.

For each interrogatory response, identify all individuals responsible for providing the response who will be able to confirm the response under oath.

For any objection to or other refusal to answer any portion of any interrogatory, provide all information requested by that portion of the request to which there is no objection, or which an answer is not refused. If an objection is made to an interrogatory on the ground that it is too broad, provide all information determined by USPS to be discoverable. If an objection is made to an interrogatory on the ground that to provide the requested discovery would constitute an undue burden, provide all requested documents that can be supplied without undertaking what is claimed an undue burden. For those portions of any interrogatory to which an objection is raised, or which a complete answer is otherwise refused, state each reason for the objection or declination. If an objection is made to any portion of any interrogatory on the ground that it seeks privileged or otherwise non-discoverable information, state the privilege or other protection asserted, identify all persons to whom the document that is claimed to be non-discoverable have been communicated or displayed, and identify all documents that constitute, contain or reflect such information; and provide a separate list of all asserted privileged documents that identifies the author, recipient date and general subject matter of each document.

In any instance where a response to an interrogatory cannot be provided in full, so state and then respond to that portion of the interrogatory to which USPS can respond.

You should supplement the responses to answers to these interrogatories in accordance with the provisions of Rule 26(e) of the Federal Rules of Civil Procedure.

Respectfully submitted,

Darryl J. Anderson
Jennifer L. Wood
Counsel for American Postal Workers Union, AFL-CIO

APWU/USPS-T9-1 The focus groups you discuss were presented with an option of a 10 percent rate increase or 5-day delivery in order to reduce what was presented to the group as a “massive deficit of \$7 billion this year. And, it will face a similar deficit next year.”

- a). Is the Postal Service planning for a 10 percent exigency case? If not, why were consumers presented with only this one option against which to evaluate a reduction in delivery days?
- b). Were consumers made aware that the Postal Service intends to file an exigency rate case later this year even if it decides to go ahead with the 5-day delivery plan?
- c). Were these consumers ever presented with any version of the Postal Services’ forecast of a \$200+ billion cumulative budget deficit, similar to the one presented on March 2, 2010?
- d). Current USPS financials show that the Postal Service’s original projection of a \$7 billion deficit for this year is somewhat unlikely. Were the focus groups ever told that there was any doubt about the accuracy of that financial forecast?

APWU/USPS-T9-2 On page 3 [17-19] of your testimony you state that “focus groups and interviews discussed the impact five-day delivery would have on consumers and businesses and how they would adapt to the change in service.” In Appendix A you indicate that respondents were provided with a three point explanation of why the Postal Service was moving from six- to five-day delivery and one of those points was “To accomplish this, the Postal Service is developing a plan to transition from six- to five-day delivery.” Both of those statements ask the customer to predispose themselves to the assumption that a five-day delivery schedule is a given. Was the Postal Service’s primary focus for this task studying the customer’s ability to adapt to such a change?

APWU/USPS-T9-3 In making your estimates of revenue impact, you appear to have focused on making the estimates from the mail senders’ perspective. Did you make any attempt to estimate how the reductions in mail volume will be distributed across mail routes?

- a). Is there any reason to believe that mail volume losses will be spread equally across all mail routes?
- b). Based on the type of mail that you estimate will be lost, isn’t it more likely to reduce the number of pieces delivered to households on the more profitable routes? If this possibility was evaluated please provide any documents generated from that research.
- c). Was any analysis done to estimates how many routes that are currently break-even or money making routes would be turned into money-losing routes due to these volume losses? If so please provide any documents generated from that research.

APWU/USPS-T9-4 You appear to have used customer responses to estimate volume losses using a FY2009 baseline.

- a). Is that correct?
- b). Were customers asked to make their estimates assuming their 2009 mailings as a baseline?
- c). Were any alternative scenarios considered by either you or the customers about potential impacts if the economy improved? If so please provide those estimates.
- d). Did the customer provide the likelihood of change measure? If so, were they given instructions to base it on their 2009 experiences or were they to base it on their expected 2010 experiences?

APWU/USPS-T9-5 On page 3 [4-5] of your testimony you state that consumers would increase their use of Priority Mail to ensure timely delivery.

- a). Were consumers made aware that Priority Mail would only be delivered on a 5-day schedule?
- b). This use of Priority Mail represents an increased lack of confidence in the Postal Service's service.
 - i. What type of consumers indicated they would make this choice?
 - ii. What percentage of consumers indicated they would make this choice?

APWU/USPS-T9-6 On page 4 [20-24] of your testimony you state "[c]onsumers did acknowledge that Saturday provided them an opportunity to receive at home to receive (sic) packages and accountable items such as Certified MailTM. However, if the Postal Service kept retail units opened on Saturday, this would allow them to have continued access for picking up packages and accountable items." Did consumers indicate that these were two options were interchangeable and of equal value to them?

APWU/USPS-T9-7 On page 3 [24-26] you state that focus groups are not statistically representative of customers but allow an in-depth understanding of how customers react to change. On page 8 [3-5] you state that executives of organizations representing the Postal Service's top accounts provided information on targeted customers groups reactions to a change to 5-day delivery but stated that those were not a statistically representative sample.

- a). When making your revenue and volume estimates, did you base all of your work on a separate statistically representative sample or did you extrapolate from information provided by the focus groups and executive interviews?

- b). What was the reaction of the executives of large pharmacy benefit management companies (PBMs) such as Medco Health Solutions to the idea of five-day delivery?
- c). Did any executive or other representative of a large PBM company express concerns about dropping Saturday delivery and, if so, what were those concerns?
- d). Did any executive or other representative of a large PBM company state that his company would have to find alternative means of delivery if the Postal Service stops Saturday delivery?

APWU/USPS-T9-8 On page 5 [18-21] you state that customers are generally willing to accept a reduction in service if it will help solve the Postal Service's financial problems and it is more than a temporary solution. On page 8 of your testimony you state "[a] common expectation was that the move to five-day delivery could reduce the need to increase prices as frequently as in the past few years." In your opinion, were the customers' reactions on which you based your estimated volume and revenue losses predicated on the customers' presumption that this change would resolve most of the Postal Service's problems and reduce the frequency of its rate increases?