

Before the
POSTAL REGULATORY COMMISSION
Washington, DC 20268-0001

Six-Day to Five-Day Street Delivery :
and Related Service Changes : Docket No. N2010-1

GREETING CARD ASSOCIATION INTERROGATORIES
TO POSTAL SERVICE WITNESS BRADLEY
(GCA/USPS-T6-1 to T6-13)

Pursuant to Rules 25 and 26 of the Commission's Rules of Practice, the Greeting Card Association herewith submits interrogatories and requests for production of documents, specifically:

GCA/USPS-T6-1 to T6-13, to witness Bradley.

The term "documents" includes, without limitation, letters, telegrams, memoranda, reports, studies, articles from periodicals, speeches, testimonies, books, pamphlets, charts, tabulations, and workpapers. "Documents" includes written or printed records and disks, tapes, or other recorded media (together with such written matter as is necessary to understand and use such disks, tapes, or other media).

June 8, 2010

Respectfully submitted,

GREETING CARD ASSOCIATION

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GCA/USPS-T6-1.

In LR-1/6, please refer to the table labeled “FY2009, Results of Eliminating Saturday Delivery Operational Approach.” Please provide a full breakdown of the type of labor (i.e. FTR, TE, etc.) for the following cells:

- a. All cells for the rows labeled “6-Day M-F Hours” and “6-Day Saturday Hours”
- b. All cells for the rows labeled “5-Day M-F Hours” and “5-Day Saturday Hours”
- c. All cells in the row “Hour Saved”
- d. In the column labeled “C/S7 City Deliver Carriers-Street Activity”, for the first three cells under the label “Total City Hours”
- e. In the column labeled “C/S 10 Rural Carriers,” for the first three cells under the label “Total Rural Hours.”

GCA/USPS-T6-2.

On the next page of LR-1/6, please refer to the rows for “TOTAL ATTRIBUTABLE COSTS” and “OTHER COSTS” both for column “C/S 7 City Delivery Carriers—Street Activity” and columns “Evaluated Routes” and “Other Routes” for rural carriers.

- a. Please break down all “total attributable costs” cells into three parts: First Class Letter Mail, Standard Letter Mail including non-profit, and Other.

- b. Using whatever cost coverage method the Postal Service applies to current rates, please break down “other costs” into three parts: First Class Letter Mail, Standard Letter Mail including non-profit, and Other.

GCA/USPS-T6-3.

a. In LR-1/6 in the table labeled “Calculating City Hours Saved Under 5 Day Delivery,” please provide your best estimates of the proportion of the saved Saturday hours which affects consumers and of the proportion which affects businesses. For purposes of making such estimates, please consider “consumers” and “businesses” separately under two descriptions: (i) as senders of mail, and (ii) as recipients of mail.

b. Please provide estimates similar to those requested in (a), but for Single-Piece First-Class mail in place of “consumers” and for workshared First-Class Mail and Standard Mail in place of “businesses.”

GCA/USPS-T6-4.

On page 5, lines 6-7 of your testimony, you state that your methodology “recognizes that movement to five-day delivery is an operational change, not a volume change.”

a. In arriving at your methodology, did you examine evidence from other national posts that have reduced delivery days as to whether mail volume was affected?

b. If not, why not? If so, please provide a copy of all such information you consulted or relied upon in preparing your testimony.

GCA/USPS-T6-5.

On page 6, lines 22-24, of your testimony you state that the baseline you used was based on the ACR model.

- a. How did you determine which parts of that model were affected by a change to five-day delivery?
- b. Did you run the entire model assuming five-day delivery in order to determine what operations were affected by a change to five-day delivery?
- c. If you did not run the entire ACR model for FY2009, please do so and confirm that the parts of the ACR model that “cover the operations affected by a change to 5 day delivery” are the only output changes that result. If you cannot confirm, please list any and all differences in the model assuming five-day delivery from the cost structure with 6 day delivery.
- d. Please run the entire ACR model using the operational changes you did assume in your study, and provide the entire model output.

GCA/USPS-T6-6.

- a. Please provide a copy of all DOIS data for FY2009.

- b. Please provide a copy of all information used to construct that data, for example operations manuals used in constructing the data or that explain how the data base is constructed, questionnaires, etc.

GCA/USPS-T6-7.

Did the operations experts you cite on page 11, lines 15-16 share with you any actual data on how any postal system, including the Postal Service and the old Post office, has reacted to a change in delivery days? Please explain your answer fully.

GCA/USPS-T6-8.

The operations experts such as USPS witness Granholm, cited at page 25 of your prefiled testimony, have provided you with what an economist could also claim to be a set of assumptions underlying his model and the results.

- a. Please identify all operations experts, whether or not they have presented testimony in this docket, who have supplied you with such assumptions, and state what areas of your testimony these assumptions apply to.
- b. With your experience in postal delivery costs, are you completely comfortable, for purposes of arriving at the conclusions you present, with all the “assumptions” given to you for your analysis by “operations experts”?
- c. Are there any such assumptions that you might have tested against alternative plausible assumptions had you been in the position of making your own assumptions? If so what are these? If not, please fully explain your answer.

d. Suppose the economic recovery reduces or eliminates the excess capacity in the current delivery route system. Would the assumption that “operations experts expect the number of city routes to be unaffected by elimination of regular Saturday delivery” (page 12 of your testimony, lines 6-7) have to be changed? Please explain your answer fully.

e. On the same supposition posited in (d), would the operations experts’ anticipation that “there will be no changes in the number of rural routes, vehicles, or facilities” (page 24, lines 10-11) have to be changed? Please explain your answer fully.

GCA/USPS-T6-9.

On page 16, lines 12-14, you state that the reduction in mail volume “has outstripped” “efforts to reduce the number of routes and save delivery costs.

- a. As an economist do you believe the Postal Service would be better off if it adjusted capacity as volume declines warranted?
- b. In a hypothetical competitive market for both postal outputs and postal inputs, would you agree that capacity would have to adjust more fully to declines in volume than it has?

GCA/USPS-T6-10.

An April 2010 GAO study (*U.S. Postal Service: Strategies and Options to Facilitate Progress toward Financial Viability*, GAO-10-455, pp. 16, 18) states that postal labor union contracts generally require that workers other than full time regular (FTR) employees be laid off before FTR employees.. How do you recon-

cile this with the assumption provided to you by “operations experts” that Saturday “hours savings will be for full time carriers...” (Page 19, lines 11-12).

GCA/USPS-T6-11.

On page 25, lines 1-8, your testimony states that “there are potential contractual issues associated with moving to five-day delivery” in the National Rural Letter Carrier Association (NRLCA) agreement. You state that “operations experts” anticipate “what would likely come out of those contractual issues” (Lines 5-6).

- a. Among the “operations experts” referred to, do any have training or expertise in negotiating labor contracts?
- b. Among the “operations experts” referred to, are there any who have not filed testimony in this Docket?
- c. Has witness Granholm, to your knowledge, ever negotiated a labor contract on behalf of USPS?
- d. Please explain fully the basis for your reliance on “operations experts” to anticipate or predict the outcome of negotiations on USPS labor contracts.

GCA/USPS-T6-12.

In the table on page 51 of your testimony, please disaggregate “Service Wide” total indirect savings of \$318,567 (City) and \$59,496 (Rural) into their component detailed categories.

GCA/USPS-T6-13.

The Postal Service has stated (e.g., in its FY 2009 Form 10-K, at page 70) that the number of delivery points it must serve drives delivery costs, and that these are increasing by between roughly 900,000 (FY 2008 to FY 2009) and 1.8 million (FY 2005 to FY 2006) delivery points per year. If there is excess capacity currently in the delivery system, why should an increase in the number of delivery points served increase delivery costs?