

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

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS
ELMORE-YALCH TO INTERROGATORIES OF
NATIONAL NEWSPAPER ASSOCIATION,
NNA/USPS-T8-1-4, 6
(June 22, 2010)

The United States Postal Service hereby files the responses of witness Elmore-Yalch to the following interrogatories of National Newspaper Association, NNA/USPS-T8-1-4, 6, filed on June 7, 2010.

Each interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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NNA/USPS T8-1

In the introduction to your testimony you state: “Five-Day Delivery (2009): Quantitative research was conducted to assist in developing forecasts of how the proposed changes would affect the volume for the following Postal Service products: Single Piece First- Class Mail, PreSort First-Class Mail, Regular Standard Mail, Nonprofit Standard Mail, Priority Mail, Express Mail, Regular Periodicals Mail, and Nonprofit Periodicals Mail.”

- a. Please confirm that this quantitative research did not include Within County Periodicals mail. If not, why not?
- b. Did the research include local newspaper Enhanced Carrier Route Presort Standard mail?
- c. Did any of the research techniques used for volume forecasts include data from local newspaper Periodicals or Enhanced Carrier Route Presort Standard Mail?

RESPONSE:

The qualitative and quantitative research collected data by major applications. Those terms are defined in my testimony (p. 2). In addition, the quantitative research collected data on which major Postal Service products are used for each application, again as these terms are defined in my testimony (p. 2). The major applications and product lines were provided to ORC by the Postal Service. It is my understanding that the applications are comparable to those described in the household diary survey conducted by the Postal Service and the major Postal Service products used to mail or ship an application are consistent with those reported in the Revenue, Pieces and Weight system. My further understanding is that the specific product sub-categories (e.g., Within County Periodicals and Enhanced Carrier Route Presort Standard Mail) identified in question NNA/USPS T8-1 are encompassed by the major Postal Service product categories and applications that define the structure of the market research.

This research was not designed to examine every price category in each class, nor did our objectives require volume estimates at that level. Had we attempted to produce price category estimates, the resulting sample sizes would have been so small as to be unreliable, and/or the budget and time frame would need to have been expanded tremendously.

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NNA/USPS T8-2

Did your research to assess how the Postal Service could “mitigate the impact of five-day delivery on consumers” (Testimony p 12) include the consumers of local newspapers? If not, why not?

RESPONSE:

The discussion of mitigation strategies focused primarily on consumer and small business responses. We accordingly looked at expectations for adjusting mailing days, delivery of Priority Mail on Saturday perhaps with a surcharge, how mail and package delivery would be handled during peak holiday seasons, and how mail and package delivery would be handled over three-day holidays.

Participants were also asked if there are specific times of the year / month or are there specific situations where five-day delivery would have a greater / more negative impact on their lives / businesses. Additional strategies were discussed only if they were brought up by focus group participants. None of the focus group participants indicated that five-day delivery would impact delivery of local newspapers. As such, mitigation strategies for this potential impact were not discussed.

We recruited consumers to represent the cross section of American households, based on the characteristics described in Appendix A, Part 2, of my testimony. Therefore, “consumers of local newspapers” likely were included as part of the overall recruiting, although we made no specific attempt to include or exclude them.

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NNA/USPS T8-3

The chart on Figure 1 describes two focus groups that you describe as “rural” in Seattle and Atlanta.

- a. Please explain how you defined “rural” for these groups?
- b. What geographical area in the Seattle and Atlanta areas did you use for the defined “rural” base from which to draw these participants?

RESPONSE:

While both Seattle and Atlanta are major metropolitan markets, they are often used as markets where my industry recognizes it is also possible to draw participants living in rural markets into a central facility. This is largely a function of their geography.

The subcontractors used in each market for recruiting were given names of communities and/or ZIP Codes in each market that we considered rural. In Seattle, for example, rural communities in Snohomish County were provided. In Atlanta, participants needed to live in communities outside of what is geographically defined as “ring” communities.

In addition, potential respondents were asked in the screening questionnaire to indicate which of the following best described where they live. Options given for these markets were (a) downtown Atlanta / Seattle, or (b) rural Atlanta / Seattle.

Rural participants in these groups were provided an additional incentive to compensate them for the distance they needed to travel to participate. In addition, facilities were selected that were in the suburban communities close to these more rural areas to minimize travel.

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NNA/USPS T8-4

On p. 14, you describe the small business focus groups. You state that the individual involved in the group must be the person primarily responsible for tasks related to that business's mail and shipping requirements.

- a. How many of these individuals members of their businesses' professional staffs;
- b. How many of these individuals were members of their businesses' clerical or administrative staffs? For purposes of this question, please consider these individuals to be any staff member likely to be considered non-exempt under Fair Labor Standards Act definitions.
- c. Were any of these individuals chief executive officers or chief operating officers of their businesses, or equivalent "C" level managers:
- d. Were any of these individuals owners of their businesses?
- e. If any of the individuals were owners or "C" level managers, did you separately evaluate their responses? If so, please describe the differences between their responses and those of individuals described in parts a. and b. of this question.
- f. If the moderators were instructed to discuss "participant recommended strategies for dealing with the deficit situation, did any of the small business focus group members describe changes in compensation or benefits that their businesses had faced, as a model for the Postal Service's solutions? If so, were these recommendations more likely from owners or "C" level managers than clerical or administrative staff?
- g. Were any of the small businesses included local newspaper companies?

RESPONSE:

Appendix B of my testimony provides profiles of the participants in all of the business groups. Job titles are provided in these profiles. All members of the small business focus groups were professionals and the majority were in manager, director, or C-level positions.

In some instances, participants were office or business managers. All participants were required to be the person in the business primarily responsible for the receipt, sorting, and other tasks related to business' mail and shipping (see Screeners in Appendix A). It would be impossible for us to identify whether

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any of these individuals were classified as exempt or non-exempt per FLSA standards.

A number of the individuals in the groups were small business owners. Again, titles are provided in Appendix B and it is possible to gain a sense of how many participants were owners based on their titles. Note that those giving title of President, CEO, etc., may also be owners.

The research was not designed to allow for separate analysis of responses by title or position in the company. Instead the research was designed to include a mix of different types and sizes of businesses within a single group. It is not possible to provide a definitive answer as to how a specific individual or group of individuals responded to specific questions. Qualitative research is not designed to provide this level of analysis. In addition, individual responses in the focus groups by name and hence their titles are protected and are not recorded in any of the transcripts.

In response to part (f), participants provided a wide range of recommendations as to how the Postal Service could address the deficit. In some instances, respondents did bring up issues related to salaries, hourly wages, and benefits paid and/or provided to Postal Service employees. Again, it is impossible, due to the nature of the transcripts and our obligations to protect respondent confidentiality, to provide any feedback on individual responses to these questions. In addition, it is not appropriate in qualitative research to conduct the

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level of subgroup analysis being suggested. None of the participants in the small business focus groups were representatives of local newspaper companies.

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NNA/USPS T8-6

Please refer to the tables of Focus Group mail sender/recipient behavior for New York, Chicago, etc.

- a. It appears that virtually all of the recipients reported sending or receiving a newspaper or magazine using First-Class mail [sic]. Is that true?
- b. Do you agree that publishers generally send newspapers and magazines by Periodicals mail? If so, please interpret the reporting of use of First-Class mail [sic] for these publications by your Focus Groups.

RESPONSE:

Nearly all participants in the consumer focus groups reported that that they send or receive magazines or newspapers via the mail. Such reports arose as part of a lengthier question that references bills / invoices / statements, payments, advertising or marketing materials, general correspondence, and greeting / holiday / birthday cards. The purpose of this screening question was to recruit participants who have different types of experiences with Postal Service products. Most consumers do not clearly distinguish between First-Class Mail and Standard Mail services. Therefore, for the purposes of recruiting, the list of different applications was included in a single question by which potential participants indicated whether they sent or received different types of mail. The screening question did not exclude those who sent or received mail through other classes of mail. But those who did not send or receive any mail were excluded from participation. If consumers are challenged to distinguish First-Class Mail from Standard Mail, it would seem most unlikely they could claim to send /receive Periodicals Mail via First-Class Mail. The header in the tables referenced by the question should accordingly not be read as asserting that all of the applications were sent or received by First-Class Mail. As stated, the primary purpose of the

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screening question was to obtain a mix of participants using the mail for different types of applications.