

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

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

Docket No. N2010-1

OBJECTIONS OF THE UNITED STATES POSTAL SERVICE TO DISCOVERY
REQUESTS OF GREETING CARD ASSOCIATION TO
WITNESSES ELMORE-YALCH AND WHITEMAN
GCA/USPS-T9-9-12; GCA/USPS-T8-11-13
(July 12, 2010)

In accordance with Rule 26(c) of the Postal Regulatory Commission's Rules of Practice and Procedure, the United States Postal Service hereby objects to the interrogatories filed on June 30, 2010, by Greeting Card Association that were directed to witness Whiteman (GCA/USPS-T9-9-12) and witness Elmore-Yalch (GCA/USPS-T8-11-13). Copies of each question are appended as an Attachment. The Postal Service does not waive its right to supplement its objections or raise additional objections in the course of responding to these requests.

The Postal Service objects to each interrogatory because they are late, filed three weeks after the close of discovery against the Postal Service¹ and are accordingly not consistent with the Commission's Rules of Practice. The questions are variously argumentative, contrary to fact, seek the comment of witness Whiteman about witness Bradley's testimony (which witness Whiteman is not legally competent to do), or ask about the research results for studies that were not performed. As such, providing responses did not seem to present any productive potential.

¹ Presiding Officer's Ruling Establishing Procedural Schedule (April 28, 2010) at 2.

Greeting Card Association also does not claim that the interrogatories in question were posed for the purpose of permitting it to produce its own direct evidence in this case, which is at least consistent with the fact that the questions could not produce information valuable for that purpose.

As such, the Postal Service further objects to the interrogatories on the grounds that the requests are late, vague, seek illogical information, and are not reasonably calculated to lead to the discovery of admissible evidence. However, more properly formulated questions posed to the witnesses in their scheduled appearances on the stand next week will likely not draw objections from Postal Service counsel.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
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INTERROGATORIES DIRECTED TO WITNESS WHITEMAN:

GCA/USPS-T9-9

Please refer to your response to GCA/USPS-T9-6, where you state: "I was aware of discussion that a price increase was possible but was not involved in the planning or execution."

- a. Did you or anyone else working on the five-day case at the Postal Service tell witness Elmore-Yalch that the 10 percent rate increase alternative to five day delivery had the same or approximately the same value to the Postal Service; i.e. about \$3.5 billion (before offsetting volume losses)?
- b. To your knowledge was any participant in the survey told the information in part a.?
- c. To the best of your knowledge was any participant in the survey told, or would they reasonably have had knowledge of, the fact that the value of a 10% rate increase was likely more than double that of five day delivery in terms of cutting USPS deficits?

GCA/USPS-T9-10

Please refer to your answer to GCA/USPS-T9-8(a), where you stated that the survey did not explicitly consider home based businesses because they "do not tend to have much mail volume" and are therefore "comparable to consumers."

- a. Apart from any view the Postal Service may hold that small volume users are unimportant to it, please confirm that the impact of ending Saturday service on home based businesses, which could affect a family's or individual's livelihood, is quite different from its impact on a consumer. If you do not confirm, please explain fully.
- b. Please confirm that the purpose of the survey to evaluate how *participants* would react to five-day delivery, rather than to ascertain which groups are important or unimportant to USPS based on their volume usage of postal services. If you do not confirm, please explain fully.

GCA/USPS-T9-11

GCA/USPS-T6-4 was directed to USPS witness Bradley, and in his response he said that the subject matter (volume estimation) fell within your purview rather than his. The whole interrogatory reads:

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.

Please answer GCA/USPS-T6-4 as though it had been directed to you originally.

GCA/USPS-T9-12

Please refer to your June 22, 2010, responses to NNA/USPS-T9-2 and -T9-3.

(a) In designing your test of how “customers would react to the implementation of five-day delivery as an alternative to a significant price increase[,]” was consideration given to providing the customers with a hypothetical price increase equal or approximately equal, in terms of financial benefit to the Postal Service, to the projected benefit from five-day delivery?

(b) If your answer to (a) is not an unqualified “no,” please describe fully the consideration which was given to such a hypothetical price increase, including the reason(s) for rejecting it.

INTERROGATORIES DIRECTED TO WITNESS ELMORE-YALCH:

GCA/USPS-T8-11

Please refer to your response to GCA/USPS-T8-2(a), where you state that the 10 percent rate increase used in your survey is based on “my understanding ... that it loosely approximates the value that five-day delivery means to the Postal Service.

- (a) Did you, any other ORC staff, or anyone from the Postal Service, share that understanding with participants in any part of your survey work?
- (b) From whom did you get your understanding of the approximate relationship referred to above, and when?

GCA/USPS-T8-12

Please refer to your responses (i) to GCA/USPS-T8-2(b), where you state, regarding an alternative to 5 day delivery: “A rate increase was chosen because it was something participants could easily relate to[,]” and (ii) to GCA/USPS-T8-3(c), where you state that “I did not find any specific instance where participants were told that the Postal Service has excess capacity in mail processing and other upstream functions.”

- (a) Would you expect businesses in a recession or a declining industry to “easily relate to” the notion that cutting excess capacity would be an alternative to cutting Saturday delivery as a way of cutting costs? Please fully explain any negative response.
- (b) Did any participants in your focus groups suggest cutting excess capacity (or, more generally, the size of the Postal Service)?

GCA/USPS-T8-13

Please refer to your response to GCA/USPS-T8-4 and -T8-5, where you confirm that no participant in the quantitative survey or the qualitative IDI interviews was asked whether it would prefer five-day delivery to a rate increase, and no participant was asked what changes they would suggest to address the USPS deficit.

- (a) Please explain fully why these participants were not asked these questions in either the IDI or quantitative survey.
- (b) Please provide your best opinion as to whether it would be reasonable to assume that premier and national accounts and other mailers familiar with the USPS would especially have useful suggestions on these matters?