

Before the  
**POSTAL REGULATORY COMMISSION**  
Washington, DC 20268-0001

**Rate Adjustment Due to Extraordinary  
Or Exceptional Circumstances**

**Docket No. R2010-4**

**PARCEL SHIPPERS ASSOCIATION  
MOTION FOR ISSUANCE OF INFORMATION REQUEST**

The Parcel Shippers Association (PSA), pursuant to Rule 3001.21(a), hereby moves the Commission to issue a Commission Information Request ("CIR"), seeking information necessary to fully understand the cost, revenues, and pricing policies upon which the Postal Service's proposed twenty-three percent rate increase for Standard Mail Not Flat-Machinables (NFM)/Parcels relies, in their proposed rate adjustments under 39 U.S.C. 3622(d)(1)(E) and 39 CFR 3010.60 et seq of the Commission's Rules. Although the rules provide that questions may be submitted to the Commission to be posed by it during the public hearing (3010.65.6(c)), in the past the Commission has recognized that participants may bring issues to its attention that should be raised in a formal request, such as a CIR.<sup>1</sup> Since the following questions are technical in nature, asking those questions as part of an Information Request, rather than at a hearing, is most likely to clarify the record in the most expeditious manner. Therefore, PSA requests the Commission issue a CIR directing the Postal Service to report to the Commission and the public their answers to the following questions, or in the alternative that the Commission pose these questions at the public hearing:

1. Please refer to the FY 2009 Cost and Revenue Analysis reports (posted at [www.usps.com/financials](http://www.usps.com/financials)), Attachments 9-12 of the Masse Statement, and Page 43 of PRC Order No. 191.

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<sup>1</sup> See Docket No. RM2008-4, Order No. 203 (April 16<sup>th</sup>, 2009).

- Please confirm that the Postal Service increased Standard Mail Not Flat-Machinables (NFM)/Parcels rates by an average of 16.4 percent in May 2009. If not confirmed, please explain fully.
  - Please confirm that the FY 2010 Standard Mail NFM/Parcel revenue per piece (94.5 cents) presented in Attachment 9 of the Masse Statement is only 1.5 percent higher than FY 2009 Standard Mail NFM/Parcel revenue per piece (93.1 cents). If not confirmed, please provide correct figures.
  - Please explain fully why the Standard Mail NFM/Parcel average revenue per piece is forecasted to only grow by 1.5 percent in FY 2010 despite the significant May 2009 price increase. In particular, please address whether the mail mix (*e.g.*, percentage destination entered) implicit in the FY 2010 revenue forecast is a lower-revenue, lower-cost mail mix than the FY 2009 Standard Mail NFM/Parcel mail mix.
  - Please confirm that neither the forecasted FY 2010 nor the forecasted FY 2011 Standard Mail NFM/Parcel costs presented in Attachments 9 through 12 include any adjustments to reflect differences in mail mix between the forecasted years and FY 2009. If not confirmed, please identify and explain all adjustments.
2. Please refer to the FY 2008 and FY 2009 Cost and Revenue Analysis reports, Cost Segments and Component reports, and Revenue, Pieces, and Weight reports (posted on [www.usps.com/financials](http://www.usps.com/financials)).
- Please confirm that the unit cost of Standard Mail NFM/Parcels increased by 11.6 percent from FY 2008 to FY 2009 and explain fully why Standard Mail NFM/Parcel unit costs increased by such a large amount between FY 2008 and FY 2009. If not confirmed, please provide the correct figure.

- Please confirm the following FY 2009 (vs. FY 2008) cost segment-specific percentage changes in Standard Mail NFM/Parcel unit costs and explain fully why Standard Mail NFM/Parcel unit costs in each listed cost segment increased so rapidly from FY 2008 to FY 2009. If not confirmed, please provide the correct figure.
  - i. C/S 3 Clerks and Mailhandlers (CAG A-J) – 11.6%
  - ii. C/S 6 City Carriers Office Activity – 36.5%
  - iii. C/S 7 City Carriers Street Activity – 24.5%
  - iv. C/S 8 Vehicle Service Drivers – 72.2%
  
- 3. Please refer to the Flats Strategies described in USPS-LR-9. Please confirm that in addition to reducing costs for flat-shaped mail, the USPS-LR-9 strategies in the areas listed below will, if implemented, reduce the costs of parcels in general and the costs of Standard Mail NFM/Parcels in particular. If not fully confirmed, please identify which of the listed strategies will, if implemented, reduce parcel costs.
  - Transportation
    - i. Improve Handling Unit/Container Density
    - ii. Eliminate Periodical and Standard Mail Flown
    - iii. Transportation Utilization
    - iv. Network Optimization
  
  - Mail Processing
    - i. Facility Optimization
    - ii. Equipment Optimization – APPS Utilization
    - iii. Automated Package and Bundle Sorter
    - iv. Material Handling

- v. Electronic Condition-Based Maintenance
- vi. Distribution Compression
- vii. Realign Operating and Transportation Plan to Improve Utilization
- viii. Refine Work Methods to Improve Business Mail Entry Unit (BMEU)  
/ Plant Load Handoff to Mail Processing
- ix. Continuous Improvement

- Post Office and Delivery Operations

- i. Business Plan Staffing and Scheduling Reviews;
- ii. Shifting distribution from Post Office Operations (Function 4) to Mail Processing Operations (Function 1);
- iii. Customer Service Unit Optimization
- iv. Route Adjustments Joint Alternate Route Assessment Process (JARAP) / Carrier Optimal Routing (COR)
- v. Route Optimization 100 Percent Street Routes
- vi. Facility Optimization

4. Please refer to page 7 of USPS-LR-2, Standard Mail Preface R2010-4.doc where it states, “Based on its experience and judgment, Postal Service management has estimated that 61 percent of NFM volume will migrate to Fulfillment Parcels.” Please explain in detail the rationale underlying the judgment of Postal Service management that 61 percent of NFMs will migrate to Fulfillment Parcels and the remaining 39 percent will be Marketing parcels.

5. Please confirm that the USPS proposal in this proceeding will result in rate increases as large as 79 percent for Standard Mail NFMs – the proposed rate increase for 3.3-ounce SCF presorted, DSCF-entered irregular NFMs that will fall into the fulfillment parcel category under the proposed classification – and as large as 35 percent for Standard Mail Parcels – the proposed rate increase for

3.3-ounce SCF presorted, DNDC-entered irregular parcels. If not confirmed, please provide the correct figures.

6. Please refer to page 31 of the Kiefer Statement where it states, "Shortly, the Postal Service will be proposing to transfer Standard Mail parcels to the competitive category to reflect the realities of market place competition. Consequently, the proposed prices are designed to ensure that this product covers its costs, consistent with the statutory requirements for competitive products."

- Please provide the average rate increase that the Postal Service would have proposed were it not planning to propose to transfer Standard Mail NFM/Parcels to the competitive category.
- Please provide the Standard Mail NFM/Parcel rate schedule that the Postal Service would have proposed were it not planning to propose to transfer Standard Mail NFM/Parcels to the competitive category.

Respectfully submitted,

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