

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

COMPLAINT OF GAMEFLY, INC.)
)
) Docket No. C2009-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE WITNESS LARRY
J. BELAIR TO DISCOVERY REQUESTS OF GAMEFLY, INC.
(GFL/USPS-T3-1 to -18)
(August 19, 2010)

Pursuant to Rules 26 and 27 of the Commission's Rules of Practice and
Procedure, Postal Service witness Larry J. Belair provides his responses to the
following interrogatories from GameFly, Inc.: GFL/USPS-T3-1 to -18, filed on
August 4, 2010.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:
Daniel J. Foucheaux, Jr.
Chief Counsel, Pricing and Product
Support

Kenneth N. Hollies
James M. Mecone

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-3083
(202) 268-6525, Fax -3084
August 19, 2010

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LARRY J.
BELAIR TO DISCOVERY REQUESTS OF GAMEFLY, INC.

GFL/USPS-T2-1. Please produce copies of all documents that you received in connection with your work in this case.

RESPONSE:

Please see the public versions of Volume V of the transcript of the oral cross-examination of David Hodess (July 28, 2010), the Joint Statement of Undisputed and Disputed Facts (July 20, 2009), Direct Testimony of Nicholas F. Barranca on behalf of the United States Postal Service (July 7, 2010), Direct Testimony of Troy R. Seanor on behalf of the United States Postal Service (July 7, 2010), and Direct Testimony of Rob Lundahl on behalf of the United States Postal Service (July 8, 2010). These documents are all available on the Postal Regulatory Commission website. Please also see the Memorandum of GameFly, Inc., Summarizing Documentary Evidence (April 12, 2010). This document is filed under seal with the Postal Regulatory Commission.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LARRY J.
BELAIR TO DISCOVERY REQUESTS OF GAMEFLY, INC.

GFL/USPS-T2-2. Please produce copies of all documents that you reviewed in connection with your work in this case.

RESPONSE:

Please see the response to GFL/USPS-T2-1.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LARRY J.
BELAIR TO DISCOVERY REQUESTS OF GAMEFLY, INC.

GFL/USPS-T2-3. Have you ever had a discussion with any employee of GameFly? If so, please identify the employee(s) and state the date, location and substance of the discussion.

RESPONSE:

Yes, I met with Dave Barthel and Don Judge at the April 2010 National Postal Forum in Nashville. Other Pacific Area employees attended the meeting, including some district managers from the Pacific Area. The meeting addressed GameFly's request that all GameFly outgoing and return pieces receive processing on the flat sorting machines, to allow GameFly access to the Confirm Service scans.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LARRY J.
BELAIR TO DISCOVERY REQUESTS OF GAMEFLY, INC.

GFL/USPS-T2-4. Please produce all Standard Operating Procedures (“SOPs”) that have governed the processing of Netflix DVD mailers at each Area, District, P&DC or other Postal Service facility where you have worked.

RESPONSE:

The Postal Service produced all responsive documents in response to earlier discovery requests. Please see GFL527-534.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LARRY J.
BELAIR TO DISCOVERY REQUESTS OF GAMEFLY, INC.

GFL/USPS-T2-5. Please produce all Standard Operating Procedures (“SOPs”) that have governed the processing of the DVD mailers of any DVD rental company at each Area, District, P&DC or other Postal Service facility where you have worked during the period that you worked there.

RESPONSE:

The Postal Service produced all responsive documents in response to earlier discovery requests. Please see GFL527-534.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LARRY J.
BELAIR TO DISCOVERY REQUESTS OF GAMEFLY, INC.

GFL/USPS-T2-6. On page 1, lines 20-22, of your testimony (USPS-T-2), you state:

Under the leadership of the Postmaster General and the Deputy Postmaster General, we have cut costs saving millions of workhours while improving efficiency and maintaining service to the American people.

Please confirm that automation has been an important factor in any cost and workhours savings.

RESPONSE:

Confirmed.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LARRY J.
BELAIR TO DISCOVERY REQUESTS OF GAMEFLY, INC.

GFL/USPS-T2-7. On page 4, lines 21-23 of your testimony, you state:

Some return pieces never get segregated, so those residual pieces (usually letter shaped) are processed with the rest of First-Class single piece mail...

Please specify the mail processing paths in detail for Netflix pieces that are not segregated or culled. Include in your description whether any of these pieces are processed in automated streams until they are finalized, whether any of these pieces are processed in manual streams after the 010 operation, and the approximate percentages of these pieces that are not culled that are processed in manual and in automation streams.

RESPONSE:

Please see pages three through seven of my testimony.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LARRY J.
BELAIR TO DISCOVERY REQUESTS OF GAMEFLY, INC.

GFL/USPS-T2-8. On page 5 of USPS-T-2, you testify that culling of Netflix mailers can improve efficiency in several ways. Please produce all analyses, studies, memoranda and other documents quantifying the cost savings assertedly allowed by from [sic] culling Netflix mail, and value of culling for meeting service standards.

RESPONSE:

I have not prepared any studies quantifying the cost savings, and I am not aware of any studies prepared by anybody else.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LARRY J.
BELAIR TO DISCOVERY REQUESTS OF GAMEFLY, INC.

GFL/USPS-T2-9. Please provide any studies, analyses or other document that you have prepared, or of which you are aware, that compare (a) the costs of processing Netflix mail or any other letter DVD mail by segregating it as described on page 4 of your testimony with (b) the cost of processing letter DVD mail in the automation stream. For each study, analysis or other document responsive to this question, please also provide the author or authors and the period over which the study was performed.

RESPONSE:

I am not aware of any studies comparing the costs.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LARRY J.
BELAIR TO DISCOVERY REQUESTS OF GAMEFLY, INC.

GFL/USPS-T2-10. Is Netflix mail fully machinable? Or does it create jams or perform unfavorably in mail processing automation at a higher rate than average letters?

RESPONSE:

It is my understanding that the Netflix pieces were determined to be machinable under the current standards. The pieces can cause jams and may not run as well as other mail prepared with different characteristics.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LARRY J.
BELAIR TO DISCOVERY REQUESTS OF GAMEFLY, INC.

GFL/USPS-T2-11. Do Netflix mail pieces pose safety or health risks to employees when processed by machine?

RESPONSE:

No, postal safety practices require that machinery be shut down or turned off when maintenance is performed on the machine, which would include clearing jams.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LARRY J.
BELAIR TO DISCOVERY REQUESTS OF GAMEFLY, INC.

GFL/USPS-T2-12. Do Netflix mail pieces damage mail processing equipment?

RESPONSE:

Any time a machine jams, there is the possibility of damage to the equipment.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LARRY J.
BELAIR TO DISCOVERY REQUESTS OF GAMEFLY, INC.

GFL/USPS-T2-13. On page 6 of your testimony, lines 17 through 20, you cite a local water utility's bill payments as an example of high-density mail to a single destination that could be placed into a tub. Would such mail avoid automation processing? If so, please provide any studies or analyses demonstrating that such treatment is a more efficient method of processing mail than using automation equipment.

RESPONSE:

Such mail could avoid automated handling. If the pieces were culled and retained at the office where they are delivered, they would avoid the transportation costs associated with sending the pieces to an upstream processing site, as well as the machine processing cost. A situation such as this would only occur occasionally and for a limited period of time, perhaps a few days. I am not aware of any studies of this practice.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LARRY J.
BELAIR TO DISCOVERY REQUESTS OF GAMEFLY, INC.

GFL/USPS-T2-14. Please produce the data underlying the relative volume figures on page 8, lines 7-8, of your testimony (USPS-T-2).

RESPONSE:

I asked one of my managers to review the containers of mail prepared for Netflix, Blockbuster and GameFly at the end of the tour one day. There were one hundred twenty trays of Netflix pieces, three trays of Blockbuster pieces and less than a full tray of GameFly pieces.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LARRY J.
BELAIR TO DISCOVERY REQUESTS OF GAMEFLY, INC.

GFL/USPS-T2-15. Please refer to page 11 of your testimony (USPS-T-2).

- (a) At how many delivery points does the IRS receive tax returns?
- (b) At how many delivery points does the U.S. Census Bureau receive census forms?

RESPONSE:

- (a) IRS has ten 3-digit ZIP Codes dedicated to their use, and one thousand thirty-six delivery points.
- (b) Census uses thirty-nine delivery points. Some of those delivery points had several different ZIP+4 codes assigned to their Business Reply Mail pieces, so if you were to count the number of ZIP+4 codes as delivery points, the number would be higher.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LARRY J.
BELAIR TO DISCOVERY REQUESTS OF GAMEFLY, INC.

GFL/USPS-T2-16. On page 13, lines 9-10, of USPS-T-2, you refer to “immense costs” that have been eliminated as a result of local processing decisions.

(a) Please quantify the contribution that manually processing Netflix return mail has made to these cost reductions.

(b) Please produce source documents and workpapers sufficient to verify your assumptions and analyses.

RESPONSE:

(a) I am not aware of any studies or analyses that identify the specific contribution to these cost reductions as a result of processing decisions involving Netflix DVD mail.

(b) I am not aware of any documents responsive to this discovery request.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LARRY J.
BELAIR TO DISCOVERY REQUESTS OF GAMEFLY, INC.

GFL/USPS-T2-17. This question refers to your statement on page 15, lines 18-20, of USPS-T-2, where you state:

[I]nsurance is available for mailers who want protection for mailpiece content, with the availability of insurance dependent upon the quality of the packaging.

(a) Please confirm that DVD return mailers are typically mailed back to the DVD rental company as PRM or BRM.

(b) Please confirm that DVD rental companies cannot buy insurance from the Postal Service for DVD mailers returned as PRM or BRM.

RESPONSE:

(a) Confirmed.

(b) Confirmed.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LARRY J.
BELAIR TO DISCOVERY REQUESTS OF GAMEFLY, INC.

GFL/USPS-T2-18. This concerns the DVD packaging developed by the Postal Service Engineering and referenced in your testimony, USPS-T-2, at 3-4.

- (a) What were the breakage rates of DVDs mailed in this packaging?
- (b) How many DVD rental companies have used the mailer?
- (c) Why is no DVD rental company currently using the mailer?
- (d) Please produce all communications, studies, analysis and other documents sufficient to verify your answers to parts (a)-(c).

RESPONSE:

- (a) The Postal Service did not implement the DVD packaging for live mailing, and thus no data on the breakage rate exists.
- (b) None.
- (c) Please see response to part (a).
- (d) Please see responses to parts (a)-(c).