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

Mail Processing Network
Rationalization Service Changes, 2012

Docket No. N2012-1

INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS OF THE NATIONAL ASSOCIATION OF PRESORT MAILERS TO UNITED STATES POSTAL SERVICE WITNESS DAVID WILLIAMS (NAPM/USPS-T1-1-8)

Pursuant to Rules 25 through 28 of the Rules of Practice of the Postal Rate Commission, the National Association of Presort Mailers (NAPM) directs the following interrogatories and requests for production of documents to United States Postal Service Witness David Williams. If the witness cannot answer a question or subpart, we request that the Postal Service answer through another witness or submit an institutional response.

Respectfully submitted,

/s/

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DATED: February 20, 2012

NAPM/USPS-T1-1. Please refer to page 2 of your testimony where you state, "[t]he possible creation of a time-definite surface transportation network that responds to the shift toward destination entry of mail."

a. Please confirm that the USPS is conducting an evaluation on drop shipment of First Class mail. If confirmed, can you provide a status on the progress of the evaluation and who is leading it and when do you expect some decision on it. If not confirmed, please explain fully.

NAPM/USPS-T1-2. Please refer to page 5 of your testimony where you state, "[o]ne of the ongoing responsibilities of the Network Operations function at USPS headquarters is to explore opportunities to process and transport mail more economically and efficiently. This includes examination of opportunities to utilize existing resources better, as well as analysis of opportunities to eliminate excess capacity."

a. Please confirm if the exploration includes the use of supply chain resources e.g. mailing service providers and additional or new work-share incentives to perform more operational processing e.g. primary sort, DPS sort, to gain efficiencies and minimize USPS excess capacity. If confirmed, can you provide the results of the exploration or analyses of any possible alternatives of using supply chain partners to eliminate excess capacity and economically improve efficiencies you are considering. If not confirmed, please explain fully why such alternatives were not considered.

NAPM/USPS-T1-3. Please refer to page 5 of your testimony where you state, "[a]n analysis of the inefficiencies in the mail processing network was initiated in September 2010, utilizing network modeling tools and techniques described in the Direct Testimony of Emily Rosenberg on Behalf of the United States Postal Service (USPS-T-3). The objective of the modeling

exercise was to determine whether excess capacity could be reduced significantly within the network if service obligations and operating constraints driven by current overnight First-Class Mail service standards were changed."

a. Please confirm if the modeling include scenarios regarding the use of supply chain resources e.g. mailing service providers and additional or new work-share incentives to create more economical and efficient processing/transport capabilities and eliminate excess capacity. If confirmed, can you provide what modeling was performed and the results of the analysis. If not confirmed, please explain fully the reasoning for not considering these other alternatives.

NAPM/USPS-T1-4. Please refer to page 8 of your testimony where you state, "[c]hanges of the magnitude proposed here cannot be implemented without requiring some customers to adjust their mail entry operations or patterns and their delivery expectations, sometimes at a cost to customers who wish to minimize any inconvenience or to preserve levels of service to which they have been accustomed."

a. Please confirm if the USPS performed an analysis or stratification of the customer types e.g. mail user (owner), mail service provider, logistics provider, etc… and what impacts e.g. sortation processes, delivery expectations, entry patterns, transportation, etc… would affect mailers/customers and how it would affect them. If confirmed, please provide the details and results of the analysis. If not confirmed, please explain fully.

b. Please confirm if you have conducted any analysis on what the "cost to the customer" is, what kinds of e.g. operational, logistical, loss revenues, etc. If confirmed, please

provide the results of such analysis on the cost to the customer. If not confirmed, please explain why this type of analysis was not considered.

NAPM/USPS-T1-5. Please refer to page 10 where you state, "[A]s described below, in order to achieve significant mail processing consolidation, and generate increased efficiencies in mail processing, a modification to current service standards is necessary."

a. Please confirm that the only necessary changes to achieve the efficiencies you need are the service standards changes proposed and there has not been any considerations or analysis conducted that has identified if changes in mail preparation will also be necessary. If not confirmed, please provide details and results of any analysis/considerations performed regarding changes to mail preparations.

NAPM/USPS-T1-6. Please refer to page 12 of your testimony where you state "[i]nvestment in additional machinery and facility space was prudent and affordable during periods when mail volume was more robust and growth could confidently be predicted. However, as overall volumes have declined sharply, and the mail mix has changed, service standards and the mail processing network required to meet those standards have remained the same."

a. Please confirm that during the times of growth you are referring to USPS also used workshare as a "prudent and affordable" solution to support growth. If confirmed, was this business model ever considered as part of a solution for the service standard and network optimization initiative. If not confirmed, please confirm if the USPS considering using the workshare model in the near future. If a workshare model was not considered as part of the network optimization rationalization, please explain why it was not considered.

b. Please confirm if any analysis was performed regarding leveraging the Intelligent Mail data capabilities and Full Service mailing to determine if the USPS could reduce its capacity and provide better service than proposed. If confirmed, can you provide the details and results of such analysis. If not confirmed, can you explain these capabilities were not considered as part of a viable solution to necessary network changes.

NAPM/USPS-T1-7. Please refer to page 19 of your testimony where you state, "[F]irst-Class Mail, the Postal Service intends to preserve the opportunity to establish similar arrangements locally, subject to the following conditions. Properly prepared, sorted and containerized bulk workshare intra-SCF First-Class Mail entered at the destination SCF (or designated facility within its service area) by 8:00 a.m. on operating Day Zero will retain an overnight delivery expectation. In addition, properly prepared, 5-digit or scheme sorted and containerized bulk workshare intra-SCF First-Class Mail entered at the destination SCF (or designated facility within its service area) by 12:00 p.m. on operating Day Zero will retain an overnight delivery expectation. This will allow bulk Presort First-Class Mail users to continue the mutually beneficial practice of engaging in extraordinary preparation that permits entry after the CET in a manner aligned with downstream postal mail sortation operations."

a. Please provide more detail on the mail preparation requirements for entering mail by 8:00 AM Day Zero and retain the "overnight delivery expectation."

b. Please explain for mail entered at 0800hrs, what are the specific preparation requirements necessary in order to obtain an overnight delivery expectation?

c. Please confirm whether the "properly prepared" or "extraordinary" mailing preparation requirements be established by the federal register notification

process or at the local level. If at the local level, who is responsible for establishing these requirements and how will they be communicated to the mailers.

d. Please explain whether the "properly prepared" or "extraordinary" requirements involve software or business process changes by the mailer and how long will they have to make the changes and communicate them to their staff and clients.

NAPM/USPS-T1-8. Please refer to page 27 of your testimony where you state, "[t]he comments were received over a 30 day period and the customer feedback was thoroughly reviewed and analyzed. Based on the customer feedback received through stakeholder discussion, and through the advanced notice of proposed rulemaking, proposed rules relating to changes to market dominant service standards will be published for notice and comment soon after the filing of the Request in this docket."

a. Please confirm if you have any information submitted by mailers/customers indicating how your proposed plan will impact them economically. If confirmed, can you provide the details on how much cost impact by their business processes the mailers/customers submitted.