

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Mail Processing Network  
Rationalization Service Changes, 2012

Docket No. N2012-1

PUBLIC REPRESENTATIVE'S SECOND SET  
OF INTERROGATORIES AND REQUESTS FOR PRODUCTION TO  
UNITED STATES POSTAL SERVICE (PR/USPS: 4-8)

(February 24, 2012)

Pursuant to 39 CFR 3001.25 through 3001.28, the Public Representative hereby submits the following interrogatories and requests for production of documents. Definitions and instructions included with the Public Representative's First Set of Interrogatories and Requests for Production to United States Postal Service, PR/USPS-1-3 dated December 21, 2011, are hereby incorporated by reference.

The Public Representative encourages the Postal Service to discuss issues of burden, privilege, relevance, or question clarity informally to obviate the need for objections or motions practice.

Respectfully Submitted,

/s/ Christopher J. Laver

Public Representative for  
Docket No. N2012-1

901 New York Ave, N.W. STE 200  
Washington, DC 20268-0001  
(202) 789-6889; Fax (202) 789-6891  
[christopher.laver@prc.gov](mailto:christopher.laver@prc.gov)

#### **PR/USPS-4**

Please refer to USPS-LR-N2012-1/NP10, file 'modstour2010-np.csv'

- a. Please confirm that this file contains 21,042,431 observations.
- b. Please confirm that there are 15,379,904 observations that do not have positive volumes (the sum of TPH, FHP, N-TPH and TPF) and positive hours.
- c. If you do not confirm please provide the SAS code that would eliminate observations that do not have positive hours and positive volumes.
- d. If you do confirm, please identify the major reasons why approximately 70 percent of the observations do not have both positive volumes and hours.

#### **PR/USPS-5**

Please confirm, or explain if you are unable to confirm, that the Postal Accountability and Enhancement Act (PAEA) P.L. 109-435, HR 6407, December 20, 2006, among other provisions relating to financing and labor:

- a. established a legal framework allowing increased flexibility in Postal Service pricing and business operations, tempered by the establishment of modern service standards, increased transparency, and an enhanced regulatory commission;
- b. created an inflation-based price cap to control postal rates on market dominant classes of mail; and
- c. mandated the creation of objective service standards that, among other goals, preserve regular and effective access to postal services in all communities.

**PR/USPS-6**

Please explain, from the Postal Service's perspective, the relationship between the inflation-based price cap on market dominant classes of mail and the modern service standards implemented after consultation with the Postal Regulatory Commission.

- a. Does the Postal Service contend the lack of a productivity factor<sup>1</sup> negates any quantifiable relationship between service standards and the price cap?
- b. Does the Postal Service believe, under the current legal framework, that a reduction in service quality for a class of mail, an implicit increase in price, could be inconsistent with the price cap?

**PR/USPS-7**

Has the Postal Service quantified, in terms of price or cost to users of the mail, the reduction in service the Postal Service proposes in its December 15, 2011 Federal Register notice<sup>2</sup> explaining potential changes to 39 CFR Part 121? If so, please provide any documents detailing such quantification.

**PR/USPS-8**

Please describe the Postal Service's methods or plans in place to address and rectify noncompliance with the service standards promulgated in 39 CFR Part 121.

- a. Please identify and provide any documents identifying or developing contingency plans for the Postal Service in the event that the new mail processing network, as described in the proposal and on the Postal Service's website, is not sufficient to achieve the modified service standards.
- b. If there are no documents identifying or developing such plans, does the Postal Service view service standard compliance as a local issue to be handled by managers at the local level?

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<sup>1</sup> The term productivity factor, as used in this interrogatory, refers to the "X" factor in the following price cap regulation equation:  $P_t = P_{t-1} \times (1 + \Delta i - X) + Z$ , where  $P_t$  is the maximum a service provider may charge for service in year t,  $\Delta i$  is the change in inflation (in the Postal Service's case the 12 month change in CPI-U), X is an efficiency factor that provides a penalty for failing to meet service (or other efficiency) standards, and Z is a possible exigent-rate adjustment.

<sup>2</sup> Service Standards for Market-Dominant Mail Products, Proposed rule," 76 Federal Register 241 (December 15, 2011), pp. 77942-77950