

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

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**MAIL PROCESSING NETWORK  
RATIONALIZATION SERVICE CHANGES, 2012**

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**Docket No. N2012-1**

**AMERICAN POSTAL WORKERS UNION, AFL-CIO, NOTICE OF FILING ERRATA TO  
REBUTTAL TESTIMONY OF MARC SCHILLER (APWU-RT-2) [ERRATA]  
(May 22, 2012)**

The American Postal Workers Union, AFL-CIO, hereby provides notice that today it is providing revisions to the rebuttal testimony of APWU witness Marc Schiller (APWU-RT-2).

The Priority Mail model constructed by decision/analysis partners and discussed in the rebuttal testimony of Marc Schiller (APWU-RT-2) revised May 1, 2012 is dependent upon USPS data made available through this case. Key inputs include the specific locations at which Priority Mail will be processed after the proposed network rationalization is implemented. As the USPS has completed the necessary AMPs and other analyses, the projected number and location of such facilities has changed. An updated facility list was discovered after rebuttal testimony was filed in this case. The updated information includes substantially more Priority Mail processing locations than was previously understood by decision/analysis partners. Consequently, model results have been updated necessitating revisions to page 21 and Appendix 3 of the testimony of APWU witness Schiller. Attached to this notice are a revised, replacement page 21 and a new Appendix 3.

The updated Priority Mail model, associated inputs, outputs, and documentation may be found in the forthcoming Library References APWU-LR-N2012-1/10, 11, 12 and APWU-LR-N2012/1NP10 and NP11.

A revised Appendix 2 is also being filed today as a replacement for the Appendix 2 to Mr. Schiller's rebuttal testimony revised, May 1, 2012. The discreet sections of the

Discussion Guide were originally shown as A through H, with duplicate section labels G and H instead of I and J. The revised Appendix 2 corrects this error in the sequence labeling for the discreet sections of the guide. Other minor format errors have also been corrected in the revised Appendix 2. No substantive changes have been made to Appendix 2.

Respectfully submitted,

Jennifer L. Wood  
Counsel for American Postal Workers Union, AFL-CIO

1 **Table 2**

2 **Priority Parcels Service Performance Assuming 8AM destination arrival deadline**

	Time-in-Network By Volume...				% Missing Published Service Standard
	1-Day	2-Days	3-Days	4-Days	
<b>FY10 Baseline (112 Plants)</b>	14.8%	65.9%	19.1%	0.2%	19.7%
<b>Post-NP (129 Plants)</b>	14.0%	65.4%	20.4%	0.3%	20.9%
					<b>1.2%</b>

3 The results of the simulation model<sup>7</sup> suggest an additional 1.2% of Priority Mail  
4 would fail to meet today's service standards under the proposed network configuration.  
5 This is a proxy for longer time-in-transit relative to pre-rationalization.<sup>8</sup> The model is  
6 conservative in that it relies on on-road transportation time constraints without assuming  
7 any change in other operational constraints. The model supports a directional  
8 conclusion that a portion of Priority Mail will see degraded time-in-transit as a result of  
9 network rationalization. Priority Mail is the most substantial "premium" parcel service  
10 offered by the USPS in terms of volume and revenue and the most viable in terms of  
11 competing for market share. However, the product is put at risk if time-in-transit  
12 commitments are degraded in favor of a reduced network. Our customer interviews  
13 reveal deep concerns that the USPS is "moving in the wrong direction" on service  
14 changes. Any impacts to Priority Mail are likely to cause great concern and lead to  
15 further volume runoff.

16 The USPS has not been forthcoming with any analysis or plans to address  
17 potential impacts on Priority Mail. However, the number of facilities in which Priority  
18 Mail will be processed has changed over the course of this case from 112 prior to  
19 rationalization, to 129. This increase suggests that additional costs will be incurred to  
20 preserve Priority Mail capabilities to some degree.

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<sup>7</sup> Appendix 3, revised May 22, 2012.

<sup>8</sup> As defined in 76 Federal Register 77942, quoted on page 12 above, service standards include "business rules that determine, within a product's applicable day range, the specific number of delivery days after acceptance of a mail piece by which a customer can expect that piece to be delivered, based on the 3- Digit ZIP Code prefixes associated with the piece's point of entry into the mail stream and its delivery address."

## APPENDIX 3

### Introduction

A Priority processing and transportation model was developed to estimate the potential impact of proposed Priority facility consolidations on service performance. This model estimated the potential change in service performance of Priority parcels and flats due to changes in travel distances resulting from the proposed Network Rationalization.

### Model Results

The tables below present the expected change in service performance based on the number of Priority parcels and flats reaching their destination 3-digit ZIP code in 1, 2, 3, or 4 days, and the percent missing their Modern Service Standard (FY12 Qtr3 published standard). Table 1 provides model-estimated service performance statistics assuming an 8AM arrival deadline to the centroid of the destination 3-digit ZIP code. Table 2 provides the same statistics under a more stringent deadline of 7:30AM. Tables 3 and 4 present the same metrics for Priority flats instead of parcels.

#### Model Results - Priority Parcels

	Time-in-Network By Volume...				% Missing Published Service Standard
	1-Day	2-Days	3-Days	4-Days	
<b>FY10 Baseline (112 Plants)</b>	14.8%	65.9%	19.1%	0.2%	19.7%
<b>Post-NR (129 Plants)</b>	14.0%	65.4%	20.4%	0.3%	20.9%

Table 1. Priority Parcels Service Performance assuming 8AM destination arrival deadline

	Time-in-Network By Volume...				% Missing Published Service Standard
	1-Day	2-Days	3-Days	4-Days	
<b>FY10 Baseline (112 Plants)</b>	13.2%	61.5%	24.9%	0.3%	25.9%
<b>Post-NR (129 Plants)</b>	12.2%	60.0%	27.5%	0.4%	28.5%

Table 2. Priority Parcels Service Performance assuming 7:30AM destination arrival deadline

## Model Results – Priority Flats

	Time-in-Network By Volume...				% Missing Published Service Standard
	1-Day	2-Days	3-Days	4-Days	
<b>FY10 Baseline (112 Plants)</b>	28%	57.3%	14.5%	0.2%	17.6%
<b>Post-NR (129 Plants)</b>	26.7%	57.7%	15.4%	0.2%	18.9%

Table 3. Priority Flats Service Performance assuming 8AM destination arrival deadline

	Time-in-Network By Volume...				% Missing Published Service Standard
	1-Day	2-Days	3-Days	4-Days	
<b>FY10 Baseline (112 Plants)</b>	25.3%	55.5%	19.0%	0.3%	23.5%
<b>Post-NR (129 Plants)</b>	23.5%	55.3%	21.0%	0.2%	26.2%

Table 4. Priority Flats Service Performance assuming 7:30AM destination arrival deadline

## Model Inputs and Assumptions

### Input Priority Volumes

The model simulated the flows of FY2010 ZIP3-to-ZIP3 average daily volumes of Priority Flats and Parcels derived from the FY10 ODIS dataset (NP11). The volumes were modeled as entering the network either at the centroid of the originating 3-digit ZIP code (representing retail entry), or at the outgoing facility for that ZIP code (representing dropship-entry). The entry point was determined by the volume’s indicia code in ODIS. Volumes with a “stamped” or “metered” indicia code were assumed to enter at the ZIP code level, and volumes with a code of “other” were assumed to enter at the outgoing facility.

Volumes entering at the 3-digit ZIP code level were inducted at two times – 4pm and 6pm, with 30% of the volume being inducted at 4pm and the remaining 70% inducted at 6pm. Facility-entered volumes were inducted at the outgoing facility at a uniform rate between 8AM and 4PM.

No other product types were included in the model, so potential competition for processing and transportation resources with non-Priority products was not a factor.

### Facilities and ZIP Code Assignments

A “Baseline” set of Priority facilities was created by starting with the facilities listed in Library Reference 15 (LR15) and then reducing the list to only those continental U.S. facilities identified in NP2 as processing Priority workloads. In the small number of cases where a Priority facility in NP2 did not exist in LR15, our best judgment was used in selecting the closest alternative. The final Baseline list contained 112 facilities. 3-digit ZIP codes were assigned to Priority facilities according to the ZIP-code assignments listed in NP2.

### Scenarios

1) A "Baseline" FY2010 scenario was tested to establish a reference point against which the alternative

scenario(s) could be compared. The Baseline scenario used the Baseline facilities and ZIP code assignments described above.

2) A "Post-NR" network scenario was also developed to test to potential changes in service performance that could result from changes to the Priority facilities and ZIP code assignments under the proposed Network Rationalization. The set of 129 Post-NR Priority processing facilities was derived from the spreadsheet attached to Rosenberg's POIR 5 Q4 response, filed Mar. 8, 2012, with minor modifications. The original list contained 133 Priority mail processing facilities in the continental United States. This included 3 International Sorting Centers (ISCs), which were not included in the model. Also, the Louisville, KY P&DC and Louisville Airport Annex Mail Processing Annex were combined into a single Louisville, KY facility for modeling purposes, resulting in a total of 129 distinct facilities.

The assignments of 3-digit ZIP codes to Outgoing and Incoming Facilities were also obtained from the same POIR 5 Q4 attachment spreadsheet. For roughly 1% of the 3-digit ZIP codes, their facility assignments had not been specified (i.e., they were marked "TBD"). In such cases, the baseline FY2010 assignments were used by default.

The same input volumes were used with both scenarios; so they only differed in their facilities and ZIP code assignments.

### **Transportation**

The logic for determining the transportation mode (surface or air) between originating and destinating facilities was based on the First Class Mail transport modes specified in LR64. If LR64 indicated the interfacility FCM transport mode between two facilities was "Air" or "Surface" then the Priority volumes were also modeled as being transported via the same mode. If LR64 didn't specify the transportation mode between a pair of facilities, a 1000mi threshold was used to select between surface and air.

Surface transport was modeled as point-to-point between outgoing and incoming Priority facilities. Outgoing surface transport departed each facility at 12:30AM with a travel time determined by the straight-line mileage to the incoming facility, multiplied by a circuitry factor of 1.28, and divided by a 46.5mph surface transport speed. The transported mail arrived at the incoming Priority facility after the calculated transport time had elapsed.

A surface transport delay was also incurred by all volumes entered at a 3-digit ZIP code to represent the transportation to the outgoing facility. Transportation began at the centroid of the 3-digit ZIP code and ended at the outgoing facility. The transport time was computing using the same assumptions described above regarding road circuitry, travel speed, etc. Incoming volumes were dispatched from the incoming facility at 6:30AM and also incurred a similarly-computed transportation delay between the incoming facility and the centroid of the destination 3-digit ZIP.

Air transport was assumed to be handled by commercial carriers. After being dispatched from the outgoing facility at 12:30AM, all air-transported interfacility volumes were assumed to arrive at the destination facility at 8PM.

### **Operating Schedule and Critical Times**

The following Priority processing windows were assumed, based on the testimony of Frank Neri (T-4).

Priority Outgoing: 3:00pm - 10:30PM

Priority Incoming: 5:00pm - 4:00AM

Facilities were assumed to have unlimited processing capacity, so facility equipment sets and machine throughputs were not a constraint. Outgoing priority volumes that failed to arrive by the end of the outgoing processing window (10:30PM) were held over until the following day. Similarly, incoming volumes that failed to arrive by the end of the incoming processing window (4AM) were also held over until the following day. As previously stated, outgoing volumes were dispatched from the outgoing facility at 12:30AM, and incoming volumes were dispatched from the incoming facility at 6:30AM.

Volumes were considered “delivered” upon reaching the centroid of their destination 3-digit ZIP code. An 8AM destination arrival deadline was used to determine whether volumes arrived “on-time” on Day *N*, or if they were considered “late” and were thus counted as arriving on Day *N*+1. A more stringent 7:30AM arrival deadline was also tested for comparison.

## **Service Performance Output**

For each scenario, a service performance output file was generated containing, for every pair of Origin-Destination ZIP codes, the daily volumes of Priority parcels and flats delivered in 1, 2, 3, and 4-days. These raw results were then manually post-processed to compute the summary metrics presented in the Model Results section above.

## APPENDIX 3-I

The table below lists the 112 Baseline Priority Facilities and 129 Post-NR Priority Facilities used in the model.

Baseline (112 Total)	Post-NR (129 Total)
ALBANY NY	ALBANY NY
ALBUQUERQUE NM	ALBUQUERQUE NM
AMARILLO TX	AMARILLO TX
ANAHEIM CA	ANAHEIM CA
	ATLANTA GA NDC
ATLANTA LDC GA	ATLANTA LDC GA
AUSTIN TX	AUSTIN TX
BALTIMORE MD	BALTIMORE MD
BATON ROUGE LA	BATON ROUGE LA
BILLINGS MT	BILLINGS MT
BIRMINGHAM AL	BIRMINGHAM AL
BISMARCK ND	BISMARCK ND
BOISE ID	BOISE ID
BOSTON MA	BOSTON MA
BUSSE METRO HUB IL	BUSSE METRO HUB IL
CENTRAL MASS MA	
	CASPER WY
	CEDAR RAPIDS IA
CHAMPAIGN IL	CHAMPAIGN IL
	CHARLESTON SC
CHARLESTON WV	CHARLESTON WV
CHARLOTTE LDC NC	CHARLOTTE LDC NC
CHATTANOOGA TN	
	CHEYENNE WY
	CHICAGO IL NDC
CINCINNATI OH NDC	CINCINNATI OH NDC
CLARKSBURG WV	
CLEVELAND OH	CLEVELAND OH
	COLUMBIA MO
COLUMBIA SC	COLUMBIA SC
COLUMBUS OH	COLUMBUS OH
DALLAS TX	
DENVER ANNEX CO	DENVER ANNEX CO
	DENVER CO NDC
	DES MOINES IA
DES MOINES IA NDC	DES MOINES IA NDC
DETROIT PMPC MI	
	DETROIT MI NDC
	DULLES VA
EAST TEXAS TX	
EL PASO TX	EL PASO TX
	EVANSVILLE IN
FARGO ND	FARGO ND
	FAYETTEVILLE AR
FAYETTEVILLE NC	FAYETTEVILLE NC
	FRESNO CA
FT WORTH TX	FT WORTH TX
	GRAND FORKS ND
	GRAND JUNCTION CO
GRAND RAPIDS MI	GRAND RAPIDS MI
	GREAT FALLS MT

Baseline (continued)	Post-NR (continued)
GREENSBORO NC	GREENSBORO NC
GREENVILLE SC	GREENVILLE SC
HARRISBURG PA	HARRISBURG PA
HOUSTON TX	
INDIANAPOLIS ANNEX IN	INDIANAPOLIS ANNEX IN
	INDIANAPOLIS IN
INDUSTRY CA	
IRON MOUNTAIN MI	
IRVING PARK IL	
JACKSON MS	JACKSON MS
	JACKSONVILLE FL NDC
JACKSONVILLE LDC FL	
KANSAS CITY KS NDC	KANSAS CITY KS NDC
	KANSAS CITY MO
KNOXVILLE TN	KNOXVILLE TN
	LAFAYETTE LA
LAS VEGAS NV	LAS VEGAS NV
LEXINGTON KY	
	LINTHICUM MD
LITTLE ROCK AR	LITTLE ROCK AR
LONG BEACH CA	
LOS ANGELES CA	LOS ANGELES CA
	LOS ANGELES CA NDC
LOUISVILLE KY	LOUISVILLE KY
LUBBOCK TX	LUBBOCK TX
MACON GA	MACON GA
MADISON WI	
	MCALLEN TX
	MEDFORD OR
MEMPHIS TN	MEMPHIS TN
	MEMPHIS TN NDC
	MERRIFIELD VA
	MIDLAND TX
MILWAUKEE PRIORITY WI	MILWAUKEE PRIORITY WI
MINNEAPOLIS MN	
MINNEAPOLIS/ST PAUL MN NDC	MINNEAPOLIS/ST PAUL MN NDC
	MISSOULA MT
ML SELLERS CA	ML SELLERS CA
MOBILE AL	MOBILE AL
MONTGOMERY AL	MONTGOMERY AL
NASHUA LDC NH	NASHUA LDC NH
NASHVILLE ANNEX TN	NASHVILLE ANNEX TN
NEW ORLEANS LA	
NJ LDC NJ	
NORFOLK VA	NORFOLK VA
NORTH HOUSTON TX	NORTH HOUSTON TX
	NORTH PLATTE NE
NORTH TEXAS TX	NORTH TEXAS TX
	NORTHERN NJ METRO NJ
72 NY LDC NY	NY LDC NY
OAKLAND CA	OAKLAND CA

<b>Baseline (continued)</b>	<b>Post-NR (continued)</b>
OKLAHOMA CITY OK	OKLAHOMA CITY OK
OMAHA NE	OMAHA NE
ORLANDO LDC FL	ORLANDO LDC FL
	OSHKOSH WI
PENSACOLA FL	PENSACOLA FL
PHILADELPHIA NDC	PHILADELPHIA NDC
PHOENIX PMPPC AZ	PHOENIX PMPPC AZ
PITTSBURGH LDC PA	PITTSBURGH LDC PA
PORTLAND OR	PORTLAND OR
PROVIDENCE RI	PROVIDENCE RI
	QUAD CITIES IL
RALEIGH NC	RALEIGH NC
	RAPID CITY SD
RENO NV	RENO NV
RICHMOND VA	RICHMOND VA
ROANOKE VA	ROANOKE VA
ROCHESTER LDC NY	ROCHESTER LDC NY
SAINT LOUIS MO NDC	SAINT LOUIS MO NDC
SALT LAKE CITY ASF UT	SALT LAKE CITY ASF UT
SAN ANTONIO TX	SAN ANTONIO TX
SAN BERNARDINO CA	SAN BERNARDINO CA
SAN FRANCISCO CA	SAN FRANCISCO CA
	SAN FRANCISCO CA NDC
SAN JOSE CA	SAN JOSE CA
	SANTA BARBARA CA
SANTA CLARITA CA	SANTA CLARITA CA
SEATTLE ANNEX WA	SEATTLE ANNEX WA
	SEATTLE WA NDC
SHREVEPORT LA	SHREVEPORT LA
SIOUX FALLS SD	SIOUX FALLS SD
SOUTH FLORIDA LDC FL	SOUTH FLORIDA LDC FL
SOUTH JERSEY NJ	SOUTH JERSEY NJ
SOUTHERN CONN CT	
SOUTHERN MAINE ME	
	SOUTHERN MARYLAND MD
SPOKANE WA	SPOKANE WA
SPRINGFIELD NDC	SPRINGFIELD NDC
STERLING LDC VA	
SUBURBAN MD	
	ST LOUIS MO
TAMPA LDC FL	TAMPA LDC FL
TOLEDO OH	
TRAVERSE CITY MI	TRAVERSE CITY MI
TUCSON AZ	
TULSA OK	
WASHINGTON DC	WASHINGTON DC
WASHINGTON DC NDC	WASHINGTON DC NDC
	WATERLOO IA
	WEST PALM BEACH FL
WEST SACRAMENTO CA	WEST SACRAMENTO CA
WICHITA KS	WICHITA KS

## APPENDIX 2

### DISCUSSION GUIDE – APWU PROJECT

DATE \_\_\_\_\_

## PART I: Getting to Know Your Business and Parcels Management History

### A. INTRODUCTION

I am \_\_\_\_\_ and I am with Shorter Cycles, a business consultancy. We are working for a client who is interested in the significant changes underway at the United States Postal Service (USPS or Postal Service). We will talk about those changes in greater detail in a few minutes.

But before we get started, I want to thank you and your company for your time and your interest in this very important issue. We are talking with you and other managers at companies that ship significant mail and parcel volume to both residential and commercial addresses.

Everything we discuss today will be treated as **CONFIDENTIAL**. In our written report to our client we will summarize our learning from all interviews. We will list a reference to all of the companies interviewed, but no attribution will be given as to the source of answers to any questions. Your name, and the names of all interviewees from all companies participating, will not be made public.

### B. WHAT TO EXPECT TODAY

As noted in the Summary of Topics sent to you prior to this meeting, our discussion will last approximately one hour. Does that time frame still work for you? We will review your current mailing and shipping activity and discuss the impact of the proposed USPS network changes on your activity. We will discuss those proposed changes in more detail shortly.

The questions I ask will be both open-ended and with rating scales. During our time together I will use this Discussion Guide to help keep us both on track and on time. I know your time is very valuable and we respect that.

With your permission, I would like to record our conversation today so that I might reference it later when I prepare my report. I want to be sure to fully and accurately reflect your responses. I will be the only person listening to the recording and I will erase it completely following preparation of my report. Is it okay with you?

**C. BUSINESS DEMOGRAPHICS**

Company name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Annual Revenue: \$\_\_\_\_\_

Total Employees: \_\_\_\_\_

**D. SHIPPING PROFILE**

Prior to our meeting today, you were sent a “Summary of Topics to be Discussed” which included information about your company and your shipping habits. May I have a copy of that form? Let’s review that for a moment to help focus our conversation.

**NOTE: If respondent did not complete, pull out a blank form and fill it out. If the form is incomplete or inaccurate, ask for clarification.** That's okay. I have a form here and we can fill it out now. **Complete the form entirely. If respondent does not know an exact number, a “best estimate” is acceptable.**

**NOTE: Review grid in detail.**

Number of Company shipping locations: \_\_\_\_\_

**NOTE: Based on the discussion so far, is there anything you want to ask the respondent or is there other information to note here?**

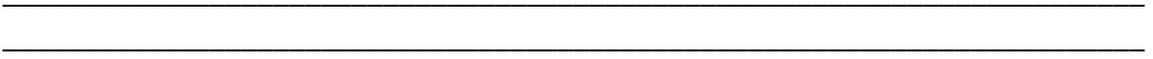
\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



**E. IMPORTANCE OF SERVICE FEATURES**

Let's begin by talking about what is important to you when it comes to shipping. Please rate the following service features in terms of importance when selecting a carrier and service for your **parcel** shipments.

**0** = not at all important      **10** = extremely important

Service Features

*NOTE: Record any key comments*

**Speed or time-in-transit** (expected transit time) \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**Cost** \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**Reliability** – meeting delivery date promised \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**Delivery Guarantee** – money back if delivery is late \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**Tracking** – package-level detail available while parcel is in transit \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**Delivery confirmation** – proof of delivery \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**Proactive notification** of shipment, expected delivery date, delay, delivery \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**Electronic availability of billing data** for your parcel shipments \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**3rdParty Billing** \_\_\_\_\_

**F. IMPRESSIONS OF THE USPS**

Now I would like to get your overall impressions of the USPS.

- 1. How would you describe the attributes of the USPS brand?

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- 2. How would you describe your experience as a USPS customer?

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**Part II: Impact of the Proposed USPS Operational Changes**

**G. NETWORK RATIONALIZATION**

Now I would like to discuss with you each of the potential changes proposed by USPS and how these changes might affect your business.

The first initiative is known “Mail Processing Network Rationalization Service Changes, 2012”. We will refer to this as Network Rationalization. The USPS is proposing to close approximately half of its First Class Mail processing facilities. These are sorting facilities that are distinct from local delivery operations. As a result of Network Rationalization, First Class Mail would no longer be delivered in one day. The current standard of 1-3 days would change to 2-3 days. Periodicals standards would change from 1-9 days to 2-9 days.

- 1. Were you aware of these proposed changes?  YES  NO

**NOTE: If “YES” Proceed to Q2. If “NO”, read the following statement and skip to Q3.**

→ It is possible that this proposal could affect parcels as well. **(Skip to Q3)**

2. Are you aware that this proposal could affect service on parcels as well?

YES  NO

3. In what ways would this proposed change impact your overall business?

No impact \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Order-cash-cycle \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Customer service \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Increased customer complaints \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Inventory costs \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Internal Processes (billing, payroll, etc.) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**NOTE: Ask if there are more impact items and record below.**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. Would the proposed network rationalization impact your use of USPS services in any way?

YES  NO

**NOTE: If "NO", skip to Q10.**

5. How would these changes affect your use of the following services?

**NOTE: Circle a response for each class, note % change.**

First Class Mail	-----No Change-----	Increase	-----Decrease	% Chg _____
Periodicals	-----No Change-----	Increase	-----Decrease	% Chg _____
Standard Parcels	-----No Change-----	Increase	-----Decrease	% Chg _____
Parcel Post	-----No Change-----	Increase	-----Decrease	% Chg _____
Parcel Select	-----No Change-----	Increase	-----Decrease	% Chg _____
Priority Mail	-----No Change-----	Increase	-----Decrease	% Chg _____

6. How likely is it that the proposed USPS network changes would cause your company to shift some or all of your parcel volume from the USPS to other carriers?

(0=not at all likely, 10=extremely likely)

**NOTE: If the answer is "4" or less, skip to Q9.**

7. Approximately what percentage of your current USPS PARCEL volume might you shift to another carrier?

% Change \_\_\_\_\_

8. In what other ways might the proposed network changes affect your mailing and shipping patterns? (shift mail to on-line, more drop shipping, etc.)

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9. Do you believe there would be a change in your total PARCEL shipping **COSTS** as a result of the proposed network changes?

YES  NO

10. How would the changes in First Class Mail and the resulting elimination of 1-day delivery affect your perception of other USPS services?

Positively  Negatively  No Change

Please elaborate \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

11. Specifically, would it impact your perception of Priority Mail?

Positively  Negatively  No Change

Please elaborate \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

12. Would a 50% reduction in processing facilities and the resulting downgrades in First Class Mail service standards impact the overall value you receive from the USPS?

YES  NO

13. What would be the impact if you were required to tender shipments by 12:00 noon in order to maintain current service levels?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## H. 6 DAY SERVICE to 5 DAY SERVICE

Another change being considered by the USPS is the elimination of Saturday service. This would be a **reduction** in the number of days of delivery and pick-up for First Class Mail and other mail products (including parcels) from **6 days per week** (Monday through Saturday) to **5 days per week** (Monday through Friday).

1. Were you aware of the proposed reduction from 6 to 5 days of service prior to this interview?

YES  NO

2. In what ways would elimination of Saturday service impact your overall business?

No impact \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Order-cash-cycle \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Returns become more cumbersome \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Customer service \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Increased customer complaints \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Reduced on-line/catalog sales. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Inventory costs \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Internal Processes (billing, payroll, etc.) \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**NOTE: Ask if there are more impact items and record below.**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

3. Earlier we discussed how the proposed network rationalization and resulting changes to First Class Mail service standards would impact your mailing and shipping patterns. If Saturday delivery were eliminated in addition to the changes we discussed earlier, would the impact on your mailing and shipping activity be any different than what you described before?

YES  NO

**NOTE: If "NO", skip to Q7.**

4. How would network rationalization and elimination of Saturday service together affect your use of the following services?

**NOTE: May need to refer to prior response to Q5, Pg.5. Circle a response for each class, note % change.**

First Class Mail	-----	No Change	-----	Increase	-----	Decrease		% Chg	_____
Periodicals	-----	No Change	-----	Increase	-----	Decrease		% Chg	_____
Standard Parcels	-----	No Change	-----	Increase	-----	Decrease		% Chg	_____
Parcel Post	-----	No Change	-----	Increase	-----	Decrease		% Chg	_____
Parcel Select	-----	No Change	-----	Increase	-----	Decrease		% Chg	_____
Priority Mail	-----	No Change	-----	Increase	-----	Decrease		% Chg	_____

5. How likely is it that network rationalization and elimination of Saturday service together would cause your company to shift some or all of your parcel volume from the USPS to other carriers?

(0=not at all likely, 10=extremely likely)

**NOTE: If the answer is "4" or less, skip to Q7.**

6. Approximately what percentage of your current USPS PARCEL volume might you shift to other carriers?

% Change \_\_\_\_\_

7. What is the likelihood that the total number of parcels your company ships with ALL carriers would change if Saturday delivery is eliminated?

(0=not at all likely, 10=extremely likely)

**NOTE: If the answer is "4" or less skip to Q8.**

Please elaborate \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

8. In what other ways might the elimination of Saturday delivery affect your mailing and shipping patterns? (shift mail to on-line, more drop shipping, etc.)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

9. Do you believe there would be a change in your total PARCEL shipping **COSTS** if Saturday delivery were eliminated?

YES  NO

Please elaborate \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

10. How would the elimination of Saturday delivery impact your perception of Priority Mail?

Positively  Negatively  No Change

Please elaborate \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

11. Would elimination of Saturday delivery impact the overall value you receive from the USPS?

YES  NO

**I. RETAIL / LOCAL POST OFFICE CONSOLIDATIONS**

The USPS is considering the closure of approximately 10% of its Destination Delivery Units, local Post Offices, and other retail access locations.

1. Were you aware of the proposed reductions in the number of local facilities and retail locations prior to this interview?

YES  NO

2. In what ways would reductions in the number of local facilities and retail locations impact your overall business?

No impact \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Customer service \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Returns become more cumbersome \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Reduced on-line/catalog sales \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**NOTE: Ask if there are more impact items and record below.**

\_\_\_\_\_

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3. Earlier we discussed how changes to First Class Mail service standards and the elimination of Saturday delivery would impact your shipping patterns. If, in addition to those changes, local facilities and retail access points were reduced by 10% would the impact on your shipping activity be any different than what you described before?

YES  NO

**Note: Probe for impacts on drop shipping and product returns process.**

Please elaborate \_\_\_\_\_

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4. Would there be a change in your Company's cost for shipping **PARCELS** as a result of a reduction in local facilities and retail locations service?

YES  NO

Please explain \_\_\_\_\_

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**J. General Questions**

1. In the event that any or all of these proposed changes occur, does your Company have a contingency plan in place?

YES  NO

Please describe \_\_\_\_\_

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2. Which of the three proposed changes we have discussed today is of greatest concern to you?

- Reduced service standards for First Class Mail, including elimination of 1-Day delivery
- Elimination of Saturday service
- Reduction of the numbers of local facilities and retail access points (Post Offices, etc.)

3. At the beginning of our discussion, you described the USPS brand. How would the potential changes to the USPS that we have explored today impact your perception of the USPS brand?

Positive  Negative  No Change

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4. What could the USPS do to win more of your business with their current service offering?

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5. Do you believe the various USPS proposals we have discussed today would make the USPS more or less viable in the future? How and why?

More  Less  No Change

Please explain \_\_\_\_\_

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6. What new or improved services might the USPS offer to become more competitive and win more of your shipping business?

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7. Is there anything else the USPS can do to win more of your parcel business?

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8. Please describe USPS as you believe it will be 5 years from now (financial condition, services, role).

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9. Please describe USPS as you would like it to be 5 years from now (financial condition, services, role).

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That concludes our session today and I want to sincerely thank you for your time, your feedback, and your interest in this very important matter.

**NOTE: Ask the respondent to acknowledge receipt of the \$100 check by signing below.**

Date: \_\_\_\_\_, 2012

Respondent Signature: \_\_\_\_\_

Name (please print): \_\_\_\_\_