

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20278-0001

PERMANENT ADDITION OF USPS CONNECT
LOCAL MAIL TO THE MARKET DOMINANT
PRODUCT LIST

Docket No. MC2023-12

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 2**
(December 23, 2022)

The Postal Service hereby responds to Chairman's Information Request No. 2, issued on December 16, 2022. Each question is stated verbatim and is followed by the response.

Respectfully submitted,
UNITED STATES POSTAL SERVICE

By its attorneys:

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December 23, 2022

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1. Please refer to the Postmaster General's statement from the National Postal Forum in which he describes planned changes to the Postal Service's sorting, processing, and delivery network.¹ Specifically, he states that the Postal Service "will be aggregating much of our carrier base into Sort and Delivery Centers." See Keynote Address. He further states that the Postal Service "will place large carrier operations inside [its] mail processing plants, dramatically reducing transportation, reducing mail handlings, increasing reliability, and decreasing time to delivery." *Id.*
 - a. Please confirm that implementing this plan would involve moving carrier delivery operations from post offices to these new Sort and Delivery Centers. If not confirmed, please explain.
 - b. Please also confirm that these Sort and Delivery Centers would be classified as Destination Delivery Units (DDUs). If not confirmed, please explain.
 - c. Please describe in detail how implementing this plan would affect the existing entry of USPS Connect Local Mail. In the response, specifically address whether (and if so, how) implementing this plan would result in moving or removing some of the existing designated entry units (or other equivalent facilities) at which a customer may enter USPS Connect Local Mail as well as whether (and if so, how) implementing this plan would result in changes to existing entry via carrier pick-up in line-of-travel.
 - d. Please describe in detail how implementing this plan would affect the existing specified service area for which next day or same day delivery would be available to mailers of USPS Connect Local Mail.
 - e. Please describe in detail any other impacts, which were not described in response to subparts c. or d. of this question, of Sort and Delivery Centers on the operations of USPS Connect Local Mail.
 - f. Please describe in detail any other impacts, which were not described in response to subparts c. or d. of this question, of Sort and Delivery centers on the customer experience for USPS Connect Local Mail.

¹ See Video and Transcript of Postmaster General Louis DeJoy's Keynote Address During the 2022 National Postal Forum, United States Postal Service (May 18, 2022), <https://about.usps.com/newsroom/national-releases/2022/0518-video-and-transcript-of-pmg-louis-dejoys-keynote-address-during-2022-national-postal-forum.htm> (Keynote Address); see also U.S. Postal Serv., Sorting and Delivery Center (July 29, 2022), available at https://www.unitedpma.org/docs/default-source/default-document-library/resources/sdc---dpmg-management-association-update_07.29.2022.pdf?Status=Master&sfvrsn=8c57688d_3/%20SDC---DPMG-Management-Association-Update_07.29.2022%20.pdf.

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RESPONSE:

The introduction of Sort and Delivery Centers (S&DCs) is in early stages, and the Postal Service intends to study and learn more from experience in order to determine the best practices to be employed in future roll outs. Consequently, operational details related to S&DCs are subject to change but, for the moment, the responses below represent current expectations regarding the introduction of S&DCs.

- a. Confirmed for sites where carrier operations for existing Destinating Delivery Units (DDUs) are transferred into an S&DC. However, we are unable to confirm that all S&DC facilities will have the same structure and operations.
- b. Confirmed for sites where carrier operations for an existing DDU are transferred into an S&DC. However, we are unable to confirm that all S&DC facilities will have the same structure and operations
- c. Where carrier operations for an existing DDU are transferred into an S&DC, that S&DC will replace the function of the DDU for the delivery points serviced by carriers dispatched for their route from that S&DC location.² USPS Connect Local Mail customers will be able to enter mailpieces at an S&DC for any addresses that are served by that facility. Implementation will not impact carrier pick-up in the line of travel for USPS Connect Local Mail.

² Docket No. N2022-1, Response to Question NMA/USPS-T1-3 of the News/Media Alliance's First Set of Interrogatories to United States Postal Service Witness Jake Campbell redirected to United States Postal Service Witness Thomas J. Foti, October 3, 2022 at 2.

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- d. The S&DC will consolidate multiple existing DDU drop-off points into a single S&DC location.³ Mail that is accepted prior to the critical entry time will still receive same-day delivery service and mail accepted after the critical entry time will be delivered the next day.

- e. See responses to 1.a-d. The Postal Service does not currently expect any additional impacts.

- f. See responses to 1.a-d. The Postal Service does not currently expect any additional impacts.

³ *Ibid* at 3.

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2. With respect to its proposed flat-rate price of \$2.95 during the market test, the Postal Service stated “the data collected in this test will eventually inform permanent pricing.”⁴ The Postal Service states that it intends to “add USPS Connect™ Local Mail to the Flats product of the First-Class Mail class in the Market Dominant section of the Mail Classification Schedule, with a price point of \$2.95 for a flat- or letter-sized mailpiece....” See Revised Request at 4.
- a. Please provide the calculations, data sources, assumptions, model, and reasoning underlying the proposed price point of \$2.95.
 - b. Please confirm that the Postal Service completed market research and/or testing with alternative prices to establish \$2.95 as the optimal price point for USPS Connect Local Mail. If not confirmed, please explain why not.
 - c. In response to Chairman’s Information Request No. 1, the Postal Service explained that estimated costs for USPS Connect Local Mail have increased since initiating Docket No. MT2022-1. The proposed price of USPS Connect Local Mail, however, has remained constant. Please describe in detail the reasoning behind keeping the price constant while attributable costs have increased.
 - d. To the extent not already addressed in response to subparts a. through c. of this question, please provide a narrative explanation regarding any other way in which the data from the market test informed the Postal Service’s selection of \$2.95 as the proposed price for the initial permanent offering of USPS Connect Local Mail.

RESPONSE:

- a. The Postal Service’s reasoning for USPS Connect Local Mail pricing is based on the Postal Service’s product offerings and cost coverage for the price category. The price for USPS Connect Local Mail was set at \$2.95 to position the offering at an appropriate price point relative to other USPS Connect offerings, namely the USPS Connect Local package product. Setting the price for USPS Connect Local Mail at \$2.95 also ensures adequate cost coverage. The Postal Service provided the attributable cost calculations that

⁴ Docket No. MT2022-1, Response of the United States Postal Service to Chairman’s Information Request No. 1, December 8, 2021, question 5.

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motivated this pricing decision in its answer to question 8 from ChIR 1 in this proceeding.⁵

- b. Not confirmed. The price was chosen at the outset of the market test for the reasons stated in response 2.a and the market responded favorably. Therefore, the Postal Service did not feel that market research and/or testing with alternative prices was necessary.
- c. The Postal Service considered increasing the price of USPS Connect Local Mail to capture some of the increases in attributable costs. Given that the current costs are still well below the \$2.95 market test price and there was no planned increase for USPS Connect Local package prices, the Postal Service has decided to maintain the market test price. The current price point also keeps USPS Connect Local Mail appropriately positioned within the USPS Connect suite of products
- d. Had the Postal Service received feedback from customers regarding the price, or if they product growth rates differed drastically from expectations, the Postal Service may have tested alternate prices. However, the market test was well received so, given the considerations already shared above, the price remains unchanged for now. If USPS Connect Local Mail is approved as a permanent price category, the Postal Service would also be able to increase prices using market-dominant rate authority should the need arise.

⁵ See USPS-MC2023-12/NP1.

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3. Please provide the number of USPS Connect Local Mail pieces sold, by weight, for each quarter since the beginning of the USPS Connect Local Mail market test.

RESPONSE:

The Postal Service is unable to provide the pieces sold by weight, as this information was not collected during the market test. The data was not collected because USPS Connect Local Mail is priced at a flat rate up to 13 ounces.

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4. Please identify the weight for which an item could be sent by a user more cheaply by USPS Connect Local Mail than by the existing offerings of First-Class Mail Flats, Priority Mail, and Priority Mail Express (the "set price point").

RESPONSE:

The Postal Service doesn't believe that USPS Connect Local Mail is directly comparable to these mail products because of its unique characteristics. It is a single-piece product that is accepted and delivered from the same delivery unit. It does not receive additional processing, is handled entirely by the DDU, and is priced accordingly.

However, the \$2.95 Connect Local Mail price is less expensive than Priority Mail and Priority Mail Express pieces of any weight. The \$2.95 Connect Local Mail price is less expensive than a First-Class Mail Single-Piece Flat weighing 9 ounces or more (the 8-ounce price for Single-Piece Flats is \$2.88 and the 9-ounce price for Single-Piece Flats is \$3.12).

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5. Please also provide, for First-Class Mail Flats, Priority Mail, and Priority Mail Express, the number of pieces and the percentage of total FY 2021 volume sent for each offering that exceeded the set price point of USPS Connect Local Mail of \$2.95.

RESPONSE:

Comparing First-Class Mail Flats, Priority Mail or Priority Mail Express to USPS Connect Local Mail is not a valid comparison. USPS Connect Local Mail delivery is restricted to locations served by the DDU at which it was entered, while the other mail products can be delivered anywhere in the United States. Similarly, USPS Connect Local Mail does not leave the DDU it was entered for processing while the other products get transported to a processing plant for sorting. USPS Connect Local Mail also has weight restrictions and content restrictions that are not applicable to the other listed products.

However, all Priority Mail and Priority Mail Express pieces exceeded the price of USPS Connect Local Mail. Priority Mail volume in FY 2021, as reported in the end-of-year Revenue, Pieces, and Weight report submitted in the FY 2021 ACR, was 1,394,267,867. Priority Mail Express accounted for 28,722,113 mailpieces during the same period. There were 619,366,793 Single-Piece Flats reported in the Billing Determinants of the FY 2021 ACR. Of those, 39,751,376 (6.4 percent) Single-Piece Flats weighed above 8 oz., and therefore cost more than a corresponding USPS Connect Local Mail mailpiece. Additionally, these products are available in all USPS commercial mail locations and represent volumes from all locations. USPS Connect Local Mail is available at a subset of these locations.

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6. The Postal Service states that, for a piece to be eligible to be sent as USPS Connect Local Mail, it "must be deposited at the facility that also serves as the delivery unit."⁶ Using the percentage of volume above the set price point provided in response to question 5., please identify the percentage of that volume, for First-Class Mail Flats, Priority Mail, and Priority Mail Express, that was deposited at the facility that also serves as the delivery unit.

RESPONSE:

Approximately 1.3% of First-Class Mail Flats have the same originating and destinating zip codes. The percentage of Priority Mail and Priority Mail Express volume that is local is unknown, however, the figure is estimated to be around 1%.

With respect to the comparison: As alluded to in response 5, these figures would be even lower if only the subset of these products that could also qualify as USPS Connect Local Mail were counted, as weight and content restrictions may preclude them from USPS Connect Local Mail eligibility.

⁶ Docket No. MT2022-1, Response of the United States Postal Service to Commission Information Request No. 1, November 30, 2021, question 1.c.

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7. Does the Postal Service expect that mailpieces may be diverted from the existing First-Class Mail Flats, Priority Mail, and Priority Mail Express offerings towards USPS Connect Local Mail, particularly for Single-Piece Flats and Priority Mail Flats mailpieces that would previously have shipped for more than \$2.95?
- a. If so, please:
 - i. Identify the projected volume diversion from the existing First-Class Mail Flats offering, Priority Mail, and Priority Mail Express, respectively, and explain the basis of the calculation.
 - ii. Identify the projected impact on revenue and contribution of all affected categories and the First-Class Mail Flats, Priority Mail, and Priority Mail Express products overall.
 - b. If not, please explain.

RESPONSE:

- a.i. Not applicable.
- a.ii. Not applicable.
- b. The Postal Service believes that the number of pieces that fall into the cross section where they meet customer needs and meet USPS Connect Local Mail product requirements is quite small and, therefore, minimal diversion is expected. While all First-Class Mail Flats would meet the content requirements of Connect Local Mail, very few enter and destinate at the same point, and the cost would most likely be prohibitive for current users. The price point for Priority Mail Flats and Priority Express Mail is set higher and may, therefore, be attractive to mailers but, again, most Priority Mail pieces do not have the same entry and destination point. Additionally, many Priority Mail pieces would not meet the content requirements for USPS Connect Local Mail (i.e., they are not documents or paper-based).

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In addition, the market test hasn't shown huge volumes being diverted away from First-Class Mail Flats, Priority Mail, and Priority Mail Express. The largest USPS Connect Local Mail customer used a competitor to send the documents prior to switching over to USPS Connect Local Mail in July 2022, and the remaining Connect Local Mail market test volumes would amount to less than 0.005% of annual Priority Express Mail volumes. As stated in its initial request, the Postal Service believes that USPS Connect Local Mail is competing with express carriers such as Federal Express, UPS, and DHL as well as local courier services, not other mail products.⁷

⁷ Docket No. MC2023-12, United States Postal Service Revised Request to Convert USPS Connect Local Mail to a Permanent Offering, Attachment D, November 9, 2022 at 8.

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8. The Postal Service states that it “paid invoices from an envelope vendor for USPS Connect Local Mail invoices of \$313,008.89 for USPS Connect Local Mail envelopes” and that “[t]he \$0.14 per envelope cost was then applied to the \$313,008.89 in earlier invoices to get the total volume estimate of 2,250,000.” Response to CHIR No.1, question 1.b.i.
- a. Please describe in detail the manner in which \$0.14 was “applied” to \$313,008.89 to obtain the total volume estimate of 2,250,000, including the rationale for any adjustments.
 - b. The Postal Service states that “[i]n June 2022, the Postal Service ordered an additional 60,000 envelopes for a large customer.” *Id.* Please confirm that the 2,250,000 total volume estimate included these 60,000 envelopes. If confirmed, please explain how they were included (in whole or in part). If not confirmed, please explain why they were excluded (in whole or in part).

RESPONSE:

- a. The \$0.14 per piece was applied to \$313,008.89 by dividing \$313,008.89 by \$0.14, resulting in 2,235,778 pieces. An additional 60,000 pieces were added to that figure, resulting in 2,295,778 pieces. This number was rounded down to 2,250,000 pieces when it should have been rounded up to 2,300,000 pieces.
- b. Confirmed. As described in response 8.a, the additional 60,000 envelopes were included in the total volume estimate.

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9. Please refer to Response to CHIR No. 1, question 3, in which the Postal Service discusses the projected "growth curve" for USPS Connect Local Mail.
- a. Please confirm that the Postal Service controlled for the effects of providing USPS Connect Local Mail at an increased number of sites over time. If confirmed, please explain how the Postal Service controlled for such effects. If not confirmed, please explain why the Postal Service did not control for such effects.
 - b. Please refer to Excel file "ChIR 1, Q3 – CLM Forecast Model.xlsx," tab "Assumptions and Estimates," cells C29 and D29.
 - i. Please identify the actual volume for USPS Connect Local Mail in October and November 2022.
 - ii. Please describe how the actual October and November 2022 volumes compare to the projected volumes located in these cells.
 - c. Please refer to Excel file "ChIR 1, Q3 – CLM Forecast Model.xlsx," tab "Assumptions and Estimates," cell N18. Please confirm that this represents the actual volume of USPS Connect Local Mail sold in September 2022.
 - i. If confirmed, please describe in detail all reasons for the decrease in volume from August 2022 to September 2022.
 - ii. If not confirmed, please explain.

RESPONSE:

- a. Not confirmed. The Postal Service did not directly control for such effects due to the limited data available from the market test. The projected growth curve was derived from the growth rate of similarly introduced product offerings with a larger sample size that would inherently include the impact of expansion to an increased number of sites.
- b.i. The actual volume for USPS Connect Local Mail amounted to 108 pieces in October 2022 and 1,372 in November 2022

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- b.ii. The actual volumes are smaller than the mid-range projections and closer to the low estimates. Such fluctuations can be expected with a new product offering on a month-to-month basis.

- c.i. Confirmed. The decrease in volume is due to the lack of mailing in September from USPS Connect Local Mail's highest volume customer. Their behavior had a significant impact on the monthly volume trend.

- c.ii. Not applicable.

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10. Please refer to Response to CHIR No. 1, question 4, which provides a table representing the USPS Connect Local Mail volume and revenue by state ("USPS Connect Local Mail by State Table").
- a. The Postal Service states that "[b]y the end of the second quarter, which ended March 31, 2022, USPS Connect™ Local Mail was offered as a market test product in 11 states. Another 16 states, plus Washington, D.C., were added in the third quarter; 23 more were added in the fourth quarter. Once the initial phased national rollout was complete, USPS Connect™ Local Mail was offered in all 50 states and the District of Columbia." Revised Request at 2. However, the USPS Connect Local Mail by State Table only contains 25 states. See Response to CHIR No. 1, question 4. Please provide a table that includes the volume and revenue for USPS Connect Local Mail, by quarter, for all 50 states and the District of Columbia. In this table, please indicate the date on which USPS Connect Local Mail became available in each state. Please also indicate how many locations within each state USPS Connect Local Mail is available by quarter.
 - b. Please confirm that the amounts represented as the total volume and total revenue in the USPS Connect Local Mail by State Table for Quarter 3 (308 and \$908.60, respectively) includes volume and revenue for all states which had access to USPS Connect Local Mail in that quarter. *Id.* If not confirmed, please explain.
 - c. Please confirm that the amounts represented as the total volume and total revenue in the USPS Connect Local Mail by State Table for Quarter 4 (17,262 and \$50,922.90, respectively) includes volume and revenue for all states which had access to USPS Connect Local Mail in that quarter. *Id.* If not confirmed, please explain.
 - d. Please refer to the losses in volume between Q3 and Q4 for California, Maryland, and New Jersey represented in the USPS Connect Local Mail by State Table. See *Id.* Please describe in detail any efforts that the Postal Service undertook to identify and alleviate the causes for these losses in value.

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RESPONSE:

a. Please see the following table:

| | State | FY22 Q2 | | FY22 Q3 | | FY22 Q4 | | Start Date | # of Units |
|----|----------------------|-----------|------------------|------------|------------------|---------------|---------------------|------------|------------|
| | | Volume | Revenue | Volume | Revenue | Volume | Revenue | | |
| 1 | Alabama | 0 | \$ - | 0 | \$ - | 0 | \$ - | 8/15/2022 | 49 |
| 2 | Alaska | 0 | \$ - | 0 | \$ - | 0 | \$ - | 9/19/2022 | 5 |
| 3 | Arizona | 0 | \$ - | 0 | \$ - | 3 | \$ 8.85 | 9/5/2022 | 74 |
| 4 | Arkansas | 0 | \$ - | 0 | \$ - | 0 | \$ - | 8/1/2022 | 26 |
| 5 | California | 0 | \$ - | 119 | \$ 351.05 | 42 | \$ 123.90 | 4/18/2022 | 381 |
| 6 | Colorado | 0 | \$ - | 0 | \$ - | 1 | \$ 2.95 | 8/22/2022 | 74 |
| 7 | Conneticut | 0 | \$ - | 0 | \$ - | 0 | \$ - | 5/30/2022 | 17 |
| 8 | Delaware | 0 | \$ - | 0 | \$ - | 0 | \$ - | 3/14/2022 | 16 |
| 9 | District of Columbua | 0 | \$ - | 0 | \$ - | 0 | \$ - | 3/21/2022 | 3 |
| 10 | Florida | 0 | \$ - | 16 | \$ 47.20 | 40 | \$ 118.00 | 3/28/2022 | 252 |
| 11 | Georgia | 0 | \$ - | 4 | \$ 11.80 | 9,865 | \$ 29,101.75 | 6/13/2022 | 101 |
| 12 | Hawaii | 0 | \$ - | 0 | \$ - | 2 | \$ 5.90 | 9/26/2022 | 15 |
| 13 | Idaho | 0 | \$ - | 0 | \$ - | 0 | \$ - | 9/12/2022 | 21 |
| 14 | Illinois | 0 | \$ - | 0 | \$ - | 4 | \$ 11.80 | 4/4/2022 | 29 |
| 15 | Indiana | 0 | \$ - | 0 | \$ - | 0 | \$ - | 7/4/2022 | 41 |
| 16 | Iowa | 0 | \$ - | 0 | \$ - | 0 | \$ - | 8/8/2022 | 27 |
| 17 | Kansas | 0 | \$ - | 1 | \$ 2.95 | 1 | \$ 2.95 | 4/11/2022 | 19 |
| 18 | Kentucky | 0 | \$ - | 0 | \$ - | 3 | \$ 8.85 | 7/25/2022 | 36 |
| 19 | Louisiana | 0 | \$ - | 0 | \$ - | 8 | \$ 23.60 | 5/2/2022 | 40 |
| 20 | Maine | 0 | \$ - | 0 | \$ - | 0 | \$ - | 7/18/2022 | 13 |
| 21 | Maryland | 0 | \$ - | 10 | \$ 29.50 | 0 | \$ - | 3/21/2022 | 55 |
| 22 | Massachusetts | 0 | \$ - | 0 | \$ - | 1 | \$ 2.95 | 5/23/2022 | 75 |
| 23 | Michigan | 0 | \$ - | 0 | \$ - | 2 | \$ 5.90 | 4/25/2022 | 40 |
| 24 | Minnesota | 0 | \$ - | 0 | \$ - | 2 | \$ 5.90 | 7/11/2022 | 57 |
| 25 | Mississippi | 0 | \$ - | 0 | \$ - | 0 | \$ - | 8/15/2022 | 21 |
| 26 | Missouri | 0 | \$ - | 0 | \$ - | 1 | \$ 2.95 | 4/11/2022 | 44 |
| 27 | Montana | 0 | \$ - | 0 | \$ - | 0 | \$ - | 9/12/2022 | 10 |
| 28 | Nebraska | 0 | \$ - | 0 | \$ - | 0 | \$ - | 8/8/2022 | 17 |
| 29 | Nevada | 0 | \$ - | 0 | \$ - | 1 | \$ 2.95 | 8/29/2022 | 31 |
| 30 | New Hampshire | 0 | \$ - | 0 | \$ - | 0 | \$ - | 7/18/2022 | 16 |
| 31 | New Jersey | 6 | \$ 17.70 | 84 | \$ 247.80 | 4 | \$ 11.80 | 3/7/2022 | 54 |
| 32 | New Mexico | 0 | \$ - | 0 | \$ - | 0 | \$ - | 9/5/2022 | 19 |
| 33 | New York | 0 | \$ - | 1 | \$ 2.95 | 10 | \$ 29.50 | 2/21/2022 | 84 |
| 34 | North Carolina | 0 | \$ - | 2 | \$ 5.90 | 1 | \$ 2.95 | 6/6/2022 | 139 |
| 35 | North Dakota | 0 | \$ - | 0 | \$ - | 0 | \$ - | 7/11/2022 | 9 |
| 36 | Ohio | 0 | \$ - | 0 | \$ - | 0 | \$ - | 5/9/2022 | 47 |
| 37 | Oklahoma | 0 | \$ - | 0 | \$ - | 0 | \$ - | 8/1/2022 | 49 |
| 38 | Oregon | 0 | \$ - | 0 | \$ - | 0 | \$ - | 9/12/2022 | 63 |
| 39 | Pennsylvania | 0 | \$ - | 2 | \$ 5.90 | 14 | \$ 41.30 | 3/14/2022 | 63 |
| 40 | Rhode Island | 0 | \$ - | 0 | \$ - | 0 | \$ - | 5/23/2022 | 5 |
| 41 | South Carolina | 0 | \$ - | 0 | \$ - | 1 | \$ 2.95 | 6/6/2022 | 79 |
| 42 | South Dakota | 0 | \$ - | 0 | \$ - | 0 | \$ - | 8/8/2022 | 11 |
| 43 | Tennessee | 0 | \$ - | 0 | \$ - | 0 | \$ - | 6/20/2022 | 82 |
| 44 | Texas | 59 | \$ 174.05 | 40 | \$ 118.00 | 7,248 | \$ 21,381.60 | 1/8/2022 | 855 |
| 45 | Utah | 0 | \$ - | 0 | \$ - | 3 | \$ 8.85 | 8/29/2022 | 49 |
| 46 | Vermont | 0 | \$ - | 0 | \$ - | 0 | \$ - | 7/18/2022 | 4 |
| 47 | Virginia | 0 | \$ - | 1 | \$ 2.95 | 0 | \$ - | 5/30/2022 | 91 |
| 48 | Washington | 0 | \$ - | 1 | \$ 2.95 | 5 | \$ 14.75 | 5/16/2022 | 115 |
| 49 | West Virginia | 0 | \$ - | 0 | \$ - | 0 | \$ - | 7/25/2022 | 13 |
| 50 | Wisconsin | 0 | \$ - | 0 | \$ - | 0 | \$ - | 6/27/2022 | 37 |
| 51 | Wyoming | 0 | \$ - | 0 | \$ - | 0 | \$ - | 8/22/2022 | 4 |
| | TOTAL | 65 | \$ 191.75 | 281 | \$ 828.95 | 17,262 | \$ 50,922.90 | | |

USPS Connect Local Mail became available on a state-by-state basis, so each unit offering USPS Connect Local Mail started offering it as of the “Start Date” listed in the table above for its state. USPS Connect Local Mail was

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available in 1,382 locations in Q2, 2,723 locations in Q3, and 3,477 locations in Q4.

b. Confirmed.

c. Confirmed.

d. These were declines in Q4 volumes from Q3 volumes, not negative volumes.

These states had greater volumes in Q3 than Q4. The table showed quarterly volume for each state and was not cumulative, as this question suggests.

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11. Please refer to Response to CHIR No. 1, question 6, in which the Postal Service provides a table representing the number of unique Click-N-Ship customers that utilized USPS Connect Local Mail, by quarter.
- a. Please provide a similar table identifying the number of unique customers that utilized USPS Connect Local Mail with the Postal Service's application programming interface (API), by quarter. If there are multiple APIs please so state and identify users by each API.
 - b. Please confirm that the reason the number of unique users using Click-N-Ship decreased between Quarter 4 of 2022 and Quarter 1 of 2023 is because 30 users shifted over to the Postal Service's API. See *id.* If not confirmed, please explain, indicating whether any attempt was made to find out why these customers stopped utilizing the offering.

RESPONSE:

- a. There has only been a single unique customer using API to send USPS Connect Local Mail. This customer began using the API in Q4.
- b. Not confirmed. The number of unique customers in Q1 of 2023 was less than in Q4 of 2022 because Q1 was only a partial quarter and the numbers were discrete for each quarter, not cumulative, as the question suggests.

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12. In Docket No. MT2022-1, the Postal Service stated that “[i]f the market test is successful, the Postal Service would consider broadening payment options and evaluating the need for a retail acceptance option (*i.e.*, an option to let customers tender USPS Connect Local Mail items at the retail counter in post offices).”⁸ In its Revised Request, the Postal Service confirms that it considers the market test “successful.” Revised Request at 2.
- a. Does the Postal Service plan to broaden payment options beyond Click-N-Ship and the USPS API?
 - i. If so, please describe in detail such plans and the timeframe for initiating and implementing broader payment options.
 - ii. If not, please explain in detail why not.
 - b. Did the Postal Service evaluate the need for a retail acceptance option for USPS Connect Local Mail?
 - i. If so, please describe in detail the findings of the evaluation.
 - ii. If not, please explain in detail why no evaluation has been undertaken and the Postal Service’s timeframe to initiate and complete such evaluation. If it is the Postal Service’s position that no evaluation should be undertaken, please explain in detail why not.

RESPONSE:

- a.i. As we continue to evaluate the product, we will continue to explore different payment options. As it is part of a broader set of USPS Connect services, we expect future development of new payment options will be done for the suite of products as a whole. Currently the Postal Service is tightly focused on the customer experience for USPS Connect Local Mail users to ensure a positive customer experience as we introduce S&DCs throughout the country. The Postal Service is not actively evaluating or pursuing additional payment options for any Connect Local products at this time.

⁸ Docket No. MT2022-1, Response of the United States Postal Service to Chairman’s Information Request No. 2, December 14, 2021, question 4.c.

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a.ii. Not applicable.

b.i. Not applicable.

b.ii. The Postal Service is continuing to evaluate customer needs and opportunities as the USPS Connect Local Mail product offering grows and expanding acceptance to retail locations is certainly in the scope of future consideration. As stated above, currently the Postal Service is tightly focused on the customer experience of USPS Connect customers to ensure a positive customer experience as we introduce S&DCs throughout the country. However, the Postal Service is not actively evaluating or pursuing retail acceptance of USPS Connect Local Mail at this time.