

ORDER NO. 6664

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Michael Kubayanda, Chairman;
Mark Acton, Vice Chairman;
Ann C. Fisher;
Ashley E. Poling; and
Robert G. Taub

Public Inquiry on Changes Associated
with the Delivering for America Plan

Docket No. PI2023-4

ORDER GRANTING MOTION FOR INFORMATION REQUEST

(Issued September 1, 2023)

I. INTRODUCTION

On August 14, 2023, the Greeting Card Association (GCA) filed a motion for issuance of an information request regarding certain aspects of the Postal Service's Delivering for America (DFA) Plan.¹ Specifically, GCA requests an information request with questions regarding the methods used to develop certain volume projections contained in the DFA Plan. For the reasons discussed below, the Motion is granted.

¹ Motion of the Greeting Card Association for Issuance of an Information Request, August 14, 2023 (Motion); see United States Postal Service, Delivering for America: Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence, March 23, 2021, available at https://about.usps.com/what/strategic-plans/delivering-for-america/assets/USPS_Delivering-For-America.pdf (DFA Plan).

II. POSITION OF THE PARTIES

A. GCA Motion

In the Motion, GCA asserts that the DFA Plan depends on certain projections regarding Market Dominant mail volume and package volume. Motion at 1. It further states that the Postal Service plans for reconfiguring processing, transportation, and delivery facilities and operations necessarily conform to these projections. *Id.* GCA contends that the assumptions, methods, and data sources underlying these projections are not disclosed in the DFA Plan. *Id.* GCA requests that the Commission issue a request for the Postal Service to explain the methods used to develop the projections contained in the DFA Plan, including projections for: (a) Market Dominant volume, by product, (b) Competitive products volume, by product, (c) the rate of substitution of electronic media for Market Dominant mail, (d) the revenues anticipated from the volumes projected under (a) and (b) above, and (e) the additional costs anticipated from execution of the DFA Plan. *Id.* at 2. GCA also seeks a request asking the Postal Service to provide all workpapers, analyses, or studies prepared by or for the Postal Service, which support or evaluate these projections. *Id.*

B. Postal Service Opposition

The Postal Service filed a response, opposing the Motion and requesting that it be denied.² Arguing that GCA seeks to evaluate the entire DFA Plan, the Postal Service contends that the information requested is outside the stated purpose of these proceedings. Postal Service Opposition at 3. As the Postal Service avers, this is because GCA does not provide how the projections or the methods used to develop the projections might advance the Commission's consideration of the initiatives being pursued under the DFA Plan. *Id.* The Postal Service also asserts that the proposed

² Opposition of the United States Postal Service to the Motion of the Greeting Card Association for Issuance of an Information Request, August 17, 2023 (Postal Service Opposition).

requests would not advance a legitimate regulatory objective within the scope of the Commission's authority because the requests "do not implicate any potential impact of the DFA Plan that might implicate Commission functions under title 39" *Id.* at 4. In addition, the Postal Service asserts that GCA proposes information requests that bear solely on the Postal Service's strategic operational decision-making underlying the DFA Plan. *Id.* at 6. Finally, the Postal Service states that GCA seeks to use this public inquiry to question the propriety of the Postal Service Governors' pricing decisions once again. *Id.* at 6-9.

III. COMMISSION ANALYSIS

The Commission established this proceeding to provide a forum to garner information regarding changes associated with the DFA Plan.³ It anticipated issuing information requests to gather more information about proposed and recent changes to the postal network. Order No. 6488 at 4. The Commission also invited interested parties to propose questions by filing motions seeking information requests following the procedures listed at 39 C.F.R. § 3010.170(e). *Id.*

The Commission clarified that this docket was not intended as an advisory opinion process on the entire DFA Plan nor was it intended to be a comprehensive review of the plan.⁴ However, the Commission stated that certain network changes and other DFA Plan initiatives might implicate Commission functions and obligations under title 39, and the Commission would be proactive in seeking information to determine if further action is required. *Id.* at 10-11, 12-13.

Although the Commission finds GCA's proposed questions broad as written (e.g., seeking volume and revenue projections by product), the Commission also finds the core of the questions relevant to this proceeding, particularly to the extent that the

³ Notice and Order Initiating Public Inquiry Associated with the Delivering for America Plan, April 20, 2023, at 4 (Order No. 6488).

⁴ Order Denying Motion for Reconsideration, June 21, 2023, at 9 (Order No. 6548).

statements and estimates at issue underlie specific initiatives of the DFA Plan. Specifically, planned and recently implemented initiatives addressing or affecting volume projections and mail trends may implicate Commission oversight obligations.

In Order No. 6548, the Commission noted that the Postal Service stated that it would implement initiatives focused on cost improvements, but the Commission was unaware of specific factors or components driving those projections. Order No. 6548 at 11. The Commission also stated it was unaware whether these initiatives implicate any of the Commission's obligations under title 39. *Id.* Consequently, the Commission sought information regarding the DFA Plan's projections regarding cost improvements, and therefore asked the Postal Service to identify specific initiatives included in the projections and to provide documentation regarding the basis of the projections.⁵ Similarly, the information sought by GCA refer to the methods used to project volume, revenue, and costs anticipated from the execution of the DFA Plan. Whether and how certain DFA Plan initiatives address or affect mail volume is a reasonable inquiry under the Commission's statutory authority. The Commission concludes that the questions proposed by GCA are, first, relevant to this proceeding and, second, similar to some questions in the previously issued information requests. Therefore, the Commission grants the Motion.

However, the Commission is concerned that the currently available DFA Plan projections may no longer be valid. Likewise, the Commission is also uncertain as to whether those projections are the basis for more recently planned initiatives. As the Postal Service has repeatedly stated, the DFA Plan is a long-term plan, subject to regular evaluation and revision.⁶ In its response to the Commission's inquiry regarding cost improvement projections, the Postal Service stated that "the specific initiatives (and

⁵ Chairman's Information Request No. 1, June 21, 2023, question 3.

⁶ See Order No. 6548 at 12; Responses of the United States Postal Service to Questions 1-5 of Chairman's Information Request No. 1, July 19, 2023, question 3 (Response to CHIR No. 1); Responses of the United States Postal Service to Questions 1-6 of Chairman's Information Request No. 2, August 22, 2023, questions 4, 5.

associated cost savings for each such initiative) underlying the 2021 DFA Plan document represents the Postal Service's thinking at the time of its publication—and in the interim, much has transpired to prompt refinements in the DFA Plan overall.” Response to CHIR No. 1, question 3. Likewise, the statements and volume projections at issue here reflect the Postal Service's plans as of March 2021. Thus, the Commission is unaware whether these volume projections are currently being used in the development and implementation of the DFA Plan initiatives.

Accordingly, before seeking information regarding the methods used to develop the projections as proposed by GCA, the Commission will first inquire as to whether the projections and statements in the DFA Plan are still relevant, given the Postal Service's continual review and assessment of evolving market conditions. Next, because the Postal Service has noted a possibility that it might revise or choose not to implement certain initiatives discussed in the DFA Plan,⁷ the Commission will inquire as to whether these projections are driving any recent or planned initiatives. In addition, the Commission will ask the Postal Service to confirm whether these projections have been updated since the DFA Plan's publication or will be updated in the Postal Service's 3-year update, similar to the planned update to the financial model discussed in Response to CHIR No. 1, question 3. The Commission will reserve the remainder of GCA's proposed questions until more information is provided from the Postal Service about current DFA Plan projections and initiatives.⁸

Therefore, for the reasons discussed above, the Motion is granted, and consistent with the inquiries described above, Chairman's Information Request No. 3 shall issue concurrently with this Order.

⁷ Response to CHIR No. 1, question 3.

⁸ The Commission notes that GCA's proposed questions are similar to several questions proposed by PostCom earlier in this proceeding. See Motion of the Association for Postal Commerce for Issuance of Information Request, April 28, 2023, at 3-4. Further, PostCom proposes a question seeking information on updates to the forecasts and estimates developed since the DFA was issued. *Id.* at 4. Thus, the findings in this Order apply to both sets of proposed questions.

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Motion of the Greeting Card Association for Issuance of an Information Request, filed August 14, 2023, is granted.
2. Chairman's Information Request No. 3 shall issue concurrently with this Order.

By the Commission.

Erica A. Barker
Secretary