

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268B0001

SIX-DAY TO FIVE DAY STREET DELIVERY
AND RELATED SERVICE CHANGES, 2010

Docket No. N2010-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO QUESTIONS 1-7 OF CHAIRMAN'S INFORMATION REQUEST NO. 1

The United States Postal Service hereby provides its responses to Questions 1-7 of Chairman's Information Request No. 1, dated April 21, 2010. Answers were sought no later than today. Each question is stated verbatim and is followed by the response.

The responses are sponsored by witnesses in this docket as follows:

Questions 1, 4 -- Colvin (USPS-T-7)

Question 2 – Day (USPS-T-10)

Question 3 – Granholm (USPS-T-3)

Questions 5, 6 – Whiteman (USPS-T-9)

Question 7 – Kearney (USPS-T-11)

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux
Chief Counsel, Pricing and Product Support

Michael T. Tidwell

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2998; Fax -5402
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**RESPONSE OF POSTAL SERVICE WITNESS COLVIN
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

Question 1

For city and rural carriers from the CCCS and the RCCS for FY 2009, please provide the delivered volumes by day of week and major mail category. See, e.g., Docket No. ACR2008, USPS-FY08-34 at 17-18.

RESPONSE

The Excel spreadsheet (ChIR.1.Q.1.CCCS RCCS_DOW.xls) attached to this response electronically was prepared by the technical staff responsible for the CCS and RCCS programs, and contains CCCS and RCCS FY 2009 delivered volumes by day of week and major mail category. Apart from the addition of day of week, it is based on the data provided in Docket No. ACR 2009, USPS-FY09-34, City Carrier Cost System (CCCS) Statistical and Computer Documentation (Public Version), and USPS-FY09-35, Rural Carrier Cost System (RCCS) Statistical and Computer Documentation (Public Version). The aggregate volumes match those contained in Docket No. ACR 2009, USPS-FY09-32, workbook I-Forms-p, tabs I-CS07 CCS, I-CS10 RCS.

**RESPONSE OF POSTAL SERVICE WITNESS COLVIN
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

Question 4

Page 2, Attachment 1 of USPS-T-7 contains the productive hourly rates for city and rural carriers broken down by full-time and part-time employee categories. Please describe how the Total Personnel Expenses column for this table was derived for each of the employee categories shown. Please show all calculations and detailed sources of the calculations.

RESPONSE

The calculation of the total personnel expenses shown in Attachment 1, page 2 of USPS-T-7 is explained in the Excel file (ChIR.1.Q.4.Attach.TPE.xls) that has been attached to this response electronically. The sources of the data used can be found in the Excel files attached to the response to Chairman's Information Request No. 3, Question 20, Docket No. ACR2009 (February 5, 2010).

**RESPONSE OF POSTAL SERVICE WITNESS DAY
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

Question 2

If the Postal Service moves to a 5-day delivery environment, what impact will the reduction in delivery days have on the FY 2011 Postal Service annual service performance targets for each market dominant product in relation to the FY 2010 targets?

RESPONSE

Performance target development for a particular future fiscal year is a process that takes place toward the end of the preceding fiscal year. As FY 2011 approaches, postal management will confer with the Board of Governors to determine appropriate FY 2011 targets. The status of the operational and service changes related to five-day delivery will be relevant considerations during that process.

**RESPONSE OF POSTAL SERVICE WITNESS GRANHOLM
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

Question 3

Page 6 of USPS-T-3 states, “[c]urrent procedures for delivery of Express Mail on Sundays and Holidays will be used for Saturday Express Mail operations.”

(a) Please describe these procedures in detail.

(b) Will an additional fee be charged for Express Mail delivery on Saturday as is currently the case for Sunday and Holiday delivery?

(c) What employee craft(s) will be responsible for delivering Saturday and Sunday Express Mail? Please include in your response the type of postal facility the delivery employee will operate out of.

RESPONSE

(a) There are two primary procedures used for the delivery of Express Mail on Sundays and Holidays. The most common is for individuals associated with the receiving plant to be assigned to receive, review and deliver incoming Express Mail. The Express Mail pieces are generally divided into geographic groupings to minimize travel costs and travel time. Based on Express Mail arrival time, travel time and volume, pieces assigned per deliverer may be limited so as to allow for the pieces to be delivered within service standards.

The second procedure is called a “hub and spoke” operation. Express Mail for an office or a group of offices may be delivered to the delivery center, usually a centrally located Post Office or delivery unit, from the plant, or they may be assigned to send an individual to the plant hub to pick up mail for their assigned offices. The Express Mail would be reviewed and divided into geographic groupings that will allow for efficient travel and delivery, as well as in a quantity that will allow for all pieces to be delivered within service standards.

(b) At this time, no additional fee is under consideration.

**RESPONSE OF POSTAL SERVICE WITNESS GRANHOLM
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

RESPONSE to Question 3 (continued)

(c) Under postal collective bargaining agreements, any postal employee may deliver Express Mail. The actual delivery employee will vary from office to office depending on the Express Mail transportation network, and the characteristics of the delivery territory. While many deliveries will be made from plants, Express Mail delivery hubs in larger or centrally located post offices, primarily rural areas, will also deliver Express Mail.

**RESPONSE OF POSTAL SERVICE WITNESS WHITEMAN
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

Question 5

Please explain what criteria were used for selecting the locations of the consumer and small business focus groups.

RESPONSE

The objective in recruiting consumers and small businesses for the five-day delivery focus groups was to enable discussion among a cross-section of respective consumer and small business customer segments. For the consumer groups, the following selection criteria were used: income, locale (city, suburban or rural), and CEO of the Mail (see USPS-T-8, p. 4). The following criteria were used for selecting small business customers: fewer than 100 employees; use of shipping services (Standard Mail or First-Class Mail); and responsibility for that business' mailing and shipping services. See USPS-T-8, p. 5.

Locations from different regions of the country were selected so as to have a reasonable geographic distribution: New York City in the Northeast, Atlanta in the South/Southeast, Chicago in the Midwest and Seattle in the West. No specific reason for selecting cities was necessary to the qualitative research beyond what was done to ensure market and geographic representation.

Finally, when recruiting for each consumer focus group, the goal was to achieve a mix across age and gender. For the small business focus groups, the goal was to obtain a mix of different business sizes and types.

**RESPONSE OF POSTAL SERVICE WITNESS WHITEMAN
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

Question 6

Page 12 of USPS-T-8 refers to National, Premier, and Preferred Accounts as three of the Postal Service's four business segments. Please define the terms National, Premier, and Preferred Accounts.

RESPONSE

National, Premier and Preferred accounts refer to volume-based groups of commercial mailers, from largest to smaller, identified in records of mailing activity maintained by the Postal Service recording their use of respective postal products, such as Automation First-Class Mail or Standard Mail. This information is maintained in the Commercial Business Customer Information System (CBCIS).

National and Premier Accounts are those for which the Postal Service assigns an account representative to help manage both service and sales. National Accounts are the larger, and account representatives have only a few accounts. Premier Accounts, while large, are smaller than National Accounts and an account representative assigned to a Premier Accounts has a large number of accounts, perhaps 30 to 40. Preferred Accounts are business mailers who are not assigned an account representative.

It should be noted that these account types are no longer in use by Postal Service management after a recent restructuring of the Sales organization. However, for the purposes of this market research, using these designations from CBCIS allowed for stratification of commercial accounts based on their mail volume.

**RESPONSE OF POSTAL SERVICE WITNESS KEARNEY
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

Question 7

Page 1 of USPS-T-11 indicates that the Postal Service is developing an "integrated research-based implementation communications plan" to aid customers in adjusting to the change with minimal inconvenience.

(a) Please provide a copy of the communications plan, if available.

(b) If the plan is not currently available, please indicate when the plan will become available.

(c) Please provide an estimate of the cost of developing and implementing the communications plan.

RESPONSE

(a)-(b). The Postal Service has formed a cross functional team made up of postal personnel with extensive experience in both external and internal communications who will be responsible for developing and implementing the five-day communications. Unlike recent service change dockets where implementation of service changes was expected to occur three months after the filing of a section 3661 request, the request in this docket was filed nine months before the beginning of the calendar year in which the planned service changes are expected to be implemented. And the Postal Service intends to give six months notice of the date in calendar year 2011 chosen for implementation. The details of the communications plan will be influenced significantly by circumstances surrounding the Postal Service as the selected implementation date approaches. Accordingly, the details will be more fully developed in the summer and fall of calendar year 2010.

**RESPONSE OF POSTAL SERVICE WITNESS KEARNEY
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

RESPONSE to Question 7 (continued)

As part of that plan, the Postal Service is considering the use of direct mail pieces to inform customers at every delivery address of five-day implementation and direct them to Post Offices and usps.com for more information. Lobby signage will also be posted and amended collection box labels will need to be affixed as the implementation date approaches, and other tools such as news releases will be used to keep five-day information in the forefront of people's minds.

One tool already being utilized is www.usps.com, which already has a micro website dedicated to the five-day delivery service change:

<http://www.usps.com/communications/five-daydelivery>.

That micro-site is divided into sections that focus on businesses and households.

Customers who access this website will be able to manage their own transition based on current information that will be posted and updated as necessary.

Additional information may be posted online via the Rapid Information Bulletin Board System and Postal Explorer which are used by numerous commercial mailers, printers and mail preparation businesses.

**RESPONSE OF POSTAL SERVICE WITNESS KEARNEY
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

RESPONSE to Question 7 (continued)

The Postal Service is considering a range of materials, including USPS official publications which will be used to disseminate information and updates before and after implementation. Some of these vehicles are *MailPro*, the *Postal Bulletin*, *PCC Insider*, the *DMM Advisory*, and *MTAC Update*. Also, internally, the Postal Service plans to use webinars and teleconferences to disseminate information throughout the organization as it prepares for launch. Concurrently, the Postal Service intends to develop supporting materials such as service talks so that the Postal Service workforce stays informed about current events and in synchronization with external communications. Internal communication will be posted on the Postal Service intranet site so that it is available to postal personnel on demand.

(c) Development of the plan is expected to rely largely upon the talents of experienced postal communications managers as part of their ongoing day-to-day responsibilities. As explained above, it also will rely on many communications channels already in place. As details of the plan are settled upon, it will be clearer what internal or external resources and tools may need to be relied upon or developed. Accordingly, it may not be until during the summer of 2010 before the Postal Service can provide an estimate of the costs of specific segregable elements of its 5-day implementation communications plans.