

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Six-Day to Five-Day Street Delivery
and Related Service Changes

Docket No. N2010-1

CHAIRMAN'S INFORMATION REQUEST NO. 4

(Issued May 20, 2010)

The Postal Service is requested to respond to the following questions to clarify the record on its request for an advisory opinion under 39 U.S.C. 3661(c) for the elimination of Saturday delivery, filed March 30, 2010. To facilitate inclusion of the required material in the evidentiary record, the Postal Service is to have a witness attest to the accuracy of the answers and be prepared to explain, to the extent necessary, the basis for the answers at hearings. Responses should be provided no later than June 2, 2010.

The following questions pertain to the direct testimony of witness Granholm (USPS-T-3).

1. The Postal Service, referring to city and rural carriers, states that “[i]ncreased mail volume on Fridays, Mondays, and Tuesdays are expected to lead to increased productivity on those days, and possibly, increased work hours in the form of overtime....” USPS-T-3 at 5.
 - (a) Please provide a table showing FY2009 total city carrier productive hours distributed by straight time hours, overtime hours, and all other productive hours, and by day of the week for each of these categories.

- (b) Please provide a table showing FY2009 total rural carrier productive hours distributed by straight time hours, overtime hours and all other productive hours, and by day of the week for each of these categories.
2. To create a more complete analysis of the savings resulting from the move from six-day to five-day delivery, please address the following subparts relating to carrier operations.
 - (a) Please explain all sources for data shown in the file Library_Ref_Route_Structures.xlsx included in USPS_LR_N2010-1/4, and provide formulas for all hard-coded values. Please trace all calculations to data entries indicated in the RURAL ROUTE EVALUATION WORKSHEET, titled Exhibit 531.3 and included in USPS_LR_N2010-1/4, as appropriate.
 - (b) The Postal Service estimates that as a result of a move from six-day to five-day delivery, average daily rural carrier hours on “K” routes increase from 8.56 to 9.26 hours. The Postal Service notes that “some ‘K’ routes will need territorial cuts to bring them down to as close to 8 hours daily as possible.” USPS-T-3 at 12. Please provide an estimate of the number of “K” routes that would be modified to bring average hours to as close to 8 hours per day per route as possible.
 - (c) The RURAL ROUTE EVALUATION WORKSHEET shows allowance factors for Office Time and Route Time. For each entry, please indicate if the allowance factor is fixed or variable. If fixed, please state if the factor is fixed per route, but varies according to the number of routes, or if the factor is fixed with respect to the delivery unit.
3. With respect to rural delivery, witness Granholm states “lower costs for delivery will be realized, but the reduction is not expected to be proportional to the work hour reductions, due to the current utilization of Leave Replacement (RCA)

employees at a lower wage rate on many 6th days.” USPS-T-3 at 5. He also states that for city routes “[t]he Carrier Technician is assigned to five routes and carries each of those routes in a specific sequence each week on the regular carrier’s day off.” *Id.* at 12. Does the Postal Service also expect that the reduction in costs for city carriers will be proportionally less than the city carrier workhour reduction because carrier technicians will comprise a lower percentage of the workforce when shifting to five-day delivery? If not, please explain.

4. Please explain how the added weekday workload could affect the current workload factor values including any adjustment to the total number of routes required under new delivery schedules.
5. Witness Granholm states that surges in parcel volume during the holiday season might require the re-establishment of Saturday delivery of parcels during that time of the year to meet service expectations. USPS-T-3 at 17. Has the Postal Service conducted a separate analysis of the cost effect from re-instituting parcel-only Saturday service and the related circumstances that would trigger this decision? Please explain and provide a copy of each such analysis.
6. Please refer to file Analysis_of_Tuesdays_after_Monday_Holidays.xlsx, tab Tuesday Analysis, filed as part of USPS_LR_N2010-1/3. Please explain how an absorption rate derived from productivities that reflect added volumes only on certain days after holidays can reflect the productivities that would follow permanent changes in weekly volumes.
7. The Postal Service states that the supervisory workhours savings estimate is developed by identifying the number of Customer Service facilities large enough to support full supervisory schedules. See USPS-LR-N2010-1/3 at 7.

- (a) Please describe the type of facilities that would be considered a Customer Service facility; for example, would Delivery Distribution Units be considered a Customer Service facility?
- (b) Are the supervisory workhour savings for first-line supervisors only? If not, please explain.
- (c) The total supervisor workhour savings are valued using the productive hourly wage rate for Cost Segment 2. Cost segment 2 costs consist of the salaries and benefits costs for sub-accounts .103 (Supervisors) and sub-account .130 (Professional and Technical Personnel). Please explain why the salaries and benefits of sub-account .130 were included.
- (d) Of the total amount of supervisor workhour savings included in the proposal how many of the hours saved would be supervisors classified under the .102 sub-account and how many of the hours would be classified under the .130 sub-account.

The following questions pertain to the direct testimony of witness Neri (USPS-T-4).

- 8. Witness Neri indicates that some street-addressed mail will be dispatched to delivery units early on Saturdays to utilize existing transportation capabilities. USPS-T-4 at 9. Without regard to whether five-day delivery is adopted, does the Postal Service intend to reduce its existing transportation capacities over time to remove the excess capacity created by recent volume declines? If so, please explain how those planned reductions in capacity will interact with these plans. If not, please explain.
- 9. Please refer to USPS-LR-N2010-1/NP2, file "Vol_Rev_Contrib_Change_5-Day_Delivery.xls," tab "Nat'l, Premier & Preferred."
 - (a) Please provide the source and show the derivation of the Periodicals Regular and Nonprofit volume figures for National, Premier, and Preferred

Accounts in cells E69, F69, and G69; and E70, F70, and G70, respectively.

- (b) Cells G15, G16, L15, and L16 contain the percent changes in the volume of First-Class letters for National and Premier Accounts that are anticipated after five-day delivery as a proxy for the percent change in the volume of First-Class flats. Cells Q15 and Q16, however, do not contain a percent change in the volume of First-Class flats for Preferred Accounts. Please explain why the volume of First-Class flats for Preferred Accounts is not expected to change as a result of five-day delivery.
- (c) Please provide the source of the revenue figures for National, Premier, and Preferred Accounts in cells D100, D101, and D102.
- (d) [Under Seal]

The following question pertains to the direct testimony of witness Bradley (USPS-T-6).

- 10. Witness Bradley describes how the different components that comprise the ACR piggyback costs may be summarized in nine groups. Please list each of the specific piggyback cost components included in each of the nine areas described, with component numbers and descriptions. See USPS-T-6 at 47-50.

The following question pertains to the direct testimony of witness Kearney (USPS-T-11).

- 11. Witness Kearney states that the Postal Service plans to announce the change via two mailings to every delivery address. USPS-T-11 at 6. Please provide a cost estimate for these mailings.

By the Chairman.

Ruth Y. Goldway