

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

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

Docket No. N2010-1

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS  
DEAN J. GRANHOLM TO INTERROGATORIES OF THE NATIONAL NEWSPAPER  
ASSOCIATION (NNA/USPS-T3- 1-2(c), 3-8)  
(June 21, 2010)

The United States Postal Service hereby provides the responses of witness  
Dean J. Granholm to the following interrogatories of the National Newspaper  
Association, filed on June 2, 2010:

NNA/USPS-T3- 1-2(c), 3-8

Interrogatory NNA/USPS-T3-2(d) is being redirected to the United States Postal Service  
for an institutional response. Each interrogatory is reprinted below, and followed by the  
response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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Docket No. N2010-1

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DEAN J, GRANHOLM (USPS-T-3) TO INTERROGATORY OF THE  
NATIONAL NEWSPAPER ASSOCIATION

**NNA/USPS T3-1**

In its Request of the United States Postal Service for an Advisory Opinion On Changes in the Nature of Postal Service, USPS states on page 12:

“As a courtesy, the Postal Service has provided local firm holdout service to customers, usually businesses, receiving more than 50 mail pieces per day. Local firm holdout policy permits these customers, who usually do not have a Post Office Box, to pick up their mail at delivery unit six days a week in lieu of having it delivered to their street addresses. Even if it were operationally feasible to separate this mail from other street addressed mail at a delivery unit on Saturday, it would not be fair to permit some recipients to pick up such mail on Saturday but to deny the same service on the same day to other recipients of street-addressed mail who also are not receiving delivery to their street addresses.”

- a. Please confirm that firm holdout service is provided free to these customers.
- b. Do recipients of firm holdout service typically receive their mail in this manner every day?
- c. Is it the Postal Service's intention to eliminate firm holdout service for any day besides Saturday,
  1. If 5 day delivery is adopted?
  2. Whether or not 5 day delivery is adopted?
- d. If your response to part a. is yes, does the Postal Service “separate this mail from other street addressed mail” on a typical non-Saturday? If so, please explain why such separation would be any more infeasible on a Saturday than, say, a Wednesday.
- e. Are “firm holdout” customers the same as “caller service” customers, as defined on lines 23-24, page 3 of your testimony.
- f. If firm holdout customers typically have more than 50 mail pieces per day and the PO boxes available at the customer's post office do not accommodate that volume, what options will be extended to the customer?
- g. If a given Post Office has insufficient PO Box inventory to convert all firmholdout customers to paid PO boxes, will PO box distribution on Saturdays be discontinued at that Post Office on grounds that it is not “fair” for some

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recipients to get mail while others do not?

**RESPONSE:**

[a] Confirmed.

[b] Yes.

[c] Firm holdout customers will receive delivery on the same delivery schedule as customers receiving delivery to a street address.

[d] Firm holdout mail arrives at a delivery unit comingled with other street addressed mail and is manually separated out each delivery day. Feasibility of this process is dependent on the arrival of street addressed mail at a DU, regardless of day of week. In this proposal, only mail addressed to PO Boxes will arrive at a delivery unit on Saturday for delivery. The remaining mail will be held in the processing facility for DPS processing over the weekend for Monday delivery. Since firm holdouts customers receive mail addressed to a street address, their mail will not be available for pick up at a delivery unit on a non-delivery day for customers receiving delivery of street addressed mail.

[e] No.

[f] Caller Service will be available to these customers.

[g] Neither PO Box service nor Caller Service will be discontinued at any location due to inventory constraints. Caller service does not require a physical PO Box, so it does not depend on the PO Box inventory.

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**NNA/USPS T3-2**

On p 4 of your testimony, you say that “Large Mailers” that drop ship mail will be able to continue to enter mail at Post Offices on Saturdays.

a. Please define “Large Mailers.”

b. Will a mailer with volumes considered “large” when measured on a scale of an individual Post Office’s volumes be considered a “Large Mailer?”

c. Will a mailer’s history of mail entry on Saturdays be a factor in considering whether the mailer will be permitted to enter mail on Saturdays?

d. Please provide a copy of DM-109 5-5.1 for the record and explain how the elimination of Saturday service is expected to affect this policy.

**RESPONSE:**

[a]-[b] Typically customers making drop shipments at Delivery Unit (DU) locations are larger mailers with high volumes. However, any size customer may drop ship mailings at a DU if the qualifying sort has been made and rate has been paid for the mailing.

[c] Mail entry will be dependent on the Saturday operating window at a Post Office location. If the operating window can accommodate existing drop ship appointment times on Saturday, there will be no change to Saturday entry.

[d] redirected to the United States Postal Service for an institutional response.

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**NNA/USPS T3-3**

On p 4 of your testimony you state that eliminating Saturday delivery will not require additional vehicles, casing equipment or facility space. Later in your testimony, you state your belief that some mail will shift to Fridays for in-home delivery by the weekend and the rest will be delivered on Monday, and finally on p. 11 you state that mail shifting to “other weekdays” should have only a small effect on a route’s average weekly street hours. You then analyze the effect of the deferred mail delivery upon Monday work hours.

a. Has the Postal Service conducted any studies to determine which percentage of Saturday mail will shift to Fridays or any other work day, rather than Mondays? If so, please provide a copy of the study or studies.

b. If volume shifting to Fridays were to lead to a potential of increased cost in vehicles, casing equipment, facility space or other cost-drivers, would local supervisors have the option of deferring non-committed mail to Mondays, or later?

c. If volume shifting to Fridays could not be deferred without violating service standards, would additional costs for Friday processing and delivery be likely?

d. Does the Postal Service find that there is greater or lesser excess capacity of available workhours, vehicles, casing equipment or facility space on Tuesdays, Wednesdays, Thursdays or Fridays than on Saturdays? Please explain your response.

e. Has the Postal Service conducted any studies of newspaper Periodicals class mailers that now mail on Saturdays to determine whether they will switch to Fridays, Mondays or any other day when delivery is provided. Is so, please provide the study or studies. If not, please explain why not.

**RESPONSE:**

[a] No studies have been conducted to determine which percentage would move to which day.

[b] Local supervisors would have the option of deferring non-committed mail to

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Mondays, assuming that it does not impact service standards.

[c] If volume shifting to Friday could not be achieved without violating service standards, the mail would not be shifted and extra costs would be incurred.

[d] From a delivery perspective, the greatest day of excess capacity is on Saturdays. This is due to the combination of lesser volume and businesses being closed on Saturday.

[e] General discussions have been held at various PCC's, but no studies conducted.

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**NNA/USPS T3-4**

You state that some labor to be eliminated consists of “lower wage” Leave Replacement employees on rural delivery routes. Please provide documentation of the difference(s) in compensation levels between Leave Replacement employees and regular rural letter carriers.

**RESPONSE:**

The following data were extracted from the USPS Finance National Payroll Hours

Summary Report:

May 8 - May 21, 2010 - Pay Period 11 - FY 2010  
NATIONAL PAYROLL HOUR SUMMARY REPORT DATE 05-26-2010  
MINNEAPOLIS PDC PAY PERIOD-FY 11-2010 PAGE 48  
REPORT AAW120P1 SFX ENDING DATE 05-21-2010  
RURAL CARRIER, FULL-TIME (DES. 71)  
(%) BENEFITS/ACCRUED SALARY COST 36.1262

B/A FDC SUB REPORT-A  
REFERENCE NBR: 1055 TITLE:  
RURAL CARRIER ASSOCIATE (DES. 78)  
COST OF SAL & BEN PER TOTAL WK HR 20.1593

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**NNA/USPS T3-5**

Please confirm that Within County Periodicals mail that is entered at carrier-route, walk sequenced rates does not necessarily have to be manually sorted and that this mail can be carried by city carriers in a firm bundle or by rural carriers on motor routes without manual sorting by the carrier. If you do not confirm, please explain why you do not.

**RESPONSE:**

Not confirmed. This mail is not handled as a firm bundle by city carriers, but as a sequenced set. Rural carriers may deliver this mail with or without manually casing it.

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**NNA/USPS T3-6**

On p 12 you discuss some route adjustments that may be needed for rural carriers' routes.

- a. Does a "territorial" cut for a K route mean that the route may become shorter, covering fewer miles?
- b. If routes must be cut to make them fit into 8 hours daily, will additional routes be added in those territories? If so, please provide an estimate of how many routes will be added.
- c. Please confirm that the route adjustments discussed in this section are the subject of contractual agreements and that USPS does not at this date know whether the contractual adjustments will be agreed to by Rural Letter carriers. If you do not confirm, please explain why. If you do confirm, please explain how you have analyzed route cost savings without knowing the constraints of potential contracts.
- d. Please confirm that your reference to "higher" wages in line 3 or page 13 refers to the wages of city carriers, and not carrier technicians.

**RESPONSE:**

- [a] Yes.
- [b] Each delivery zone will have a unique set of circumstances governing whether or not any additional route(s) will be necessary due to territorial adjustments. Nationally we expect the adjustments to have a minimal impact on route complement.
- [c] Yes, the route adjustments are the subject of contractual agreements between the USPS and NRLCA. The route cost savings were calculated based on assumptions all routes would have to be adjusted to as close to 40 hours a week as possible.
- [d] The average wage for carrier technicians and other employees who fill in on the sixth day is higher than the average full time regular wage for City carriers.

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**NNA/USPS T3-7**

On p 14 you say local post office management may need to add retail hours if postal patrons create an increase in lobby traffic in Saturday, in order to achieve Wait Time in Line goals of 5 minutes or less. Has any estimate of the additional retail hour cost been provided in this docket? If so, please cite it.

**RESPONSE:**

As cited in section 3 of Library Reference USPS-LR-N2010-2, "In order to accommodate customer demand of pickup, we have built additional retail hours into the proposed plan. Approximately 2,500-3,000 Level 20 and above Post Offices do not currently offer Saturday retail hours. A breakout of these locations by level and facility subtype can be found in the Excel file PO OPERATIONS.xls in tab "NO Saturday Retail Hours". Two 2 hours per week were added in for these locations (using the higher end of the range, 3,000) if customer demand necessitates. Local decision must be made after a period of time to determine the need to implement additional retail hours. The added hours are not restricted to these locations, as some may not require additional retail hours in the future. These added hours appear as Extended Retail Hours in the "Summary FY09" tab of Excel file PO OPERATIONS.xls."

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**NNA/USPS T3-8**

You discuss the effect of automation upon workload peaks on p. 15.

- a. What percentage of letter mail is currently delivery-point sequenced through automation?
- b. Please provide estimates of the additional percentage gains in deliverypoint sequenced letter mail that Postal Service expects to achieve in the next three years.
- c. Please confirm that the Postal Service's current plans for Flats Sequencing Systems for flat mail predict that around 35 percent of flats will be handled by FSS. If you do not confirm, please provide the correct estimate

**RESPONSE:**

- [a] I have been informed that 91.48 percent of letter mail, year-to-date, is delivery point sequenced through automation.
- [b] I have been informed that the National Performance Assessment (NPA) goal for DPS percentage for FY 2010 is 95 percent. Goals for future years have not been established as of this date.
- [c] I have been informed that the Phase 1 Flats Sequencing System deployment of 100 machines should be able to handle about 25 to 33 percent of the total candidate flat volume.