

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

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

Docket No. N2010-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO QUESTIONS  
FROM THE BENCH AT THE HEARING FOR WITNESS GROSSMANN  
(July 29, 2010)

The United States Postal Service hereby provides its responses to oral questions posed from the bench at the July 22, 2010, hearing on the testimony of witness Grossmann. The relevant portions of the transcript are quoted and followed by the responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**RESPONSE OF UNITED STATES POSTAL SERVICE TO ORAL QUESTION FROM  
COMMISSIONER ACTON AT TR. 6/1513 (JULY 22, 2010)**

**Question:** We think that your website expresses a savings in that report of about [\$225.4 million]. . . . But the testimony numbers are [\$]220 million. So our question is, are the anticipated highway contract route reduction estimates being reevaluated or is there some change in methodology that you're making, or is there some other reason that you might offer for the differential in those numbers?

**Response:**

In his direct testimony (T-4, page 45), witness Bradley provides a chart showing “the cost savings for *regular* purchased highway transportation cost” (emphasis added).

This chart indicates the total estimated Saturday cost savings as \$106,526,328 and the total estimated Sunday cost savings as \$113,689,891, for a total cost savings of \$220,216,219. Witness Bradley’s testimony then advises that “[*b*]ox route contracts function somewhat differently than highway transportation contracts” (T-4, page 45) and estimates a total box route savings of \$35,154,486. In context, the two terms were intended to distinguish between the “regular,” in the sense of non-box-route, segment of Highway Contract Route (HCR) transportation and the box-route segment of HCR transportation. (See also Library Reference USPS-LR-N2010-1/9.) As witness Grossmann explains in his testimony (T-5 at 11), the Intra-CSD HCR contract category can include both box routes and “regular,” non-box routes. When these two segments are added together, the total HCR transportation cost savings are \$255,370,705, which is the figure provided on the Postal Service’s website ([http://www.usps.com/communications/five-daydelivery/plan/c4\\_8.htm](http://www.usps.com/communications/five-daydelivery/plan/c4_8.htm)).

**RESPONSE OF UNITED STATES POSTAL SERVICE TO ORAL QUESTION FROM  
COMMISSIONER BLAIR AT TR. 6/1513-1514 (JULY 22, 2010)**

**Question:** [I]n the bypass mail program in Alaska, are they transporting six days a week, seven days a week, five days a week, three days a week? . . . [B]y reducing one day delivery how would that -- if they are transporting three days a week, would elimination of Saturday delivery eliminate the delivery by one-third . . . ?

**Response:**

The Postal Service's five-day delivery plan will not change how intra-Alaska bypass mail is handled. Intra-Alaska bypass transportation is provided entirely – acceptance, processing, transportation, and delivery – through third-party carriers' networks, *bypassing* all postal facilities, hence the name. Whether such mail is processed and transported on Saturdays, therefore, depends solely on the *carriers'* operating schedules and space availability, without regard to the Postal Service's network operations. All of Alaska bypass mail (perishable or other subsistence items) is mailed by authorized bypass shippers through bypass mail arrangements, rather than by individual mailers through the Postal Service network. Delivery is made by the *carrier* in a manner equivalent to general delivery at a Post Office.

The Postal Service arranges for the transportation of bypass mail in Alaska as provided in 39 U.S.C. § 5402(f)-(s), at rates established by the Department of Transportation under 49 U.S.C. § 41901, and not pursuant to contract. All bypass mail originates either in Anchorage or Fairbanks, and the air carriers may transport mail from those points to the remote areas of the Alaska bush on any number of days of the week, depending on the volume of bypass mail available, the carriers' schedules, and the space availability. Mail collected from the bush that arrives on Saturday at the Postal

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Service's Anchorage or Fairbanks facilities will be treated like other mail collected on Saturdays and will not be processed until Monday.

Because the vast majority of groceries and other perishable items mailed in Alaska travel through the bypass mail system and not through any postal facilities, witness Grossmann's responses to questioning about perishable items (Tr. 6/1502-1507) should be understood to apply only to the small percentage of items that are entered into the Postal Service-operated network in Alaska. The Postal Service will operate in Alaska on Saturday as elsewhere in the United States.

Under the Postal Service's five-day delivery plan, those non-bypass mailers of perishable items processed through the Postal Service network would have two options in response to the elimination of Saturday delivery to street addresses: they could adjust their mailing schedule in order to avoid potential weekend delays, or they could purchase Express Mail, which will continue to be processed, transported, and delivered seven days a week..