

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

MARKET TEST OF EXPERIMENTAL PRODUCT—
CUSTOMIZED DELIVERY

Docket No. MT2014-1

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**
(October 8, 2014)

The United States Postal Service hereby provides its responses to Chairman's Information Request No. 1, which was issued on September 30, 2014. Responses were due by October 7, 2014. The responses to Questions 1-2, and 4 are attached. The responses to Questions 3 and 5 are forthcoming. Each question is reprinted verbatim and is followed by the Postal Service's response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
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October 8, 2014

RESPONSE OF THE UNITED STATES POSTAL SERVICE
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1. Please describe the geographic markets where the market test may be conducted.

RESPONSE:

Potential geographic areas for this market test are currently being evaluated. Additional markets may be added based on customer interest and operational feasibility. No final determinations have been made yet for the market test.

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2. Please provide an estimate of the total revenue that is anticipated by the Postal Service for fiscal years 2015 and 2016, and include available supporting documentation.

RESPONSE:

The Postal Service has not yet determined the price for deliveries under the market test within its proposed price range; therefore, it is difficult to calculate expected revenue at this time. Price may be determined based on markets, delivery density, number of shippers, and the ability of shippers to deliver goods to Postal Service facilities. While we do not yet know the total projected revenues per year, we will ensure that it will not exceed the \$50,000,000 annual revenue cap for market tests.

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4. The Notice states that "Customized Delivery is a package delivery service offering that will provide customers with delivery of groceries and other prepackaged goods...." *Id.* at 1.

- (a) Please explain how Customized Delivery is different from the same-day delivery service provided by Metro Post.¹
- (b) Can items delivered via Customized Delivery, such as groceries and prepackaged goods, also be delivered via Metro Post?

RESPONSE:

a. All Customized Delivery items will be transported directly to a customer's door and will be delivered without disturbing the recipient. Metro Post does not deliver to the door, but leaves the delivery where mail and packages would normally be delivered for the customer. Additionally, any items undeliverable during Metro Post service hours are rolled into next day delivery. Undeliverable items for Customized Delivery will be returned to the shipper. Customized Delivery also will allow recipients to provide specific delivery instructions. Metro Post does not provide this feature. Finally, under the Customized Delivery market test, the Postal Service will negotiate price with each customer, in part, based on the pickup schedules specific to each customer. Prices in Metro Post are fixed.

b. No, not under the current delivery model. The Metro Post model would need to change in order to accommodate items such as groceries. Carriers would need to go to each delivery door and manage customer-specific delivery instructions. Additionally, Metro Post hubs would need to manage returns back to the shipper for undeliverable items.

¹ See Docket No. MT2013-1, Order No. 1539, Order Approving Metro Post Market Test, November 14, 2012.