

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

MARKET TEST OF EXPERIMENTAL PRODUCT –
CUSTOMIZED DELIVERY

Docket No. MT2014-1

**NOTICE OF THE UNITED STATES POSTAL SERVICE OF
FILING PUBLIC RESPONSES TO
CHAIRMAN'S INFORMATION REQUEST NO. 7,
QUESTIONS 3(c), 4, and 5(b)
(August 23, 2016)**

The United States Postal Service hereby provides notice of filing public responses to Questions 3(c), 4, and 5(b) of Chairman's Information Request (CHIR) No. 7. The Postal Service filed a broader set of responses under seal on August 18, 2016, but after consultation with the Public Representative, the Postal Service re-examined the entire set and determined that these specific responses are appropriate for public disclosure. Therefore, the Postal Service is today refiling these responses publicly. The rest of the responses filed on August 18th remain under seal. Each question is reprinted verbatim in the attached, and is followed by the Postal Service's response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Pricing and Product Support

Elizabeth A. Reed

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-3179, Fax -6187
August 23, 2016

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3. Pursuant to 39 C.F.R. § 3035.11(b), please provide the following:
 - a. A calculation of the total revenue received by the Postal Service from the market test to date for FY 2016, with supporting documentation for the calculations;
 - b. An estimate of the additional revenue that is anticipated by the Postal Service for the rest of FY 2016, FY 2017, and FY 2018, including available supporting documentation; and
 - c. Any additional information necessary for the Commission to evaluate continued consistency with the requirements of 39 U.S.C. § 3641.

RESPONSE:

- a. [Filed under seal]
- b. [Filed under seal]
- c. N/A.

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4. The "continued offering" of the Customized Delivery market test must not create market disruption, which is defined as "an unfair or otherwise inappropriate competitive advantage for the Postal Service or any mailer, particularly in regard to small business concerns...."
 - a. Please explain whether the proposed extension of the Customized Delivery market test will create market disruption. In the response, please provide all relevant market analysis, research, and information supporting the explanation.
 - b. Please explain whether the proposed expansion of the Customized Delivery market test will create market disruption. In the response, please provide all relevant market analysis, research, and information supporting the explanation.

RESPONSE:

a-b. The Postal Service is only requesting to extend the market test for one additional year, not expand into new markets at this time. The Postal Service will provide the Commission with appropriate notice before entering into any new markets. The markets in which the Postal Service currently operates and plans to operate over the next year are already served by dozens of providers, who operate in nearly a hundred individual metropolitan areas. The Postal Service does not believe its presence in these marketplaces will cause any market disruption. At this point in the infancy of same day delivery, multiple providers are testing various operational models while at the same time merchants are experimenting with a variety of providers. Below is a sampling of merchants offering home grocery delivery, similar to Customized Delivery:

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<p>AmericaGrocer.com Austin Grocer Big Apple Grocer Blue Ribbon Foods Coborns Delivers Door-to-Door Organics Farmigo GoBIO! Good Eggs Gopher Grocery Groceries-Express.com Homeland Delivery HomeShop</p>	<p>Instacart MaxDelivery My Brands Netgrocer.com Nextdoorganics OneClickGrocery.com Peapod Pink Dot Planet Organics Quinciple Roche Bros. Safeway Schnucks Express</p>	<p>FreshDirect.com Connection Schwan's ShopFoodEx.com Spud.com Suburban Organics UrbanGrocery.com Urban Organic USGrocer.com Vons Walmart WeGoShop.com YourGrocer.com Yummy.com</p>
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5. The Postal Service states that it “intends to expand the Customized Delivery market test to a number of additional markets over the next year, so that the Postal Service can examine the market in a wider range of metropolitan areas.” Request for Extension at 1.
- a. Please identify the additional markets and metropolitan areas in which the Postal Service intends to expand.
 - b. Pursuant to Order No. 2224, please provide the following information for each additional market or metropolitan area identified in response to request 5.a:
 - i. Examples of businesses that offer similar products or services;
 - ii. The range of prices these businesses charge for similar products and services; and
 - iii. A description of the impact of the expansion on small business concerns.

See Order No. 2224 at 13. An example of the level of detail required for this information can be found in the Postal Service's responses to Chairman's Information Request No. 6.

RESPONSE:

- a. [Filed under seal]
- b. The Postal Service will provide this information for each new market when it files its notice with the Commission.