

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

Postal Rate Commission
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Complaint on First-Class Mail
Service Standards

Docket No. C2001-3

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
REDIRECTED FROM WITNESS GANNON
(April 29, 2004)

The United States Postal Service hereby provides its responses to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T1-6b, 7a, 9-11 (dated March 19, 2004). The interrogatories have been redirected from witness Gannon to the Postal Service for institutional response. Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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CERTIFICATE OF SERVICE

I hereby certify that, in accordance with section 12 of the Rules of Practice, I have this day served the foregoing document upon all parties of record.

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RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO OCA INTERROGATORY

OCA/USPS-T1-6. Please refer to your testimony at page 9 where you state the team preparing the National 2 & 3-Day Model "was aware that the Postal Service was phasing out regional contracts for dedicated air service that was being used primarily to fly mail between points in the West and Southwest."

a. If these regional contracts had not been phased out, would there have been more 2-day origin-destination pairs in those regions than were in the final model?

b. Why were those dedicated air service contracts being phased out?

RESPONSE:

(a) [Provided by witness Gannon on April 6, 2004]

(b) The referenced regional air service contracts were in place when the Postal Service utilized the Emery air transportation network. They were phased out when the Postal Service began to utilize the FedEx air transportation network, which provides greater reach.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO OCA INTERROGATORY

OCA/USPS-T1-7. Your testimony on pages 9-12 discusses problems with the reliability of commercial airlines. You do not specifically indicate that similar problems existed with dedicated air contracts.

- a. What data did you have regarding the reliability of deliveries for mail transported under dedicated air contracts?
- b. What cost data did you rely upon to take the cost differences of dedicated air and surface transportation into account to determine, as you say you did on page 10, lines 17-22 of your testimony, that you would need to "make adjustments to service standards" based upon "economical" transportation alternatives?
- c. Did the team ever develop a maximum unit cost or other cost that would be permissible to justify using dedicated air contracts for a 2-day service standard between origin-destination pairs rather than using surface transportation for a 3-day service standard?

RESPONSE:

(a) The Postal Service maintained data on the take off and arrival times of aircraft at both the outstations and the hub.

(b) & (c) [Responses provided by witness Gannon on April 6, 2004]

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO OCA INTERROGATORY

OCA/USPS-T1-9. Please refer to page 11 if your testimony. You indicate the agreement with Federal Express for a daytime network was designed, in part, for transportation of 3-day First-Class Mail.

- a. Can either the daytime or nighttime FedEx network be used as backfill for 2-day First-Class Mail service? If so, are they being used for backfill?
- b. If so, how often are they being used for backfill?

RESPONSE:

(a) & (b) The network is designed to carry mail, not "backfill." If you mean to ask whether unutilized space on a network designed primarily for Express Mail, Priority Mail and 3-day First-Class Mail could be used to carry 2-day First-Class Mail on some occasions, the answer would be yes. For instance, some volumes of mailer-prepared First-Class Mail will sometimes be deposited early in the day and, consequently, may be available to travel on the nighttime FedEx network. However, based on the National 02:30, Day-1, Clearance Time for 2-Day FCM, the first obvious opportunity for the vast majority of 2-Day mail to travel with FedEx would be the next day on the Daytime network. As indicated at page 12 of witness Gannon's testimony (USPS-T-1, lines 11-18) (revised March 15, 2004):

[T]he range of arrival times at destinating mail processing plants for mail traveling on the FedEx network is typically later than the latest ETA time for 2-day First-Class Mail that could be scheduled at an ADC (17:00), as designed by the 2 & 3-Day Model. The majority of the FedEx arrivals at plants throughout the country are usually after 19:00, and many extend into the 21:00-22:00 time frame. While these later arrivals can be accommodated for Express Mail and Priority Mail volumes, such arrival times, usually, are too late to achieve a 2-day standard for First-Class Mail. Therefore, it is a transportation reality that the majority of the daytime network arrivals at the actual ADC Processing Plants are well beyond the latest possible Modeled ETA of 17:00.

It is this arrival profile that makes the daytime FedEx network not normally a viable option for the scheduled routing of 2-Day FCM, rather than the issue of "available space" (or "backfill", as you incorrectly call it).

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO OCA INTERROGATORY

OCA/USPS-T1-10. On pages 12-13 of your testimony, you indicate you were directed to verify that the FedEx contract would not significantly aid 2-day First-Class Mail and that the assignment was subsequently rescinded.

- a. Since that time, have you or anyone else in the Postal Service undertaken the planned but terminated analysis to confirm the conclusion that the FedEx contract would not significantly aid 2-day First-Class Mail delivery?
- b. If so, what are the results of that analysis?

RESPONSE:

(a & b). No such analysis has been conducted.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO OCA INTERROGATORY

OCA/USPS-T1-11. On page 15 of your testimony you state that the final decision on transportation mode in relation to service standard modification requests rests with the Area Offices and that there has never been a mandate that only surface transportation can be used between 2-day origin-destination pairs.

a. Can the Area Office consider dedicated air transportation in requesting upgrades?

b. Do the Area Offices routinely review the possibility for dedicated air contracts to upgrade 3-day service to 2-day service? If not, why not?

c. Do the Area Offices have the authority to negotiate dedicated air contracts in order to determine the potential feasibility or economics of requesting a final decision from the headquarters team to upgrade service from 3-day to 2-day origin-destination service?

RESPONSE:

(a) Area Offices may consider all modes of transportation.

(b) It is unlikely that Area Offices consider the possibility for dedicated air contracts to upgrade 3 day service to 2 day service. The Postal Service has very few dedicated air contracts.

(c) Area Offices are not authorized to negotiate dedicated air contracts. Such authority rests with Headquarters.