

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

EVOLUTIONARY NETWORK DEVELOPMENT)
SERVICE CHANGES)

Docket No. N2006-1

VALPAK DIRECT MARKETING SYSTEMS, INC. AND
VALPAK DEALERS' ASSOCIATION, INC.
SECOND INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE
WITNESS DAVID E. WILLIAMS (VP/USPS-T2-7-10)
(June 9, 2006)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc. hereby submit interrogatories and document production requests. If necessary, please redirect any interrogatory and/or request to a more appropriate Postal Service witness.

Respectfully submitted,

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VP/USPS-T2-7.

- a. For the 10 AMP proposals included in library reference USPS-LR-N2006-1/6, following consolidation, will any of the 10 P&DFs from which originating First-Class Mail operations were consolidated continue to process destinating mail?
- b. If your answer to preceding part a is affirmative for any of the 10 P&DFs from which originating First-Class Mail operations were to be consolidated, will those P&DFs continue to use their automated letter and flat sorting equipment for destinating sortations, or will destinating mail be sorted manually? Further, please describe the equipment that will be utilized for destinating sortations, and explain whether: (i) that equipment is the same as was previously used to sort originating mail; or (ii) the Postal Service now has specialized equipment that is used only for destinating mail.

VP/USPS-T2-8.

Please refer to your response to VP/USPS-T2-3.

- a. Will the absence of originating mail for processing at the 10 P&DFs that are included in library reference USPS-LR-N2006-1/6 cause any automated sorting equipment at those facilities to become excess, or redundant? If so, at how many P&DFs will such redundancy occur?
- b. At those 10 P&DFs, what equipment other than sorting equipment, if any, is expected to become excess?

- c. In general, when mail is consolidated from P&DFs to P&DCs, what equipment would the Postal Service expect to become excess?
- d. If the Postal Service engages in a nationwide consolidation of P&DFs under its END program, to where does it expect to relocate equipment made excess by consolidation?

VP/USPS-T2-9.

Please refer to your response to VP/USPS-T2-4. If a gaining facility has to implement new sort schemes to process originating mail from a losing facility, and mail at the gaining facility is processed on automated equipment which runs at the same rate as automated equipment in the losing facility, please explain whether and why, under such conditions, consolidation is expected to result in greater efficiency and a reduction in unit costs.

VP/USPS-T2-10.

Please refer to your responses to VP/USPS-T2-1 and VP/USPS-T2-3, as well as to USPS Library Reference N2006-1/7. In your response to VP/USPS-T2-1, you state that “[e]fficiency gains are expected to come from consolidating certain operations into fewer locations and better utilizing available capacity.” In your response to VP/USPS-T2-3 you state “utilization will increase and idle time will decrease for similar equipment at the gaining facility....”

- a. Please assume that, in the course of a year, the gaining facility increases utilization of its equipment by, say, 500 hours, and idle time on similar

equipment at the losing facility increases by 500 hours. Under such conditions, please explain why and how consolidation is expected to result in net efficiency gains.

- b. The “Highlights” page (unnumbered) of the GAO Report in library reference USPS-LR-N2006-1/7 indicates that, during FY 2004, the average hourly pieces handled per person in “small” plants was 1,970 pieces, in “medium” plants it was 1,700 pieces, and in “large” plants it was only 1,495 pieces. In light of these data, and the fact that higher productivity generally indicates lower unit costs, please explain further why, in general, the Postal Service expects consolidation from smaller plants into medium or larger plants to result in efficiency gains.