

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.
THIRD INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE
WITNESS DAVID E. WILLIAMS (VP/USPS-T2-11)
(June 16, 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-T2-11.

Please refer to USPS Library Reference N2006-1/7, the “Highlights” page (unnumbered) of the GAO Report in USPS-LR-N2006-1/7, which 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. That GAO Report also indicated that the productivity in small plants ranged from (i) 1,013 to 2,854 pieces per hour in small plants, (ii) 519 to 2,544 pieces per hour in medium plants, and (iii) 727 to 2,572 pieces per hour in large plants.

- a. In light of the above productivity data in USPS-LR-N2006-1/7, is it possible for the AMP process to result in consolidating mail from a low-cost small facility into a high-cost medium or large facility? If the procedures have built-in safeguards to prevent this from occurring, please explain what they are.
- b. Has the AMP review process involved one or more situations where the effect of the proposed consolidation would be to transfer mail from a high-productivity, low-cost small facility to a low-productivity, high-cost larger facility? If so, please indicate whether each such proposed consolidation was stopped or nevertheless pursued.
- c. As a hypothetical, please suppose that the post-implementation review showed that a particular consolidation did in fact result in significantly reducing efficiency and increasing costs over what they were prior to consolidation.
 - (i) Could the consolidation decision be reversed?

- (ii) Would it ever be reversed, or will consolidation proceed regardless of whether or not it increases efficiency and reduces cost?