

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

EVOLUTIONARY NETWORK DEVELOPMENT
SERVICE CHANGES, 2006

Docket No. N2006-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
PRESIDING OFFICER'S INFORMATION REQUEST NO. 5
(Question 7)

The United States Postal Service hereby provides its response to Question 7 of Presiding Officer's Information Request No. 5, issued on June 9, 2006. The question is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux
Chief Counsel, Ratemaking

Sheela A. Portonovo

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-3012; Fax -6187

**RESPONSE OF THE UNITED STATES POSTAL SERVICE QUESTION
(POIR) NO. 5 QUESTION 7**

7. Is there a nationwide “future network” identified by the END optimization and/or simulation model that has been used as a benchmark to evaluate any AMP?
- a. If not, what is an AMP decision, or a new facility, compared to in order to validate its role in the future network?
 - b. If so, did that benchmark “future network” consist of a specific number of facilities?
 - i. If so, how many?
 - ii. How many were RDCs, LPCs, and DPCs.
 - c. If there is a benchmark “future network” used to evaluate AMPs:
 - i. Did facilities in the benchmark “future network” have geographic locations that can be identified by region, 3-digit ZIP Code area, or 5-digit ZIP Code area? Please identify those regions or areas with which the facilities were identified.
 - ii. Were the sizes of the facilities in the benchmark “future network” identified either in terms of square feet, workload, or any other measure? If so, please provide that information. Was size identified by operation? If so, provide that information.
 - iii. Were the unit costs of the facilities in the benchmark “future network” identified by facility and/or operation? If so, please provide that information.
 - iv. How many facilities in this benchmark “future network” will perform the functions currently performed by the ADCs and AADCs?
 - v. Provide the number of PDCs that currently perform destinating processing but do not perform destinating processing in the benchmark “future network.”
 - vi. Which of the facility characteristics referred to in i through ii i above were used to determine that an AMP decision was or was not consistent with the benchmark “future network?”
 - vii. What other characteristics of the facilities in the benchmark “future network” were used to determine that an AMP decision was or was not consistent with the benchmark “future network?”
 - viii. If, under the END process, a P&DC were to lose its role as a processing site for destinating mail arriving from other plants:
 1. would it nevertheless retain its role as the processing site for local “turnaround mail?”
 2. How much of a current P&DC’s workload is “turnaround mail,” on average?

Response:

No

- a. Any theoretical “future network” produced by the END models is refined through operational reviews to ensure site specific factors that are not included in the models are taken into consideration. The END process

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takes an incremental approach to evaluating and adjusting the network. AMP proposals are evaluated against a theoretical future network design at the time the proposal is submitted. Subsequent future network designs carry forward the impacts of previous network changes and reflect the current market conditions. As stated in Witness Shah's testimony, "No one can accurately and reliably predict how the hard copy communications and package delivery industry will change in the next five to ten years. While some broad trends are certainly discernable, it is not possible, with great precision, to say now what the optimal mail processing and delivery infrastructure should look like a decade from now. The Postal Service's only recourse is to continuously examine the network for inefficiencies and redundancies, standardize the best operational practices, and -- where appropriate -- consolidate, eliminate, expand or relocate processing functions. The changes sought here, using END as a framework, cannot be accomplished overnight. Of necessity, the changes will have to be implemented incrementally ..." As a result, there is no one final nationwide "future network" used to evaluate all AMP proposals.

- b.** See response to a
- c.** See response to a