

Before the
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

Evolutionary Network Development)
Service Changes, 2006)

Docket No. N2006-1

OFFICE OF THE CONSUMER ADVOCATE FOLLOW-UP
INTERROGATORY TO UNITED STATES POSTAL SERVICE
(OCA/USPS-63)
August 22, 2006

Pursuant to Rules 25 through 28 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits a follow-up interrogatory and request for production of documents. Instructions included with OCA interrogatories OCA/USPS-1-5, dated March 3, 2006, are hereby incorporated by reference.

Respectfully submitted,

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Officer of the Commission

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OCA/USPS-63. Please refer to OCA/USPS-58 which referred to USPS Library Reference N2006-1/24, "Draft Regional Distribution Center Activation Planning Document" filed July 28, 2006. In part (c), the interrogatory pointed out the preparation of financial information is not provided for in the planning document and asked for an explanation. The response states the planning document "is not used to determine approval to activate an RDC. The costs/savings associated with the actual activation of an RDC will be managed within the normal budget process and through the normal capital expenditure DAR process."

(a) Please explain the "normal budget process" that will apply to the analysis and decision to activate an RDC and determine the costs/savings associated with the activation of an RDC.

(b) Please explain the "normal capital expenditure DAR process" that will apply to the decision-making analysis to determine whether and when to activate an RDC.

(c) Is a benchmark rate of return used for recommending approval of expenditures of the type necessary to activate an RDC? If so, what is that benchmark rate?

(d) Have any expenses been included in any annual USPS budget to activate an RDC or to prepare for activation of an RDC? If so, please provide the budget materials for each year for such activities, the budget analysis for the expenditures that were included in the budget, and provide the dollar amounts included in the budgets.

(e) Has any DAR been prepared to analyze any potential RDC activation? If so, please provide a copy of that DAR as previously requested in part (d) of OCA/USPS-58.

(f) Part (e) of OCA/USPS-58 asked whether a DAR report will be prepared to activate RDCs. The response states, "As necessary existing procedures for requesting

capital funds will be followed.” Please explain the “existing procedures for requesting capital funds” and whether the existing procedures provide for the preparation of a DAR.

What is the lead time necessary to request funds for the activation of an RDC?

(g) Part (f) of OCA/USPS-58 noted the planning document does not provide for a procedure to conduct post-implementation review of RDC activations. The response to the interrogatory states, “The same processes and procedures that are used today to review the impacts of network decisions are those that will be utilized to review the effectiveness of the RDC activations.” Inasmuch as, to date, apparently no review of the impact of any network decision has been completed, please explain the “processes and procedures” to which the response is specifically referring that will measure the impacts of RDC activations.