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UNITED STATES OF AMERICA
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Evolutionary Network Development
Service Changes

Docket No. N2006-1

PRESIDING OFFICER'S INFORMATION REQUEST NO. 4

(Issued May 19, 2006)

The United States Postal Service is requested to provide the information described below to assist in developing a record for the consideration of the Postal Service's request for an advisory opinion. In order to facilitate inclusion of the required material in the evidentiary record, the Postal Service is to have a witness attest to the accuracy of the answers and be prepared to explain to the extent necessary the basis for the answers at our hearing. The answers are to be provided by June 2, 2006.

1. Witness Williams' response to APWU/USPS-T2-24(d) states, "[c]hanges in ADC assignments are considered maintenance of our current ADC network… ." Please provide
   a. the number and location of all ADCs and AADCs in the current ADC network; and
   b. the number of facilities in the future network that all current AMPs are validated against that will perform the functions currently performed by the ADCs and AADCs.

2. Please provide all Post Implementation Reviews that have been completed to date for the AMP studies provided in USPS-LR-11.

3. Please refer to the Postal Service's Response to Presiding Officer's Information Request No. 2, question 1 (b). In the example given, will the First-Class and

Priority Mail parcels be processed and transported in separate mailstreams from the Standard parcels?

a. If so, how will economies of scale be realized?
b. If not, how will the expedited service standards for First-Class and Priority Mail be maintained?

4. In developing the future network that all current AMPs will be validated against, were existing service standards between ZIP Code pairs held constant (i.e., used as a constraint) or allowed to change? Please identify all service standards between ZIP Code pairs to date that have been allowed to change as a result of developing the future network.

5. At page 12 of USPS-T-2, witness Williams describes two phases of AMP review precipitated by the results of the END model that will be conducted in 2006. He then states

> …the Postal Service will use the END model to identify candidate facilities for AMP originating consolidations whose future distribution network role is expected to be that of a destinating processing facility. Similar review and approval cycles are expected for calendar year 2007 and beyond.

This statement focuses on consolidations of originating mail processing functions. In the future network against which AMP proposals are currently being validated, have destinating mail processing functions been removed from any facility that is currently a P&DC? If so, please provide the number of facilities that lose their destinating processing function, and the 3-digit ZIP Codes in which they are located.

6. At pages 6-7 of USPS-T-1, witness Shah suggests that the current network has redundant mail processing and transportation capacity that has arisen in order to maintain class distinctions that are to some extent unnecessary. He provides

Figure 2 as an illustration of redundant capacity and the resulting unnecessary complexity of the current network. He states that a primary objective of END is to identify and eliminate such redundant capacity. In the future network against which AMP proposals are currently being validated

a. please indicate which subclasses are processed together in a facility that are not processed together in the same facility in the current network;
b. please indicate which subclasses are transported together that are not transported together in the current network;
c. please provide your best estimate of the amount of processing costs saved by eliminating class distinctions in processing capacity in the future network (prior to any modification of the future network that might result from the process of AMP review);
d. please provide your best estimate of the number of 3-digit ZIP Code pairs in which service for a particular subclass is upgraded, and the number of 3-digit ZIP Code pairs in which service for a particular subclass is downgraded in the future network (prior to any modification that might result from AMP review) as a result of the consolidation referred to in "a" or the consolidation referred to in "b," above;
e. please provide your best estimate of the number of facilities in which a Critical Entry Time has been relaxed in the future network (prior to any modification that might result from AMP review) as a result of the consolidation referred to in "a" or the consolidation referred to in "b," above.

7. Page 12 of USPS-LR-9 refers to three problems that need to be solved in the optimization model.
   a. Please explain which problem is solved first and how that solution is used in solving the other problems.
   b. For the transportation model, please

i. explain which aspects of transportation are being optimized in the optimization step and which are not; for example:
    1. distance between RDCs;
    2. distance between RDCs and LPC/DPC;
    3. distance between LPCs and DPCs;
    4. distance between LPC/DPC and DDUs;
    5. costs;
    6. mode of transport;
    7. mail volumes on contract routes;
    8. transport times;
    9. utilization of truck space; or
    10. other (please identify and explain fully).

ii. Is the optimization of transportation based on mileage (i.e., shortest route), cost (i.e., lowest cost), or some other factor (please identify and explain fully)?

iii. If utilization of truck space is being optimized, please explain in mathematical terms how utilization is calculated and optimized.

iv. If cost is being optimized, please explain in mathematical terms how cost is calculated and optimized.

v. If distance is being optimized, please explain in mathematical terms how distance is calculated and optimized.

vi. If other aspects of transportation are being optimized, please explain in mathematical terms what is being optimized and how.

c. For the processing role model, please

i. explain which aspects of mail processing are being optimized in the optimization step and which are not; for example:
    1. machine hours;
    2. labor hours;
    3. utilization of square feet;

4. facility-specific mail processing costs;
5. facility-specific productivity; or
6. other (please identify and explain fully).

ii. If machine hours are being optimized, please explain in mathematical terms how required and available machine hours are calculated and optimized. Are machine hours facility-specific actual data, system or group averages based on actual data, hours based on theoretical throughput rates from the machine's design specifications, or some other measure? (Please explain fully.)

iii. If utilization of square feet is being optimized, please explain in mathematical terms how required and available square feet are calculated and optimized.

d. Is the ZIP Code assignment based on mileage, cost, or some other factor?

i. If it is based on cost, please explain in mathematical terms how costs are calculated and optimized.

ii. If it is based on some other factor, please explain fully what this factor is, how it is calculated, and how it is optimized.

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Presiding Officer