

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
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS DAVID E. WILLIAMS (OCA/USPS-T2-1-3)
March 6, 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 interrogatories and requests for production of documents. Instructions included with OCA interrogatories OCA/USPS-1-7, dated March 3, 2006, are hereby incorporated by reference.

Respectfully submitted,

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OCA/USPS-T2-1. Several government OMB directives discuss the measurement of costs and benefits resulting over time from the implementation of government programs. See, for instance, OMB Circular A-94 (Transmittal Memo No. 64), Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs, containing "...guidelines suggested for use in the internal planning of Executive Branch agencies." OMB Circular A-94 specifically applies to "...any analysis used to support Government decisions to initiate, renew, or expand programs or projects which would result in a series of measurable benefits or costs extending for three or more years into the future." Circular A-94 "...applies to all agencies of the Executive Branch of the Federal Government." See also, OMB Circular A-4 (To the Heads of Executive Agencies and Establishments, subject: Regulatory Analysis, September 17, 2004, regarding Federal regulatory analysis). The benefit-cost analysis in these publications discounts future benefits and future costs based on a designated interest rate.

USPS Library Reference N2006-1/6 provides an example of the application of an Area Mail Processing analysis. In addition, your testimony at page 4, lines 9-22, discusses various savings and changes associated with the AMP process.

- a. Is this approach consistent with the benefit-cost approach? Please explain and provide comments in your answer.
- b. The AMP approach does not appear to consider explicitly discounted savings over time. Please explain whether this is the case.
- c. Given that the Postal Service faces a variety of contractual issues in adjusting personnel to workload, are all of the first year savings projected in AMP analyses

achievable in the first year, or are these savings subsequently realized over time as personnel requirements are adjusted to normal business practices?

OCA/USPS-T2-2. For the case of an AMP proposal for upgrading, consolidating, or rationalizing equipment and processes at a facility, please explain how the possible impacts of the changes at a specific facility are quantitatively considered and measured in terms of their impacts on other facilities in terms of mail flow, mail schedules, and/or other network externalities.

OCA/USPS-T2-3. Please turn to page 11 of your testimony, where at lines 5-29 you discuss "Procedures for Moving Forward."

- a. Please explain how a locally-developed alternative network realignment proposal might differ from the END model simulation results and AMP review.
- b. You discuss approvals of changes in the application of service standards of 3-digit ZIP Code pairs. Is there a basis for assigning a monetary value to such changes?
- c. You mention post-implementation review. Please provide any additional information available on the concept of post-implementation review.