

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.
FIRST INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE
WITNESS DAVID E. WILLIAMS (VP/USPS-T2-1-6)
(March 23, 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,

William J. Olson
John S. Miles
Jeremiah L. Morgan
WILLIAM J. OLSON, P.C.
8180 Greensboro Drive, Suite 1070
McLean, Virginia 22102-3860
(703) 356-5070

Counsel for:
Valpak Direct Marketing Systems, Inc. and
Valpak Dealers' Association, Inc.

VP/USPS-T2-1.

Please refer to your testimony at page 3, lines 8-10, where you state that “[b]y consolidating operations ... the Postal Service can ... more efficiently process mail.”

- a. For the 10 P&DFs that are included in library reference USPS-LR-2006-1/6, do they generally use the same equipment to process originating First-Class Mail as the “gaining” P&DC? If important differences exist in the equipment or methods used by P&DFs and P&DCs, please describe.
- b. To the extent that P&DFs use equipment similar to that used in P&DCs (*i.e.*, with similar run rates, or throughput rates), please describe in more specificity the relative inefficiencies of the P&DFs (*vis-a-vis* P&DCs) and the major source(s) of efficiency gained by consolidating originating First-Class Mail to nearby P&DCs.

VP/USPS-T2-2.

Your testimony at page 3, lines 10-12, states that “[I]n years past, the vast majority of AMP proposals have involved consolidation of outgoing First-Class Mail operations.”

- a. Do each of the 10 AMP proposals included in library reference USPS-LR-2006-1/6 involve consolidation of outgoing First-Class Mail operations?
- b. Do any of the 10 AMP proposals included in library reference USPS-LR-2006-1/6 involve consolidation of outgoing operations for any other class of mail? If so, please specify each other class being consolidated.

- c. Is it correct that each of the 10 AMP proposals included in library reference USPS-LR-2006-1/6 requires the Postal Service to incur additional transportation cost? Please explain any negative answer.
- d. To the extent that the Postal Service incurs additional transportation cost as a result of any of the 10 AMP proposals included in library reference USPS-LR-2006-1/6, are all of those additional costs incurred in Cost Segment 14, purchased transportation? If not, in what Cost Segment are those additional transportation costs incurred?

VP/USPS-T2-3.

- a. For the 10 AMP proposals included in library reference USPS-LR-2006-1/6, following consolidation, will any originating, or outgoing, operations remain at the 10 P&DFs from which originating First-Class Mail operations were consolidated? Please explain any affirmative answer.
- b. Will any of the 10 P&DFs from which originating First-Class Mail operations were consolidated continue to use their automated letter and flat sorting equipment for any outgoing sortations? If so, describe which equipment will be utilized for such outgoing sortations, and how it will be utilized.
- c. If the idle time increases for equipment that was formerly used for outgoing sortations at the 10 P&DFs from which originating First-Class Mail operations were consolidated, will that diminish the utilization rate and Return on Investment (“ROI”) for such equipment? Please explain any negative answer.

VP/USPS-T2-4.

- a. For each of the 10 P&DFs that are included in library reference USPS-LR-2006-1/6, and from which originating First-Class Mail operations were consolidated, do the “gaining” P&DCs use the same sortation scheme for originating mail as did the P&DF from which the mail was consolidated?
- b. If your response for any of the 10 P&DCs is negative, please indicate how many of the P&DCs are required to implement a different sortation scheme on account of having to process the consolidated First-Class Mail from the P&DFs.

VP/USPS-T2-5.

Please refer to your testimony starting on page 7, which describes post-implementation review, especially at lines 5-7, which states that “post-implementation reviews must be completed within 30 days after the second full quarter following implementation and after the first full year following implementation.”

- a. Does a standard format exist for either or both of the post-implementation reviews? If so, please provide a copy. If not, please indicate what instructions exist for the post-implementation reviews.
- b. For each of the 10 AMP proposals included in library reference USPS-LR-2006-1/6, please indicate the dates when the first (30 days after the second full quarter) and second (first full year) post implementation reviews can be expected.

- c. Will the post-implementation reviews cover all aspects projected in the AMP, including the extent to which projected changes in service standards are being met, as well as cost savings, transportation costs incurred, etc.? If any of the projected changes may be omitted in the post-implementation reviews, please so indicate.

VP/USPS-T2-6.

- a. For First-Class Mail that is consolidated from a P&DF to a P&DC, what plans does the Postal Service have for measuring the quality of service, or service performance, given to that mail after it has been consolidated?
- b. As a hypothetical, please suppose, for whatever reason(s), that the actual service performance for consolidated First-Class Mail is somewhat worse than projected by the AMP. How would the Postal Service ever know this?