

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

EVOLUTIONARY NETWORK DEVELOPMENT  
SERVICE CHANGES, 2006

Docket No. N2006-1

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS TO  
VALPAK INTERROGATORIES VP/USPS-T2-1 THROUGH 2(c) AND 3 THROUGH 6  
(April 12, 2006)

The United States Postal Service hereby submits the responses of witness Williams to the following interrogatories of Valpak, filed on March 23, 2006: VP/USPS-T2-1 through 2(c) and 3 through 6. A response to subpart 2(d) is forthcoming. Each interrogatory is stated verbatim and followed by the response

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS  
TO INTERROGATORY OF VALPAK**

**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-2006-1/5, 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.

**RESPONSE**

- (a) Yes.
- (b) It is not the case nor a premise of consolidation that P&DFs are, *per se*, less efficient than P&DCs. Efficiency gains are expected to come from consolidating certain operations into fewer locations and better utilizing available capacity .

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**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-2006-1/5 involve consolidation of outgoing First-Class Mail operations?
- b. Do any of the 10 AMP proposals included in library reference USPS-LR-2006-1/5 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-2006-1/5 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-2006-1/5, 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?

**RESPONSE**

- (a) Yes.
- (b) Yes. All originating operations are affected.
- (c) No. Re-examine each Worksheet 9 in that Library Reference.
- (d) Response forthcoming.

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**VP/USPS-T2-3.**

- a. For the 10 AMP proposals included in library reference USPS-LR-2006-1/5, 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.

**RESPONSE**

- (a) No.
- (b) No.
- (c) Bear in mind that utilization will increase and idle time will decrease for similar equipment at the gaining facility, which would tend to increase ROI on that equipment. It is expected that excess equipment at consolidated facilities will be relocated to where it can be better utilized.

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**VP/USPS-T2-4.**

- a. For each of the 10 P&DFs that are included in library reference USPS-LR-2006-1/5, 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.

**RESPONSE**

- (a) Not necessarily.
- (b) Whether or not old or new sort schemes are utilized is a local decision. In the end, each gaining facility may find that one or the other, or a mix of old and new sort schemes provides a solution.

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**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-2006-1/5, 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.

**RESPONSE**

- (a) See page 12 of USPS Library Reference N2006-1/3.
- (b) Some of the 10 AMPs in USPS Library Reference N2006-1/5 are in-progress. In contrast, the first post-implementation review for the Marina AMP, reflected in USPS Library Reference N2006-1/6, is expected at Headquarters at the end of April 2006.
- (c) See page 12 of USPS Library Reference N2006-1/3.

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**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?

**RESPONSE**

(a&b) The AMP review and decision process does not project future service standard achievement levels. Nevertheless, as it can today, the Postal Service will be able in the future to monitor originating and destinating service performance scores for Performance Clusters covered by EXFC, as well as ODIS time-in-transit data for all 3-digit ZIP Code pairs, irrespective of whether those Performance Clusters or 3-digit ZIP Code pairs were the subject of a consolidation decision.