

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 SHAH
TO POSTCOM INTERROGATORIES (POSTCOM/USPS-T1-19 THROUGH 21)
(July 10, 2006)

The United States Postal Service hereby submits the responses of witness Shah to the following interrogatories of POSTCOM, filed on June 14, 2006:

POSTCOM/USPS-T1-19 through 21. The interrogatories are stated verbatim and followed by the responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SHAH
TO INTERROGATORY OF POSTCOM**

POSTCOM/USPS-T1-19. What assumptions is the Postal Service making, in its END modeling about the drop ship quantities that are anticipated at each of the facility types in the future network? Does the Postal Service anticipate any change or redistribution of drop entry volumes as a result of the change in and number of drop locations from the current BMCs and SCFs to their corresponding future facilities? Please explain.

RESPONSE

For modeling purposes, it was assumed that all DBMC drop ship volumes would become DRDC drop shipments, and that DSCF drop ship volume would be split between DRDC and DPC entry. Changes in the volume of mail dropped at individual drop entry points are anticipated if the number and location of such entry points change. I am informed that the Postal Service has not attempted to forecast overall changes in drop entry volumes that might result from possible changes in the number of or location of drop entry points.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SHAH
TO INTERROGATORY OF POSTCOM**

POSTCOM/USPS-T1-20. In your March 30, 2006, response to OCA/USPS-T1-12(d), you indicated that the Postal Service intends to establish approximately 70 Regional Distribution Centers.

- a. Please confirm that Standard Mail currently prepared for BMC destination entry is presorted for entry to approximately 29 dBMCs. If you cannot confirm, please identify the current number of facilities that receive dBMC entered Standard Mail.
- b. Has the Postal Service considered the likelihood that changes in presort of mail precipitated by the changes in the network may affect the ability of a mailer that currently enters mail at the dBMC to meet eligibility requirements to destination enter mail in a future network of approximately 70 RDCs ? If so, what are the Postal Service's expectations regarding the affected mailer's mailing practices in the future network?
- c. Has the Postal Service explored the idea of an RDC functioning as an intermediate drop entry location and permitting pallets for multiple RDCs to be dropped at one location and cross-docked at a commensurate destination entry rate? If the Postal Service has explored this idea, has it reached any conclusions? If the Postal Service has not explored this idea, will it do so?

RESPONSE:

Please see the Docket No. R2006-1 response to PSA/USPS-T42-1, which indicates that the number of RDCs has yet to be determined and may range between 28 and 100.

- a. Confirmed.
- b. Yes. If the network change results in more than 29 RDCs, the Postal Service does expect some destination entry volume to move upstream to the origin RDC. However, whether the Postal Service decides to establish approximately 70 RDCs remains to be seen.
- c. The Postal Service is evaluating a number of alternatives to minimize this impact. No conclusion has been reached at this time.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SHAH
TO INTERROGATORY OF POSTCOM**

POSTCOM/USPS-T1-21. In your testimony at page 6, you state that "the Postal Service must continue to change its mail processing network in ways that better recognize such factors as the economies inherent in shaped-based processing and transportation".

- a. Does the Postal Service contemplate or envision separate shape-based networks? If so, please describe the extent to which these networks overlap (including the extent to which such networks do not overlap).
- b. Does the Postal Service contemplate that different destinating DPCs may handle mail destined for the same DDU, depending on the shape of that mail?
- c. Do the END Model's cost functions contemplate the changes in transportation costs related to the transportation of mail volumes between DPCs and DDUs? Please explain.

RESPONSE:

- a. No, while network vision assigns single piece letter and flat processing LPCs and DPCs and parcel and bundle processing to RDCs, this is envisioned as one integrated network.
- b. At this time, there are no plans for a DDU to be serviced from multiple DPCs.
- c. The END model does include transportation cost from the DPCs to the population centroid of each associated 3 digit.