

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF THE DIRECT MARKETING ASSOCIATION
REDIRECTED FROM WITNESS LOUTSCH
(DMA/USPS-T6-6(a) & (b))**

The United States Postal Service hereby provides its response to the following interrogatory of the Direct Marketing Association, filed on June 21, 2006, and redirected from witness Loutsch: DMA/USPS-T6-6(a) & (b).

The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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DMA/USPS-T6-6. As you know, the Postal Service is redesigning its processing and transportation network.

- a) Does the Postal Service intend to sell any real estate as a result of consolidating its processing network?
- b) If the Postal Service does not intend to sell any real estate, please explain why not and what it will do with the excess real estate.

RESPONSE:

One goal of the END initiative is to redefine the roles and functions of the plants and it includes the consolidation of some mail processing operations. The END-related use of the Area Mail Processing review process is expected to primarily identify opportunities to consolidate originating mail processing operations at facilities that house both originating and destinating operations. In many cases, if some operations are moved from Plant A to Plant B, the consequence may be the reconfiguration of remaining operations at Plant A to alleviate current overcrowding. Thus, "excess" floor space may not necessarily materialize.

It is entirely possible that some consolidations will identify opportunities to consolidate both originating and destinating operations at a postal-owned facility. See, for example, Docket No. N2006-1, USPS Library Reference N2006-1/6. In such cases, the Postal Service could vacate the premises and then determine whether to (1) keep the facility in its inventory for some alternative postal use, (2) explore opportunities to lease it, or (3) sell it. It is impossible to estimate how many facilities may be vacated, which facilities they might be, or for what percentage of such facilities sale or lease may be appropriate.