

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE TO
PARCEL SHIPPERS ASSOCIATION WITNESS FINLEY
(USPS/PSA-T1-2-10)

Pursuant to Rules 25 and 26 of the Commission's Rules of Practice and Procedure, the United States Postal Service directs the following interrogatories to Association for Postal Commerce et al. witness Finley: USPS/ PSA-T1-1.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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USPS/PSA-T1-2

- a. Please confirm that neither the record in Docket No. R2006-1, nor the record in Docket No. N2006-1, contain information that the Dallas BMC will be broken into 5 RDCs, and that these RDCs will be located in Dallas, Houston, San Antonio, Austin, and El Paso. If not confirmed, please indicate where in the record this information can be found.
- b. If you confirm Part (a), please describe why Texas was selected as the focus of the study, why you hypothesized that the Dallas BMC would be broken into five RDCs, and why you selected Dallas, Houston, San Antonio, Austin, and El Paso as sites for those RDCs.

USPS/PSA-T1-3. On page 4 you refer to estimation of incremental cost. Please define what you mean by “incremental” in this context.

USPS/PSA-T1-4. Please refer to page 4 of your testimony, lines 5-9. Please show and explain how you calculate your estimate for incremental labor cost per parcel, identify all information sources, and provide citations for all your inputs.

USPS/PSA-T1-5. Please refer to page 4 of your testimony, lines 10-13. Please show and explain how you calculate your estimate for incremental equipment cost per parcel, identify all sources, and provide citations for all inputs.

USPS/PSA-T1-6. Please refer to page 4 of your testimony, lines 14-16. Please show and explain how you calculate your estimate for “volume utilization of the trailer in a palletized environment,” identify all sources, and provide citations for all inputs.

USPS/PSA-T1-7. Please refer to page 4 of your testimony, lines 14-20.

- (a) Please show and explain how you calculate your estimate for incremental transportation cost per parcel, and provide citations for all inputs.

- (b) Please explain the “multiple transportation simulations” you employ in developing your estimate, including the methodology, all assumptions, and data inputs while documenting the simulations per Rule 31(k).
- (c) Would all mailers’ transportation costs increase, or would some experience decreases? Please explain your response.
- (d) Please provide a complete breakdown of the transportation cost increases you project by the impact of moving from bedload to palletization as compared with mileage increases. In doing so, please distinguish the respective impacts of the number of trips, size of the trailer, count and cube of parcel for an average day to the five hypothetical RDCs.
- (e) What simulation software was used to perform your analysis? Please describe the type of analysis performed (*e.g.*, stochastic, discrete event, etc.). Provide a list of the inputs variables and constraints used within the model.

USPS/PSA-T1-8. Please refer to page 5 of your testimony, lines 6-9. Please show and explain how you calculate your estimate for postage savings per parcel, and provide citations for all inputs.

USPS/PSA-T1-9. Your analysis apparently involves one set of Texas locations, while the descriptions of the END environment developed by the Postal Service focus on an entire nationwide network.

- a. Is it your testimony that your analysis of Texas can be extrapolated to a nationwide network?
- b. If so, on what basis do you justify that extrapolation?

USPS/PSA-T1-10. On page 4, lines 5 – 9, you describe an increased labor cost due to a shift to RDCs.

- a. Provide a detailed flow diagram, as well as written description, that describes the current distribution methods employed by your company, including description of:
 - i. existing sortation equipment (type of equipment, throughput rate, separation capacity);
 - ii. flow from distribution to trailer (*i.e.*, conveyor, manual, fork lift);
 - iii. trailer loading methods including time to load; and
 - iv. complete cycle time for a package within the distribution center.
- b. Provide the same information requested in part (a) as estimated for the future scenario modeled.