

**BEFOR THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0111**

**EVOLUTIONARY NETWORK DEVELOPMENT
SERVICE CHANGES, 2006**

Docket No. N 2006-1

**FIRST INTERROGATORIES OF PARCEL SHIPPERS ASSOCIATION
TO
UNITED STATES POSTAL SERVICE (PSA/USPS-1)**

The Parcel Shippers Association (PSA) requests United States Postal Service to respond fully and completely to the following interrogatories and requests for production of documents pursuant to Rules 25 and 26 of the Commission's Rules of Practice and Procedure.

Respectfully submitted,

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PSA/USPS-1. In Docket No. R 2006-1, USPS witness Marc McCrery (USPS-T-42), at page 42 of his testimony, discusses future network considerations including “shifting much of the allied activities (e.g., bundle sorting, parcel distribution, container breakdown) to Regional Distribution Centers (RDCs) when efficiencies can be realized.”

- (a) Please confirm that in the future network parcel distribution will occur at RDCs, not at the 21 bulk mail centers (BMCs) and 7 Auxiliary Service Facilities (ASFs). (Note: For simplicity, I use BMC to refer to BMCs and ASFs in the following subparts of this interrogatory.) If not confirmed, please explain fully.
- (b) Please provide USPS’ best estimate of the number of RDCs there will be in the future network once the transition to the future network is complete.
- (c) Please confirm that during the transition period from the current network to the future network parcel distribution will occur in a combination of BMCs and RDCs. If not confirmed, please explain fully.
- (d) To qualify for DBMC rates, please confirm that, as the Postal Service transitions to the future network, shippers will be required to enter their parcels at the destination facility where distribution of the parcel will occur (whether it be a DBMC or a DRDC). If not confirmed, please explain fully.
 - (ii) How many of these destination facilities (i.e., no. of BMCs plus no. of RDCs) will there be by the end of FY 2006?
 - (ii) How many of these destination facilities will there be by the end of FY 2007?
 - (iii) How many of these destination facilities will there be by the end of FY 2008?
- (e) Has the Postal Service developed a list of facilities that will serve as Regional Distribution Centers? If so, please provide it. Also, please provide a schedule of when each facility will begin performing the function of an RDC.
- (f) Will all BMCs be retrofitted to serve as RDCs? If not, which BMCs will be retrofitted for this purpose?
- (g) Please provide a schedule for retrofitting BMCs to serve as RDCs.
- (h) Does USPS expect that parcel shippers will be allowed to enter bedloaded parcels at RDCs? Please explain your response fully. If not, how does USPS expect parcels will have to be containerized to be entered at RDCs?

- (i) Does USPS agree that presorting parcels to and entering parcels at a larger number of destination facilities increases parcel preparation and transportation costs for parcel shippers? If not, please explain fully.
- (j) Does USPS agree that not allowing shippers to bedload parcels will increase transportation costs for parcel shippers? If not, please explain fully.
- (k) Does USPS agree that parcel shippers presorting parcels to and entering parcels at additional destination facilities and containerizing parcels (as opposed to bedloading them) to qualify for DBMC rates will reduce Postal Service costs for DBMC parcels? Please explain fully.
- (l) If the response to subpart (k) of this interrogatory is yes, has the Postal Service reflected these savings in its revenue requirement in R 2006-1? Please explain fully.
- (m) If the response to subpart (k) of this interrogatory is yes, has the Postal Service reflected these additional savings in its dropship cost avoidance models for parcels in R 2006-1? Please explain fully.