

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

EVOLUTIONARY NETWORK DEVELOPMENT  
SERVICE CHANGES, 2006

Docket No. N2006-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO VALPAK INTERROGATORY REDIRECTED FROM WITNESS WILLIAMS  
(VP/USPS-T2-11)  
(July 14, 2006)

The United States Postal Service hereby submits an institutional response to the following interrogatory of Valpak, filed on June 16, 2006: VP/USPS-T2-11. The interrogatory has been redirected from witness Williams to the Postal Service for response. The interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux  
Chief Counsel, Ratemaking

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Michael T. Tidwell

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2998; Fax -5402  
michael.t.tidwell@usps.gov

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

**VP/USPS-T2-11.** Please refer to USPS Library Reference N2006-1/7, the “Highlights” page (unnumbered) of the GAO Report in USPS-LR-N2006-1/7, which indicates that, during FY 2004, the average hourly pieces handled per person in “small” plants was 1,970 pieces, in “medium” plants it was 1,700 pieces, and in “large” plants it was only 1,495 pieces. That GAO Report also indicated that the productivity in small plants ranged from (i) 1,013 to 2,854 pieces per hour in small plants, (ii) 519 to 2,544 pieces per hour in medium plants, and (iii) 727 to 2,572 pieces per hour in large plants.

- a. In light of the above productivity data in USPS-LR-N2006-1/7, is it possible for the AMP process to result in consolidating mail from a low-cost small facility into a high-cost medium or large facility? If the procedures have built-in safeguards to prevent this from occurring, please explain what they are.
- b. Has the AMP review process involved one or more situations where the effect of the proposed consolidation would be to transfer mail from a high-productivity, low-cost small facility to a low-productivity, high-cost larger facility? If so, please indicate whether each such proposed consolidation was stopped or nevertheless pursued.
- c. As a hypothetical, please suppose that the post-implementation review showed that a particular consolidation did in fact result in significantly reducing efficiency and increasing costs over what they were prior to consolidation.
  - (i) Could the consolidation decision be reversed?
  - (ii) Would it ever be reversed, or will consolidation proceed regardless of whether or not it increases efficiency and reduces cost?

**RESPONSE**

(a-b) These questions are premised upon a common misreading of the implications of the GAO Report. For clarification, please review the responses to OCA/USPS-36, Question 6 of POIR No.2, and VP/USPS-T1-17.

(c) The USPS Handbook PO-408, *AMP Guidelines* (USPS-LR-N006-1/3) expressly provides for the reversal of an AMP. See page 15.