

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-T6-18)**

The United States Postal Service hereby provides its response to the following interrogatory of the Direct Marketing Association, filed on June 23, 2006, and redirected from witness Loutsch: DMA/USPS-T6-18.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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July 6, 2006

RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO INTERROGATORY OF THE DIRECT MARKETING ASSOCIATION  
REDIRECTED FROM WITNESS LOUTSCH

**DMA/USPS-T6-18.** Please refer to the attached article, which may be found on the web at <http://www.defensetech.org/archives/002522.html>.

- a) Has the Postal Service entered in an agreement, a contract, a Memorandum of Understanding, or any other arrangement(s) with Los Alamos National Lab?
- b) If so, please describe these arrangement(s) and provide all documents pertaining to them.
- c) If so, please provide the date the Postal Service entered into the arrangement(s)
- d) If so, please provide an analysis of the accrued costs and revenues that the Postal Service has realized and expects to realize over the next 5 years.

RESPONSE:

The Postal Service has entered into non-binding MOUs with the Department of Energy/National Nuclear Security Administration's Los Alamos Site Office to explore the potential for cooperation in the development of facilities. A copy of the most recent MOU is attached. The Postal Service determined, however, that the DOE had no acceptable sites for potential postal facilities and is no longer pursuing acquisition of DOE property. Accordingly, no real estate transactions resulting in costs or revenues over the next 5 years have ensued.

## MEMORANDUM OF UNDERSTANDING

This MEMORANDUM OF UNDERSTANDING (MOU) is between the United States Postal Service (the “USPS”) and the Department of Energy/National Nuclear Security Administration Los Alamos Site Office (“DOE/NNSA”).

WHEREAS, the DOE/NNSA currently has a need for up to 400,000 square feet of new administrative and laboratory space in Los Alamos, New Mexico.

WHEREAS, the USPS has a need for approximately 20,000 square feet of mail sorting space in Los Alamos, which could be located on DOE/NNSA’s land.

WHEREAS, the USPS is authorized and willing to assist in the development of the building or buildings to meet the needs of the DOE/NNSA and the USPS subject to mutual agreement on the plans and specifications for the DOE/NNSA’s space and the terms of a lease agreement between the DOE/NNSA and USPS.

NOW, THEREFORE, the DOE/NNSA and the USPS hereby agree as follows:

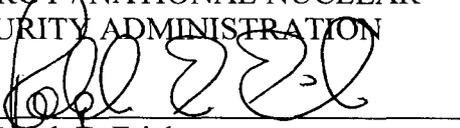
1. The USPS will pursue development of the Project pursuant to a Development Agreement with a contract developer (the “Developer”) of its choice with a view toward providing space for the DOE/NNSA. The DOE/NNSA’s space will be designed and constructed in accordance with the agreed upon plans and the DOE/NNSA’s design standards incorporated therein under the direction of the USPS Contracting Officer. The design will be subject to DOE/NNSA’s review and approval in accordance with procedures to be agreed upon.
2. As soon after the execution of this MOU as the parties hereto are reasonably able to make appropriate members of their respective staffs available, DOE/NNSA and the USPS agree to meet and pursue refinement of the DOE/NNSA’s space needs, such rental arrangements and other documents that may be necessary for this project, as may be appropriate, and the terms and conditions of the DOE/NNSA’s occupancy. The USPS, through its Developer, will provide conceptual plans and an outline showing the specifications for the proposed buildings, including HVAC, electrical, security, life safety improvements, energy management and conveyance systems, and will provide and outline a facility management plan and a construction schedule. Concurrently, the DOE/NNSA will meet with its users and develop their space requirements. Upon the completion by the Developer of its proposals for the building, acceptance of those proposals by the DOE/NNSA, and agreement of all parties upon the rental and other terms and conditions, the DOE/NNSA and USPS currently plan to enter into a lease and such other documents as may be necessary or appropriate to obtain financing for construction of the DOE/NNSA space (“the Lease”) and the expression of a final agreement. The DOE/NNSA and the USPS acknowledge and agree that it is their intent at the execution of this MOU that:
  - a. The proposed lease will be for at least 20 years, on a year-to-year basis. The DOE/NNSA acknowledges that the USPS shall amortize its costs over the term of any lease ultimately entered;

- b. The net rental to DOE/NNSA shall be acceptable to the DOE/NNSA and may, at the DOE/NNSA 's option, include an allowance for the DOE/NNSA 's relocation expenses and the cost of any unexpired lease obligation of DOE/NNSA; and
- c. The entity managing the DOE/NNSA space shall be acceptable to the DOE/NNSA.
3. The parties acknowledge that the USPS will incur certain design, study, planning, construction, legal, accounting, development fee, and other direct out-of-pocket costs associated with the Project. All such costs are herein referred to collectively as the "Development Costs."
4. The DOE/NNSA shall provide funds to the USPS to cover the reasonable pre-development costs of USPS. The amount of such funds shall be proposed in a pre-development budget prepared by the Developer, submitted to DOE/NNSA and, in the exercise of its independent discretion, found to be acceptable to DOE/NNSA. The parties recognize, however, that no funds are currently available for this purpose and that no funds are being committed through this MOU. Any later agreement to expend DOE/NNSA funds must be the subject of a future Memorandum of Agreement (MOA) between DOE/NNSA and the USPS, and the decision to enter such an MOA will be solely within the independent discretion of DOE/NNSA and the USPS.
5. The DOE/NNSA and USPS recognize that NEPA and NHPA requirements exist for this project. The USPS understands that any proposals submitted by its Developer must satisfy said requirements, and it undertakes to provide copies of all plans and incoming and outgoing correspondence on this subject to DOE/NNSA.
6. The USPS shall be solely responsible for all disputes involving it, its Developer, and any of its other contractors, which generally shall be governed by the Contract Disputes Act of 1978.
7. The foregoing reflects the complete, present understanding of the parties with respect to the matters described above. While both DOE/NNSA and USPS currently intend to proceed in accordance with the plans enumerated above, both parties understand that if they are unable to reach final agreement on mutually acceptable terms for the Lease, other documents or other plans that are necessary to effect or fund this project, that either party may elect to terminate this MOU without further obligation of any kind (except for expenditures that have previously been agreed upon and incurred).
8. The undersigned have entered into this MOU this 9 day of February, 2004.

UNITED STATES POSTAL SERVICE

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UNITED STATES DEPARTMENT OF  
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By:   
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