

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSES OF POSTAL SERVICE WITNESS MCCRERY TO INTERROGATORIES
OF DIRECT MARKETING ASSOCIATION
REDIRECTED FROM POSTAL SERVICE WITNESS RICHARD G. LOUTSCH
(DMA/USPS-T6-30(a), 31(a-b), 32(a-b))
(August 10, 2006)

The United States Postal Service hereby provides the responses of witness McCrery to the above-mentioned interrogatories of Direct Marketing Association, filed on July 14, 2006. These interrogatories were redirected from witness Loutsch.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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DMA/USPS-T6-30. Page 16 of your Library Reference USPS-LR-L-49, in discussing the Powered Industrial Vehicle Management System (PIVMS), states “PIVMS...a wireless solution for tracking and managing the powered industrial vehicle asset, is a proven solution for controlling cost and staying lean. This technology provides a more effective tool for in-plant management to analyze and manage its day-to-day operations.”

- a) Please describe how USPS managerial and supervisory personnel use and will use this tool to manage Cost Segment 3 personnel, and whether and how PIVMS use does or will require more or less managerial and supervisory time and effort than not using the tool.
- b) Please confirm that in Attachments D, E, and F of spreadsheet L49_R2006_8.xls, which is part of USPS-LR-L-49, Cost Segment 2 (Supervisors) cost savings from PIVMS implementation are projected at zero for each year (2006-2008), while Cost Segment 3 (Clerks and Mail Handlers) cost savings are projected at zero, \$1.8 million, and \$5.6 million, respectively.

Response:

a) PIVMS uses inputs like vehicle usage, vehicle requirements, mail volume, and current staffing to reassess the needs of the operation. PIVMS will assist managers and supervisors to better manage employees by tracking current vehicle usage, travel time, idle time, and workload in addition to making data available for projecting workload. The program is not expected to increase supervisory or other managerial responsibilities.

b) Retained by Witness Loutsch.

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DMA/USPS-T6-31. Page 17 of your Library Reference, in discussing the Labor Scheduler Phase I, states “The Labor Scheduler is a web-based system that develops an optimal workforce schedule for both clerk and mail handler craft positions...Use of the optimized labor schedule results in reduced operating costs including reduced regular wages and overtime wages.”

- a) Please indicate who currently schedules clerk and mail handler work hours at USPS facilities, and whether and to what extent these same individuals will be the primary (or exclusive) users of the Labor Scheduler.
- b) Please provide any existing documentation regarding predicted changes in the time and effort required to formulate and optimize work schedules resulting from Labor Scheduler implementation. If no such documentation is available, please describe the basis upon which the investment in the Labor Scheduler was justified.
- c) Please also confirm that in Attachments D, E, and F of spreadsheet L49_R2006_8.xls, Cost Segment 2 (Supervisors) cost savings from Labor Scheduler implementation are projected at zero for each year (2006-2008), while Segment 3 (Clerks and Mail Handlers) cost savings are projected at \$7 million, \$2.5 million, and \$0.4 million, respectively.

Response:

- a. Scheduling of clerks and mail handlers is done by In-Plant Support personnel within the constraints of the bid assignments. The scheduling work will continue to be done within this group.
- b. The intent of the Labor Scheduler is to make the schedules themselves more efficient, such as reducing overlaps in tours, rather than to make the process of scheduling more efficient. See LR-L-49, page 17 for more information.
- c. Retained by Witness Loutsch.

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DMA/USPS-T6-32. Pages 17-18 of your Library Reference, in discussing further deployment of Automated Postal Centers (APCs), state “This technology is a customer friendly interactive kiosk operated by customers without the assistance of postal employees.”

- a) Please indicate the number and percentage of APCs, both current and planned, that replace or augment existing postal facilities (e.g., Post Offices), and the number and percentage that serve or will serve customers that are not currently served by existing postal facilities.
- b) Please provide any existing documentation regarding predicted management and supervisor time and effort required to plan, deploy, and manage the operation of APCs. If no such documentation is available, please provide the complete rationale and supporting financial data upon which the investment in the APCs was justified.
- c) Please confirm that in Attachments D, E, and F of spreadsheet L49_R2006_8.xls, Cost Segment 2 (Supervisors) cost savings from further APC deployment are projected at zero for each year (2006-2008), while Cost Segment 3 (Clerks and Mail Handlers) cost savings are projected at \$45 million, \$36 million, and \$7 million, respectively.

Response:

- a. There are 2,495 APCs and all 100% are located in 2,464 postal sites. There are currently no APCs located in a non-postal facility. The feasibility of placing APCs in offsite locations is being evaluated, but at this time there are no definite plans to locate any APCs in offsite locations.
- b. The APC Machine Service Manual discusses expectations regarding the management and operation of APCs in the following section:

1.2.1.2. Role of the Site Supervisor

Site supervisor’s responsibilities with regard to the operation and service of the Automated Postal Center are as follows:

- Schedule appropriate Service Employee coverage for the servicing of the kiosk
- Ensure accountability of all stamp stock (i.e., proper security, financial exams, etc.)

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- Back up service support for the Automated Postal Center in the event the designated Service Employee is not available
- Provide kiosk opening procedure support as needed
- Communicating changes to site contact information.
- Overseeing credit exams.

Local supervisors were not significantly involved in the planning or deployment of APCs. Local supervisory time to manage the operation of an APC varies from one location to another depending on the number of transactions each APC conducts.

c. Retained by Witness Loutsch.