

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

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY


POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

**INTERROGATORIES OF  
THE DIRECT MARKETING ASSOCIATION, INC.  
TO USPS WITNESS SMITH**

Pursuant to Sections 25 and 26 of the Commission's Rules of Practice, the Direct Marketing Association, Inc. hereby submits the attached interrogatories to USPS witness Smith: DMA/USPS-T21, Nos. 1-7. If the designated witness is unable to respond to any interrogatory, we request a response by some other qualified witness.

Respectfully submitted,

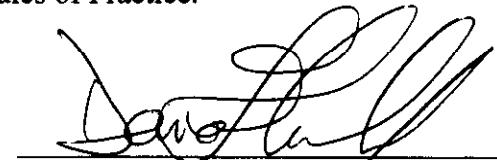


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**CERTIFICATE OF SERVICE**

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Commission's Rules of Practice.



Dana T. Ackerly II

Dated: January 28, 2000

DMA/USPS-T21-1. Standard (A) Regular unit attributable cost increased approximately seven percent from FY 1997 to FY 1998 (from 13.5 cents per piece to 14.5 cents per piece) while the unit cost for all mail remained stable over the same period.

Is there an operational explanation for why the unit cost for Standard (A) Regular increase so dramatically from FY 1997 to FY 1998? If so, please provide it.

DMA/USPS-T21-2. The unit clerks and mailhandlers cost for Standard (A) Regular mail increased from 5.2 cents per piece in FY 1997 to 5.7 cents per piece in FY 1998 while the unit clerks and mailhandlers cost for First-Class Letters and Parcels and for mail as a whole dropped from FY 1997 to FY 1998.

Please provide unit clerks and mailhandlers costs for First-class letters for FY 97 and FY 98.

By what percent did the unit clerks and mailhandlers cost for Standard (A) Regular flats increase from FY 1997 to FY 1998? What was the unit clerks and mailhandlers cost for Standard (A) Regular flats in FY 1997? What was it in FY 1998?

Is there an operational reason for this large increase?

Did flat sorting productivity (expressed in piece handlings per labor hour) decrease from FY 1997 to FY 1998?

If so, why did it decrease? (Migration of flats from higher-productivity FSM-881s to lower-productivity FSM-1000s? Decrease in FSM-881 productivity from FY 1997 to FY 1998? Decrease in productivity on FSM-1000s from FY 1997 to FY 1998? Increase in allied operation unit costs? If there is a combination of reasons, please explain what the major reasons are.)

If flat sorting productivity is decreasing, what is the Postal Service doing to reverse the negative trend in flat sorting productivity?

Please provide nationwide MODS productivity figures (expressed in piece handlings per labor hour) for flats by sorting method (i.e., FSM-1000, FSM-881, small parcel and bundle sorter, and manual flat sorting) and year for 1996, 1997, and 1998.

By what percent did the unit clerks and mailhandlers cost for Standard (A) Regular letters increase from FY 1997 to FY 1998? What was the unit clerks and mailhandlers cost for Standard (A) Regular letters in FY 1997? What was it in FY 1998?

DMA/USPS-T21-3. The Standard (A) Regular unit city carrier in-office cost increased ten percent from FY 1997 to FY 1998: from 1.6 cents per piece to 1.8 cents per piece. Please confirm that this increase occurred while the unit city carrier in-office cost for all classes of mail as a whole barely changed (a one-percent increase).

Is there an operational reason for the ten percent increase in the Standard (A) Regular unit cost from FY 1997 to FY 1998? Would you expect unit city carrier in-office costs to decrease because of the increasing use of delivery point sequencing by the Postal Service?

DMA/USPS-T21-4. How does the Postal Service measure city carrier in-office productivity? Based on this measure, did city-carrier in-office productivity decrease between FY 1997 and FY 1998? If so, by what percentage? If not, why did the unit cost for the Standard (A) Regular subclass increase so much?

DMA/USPS-T21-5. By what percent did the unit city carrier in-office cost for Standard (A) Regular flats increase from FY 1997 to FY 1998? What was the unit cost in FY 1997? What was it in FY 1998?

DMA/USPS-T21-6. Standard (A) Regular unit costs for several support (or piggyback) cost segments (e.g., supplies and services – 23 percent; custodial and maintenance services – 11 percent; supervisors – 9 percent) increased significantly between FY 1997 and FY 1998. Are there operational reasons for these increases?

DMA/USPS-T21-7. While the Standard (A) Regular unit cost increased seven percent from FY 1997 to FY 1998, the Standard (A) ECR unit cost dropped two percent. Why did these two subclasses behave so differently?