

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

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS KASHANI TO INTERROGATORIES OF
THE ALLIANCE OF NONPROFIT MAILERS
(ANM/USPS-T14-1-5)

The United States Postal Service hereby provides the responses of witness Kashani to the following interrogatories of the Alliance of Nonprofit Mailers:
ANM/USPS-T14-1-5, filed on February 4, 2000.

Each interrogatory is stated verbatim and is followed by the response.
Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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February 18, 2000

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
ALLIANCE OF NONPROFIT MAILERS**

ANM/USPS-T14-1 Please refer to your Appendix A, Pages 8, 16, and 24. At line 34 under the last column labeled "Savings," each table shows the identical figure of 407,770. For each table does this figure represent the sum of the data which appear in the column above it? Unless your answer is an unqualified affirmative, please explain fully what this number represents in each of the tables.

RESPONSE

The identical figure of 407,770 on pages 16-17 and 24-25 represents the savings for Clerks and Mailhandlers in Fiscal Year 1999 and it should be changed to 441,793 on pages 16 and 17 and 475,373 on pages 24 and 25. Please note that the figure of 407,770 on pages 16-17 and 24-25 was not used to develop savings for Clerks and Mailhandlers in Fiscal Year 2000 and Test Year 2001. Therefore, it does not affect the savings calculations reflected on Pages 16 and 24 of my Appendix A. See Errata USPS-T-14, 2/18/2000 for revised pages.

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ANM/USPS-T14-2 Please refer to your Appendix A, Pages 8. Confirm that (i) for FY 1999 the net savings for clerks/mailhandlers combined amounts to 15,126,000 work hours and \$407,770,000, and (ii) the per work hour savings amount to \$26.76 (407,770/15,126). If you do not confirm, please provide the correct data and interpretation of the data shown at page 8.

RESPONSE

- (i) Not confirmed. The net savings for clerks/mailhandlers combines the dollars and work hours for both savings and costs. The negative figures of (\$407,770,000) and (15,768,000) work hours reflect savings for clerks/mailhandlers; whereas, the positive amounts of \$23,918,000 and 925,000 work hours are additional costs associated with clerk/mailhandlers. Therefore, the combined net savings are -14,843,000 work hours and -\$383,852,000. Total work hours used to distribute savings, costs, and net savings are displayed on line 64, columns 9, 10, and 11 of page 9 of Appendix A of my testimony. The additional costs are net of (\$209,083,000¹-\$185,165,000²) or \$23,918,000.
- (ii) Not Confirmed. The per work hour savings are calculated as (407,770/15,768) or \$25.86. Please note that the per work hour savings of \$25.86 represents cost reductions and it is not "net savings," which combines both savings (cost reductions) and costs.

¹ See USPS Exhibit 14A, page 1, Cost Segment 3, Other Programs

² See USPS-LR-I-127, page 204

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ANM/USPS-T14-3 Please refer to your Appendix A, Page 16. Confirm that (a) for FY 2000 the net savings for clerks/mailhandlers combined amounts to 14,138,000 work hours and \$441,793,000, and (b) the per work hour savings amount to \$31.25 ($441,793/14,138$). If you do not confirm, please provide the correct data and interpretation of the data shown at page 8.

RESPONSE

Assuming that the last sentence in your question is referring to page 16.

- (a) Not Confirmed. The net savings for clerks/mailhandlers combines the dollars and work hours for savings and costs. The negative figures of (\$441,793,000) and (16,408,000) work hours reflect savings for clerks/mailhandlers; whereas, the positive amounts of \$59,839,000¹ and 2,222,000 work hours are additional costs associated with clerk/mailhandlers. Therefore, the combined net savings are -14,187,000 work hours and -\$381,954,000. Total work hours used to distribute savings, costs, and net savings are displayed on line labeled "Total," columns 9, 10, and 11 of page 17 of Appendix A of my testimony.
- (b) Not Confirmed. The per work hour savings should be calculated as ($441,793/16,408$) or \$26.93. Please note that the per work hour savings of \$26.93 represents cost reductions and it is not "net savings," which combines both savings (cost reductions) and costs.

¹ See USPS Exhibit 14A, page 3, Cost Segment 3, Other Programs

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ANM/USPS-T14-4 Please refer to your Appendix A, Page 24. Confirm that (i) for FY 2001, the net savings for clerks/mailhandlers combined amounts to 16,625,000 work hours and \$475,373,000, and (ii) the per work hour savings amount to \$28.59 (475,373/16,625). If you do not confirm, please provide the correct data and interpretation of the data shown at page 8.

RESPONSE

Assuming that the last sentence in your question is referring to page 24.

- (i) The net savings for clerks/mailhandlers combines the dollars and work hours for savings and costs. The negative figures of (\$475,373,000) and (16,975,000) work hours reflect savings for clerks/mailhandlers; whereas, the positive amounts of \$9,808,000¹ and 350,000 work hours are additional costs associated with clerk/mailhandlers. Therefore, the combined net savings are -16,625,000 work hours and -\$465,565,000. Total work hours used to distribute savings, costs, and net savings are displayed on line 64, columns 9, 10, and 11 of page 25 of Appendix A of my testimony.
- (ii) The per work hour savings should be calculated as (475,373/16,975) or \$28.00. Please note that the per work hour savings of \$28.00 represents cost reductions and it is not "net savings," which combines both savings (cost reductions) and costs.

¹ See USPS Exhibit 14A, page 5, Cost Segment 3, Other Programs

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ANM/USPS-T14-5 If you confirm the per work hour savings in preceding interrogatories ANM/USPS-2, -3, and -4, please explain why the per work hour savings of \$31.25 in FY 2000 is 9.3 percent higher than the per work hour savings of \$28.59 in FY 2001. Produce documents sufficient to verify your answer.

RESPONSE

Not applicable; none of the preceding responses were confirmed.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

A handwritten signature in cursive script, appearing to read "Susan M. Duchek", is written over a horizontal line.

Susan M. Duchek

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