

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

MOTION FOR LATE ACCEPTANCE OF AND  
RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAYMAN TO  
INTERROGATORY OF THE DIRECT MARKETING ASSOCIATION, INC.  
REDIRECTED FROM WITNESS KINGSLEY  
(DMA/USPS-T10-44)

The United States Postal Service hereby provides the response of witness Tayman to the following interrogatory of the Direct Marketing Association, Inc.: DMA/USPS-T10-44, filed on February 3, 2000, and redirected from witness Kingsley. The interrogatory is stated verbatim and is followed by the response.

The Postal Service moves that this interrogatory be accepted late. The delay was caused by an oversight in the process or redirection and was compounded by computer failures.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



Scott L. Reiter

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February 24, 2000

**RESPONSE OF WITNESS TAYMAN TO INTERROGATORIES OF  
DIRECT MARKETING ASSOCIATION, INC.  
(Redirected From Witness Kingsley USPS-T10-44)**

**DMA/USPS-T10-44.** Please provide Total Factor Productivity for the USPS for each of the last ten years. In light of your description of automation advances on pages 2 through 22 can you please explain why Total Factor Productivity for the USPS has declined over the last five years.

**RESPONSE:**

Year	Total Factor Productivity
1990	3.0
1991	(1.7)
1992	0.4
1993	3.8
1994	(0.1)
1995	(1.8)
1996	(1.2)
1997	1.3
1998	(1.2)
1999	(0.3)

In recent years, the Postal Service has invested substantial sums in improving customer service and satisfaction, and on infrastructure improvements. In 1998 and 1999 alone, the Postal Service committed almost \$7.8 billion in capital spending, and many other service and customer satisfaction improvement efforts were charged against expenses.

Many of these efforts have had a short-term negative impact on productivity; however, the Postal Service has deemed the service and customer satisfaction benefits to outweigh the costs. These efforts have resulted in

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**DMA/USPS-T10-44. Continued**

improved on-time delivery of overnight First-Class Mail from 83 percent in FY 1994 to 94 percent in the second half of FY 1999. Productivity-enhancing investments such as automation often reduce TFP in the near-term, as the capital investment occurs up front, while the savings are realized over time.

While the "value" of service quality improvement is not captured in the TFP measure, it is essential to the long-term future of the organization. Even though some service improvements may adversely impact productivity, management believes that the benefits of improving service outweigh the negative impact to TFP

Postal Service worksharing discounts to mailers also impact potential TFP gains. These incentives shift a greater proportion of the workload associated with automation compatible mail to business mailers. Worksharing discounts provide cost savings for the Postal Service and our customers. It is important to note, however, worksharing transfers some of the Postal Service's prime productivity improvement opportunities to our partners, the mailers.

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**DMA/USPS-T10-44. Continued**

It must be noted that the Postal Service faces operational constraints not faced in the private sector. It must continually invest to maintain and improve an infrastructure of over 38,000 facilities and serve a continually growing network of deliveries, each of which must be visited by a letter carrier six days a week. These public service obligations constrain the Postal Service's ability to generate productivity improvements.

## DECLARATION

I, William P. Tayman, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

William P. Tayman

Dated: 2-22-2000

**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.



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Scott L. Reiter

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