

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 TAYMAN TO INTERROGATORIES OF
THE DIRECT MARKETING ASSOCIATION, INC.
(DMA/USPS-T9-22-27, 29-31 & 34)

The United States Postal Service hereby provides the responses of witness Tayman to the following interrogatories of the Direct Marketing Association, Inc.: DMA/USPS-T9-22-27, 29-31 & 34, filed on February 14, 2000. An objection to interrogatory 28 was filed on February 24. Interrogatories 32 and 33 have been redirected to witness Kashani.

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 28, 2000

**RESPONSE OF WITNESS TAYMAN TO INTERROGATORIES OF
DIRECT MARKETING ASSOCIATION**

DMA/USPS-T9-22. Please refer to your spreadsheet DepcalOO. Column 0 of that spreadsheet is labeled "Column N Retired Depreciation."

- a. Please provide the source for the entries in that column.
- b. Please explain what is meant by "Retired Depreciation."

RESPONSE:

a. The sources of retired depreciation data are the Vehicle Management Accounting System; the Personal Property Accounting System; and the Real Property Accounting System.

b. Retired depreciation is the expense that occurs in the year in which an asset becomes fully depreciated. These amounts are reduced from the ongoing base because a fully depreciated asset no longer generates depreciation expense.

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DMA/USPS-T9-23. In response to DMA/USPS-T9-7, f, in R97-1 which asked "What is the useful life of the equipment in a. through e. above", you said, "The depreciation periods used by the Postal Service are based on the estimated useful life of the equipment."

- a. Is your response from that case also valid for R 2000-I?
- b. Please confirm that this means that the Postal Service uses depreciation periods that are equal to the estimated useful life of the equipment. If you do not confirm, please explain the relationship between the depreciation period and the useful life of the equipment.

RESPONSE:

- a. The response to the question referenced is valid for this case.
- b. Please see the response to ANM/USPS-T9.

**RESPONSE OF WITNESS TAYMAN TO INTERROGATORIES OF
DIRECT MARKETING ASSOCIATION**

DMA/USPS-T9-24. Please refer to your spreadsheets Depcal00 and realtb98. The spreadsheet Depcal00 shows 1998 GFY depreciation of \$1,612,118,145 (cell B17). The spreadsheet realtb98 shows FY 98 depreciation of \$1,605,479,028 (worksheet seg 20, cell F33).

- a. Are the entries in realtb 98 for GFY?
- b. If so, please reconcile the amounts for 1998 depreciation on the two spreadsheets.

RESPONSE:

- a. Yes.
- b. The \$1,612,118,145 (Depcal00) amount reflects the Postal Service's internal reporting definition (budget line number) for depreciation. This includes gain or loss accounts which are reflected under disposition of property in the reallocated trial balance (realtb98). A reconciliation of the two amounts can be found in Chapter V, Section e., page 208, of Library Reference I-127.

**RESPONSE OF WITNESS TAYMAN TO INTERROGATORIES OF
DIRECT MARKETING ASSOCIATION**

DMA/USPS-T9-25. Please provide the account number and the account code where Y2k expenses were booked in 1998.

RESPONSE:

Y2K expenses were booked to the following account numbers in FY 1998. The account code for each account number can be found in Chapter 2 of LR-I-127.

51101181	51219183	51401130	51413130	52331998	52454000
51101183	51221181	51401144	51413182	52332000	54101000
51103181	51221183	51401147	51413183	52334000	54146000
51202181	51222181	51401148	52101000	52339000	54165000
51202183	51222183	51401172	52104000	52342000	54165998
51211181	51226181	51401181	52105000	52359000	54231998
51211183	51226183	51401182	52105998	52361000	54233000
51212181	51227181	51401183	52111000	52363000	54242000
51212183	51227183	51403101	52171000	52367000	54330000
51214181	51239183	51403103	52171998	52411000	54406000
51214183	51243183	51403130	52172000	52418000	54406998
51215181	51247183	51403172	52178000	52419000	54411000
51215183	51401101	51403182	52179000	52419998	54411998
51216181	51401103	51403183	52270000	52431000	54620000
51217181	51401104	51404182	52321000	52435000	56315000
51217183	51401112	51404183	52322000	52436000	56605000
51218181	51401123	51411183	52325000	52438000	56605998
51218183	51401125	51413103	52325998	52439000	56617000
51219181	51401127	51413127	52331000	52453000	56621000

**RESPONSE OF WITNESS TAYMAN TO INTERROGATORIES OF
DIRECT MARKETING ASSOCIATION**

DMAUSPS-T9-26. How large were Y2K expenses in 1998? How large were they in 1999? How large are they projected to be in 2000? In TYAR?

RESPONSE:

Please see the response to DMA/USPS-T9-13.

**RESPONSE OF WITNESS TAYMAN TO INTERROGATORIES OF
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DMA/USPS-T9-27. Please confirm that account 54610 shows that the Postal Service realized a gain of \$14,541,188 on sales or trades of land and buildings in 1998. Please provide a spreadsheet showing the price received in each sale or trade of land and buildings and the book value at the time of trade or sale.

RESPONSE:

Account 54610 reflects a gain on sales of land and buildings in FY 1998 of \$14,541,188 prior to a \$4,000,000 audit adjustment that reduced the gain. This audit adjustment was recorded to remove a portion of cash advances received on pending sales. Accordingly, the realized gain on sales of land and buildings in FY 1998 was \$10,541,188. The price received and net book value on each sale is provided in the attachment.

FY 98 - PROPERTY SALES			
P.O. NAME	Cash From Sale	NBV	
Florahome, FL	\$28,483.00	\$28,380.00	
Mansfield, TX	185,000.00	244,579.00	
Spanish Fork, UT	230,000.00	5,000.00	
Crystal City, MO	43,500.00	285,366.00	
Dallas, TX	9,000.00	89,255.00	
Hamburg, IL	5,051.00	12,666.00	
Edgewater, NJ	4,000,000.00	1,033,479.00	
Baxley, GA	60,000.00	5,000.00	
Ballwin, MO	540,000.00	460,096.00	
Belen, NM	110,000.00	126,503.00	
Spencer, IA	72,500.00	315,847.00	
Brownsburg, IN	178,250.00	72,499.00	
Greenville, IN	38,600.00	14,830.00	
Cedar City, UT	300,000.00	27,137.00	
El Paso, TX	1,950,000.00	1,653,052.00	
Harrison, AR	368,000.00	29,017.00	
Danville, IN	135,000.00	8,000.00	
Georgetown, KY	150,000.00	166,324.00	
Canton, GA	350,000.00	379,336.00	
Birmingham, AL	412,000.00	335,180.00	
Philadelphia, PA	115,000.00	30,000.00	
San Bernardino, CA	564,650.00	1,490,888.00	
San Diego, CA	500,000.00	223,366.00	
Sylvester, GA	123,800.00	6,000.00	
Batesville, MS	65,000.00	9,000.00	
Cleveland, OH	651,500.00	120,167.00	
Monicello, AR	105,730.00	4,000.00	
Birmingham, AL	325,000.00	724,808.00	
Minneapolis, MN	1,450,000.00	2,100,647.00	
Vian, OK	25,000.00	35,732.00	
Spearfish, SD	191,000.00	7,000.00	
Centerville, UT	260,000.00	220,209.00	
Marion, VA	80,000.00	11,000.00	
Spokane, WA	3,885,000.00	2,067,802.00	
Mallory, NY	5,000.00	31,005.00	
Nanak, AK	20,000.00	3,013.00	
Western Region, CA	12,072,562.50	8,169,680.00	
Pontotoc, MS	78,000.00	11,000.00	
Sylvania, OH	170,000.00	8,000.00	
SUB TOTALS	\$ 29,850,426.50	\$20,562,765.00	\$ 9,287,661.50
CASH ADVANCES			4,832,580.17
TOTAL			\$ 14,120,241.67
PARTIAL LAND SALES			
P.O. NAME	Cash From Sale	NBV	
Atlanta, GA	50,000.00	\$70,735.00	
Kansas City, MO	20,089.59	\$34,492.00	
Windsor Locks, CT	400.00	\$573.00	
Omaha, NE	38,785.00	\$37,205.00	
Milton, FL	10,450.00	\$5,784.00	
New Jersey, NJ	550,000.00	\$99,969.00	
SUB TOTALS	\$ 669,704.59	\$ 248,758.00	\$ 420,946.59
GRAND TOTALS	\$ 30,520,131.09	\$ 20,811,523.00	\$ 14,541,188.26

**RESPONSE OF WITNESS TAYMAN TO INTERROGATORIES OF
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DMA/USPS-T9-29. Please provide a spreadsheet showing the book valuation for all buildings that the Postal Service owns. For each building, please also indicate the address of the building, its square footage, and the year the Postal Service acquired it.

RESPONSE:

See LR-I-205, NBV of Postal Owned Buildings.

**RESPONSE OF WITNESS TAYMAN TO INTERROGATORIES OF
DIRECT MARKETING ASSOCIATION**

DMA/USPS-T9-30. Please confirm that the value of the real estate the Postal Service owns is carried at book value rather than at assessed fair market value. If not confirmed, please explain fully.

RESPONSE:

Please see the response to DMA/USPS-T9-5.

**RESPONSE OF WITNESS TAYMAN TO INTERROGATORIES OF
DIRECT MARKETING ASSOCIATION**

DMA/USPS-T9-31. Please provide both the USPS Total Factor Productivity Index for all fiscal years from 1971 to the present and the Labor Productivity Index.

RESPONSE:

Please see the attachment.

**U.S. POSTAL SERVICE
FY 1971 - AP 5 FY 2000 YTD**

FISCAL YEAR	TFP	LFP
	%CHG. FROM SPLY	%CHG. FROM SPLY
1971	1.2%	1.5%
1972	1.2%	0.8%
1973	4.0%	4.3%
1974	-1.7%	-2.0%
1975	-0.9%	-0.4%
1976	-0.5%	-0.4%
1977	2.0%	2.9%
1978	3.3%	3.0%
1979	-2.1%	-2.0%
1980	0.4%	1.2%
1981	0.2%	-0.4%
1982	-1.3%	-0.6%
1983	-0.6%	0.4%
1984	0.3%	0.3%
1985	-0.2%	0.3%
1986	2.1%	1.9%
1987	0.4%	0.5%
1988	0.3%	0.5%
1989	-0.5%	0.1%
1990	3.0%	3.4%
1991	-1.7%	-0.1%
1992	0.4%	1.0%
1993	3.8%	4.6%
1994	-0.1%	0.8%
1995	-1.8%	-1.3%
1996	-1.2%	-0.1%
1997	1.3%	1.6%
1998	-1.2%	1.3%
1999	-0.3%	0.7%
2000 To date	2.1%	2.5%

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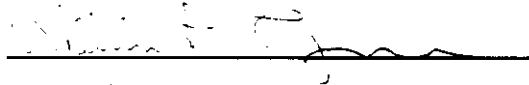
DMA/USPS-T9-34. Please refer to LR-I-127, worksheet "DepcalOO.xls", which references the FY 1998-2003 Capital Investment Plan. Please provide the FY 1998-2003 Capital Investment Plan.

RESPONSE:

A copy of the FY 1998 – 2002 Capital Investment Plan was provided in response to ANM/USPS-T9-8.

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.



Dated: 2-28-2000

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.



Scott L. Reiter

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February 28, 2000