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

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000–1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS TAYMAN TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS–T9–18-19)

The United States Postal Service hereby provides the responses of witness

Tayman to the following interrogatories of the Office of the Consumer Advocate:

OCA/USPS–T9-18-19, filed on February 15, 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

Scott L. Reiter

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260–1137
(202) 268–2997 Fax –5402
February 29, 2000

RESPONSE OF WITNESS TAYMAN TO INTERROGATORIES OF
OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T9-18. In witness Porras' testimony in Docket No. R97-1, he stated, "...[T]he Postal Service's systems are upgraded to deal with year 2000 issues. This increases test year costs by $298.00 million ..." (Tr. 34/18585). In Docket No. R97-1, exhibit USPS-RT-11E indicates that cost segment 16, component 174's costs for the FY98 Test Year increased by $298 million for the Year 2000 Software Program (Tr. 34/18598).

(a) The following refers to your response to DMA/USPS-T9-13, filed February 11, 2000. Is there a difference between the term "Y2K" or "year 2000 computer transition" and the Year 2000 Software Program? If so, please explain and provide the segment(s), component(s) and account numbers charged with the Y2K expenses for FY98, FY99 and FY00.

(b) If not, please reconcile your response indicating FY98 expenses of $88.6 million and FY99 expenses of $267.0 million with witness Porras' rebuttal testimony, in Docket No. R97-1, stating that the FY98 expenses would increase by an additional $298 million for Year 2000 software (Tr.35/18598).

(c) For the FY98 Test Year in Docket No. R97-1, was the Year 2000 Software Program considered one of the "Headquarters Administered Programs or Corporate-wide Activities"?

(d) For FY98 actuals, please indicate the account number(s), segment(s), component(s) and the amounts charged with the Year 2000 software program expenses.

(e) What was the Postal Service's FY98 total budgeted amount for the Year 2000 software program?

(f) For FY99 actuals, please indicate the account number(s), segment(s), component(s) and the amounts charged with the Year 2000 software program expenses.

(g) What was the Postal Service's FY99 total budgeted amount for the Year 2000 software program?

(h) What was the Postal Service's FY99 budgeted amount for the Year 2000 software program for segment 16, component 174?

(i) Are Year 2000 software program expenses continuing to be incurred in FY00? If so, please provide: (1) the amount spent year-to-date for FY00, (2) the segments and components charged with the expenses, (3) when the Year 2000 software program expenses will cease to be incurred, and (4) explain why costs are continuing to be incurred for this program.

(j) If program expenses are continuing to be incurred in FY00 for the Year 2000 software program, please provide the FY00 total amount budgeted for this program.

**RESPONSE OF WITNESS TAYMAN TO INTERROGATORIES OF
OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-T9-18. continued

RESPONSE:

(a) There is no difference between the term "Y2K" or "year 2000 computer

transition" and the Year 2000 Software Program.

(b) The $298 million referred to was the estimate provided to Mr. Porras by the

program manager for Y2K at that time. As evident from my response to

DMA/USPS-T9-13 most of this expense occurred in FY99. Please note that

the amounts specified in DMA/USPS-T9-13 represent non-personnel

expense only, other than depreciation.

(c) Year 2000 Software Program is considered a Headquarters Administered

Program.

(d) Please see attachment OCA/USPS-T9-18 (d) to this response. The account

code for each account number can be found in Chapter 2 of LR-I-127.

Please note that the attachment includes salaries and benefit costs as well as

depreciation charged as Y2K expense. The values provided in my response

to DMA/USPS-T9-13 were for non-personnel only, other than depreciation.

(e) The FY98 budgeted amount for Y2K was $150 million.

(f) Please see attachment OCA/USPS-T9-18 (f) (I) to this response. The

account code for each account number can be found in Chapter 2 of LR-I-

127. Please note that the attachment includes salaries and benefit costs as

well as depreciation charged as Y2K expense. The values provided in my

OCA/USPS-T9-18. continued

response to DMA/USPS-T9-13 were for non-personnel only, other than

depreciation.

(g) The FY99 budgeted amount for the Y2K was $291 million.

(h) The Postal Service budget is not developed by segment and component.

(i) Y2k expenses are being incurred in FY00.

> (1)   Through accounting period 6 $51 million has been expensed.

> (2)   Please see attachment OCA/USPS-T9-18 (f) (I) to this response.
>
> The account code for each account number can be found in
>
> Chapter 2 of LR-I-127.

> (3)   Y2K expenses should be completed in FY2000.

> (4)   Costs are being incurred to finalize all required programming
>
> changes.

(j) The FY00 budgeted amount for the Y2K is $50 million.

YEAR 2000 INITIATIVE
Expense Summary FY 1998

Account	FY 1998
51101181	311,619
51101183	127,739
51103181	3,090
51202181	21,680
51202183	7,321
51211181	8,317
51211183	3,108
51212181	15,539
51212183	6,835
51214181	220
51214183	56
51215181	555
51215183	104
51216181	12
51217181	4,547
51217183	2,183
51218181	196
51218183	45
51219181	321
51219183	58
51221181	5,076
51221183	1,703
51222181	2,084
51222183	866
51226181	3,520
51226183	1,283
51227181	210
51227183	50
51239183	10,000
51243183	8,032
51247183	7,013
51401101	4,897
51401103	22,444
51401104	1,949
51401112	103
51401123	13,923
51401125	865
51401127	2,908
51401130	10,204
51401144	1,531
51401147	356
51401148	3,043
51401172	8,629
51401181	1,652
51401182	183,078
51401183	24,270
51403101	577
51403103	1,999
51403130	754
51403172	28,111
51403182	40,116
51403183	19,702
51404182	1,608
51404183	4,475
51411183	13,200
51413103	2,064
51413127	2,877
51413130	2,303
51413182	6,096
51413183	3,422
52101000	9,366
52104000	1,742
52105000	35,018
52105998	12,959
52111000	394,411
52171000	11,296,558
52171998	17,583
52172000	2,812
52178000	599
52179000	653,420
52270000	14,950
52321000	851,622
52322000	252,736
52325000	50,473
52325998	2,209
52331000	5,001,976
52331998	20,996
52332000	1,156,789
52334000	609,282
52339000	181,532
52342000	2,394,120
52359000	42,123,994
52361000	9,314
52363000	48,690

52367000	4,000
52411000	23,750,921
52418000	509
52419000	7,165
52419998	19,349
52431000	728
52435000	442
52436000	5,407
52438000	255
52439000	13,770
52453000	240
52454000	19
54101000	137,332
54146000	125
54165000	5,820
54165998	12,118
54231998	138
54233000	3,195
54242000	86,924
54330000	1,286,423
54406000	1,300
54406998	17,519
54411000	30,391
54411998	17,750
54620000	2,675,424
56315000	896
56605000	42,765
56605998	19,397
56617000	21,247
56621000	69
Grand Total	94,265,329

YEAR 2000 INITIATIVE
Expense Summary through AP 6, FY 2000

Account	FY 1999	FY 2000
51101181	3,660,121	1,261,657
51101183	905,587	279,993
51103181	4,330	3,195
51103183	1,744	
51111183	2,353	
51112183	2,631	
51141183	74,037	
51142183	28,868	
51143183	7,704	
51145183	9,254	
51202181	258,429	90,656
51202183	66,131	15,086
51211181	96,024	35,077
51211183	15,703	5,963
51212181	181,890	60,255
51212183	46,452	13,230
51214181	1,433	404
51214183	5,797	
51215181	12,880	6,285
51215183	12,239	3,634
51216181	1	
51217101	41	69
51217103	277	203
51217104	15	15
51217113	7	
51217123	15	31
51217125	46	15
51217127	89	49
51217130	5,402	2,875
51217172	5	
51217181	53,134	18,424
51217182	992	
51217183	16,228	5,382
51218104	31	31
51218130	282	159
51218181	1,336	361
51218183	4,483	62
51219101		115
51219130	547	313
51219181	7,353	3,352
51219183	7,639	1,995
51221101	60	
51221103	172	287
51221104		31
51221113	31	
51221123	66	131
51221125		62
51221130	4,412	2,463
51221172	20	
51221181	56,284	20,921
51221183	9,434	3,740
51222181	23,891	7,941
51222183	6,509	1,780
51224183	185	
51226181	40,225	14,936
51226183	6,962	2,757
51227181	5,674	2,780
51227183	5,558	1,720
51239182	10,273	
51241182	1,892	
51242182	714	
51242183	751	
51243182	28,491	
51244182	10,534	
51244183	10,877	
51247182	19,815	
51247183	10,089	
51248182	21,709	
51248183	13,773	
51313104	1,000	1,000
51313113	500	
51313183	2,650	25,500
51317181		109
51317183	4,106	2,066
51321101		54
51321103		572
51321125		1,000
51321127		54
51321130	1,000	2,235
51321181	1,000	1,072
51321183	12,868	32,908
51322101	1,376	4,600
51322103	13,561	13,284
51322123	1,057	2,114

51322125	2,234	
51322127	4,739	3,180
51322130	315,707	195,549
51322172	321	
51322181	31,067	18,809
51322183	48,189	35,790
51323000	3,423	
51325000	1,910	
51325103	3,662	
51325130	22,453	
51325181	4,502	
51327101	973	
51327125	958	
51327127	1,388	
51327130	33,414	
51327181	1,411	
51327183	1,576	
51401101	14,743	12,706
51401103	26,986	11,798
51401104	40,297	5,042
51401107	2,619	
51401112	312	
51401113	24,234	4,697
51401121	408	
51401123	4,191	802
51401125	2,417	921
51401127	10,907	3,131
51401130	418,544	126,029
51401141	61,285	297
51401144	10,327	1,363
51401148	6,673	
51401156		28,774
51401157	9,374	20,504
51401171	1,322	
51401172	64,917	17,044
51401181	142,429	39,076
51401182	91,072	9,630
51401183	205,638	107,973
51403101	4,284	6,525
51403103	15,388	1,507
51403104	1,203	
51403130	44,152	3,575
51403141	7,263	
51403172	29,129	4,896
51403182	29,296	
51403183	3,943	3,839
51411103	125	
51411130	3,755	1,591
51411141	6,243	
51411144	600	
51411182	335	
51411183	5,052	
51413101	1,972	100
51413103	144	9,487
51413104	6,484	684
51413113	749	1,248
51413123	482	
51413127	1,007	
51413130	58,853	20,646
51413141	32,505	315
51413148	1,999	
51413172	18	
51413181	1,460	3,296
51413182	1,068	
51413183	(1,999)	548
52101000	381,182	8,038
52102546	741	
52103000		6,650
52105000	306,850	
52105998	11,298	1,806
52109000	67,425	1,501
52111000	392,833	43,014
52120000	5,603	
52150000	90	753
52151000	19	-
52155000	5,898	
52170000	2,448	1,659
52171000	3,308,308	528,728
52171998	61,012	1,965
52172000	78,019	3,882
52173000	168,023	1,950
52174000	-	
52174998	2,639	
52179000	545,467	23,718
52230000	1,272	
52270000	0	(0)
52313000	30,695	82,284
52321000	-	6,587,591
52322000	500	

52323000	52,400	
52325000	91,198	
52325998	6,915	
52326000	114,786	
52327000	210,326	
52331000	111,761,201	3,842,908
52331998	21,439	
52332000	13,973,555	7,810,537
52333000	276,517	4,507,726
52334000	877,679	736,256
52336000	589,567	290,018
52338000	890,219	154,292
52339000	245,638	101,230
52342000	4,044,391	467,581
52359000	95,877,165	6,555,116
52359998	315	3,335
52362000		1,181
52363000	10,009	2,064
52363998	2,585	2,429
52367000	21	
52411000	40,121,918	11,021,235
52418000	1,577	14,093
52419000	85,229	70,871
52419998	37,902	7,741
52431000	3,330	166
52432000	638,206	37,702
52435000		3,629
52436000	62,042	39,068
52438000	35,004	95
52439000	15,552	
52453000	15,447	6,196
52453538	1,321	1,420
52454000	1,316	898
52455000	25	
52801000	24,000	
52801998	2,562	
52810000	-	
54101000	1,715,995	597,290
54103000	302,528	107,354
54135000	27,718	1,353
54146000	15,950	
54151000	56,566	32,899
54165000	440,708	75,175
54165998	7,503	564
54166000	3,000	
54169000	93	
54231000	9,999	-
54231998	318	3,503
54232000	19,273	7,528
54233000	24,200	586,430
54234000	3,383	
54242000	400,650	1,167
54330000	520,193	3,562,690
54401000	494	
54406000	25,525	
54406998	395	
54411000	723,649	166,963
54411998	7,440	
54511000	36,722	79,301
54512000	26,923	4,921
54518000	40,014	37,481
54521998	8,861	8,037
54523000		27,258
56315000	763	
56603000	2,300	1,588
56605000	21,021	6,148
56605998	24,879	14,544
56617000	78,126	14,159
56621000	234	
56621998	3,776	4,254
56701000		177
56930000		(8,107)
Grand Total	**287,702,057**	**50,960,374**

OCA/USPS-T9-19. The following interrogatory refers to USPS-LR-I-127, pages 218 through 227.

(a) Please confirm that the following quote appears on page 218. "This Workbook calculates the amounts by component of changes in Headquarters Administered Programs and Corporate-wide Activities for any intermediate estimate years and for the Test Year."

(b) Please confirm that on page 227, of the RF Summary, the FY99 budget for segment 16, component 174, ADP S&S is $531,529,740. If you are unable to confirm, please explain.

(c) Please provide the FY00 budgeted amount, for segment 16, component 174, ADP S&S, for the Year 2000 software program.

(d) Please confirm that on page 227, of USPS-LR-I-127, segment 16, component 174, ADP S&S indicates that FY99 budgeted costs increase over FY98 actual costs by $61,593,245. If you are unable to confirm, please explain.

(e) Please confirm that on page 227, of USPS-LR-I-127, segment 16, component 174, ADP S&S indicates the FY00 budgeted costs are expected to decrease from the FY99 budgeted amount, by $40,805,050. If you are unable to confirm, please explain.

(f) Please explain what comprises the $40,805,050 cost decrease in segment 16, component 174.

(g) Please confirm that on page 227, of USPS-LR-I-127, the FY01 costs for ADP S&S for segment 16, component 174 are expected to increase by $27,203,367.

(h) Please explain what comprises the cost increase of $27,203,367 in segment 16, component 174.

(i) Please confirm that the **net** decline from FY98 expenses shown in the RF Summary on page 227, of USPS-LR-I-127, for ADP S&S in FY00 and FY01 for segment 16, component 174 is $13,601,683 (-$40,805,050 + $27,203,367).

RESPONSE:

(a) Confirmed.

(b) Confirmed.

(c) The Postal Service budget is not developed by segment and component.

Please note that as described on page 228 of LR-I-127, budgeted amounts

OCA/USPS-T9-19. continued

by line number for the estimated years are allocated by account number

based on FY98 actual and cross walked to cost component. It should also be

pointed out that the term "Budget" for FY 2000 and FY 2001 represents an

estimate since budgets had not been developed when these estimates were

made.

(d) Confirmed.

(e) Confirmed.

(f) The $40,805,050 cost decrease in segment 16, component 174 represents

the estimated prorated share of the net decline in Headquarters Programs

and Corporatewide Activities expenses for lines 31 and 34 (supplies and

services) in FY 2000.

(g) Confirmed.

(h) The $27,203,367 cost increase in segment 16, component 174 represents

the estimated net increase in these expenses in FY 2001.

(i) Confirmed.

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: _x·29·2000_

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

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260–1137
February 29, 2000