

ORIGINAL

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 OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T9-20(b), (c) & (d), 21(b)-(e) & (g), 22(a)-(d), 23(b) & (c), 24(c), (d), (f)-(i)
AND 25)

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-T9-20(b), (c) & (d), 21(b)-(e) & (g), 22(a)-(d), 23(b) & (c), 24(c), (d), (f)-(i) and 25, filed on February 17, 2000. Objections to interrogatories OCA/USPS-9-20(a), 21(a) & (f), 22(e) & (f), 23 (a) & (d), 24(a), (b) & (e) were filed on February 28, 2000, with an erratum adding 20(e) filed on March 1, 2000.

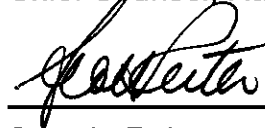
Each interrogatory is stated verbatim and is followed by the response.

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) 268-2999 Fax -5402
March 2, 2000

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

OCA/USPS-T9-20. Please refer to USPS-LR-I-126, chapter II, FY98 Actual Expenses by Segment/Component, cost segment 20, primary account number 56617, titled "Interest – late payments to contractors," the expenses totaling \$2,939,782.21 (\$2,936,467.91 + \$3,314.30).

- (a) Please explain why the USPS makes late payments to its contractors.
- (b) Please provide the cost of capital saved by delaying payments to its contractors.
- (c) Please provide the amounts budgeted for this account for FY00 and FY01.
- (d) Please provide the actual primary account balance for 56617 for FY99 and year-to-date FY00.
- (e) Do late payments facilitate the USPS's ability to optimize its cash management objectives? If so, please explain.

RESPONSE:

- (a) Objection filed.
- (b) Payments to contractors are not delayed to offset the cost of capital.
- (c) Postal Service budgets are not developed by account.
- (d) The FY 99 actual expense for account 56617 is \$3,525,308. The FY 2000 expense through accounting period 5 is \$838,758.
- (e) Objection filed.

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

OCA/USPS-T9-21. Please refer to USPS-LR-I-126, chapter II, FY98 Actual Expenses by Segment/Component, cost segment 20, primary account number 58115, titled "Interest – untimely payments to Thrift Savings Plan," the expenses of \$499,596.52."

- (a) Please explain why the USPS made untimely payments to the employees' Thrift Savings Plan?
- (b) What is the USPS cost of capital saved by making untimely payments to the employees' Thrift Savings Plan?
- (c) For FY00 and FY01, please provide the amounts budgeted for untimely payments?
- (d) Please provide FY99 actual expenses for primary account 58115.
- (e) Please provide FY00 year-to-date actual expenses for primary account 58115.
- (f) Did the late payment(s) facilitate the USPS's ability to optimize its cash management objectives? If so, please explain.
- (g) Please identify each year the Postal Service has made untimely payments to the employees' Thrift Savings Plan. For each year an untimely payment was made, please include the total amount expensed to primary account 58115.

RESPONSE:

- (a) Objection filed.
- (b) Late payments are not made to offset the cost of capital.
- (c) Postal Service budgets are not developed by account.
- (d) Actual FY 99 expense for account 58115 was \$757,168.
- (e) The FY 2000 expense for account 58115 through AP 5 is \$479,868.
- (f) Objection filed.
- (g) The actual amounts relevant for the test period in this case (FY's 98-2000) are detailed above.

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

OCA/USPS-T9-22. The following refers to USPS-LR-I-126, chapter II, FY98 Actual Expenses by Segment/Component, segment 20, primary account numbers 52472, 56203, 56213 56214, 56215, 56661 and 56665, for bad debts and losses which totaled \$49,199,130.63.

- (a) Please provide the amounts budgeted for each of the accounts listed in this interrogatory for FY00 and FY01.
- (b) For FY 99, please provide the actual amounts for each of the accounts listed in this interrogatory.
- (c) For FY 00, please provide the FY00 actual year-to-date expenses for each of the accounts listed in this interrogatory.
- (d) Please explain what resulted in the "adjusted losses – claim for cash losses" of \$22,686,535.43.
- (e) What collection measures does the USPS take to recover its bad debts?
- (f) How long does the USPS attempt to recover a bad debt before it is written off?

RESPONSE:

(a) Postal Service budgets are not developed by account.

(b) & (c) The actual amounts requested are shown in the table below .

Account	FY 99 (\$000)	FY 00 A/P 5 Y-T-D
52472	0	0
56203	4	1
56213	28,605	9,900
56214	3,589	1,776
56215	286	173
56661	22,357	7,863
56665	76	16

(d) The "adjusted losses – claim for losses" is an account used to record payments or credits to postmasters, other officials, and employees for the amount of funds lost through burglary, fire, or other unavoidable casualty, when such loss resulted through no fault or negligence.

**RESPONSE OF WITNESS TAYMAN TO INTERROGATORIES OF
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OCA/USPS-T9-22. continued

(e) Objection filed.

(f) Objection filed.

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

OCA/USPS-23. The following refers to USPS-LR-I-126, chapter II, FY98 Actual Expenses by Segment/Component, segment 20, primary account numbers 52361, 52363, 52365, 52367 for training by contract support in the amount of \$31,413,009.12.

- (a) Please identify the types of training conducted by these contractors.
- (b) For each account listed in this interrogatory, please provide the FY99 and year-to-date FY00 actuals.
- (c) Please provide, by account number(s), the amounts budgeted for contract instructors for FY00 and FY01.
- (d) Has the USPS taken any steps to reduce the amount spent on contract instructors? If so, please identify all measures taken. If not, please explain why the USPS does not plan on reducing the amount spent on contract instructors.

RESPONSE:

- (a) Objection filed.
- (b) The amounts requested are reflected in the table below.

Account	FY 99 (\$000)	FY 00 A/P 5 Y-T-D
52361	5,411	241
52363	23,352	5,113
52365	847	83
52367	1,813	306

- (c) The Postal Service does not budget by account.
- (d) Objection filed.

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

OCA/USPS-T9-24. The following refers to USPS-LR-I-126, chapter II, FY98 Actual Expenses by Segment/Component, segment 15, primary account number 54146, "Telephone Service – Private Residence of USPS Employees," the amount totaling \$416,765.12.

- (a) Are business-use-only phones installed in the USPS employees' private residences?
- (b) If your response to part "a" of this interrogatory is negative, please explain how the USPS controls the usage of a private residential phone.
- (c) Please indicate the amount of long distance charges billed to account 54146 for FY98, actual FY99, and year-to-date FY00.
- (d) If your response to part "c" of this interrogatory is other than 100 percent of the costs were long distance charges, please identify (1) the amount paid for private residential business-use-only phones, (2) the amount paid for private residence business-use-only long distance calls, and (3) other. For the amount identified as other, please explain what types of private residence telephone expenses the Postal Service includes in the category identified as "other."
- (e) Please identify and explain the criteria the USPS uses in determining whether the Postal Service will provide an employee with private residence telephone service. Provide copies of documents that relate to the criteria.
- (f) Of the long distance charges billed to account 54146, what amount was expensed to 54146 for non-business related long distance calls?
- (g) Please provide the total FY99 actual expenses for account 54146.
- (h) Please provide the year-to-date FY00 actual expenses for account 54146.
- (i) Please provide the FY00 and FY01 budget for account 54146.

RESPONSE:

- (a) Objection filed.
- (b) Objection filed.
- (c) This information is not available.
- (d) This information is not available.
- (e) Objection filed.
- (f) This information is not available.

**RESPONSE OF WITNESS TAYMAN TO INTERROGATORIES OF
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OCA/USPS-T9-24. continued

(g) The Actual FY 99 expense for account 54146 was \$460,203.

(h) The FY 2000 expense for account 54146 through accounting period 5 is
\$130,002.

(i) The Postal Service does not budget by account.

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

OCA/USPS-T9-25. The following refers to USPS-LR-I-126, chapter II, FY98 Actual Expenses by Segment/Component, segment 15, primary account 54156, "Energy Savings Shared with Contractors," the amount totaling \$2,151,470.43.

- (a) Please explain the amounts and types of energy savings that are included in primary account 54156 for FY98.
- (b) Please provide the FY99 actuals for account number 54156.
- (c) Please provide the year-to-date FY00 actuals for account number 54156.
- (d) Please provide the amounts budgeted for account 54156 for FY00 and FY01.
- (e) Are the FY98 shared energy savings a one-time event? If so, please explain how one-time-event(s) are handled in the USPS Docket No. R2000-1 roll-forward. If not, please explain what the "energy saving" programs are and why the USPS shares savings with contractors for more than a one-year time period.

RESPONSE:

- (a) It is my understanding that Energy Savings Shared with Contractors is an alternative financing agreement to allow the Postal Service to move forward with energy projects. These types of contracts are considered long-term commitments. Under this program, the successful contractor is to identify, design, install, and may finance energy conservation opportunities in all or part of the energy consuming systems of a Postal Service facility. The Postal Service may direct an energy service company to conduct an energy survey and identify energy conservation opportunities relating to the system or systems identified. The contractor completes the energy survey and submits a technical and financial proposal. If the Postal Service agrees with the contractors survey results it will instruct the contractor to implement the energy conservation opportunities (ECO). These ECO's consist of surveys,

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OCA/USPS-T9-25. continued

lighting retrofits, system controls, HVAC improvements, chiller repairs and/or replacement. When the work is completed and accepted by the Postal Service the contract enters the "Payment Phase" whereby the contractor is then reimbursed to cover their costs of the equipment they have installed including labor and finance charges by receiving a percentage of the savings generated by the installed energy saving equipment. Payments usually cover 3 to 5 years.

- (b) The Actual FY 99 expense for account 54156 was \$1,411,038.
- (c) The FY 2000 expense for account 54156 through accounting period 5 is \$475,449.
- (d) The Postal Service does not budget by account.
- (e) See response to part (a) of this question.

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: 3-2-2000

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.

A handwritten signature in black ink, appearing to read "Scott L. Reiter", written over a horizontal line.

Scott L. Reiter

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
March 2, 2000