

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

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U.S. POSTAL SERVICE
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 ALLIANCE OF NONPROFIT MAILERS
(ANM/USPS-T9-45-49)

The United States Postal Service hereby provides the responses of witness Tayman to the following interrogatories of the Alliance of Nonprofit Mailers: ANM/USPS-T9-45-49, filed on February 29, 2000.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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March 14, 2000

**RESPONSE OF WITNESS TAYMAN TO INTERROGATORIES OF
ALLIANCE OF NON PROFIT MAILERS**

ANM/USPS-T9-45. The Postal Service's Financial & Operating Statements, which are published for each account period, compare various actual outcomes to "Plan." For example, the bar charts on page 4 show Actual, Plan and SPLY.

- a. For all of FY 2000, what was the net Operating Revenue in the Plan at the beginning of the fiscal year? What is it today, how many times has it been revised since the beginning of the fiscal year, and when was the last revision made?
- b. For FY 2000, what was the Total Operating Expense in the Plan at the beginning of the fiscal year? What is it today, how many times has it been revised since the beginning of the fiscal year, and when was the last revision made?
- c. For FY 2000, what is the Total Mail Volume in the Plan?
- d. Are the current figures for Net Operating Revenue and Total Operating Expense for FY 2000 the same as those in the roll-forward model for interim year 2000? If they differ, please state by what amount, and explain the differences.

Response:

- a. Total Revenue plan for Fiscal Year 2000 is \$65.4 billion. The Total Revenue plan has not changed since the beginning of the year and it will remain constant throughout the year.
- b. The Total Expense plan for Fiscal Year 2000 is \$65.3 billion. The Total Expense plan has not changed since the beginning of the year and it will remain constant throughout the year.
- c. The Total Mail Volume plan for Fiscal Year 2000 is \$209.8 billion.
- d. Please see my response to ANM/USPS-T9-42.

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ANM/USPS-T9-46 One page of the Postal Service's Financial & Operating Statements reports both Commitments and Expenditures for Capital Investments, showing Actual, Plan and SPLY. For Commitments and Expenditures, under the respective columns for "Plan," are the data based on a "Plan" for the Postal Fiscal Year or for the Government Fiscal Year?

Response:

In the Financial & Operating Statements, the capital plan data are based on the Government Fiscal Year.

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ANM/USPS-T9-47. Please refer to the attached table, which is incorporated as part of this question. The data in Part A, columns 2 and 3, which are for Total Capital Commitments, are taken from the Postal Service's Financial & Operating Statements for A/P 13 for each of the years shown in column 1.

- (a) Please confirm that the data in columns 2 and 3 are correct. If you fail to confirm, please provide the correct data.
- (b) If the Postal Service has different data for the Government Fiscal Year, please provide.
- (c) Please confirm that in the decade of the 1990s the Postal Service's actual capital commitments have fallen short of planned capital commitments by \$11.5 billion. If you fail to confirm, please explain.
- (d) Did the Postal Service's statutory limitation on borrowing constrain capital commitments in any of the years 1988 through 1999?

Response:

- (a) Confirmed.
- (b) There is no difference.
- (c) Confirmed.
- (d) No.

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ANM/USPS-T9-48. Please refer to the attachment for ANM/USPS-T9-47, which is incorporated as part of this question. The data in Part B, columns 2 and 3, which are for Capital Commitments for Mail Processing Equipment, likewise are taken from the Postal Service's Financial & Operating Statements for A/P 13 for each of the years shown in column 1.

- (a) Please confirm that the data in columns 2 and 3 are correct. If you fail to confirm, please provide the correct data.
- (b) If the Postal Service has different data for the Government Fiscal Year, please provide.
- (c) Please confirm that in the decade of the 1990s the Postal Service's actual capital commitments for mail processing equipment have fallen short of planned capital commitments by \$5.6 billion. If you fail to confirm, please explain.

Response:

- (a) Confirmed.
- (b) There is no difference.
- (c) Confirmed.

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ANM/USPS-T9-49 Please refer to the attachment to ANM/USPS-T9-47, Part B, which incorporated as part of this question.

- (a) In 1992 the Postal Service's \$201.1 million in commitments for mail processing equipment amounted to only 15 percent of Plan. What factor(s) prevented the Postal Service from achieving its planned commitments for mail processing equipment in 1992?
- (b) The subsequent commitments for mail processing equipment in 1993 and 1994, \$634.5 and \$326.9 million, respectively, or \$961.4 million, still did not equal the \$1,154.3 billion shortfall in 1992. Please describe all actions taken by top management and the Governors in 1992-93 to correct the failure to achieve planned commitments for mail processing equipment.
- (c) In 1994 the Postal Service's \$326.9 million in commitments for mail processing equipment amounted to only 26 percent of Plan. What factor(s) prevented the Postal Service from achieving its planned commitments for mail processing equipment in 1994? Please describe all actions taken by top management and the Governors in 1994-95 to correct the failure to achieve planned commitments for mail processing equipment?
- (d) In 1997 the Postal Service's \$808.2 million in commitments for mail processing equipment amounted to 33 percent of Plan. What factor(s) prevented the Postal Service from achieving its planned commitments for mail processing equipment in 1997? Please describe all actions taken by top management and the Governors in 1997-98 to correct the failure to achieve planned commitments for mail processing equipment?

Response:

- (a) In FY 1992, the Postal Service had aggressive mail processing equipment capital plans. As a result of the organizational restructuring in FY 1992, the Postal Service decided to reevaluate all of its automation plans, including mail processing equipment. The reevaluation of the capital decisions was delayed until the new management team and the new organizational structure was in place.

**RESPONSE OF WITNESS TAYMAN TO INTERROGATORIES OF
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ANM/USPS-T9-49 continued

- (b) During the time period from FY 1993 through 1994, the organizational changes and new management team discussed in part (a) continued to impact the Postal Service's capital program.
- (c) As a result of reevaluating the aggressive FY 1994 automation plan, several projects were delayed and carried over to FY 1995; thus, lowering commitments in FY 1994.
- (d) The under-run in automation was directly attributable to delays in the aggressive, accelerated equipment program mentioned above. For example, the Mail Cartridge System and the Tray Management System experienced implementation problems at the prototype sites, which delayed additional commitments. Consequently, senior management increased the overall plan, as well as the commitments, to continue growth in the automation plan.

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: 3-14-2000

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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