

UNITED STATES OF AMERICA  
Before The  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION  
OFFICE OF THE CONSUMER ADVOCATE

Postal Rate and Fee Changes, 2000 )

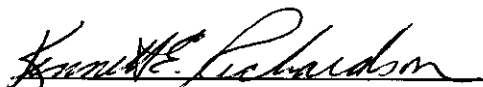
Docket No. R2000-1

OFFICE OF THE CONSUMER ADVOCATE  
INTERROGATORIES TO UNITED STATES POSTAL SERVICE  
WITNESS WILLIAM P. TAYMAN (OCA/USPS-T9-42-46)  
March 15, 2000

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Pursuant to sections 26 and 27 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits an interrogatory and requests for production of documents. Instructions included with OCA interrogatories OCA/USPS-1-14 dated January 24, 2000, are hereby incorporated by reference.

Respectfully submitted,



TED P. GERARDEN  
Director  
Office of the Consumer Advocate

KENNETH E. RICHARDSON  
Attorney

1333 H Street, N.W.  
Washington, D.C. 20268-0001  
(202) 789-6830; Fax (202) 789-6819

OCA/USPS-T9-42. Please refer to your testimony, Exhibit USPS 9J, pages 3 and 4. Page 3 has a first line title of "R97-1 BEFORE RATES." Page 4 has a first line title of "R97-1 AFTER RATES." Both pages have the same total revenues, segment and total costs for Docket Nos. R87-1, R90-1, and R94-1. Excluding the three columns associated with the four-year estimated and actual totals, please confirm that the only difference between pages 3 and 4 of USPS 9J is the "R97-1 Before Rates Estimate" column on page 3 and the "R97-1 After Rates Estimate" column on page 4. If you are unable to confirm, please explain.

OCA/USPS-T9-43. On page 43 of your testimony, you state, "This mid-range contingency balances the Postal Service's desire to keep rate increases as low as possible with management's assessment of the degree of financial risk that currently faces the Postal Service."

- (a) With whom in management did you discuss the amount of the contingency provision to be incorporated into the USPS filing in Docket No. R2000-1?
- (b) Please provide copies of all documents, notes and analysis performed in determining the level of the contingency for the present docket.
- (c) As noted in your testimony at page 43, the Docket No. R2000-1 contingency is higher than the one-percent contingency included in Docket No. R97-1. Please specifically identify and explain each new or increased concern, risk, issue or other criteria management considered when deciding that the contingency should be increased in this docket from the level requested in Docket No. R97-1.

- (d) For each new or increased concern, risk, issue, or other criteria identified in response to part (c) above, specify the amount or portion of the increase in the contingency request caused by or related to each item.
- (e) Does the Postal Service believe that its revenues are more at risk in Docket No. R2000-1 than in Docket No. R97-1? If so, please identify the amount of increased risk as well as the specific issues, criteria, or other factors the USPS management believes have changed since the last omnibus case.
- (f) Does the Postal Service believe that its operating budget is more at risk in Docket No. R2000-1 than in Docket No. R97-1? If so, please identify the specific issues, criteria, risks or other factors the USPS believes have changed such that the risk factor is higher.
- (g) Is the Postal Service more concerned in this docket than in Docket No. R97-1 that USPS managers are less able to plan and follow through on their operating budgets? If so, please provide the criteria used to arrive at this assessment.

OCA/USPS-T9-44. The following refers to your response to OCA/USPS-T9-15. You indicate that "carriers will be required to deliver a mail piece to every address in high rise buildings." You then state, "Normally a small percentage of addresses do not require delivery on any given day." In your response, do you mean that a city carrier will put a copy of the sample letter, provided as an attachment to your response to OCA/USPS-T9-15 (b)(2), into each addressee's mailbox? If not, please explain what you meant when you said that a carrier will be required to deliver a mail piece to every address in a high rise building.

OCA/USPS-T9-45. The following refers to your responses to OCA/USPS-T9-18 and DMA/USPS-T9-13.

- (a) In your response to DMS/USPS-T9-13 you indicated that the Y2K costs for FY98 were approximately \$88.6 million and \$267 million in FY99 for non-personnel only, other than depreciation. In OCA/USPS-T9-18, you indicated that through accounting period 6, \$51 million of Y2K expenses have been incurred. How much of the \$51 million represents expenses for non-personnel only, other than depreciation?
- (b) You indicated in your response to DMA/USPS-T9-13 that \$42.6 million of Y2K expenses were included in the filing for FY00. Please indicate how much of the \$42.6 million was for expenses for non-personnel only, other than depreciation?
- (c) Please provide the most current operating estimate of the total Y2K non-personnel, other than depreciation, expenses the USPS anticipates it will incur in FY00.
- (d) Please explain where the Y2K non-personnel expenses other than depreciation and totaling a minimum of \$355.6 million (\$88.6 + \$267) have been "taken out" of the USPS roll forward costs for FY00 and FY01. Include in your response a detailed analysis showing the amount removed for each segment and component impacted. Provide in your response, specific page, line and cell cites for all workpapers, library references, electronic files and other sources impacted.
- (e) In your response to OCA/USPS-T9-18, you use the phrase "non-personnel only, other than depreciation." Are the categories of "non-personnel other than depreciation" expenses you refer to similar to those expenses referred to in USPS-

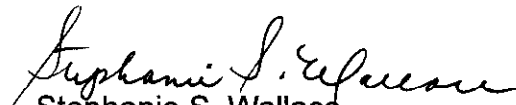
LR-I-127 at 189? If not, please explain what you mean when you refer to "non-personnel other than depreciation" expenses.

- (f) If Y2K non-personnel other than depreciation expenses were not removed from the USPS roll forward, please explain why they were not and provide an analysis showing the cost impact of rolling those costs forward.

OCA/USPS-T9-46. Please refer to USPS-LR-I-127, filename SPTDC.xls. Local Management Initiatives (LMI) for FY00 include work hour reductions of 3,801,000 for clerks; 4,468,000 for city carriers; 1,351,000 for supervisors and 35,000 for maintenance. Please explain what types of local initiatives are expected to result in total FY00 work hour reductions of 9,655,000.

#### CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.

  
Stephanie S. Wallace

Washington, D.C. 20268-0001  
March 15, 2000