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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

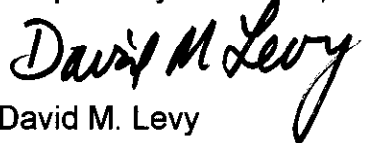
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Docket No. R2000-1
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Postal Rate and Fee Changes, 2000
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**SEVENTH INTERROGATORIES
OF ALLIANCE OF NONPROFIT MAILERS
TO USPS WITNESS TAYMAN (ANM/USPS-T9-68-69)**

The Alliance of Nonprofit Mailers ("ANM") respectfully submits the attached interrogatories and document requests to USPS witness William P. Tayman (USPS-T-9). ANM incorporates by reference the instructions in OCA interrogatories OCA/USPS-1-14 (filed Jan. 24, 2000).

Respectfully submitted,



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March 20, 2000

QUESTIONS

ANM/USPS-T9-68. Please refer to your response to ANM/USPS-T9-44, in which you discuss the EVA variable pay program.

- (a) Does the acronym EVA stand for "Economic Value Added"?
- (b) Does the EVA variable pay program have any limit on the aggregate amount of the liability that the Postal Service can incur in (i) any one quarter, and (ii) any fiscal year? If so, please specify the maximum possible aggregate amount, and explain the conditions which would give rise to the maximum liability on the part of the Postal Service.
- (c) For each quarter of FY 1998 and 1999, please state the maximum aggregate amount of bonus or incentive payments that the Postal Service could have incurred under the EVA variable pay program, had all conditions for such maximum payment been met.
- (d) For each quarter of FY 1998 and 1999, please state the amount actually incurred under the EVA variable pay program, and indicate what percentage of the maximum those amounts represented.
- (e) What is the highest level of management in the Postal Service that is eligible to receive bonus payments under the EVA variable pay program?
- (f) What is the lowest level of management in the Postal Service that is eligible to receive bonus payments under the EVA variable pay program?
- (g) Can clerks and mailhandlers receive bonus payments under the EVA variable pay program?

ANM/USPS-T9-69. Flat sorting productivity has deteriorated at a steep and accelerating rate (see USPS-LR-I-193, Publication 128, page 4). Total Factor Productivity (“TFP”) has declined in four out of the last five years. In this docket, the Postal Service is requesting a revenue increase of 6.4 percent even though inflation since the last omnibus rate case has averaged only 4.8 percent (see DMA/USPS-T9-16 and NAA/USPS-T32-24). And many mailers (including all nonprofit mailers) are facing rate increases much bigger than 6.4 percent.

(a) In these circumstances, how does the Postal Service justify to mailers, who must ultimately pay for all costs, *any* payments under its EVA variable pay program?

(b) Why don't the factors used to determine bonus payments in the EVA variable pay program coincide with, and produce, aggregate results that are meaningful to mailers, such as (i) increased flat sorting productivity, (ii) increased TFP, (iii) revenue increases that are less than the rate of inflation, and (iv) rate increases that are correspondingly less than the rate of inflation?

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document on all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

David M. Levy

March 20, 2000