

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

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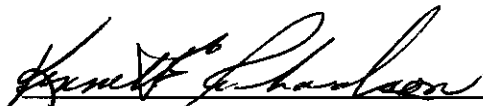
Postal Rate and Fee Changes, 2000)

Docket No. R2000-1

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
(OCA/USPS-98-102)
March 23, 2000

Pursuant to sections 26 and 27 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories 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,



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OCA/USPS-98. The following questions relate to the prepared remarks of Postmaster General Henderson at the National Postal Forum in Nashville, Tennessee, March 20, 2000. Mr. Henderson stated, "Looking forward, I have instructed my team to launch additional initiatives that will reduce our expenses by at least \$4 billion by 2004. This is above the billion dollars we cut in 1999, and it is a target for which we will all be accountable."

- (a) Please provide copies of the memoranda, other documents, and back-up materials by which the Postmaster General has instructed his team to launch the additional initiatives referred to in his remarks.
- (b) Do the initiatives contemplate a saving in expenses of \$1 billion in each of the next four years leading up to 2004, *i.e.* 2000 through 2003. If not, please indicate the years in which the savings are expected to be realized and the amounts of the savings expected for each year.

OCA/USPS-99. Mr. Henderson states in his remarks, "We have completed a comprehensive study of activities and transactions...." Please provide that study together with all supporting documents.

- (a) Does the study conclude, as Mr. Henderson's remarks suggest, that savings can be realized of approximately \$100 million per year over the next four years from overhead reductions? If not, please explain.
- (b) If any savings from these overhead reductions are included in the Postal Service's projections for the interim years or for the test year, please indicate the cost segment, cost component, and the years where the savings are reflected.

- (c) Does the study conclude, as Mr. Henderson's remarks suggest, that savings can be realized of approximately \$100 million per year over the next four years from more efficient paperwork and purchasing? If not, please explain.
- (d) If any savings from more efficient paperwork and purchasing are included in the Postal Service's projections for the interim years or for the test year, please indicate the cost segment, cost component, and the years where that savings is reflected.
- (e) Does the study conclude, as Mr. Henderson's remarks suggest, that savings can be realized of approximately \$100 million per year over the next four years from reducing transportation costs? If not, please explain.
- (f) If any of these savings from reducing transportation costs are included in the Postal Service's projections for the interim years or for the test year, please indicate the cost segment, cost component, and the years where that savings is reflected.
- (g) Does the domestic air cost reduction indicated in witness Kashani's Exhibit 14A, as revised 2/18/00 at 3, cost segment 15, cost component 142, for FY 2000 reflect any or all of the transportation cost reduction contemplated in Mr. Henderson's remarks?
- (h) How much savings does the study conclude can be realized by the reduction of steps in the distribution and handling of mail? Please identify the years in which those savings expected to be realized and the amounts of the savings expected for each year.

- (i) If any of these savings from reducing the steps in the distribution and handling of mail are included in the Postal Service's projections for the interim years or for the test year, please indicate the cost segment, cost component, and the years where that savings is reflected.
- (j) Does the study conclude, as Mr. Henderson's remarks suggest, that savings can be realized of approximately \$700 million per year over the next four years from increasing productivity in the Postal Service processing system? If not, please explain.
- (k) If any of these savings from increased productivity are included in the Postal Service's projections for the interim years or for the test year, please indicate the cost segment, cost component, and the years where that savings is reflected.

OCA/USPS-100. Are any possible savings indicated by either the initiatives described by Mr. Henderson or the comprehensive study, but not referred to in the above questions, reflected in the Postal Service application in this docket? If so, please indicate the nature of the cost savings and provide the cost segment, cost component, and the years where that savings is reflected.

OCA/USPS-101. Please explain the connection, if any, between the comprehensive study referred to by Mr. Henderson and the four reports of the Office of the Inspector General that identified \$1.1 billion in savings and potential cost avoidance as discussed in interrogatory Postcom/USPS-1 and the Postal Service response thereto.

OCA/USPS-101. Do any of the "other programs" expenses and "cost reductions" described in witness Tayman's testimony reflect results of the initiatives and comprehensive study referred to by Mr. Henderson? If so, please provide the cost


segment, cost components, and the years that reflect the initiatives and comprehensive study.

OCA/USPS-102. Mr. Henderson stated in this remarks, "Already, 11,000 career vacancies have been absorbed through attrition, and that number will reach at least 20,000 as we move forward."

- (a) Please indicate where the reduction in workforce of 11,000 is reflected in the exhibits and workpapers of the application.
- (b) Please indicate in which years the additional reduction of "at least 20,000" employees are planned to occur. To the extent additional reductions occur during the interim years or the test year, please show where that is taken into account in the exhibits and workpapers of the application.

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 23, 2000