

Before The
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

RECEIVED
MAR 30 4 43 PM '00
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes, 2000

Docket No. R2000-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE
WITNESS CRUM TO ADVO INTERROGATORIES
(ADVO/USPS-T27-8-9)

The United States Postal Service hereby provides the response of witness Crum to the following interrogatories of Advo, Inc.: ADVO/USPS-T27-8-9, filed on March 16, 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


Richard T. Cooper

475 L'Enfant Plaza West, S.W.
(202) 268-2993; Fax: -5402
Washington, D.C. 20260-1137
March 30, 2000

**U.S. POSTAL SERVICE WITNESS CHARLES L. CRUM
RESPONSE TO INTERROGATORIES
OF ADVO, INC.**

ADVO/USPS-T27-8. Please define completely the following terms:

- (a) Direct labor hours earned for all mail processing operations (at a Bulk Mail Center - BMC). In this definition, please include the types of BMC labor activities that cause or require "hours earned."**
- (b) Direct labor hours clocked for all mail processing operations (at a Bulk Mail Center - BMC). In this definition, please include the types of BMC labor activities that cause or require "hours earned."**
- (c) Do Methods Time Measurement (MTM) productivities represent of labor hours earned or labor hours clocked (to conduct a specific MTM activity) or something else? Please explain.**

RESPONSE

a. "Hours earned" are the expected hours for a BMC to handle a given piece. I am informed that the hours earned are from Planning Guidelines which are based on MTM standards. They indicate how much time a BMC should spend on the labor activities required to process a piece through the BMC. As I understand it, hours earned is the result of all expected BMC mail processing labor activities.

b. "Hours clocked" are the hours actually recorded for employees clocked into the various labor operations at the BMC. As I understand it, hours clocked is the result of all actual BMC mail processing labor activities.

c. I assume you refer to the MTM productivities presented in my testimony. These productivities are intended to be consistent with labor hours earned. To the extent there is a difference between labor hours

**U.S. POSTAL SERVICE WITNESS CHARLES L. CRUM
RESPONSE TO INTERROGATORIES
OF ADVO, INC.**

earned (theoretical) and labor hours clocked (actual), an adjustment needs to be made to the cost models to account for this difference.

**U.S. POSTAL SERVICE WITNESS CHARLES L. CRUM
RESPONSE TO INTERROGATORIES
OF ADVO, INC.**

ADVO/USPS-T27-9. Please refer to your response to ADVO/USPS-T27-7(c).

(a) Do any of the MTM productivities unadjusted by a volume-variability factor, represent anything other than a constant unit cost (i.e., as number of units change, unit time remains constant, with unit defined as in each individual MTM productivity)? If so, please identify them and describe clearly how they represent something other than a constant unit cost.

(b) Do the MTM productivities adjusted by a volume-variability factor represent anything other than a constant unit cost (i.e., as number of units change, unit time remains constant, with unit defined as in each individual MTM productivity)? If so, please identify them and describe how they represent something other than a constant unit cost (with unit defined as in each individual MTM productivity).

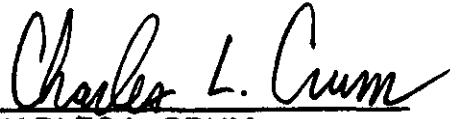
RESPONSE

a. I do not believe these productivities represent anything other than a constant unit average cost.

b. I do not believe these productivities represent anything other than a constant unit marginal cost.

DECLARATION

I, Charles L. Crum, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.


CHARLES L. CRUM

Dated: 30 MARCH 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.


Richard T. Cooper

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
March 30, 2000