

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

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POSTAL RATE COMMISSION
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 DIRECT MARKETING ASSOCIATION, INC.
(DMA/USPS-T9-51-58)

The United States Postal Service hereby provides the responses of witness Tayman to the following interrogatories of the Direct Marketing Association, Inc.: DMA/USPS-T9-51-58, filed on March 23, 2000.

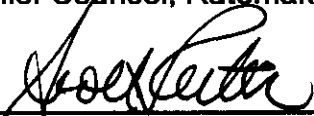
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Scott L. Reiter

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(202) 268-2999; Fax -5402
April 6, 2000

**RESPONSE OF WITNESS TAYMAN TO INTERROGATORIES OF
DIRECT MARKETING ASSOCIATION, INC.**

DMA/USPS-T9-51. Please refer to the "Cost Reductions" (Exhibit E) worksheet in LR-I-126 PRG_ANAL-revised.xls, at column F, line 81, which shows a summary of test year after rates cost reduction program changes from workhours (measured in thousands of hours) for the Flat Mail OCR (EC -06) Program for Segment 3, Clerks hours.

- a. Please confirm that the value of 2,715 thousand hours is derived from a revised page 6 from the "Notice of United States Postal Service of Errata to Library References I-126 and I-127", filed on February 18, 2000, where it states in the paragraph entitled, **ADVANCED FLAT SORTING MACHINE (AFSM)**: "Savings for FY 2001 were estimated to decrease 2,715,000 hours for clerks (173 machines x 15,693.6 hours per machine)..."
- b. If not confirmed, please provide the source for the value in LR-I-126 PRG_ANAL-revised.xls, at column F, line 81.
- c. For this AFSM purchase, please provide the original number of clerk workhours that were required to process the same amount of mail in a year that a single machine will process. Please also provide the number of workhours that will be required to process this amount of mail once the machine is installed. The savings you cite should be the difference between these numbers.
- d. Please provide the information in c, above for the other two AFSM purchases.

RESPONSE:

- a. Confirmed. See response to MPA/USPS-T9-1.
- b. See response to a.
- c. See response to ANM/USPS-T9-19 and ANM/USPS-T9-22, revised April 4, 2000.
As explained in those responses, the savings are calculated on an aggregate basis using assumptions, such as, average through-puts.
- d. See response to c.

**RESPONSE OF WITNESS TAYMAN TO INTERROGATORIES OF
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DMA/USPS-T9-52. Please refer to the "Cost Reductions" (Exhibit E) worksheet in LR-I-126 PRG_ANAL-revised.xls, at column F, line 43, which shows a summary of FY 2000 cost reduction program changes from prior year workhours (measured in thousands of hours) for the Flat Mail OCR (EC -06) Program for Segment 3, Clerks hours. Please provide the source for the value of 1,467 thousand hours in LR-I-126 PRG_ANAL-revised.xls, at column F, line 43.

RESPONSE:

The source of the Segment 3 FY 2000 savings for the Flat Mail OCR Program is the program manager responsible for this program.

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DMA/USPS-T9-53. Please refer to the "Cost Reductions" (Exhibit E) worksheet in LR-I-126 PRG_ANAL-revised.xls, at column G, line 81, which contains the following formula-" $=F81 / 'C:\My Documents\Excel\R2000-1\Program LR\Iri126_e.xls]Data'!\$E\$10*1000$ ".

- a. Please confirm that this formula references a file found locally on a computer to which interveners [sic] do not have access.
- b. If confirmed, please provide this file.
- c. If not confirmed, please provide a citation to the file that the formula references.
- d. Please also confirm that the value contained within $C:\My Documents\Excel\R2000-1\Program LR\Iri126_e.xls]Data'!\$E\$10$ is approximately equal to 1,789.

RESPONSE:

- a. Confirmed. The file in question was copied from the C: drive where it was originally developed to a network drive where it now resides. During this process not all of the links were changed. The workhour conversion factors and average personnel costs are the same in both files. The links can be changed to the Data sheet in the electronic version of the workbook that was filed, however this has no impact on the results of the calculations.
- b. See the response to a.
- c. See the response to a.
- d. Confirmed. Please refer to the Data sheet in the workbook that was filed which contains the clerk workhour conversion factor of 1789.

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DMA/USPS-T9-54. Please refer to the "Cost Reductions" (Exhibit E) worksheet in LR-I-126 PRG_ANAL-revised.xls, at column H, line 81, which contains the following formula: "=G81 * 'C:\ My Documents\ Excel\ R2000-1\ Program LR\[Iri126~e.xls]Data'!\$D\$5/1000".

- a. Please confirm that this formula references a file found locally on a computer to which interveners [sic] do not have access.
- b. If confirmed, please provide this file.
- c. If not confirmed, please provide a citation to the file that the formula references.
- d. Please also confirm that the value contained within C:\My Documents\Excel\R2000-1\Program LR\[Iri126-e.xls]Data!\$D\$5 is approximately equal to 50,125.

RESPONSE:

- a.-c. See the response to DMA/USPS-T9-53.
- d. Confirmed. Please refer to the Data sheet in the workbook that was filed which contains the FY 2001 clerk/mail handler average personnel cost of \$50,125.

**RESPONSE OF WITNESS TAYMAN TO INTERROGATORIES OF
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DMA/USPS-T9-55. Please refer to Docket No. R2000-1 USPS Library Reference I-126 "Explanation of Cost Reductions and Other Programs", page 6, the paragraph entitled, **ADVANCED FLAT SORTING MACHINE (AFSM)**. Please refer to the following statement contained within the aforementioned paragraph: "Savings for FY 2000 were estimated to decrease 129,000 hours for clerks (1,086 machines x 118.8 hours per machine) and cost was estimated to increase by 51,000 hours for maintenance (1,086 machines x 50 hours)." Since $1,086 \times 50 = 54,300$, please reconcile the difference between 51,000 and 54,300.

RESPONSE:

Please see Errata to USPS-LR-I-126 filed April 5, 2000.

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DMA/USPS-T9-56. Please refer to LR-I-126, page 10 where you discuss Linerless Label Applicators for the Letter Mail Labeling Machine.

- a. Please confirm that this program will result in savings for FY 1999 of 2,000 hours for clerks and in FY 2000 savings of 200 hours for clerks. If you do not confirm, please explain why.
- b. Please also confirm that this machine will increase hours for maintenance by 47,000 hours in FY 1999. If you do not confirm, please explain why.
- c. Please also confirm that you describe this programs as "cost effective".
- d. If you confirmed the three previous statements, please explain how this machine is "cost-effective."

RESPONSE:

- a. Confirmed.
- b. Not confirmed. This is a savings, not a cost.
- c. Confirmed.
- d. See response to b.

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DMA/USPS-T9-57. Page 23 of LR-I-126 states that air taxi costs for FY 2000 will increase by \$12,600 million in supplies and service accounts. Exhibit B of your spreadsheet shows \$12.6 million for this increase. Please reconcile these two estimates.

RESPONSE:

The discrepancy relates to a typographical error. The correct amount is \$12.6 million. Also note that this amount relates to transportation expense, not supplies and services.

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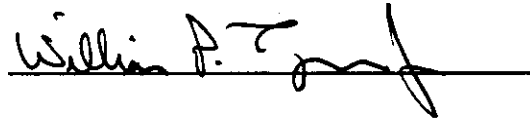
DMA/USPS-T9-58. Please confirm that 475 L'Enfant Plaza, SW has a current assessed value of \$76,779,000. If you do not confirm, please supply the correct value.

RESPONSE:

I am unable to confirm the figure you have quoted.

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.

A handwritten signature in black ink, appearing to read "William P. Tayman", is written over a solid horizontal line.

Dated: 4-6-2000

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.



Scott L. Reiter

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
April 6, 2000