

UNITED STATES OF AMERICA  
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

OFFICE OF THE CONSUMER ADVOCATE  
QUESTIONS FOLLOWING UP ON APRIL 11, 2000, HEARING  
April 13, 2000

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Pursuant to directives of the Presiding Officer at Tr. 2/502, 508, and 525-26, the Office of the Consumer Advocate ("OCA") hereby submits the following questions to the Postal Service for an institutional response and to witness Tayman for his response. Although the time for responses was not specifically set at the hearing, the OCA requests that the customary practice, *i.e.*, a response by the Postal Service within seven days, be followed.

Benchmarking

The OCA posed several questions to witness Tayman concerning benchmarking, best practices, investments in new equipment, expending minimal cost, and achieving optimal operating solutions. Witness Tayman had little personal knowledge concerning Postal Service benchmarking efforts, *e.g.*, "specifically I'm not familiar with that area . . . . I'm not sure that a benchmarking study is what generates a capital investment or the desire to purchase a piece of equipment." Tr. 2/500, II. 14-17. He was aware of "some benchmarking in relation to our total operational budget" from a speech made by

Postmaster General Henderson. *Id.*, ll. 23-25. Since witness Tayman did not seem to be thoroughly familiar with Postal Service benchmarking practices, the OCA asked that the Postal Service be directed to provide an institutional response to the series of questions. *Id.* at 501, ll. 16-21. Chairman Gleiman instructed the OCA to “reduce the question to writing and the Postal Service will provide a response.” *Id.* at 502, ll. 1-2.

*Hearing Question OCA/USPS-1* (to the Postal Service for an institutional response):

Please refer to Tr. 2/499-502. Chairman Gleiman asked the OCA to reduce to writing questions concerning Postal Service benchmarking, best practices, and cost-minimizing/optimal operational solutions.

- a) Does the Postal Service presently perform any benchmarking of its operations and/or investment activities, *i.e.*, does the Postal Service compare its operations and/or investment activities to the best practices of companies that perform similar services and activities? If so, please explain in detail the benchmarking efforts. Also provide copies of any studies, reports, and analyses; provide the results of such studies; provide any resulting plans to reduce costs and improve efficiency. Have any such plans been implemented? If so, were costs reduced and/or efficiency improved? Provide any materials documenting such successful implementation.
- b) Does the Postal Service have any ongoing benchmarking efforts in the area of investment or operations decisions and analysis? If so, please explain fully. Include any information on the magnitude of such studies, their subject matter, *their goals, and their expected completion dates.*

- c) In the past, have benchmarking studies preceded investments in new equipment? Please explain fully and identify any such studies and the related investments.
- d) Please provide information, including reports, written recommendations, and other documents, reflecting the "benchmarking in relation to [the] total operational budget . . . [that] Mr. Henderson referred to . . . in some of his recent speeches." *Id.* at 500, ll. 23-25. Include any information on the "levels of resource utilization from . . . administrative types of activities." *Id.* at 501, ll. 3-6. Also provide in a library reference the speeches cited.

#### Contingency

The OCA questioned witness Tayman about the types of "documents, notes and analysis" that were involved in determining the 2.5 percent contingency for the instant proceeding. Tr. 2/502-25. The Presiding Officer asked that these questions be reduced to writing and submitted to the Postal Service for a response. *Id.* at 507-08 and 525-26. Please note that the OCA has filed a motion to compel a response to interrogatory OCA/USPS-T9-43(b), which seeks copies of all documents, notes, and analysis performed in determining the level of the requested contingency.<sup>1</sup> Some of the questions listed below are addressed to the Postal Service for an institutional response. The majority of the questions below, however, are addressed directly to witness Tayman.

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<sup>1</sup> "Office of the Consumer Advocate Motion to Compel a Response to Interrogatory OCA/USPS-T9-43(b) to Witness Tayman," filed April 10, 2000.

*Hearing Question OCA/USPS-T9-1* (to witness Tayman): Please refer to Tr. 2/503, ll. 19-20. Provide the historical information you and others looked at. Also provide hard copies of "presentations with recommendations on different levels."

*Hearing Question OCA/USPS-T9-2* (to witness Tayman): Please refer to Tr. 2/504 and 509-510. Provide hard copies of all PowerPoint presentations (and any other form of presentations, if any) made to the Controller, the CFO, the Chief Counsel Ratemaking, your attorney, the Manager of Forecasting, the Pricing Manager, and any other staff involved with the rate case (or any subset of this group) concerning factors considered, alternative contingency figures, and/or the contingency figure actually proposed in the instant docket.

*Hearing Question OCA/USPS-T9-3* (to witness Tayman): Please refer to Tr. 2/507-08, 515-16, and 525. Please provide hard copies of all presentations (whether in PowerPoint or another format) made to the Board of Governors (whether in closed or in open meetings) concerning the contingency.

*Hearing Question OCA/USPS-T9-4* (to witness Tayman): Please refer to Tr. 2/510, ll. 18-20. Review your files (both hard copy and electronic, including e-mail) to be certain that you did not receive written feedback following any of the presentations. If, indeed, you did receive written feedback, then please provide all such information.

*Hearing Question OCA/USPS-T9-5* (to witness Tayman): Please refer to Tr. 2/510, ll. 21-23. Review your files (both hard copy and electronic, including e-mail) to be certain that you did not provide written feedback to others following any of the presentations

noted above. If, indeed, you did provide written feedback to others, then please furnish all such information.

*Hearing Question OCA/USPS-T9-6* (to witness Tayman): Please refer to Tr. 2/511. Please review your files (both hard copy and electronic, including e-mail) to be certain that you did not convey written information in the form of a memorandum or report to the individuals listed in your response to interrogatory OCA/USPS-T9-43(a). If, indeed, you did convey such written memoranda or reports, then please furnish all such information.

*Hearing Question OCA/USPS-T9-7* (to witness Tayman): Please refer to Tr. 2/502 and 511. You had discussions and held meetings with individuals listed in your response to interrogatory OCA/USPS-T9-43(a) on "levels of the contingency." Please review your files (both hard copy and electronic, including e-mail) to see if they contain your notes or notes of other people concerning these discussions and meetings. If so, please provide all such notes.

*Hearing Question OCA/USPS-T9-8* (to witness Tayman): "[A]s a common practice," you take notes at meetings you attend. Tr. 2/512, ll. 18-20; see also 515. Please provide any such notes that you have retained (whether hard copy or electronic, including e-mail) if they reflect discussion of the contingency.

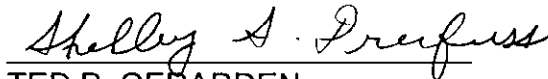
The questions below are addressed to the Postal Service for an institutional response.

*Hearing Question OCA/USPS-2* (to the Postal Service): Mr. Reiter commented that "everybody who was involved looked at the various drafts and made comments." Tr. 2/513. The OCA asks that the Postal Service conduct a search of its files, including the working files of the individuals referred to by this remark (whether the files are hard copy or electronic, including e-mail) for such materials and provide them.

*Hearing Question OCA/USPS-3* (to the Postal Service): The OCA asks that the Postal Service conduct a search of its files, including the working files of the Controller, the CFO, the Chief Counsel Ratemaking, Mr. Tayman's attorney, the Manager of Forecasting, the Pricing Manager, and any other staff member involved with the rate case (referred to at Tr. 2/504 and 509-510) with whom Mr. Tayman met or consulted concerning the contingency, or to whom he made presentations concerning the contingency, (whether the files are hard copy or electronic, including e-mail) to see if

any notes, documents, analyses, memoranda, comments, or other information exist that address the level of the contingency. If such materials are located, then please provide them.

Respectfully submitted,



TED P. GERARDEN

Director

Office of the Consumer Advocate

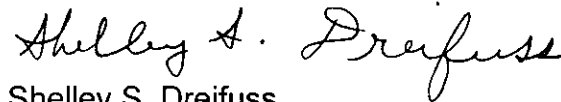
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#### CERTIFICATE OF SERVICE

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.



Shelley S. Dreifuss

Washington, D.C. 20268-0001  
April 13, 2000