

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

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS TAYMAN
TO QUESTIONS POSED DURING ORAL CROSS-EXAMINATION

The United States Postal Service hereby provides the responses of witness
Tayman to questions raised during cross-examination on April 11, 2000.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Scott L. Reiter

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April 19, 2000

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAYMAN
TO QUESTIONS POSED DURING ORAL CROSS-EXAMINATION**

Tr. 2/95

Counsel for the Direct Marketing Association requested that its interrogatory DMA/USPS-T9-58 be confirmed or corrected. The question was: "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:

Confirmed.

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Tr. 2/445-46

Counsel for the Alliance of Nonprofit Mailers asked:

- (a) "The two examples you give, the mail cartridge system and the tray management system, the implementation problems for those two programs cause what share of the shortfall between planned commitments and actual commitments in 1997?"
- (b) "Other than the Mail Cartridge System and the Tray Management System, which programs were not – investment programs were not performing as intended, and, therefore, were cut back?"

RESPONSE:

- (a) *These two programs accounted for 34.6 percent of the shortfall between planned and actual commitments in FY 1997.*
- (b) *The following are programs for which significant commitments were planned in Fiscal Year 1997, but for which funds were either not committed or were reduced:*

<u>PROGRAM</u>	<u>COMMITMENT</u>
Street Management System (Enhanced Street Performance)	\$400 million
BMC Overhaul	\$100 million
Load Sleeve/Strapping Tray System	\$120 million
Field Material Handling System	\$113 million
Tray Management System	\$482 million
Mail Cartridge System	\$495 million

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Tr. 2/473

Counsel for the Alliance of Nonprofit Mailers asked for any workpapers of the independent auditors concerning Postal Service asset lives.

RESPONSE:

Our independent auditors, Ernest & Young, have provided the following information.

Specific workpapers do not exist because no material issues or exceptions have been identified as a result of the audit procedures. The auditors have indicated that they perform a relatively high level review in relation to asset service lives. Their tests include review of the property code book to determine if any changes have been made to the various categories of personal property as well as review the categories for reasonableness of the service life estimates. In addition, the level of depreciation is evaluated and the gains and losses on disposition of assets is reviewed to determine unusual levels of either gains or losses that might indicate a need to refine service life estimates.

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Tr. 2/491

Counsel for the Association for Postal Commerce requested a citation in the Decision Analysis Report (DAR) backing up 491,000 maintenance hours included in response to ANM/USPS-T9-19.

RESPONSE:

The 491,000 maintenance hours referred to in my response to ANM/USPS-T9-19(e) are an input to the calculation of two costs used in the cash flow labeled as Attachment 1 in the DAR. For the line item "Installation - Postal Labor," an expense of \$36,000 is shown for the year 2001. For the line item "Postal Maintenance Labor," an expense of \$17,620,000 is shown for the same year. Dividing the sum of those two figures (\$17,656,000) by the hourly maintenance labor wage rate assumed for 2001 (\$35.98) yields (after rounding) 491,000 hours.

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Tr. 2/ 493-94

Counsel for the Association for Postal Commerce asked for the assumption for FY 2000 for the deployment of AFSM-100's.

RESPONSE:

Please see Revised Attachment to Response of United States Postal Service Witness Kingsley to Interrogatory of Alliance of Nonprofit Mailers (ANM/USPS-TI0-10) – Errata, filed on March 10, 2000.

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Tr. 2/570

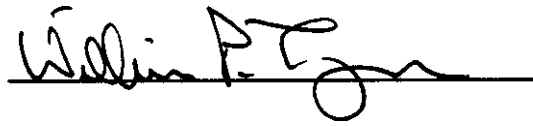
Chairman Gleiman asked, "I would like someone to point out to me in Library Reference I-179, where it says what the electronic diversion number is for the test year."

RESPONSE:

I am informed that USPS-LR I-179, Forecasting Spreadsheet Provided to GAO and Requested in OCA/USPS-2, includes accelerated electronic diversion that begins in FY 2003. Accordingly, it is my understanding that forecasts pertaining to Fiscal Years prior to FY 2003 do not have explicit numbers which represent electronic diversion. Rather, diversion is implied by the trend variables in the equations used to develop the volume forecast.

DECLARATION

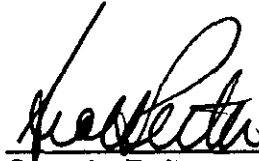
I, William P. Tayman, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

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

Dated: 4/19/00

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.

A handwritten signature in black ink, appearing to read "Scott L. Reiter", is written over a horizontal line.

Scott L. Reiter

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