

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

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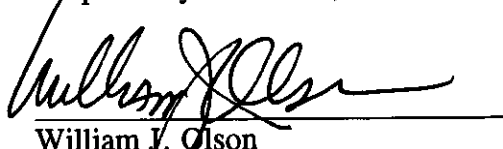
POSTAL RATE AND FEE CHANGES, 2001 )

POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY  
Docket No. R2001-1

VAL-PAK DIRECT MARKETING SYSTEMS, INC.  
AND VAL-PAK DEALERS' ASSOCIATION, INC.  
FIRST INTERROGATORIES AND REQUESTS FOR  
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE  
WITNESS WILLIAM P. TAYMAN, JR. (VP/USPS-T6-1-7)  
(October 22, 2001)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, Val-Pak Direct Marketing Systems, Inc. and Val-Pak Dealers' Association, Inc. hereby submit interrogatories and document production requests. If necessary, please redirect any interrogatory and/or request to a more appropriate Postal Service witness.

Respectfully submitted,

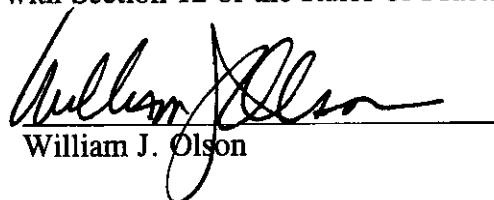


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Val-Pak Dealers' Association, Inc.

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.



William J. Olson

October 22, 2001

**VP/USPS-T6-1.**

Please provide a chart showing actual changes in Total Factor Productivity (“TFP”) from 1972 through Base Year 2000, the actual change in TFP in 2001 if available, and projected changes in TFP through Test Year 2003.

**VP/USPS-T6-2.**

Your testimony at page 3, lines 25-29, references the additional cost transfer to the Postal Service under the Balanced Budget Act of 1997.

- a. What was the estimated total expense as a result of transferring the requirement for funding of Post Office Department Workers’ Compensation expense to the Postal Service?
- b. How was the total estimated expense recorded? That is, was it entered as a one-time accrued cost, or does it appear in the budget and roll-forward model as an annual recurring expense?
- c. If your answer to part b is that it is an annual recurring expense, what is the total expense for Base Year 2000 and for each of the years 2001 through 2003?

**VP/USPS-T6-3.**

Your testimony at page 22, lines 20-22, refers to “performance-based increases [such as] lump-sum payouts.”

- a. Are you referring here to a program of the Postal Service that is sometimes referred to as Economic Value Added (“EVA”)? If not, to what specifically are you referring?
- b. How much did the Postal Service spend on the EVA program in each fiscal year since its inception including the latest fiscal year?
- c. How much has the Postal Service budgeted for the EVA program in FY 2002?
- d. In the roll-forward model, what is the estimated expense for the EVA program in Test Year 2003?
- e. In what cost segment or segments are the costs of the EVA program recorded?
- f. Please list all criteria being used to determine awards under the EVA program for FY 2002, and indicate the relative importance of each criterion in making each award.
- g. Please describe the process for recommending and making awards under the EVA program, including the titles of the persons making such recommendations and decisions.

**VP/USPS-T6-4.**

- a. Please submit as a library reference a copy of the Postal Service’s budget for FY 2002.
- b. Indicate all material differences between the budget for FY 2002 and expenses estimated in the roll-forward model for FY 2002.

- c. Indicate all "Field Reserve" items in the budget for FY 2002, explain the purpose of these reserves, and state the expected disposition of these reserves if they are not expended on the purpose for which they are earmarked.

**VP/USPS-T6-5.**

Your testimony at page 51 (ll. 6-8) states that "the Postal Service carries an extremely large liability on its balance sheet ... for deferred retirement costs...." The balance sheet of the Postal Service also carries an offsetting item, "Deferred Retirement Costs," amounting to some \$32.183 billion as of the end of FY 2000. The liability for deferred retirement costs shown on the balance sheet of the Postal Service at the end of FY 2000 amounted to \$30.212 billion. Why is the asset for deferred retirement costs greater than the corresponding liability?

**VP/USPS-T6-6.**

- a. Please describe all liabilities of the Postal Service that are estimated to exceed \$1 billion and that are not, or will not be, reflected in the Postal Service's balance sheet for FY 2001 when it is published.
- b. Please provide the estimated amount of each such off-balance sheet liability.

**VP/USPS-T6-7.**

Your testimony at page 50 (l. 11) states that the Postal Service "operates some 40,000 post offices, stations and branches."

- a. Please break out this number by type of postal facilities, (*e.g.*, post offices, stations, branches).
- b. How many of these 40,000 post offices, stations and branches are operated under contract? That is, how many are contract stations?
- c. How many of these 40,000 post offices, stations and branches are operated under some kind of franchise agreement?
- d. Under what circumstances are contract stations used instead of Postal Service-operated post offices, stations and branches?
- e. Under what circumstances is the Postal Service obligated by law to construct (or lease and operate) new post offices, stations and branches, as opposed to opening a contract station or some kind of franchise outlet?
- f. When were the last 100 post offices closed?
- g. Is there a moratorium on closing post offices? Please specify the source of any such moratorium (*e.g.*, Appropriations rider, Board of Governors' policy, etc.), and provide copies of the relevant documentation.