

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

RECEIVED
OCT 24 4 53 PM '01
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

REVISED RESPONSES OF UNITED STATES POSTAL SERVICE
WITNESS PATELUNAS TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA, INC. REDIRECTED
FROM WITNESS TAYMAN
(MPA/USPS-T6-1-2)

The United States Postal Service hereby provides the revised responses of witness Patelunas to the following interrogatories of Magazine Publishers of America, Inc.: MPA/USPS-T6-1-2, filed on October 4, 2001, and redirected from witness Tayman. The revised responses to subpart (b) of both interrogatories reference USPS-LR-J-152, filed today under protective conditions.

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:



Susan M. Duchek

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2990; Fax -5402
October 24, 2001

**RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS PATELUNAS
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA
(Redirected from witness Tayman USPS-T-12)**

MPA/USPS-T6-1. In the section of USPS-LR-J-49 titled "AUTOMATED FLAT SORTING MACHINE (AFSM 100): FIRST BUY (175) AND SECOND BUY (882)", it briefly describes some of the assumptions and methods you used to quantify the cost savings that will result from the second AFSM 100 buy:

The site-specific savings are based on productivity increases expected in moving existing flat volumes from the FSM 881, FSM 1000, and manual operations in the plants and delivery offices to the AFSM 100. Additional workhours were added for taking flat mail that does not arrive in Postal Service standard flat tubs and placing it into mail prep carts that will be delivered with the AFSM 100s.

- (a) Please provide all calculations underlying your estimate of the cost savings from AUTOMATED FLAT SORTING MACHINE (AFSM 100): FIRST BUY (175) AND SECOND BUY (362).
- (b) Please provide all Decision Analysis Reports that the Postal Service has produced regarding AFSM 100s.
- (c) What percentage of mail that will be processed on the second buy AFSM 100s was processed manually in FY 2000? If you cannot provide an exact estimate, please provide your best approximation.
- (d) What percentage of mail that will be processed on the second buy AFSM 100s was processed on FSM 881 s in FY 2000? If you cannot provide an exact estimate, please provide your best approximation.
- (e) What percentage of mail that will be processed on the second buy AFSM 100s was processed on FSM 1000s in FY 2000? If you cannot provide an exact estimate, please provide your best approximation.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS PATELUNAS
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA
(Redirected from witness Tayman USPS-T-12)**

Response:

a) Please see Partial Objection of United States Postal Service to Interrogatories of Magazine Publishers of America, Inc. to Witness Tayman and Uncontested Motion for Protective Conditions (MPA/USPS-T6-1(a) and (b), 2(a) and (b), and 3(a)), filed October 15, 2001. Please refer to Attachment 1 that accompanies this response; an electronic version is contained in USPS-LR-J-145. The calculations shown there present a general description, or crosswalk, from the original DAR calculations to the calculations that appear in USPS-LR-J-49. The DAR calculations were developed at a certain point in time and the crosswalk will help explain how those calculations changed by the time of preparing USPS-LR-J-49. The calculations are presented in three sections: DAR Calculation, Deployment Calculations and Rate Case Calculations.

For each year, the DAR calculations assume a certain "Labor Hour Savings per Machine" and a dollar "Savings per Machine", as well as a "Savings this year." From these assumptions, dividing the "Savings this year" by the "Savings per Machine" yields a "Calculated Average Number of Machines". These "Calculated Average Number of Machines" can be thought of as the implicit deployment schedule for the program.

The Deployment Calculations utilize actual deployment information as the schedule unfolds. In both Flat Sorting Machine programs shown here, the deployment occurs earlier than had been projected in the DAR; thus, the savings are expected to occur earlier. The "Deployment Months" is the number of months each year the

**RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS PATELUNAS
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA
(Redirected from witness Tayman USPS-T-12)**

Response continued:

machine is expected to realize savings and that, combined with the other information, can be used to calculate the Deployment "Calculated Average Number of Machines." Specifically, the calculation is "Deployment Savings this year (000s)" divided by "Savings per Machine."

The Rate Case Calculations show a "Calculated Average Number of Machines" also. This is calculated using the information shown in USPS-LR-J-49. It is the "Rate Case Savings this year (000s)" divided by "Savings per Machine".

The rate case amounts are similar to those of the Deployment calculations and the main source of the difference is the use of slightly different deployment projections when the rate case was being prepared. The DAR assumptions and the total program savings are still valid, although the timing has changed.

b) Please see Partial Objection of United States Postal Service to Interrogatories of Magazine Publishers of America, Inc. to Witness Tayman and Uncontested Motion for Protective Conditions (MPA/USPS-T6-1(a) and (b), 2(a) and (b), and 3(a)), filed October 15, 2001. See USPS-LR-J-152, filed October 24, 2001 under protective conditions.

c-e) It is my understanding that the Postal Service does not track volumes for Phase II machines nor does it track the source of the volumes handled on all of the AFSM 100s. Some AFSM 100 volumes came from manual operations, as well as the FSM 881s and the 1000s. Additionally, by freeing up capacity on the FSM 1000s, volumes

**RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS PATELUNAS
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA
(Redirected from witness Tayman USPS-T-12)**

Response continued:

were diverted from manual operations to the FSM 1000s, and the use of FSM 881s diminished much more rapidly than was planned.

However, for a better understanding, please refer to the testimony of witness Kingsley, USPS-T-39. On page 18, lines 8-10, witness Kingsley provides the percent of Plant processing by machine and manual for AP 12 Fiscal Year 2001. A comparison with Fiscal Year 2000 would not be useful, however, because there was very little volume on AFSM 100s in Fiscal Year 2000; Fiscal Year 2001 is when the major impacts begin.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS PATELUNAS
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA
(Redirected from witness Tayman USPS-T-12)**

MPA/USPS-T6-2. In the section of USPS-LR-J-49 titled "AUTOMATED FEEDERS & OCRs", you briefly describe the method you used to quantify the cost savings that will result from adding automated feeders and OCRs to FSM 1000s

(a) Please provide all calculations underlying your estimate of the cost savings from adding automated feeders and OCRs to FSM 1000s.

(b) Please provide all Decision Analysis Reports that the Postal Service has produced regarding the retrofit of FSM 1000s with automated feeders and OCR.%

Response:

a) Please see Partial Objection of United States Postal Service to Interrogatories of Magazine Publishers of America, Inc. to Witness Tayman and Uncontested Motion for Protective Conditions (MPA/USPS-T6-1(a) and (b), 2(a) and (b), and 3(a)), filed October 15, 2001. Please refer to Attachment 1 that accompanies this response; an electronic version is contained in USPS-LR-J-145. The calculations shown there present a general description, or crosswalk, from the original DAR calculations to the calculations that appear in USPS-LR-J-49. The DAR calculations were developed at a certain point in time and the crosswalk will help explain how those calculations changed by the time of preparing USPS-LR-J-49. The calculations are presented in three sections: DAR Calculation, Deployment Calculations and Rate Case Calculations.

For each year, the DAR calculations assume a certain "Labor Hour Savings per Machine" and a dollar "Savings per Machine", as well as a "Savings this year." From these assumptions, dividing the "Savings this year" by the "Savings per Machine" yields

**RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS PATELUNAS
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA
(Redirected from witness Tayman USPS-T-12)**

Response continued:

a "Calculated Average Number of Machines". These "Calculated Average Number of Machines" can be thought of as the implicit deployment schedule for the program.

The Deployment Calculations utilize actual deployment information as the schedule unfolds. For the Feeder and OCR program shown here, the deployment occurs earlier than had been projected in the DAR; thus, the savings are expected to occur earlier. The "Deployment Months" is the number of months each year the machine is expected to realize savings and that, combined with the other information, can be used to calculate the Deployment "Calculated Average Number of Machines." Specifically, the calculation is "Deployment Savings this year (000s)" divided by "Savings per Machine."

The Rate Case Calculations show a "Calculated Average Number of Machines" also. This is calculated using the information shown in USPS-LR-J-49. It is the "Rate Case Savings this year (000s)" divided by "Savings per Machine".

The rate case amounts are similar to those of the Deployment calculations and the main source of the difference is the use of slightly different deployment projections when the rate case was being prepared. The DAR assumptions and the total program savings are still valid, although the timing has changed.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS PATELUNAS
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA
(Redirected from witness Tayman USPS-T-12)**

Response continued:

b) Please see Partial Objection of United States Postal Service to Interrogatories of Magazine Publishers of America, Inc. to Witness Tayman and Uncontested Motion for Protective Conditions (MPA/USPS-T6-1(a) and (b), 2(a) and (b), and 3(a)), filed October 15, 2001. See USPS-LR-J-152, filed October 24, 2001 under protective conditions.

DECLARATION

I, Richard Patelunas, declare under penalty of perjury that the foregoing answers to interrogatories are true and correct to the best of my knowledge, information, and belief.

A handwritten signature in black ink, appearing to read "Richard Patelunas", is written over a horizontal line.

Dated: 10/24/01

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.



Susan M. Duchek

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2990; Fax -5402
October 24, 2001