## 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, 1997

Docket No. R97-1

THE DIRECT MARKETING ASSOCIATION, INC.'S SECOND SET OF INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS DIRECTED TO USPS WITNESS TAYMAN (DMA/USPS-T9-11-15)

Pursuant to Sections 25 and 26 of the Commission's Rules of Practice, the Direct Marketing Association, Inc. hereby submits the attached second set of interrogatories and requests for production of documents to USPS witness Tayman (DMA/USPS-T9-11-15). If the designated witness is unable to respond to any interrogatory, we request a response by some other qualified witness.

Respectfully submitted,

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August 13, 1997

## Witness Tayman (USPS-T-9)

DMA/USPS-T9-11. Please refer to Exhibit USPS-15J.

- (a) Please confirm that volume variable Clerks and Mailhandlers mail processing direct labor costs (C/S 3.1) in Test Year 1998 are \$10.98 billion.
- (b) Please confirm that volume variable Supervisors and Technicians mail processing costs (C/S 2.1) in Test Year 1998 are \$853.7 million.

DMA/USPS-T9-12. Please refer to LR-H-1 and Table 4 to USPS-T-12.

- (a) Please confirm that 76.3 percent of Supervisors and Technicians mail processing costs (C/S 2.1) and Clerks and Mailhandlers mail processing direct labor costs (C/S 3.1) are volume-variable in BY 1996.
- (b) Please confirm that, in general, Supervisors and Technicians mail processing costs (C/S 2.1) are volume variable to the same extent that Clerks and Mailhandlers mail processing direct labor costs (C/S 3.1) are volume variable.

DMA/USPS-T9-13. Please refer to Table 10 of your direct testimony (USPS-T-9) and Exhibit USPS-9B.

- (a) Please confirm that cost reduction programs reduce Clerks and Mailhandlers costs (C/S 3) in FY 1997 by \$450.6 million (2.6 %) and by \$420.8 million (2.3 %) in Test Year 1998.
- (b) Please confirm that cost reduction programs reduce Supervisor and Technician (C/S 2) costs in FY 1997 by \$513,000 (.02 %) and that there are no cost reductions from such programs in Test Year 1998.

DMA/USPS-T9-14. Please refer to Exhibit USPS-9B.

- (a) Please confirm that the reduction in Clerks and Mailhandlers costs (C/S 3) due to cost reduction programs in Test Year 1998 is due entirely from a reduction in employee work hours and benefits.
- (b) Please confirm that when Clerks and Mailhandlers mail processing direct labor work hours decrease, Supervisors and Technicians mail processing costs should decrease, because fewer supervisors and technicians are needed to manage the workers.

- (c) Please explain why cost reduction programs do not decrease Supervisors and Technicians mail processing costs (C/S 2.1) by the same percentage that they reduced Clerks and Mailhandlers mail processing direct labor costs (C/S 3.1).
- (d) Please confirm that reducing Supervisors and Technicians mail processing costs (C/S 2.1) for Fest Year 1998 by the same percentage that cost reduction programs would reduce Clerks and Mailhandlers mail processing direct labor costs (C/S 3.1) for Test Year 1998 would amount to nearly \$70 million in savings.

DMA/USPS-T9-15. Please refer to page 13, lines 23-25, of your direct testimony (USPS-T-9) where you state "[s]ome programs generally satisfy a one-time need and are not intended to continue indefinitely, while others will add additional costs that continue indefinitely."

- (a) Please confirm that once a program satisfies the one-time need for which it was intended to address, it is terminated and no longer accrues costs. If not confirmed, please explain.
- (b) Please provide a list of "Other Programs" in Docket No. R94-1 and the costs of each program.
- (c) For each program listed in sub-part (b), please indicate whether it addressed a "one-time need" and was not repeated.
- (d) For each program that addressed a "one-time need" in R94-1, please indicate whether the program was still funded in FY 1996.

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Commission's Rules of Practice.

Michael D. Bergman

Dated: August 13, 1997