

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

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POSTAL RATE AND FEE CHANGES, 1997

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Docket No. R97-1

THE DIRECT MARKETING ASSOCIATION, INC.'S FIRST SET OF
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS DIRECTED
TO USPS WITNESS PATELUNAS (DMA/USPS-T15-1-8)

Pursuant to Sections 25 and 26 of the Commission's
Rules of Practice, the Direct Marketing Association, Inc. hereby
submits the attached first set of interrogatories and requests
for production of documents to USPS witness Patelunas (DMA/USPS-
T15-1-8). If the designated witness is unable to respond to this
interrogatory, we request a response by some other qualified
witness.

Respectfully submitted,



Dana T. Ackerly II, Esq.
David L. Meyer
Michael D. Bergman
COVINGTON & BURLING
1201 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
(202) 662-5296

Counsel for the Direct Marketing
Association, Inc.

September 4, 1997

Witness Patelunas (USPS-T-15)

DMA/USPS-T15-1. Please refer to pages 93-96 of LR-H-12.

- a. Were the program managers who estimated savings from personnel-related cost reduction programs instructed to determine whether reductions in Clerks and Mailhandlers and City Carriers work hours would reduce the amount of supervisor and technician work hours needed to manage the craft workers when they estimated cost savings?
- b. If your answer to sub-part a. is "no," why not?
- c. If your answer to sub-part a. is "yes," please provide the instructions given to program managers.

DMA/USPS-T15-2. Please refer to your response to DMA/USPS-T9-14(b), LR-H-12 (page 21), LR-H-1, page 2-2, Section 2.1.1 (where it states, "The workhours, and therefore the costs, for firstline supervision [of mail processing] are largely a function of the workhour-related costs of the supervised activities and supervisory span of control (number of employees per supervisor). Mail processing supervisors have a span of control that is essentially constant in a given work organization structure"), and LR-H-1, page 2-5, Section 2.4.1 (where it states, "As in the case of mail processing supervision, these costs [for supervision of delivery and collection] are largely a function of the workhour-related costs of each of the supervised activities.")

- a. Please confirm that, in the absence of cost reduction and other programs, the roll forward model adjusts supervisor and technician work hours to maintain a predetermined ratio of supervisors and technicians to craft workers.
- b. If subpart a. is confirmed, please explain fully the reason for making this adjustment.
- c. If subpart a. is confirmed, please explain fully the rationale for this ratio.
- d. What is the predetermined ratio of Clerk and Mailhandler supervisors and technicians to Clerk and Mailhandler craft workers?
 - (1) When did the Postal Service first decide to project Clerk and Mailhandler supervisor and technician work hours using a predetermined ratio of Clerk and Mailhandler supervisors and technicians to Clerk and Mailhandler craft workers?

- (2) For how long has the Postal Service used the ratio that it is using in this case to project Clerk and Mailhandler supervisors and technicians work hours?
 - (3) What was the previous ratio, when was it first used, and what was the rationale for changing it to the current ratio?
- e. What is the predetermined ratio of City Carrier supervisors and technicians to City Carrier craft workers?
 - (1) When did the Postal Service first decide to project City Carrier supervisor and technician work hours using a predetermined ratio of City Carrier supervisors and technicians to City Carrier craft workers?
 - (2) For how long has the Postal Service used the ratio that it is using in this case to project City Carrier supervisors and technicians work hours?
 - (3) What was the previous ratio, when was it first used, and what was the rationale for changing it to the current ratio?
- f. Do any of the cost reduction or other programs change the mail processing "work organization structure"? If so, please list the programs affecting the mail processing work organization structure and explain fully how the programs affect the mail processing work organization structure.
- g. If your answer to subpart f. is "yes," do the cost reduction and other programs change the work organization structure in a way that would affect the predetermined ratio of supervisors and technicians to craft workers?
- h. Assuming everything else being equal, are more supervisors and technicians required per craft worker in a more automated mail processing environment than in a less automated environment? If so, please explain fully.
- i. Please list all reasons, other than a change in work organization structure, why the optimal ratio of supervisors and technicians to craft workers would change. Please explain each reason fully.

- j. Please explain whether any cost reduction or other program would change the optimal ratio of supervisors and technicians to Clerks and Mailhandlers due to any of the reasons in your response to subpart i.
- k. Do any of the cost reduction or other programs change the City Carrier "work organization structure"? If so, please list the programs affecting the work organization structure and explain fully how the programs affect the work organization structure.
- l. If your answer to subpart k is yes, do the cost reduction and other programs change the work organization structure in a way that would affect the predetermined ratio of supervisors and technicians to craft workers?
- m. Please list all reasons, other than a change in work organization structure, why the optimal ratio of supervisors and technicians to craft workers would change. Please explain each reason fully.
- n. Please explain whether any cost reduction or other program would change the optimal ratio of supervisors and technicians to craft workers due to any of the reasons in your response to subpart m.
- o. Individually for each of the past ten years, what was the actual ratio of supervisors and technicians to craft workers for (1) Clerks and Mailhandlers and (2) City Carriers.
- p. Over the past ten years, have any events changed the work organization structure in a way that has affected the optimal ratio of supervisors and technicians to craft workers? If so, please explain each event fully.
- q. Over the past ten years, have any events changed the optimal ratio of supervisors and technicians to craft workers, but not affected the work organization structure? If so, please explain fully.

DMA/USPS-T15-3. Please refer to your response to DMA/USPS-T9-14c and LR-H-12, page 21, and assume: (1) the predetermined ratio of Clerks and Mailhandler craft workers to Clerk and Mailhandler supervisors and technicians is 20:1 and (2) the roll forward model projects a 40,000 work hour decrease (in the absence of cost reduction and other programs) in Clerks and Mailhandlers from FY 1996 to FY 1997.

- a. Please confirm that, to maintain the predetermined ratio of supervisors and technicians to workers, the

roll forward from FY 1996 to FY 1997, in the non-volume workload adjustment step, would reduce Clerk and Mailhandler supervisors and technicians work hours by 2,000.

- b. Please confirm that if program managers estimated that cost reduction programs, in aggregate, would reduce FY 1997 Clerks and Mailhandlers work hours by 40,000 and Supervisors and Technicians Clerks and Mailhandlers work hours by 0 hours, the roll forward model would not adjust FY 1997 Clerk and Mailhandler supervisors and technicians work hours to maintain the predetermined ratio of supervisors and technicians to craft workers.
- c. Please confirm that the cost reduction programs described in subpart b would reduce the FY 1997 ratio of Clerks and Mailhandlers to Clerk and Mailhandler supervisors and technicians to below 20:1.

DMA/USPS-T15-4. Please refer to your response to DMA/USPS-T9-14c and LR-H-12, page 21, and assume: (1) the predetermined ratio of City Carriers to City Carrier supervisors and technicians is 20:1 and (2) the roll forward model projects a 40,000 work hour decrease (in the absence of cost reduction and other programs) in City Carriers from FY 1996 to FY 1997.

- a. Please confirm that, to maintain the predetermined ratio of supervisors and technicians to workers, the roll forward from FY 1996 to FY 1997, in the non-volume workload adjustment step, would reduce City Carriers supervisors and technicians work hours by 2,000.
- b. Please confirm that if program managers estimated that cost reduction programs, in aggregate, would reduce FY 1997 City Carriers work hours by 40,000 and Supervisors and Technicians City Carriers work hours by 0 hours, the roll forward model would not adjust FY 1997 Supervisors and Technicians City Carriers work hours.
- c. Please confirm that the cost reduction program described in sub-part b. would reduce the FY 1997 ratio of City Carriers to Supervisors and Technicians City Carriers to below 20:1.

DMA/USPS-T15-5. Please refer to LR-H-12, pages 93-96.

- a. Please confirm that, in aggregate, Field Personnel-Related Cost Reductions and Other Programs change estimated FY 1997 (as compared to FY 1996) work years by craft by the amounts specified below: (1) Clerks - CAG A-J - 3,977 workyear decrease, (2) City Carriers - 4,190 workyear decrease, (3) Mailhandlers - 1,764

workyear decrease, (4) Supervisors - 427 workyear increase, and (5) Maintenance - 542 workyear increase.

- b. Please confirm that, in aggregate, Field Personnel-Related Cost Reductions and Other Programs change estimated FY 1998 (as compared to FY 1997) work years by craft by the amounts specified below: (1) Clerks - CAG A-J - 168 workyear decrease, (2) City Carriers - 6,978 workyear decrease, (3) Mailhandlers - 2,104 workyear decrease, (4) Supervisors - 702 workyear increase, and (5) Maintenance - 692 workyear increase.
- c. Please confirm that of the 17 FY 1997 Field Personnel-Related Cost Reductions and Other Programs with an estimated savings or cost figure for Clerks - CAG A-J, City Carriers, or Mailhandlers (in which 4 are cost increases and 13 are cost savings), 4 have net costs in the Supervisors column (including two that have net savings for the related craft workers) and zero have net savings in the Supervisors column.
- d. Please confirm that of the 48 FY 1998 Field Personnel-Related Cost Reductions and Other Programs with an estimated savings or cost figure for Clerks - CAG A-J, City Carriers, or Mailhandlers (in which 20 are net cost increases and 28 are cost savings), 4 have net costs in the Supervisors column (including two that have net savings for the related craft workers) and zero have net savings in the Supervisors column.
- e. Please confirm that 88% of cost reduction programs for FY 1997 and FY 1998, program managers did not adjust Supervisor workyear estimates at all in response to changes in City Carrier and Clerk and Mailhandler workyears.
 - i) If confirmed, please confirm that this indicates that program managers did not analyze the effect on supervisor and technician workyears of cost reduction programs which were focused on City Carrier and Clerk and Mailhandler cost reductions.
 - ii) If not confirmed, please explain fully.
- f. Please confirm that, all else being equal, not adjusting supervisor and technician work hours in response to reductions in City Carrier and Clerk and Mailhandler work hours lowers the ratio of supervisors and technicians to craft workers.
- g. If subpart f. is not confirmed, please explain fully why the roll forward model, in the absence of cost

reduction and other programs, adjusts supervisor and technician work hours in order to maintain a predetermined ratio of supervisors and technicians to workers.

- h. Please provide the projected Test Year Proposed Rate ratio of workers to supervisors and technicians for (1) City Carriers and (2) Clerks and Mailhandlers.

DMA/USPS-T15-6. Assume there is only one cost reduction program -- installation of automated mail processing equipment -- in FY 1998 and it results in a net reduction in Clerk and Mailhandler work years of X percent. If program managers estimated that the cost reduction program would have no effect on supervisors and technician work hours:

- a. Would you question this assumption if X were .1 percent?
- b. Would you question this assumption if X were 1 percent?
- c. Would you question this assumption if X were 5 percent?
- d. Would you question this assumption if X were 10 percent?
- e. Would you question this assumption if X were 50 percent?
- f. Would you question this assumption if X were 90 percent?
- g. At what percentage reduction in Clerks and Mailhandlers work years would you question the program managers' assumption?

DMA/USPS-T15-7. Is an increasing ratio of supervisors and technicians to mail processing or delivery and collection employees a possible indication of a decrease in efficiency?

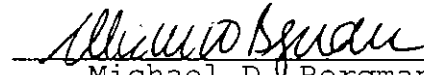
DMA/USPS-T5-8. Please refer to your response to DMA/USPS-T9-14(d) in which you state that reducing Supervisors and Technicians mail processing costs for Test Year 1998 by the same percentage reduction in Clerks and Mailhandlers mail processing direct labor costs for Test Year 1998 would result in a savings of "about \$80 million."

- a. Please provide the precise amount of savings for Supervisors and Technicians mail processing costs in Test Year 1998. Please provide all data and calculations supporting this figure.

- b. Please confirm that a reduction in City Delivery Carriers costs for Test Year 1998 due to cost reduction programs would reduce City Carrier Supervisors and Technicians costs by the same percentage decrease. Please provide the precise amount of savings for City Carrier Supervisors and Technicians costs in Test Year 1998 applying the same percentage decrease as that for the City Carrier costs and provide all data and calculations supporting this figure.

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 Rule 12 (section 3001.12) of the Postal Rate Commission's Rules of Practice and Procedure and Rule 3 of the Commission's Special Rules of Practice in this proceeding.



Michael D. Bergman

September 4, 1997