

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

RECEIVED
Nov 9 4 46 PM '01
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS PATELUNAS TO INTERROGATORIES OF
DIRECT MARKETING ASSOCIATION, INC. REDIRECTED
FROM WITNESS TAYMAN
(DMA/USPS-T6-49 through 58 and 60)

The United States Postal Service hereby provides the response of witness Patelunas to the following interrogatories of Direct Marketing Association, Inc.: DMA/USPS-T6-49 through 58 and 60, filed on October 24, 2001, and redirected from witness Tayman.

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, Rate-making:


Susan M. Duchek

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2990; Fax -5402
November 9, 2001

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS PATELUNAS TO INTERROGATORIES OF
DIRECT MARKING ASSOCIATION, INC.
(REDIRECTED FROM WITNESS TAYMAN)**

DMA/USPS-T6-49. Please refer to your Library Reference J-49. On Page 5 you state, "Average annual savings budgeted for each AFSM 100 are approximately 34,480 workhours per machine. The AFSM 100 is expected to run an average of 16 hours per day, and a two-month time lag in savings is assumed."

- (a) How many days per week are the machines expected to run?
- (b) Please explain in as much detail as possible why a two month lag in savings is assumed.
- (c) Please explain the derivation of the 34,480 workhour savings per machine, including all assumptions and calculations.

Response:

- (a) The DAR assumes 286 processing days/year for primary operations and 302 processing days/year for secondary operations.
- (b) The two month savings lag follows installation because time is needed to integrate the new equipment into the operating environment. The two month period is generally the standard for equipment programs and it is based on years of implementation experience. For example, crew training is required for the operation of the new equipment. There is a period of learning and during the early parts, the operation and savings do not approach the maximum. Also, time is required to make the operational changes to adjust the mail flows within facilities to incorporate the new equipment.
- (c) Partial Objection filed on November 5, 2001. The 34,480 workhour savings are the budgeted savings calculated using, from the DAR, 21,760 lower bound savings plus 12,720 toward the upper bound savings. The lower bound savings were based on prototype machine testing. Once the DAR

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS PATELUNAS TO INTERROGATORIES OF
DIRECT MARKING ASSOCIATION, INC.
(REDIRECTED FROM WITNESS TAYMAN)**

Response continued:

and the competitive testing were completed, expectations became that additional savings opportunities were available, and these are reflected in the 12,720 workhours toward the upper bound.

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS PATELUNAS TO INTERROGATORIES OF
DIRECT MARKING ASSOCIATION, INC.
(REDIRECTED FROM WITNESS TAYMAN)**

DMA/USPS-T6-50. Please refer to your Library Reference J-49, Spreadsheet Prg_01_s_27094, Exhibit E, Summary of FY 2001 Cost Reduction Program Changes From Prior Year.

- (a) Please confirm that you list 24 programs for either clerks or mailhandlers that yield cost reductions.
- (b) Please confirm that you list 5 programs for carriers that yield cost reductions.
- (c) Please confirm that cost reduction programs for clerks save 6,561.9 work years for clerks, 917.4 workyears for mailhandlers and 2,270 workyears for carriers. If you cannot confirm, please provide the correct workyear savings.
- (d) Please confirm that the cost reduction programs for clerks and mailhandlers total 7,479.3 workyears. If you cannot confirm, please provide the correct workyear savings.

Response:

(a- d) Confirmed.

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS PATELUNAS TO INTERROGATORIES OF
DIRECT MARKING ASSOCIATION, INC.
(REDIRECTED FROM WITNESS TAYMAN)**

DMA/USPS-T6-51. Please refer to Exhibit E, Summary of FY 2001 Cost Reduction Program Changes From Prior Year.

- (a) Please confirm that of the 24 programs with cost reductions for clerks or mailhandlers, only two have associated supervisor cost reductions. If you cannot confirm, please provide the correct number.
- (b) Please confirm that the cost reductions for these two programs aggregate 6.9 workyears. If you cannot confirm, please provide the correct number.
- (c) Please explain in as much detail as possible why it requires almost the same amount of supervisor workyears to supervise 7,479.3 fewer clerk and mailhandler workyears. Please include in your explanation references to "mailflows, networks and operations" which you cite on page 16 of your testimony as being factors in supervisory staffing requirements.

Response:

(a – b) Confirmed.

(d) All the cost reduction and other program amounts shown for FY 2001 and FY2002 were subjected to the Postal Service's budget process. This involves *negotiations among program managers, field managers and headquarters managers* to arrive at cost reduction amounts that are achievable. No part of the budget escapes this scrutiny and all realistic opportunities are explored. Thus, if there were savings opportunities for supervisors, they would have been included in the budget. Any additional conceptual or theoretical savings not considered in the formulation of field budgets will not be realized.

In addition to the cite on page 16, please refer to the following testimonies in Docket No. R2001-1: witness Kingsley, USPS-T-39, pages 37-38, and witness Smith, USPS-T-15, footnote 25 on page 20. Also, please refer to the direct

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS PATELUNAS TO INTERROGATORIES OF
DIRECT MARKING ASSOCIATION, INC.
(REDIRECTED FROM WITNESS TAYMAN)**

Response continued:

testimony of witness Tayman, USPS-T-6, on page 14, and the rebuttal testimony of witness Patelunas, USPS-RT-4, on pages 1-4, filed in Docket No. R2000-1.

Please also refer to the hypothetical discussed at footnote 23 of the Postal Service Reply Brief and the Commission's comments at section [2035] of its Opinion and Further Recommended Decision, February 9, 2001.

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS PATELUNAS TO INTERROGATORIES OF
DIRECT MARKING ASSOCIATION, INC.
(REDIRECTED FROM WITNESS TAYMAN)**

DMA/USPS-T6-52 Please refer to Exhibit E, Summary of FY 2001 Cost Reduction Program Changes From Prior Year.

- (a) Please confirm that of the 5 programs with cost reductions for carriers, none has associated supervisor cost reductions. If you cannot confirm, please provide the correct number.
- (b) Please explain in as much detail as possible why it requires the same number of supervisors to supervise 2,270 fewer carrier workyears. Please include in your explanation references to "mailflows, networks and operations" which you cite on page 16 of your testimony as being factors in supervisory staffing requirements.

Response:

- (a) Confirmed.
- (b) All the city carrier cost reductions shown in USPS-LR-J-49 reflect In-Office savings. The same reasons that supervisor cost reductions may not be realized in the mail processing environment apply equally to this portion of the City Carrier environment because it entails sorting and preparing mail for street delivery. Most of the savings are due to the Delivery Point Sequencing environment enhanced by the CSBCS and DBCS sorting equipment. The remaining savings are due to the ID Sort Code program that results in fewer manual handlings. See also the response to DMA/USPS-T6-51(c).

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS PATELUNAS TO INTERROGATORIES OF
DIRECT MARKING ASSOCIATION, INC.
(REDIRECTED FROM WITNESS TAYMAN)**

DMA/USPS-T6-53. Please refer to Exhibit E, Summary of FY 2001 Cost Reduction Program Changes From Prior Year.

- (a) Please confirm that there are only five programs with cost reduction programs for supervisors. If you cannot confirm, please provide the correct number.
- (b) Of these five, please confirm that only two have associated clerk and mailhandler cost reductions. If you cannot confirm, please provide the number.
- (c) Of these five, please confirm that none has associated carrier cost reductions. If you cannot confirm, please provide the correct number.

Response:

- (a – c) Confirmed.

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS PATELUNAS TO INTERROGATORIES OF
DIRECT MARKING ASSOCIATION, INC.
(REDIRECTED FROM WITNESS TAYMAN)**

DMA/USPS-T6-54. Please refer to Exhibit E, Summary of FY 2002 Cost Reduction Program Changes From Prior Year.

- (a) Please confirm that you list 21 programs for either clerks or mailhandlers that yield cost reductions.
- (b) Please confirm that you list 3 programs for carriers that yield cost reductions.
- (c) Please confirm that cost reduction programs for clerks save 8,887.6 workyears for clerks, 902.5 workyears for mailhandlers and 78 workyears for carriers. If you cannot confirm, please provide the correct workyear savings.
- (d) Please confirm that the cost reduction programs for clerks and mailhandlers total 9,790.1 workyears. If you cannot confirm, please provide the correct workyear savings.

Response:

(a – d) Confirmed.

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS PATELUNAS TO INTERROGATORIES OF
DIRECT MARKING ASSOCIATION, INC.
(REDIRECTED FROM WITNESS TAYMAN)**

DMA/USPS-T6-55. Please refer to Exhibit E, Summary of FY 2002 Cost Reduction Program Changes From Prior Year.

- (a) Please confirm that of the 21 programs with cost reductions for clerks or mailhandlers, only three have associated supervisor cost reductions. If you cannot confirm, please provide the correct number.
- (b) Please confirm that the supervisor cost reductions for these three programs aggregate 48.3 workyears. If you cannot confirm, please provide the correct number.
- (c) Please explain in as much detail as possible why it requires almost the same number of supervisors to supervise almost 10,000 fewer clerk and mailhandler workyears. Please include in your explanation references to "mailflows, networks and operations" which you cite on page 16 of your testimony as being factors in supervisory staffing requirements.

Response:

- (a – b) Confirmed.
- (c) See response to DMA/USPS-T6-51(C).

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS PATELUNAS TO INTERROGATORIES OF
DIRECT MARKING ASSOCIATION, INC.
(REDIRECTED FROM WITNESS TAYMAN)**

DMA/USPS-T6-56. Please refer to Exhibit E, Summary of FY 2002 Cost Reduction Program Changes From Prior Year. Please confirm that of the 3 programs with cost reductions for carriers, none has associated supervisor cost reductions. If you cannot confirm, please provide the correct number.

Response: Confirmed.

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS PATELUNAS TO INTERROGATORIES OF
DIRECT MARKING ASSOCIATION, INC.
(REDIRECTED FROM WITNESS TAYMAN)**

DMA/USPS-T6-57. Please refer to Exhibit E, Summary of Test Year Cost Reduction Program Changes From Prior Year.

- (a) Please confirm that you list 20 programs for either clerks or mailhandlers that yield cost reductions.
- (b) Please confirm that cost reduction programs for clerks save 7,063 workyears for clerks and 161.1 workyears for mailhandlers. If you cannot confirm, please provide the correct work year savings.
- (c) Please confirm that the cost reduction programs for clerks and mailhandlers total 7,224.1 workyears. If you cannot confirm, please provide the correct workyear savings.

Response:

(a – c) Confirmed.

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS PATELUNAS TO INTERROGATORIES OF
DIRECT MARKING ASSOCIATION, INC.
(REDIRECTED FROM WITNESS TAYMAN)**

DMA/USPS-T6-58. Please refer to Exhibit E, Summary of Test Year Cost Reduction Program Changes From Prior Year.

- (a) Please confirm that of the 20 programs with cost reductions for clerks or mailhandlers, none has associated supervisor cost reductions. If you cannot confirm, please provide the correct number.
- (b) Please explain in as much detail as possible why it requires the same number of supervisors to supervise 7,224.1 fewer clerk and mailhandler workyears. Please include in your explanation references to "mailflows, networks and operations" which you cite on page 16 of your testimony as being factors in supervisory staffing requirements.

Response:

- (a) Confirmed.
- (b) See response to DMA/USPS-T6-51(c).

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS PATELUNAS TO INTERROGATORIES OF
DIRECT MARKING ASSOCIATION, INC.
(REDIRECTED FROM WITNESS TAYMAN)**

DMA/USPS-T6-60. Please refer to Exhibit E, Summary of FY 2001 Cost Reduction Program Changes From Prior Years. The 17th program listed is "Automated Feeders and OCRs".

- (a) Please confirm that this is the program you describe on page 9 of Library Reference J-49.
- (b) Please confirm that witness Kingsley describes this program on page 15 of her testimony.
- (c) Please reconcile your statement on page 9 of LR J-49, " This program will install automated flats feeders and optical character readers (OCRs) on all 359 FSM 1000s" with her statement on page 15 of her testimony, "There are 351 machines deployed...Presently there are no plans to purchase additional FSM 1000s."

Response:

- (a) Confirmed.
- (b) Confirmed.
- (c) Of the total 359 machines, four are simulators and four are trainers; these eight are not deployed in operations.

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 cursive script, appearing to read "Richard Patelunas", is written over a horizontal line.

Dated: 11/9/01

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
November 9, 2001