

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

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POSTAL RATE AND FEE CHANGES, 2001

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

PARTIAL OBJECTION OF UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA, INC.
TO WITNESS PATELUNAS (MPA/USPS-T12-2 and 3)
(November 13, 2001)

The United States Postal Service hereby objects to interrogatories MPA/USPS-T12-2 and 3, in part. The interrogatories are objectionable because responding to them would reveal facility-specific, proprietary information. Also, the requested information is irrelevant.

MPA/USPS-T12-2 asks:

Did the Postal Service use a model to calculate the cost savings from Phase II of the Automated Flat Sorting Machine 100 (AFSM 100) deployment? If the answer is in the affirmative, please provide it in electronic form and answer the following questions regarding it.

- (a) Was this model used to estimate cost savings from any other cost reduction programs?
- (b) If your response to subpart (a) of this interrogatory is in the affirmative, for what other cost reduction programs was this model used to estimate cost savings?

MPA/USPS-T12-3 inquires:

Did the Postal Service use a model to calculate the cost savings from Phase I of the AFSM 100 deployment? If the answer is in the affirmative, was this the same model referred to in MPA/USPS-T12-2 to estimate the cost savings from the AFSM 100 – 2nd Buy? If the same model was not used, please provide a cost savings estimate for the AFSM 100 – 1st Buy using the model referred to in MPA/USPS-T12-2.

The Postal Service will file a response to MPA/USPS-T12-2 and all subparts, except for providing the requested model in electronic format. It objects to providing the model for a number of reasons. First, there is not a single model, but rather 281 separate models. A general baseline model was adapted for use by each of the 281 sites involved in Phase II of the AFSM program. The model for each site contains site-specific data and assumptions that would reveal confidential, site-specific information. For example, each site builds in assumptions about how much mail volume will come into the plant and from which delivery units, thus revealing proprietary mail flow information. Such information clearly would be harmful to the Postal Service's competitive position. As another example, each site can also incorporate site-specific productivity information. Revealing such information would have an adverse effect on Postal Service labor-management relations.

Moreover, the information is neither relevant nor necessary for an understanding of the Phase II cost reductions included in the rate case. The Postal Service has provided the DARs pertaining to the AFSM 100 purchases (both 1st and 2nd Buys) under protective conditions. See USPS-LR-152, filed October 24, 2001 under protective conditions. Interrogatory responses have already been given, explaining how the savings were calculated, and providing a crosswalk between the relevant DARs and what is contained in the rate case. See Revised Response of United States Postal Service Witness Patelunas to Interrogatories of Magazine Publishers of America, Inc. Redirected form Witness Tayman (MPA/USPS-T6-1-2), filed October 24, 2001. The DARs and the previous responses provide adequate information on the AFSM 100 cost

reductions. The DARs contain the national detailed cash flow information, which reflects the combined data results from the 281 sites. To the extent that there are differences between what is included in the DARs and what is contained in the rate case, as explained in previous pleadings, this can reflect changes in equipment deployment schedules and changes resulting from budget negotiations, which cannot always be traced through specific calculations.

The Postal Service will provide a response to all parts of MPA/USPS-T12-3, except for that portion calling for a recalculation of the AFSM 100 – 1st Buy savings using the models referenced in MPA/USPS-T12-2. First, to the extent that responding would require revealing site-specific information, the Postal Service objects for the same reasons stated above. Further, the relevant cost savings are those included in the rate case. As discussed above, savings calculated at the time of the 1st Buy are incorporated into a DAR that has already been produced under protective conditions. Interrogatory responses have been filed providing a crosswalk between the DARs and what is included in the case. One could recalculate any savings estimate endlessly under new or different models or assumptions. Of course, each time a recalculation is performed the answers will be at least somewhat different – deployment schedules change, wage rates change and the budget process moves forward. The crosswalk between the DARs and what is included in the case reflects what changed between the time of the DAR calculation and the rate case. Anything more simply has no relevance. If MPA has disagreements with what is included in the case, it is perfectly capable of

voicing those disagreements without having the Postal Service provide unnecessary and irrelevant calculations and recalculations.

The previously provided explanations of the process for calculating the referenced cost savings and the DARs contain all of the information that is relevant and necessary for an understanding of the AFSM programs. The Postal Service should not have to provide the further information requested in the objected-to portions of MPA's interrogatories.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:


Susan M. Duchek

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

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