

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

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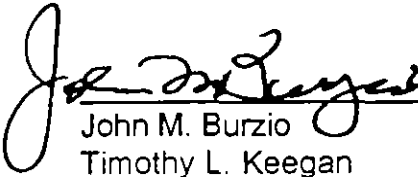
POSTAL RATE & FEE CHANGES, 1997

Docket No. R97-1
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

INTERROGATORIES OF TIME WARNER INC.
TO UNITED STATES POSTAL SERVICE WITNESS MODEN: TW/USPS-T4-29-31
(September 16, 1997)

Pursuant to sections 25 and 26 of the Rules of Practice, Time Warner Inc. (Time Warner) directs the following interrogatories to United States Postal Service witness Moden (USPS-T-4). If witness Moden is unable to respond to any interrogatory, we request that a response be provided by an appropriate person capable of providing an answer.

Respectfully submitted,

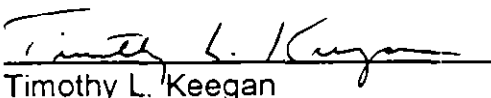

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the instant document on all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.


Timothy L. Keegan

September 16, 1997

SIXTH SET OF INTERROGATORIES TO WITNESS MODEN (USPS-T-4)

TW/USPS-T4-29 Please refer to your response to TW/USPS-T4-9. Part b asked "to what extent instructions regarding clocking in and out are followed in practice," and you responded: "They are widely followed." Part i asked, "is assuring that employees are clocked into the correct MODS operation numbers high on the list of priorities for facility managers and supervisors?" Your response was "Yes."

Please refer also to the Postal Inspection Service final report "National Coordination Audit: Allied Workhours" (December 1996) (Case No. 034-1181680-PA(1)), which reports the results of a national audit of allied workhours in 25 Processing and Distribution Centers (P&DCs) between February and April 1996. (The report is found in LR-H-236.) At pages 2 and 18-19 the Inspection Service states:

The lack of supervisory control and review of employee clockrings resulted in improperly charged workhours to LDC 17. Our review disclosed Management Operating Data System (MODS) workhours reported for opening unit operations were in error approximately 31 percent of the time. . . . [p. 2.]

Of the 2,412 employees checked for clockring accuracy, 744, or 31 percent were clocked into MODS operations other than the ones they were working. The 31 percent error rate had significant impact upon the amount of LDC 17 workhours reported. . . . The inaccuracy of the MODS workhour data for the opening units was caused by supervisors not ensuring that employees were properly clocked in. Employees who were found to be clocked into an incorrect operation were generally unconcerned with the accuracy of their clockrings. Some supervisors were surprised to find the large number of employees clocked incorrectly, and admitted they do little if any monitoring of employee clockrings. [pp. 18-19.]

a. Please confirm that the conditions described by the Inspection Service, as of the time it conducted its audit, are different from your description of current conditions in your responses to TW/USPS-T4-9, parts b & i.

b. Do you accept the findings and conclusions of the Inspection Service with respect to conditions at the time of its audit? If not, please state your reasons and describe all evidence which you believe discredits the Inspection Service's findings and conclusions.

c. Were you aware of the contents of the Inspection Service report at the time of your response to TW/USPS-T4-9? If so, why did you not mention the report in your response? If your answer is that the conditions described by the Inspection Service as of February–April 1996 no longer exist, please indicate the reasons and the evidence that caused you to reach that conclusion.

TW/USPS-T4-30 Please refer to your response to TW/USPS-T4-7d and 5d. In 7d you were asked whether "manual sorting operations are often over-staffed relative to the volume that is available for manual processing?" Your response was, "No. See answer to c above" (which stated in relevant part: "We staff to workload. Work rules provide sufficient flexibility to match the workforce to the work load in manual cases"). In 5d, you were asked "[i]f in your opinion extra costs are being incurred because flats that could be sorted by FSM are instead sorted manually?" You responded in part: "[L]ocal management has incentives to make use of the most efficient processing alternatives available. FSM processing is more efficient than manual distribution. Therefore, I do not believe that extra costs are being unnecessarily incurred."

Please refer also to the Postal Inspection Service final report "National Coordination Audit: Allied Workhours" (December 1996) (Case No. 034-1181680-PA(1)), which reports the results of a national audit of allied workhours in 25 Processing and Distribution Centers (P&DCs) between February and April 1996. (The report is found in LR-H-236.) At pages 10, and 18-19 the Inspection Service states:

At the P&DCs, LDC 17 supervisors generally expressed that their focus was to keep the employees in budgeted positions "busy", and minimize overtime hours. Several plants had employees who were performing direct distribution functions, but were clocked into LDC 17 operations. This allowed the productivities of direct distribution operations, with specific benchmarks and perceived higher priorities, to be artificially higher. . . .[p. 10.]

a. Do you accept the findings and conclusions of the Inspection Service with respect to conditions at the time of its 1996 audit? If not, please state your reasons and describe all evidence which you believe discredits the Inspection Service's findings and conclusions.

b. If your answer to part a is yes, please describe the changes in conditions since 1996 that have (1) eliminated management incentives to "keep the employees in budgeted positions 'busy', and minimize overtime hours" and to artificially inflate the "productivities of direct distribution operations, with specific benchmarks and perceived higher productivities" and (2) created management incentives to "make use of the most efficient processing alternatives available."

TW/USPS-T4-31 Please refer to your responses to TW/USPS-T4-7c-g, DMA/USPS-T14-1 and T14-23 (redirected from witness Bradley), and NAA/USPS-T4-13, where you generally indicate that management has a high degree of flexibility in matching employee complements to available mail processing workloads.

Please refer also to the Postal Inspection Service's "Audit Report: MLOCRAutomation" (December 1989) (Case No. 020-1027622-AO(1)) (filed as LR-F-240 in Docket No. R90-1). At pp. 15, 96-97 and 174, the report states as follows

A comparison was made between actual employee complement changes and estimated changes in complement which considered increases/decreases in FHP, TPH, overtime, and automated AO mail volumes. This was performed in order to determine if the actual employee complement change at each audit site had a relationship to that site's changes in mail processing operations and volumes. Our analysis disclosed that the 22 audited sites have a net reduction of 96 employees which is 462 less than the potential reduction we computed. . . . [P. 15.]

For 17 audit sites, we also evaluated how productivity rates in LDCs 11, 12, and 13 for letter operations and LDC 14 workhours changed from peak to low volume days (Mon-Fri) during AP 05 FY 89. Our analysis disclosed that letter distribution (TPH) pieces per hour dropped as the volume of mail to be work[ed] declined at all 17 sites. . . . We compared the top 10 volume days to the low 10 volume days and documented a drop in productivity of 160 pieces per hour. . . . [P. 17.]

The Postal Service cannot expect an AO Postmaster to reduce his mail processing complement if he receives limited volumes of automated mail and does not receive a consistent volume of mail on a continuous daily basis. [P. 18.] . . .

Please refer also to the Postal Inspection Service final report "National Coordination Audit: Allied Workhours" (December 1996), which reports the results of a national audit of allied workhours in 25 Processing and Distribution Centers (P&DCs) between February and April 1996. (The report is found in LR-H-236.) At pages 1-2 and 15, the Inspection Service states:

Allied workhours in P&DCs were loosely managed and inadequately controlled. . . . Our review of opening unit operations (110-117 and 180-189) at the 25 P&DCs disclosed management inefficiencies regarding these workhours representing 36 percent of total LDC 17 [i.e., allied] workhours. We determined that the Postal Service could have realized a 12.8 percent reduction in actual workhours expended. In Fiscal Year (FY) 1996, unrecovered opening unit cost reductions could have amounted to nearly \$141 million, if higher locally demonstrated productivities were achieved. [Pp. 1-2.]

The audit disclosed that opening unit . . . and metered mail . . . workhours used to prepare mail for processing should be charged to direct distribution operations, i.e., automation, mechanization, and manual operations. Interviews with plant management indicated a strong desire to include these support workhours with their direct distribution counterparts provided that operational productivity benchmarks were re-calculated. . . . By including support (workhours currently charged to LDC 17 operations) with direct distribution

workhours, managers can compare their actual performance to the re-calculated operational benchmarks for automation, mechanization, and manual distribution operations. These changes would allow the P&DCs to effectively manage up to 37.7 percent of total LDC 17 workhours. [P. 15.]

a. Do you accept the findings and conclusions of these reports? If not, please state your reasons and describe all evidence which you believe discredits their findings and conclusions.

b. Are manual mail processing operations at the present time consistently achieving productivities closer to their highest "locally demonstrated productivities" than were found in the two Inspection Service audits. If yes, please provide full documentation. If no, please explain how the continuing failure to achieve demonstrably attainable productivities in manual processing is consistent with the view that employee complement is being successfully managed to fit actual workloads and avoid overstaffing.