

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

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Postal Rate and Fee Changes, 2006

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Docket No. R2006-1

THIRD INTERROGATORIES OF DIRECT MARKETING ASSOCIATION  
TO USPS WITNESS RICHARD G. LOUSCH (DMA/USPS-T6-19-29)

(July 11, 2006)

Pursuant to sections 25 and 26 of the Rules of Practice, Direct Marketing Association directs the following interrogatories to USPS witness Richard G. Loutsch (USPS-T-6). If the witness is unable to respond to any interrogatory, we request that a response be provided by an appropriate witness capable of providing an answer.

Respectfully submitted,

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DIRECT MARKETING ASSOCIATION INTERROGATORIES  
TO USPS WITNESS RICHARD G. LOUSCH, USPS-T-6

DMA/USPS-T6-19. This is a follow up to your response to DMA/USPS-T6-5 in which you provided a schedule for the release of all the as-then unreleased Financial and Operating Statements for FY 2006 except for September's. With respect to September's release, you said "The results for September will be available upon completion of the annual financial statements and approval by the Board of Governors."

- a) Please confirm that in 2005, the Postal Service filed the Financial and Operating Statement (FOS) for September with the Postal Rate Commission on December 9, 2005. If you are unable to confirm, please provide the correct date.
- b) Are there any reasons to believe that the September FOS will take longer to prepare this year than it did last year? If so, please provide all of them.
- c) What is the latest date by which you would expect to file the September FOS with the Postal Rate Commission?

DMA/USPS-T6-20. The Postal Service requires detailed data to produce Total Factor Productivity.

- a) Please confirm that on June 8 of 2006, the Postal Service filed with the Postal Rate Commission, Total Factor Productivity Annual Tables for FY 2005. If you cannot confirm, please provide the correct date.
- b) Please confirm that Table 13 of these tables, titled Millions of Hours by Occupation, provides workhours (in millions) for supervisors, for clerks and mailhandlers, for city carriers and vehicle service drivers, for special delivery messengers, and for rural carriers – as well as for other selected occupations - from 1963 to 2005.
- c) Please provide an Excel Spreadsheet of this table.
- d) Please provide an Excel Spreadsheet of this table which disaggregates supervisory hours into (1) Supervision of Clerks and Mailhandlers – mail processing, (2) Supervision of Clerks and Mailhandlers – not mail processing, (3) Supervision of City Delivery Carriers, (4) Supervision of Vehicle Service Drivers, and (5) all other supervision. If you are unable to disaggregate to this fine a level, please disaggregate to the finest level available.
- e) Please provide an Excel Spreadsheet of this table which disaggregates Clerks and Mailhandlers hours into (1) Clerks and Mailhandlers – mail processing and (2) Clerks and Mailhandlers – all other and which also disaggregate City Carriers and Vehicle Service Drivers hours into (1) City Carriers hours and (2) Vehicle Service Drivers hours.
- f) Please feel free to provide one spreadsheet in response to (c), (d), and (e).

DMA/USPS-T6-21. On page 31 of your testimony, you write “Between cost reductions programs and BPI, the Postal Service identifies realizable cost savings for technical personnel and supervisors. Supervisory cost savings beyond those estimated cannot be assumed to occur based on theories of volume variability, because supervisory responsibilities relate to mailflows, networks and operations – not merely to employees.”

- a) Are supervisors responsible for supervising employees?
- b) Please provide any studies or analysis pertaining to the topic of how much of a supervisor’s responsibilities are related to employees and how much are related to mailflows, networks, and operations.
- c) Please provide your best judgment of how much of a supervisor’s responsibilities are related to employees and how much are related to mailflows, networks, and operations.
- d) Please provide all materials from supervisory training programs which demonstrate that supervisors are trained for their responsibilities in managing mailflows, networks, and operations.
- e) Please provide all materials which demonstrate that supervisors are evaluated based on their responsibilities in managing mailflows, networks, and operations.
- f) Please provide all materials which demonstrate that supervisors are compensated based on their responsibilities in managing mailflows, networks, and operations.

DMA/USPS-T6-22. Please refer to the spreadsheet L49\_R2006\_8.xls which is part of USPS-LR-L-49.

- a) Please confirm that Attachment D, Page 1 of this spreadsheet shows that of the Cost Reduction Programs in FY 2006 for Section 1A, 21 cost reduction programs apply to clerks, 14 to mail handlers, 5 to city carriers, and 0 to supervisors. If you cannot confirm, please provide the appropriate numbers.
- b) Please confirm that Attachment E, Page 1 of this spreadsheet shows that of the Cost Reduction Programs in FY 2007 for Section 1A, 22 cost reduction programs apply to clerks, 9 to mail handlers, 6 to city carriers, and 0 to supervisors. If you cannot confirm, please provide the appropriate numbers.
- c) Please confirm that Attachment F, Page 1 of this spreadsheet shows that of the Cost Reduction Programs in FY 2008 for Section 1A, 14 cost reduction programs apply to clerks, 8 to mail handlers, 7 to city carriers, and 0 to supervisors. If you cannot confirm, please provide the appropriate numbers.
- d) Please confirm that there were 51 different cost reduction programs in Section 1A of these attachments.

DMA/USPS-T6-23. Please refer to page 30 of your testimony where you say “BPI cost savings are projected for supervisory costs between the Base Year and the Test Year and, when considered feasible by the program managers, for other cost reduction programs.”

- a) Did program managers review each of the cost reduction programs to develop estimates of cost reductions for Clerks, Mailhandlers, and carriers? If not, who developed the estimates?
- b) Were program managers specifically requested to consider whether cost reduction programs were feasible for supervisors for each program they reviewed?
  - i) If so, please provide all the details of that request, including any documentation supporting the request.
  - ii) If so, please provide all documentation of the response of each program manager to the request.

DMA/USPS-T6-24. Please confirm that all Cost Reduction Programs in FYs 2006, 2007, and 2008 are BPI/LMI programs, Human Capital Enterprise HR Shared Service Headquarters Programs, or EEO Staff Shift Programs

DMA/USPS-T6-25. Please refer to page 31 of your testimony where you state “In addition, cost reduction programs frequently require additional supervisory time and attention in order to capture cost savings, to maintain service, and to ensure operating efficiencies.” Also please refer lines 24 and 25 on that page in the “Other Programs” sections that states “Example of types of program costs included in this category are: the offsetting cost increases associated with cost reduction programs.”

- a) Does this imply that additional supervisory time and attention required to capture cost savings, maintain service, and ensure operating efficiencies would be reflected in “Other Programs.” If not, please explain why not.

DMA/USPS-T6-26. Please confirm that “Other Programs” increase supervisory costs by \$148,000 in FY 2006, \$0 in FY 2007, and \$0 in FY 2008. If these figures are not correct, please provide the correct figures.

DMA/USPS-T6-27. Please provide any empiric studies or analyses that you have performed showing that cost reductions programs will not affect the number of supervisors proportionate to the effect of these cost reduction programs on the crafts supervised.

DMA/USPS-T6-28. DMA/USPS-T6-4 asked in part “As a general proposition, do you believe that predictions about the future are more accurate the closer they are made to the event being predicted?” As part of your answer to this question you introduced a horse racing theme by responding “Not necessarily. As a non-postal event driven example consider a horse race. Although handicappers may predict, even right at the start of a race, that a particular horse will win, their forecasts oftentimes do not prove accurate.”

In continuing with this theme...

- a) Please confirm that in states with pari-mutual betting, the windows where wagers are placed close before the race starts and no more wagers may be placed after it starts. Please fully explain any failure to confirm.
- b) Do you believe handicappers would be more successful in picking winners if they were allowed to bet when the race was half over?
- c) Do you believe handicappers would be more successful in picking winners if they were allowed to bet when the race was three quarters over?
- d) If windows stayed open during the course of a race and handicappers were allowed to place wagers, do you believe the odds would change during the course of the race. If not, please explain why not.

DMA/USPS-T6-29. Please provide an Excel spreadsheet showing for all real estate sold by the Postal Service from 1995 to the present (1) the date sold, (2) the book value at the time of the sale, (3) the sales price, (4) and any costs (including commission) associated with the sale.