

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

**MAIL PROCESSING NETWORK
RATIONALIZATION SERVICE CHANGES, 2012**

Docket No. N2012-1

**INTERROGATORIES OF THE AMERICAN POSTAL WORKERS UNION, AFL-CIO
TO USPS WITNESS MARC A. SMITH
(APWU/USPS-T9-10-15)
(January 27, 2012)**

Pursuant to Rules 25 through 28 of the Rules of Practice, American Postal Workers Union, AFL-CIO directs the following interrogatories to United States Postal Service witness Marc A. Smith (USPS-T-9). If the witness is unable to respond to any interrogatory, APWU requests that a response be provided by an appropriate person capable of providing an answer.

Instructions and Definitions applicable to these Interrogatories are contained in the Interrogatories of the American Postal Workers Union, AFL-CIO to the United States Postal Service witness David E. Williams (APWU/USPS-T1-1-4), filed on December 22, 2011, and are hereby incorporated by reference.

Respectfully submitted,

Darryl J. Anderson
Jennifer L. Wood
Counsel for American Postal Workers Union, AFL-CIO

APWU/USPS-T9-10 In your response to APWU/USPS-T9-2 you state that you “calculated savings for a future network based on the preliminary analysis described by witness Rosenberg.” Specifically that you identified inactive sites (denoted by “N” in the column “Model Open” in LR.USPS.34.xls) and calculated the savings associated with those sites.

- a) Were all facilities listed in LR.USPS.34.xls that had “N” in the “Model Open” column in LR.USPS.34.xls considered to be inactive in your cost savings analysis or only those that had “Y” in the “Current Open” column and “N” in the “Model Open” column?
- b) Please confirm that the savings that you calculate become part of the overall \$2.6 billion in savings that Mr. Bradley estimates for this initiative?
- c) Twenty-six of the facilities with “Y” in the “Current Open” column and “N” in the “Model Open” column have been the subject of AMP studies prior to this initiative and have already undergone implementation of a reduction in the mail processing at the listed facility (either originating, destinating or all mail processing). How did you take that into account in your calculations?
- d) Fifty-four of the facilities with “Y” in the “Current Open” column and “N” in the “Model Open” column have been the subject of AMP studies prior to this initiative and have already had a reduction in mail processing activities approved. Doesn't counting the savings from these facilities overstate the savings associated with this initiative since those AMP studies were approved under the assumption that the current service standards remain in place? If not, why not.
- e) Four of the facilities on this list have “Y” in the “Current Open” column, “Y” in the “Model Open” column and have either had their mail processing operations reduced through an implemented AMP or will have them reduced due to an approved AMP. How did you treat those facilities in your analysis?

APWU/USPS-T9-11 In your response to APWU/USPS-T9-3 you stated that the \$448 million in revenues from the sale of vacated buildings were based on current market values generated from “Broker Opinion of Value to sell as is”. Were all of the buildings evaluated associated with AMPs that were initiated under this initiative or were some of them associated with AMPs that had already been implemented or approved prior to this initiative?

APWU/USPS-T9-12 In your response to APWU/USPS-T9-5 you state that your testimony was based on the fact that at some point our current equipment would need replacement.

- a) What is the actual useful life for each type of equipment used in mail processing?
- b) Over how many years is each type of equipment depreciated?
- c) What is the average age of each of the types of equipment used in mail processing?

- d) Did you determine the impact on the useful life of the equipment that will be used of the increased mail volume that will be processed using the equipment?
- e) If the answer to d is yes, please provide those calculations.
- f) If the answer to d is no, please explain why not.
- g) Did you determine the impact on the cost of maintaining the equipment that will be due to the increased mail volume that will be processed using the equipment?
- h) If the answer to g is yes, please provide those calculations.
- i) If the answer to g is no, please explain why not.

APWU/USPS-T9-13 In your response to APWU/USPS-T9-7 a) you indicate that your savings calculations assume that the 2,072 zones not currently placed in DPS would be placed in DPS under the network rationalization plan. What factors currently prevent these zones from being included in DPS?

APWU/USPS-T9-14 How do “likely lower mail volumes” impact the calculation of normal costs for retiree and health benefits obligations?

APWU/USPS-T9-15 In your estimates of normal costs, (a) what assumptions did you make about the percentage of workers employed in those operations who would not have any retirement costs associated with their employment?; and (b) did you make any adjustments for noncareer positions that do not have any retirement benefits associated with them?