

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 MICHAEL BRADLEY
(APWU/USPS-T10-6-11)
(February 2, 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 Michael Bradley (USPS-T-10). 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-T10-6 You have used the accrued cost of HCR transportation in your calculation of HCR costs. Do these accrued costs include:

- a) all fuel costs associated with HCR transportation and paid for by the Postal Service? If not, where are those fuel costs accounted for?
- b) all Postal Service costs associated with tracking and reconciling HCR fuel costs against contracts and purchasing standards? If not, where are those costs accounted for?
- c) all other Postal Service costs associated with managing HCR routes? If not, where are those costs accounted for?
- d) all payments related to extra trips or other exceptional services performed by the HCR contractors? If not, where are those costs accounted for?
- e) all payments related to changes the contract terms related to HCR contracts? If not, where are those costs accounted for?

APWU/USPS-T10-7 In Audit Report NL-AR-11-003 issued on June 7, 2011, the OIG determined that the Postal Service incurred more than \$48 million in excess fuel costs for purchases of excess fuel and more than \$2 million in excess fuel costs for unauthorized grades of fuel purchased by HCRs over a two year period (2008/2009 and 2009/2010). The OIG Report also found that “the Postal Service has not established effective controls to ensure that management properly conducted annual reconciliations...to ensure HCR suppliers did not exceed the contractually allowed fuel gallons.” In addition, the OIG reported that the Postal Service stated that the program that resulted in these problems “was the best FMP [Fuel Management Program] option at the time” and that the Postal Service “has not conducted a comprehensive examination of the [program].

- a) Has the Postal Service counted the excess fuel costs incurred by the Postal Service’s fuel program for HCR contractors as part of the cost of HCR contracts?
- b) If not, is the fuel cost for the HCR contracts assumed to be within contract limits?
- c) In estimating the cost of possible HCR routes for purposes of determining the potential savings from HCRs, what cost, if any, did the Postal Service assume would be incurred for excess fuel purchases and for purchases of unauthorized grades of fuel?

APWU/USPS-T10-8 In estimating the additional HCR costs shown on Table 14, have you used the average accrued costs for all Intra-P&DC routes or just for ones that are in the geographic areas listed in USPS-LR-N2012-1/22?

APWU/USPS-T10-9 There is a wide variation in the cost per mile of the routes listed in USPS-LR-N2012-1/22.

- a) Please explain the factors that result in this variation in cost.
- b) From your experience, what impact, if any, does the urbanization or population density of the area in which the route is performed have on the cost?
- c) Since historically the PVS routes were assigned to the more densely populated areas and the HCR routes to the less densely populated areas, is there a still a significant difference in the average number of miles each type of route covers?

APWU/USPS-T10-10 Are all the activities performed under LDC 30, LDC 31 and LDC 34 related directly to PVS routes? If not, please list the activities performed in these LDCs and identify which are not directly related to PVS routes.

APWU/USPS-T10-11 In assessing the hours and wage costs in your analysis,

- a) did you take into account any changes in the 2010 APWU contract that impacted the average hourly wage cost for PVS service?
- b) what percentage of temporary PVS employees with no associated legacy costs did you assume would be employed if the work were to be performed by the PVS?
- c) did you take into account any changes that the Postal Service has undertaken to reduce the number of PVS and HCR routes because of USPS OIG audit findings?