

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

MAIL PROCESSING NETWORK  
RATIONALIZATION SERVICE CHANGES, 2011

Docket No. N2012-1

REVISED RESPONSES OF UNITED STATES POSTAL SERVICE  
WITNESS SMITH TO NPMHU/USPS-T10-5 AND NPMHU/USPS-T10-12,  
REDIRECTED FROM WITNESS BRADLEY – ERRATA  
(March 16, 2012)

The United States Postal Service hereby provides the revised responses of witness Marc Smith to interrogatories NPMHU/USPS-T10-5 and NPMHU/USPS-T10-12, redirected from witness Michael Bradley. Specifically, the response to NPMHU/USPS-T10-5 originally referred to mail processing equipment maintenance labor savings of “\$313.5 million,” based on a reduction of “3,443” mail processing maintenance staff; this has been corrected to “\$307.4 million” and “3,376,” respectively. In addition, in the spreadsheet attached to the response to NPMHU/USPS-T10-12, the reduction in FTE maintenance savings has been revised from “6,542.6” to “6,449.4,” and in the response, the reference to the spreadsheet has been changed to “NPMHU-USPS-T10-12.Revised.3.15.xls.”

These revisions stem from revisions filed yesterday to the Direct Testimony of Marc. A Smith on Behalf of the United States Postal Service (USPS-T-9) and to library reference USPS-LR-N2012-1/24, which in turn resulted from revisions that witness

Dominic Bratta made to library reference USPS-LR-N2012-1/31.<sup>1</sup> Full versions of the revised responses follow. The revised spreadsheet is being filed as an attachment.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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<sup>1</sup> See USPS-LR-N2012-1/31 REVISED – Maintenance Materials in Support of USPS-T-5, Docket No. N2012-1 (Feb. 24, 2012).

REVISED RESPONSE OF THE UNITED STATES POSTAL SERVICE  
WITNESS SMITH TO NPMHU INTERROGATORY  
REDIRECTED FROM WITNESS BRADLEY

**NPMHU/USPS-T10-5**

Does your cost estimates account for the fact that increased usage of mail processing equipment at each remaining site will lead to increased maintenance and a shorter useful life for these pieces of equipment? If so, please identify where in your cost estimates this fact is accounted for. If not, please explain why this was not included in your calculations.

**RESPONSE:**

My testimony, USPS-T-9, page 14, Table 3 provides mail processing equipment maintenance labor savings of \$307.4 million. These savings are based on the determination of witness Bratta that Network Rationalization will allow a reduction of 3,376 mail processing maintenance staff (see my testimony pages 13-14). To the extent witness Bratta's determination reflects increased maintenance for the processing equipment at the remaining sites, then my cost savings do as well.

My cost savings estimate doesn't take into consideration any changes, shorter or longer, in the useful life of mail processing equipment. Depreciation for mail processing equipment is based on a 10 year service life. I have no information that this would change under the proposed Network Rationalization. Also, as I point out in my testimony, pages 15-16, I have not estimated the savings in depreciation expense associated with the reduced equipment required under the full implementation of Network Rationalization.

REVISED RESPONSE OF THE UNITED STATES POSTAL SERVICE  
WITNESS SMITH TO NPMHU INTERROGATORY  
REDIRECTED FROM WITNESS BRADLEY

**NPMHU/ USPS-T10-12**

Please explain how your calculations relate to the estimated reduction in FTE employee workhours stated in the Postal Service's response to the Public Representative's Interrogatory 1, USPS-T8-1, including in your answer: (a) whether one set of calculations was derived from the other and, if so, how they were so derived, and (b) what portion of your cost savings are attributable to these reduction in FTEs.

**RESPONSE:**

- a. As indicated in my response NPMHU/USPS-T8-1 redirected from witness Rachel, filed January 25, 2012, the FTE reductions provided in the response to PR/USPS-T8-1 are based on the savings put forth in my testimony, USPS-T-9, and witness Bradley, USPS-T-10. The spreadsheet NPMHU-USPS-T10-12.Revised.3.15.xls, which is attached to this response, shows the calculations of the FTE reductions. This demonstrates that the FTE reductions are simply a restatement of the savings estimates from witness Bradley and myself in terms of FTEs.
- b. The attached spreadsheet shows the basis for the calculations of the FTE reductions, referencing the pertinent testimonies and library references.