

Before The
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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OFFICE OF THE SECRETARY

Postal Rate and Fee Changes

Docket No. R2000-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE
WITNESS ROBINSON TO INTERROGATORIES OF
ASSOCIATION OF PRIORITY MAIL USERS
PURSUANT TO PRESIDING OFFICER'S RULING NO. R2000-1/51
(APMU/USPS-T34-37-39, 41-42)

Pursuant to Presiding Officer's Ruling No. R2000-1/51, the United States Postal Service hereby provides the response of witness Robinson to the following interrogatories of the Association of Priority Mail Users: APMU/USPS-T34-37-39, 41-42, filed on March 7, 2000.

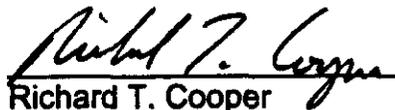
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


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May 5, 2000

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROBINSON
TO INTERROGATORIES OF THE ASSOCIATION OF PRIORITY MAIL USERS

APMU/USPS-T34-37.

Please provide as a library reference a copy of the Inspector General's report, *Priority Mail Processing Center Network* (September 24, 1999) DA-AR-99-001.

Per ruling R2000-1/51: "[The Postal Service] shall respond to APMU/USPS-T34-37 by submitting as a library reference a copy of the September, 1999 report in the redacted from in which it was provided in response to the FOIA request to which the Service's pleading refers."

RESPONSE:

See USPS-LR-I-315 to be filed shortly.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROBINSON
TO INTERROGATORIES OF THE ASSOCIATION OF PRIORITY MAIL USERS**

APMU/USPS-T34-38

Has the Postal Service negotiated a final calendar year 1999 network operations adjustment under the Supplemental Letter Agreement between the Postal Service and Emery? If so, please provide the amount of additional payment in excess of the original contract rate, and indicate separately the amount of the extra payment that arises from (i) increases in volume and (ii) changes in mail mix.

RESPONSE:

I am informed that the Postal Service has not negotiated a final calendar year 1999 network operations adjustment under the Supplemental Letter Agreement between the Postal Service and Emery.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROBINSON
TO INTERROGATORIES OF THE ASSOCIATION OF PRIORITY MAIL USERS**

APMU/USPS-T34-39

The Inspector General's report, *Priority Mail Processing Center Network* (September 24, 1999) DA-AR-99-001, states that the contractor paid commercial airlines a rate that was about \$0.03 per pound higher than the USPS air system contract rate, and "[t]he contracting officer for the Air System Contracts indicated it would not be in USPS best interests to modify the contract to allow the contractor to use USPS commercial air rates" (p, 8, fn. 5). Please provide a detailed explanation why the Postal Service finds it beneficial for the PMPC contractor to pay a (reimbursable) rate to commercial airlines for Priority Mail that exceeds the rate paid under the USPS air system contract.

RESPONSE:

I am informed that the contracting officer for the Air System ("A-SYS") Contract denies that he said or made any determination such as the interrogatory seems to assume. I am further informed that the Postal Service does not make any findings, one way or the other, concerning whether it would be beneficial for the PMPC contractor to pay a rate to commercial airlines for Priority Mail that exceeds the rate paid under the A-SYS contract for transportation of a number of types of mail.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROBINSON
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APMU/USPS-T34-41

The Inspector General's report, *Priority Mail Processing Center Network* (September 24, 1999) DA-AR-99-001, states that "When all attributable costs are considered, the USPS paid . . . \$101 million more than if the same volume had been processed in-house without a network."

- a. Do you concur in this estimate of additional costs incurred by virtue of the PMPC network? Unless your answer is an unqualified affirmative, please explain why not, and provide your estimate of the additional costs incurred by virtue of having the PMPC network instead of doing the work in-house.
- b. Please provide an estimate of the additional costs that will be attributed to Priority Mail during Test Year 2001 in excess of what would be attributed if the same volume were to be processed in-house without a network.

RESPONSE:

- a. I have not made an independent estimate of the additional costs incurred by virtue of the PMPC network. However, I am informed that when comparing the costs for the PMPC Network with doing the work in-house without a network, the Inspector General's report's estimate of additional PMPC network costs is reasonable.
- b. I am informed that the requested analysis is not available.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROBINSON
TO INTERROGATORIES OF THE ASSOCIATION OF PRIORITY MAIL USERS

APMU/USPS-T34-42

Please provide as a library reference copies of any audits or reports on Priority Mail by the Inspector General, other than *the Priority Mail Processing Center Network* report requested in APMU/USPS-T34-37, including those already released and any that may be released before the record in this Docket is closed.

Per Ruling R2000-1/51: ". . . APMU . . . states it is willing to narrow the request to reports subsequent to the September, 1999 report on the PMPC Network."

". . . produce any responsive material in a library reference to be filed with the Commission."

RESPONSE:

I understand that the Inspector General has released no audits or reports on Priority Mail subsequent to the September, 1999 report on the PMPC network.

DECLARATION

I, Maura Robinson, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Maura Robinson
MAURA ROBINSON

Dated: 5.5.2000

CERTIFICATE OF SERVICE

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


Richard T. Cooper

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May 5, 2000