

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

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POSTAL RATE COMMISSION
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
(APMU/USPS-T34-2e, 10-13, 15)

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-T34-4-2e, 10-13, 15, filed on February 28, 2000. Interrogatories 1, 3, 8b and 9 were redirected to the Postal Service. Objections were filed to interrogatories 4-8, and 14.

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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Washington, D.C. 20260-1137
March 13, 2000

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

APMU/USPS-T34-2.

Under the contract with Emery Worldwide Airlines ("Emery") referred to in your testimony at pages 12-13:

- a. How many planes are provided, and how much lift capacity is provided, by Emery?
- b. Is the lift capacity provided by Emery used solely to transport Priority Mail between PMPCs in the Northeast and Florida?
- c. Unless your answer to preceding part (b) is an unqualified affirmative, please describe fully how the lift capacity provided by Emery is used.
- d. When the PMPCs operated by Emery have Priority Mail destinating to cities or areas not served by Emery's own aircraft, please explain the following:
 - i. When and under what conditions does Emery turn the mail over to the Postal Service at the nearest AMF for transportation under the Postal Service's contracts with the commercial air carriers?
 - ii. When and under what conditions does Emery contract with other third-party air carriers to transport the mail?
- e. Does the Postal Service pay Emery a fuel surcharge when oil prices increase? If so, how much is called for under the contract, and how did you adjust for this in the roll-forward model program for TY 2001?

RESPONSE:

(e) I am informed that there is no such fuel surcharge, all fuel charges incurred by Emery are passed through to the Postal Service.

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APMU/USPS-T34-10.

Please refer to your Attachment 3, page 1.

a. For the volumes of Priority Mail shown in Attachment I, please indicate the number or percentage of pieces for which delivery was actually confirmed by scanning the piece.

b. For those pieces for which delivery was actually confirmed, please indicate the percentage which received (i) overnight delivery, (ii) 2-day delivery, (iii) 3-day delivery, and (iv) delivery in more than three days.

RESPONSE:

a. I am informed that for AP 13 FY 1999, the percentage of pieces for which delivery was actually confirmed by scanning the piece was 95.9%. Similar data for FY 1999 as a whole is not available.

b. I am informed that the requested data are not available.

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APMU/USPS-T34-11.

Please refer to your testimony on page 6, lines 9-14. For Airborne, Federal Express, United Parcel Service, and any other competitors for which the Postal Service has information, please provide summary information showing which competitors offer guarantees (specify), free insurance (specify amount), free track-and-trace, and any "other services" (specify) referred to in your testimony which the Postal Service does not offer for Priority Mail, specifying in detail what those guarantees, insurance amounts and other services are.

RESPONSE:

United Parcel Service provides guaranteed on-time delivery, free insurance against damage and loss up to \$100, and free track-and-trace. Federal Express provides a money-back guarantee for service failures, and free track-and-trace. Airborne offers free track and trace. This may not be, however, a comprehensive listing of the service offerings of these competitors. Details of UPS's, FedEx's, and Airborne's product offerings can be found at www.ups.com, www.fedex.com, and www.airborne.com respectively or from the companies directly.

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APMU/USPS-T34-12.

Please refer to Attachment B, line (c) to your testimony. The increase in Emery contract costs from BY 98 to Test Year Before Rates is indicated to be \$209,006,000.

- a. How much of this increase is the result of increased volume of Priority Mail expected to be handled by Emery through the PMPC network?
- b. How much of this increase is the result of additional airlift supplied by Emery?
- c. How much of this increase is the result of higher per unit fees which the Postal Service will pay to Emery?
- d. If your answers to the preceding questions do not explain all of the \$209,006,000 increase, please provide a detailed explanation for the remainder.

RESPONSE:

- a. I am informed that 100% of the increase in Emery contract costs from BY 1998 to the Test Year Before Rates is the result of increased volume of Priority Mail expected to be handled by Emery through the PMPC network.
- b. None.
- c. None.
- d. The increase in Emery contract costs of \$209,006,000 from BY 1998 to the Test Year Before Rates is incorrect in USPS-T34, Attachment E. This difference was based on preliminary data for the Test Year Before Rates. The correct Test Year Before Rates Emery contract costs are \$522,036,600. Therefore, the increase in Emery contract costs from BY 1998 to TYBR 2001 is \$233,005,531 (\$522,036,600 less \$289,030,069).

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROBINSON
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APMU/USPS-T34-13.

Have any of the Postal Service's costs under the contract with Emery been capitalized in one year and written off over subsequent years? If so, please specify the amount, the purpose, and the period used for amortization.

RESPONSE:

I am informed that none of the Postal Service's costs under the contract with Emery have been capitalized in one year and written off over subsequent years.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROBINSON
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APMU/USPS-T34-15.

In what month of what year did the first PMPC become operational? In what month of what year did the last (tenth) PMPC become operational?

RESPONSE:

I am informed that the first PMPC became fully operational in September 1997, and that the tenth PMPC became fully operational in July 1998.

DECLARATION

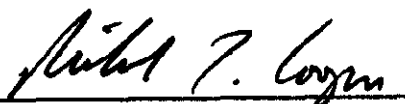
I, Maura Robinson, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.


MAURA ROBINSON

Dated: 3.13.2000

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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