

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

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POSTAL RATE COMMISSION
Docket No. R2000-14

POSTAL RATE AND FEE CHANGES, 2000)

ASSOCIATION OF PRIORITY MAIL USERS, INC.
INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE
WITNESS RICHARD L. PATELUNAS (APMU/USPS-ST44-1-4)
(July 31, 2000)

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Association of Priority Mail Users, Inc. hereby submits interrogatories and requests for production of documents. If necessary, please redirect any interrogatories and/or requests to a more appropriate Postal Service witness.

Respectfully submitted,



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CERTIFICATE OF SERVICE

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


John S. Miles

July 31, 2000

APMU/USPS-ST44-1.

Please refer to page 5, lines 22-24 of your testimony, USPS-ST-44, where you state: “Priority Mail Processing Contract costs were increased from \$522 million to \$567 million. Additionally, Priority Mail Processing Contract costs were increased by \$123 million from \$472 million to \$595 million.”

- a. Please explain whether both of these increases apply to the same fiscal year, and if so, which year. If not, to which fiscal year does each apply? If they are for different years, why is the increase in one year \$45 million, and \$123 million in the other year?
- b. (i) Were these payments made to Emery or some other entity? (ii) If to Emery, were these payments based on volume that was over and above the volume that was expected?
- c. If the answer to part b (ii) is not an unqualified affirmative, was any portion of these payments based on contract claims filed by Emery as previously identified in this docket in the response to APMU/USPS-T34-50? Please explain your answer.
- d. If the responses to parts b and c of this interrogatory do not account fully for all additional payments, please explain exactly what they were for.
- e. Were these payments required to be made under contract, or were they discretionary? If under contract, please identify and provide the relevant provision(s) of the contract. If discretionary, please explain why should they be deemed attributable costs and why they were attributed to Priority Mail.

- f. Please provide copies of all invoices, agreements, and other supporting documents confirming additional payments to Emery that are included in the additional costs identified in your response to part a.

APMU/USPS-ST44-2.

Previously, the Postal Service filed a redacted copy of the Inspector General's report on the Priority Mail Processing Center Network (September 24, 1999), DA-AR-99-001, as Library Reference USPS-LR-I-315. Please provide an unredacted copy of the report, under seal if necessary.

APMU/USPS-ST44-3.

- a. Does Emery provide air transportation services to the Postal Service other than in conjunction with the PMPC network? If so, please explain those services generally, and indicate the extent to which they are for mail other than Priority Mail.
- b. Were any of these additional contracting costs referred to on page 5, lines 23-24, of your testimony payments made to preserve the Postal Service's on-going relationship with Emery? Please explain your answer. If so, why should they be attributed to Priority Mail?

APMU/USPS-ST44-4.

- a. There are published reports that, in May 2000, Nicholas Barranca, the Postal Service's Vice President for Operations Planning, distributed a memorandum to area vice presidents directing them to develop a strategy to transition the PMPC network back in house within a 90-day period. Please confirm the accuracy of these reports.
- b. Please explain your current understanding of efforts made to transition the PMPC back in house.
- c. Please confirm that the Postal Service is making preparations to cancel the PMPC contract with Emery and to hire Emery workers, and identify those preparations in detail. If you cannot confirm, please explain your understanding of efforts that have been made and are being planned to cancel the PMPC contract.
- d. Please confirm that preparations are underway to assume PMPC functions in house by October 1, 2000, and identify those preparations. If you cannot confirm, please explain your understanding of the efforts that have been made and that are being planned in this regard.
- e. If the Postal Service is planning to terminate the PMPC contract with Emery in the next few months, why should these costs be rolled forward into the test year?