

BEFORE THE
POSTAL RATE COMMISSION

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OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2001 :

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DOCKET NO. R2001-1

INTERROGATORIES OF UNITED PARCEL SERVICE TO
UNITED STATES POSTAL SERVICE WITNESS TAYMAN
(UPS/USPS-T6-1 through 9)
(October 10, 2001)

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby serves the following interrogatories directed to United States Postal Service witness Tayman (UPS/USPS-T6-1 through 9).

Respectfully submitted,



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INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS TAYMAN

UPS/USPS-T6-1. Refer to USPS-LR-J-49, spreadsheet "Prg_01_s.XLS", page "FY 01 Other Programs."

(a) Confirm that the increase in Delivery Confirmation Scanning costs for FY2001 over FY2000 is \$8,030,000 for Cost Segment 3. If not confirmed, explain.

(i) Describe in detail how this figure was estimated. Include citations for inputs.

(ii) Describe the clerk activities that are included in this increased cost, the estimated time for each clerk activity, and the volume of each clerk activity.

(b) Confirm that the increase in Delivery Confirmation Scanning costs for FY2001 over FY2000 is \$14,603,000 for Cost Segment 6/7. If not confirmed, explain.

(i) Describe in detail how this figure was estimated. Include citations for inputs.

(ii) Describe the carrier activities that are included in this increased cost, the estimated time for each carrier activity, and the volume of each carrier activity.

UPS/USPS-T6-2. Refer to USPS-LR-J-49, spreadsheet "Prg_01_s.XLS", page "FY 01 Other Programs."

(a) Confirm that the increase in C/S 3 costs for FY2001 over FY2000 from the Postal Service handling PMPC activities is \$146,800,000. If not confirmed, explain.

(i) Describe in detail how this figure was estimated. Include citations for inputs.

INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS TAYMAN

(ii) Is this cost also included in the testimony of witness Hatfield, USPS-T-18? Explain in detail, including citations to witness Hatfield's testimony and workpapers.

(b) Confirm that the increase in C/S 14 costs for FY2001 over FY2000 from the Postal Service handling PMPC activities is \$259,500,000. If not confirmed, explain.

(i) Describe in detail how this figure was estimated. Include citations for inputs.

(ii) Does this amount include any FedEx contract costs? If so, specify which costs and explain.

(iii) Is this cost also included in the testimony of witness Hatfield, USPS-T-18? Explain in detail, including citations to witness Hatfield's testimony and workpapers.

UPS/USPS-T6-3. Refer to USPS-LR-J-49, spreadsheet "Prg_01_s.XLS", page "FY 02 Other Programs."

(a) Confirm that the increase in C/S 3 costs for FY2002 over FY2001 from the Postal Service handling PMPC activities is \$64,800,000. If not confirmed, explain.

(i) Describe in detail how this figure was estimated. Include citations for inputs.

(ii) Is this cost also included in the testimony of witness Hatfield, USPS-T-18? Explain in detail, including citations to witness Hatfield's testimony and workpapers.

INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS TAYMAN

(b) Confirm that the increase in C/S 14 costs for FY2002 over FY2001 from the Postal Service handling PMPC activities is \$125,400,000. If not confirmed, explain.

(i) Describe in detail how this figure was estimated. Include citations for inputs.

(ii) Does this amount include any FedEx contract costs? If so, specify which costs and explain.

(iii) Is this cost also included in the testimony of witness Hatfield, USPS-T-18? Explain in detail, including citations to witness Hatfield's testimony and workpapers.

(c) Confirm that the increase in C/S 14 costs for FY2002 over FY2001 from the FedEx contract is \$57,500,000. If not confirmed, explain.

(i) Describe in detail how this figure was estimated. Include citations for inputs.

(ii) Does this amount represent the increase in C/S 14 costs over what would have been incurred in the absence of the FedEx contract? If not, explain what *this amount represents*.

(iii) Is this cost also included in the testimony of witness Hatfield, USPS-T-18? Explain in detail, including citations to witness Hatfield's testimony and workpapers.

(d) Confirm that the decrease in C/S 16 costs for FY2002 over FY2001 from the elimination of the PMPC contract is \$347,670,000. If not confirmed, explain.

INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS TAYMAN

(i) Describe in detail how this figure was estimated. Include citations for inputs.

(ii) Does this amount represent the amount that would have been paid to operate the PMPC network had the PMPC contract not been terminated? If not, explain what this amount represents.

(iii) Is this cost also included in the testimony of witness Hatfield, USPS-T-18? Explain in detail, including citations to witness Hatfield's testimony and workpapers.

UPS/USPS-T6-4. Refer to USPS-LR-J-49, spreadsheet "Prg_01_s.XLS", page "FY 03 Other Programs."

(a) Confirm that the increase in C/S 14 costs for FY2003 over FY2002 from the FedEx contract is \$10,247,000. If not confirmed, explain.

(i) Describe in detail how this figure was estimated. Include citations for inputs.

(ii) Does this amount represent the increase in C/S 14 costs over what would have been incurred in the absence of the FedEx contract? If not, explain what this amount represents.

(iii) Is this cost also included in the testimony of witness Hatfield, USPS-T-18? Explain in detail, including citations to witness Hatfield's testimony and workpapers.

(b) Explain why there is not a line item entry for PMPC in-house activities.

INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS TAYMAN

(c) Explain why there is not a line item entry for termination of the PMPC contract.

UPS/USPS-T6-5. Refer to USPS-LR-J-49, spreadsheet "Prg_01_s.XLS", page "Cost Reductions."

(a) Confirm that the reduction in C/S 14 costs for FY2002 over FY2001 of \$136,120,000 is a result of the FedEx contract.

(c) Describe in detail how this figure was estimated. Include citations for inputs.

(d) Describe in detail the source of these savings.

(e) Is this savings also included in the testimony of witness Hatfield, USPS-T-18? Explain in detail, including citations to witness Hatfield's testimony and workpapers.

UPS/USPS-T6-6. Refer to USPS-LR-J-49, spreadsheet "Prg_01_s.XLS", page "Cost Reductions."

(a) Confirm that the reduction in C/S 14 costs for FY2003 over FY2002 of \$147,000 is a result of the FedEx contract.

(b) Describe in detail how this figure was estimated. Include citations for inputs.

(c) Describe in detail the source of these savings.

(d) Is this savings also included in the testimony of witness Hatfield, USPS-T-18? Explain in detail, including citations to witness Hatfield's testimony and workpapers.

INTERROGATORIES OF UNITED PARCEL SERVICE
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UPS/USPS-T6-7. (a) How many Priority Mail Processing Centers were operated by Emery when the contract was cancelled?

(b) How many of these Priority Mail Processing Centers are now operated by the Postal Service?

(i) Describe any operational differences between the Priority Mail Processing Centers as operated by Emery and the facilities as operated by the Postal Service.

(ii) Explain any differences between the number of facilities that were operated by Emery and the number operated by the Postal Service.

UPS/USPS-T6-8. Does the Postal Service plan to increase or decrease the number of these processing centers? Explain why, or why not.

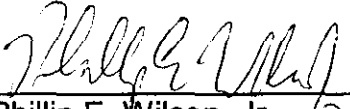
UPS/USPS-T6-9. Refer to USPS-LR-J-49, spreadsheet "Prg_01_s.XLS", page "HQ & FSU," line item "HQ & Field Service Units."

(a) How much of the total \$171,869,000 in FY2001 is caused by the move of the Sales function from the field to Headquarters? Describe in detail how this figure was estimated, and include citations for inputs.

(b) How much of the total \$21,806,000 in FY2002 is caused by the move of the Sales function from the field to Headquarters? Describe in detail how this figure was estimated, and include citations for inputs.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document by first class mail, postage prepaid, in accordance with Section 12 of the Commission's Rules of Practice.



Phillip E. Wilson, Jr.
Attorney for United Parcel Service

Dated: October 10, 2001
Philadelphia, PA