

**BEFORE THE  
POSTAL RATE COMMISSION**

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**POSTAL RATE AND FEE CHANGES, 2001**

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**DOCKET NO. R2001-1**

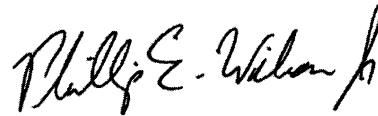
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**INTERROGATORIES OF UNITED PARCEL SERVICE TO  
UNITED STATES POSTAL SERVICE WITNESS PATELUNAS  
(UPS/USPS-T12-1 through 5)  
(November 15, 2001)**

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Pursuant to the Commission's Rules of Practice, United Parcel Service hereby serves the following interrogatories directed to United States Postal Service witness Patelunas (UPS/USPS-T12-1 through 5)

Respectfully submitted,



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

UPS/USPS-T12-1. Refer to your response to interrogatory UPS/USPS-T6-2(a)(i), redirected from witness Tayman. Provide the supporting documentation and workpapers for calculating the costs to operate the Priority Mail Processing Center ("PMPC") network in-house for FY2001 and FY 2002.

UPS/USPS-T12-2. Refer to your response to interrogatory UPS/USPS-T6-2(a)(i), redirected from witness Tayman.

(a) Explain in detail how costs other than Cost Segment ("C/S") 3 costs were estimated for operating the Priority Mail Processing Center ("PMPC") network in-house for FY 2001 and FY 2002. Provide supporting documentation for your calculations.

(b) Why are costs that are necessary to operate a facility, such as C/S 2 costs, not included in the PMPC in-house costs?

(c) Are piggyback factors applied to the increase in C/S 3 costs in order to estimate the full cost of operating the PMPC network in-house?

UPS/USPS-T12-3. Refer to library reference USPS-LR-J-49, spreadsheet "Prg\_01\_s.XLS", page "Summary."

(a) Confirm that the cost savings from moving the Priority Mail Processing Center ("PMPC") operations "in-house" is \$137,470,000 in FY 2002. If not confirmed, provide the correct number.

(b) Explain in detail why the impact of moving the PMPC network in-house changed from a cost increase in FY 2001 to a cost savings in FY 2002.

UPS/USPS-T12-4. Refer to library reference USPS-LR-J-49, spreadsheet "Prg\_01\_s.XLS", page "FY 01 Other Programs."

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TO UNITED STATES POSTAL SERVICE WITNESS PATELUNAS

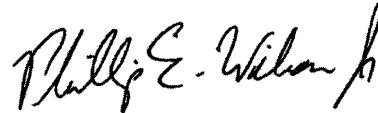
(a) Confirm that the decrease in Cost Segment 16 costs for FY 2001 over FY 2000 from the elimination of the Priority Mail Processing Center ("PMPC") contract is \$242,431,000.

(b) 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, please explain what this amount represents.

UPS/USPS-T12-5. Refer to your response to interrogatory UPS/USPS-T6-3(d)(i), redirected from witness Tayman, where you confirm that Cost Segment ("C/S") 16 costs decrease by \$347,676,000 for FY 2002 over FY 2001. Is it correct that summing the decrease from FY 2001 (\$242,431,000) to the decrease from FY 2002 (\$347,676,000) represents the FY 2002 costs (\$590,107,000) of the outsourced Priority Mail Processing Center ("PMPC") contract had the contract not been canceled? If not, explain what the FY 2002 cost would have been and provide references and support.

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.

A handwritten signature in black ink, reading "Phillip E. Wilson, Jr." with a stylized flourish at the end.

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

Dated: November 15, 2001  
Philadelphia, PA