

**BEFORE THE  
POSTAL RATE COMMISSION**

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**POSTAL RATE AND FEE CHANGES, 2001**

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**DOCKET NO. R2001-1**

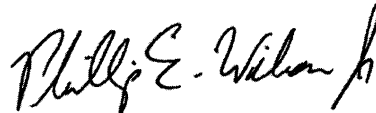
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**INTERROGATORIES OF UNITED PARCEL SERVICE TO  
UNITED STATES POSTAL SERVICE WITNESS HATFIELD  
(UPS/USPS-T18-1 through 11)  
(November 15, 2001)**

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Pursuant to the Commission's Rules of Practice, United Parcel Service hereby files and serves the following interrogatories directed to United States Postal Service witness Hatfield: UPS/USPS-T18-1 through 11.

Respectfully submitted,



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

UPS/USPS-T18-1. Refer to page 13 of your testimony, Table USPS-T-18A.

(a) What portion of the \$146,185,000 in “Other” costs for the Eagle Network are considered network premium costs under the PRC-approved costing methodologies? Explain fully if your answer is anything less than 100 percent of the costs.

(b) Confirm that these premium costs are considered product-specific to Express Mail. If not confirmed, explain.

UPS/USPS-T18-2. Refer to page 13 of your testimony, Table USPS-T-18A.

(a) What portion of the \$27,484,000 in “Other” costs for the Western Network are considered network premium costs under the PRC-approved costing methodologies? Explain fully if your answer is anything less than 100 percent of the costs.

(b) Confirm that these premium costs are considered product-specific to Express Mail. If not confirmed, explain.

UPS/USPS-T18-3. Refer to page 14 of your testimony, Table USPS-T-18B.

(a) What portion of the \$146,112,000 in “Other” costs for the Eagle Network are considered network premium costs under the PRC-approved costing methodologies? Explain fully if your answer is anything less than 100 percent of the costs.

(b) Confirm that these premium costs are considered product-specific to Express Mail. If not confirmed, explain.

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UPS/USPS-T18-4. Refer to page 14 of your testimony, Table USPS-T-18B.

(a) What portion of the \$27,471,000 in “Other” costs for the Western Network are considered network premium costs under the PRC-approved costing methodologies? Explain fully if your answer is anything less than 100 percent of the costs.

(b) Confirm that these premium costs are considered product-specific to Express Mail. If not confirmed, explain.

UPS/USPS-T18-5. Refer to page 13 of your testimony, Table USPS-T-18A.

(a) Confirm that the \$292,373,000 in “Other Adjustments” represents the full-year cost of providing transportation in lieu of the transportation provided by the Emery PMPC (Priority Mail Processing Center) contract. If not confirmed, explain what this amount represents.

(b) What was the actual, equivalent cost in FY 2001?

UPS/USPS-T18-6. Refer to page 14 of your testimony, Table USPS-T-18B.

(a) Confirm that the \$309,508,000 in “Other Adjustments” represents the full-year cost of providing transportation in lieu of the transportation provided by the Emery PMPC (Priority Mail Processing Center) contract. If not confirmed, explain what this amount represents.

(b) What was the actual, equivalent cost in FY 2001?

UPS/USPS-T18-7. Explain where the \$292,373,000 in “Other Adjustments” on page 13 of your testimony, Table USPS-T-18A, is found in library reference USPS-LR-J-49, spreadsheet “Prg\_01\_s.XLS.”

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

UPS/USPS-T18-8. Explain where the \$309,508,000 in "Other Adjustments" on page 14 of your testimony, Table USPS-T-18B is found in library reference USPS-LR-J-49, spreadsheet "Prg\_01\_s.XLS."

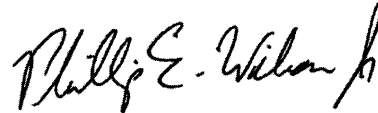
UPS/USPS-T18-9. Provide a precise explanation of the transportation that is provided in the Air Taxi category discussed on page 11 of your testimony and included in Tables USPS-T-18A and USPS-T-18B on pages 13-14 of your testimony.

UPS/USPS-T18-10. What proportion of FY 2002 and FY 2003 Air Taxi costs will be replaced by the FedEx transportation contract?

UPS/USPS-T18-11. Confirm that in the Base Year transportation cost model, presented by Witness Meehan, Air Taxi costs are distributed to Postal Service products in the following manner: A weighted average distribution key is calculated by summing the Parcel Post transportation costs of all other air transportation modes (Passenger Air, Daynet and HASP, Eagle Network, Western Network, Christmas, Alaska Non-Pref, Alaska Pref, and Hawaii) and dividing these costs into the total air transportation costs for these modes. If not confirmed, explain fully. Explain how this cost distribution method is incorporated into your analysis.

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.



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

Dated: November 15, 2001  
Philadelphia, PA

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