

**BEFORE THE
POSTAL RATE COMMISSION**

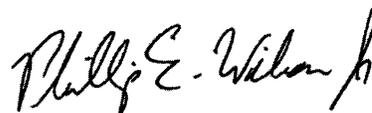
POSTAL RATE AND FEE CHANGES, 2001

DOCKET NO. R2001-1

**INTERROGATORIES OF UNITED PARCEL SERVICE TO
UNITED STATES POSTAL SERVICE WITNESS TAYMAN
(UPS/USPS-T6-13)
(November 29, 2001)**

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 Tayman: UPS/USPS-T6-13.

Respectfully submitted,



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

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

UPS/USPS-T6-13. Refer to the Office of Inspector General's (OIG) report titled "Transition of the Priority Mail Processing Center Network," Report No. MK-AR-03-003, which was provided in library reference USPS-LR-178. On page 8 of that report, the OIG states "The net present value of the Postal Service network was a negative \$623 million if anticipated contractor payments were included as savings. However, if anticipated contractor payments were excluded, the net present value of the network transition would be a negative \$4.4 billion."

(a) Confirm that the "anticipated contractor payments" to which the OIG refers in that report are those payments that would have been made to Emery had the PMPC contract not been cancelled. If not confirmed, explain what these "anticipated contractor payments" are.

(b) Explain how excluding contractor payments can decrease the net present value of the Postal Service's network from negative \$623 million to negative \$4.4 billion.

(c) Does the Postal Service's estimate of costs for operating the PMPC network "in house" reflect the net present value calculation of negative \$623 million or negative \$4.4 billion? Explain in detail.

(d) Reconcile your estimate of the cost changes associated with the Postal Service's estimated cost of operating the PMPC network "in house" with the net present value calculation of negative \$623 million or negative \$4.4 billion.

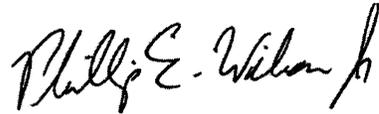
(e) If your estimate of the cost changes associated with the Postal Service's estimated cost of operating the PMPC network "in house" do not reflect the net present

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value calculation of negative \$623 million or negative \$4.4 billion, explain all differences between your methodology and the methodology that was used to arrive at the net present value calculation of negative \$623 million or negative \$4.4 billion.

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: November 29, 2001
Philadelphia, PA

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