

DOCKET SECTION

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

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POSTAL RATE COMMISSION
DOCKET NO. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF
AMERICAN BUSINESS PRESS
(ABP/USPS-17-23)

The United States Postal Service hereby provides responses to the following
interrogatories of American Business Press: ABP/USPS-17-23, filed on October 8,
1997.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


Susan M. Duchek

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October 21, 1997

**RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE AMERICAN BUSINESS PRESS**

ABP/USPS-17 Please identify the office within USPS Headquarters and the senior executive specifically responsible for that office which has responsibility for the supervision and implementation of USPS purchased transportation regulations by Distribution Network Offices (DNOs)

RESPONSE

The DNOs reporting relationship is split between the Purchasing function and the Operations Support function. With regard to purchasing, policy and procedures are established by the Manager of National Mail Transportation Purchasing within the Headquarters Purchasing organization. With regard to operational issues, supervision and implementation is provided first by Operations Support at the Area Offices and ultimately by Operations Support at Headquarters.

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE AMERICAN BUSINESS PRESS

ABP/USPS-18 Are individual DNOs described at USPS-T13, p. 14 by Witness Bradley responsible for the contracting out of USPS transportation needs in accordance with PS 513, "The Mail Transportation Procurement Handbook" and with transportation purchase sections of the "Purchasing Manual"; (Issue 1, January 1997)? If these publications have been superseded, or if other publicly available publications guide transportation purchasing and contracting managers, please identify these publications..

RESPONSE

The Postal Service is in the process of transitioning from the old Procurement Manual to the new Purchasing Manual issued 1/31/97. Therefore, some of our existing contract are managed under the old manual and some of the new ones are under the new manual. Both documents are publicly available.

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
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ABP/USPS-19 (a) In the opinion of senior transportation operations officials at USPS headquarters, have multiple transportation highway route contracts been awarded within the past four years to more than one contractor? If so, can an estimate be made of the number of such contracts.

(b) Please provide an estimate or opinion as to whether fewer than 1,000 (or any number under 1,000) contractors currently have been awarded highway contracts that in annual value exceed fifty percent of annual surface highway (all relevant accounts) costs.

RESPONSE

(a) and (b) Yes, multiple transportation highway contracts have been awarded within the past four years to more than one contractor. The Postal Service does not keep a consolidated summary of those awards, so no estimates are available.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
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ABP/USPS-20 Please confirm that highway and other purchased transportation contracts may be renewed after an initial four year term by mutual agreement, without a requirement to re-advertise or to re-bid a transportation route. Provide page citations to relevant manuals that support this response.

RESPONSE

Highway transportation contracts may be renewed based on mutual agreement of the parties (i.e., the Postal Service and the transportation provider) provided the following conditions exist:

1. There is a continuing need for the service provided under the contract.
2. The service provided under the previous contract is satisfactory.
3. The Postal Service determines that the proposed renewal price is reasonable. In the determination of a reasonable price, market-based analyses are conducted.
4. The final terms and conditions for the renewal are acceptable.

Highway contract renewal policy is explained in the Postal Service's Purchasing Manual, Issue 1, January 31, 1997, pp. 151-153.

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
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ABP/USPS-21 Confirm that after a transportation route is awarded to a contractor after either a competitive closed bid process or by negotiations, that the name and address of the successful bidder or applicant and the unit price (or total estimated contract price) agreed to by USPS are made available to unsuccessful applicants and bidders.

RESPONSE

Confirmed.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
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ABP/USPS-22 (a) Are a majority of USPS surface highway purchased transportation contracts renewed with the same contractor? If the answer is negative, please provide any estimates USPS may have of the percent of renewal.

(b) Are most contract renewals made without competitive bids? If the response is negative, can USPS provide and estimate, if it is possible to do so, of the percent of contract renewals made without competitive bidding?

RESPONSE

(a) Yes.

(b) Highway transportation contracts are renewed based on mutual agreement if the criteria identified in the response to ABP/USPS-20 are met.

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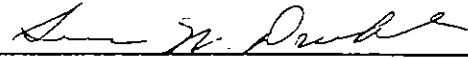
ABP/USPS-23 Confirm that payments to USPS highway contractors are made, not by DNOs, but by the USPS St. Louis Accounting Center at the conclusion of each posted USPS accounting period.

RESPONSE

Confirmed. Highway transportation contractors are paid on an AP basis from the St. Louis Accounting Center.

CERTIFICATE OF SERVICE

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

A handwritten signature in cursive script, appearing to read "Susan M. Duchek", is written over a horizontal line.

Susan M. Duchek

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