

**BEFORE THE
POSTAL RATE COMMISSION**

POSTAL RATE AND FEE CHANGES, 2006

DOCKET NO. R2006-1

**INTERROGATORIES OF UNITED PARCEL SERVICE TO
UNITED STATES POSTAL SERVICE
(UPS/USPS-1 through 3)
(July 13, 2006)**

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby files the following interrogatories directed to the United States Postal Service as an institution: UPS/USPS-1 through 3.

Respectfully submitted,

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UPS/USPS-1. The Postal Service indicates that there are several tiers of discounted rates available under its contract with FedEx that are dependent on the amount of volume tendered, and that the Postal Service contracts for capacity above the FedEx contract minimums approximately every 12 to 18 months via addenda to the FedEx contract.

- (a) Are the discounted rates locked in when the Postal Service contracts for capacity above the minimums through contract addenda?
- (b) If the answer to (a) is no, provide a detailed description of the periods of time over which volume is measured for purposes of establishing the Postal Service's eligibility for discounts.

UPS/USPS-2. Indicate whether, over the course of its contract with the Postal Service, FedEx has ever had to do any of the following in order to accommodate changes in the volume of mail tendered by the Postal Service:

- (a) alter (either increase or decrease) the number of flights scheduled along a specific route;
- (b) alter (either increase or decrease) the carrying capacity of the aircraft scheduled along a specific route; or
- (c) make any other adjustments to its network.

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- (d) For any of the answers to (a), (b), or (c) that are yes, provide data indicating the frequency with which such changes have occurred since the final quarter of FY2001.

UPS/USPS-3. Do capacity constraints ever limit the amount of mail that the Postal Service can load onto a specific Day Turn network flight? If so, provide data indicating the frequency with which such capacity constraints are binding, and describe in detail how decisions are made regarding which mail will be loaded onto the capacity constrained flight, and which mail will be held for later transport. In particular, state whether Priority Mail will be loaded before First Class Mail.