

ORIGINAL

BEFORE THE
POSTAL RATE COMMISSION

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

SPECIAL SERVICES FEES AND
CLASSIFICATIONS

DOCKET NO. MC96-3

FIRST SET OF INTERROGATORIES OF
UNITED PARCEL SERVICE TO UNITED STATES
POSTAL SERVICE WITNESS SUSAN W. NEEDHAM
(UPS/USPS-T8-1 - 8)
(August 7, 1996)

Pursuant to Sections 25 and 26 of the Commission's Rules of Practice, United Parcel Service hereby submits the attached interrogatories UPS/USPS-T8-1 - 8 to United States Postal Service witness Susan W. Needham.

Respectfully submitted,

Karen L. Tomlinson

John E. McKeever

Karen L. Tomlinson

Attorneys for United Parcel Service

SCHNADER, HARRISON, SEGAL & LEWIS

1600 Market Street, Suite 3600

Philadelphia, Pennsylvania 19103-4247

(215) 751-2200

FAX: (215) 751-2205

E-MAIL: ups_group@shsl.com

and

1913 Eye Street, Suite 600

Washington, D.C. 20006

(202) 463-2900



Of Counsel.

UPS/USPS-T8-1. Please refer to pages 26-58 of your testimony. With respect to the Postal Service's offering of insurance for mail and merchandise sent via domestic Express Mail:

- (a) State the authority for the Postal Service to offer such an insurance product;
- (b) List all licenses held by the Postal Service for authorization to sell such insurance;
- (c) State the insurance company or companies underwriting such coverage;
- (d) List all states in which each such insurance company is authorized to write such insurance; and
- (e) Provide a copy of all insurance policies which spell out the terms and conditions of the Postal Service's coverage for such insurance.

UPS/USPS-T8-2. Please provide the complete underwriting analysis which supports the Postal Service's current and proposed insurance coverages and rates by class and subclass of mail, and by incremental insured values.

UPS/USPS-T8-3. Please provide claim loss data for each of the last five years by:

- (a) Class and subclass of mail;
- (b) Type of loss or damage, with the number of claims and total dollar value for each type; and

(c) Claim liability by value level distribution by class and subclass

for:

- (1) \$0.00 to \$50;
- (2) \$50.01 to \$100;
- (3) \$100.01 to \$200;
- (4) \$200.01 to \$300; and
- (5) continuing in \$100 increments to the maximum value

covered.

UPS/USPS-T8-4. Please provide the number of claims and total value of loss

for each of the last five years for claims resulting from:

- (a) No record if an insured mailpiece is lost or stolen while the carrier is on the street;
- (b) The carrier neglecting to secure a signature for an insured piece;
- (c) No record if an insured mailpiece is lost or stolen prior to being taken out for delivery.

UPS/USPS-T8-5. On pages 28-29 of your testimony, you state that “the Postal Service is exploring the feasibility of an operational change to enhance the security of insured mail. Specifically, the Postal Service is investigating the feasibility of having clerks at delivery offices identify and make a record of insured pieces to be delivered by carriers before they leave for their routes.” Please state:

- (a) The estimated cost of this operational change;

(b) Whether the entirety of this cost will be attributed to the individual classes and subclasses of mail for which insurance is obtained;

(c) Whether this cost been taken into account in the proposed rates;
and

(d) If the answer to subpart (c) of this interrogatory is in the negative, describe fully and in detail how this cost will impact the proposed cost coverage for insured mail.

UPS/USPS-T8-6. Please refer to pages 19-22 in LR-SSR-109, Attachment 1 to the same library reference.

(a) State whether the input data in Attachment 1 results from the insurance survey provided on pages 19-22 of LR-SSR-109;

(b) For each column of data in Attachment 1, indicate to which survey question it corresponds; and

(c) For each column of data in Attachment 1, explain fully and in detail how to interpret the data. For example, on page 26 of LR-SSR-109, the first input column 2 entitled 1992 Total Sales is "3." What does that mean?

UPS/USPS-T8-7. Please refer to page 34 of your testimony, on which you indicate that 48% of the survey participants responded "yes" when asked if they would mail additional parcels with the Postal Service if the indemnity level was raised above \$600.

(a) Provide the insurance rates given to these respondents; and

(b) State exactly how many more parcels these respondents estimated they would mail with the Postal Service.

UPS/USPS-T8-8. Please refer to page 54 of LR-SSR-109, on which there is a column entitled "(Annual) If Yes How Many?".

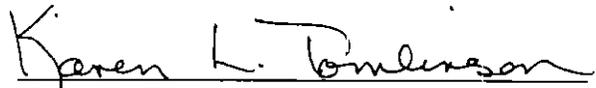
(a) State whether this corresponds to the second part of Question No. 12 from the insurance survey;

(b) If your answer to subpart (a) of this interrogatory is yes, state the percentage of total additional packages that would be mailed with the Postal Service that is represented by line 24 (a Mail Order/Telemarketing business that estimates it would mail an additional 1,000,000 packages); and

(c) If the respondent referred to in subpart (b) of this interrogatory were to change its mind or go out of business, explain: (1) the impact that would have on the financial viability or desirability of the Postal Service's proposal to increase the indemnity level; (2) the resultant change in costs for the Postal Service; and (3) the resultant change in revenues for the Postal Service.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with section 12 of the Commission's Rules of Practice and the Special Rules of Practice in this proceeding.



Karen L. Tomlinson
Attorney for United Parcel Service

Dated: August 7, 1996
Philadelphia, Pa.