

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS TOLLEY TO INTERROGATORIES OF
UNITED PARCEL SERVICE
(UPS/USPS-T6-1-4

The United States Postal Service hereby provides the responses of witness Tolley to the following interrogatories of United Parcel Service: UPS/USPS-T6-1-4, filed on January 21, 2000.

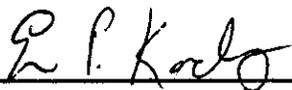
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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February 4, 2000

**RESPONSE OF POSTAL SERVICE WITNESS TOLLEY
TO UPS INTERROGATORIES**

UPS/USPS-T6-1. Refer to page 154 of your testimony at line 24, where you state, "The estimated own-price elasticity of Parcel Post volume in the period is -1.229." Please define what period of time you are referring to when you use the phrase "in the period" in that sentence.

ANSWER:

As stated at lines 20 through 22 of page 154 of my testimony, the period of time being discussed is the most recent five years, 1994 through 1999.

**RESPONSE OF POSTAL SERVICE WITNESS TOLLEY
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UPS/USPS-T6-2. Refer to page 154 of your testimony at lines 26-27, where you refer to "the estimated long-run price elasticity." Please provide the numerical value of "the estimated long-run price elasticity" to which you there refer.

ANSWER:

The term "long-run price elasticity" at lines 26-27 is synonymous with the term "own-price elasticity" at line 24, where the value is identified as being equal to -1.229.

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UPS/USPS-T6-3. Refer to page 155 of your testimony, at lines 4-7, where you state that "Parcel Post is used most heavily by residential customers."

(a) Is it your testimony that most Parcel Post volume is sent by residential mailers?

(b) Is it your testimony that most Parcel Post volume is delivered to residential customers?

(c) Provide for BY 1998 (i) the volume of Parcel Post that was sent by residential customers, and, separately, (ii) the volume that was sent by businesses.

(d) Provide by rate category (inter-BMC, intra-BMC, DBMC, DSCF, and DDU) the volume of Parcel Post that was sent to residential customers in BY 1998. If this information is not available, provide the Postal Service's best estimates of such volumes.

(e) Provide by rate category (inter-BMC, intra-BMC, DBMC, DSCF, and DDU) the volume of Parcel Post that was sent by residential customers in BY 1998. If this information is not available, provide the Postal Service's best estimates of such volumes.

(f) Provide by rate category (inter-BMC, intra-BMC, DBMC, DSCF, and DDU) the volume of Parcel Post that was sent by businesses to businesses in BY 1998. If this information is not available, provide the Postal Service's best estimates of such volumes.

(g) Provide by rate category (inter-BMC, intra-BMC, DBMC, DSCF, and DDU) the volume of Parcel Post that was sent by businesses to residential customers in BY 1998. If this information is not available, provide the Postal Service's best estimates of such volumes.

(h) Provide by rate category (inter-BMC, intra-BMC, DBMC, DSCF, and DDU) the volume of Parcel Post that was sent by residential customers to residences in BY 1998. If this information is not available, provide the Postal Service's best estimates of such volumes.

(i) Provide by rate category (inter-BMC, intra-BMC, DBMC, DSCF, and DDU) the volume of Parcel Post that was sent by residential customers to businesses in BY 1998. If this information is not available, provide the Postal Service's best estimates of such volumes.

(j) Provide for all of Parcel Post the volume that was sent by businesses to residences in BY 1998. If this information is not available, provide the Postal Service's best estimates of such volumes.

(k) Provide for all of Parcel Post the volume that was sent by businesses to businesses in BY 1998. If this information is not available, provide the Postal Service's best estimates of such volumes.

(l) Provide for all of Parcel Post the volume that was sent by residential customers to businesses in BY 1998. If this information is not available, provide the Postal Service's best estimates of such volumes.

(m) Provide for all of Parcel Post the volume that was sent by residential customers to residences in BY 1998. If this information is not available, provide the Postal Service's best estimates of such volumes.

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(n) Provide for all of Parcel Post the volume that was accepted via window service in BY 1998. If this information is not available, provide the Postal Service's best estimates of such volumes.

ANSWER:

(a) No

(b) Yes

(c) Please see my answers to parts (j) - (m) below.

(d) - (i) I am unaware of any information which breaks down parcel post volume in this way.

(j) I am informed by the Postal Service that its "best estimate" is that approximately 60 percent of parcel post volume was sent from businesses to residences in 1997.

(k) I am informed by the Postal Service that its "best estimate" is that approximately 30 percent of parcel post volume was sent from businesses to businesses in 1997.

(l) I am informed by the Postal Service that its "best estimate" is that approximately 2 percent of parcel post volume was sent from residences to businesses in 1997.

(m) I am informed by the Postal Service that its "best estimate" is that approximately 8 percent of parcel post volume was sent from residences to residences in 1997.

(n) I am informed by the Postal Service that its "best estimate" is that approximately 12-15 percent of Parcel Post volume was accepted via window service in 1998.

**RESPONSE OF POSTAL SERVICE WITNESS TOLLEY
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UPS/USPS-T6-4. Refer to page 155 of your testimony at lines 1-11. Does the 18.54% increase in the volume of Parcel Post referred to by you on line 11 include the 9.90% increase in Parcel Post volume referred to by you at lines 2-3, or is the 18.54% increase on top of (in addition to) the 9.90% increase?

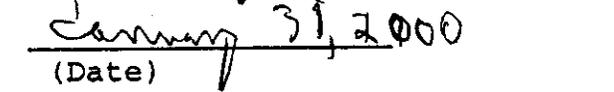
ANSWER:

The 18.54% increase attributable to increases in UPS's residential surcharge is in addition to the 9.90% increase attributable to increases in UPS's commercial ground parcel rates.

DECLARATION

I, George Tolley, declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information and belief.

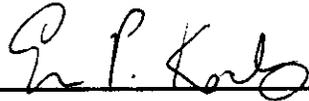


(Signed)


(Date)

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.



Eric P. Koetting

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