

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 HUNTER TO INTERROGATORIES OF
UNITED PARCEL SERVICE
(UPS/USPS-T5-1-2, 5)

The United States Postal Service hereby provides the responses of witness Hunter to the following interrogatories of United Parcel Service: UPS/USPS-T5-1-2, 5, filed on January 21, 2000. Objections to interrogatories UPS/USPS-T5-3-4 were filed on January 31, 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



Kenneth N. Hollies

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HUNTER
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T5-1. Refer to page 2 of your testimony at lines 13-14, where you state, "The BRPW provides estimates of revenue and volume totals where bulk mail categories correspond to the Postal Service's revenue accounting system." Confirm that this sentence refers to a situation where revenue accounts are associated with specific classes or subclasses of mail. If you do not confirm, explain why you cannot confirm that statement, and indicate what you mean when you refer to situations "where bulk mail categories correspond to the Postal Service's revenue accounting system."

RESPONSE. Not confirmed. The paraphrased sentence omits the permit imprint indicia and Periodicals permit component associated with mail class and subclass revenue accounts used in the BRPW as listed at lines 19-22 on page 2 and at line 1 on page 3 of my testimony.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HUNTER
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T5-2. Refer to Tables 1, 2, and 3 of your testimony. Provide, in the same format as and for each of the same categories of mail shown in Tables 1, 2, and 3 of your testimony, that part of the revenue, piece, and weight estimates that are derived solely from the BRPW system.

RESPONSE. The attached tables provide BRPW estimates of revenue, volume and weight totals and their estimated confidence intervals.

ATTACHMENT TO UPS/USPS-T5-2 RESPONSE

**TABLE 1
FISCAL YEAR 1998 BRPW REVENUE ESTIMATES
AND ASSOCIATED CONFIDENCE LIMITS**

SERVICE CATEGORY	REVENUE (\$1,000s)	C.V. 1/ OF ESTIMATE PERCENT	LOWER 95% CONFIDENCE LIMIT 3/	UPPER 95% CONFIDENCE LIMIT 3/
FIRST-CLASS MAIL:				
SINGLE-PIECE LETTERS, FLATS, AND IPPS	0			
NONAUTO PRESORT LETTERS, FLATS, AND IPPS	1,509,471	2.31	1,441,128	1,577,814
AUTO PRESORT LETTERS AND FLATS	8,834,141	0.15	8,808,169	8,860,113
AUTO CARRIER ROUTE PRESORT LETTERS	296,418	0.81	291,712	301,124
SINGLE-PIECE CARDS	0			
NONAUTO PRESORT MAILING CARDS	99,551	4.96	89,873	109,229
AUTO PRESORT CARDS	286,253	1.23	279,352	293,154
AUTO CARRIER ROUTE PRESORT CARDS	20,810	0.97	20,415	21,206
DOMESTIC MAIL FEES	0			
TOTAL FIRST-CLASS	11,046,644	0.32	10,977,360	11,115,929
PRIORITY MAIL				
PRIORITY MAIL	13,873	0		
DOMESTIC MAIL FEES	0			
TOTAL PRIORITY	13,873	0		
EXPRESS MAIL				
EXPRESS MAIL	0	N/C 2/		
MAILGRAMS				
MAILGRAMS	0	N/C		
PERIODICALS MAIL:				
IN-COUNTY	79,302	2.56	75,323	83,281
OUTSIDE COUNTY:				
REGULAR	1,640,960	0.16	1,635,814	1,646,106
SPECIAL NONPROFIT	317,027	0.65	312,988	321,065
CLASSROOM	12,229	0		
DOMESTIC MAIL FEES	0			
TOTAL PERIODICALS	2,049,518	0.01	2,049,116	2,049,920
STANDARD MAIL (A):				
SINGLE-PIECE	0			
REGULAR - NONAUTO PRESORT	1,914,749	0.72	1,887,728	1,941,769
REGULAR - AUTO PRESORT	5,245,761	0.32	5,212,859	5,278,662
ENHANCED CARRIER ROUTE	4,910,882	0.45	4,867,568	4,954,196
NONPROFIT - NONAUTO PRESORT	486,447	1	476,913	495,981
NONPROFIT - AUTO PRESORT	665,081	0.52	658,302	671,859
NONPROFIT ENHANCED CARRIER ROUTE	211,744	1.44	205,768	217,720
DOMESTIC MAILING FEES	0			
TOTAL STANDARD MAIL (A)	13,434,663	0.03	13,426,763	13,442,563
STANDARD MAIL (B):				
PARCEL POST	619,931	0.92		
BOUND PRINTED MATTER	379,975	0		
SPECIAL STANDARD	0			
LIBRARY MAIL	0			
DOMESTIC MAIL FEES	0			
TOTAL STANDARD MAIL (B)	999,907	0.57		

ATTACHMENT TO UPS/USPS-T5-2 RESPONSE

**TABLE 1
(CONTINUED)
FISCAL YEAR 1998 BRPW REVENUE ESTIMATES
AND ASSOCIATED CONFIDENCE LIMITS**

<u>SERVICE CATEGORY</u>	<u>REVENUE (\$1,000s)</u>	<u>C.V. 1/ OF ESTIMATE PERCENT</u>	<u>LOWER 95% CONFIDENCE LIMIT 3/</u>	<u>UPPER 95% CONFIDENCE LIMIT 3/</u>
U.S. POSTAL SERVICE MAIL				
FREE MAIL FOR THE BLIND AND HANDICAPPED				
TOTAL DOMESTIC MAIL	27,544,605			N/C
TOTAL INTERNATIONAL MAIL	0			N/C
TOTAL ALL MAIL	27,544,605			N/C
SPECIAL AND OTHER SERVICES:				
REGISTERED	0			
INSURANCE	0			
COLLECT ON DELIVERY	0			
CERTIFIED	0			
RETURN RECEIPTS	0			
SPECIAL DELIVERY	0			
MONEY ORDERS	0			N/C
SUBTOTAL	0			
OUT. MONEY ORDERS TAKEN INTO REVENUE	0			N/C
STAMPED ENVELOPES	0			N/C
BOX RENTS	0			N/C
 TOTAL MAIL & SPECIAL SERVICES	 27,544,605			 N/C
 OTHER INCOME	 0			 N/C
 TOTAL INCOME	 27,544,605			 N/C

1/ COEFFICIENT OF VARIATION = 100 x (EST. STD. ERROR / EST. REVENUE)

2/ NOT COMPUTED

3/ LOWER LIMIT = EST. REVENUE - (1.97 x EST. STD. ERROR)

UPPER LIMIT = EST. REVENUE + (1.97 x EST. STD. ERROR)

ATTACHMENT TO UPS/USPS-T5-2 RESPONSE

**TABLE 2
FISCAL YEAR 1998 BRPW PIECES ESTIMATES
AND ASSOCIATED CONFIDENCE LIMITS**

SERVICE CATEGORY	PIECES (1,000s)	C.V. 1/ OF ESTIMATE PERCENT	LOWER 95% CONFIDENCE LIMIT 3/	UPPER 95% CONFIDENCE LIMIT 3/
FIRST-CLASS MAIL:				
SINGLE-PIECE LETTERS, FLATS, AND IPPS	0			
NONAUTO PRESORT LETTERS, FLATS, AND IPPS	4,561,366	2.57	4,331,601	4,791,131
AUTO PRESORT LETTERS AND FLATS	33,934,990	0.16	33,828,570	34,041,410
AUTO CARRIER ROUTE PRESORT LETTERS	1,237,768	0.82	1,217,875	1,257,661
SINGLE-PIECE CARDS	0			
NONAUTO PRESORT MAILING CARDS	553,062	4.96	499,296	606,829
AUTO PRESORT CARDS	1,846,658	1.17	1,804,310	1,889,005
AUTO CARRIER ROUTE PRESORT CARDS	148,645	0.97	145,819	151,471
DOMESTIC MAIL FEES				
TOTAL FIRST-CLASS	42,282,489	0.3	42,033,868	42,531,110
PRIORITY MAIL				
DOMESTIC MAIL FEES	4,659	0	4,659	4,659
TOTAL PRIORITY	4,659	0	4,659	4,659
EXPRESS MAIL				
	0			
MAILGRAMS				
	0	N/C 2/		
PERIODICALS MAIL:				
IN-COUNTY	923,865	2.2	884,028	963,702
OUTSIDE COUNTY:				
REGULAR	7,185,219	0.19	7,158,461	7,211,977
SPECIAL NONPROFIT	2,136,927	0.76	2,105,096	2,168,759
CLASSROOM	60,793	0		
DOMESTIC MAIL FEES				
TOTAL PERIODICALS	10,306,804	0.17	10,272,462	10,341,147
STANDARD MAIL (A):				
SINGLE-PIECE	0			
REGULAR - NONAUTO PRESORT	6,903,376	0.67	6,812,721	6,994,031
REGULAR - AUTO PRESORT	28,034,466	0.32	27,858,634	28,210,298
ENHANCED CARRIER ROUTE	33,802,715	0.48	33,484,899	34,120,731
NONPROFIT - NONAUTO PRESORT	3,719,254	1.26	3,627,403	3,811,104
NONPROFIT - AUTO PRESORT	6,845,382	0.5	6,778,297	6,912,467
NONPROFIT ENHANCED CARRIER ROUTE	2,647,088	1.59	2,564,594	2,729,582
DOMESTIC MAILING FEES				
TOTAL STANDARD MAIL (A)	81,952,281	0.12	81,759,529	82,145,033
STANDARD MAIL (B):				
PARCEL POST	234,892	0.96		
BOUND PRINTED MATTER	458,238	0.04	457,878	458,597
SPECIAL STANDARD	0			
LIBRARY MAIL	0			
DOMESTIC MAIL FEES				
TOTAL STANDARD MAIL (B)	693,130	0.33	688,646	697,613

ATTACHMENT TO UPS/USPS-T5-2 RESPONSE

**TABLE 2
(CONTINUED)
FISCAL YEAR 1998 BRPW PIECES ESTIMATES
AND ASSOCIATED CONFIDENCE LIMITS**

SERVICE CATEGORY	PIECES (1,000s)	C.V. 1/ OF ESTIMATE PERCENT	LOWER 95% CONFIDENCE LIMIT 3/	UPPER 95% CONFIDENCE LIMIT 3/
U.S. POSTAL SERVICE MAIL	0			
FREE MAIL FOR THE BLIND AND HANDICAPPED	0			
TOTAL DOMESTIC MAIL	135,239,364	N/C		
TOTAL INTERNATIONAL MAIL	64,283	N/C		
TOTAL ALL MAIL	135,303,646	N/C		
SPECIAL AND OTHER SERVICES:				
REGISTERED	0			
INSURANCE	0			
COLLECT ON DELIVERY	0			
CERTIFIED	0			
RETURN RECEIPTS	0			
SPECIAL DELIVERY	0			
MONEY ORDERS	0	N/C		
SUBTOTAL	0			
USPS SPECIAL SERVICE TRANSACTIONS				
REGISTERED TRANSACTIONS:	0			
CERTIFIED TRANSACTIONS	0			
RETURN RECEIPTS	0			
SPECIAL DELIVERY TRANSACTIONS	0			
SPECIAL HANDLING TRANSACTIONS	0			
TOTAL	0			

1/ COEFFICIENT OF VARIATION = 100 x (EST. STD. ERROR / EST. PIECES)

2/ NOT COMPUTED

3/ LOWER LIMIT = EST. PIECES - (1.97 x EST. STD. ERROR)

UPPER LIMIT = EST. PIECES + (1.97 x EST. STD. ERROR)

ATTACHMENT TO UPS/USPS-T5-2 RESPONSE

**TABLE 3
FISCAL YEAR 1998 BRPW WEIGHT ESTIMATES
AND ASSOCIATED CONFIDENCE LIMITS**

SERVICE CATEGORY	WEIGHT (1,000s)	C.V. 1/ OF ESTIMATE PERCENT	LOWER 95% CONFIDENCE LIMIT 3/	UPPER 95% CONFIDENCE LIMIT 3/
FIRST-CLASS MAIL:				
SINGLE-PIECE LETTERS, FLATS, AND IPPS	0			
NONAUTO PRESORT LETTERS, FLATS, AND IPPS	183,827	1.81	177,305	190,348
AUTO PRESORT LETTERS AND FLATS	1,262,751	0.24	1,256,811	1,268,691
AUTO CARRIER ROUTE PRESORT LETTERS	45,473	0.97	44,608	46,337
SINGLE-PIECE CARDS	0			
NONAUTO PRESORT MAILING CARDS	4,084	6.24	3,585	4,584
AUTO PRESORT CARDS	16,243	1.84	15,657	16,828
AUTO CARRIER ROUTE PRESORT CARDS	1,222	0.9	1,201	1,244
DOMESTIC MAIL FEES				
TOTAL FIRST-CLASS	1,513,600	0.26	1,505,887	1,521,313
PRIORITY MAIL	4,910	0		
DOMESTIC MAIL FEES				
TOTAL PRIORITY	4,910	0		
EXPRESS MAIL	0	N/C 2/		
MAILGRAMS				
PERIODICALS MAIL:				
IN-COUNTY	253,938	3.67	235,672	272,204
OUTSIDE COUNTY:				
REGULAR	3,568,117	0.29	3,547,836	3,588,399
SPECIAL NONPROFIT	585,102	0.45	579,941	590,262
CLASSROOM	31,684	0		
DOMESTIC MAIL FEES				
TOTAL PERIODICALS	4,438,841	0.31	4,411,871	4,465,811
STANDARD MAIL (A):				
SINGLE-PIECE	0			
REGULAR - NONAUTO PRESORT	1,176,218	1	1,153,165	1,199,272
REGULAR - AUTO PRESORT	3,391,095	0.36	3,367,168	3,415,023
ENHANCED CARRIER ROUTE	4,849,076	0.88	4,765,439	4,932,712
NONPROFIT - NONAUTO PRESORT	239,983	0.66	236,879	243,087
NONPROFIT - AUTO PRESORT	458,590	0.55	453,646	463,533
NONPROFIT ENHANCED CARRIER ROUTE	195,751	1.2	191,147	200,355
DOMESTIC MAILING FEES				
TOTAL STANDARD MAIL (A)	10,310,713	0.27	10,256,149	10,365,277
STANDARD MAIL (B):				
PARCEL POST	1,330,219	0.97	1,304,929	1,355,509
BOUND PRINTED MATTER	1,125,204	0.07	1,123,660	1,126,748
SPECIAL STANDARD	0			
LIBRARY MAIL	0			
DOMESTIC MAIL FEES				
TOTAL STANDARD MAIL (B)	2,455,423	0.52	2,430,397	2,480,449

ATTACHMENT TO UPS/USPS-T5-2 RESPONSE

**TABLE 3
(CONTINUED)
FISCAL YEAR 1998 BRPW WEIGHT ESTIMATES
AND ASSOCIATED CONFIDENCE LIMITS**

SERVICE CATEGORY	WEIGHT (1,000s)	C.V. 1/ OF ESTIMATE PERCENT	LOWER 95% CONFIDENCE LIMIT 3/	UPPER 95% CONFIDENCE LIMIT 3/
U.S. POSTAL SERVICE MAIL	0			
FREE MAIL FOR THE BLIND AND HANDICAPPED	0			
TOTAL DOMESTIC MAIL	27,544,605	N/C		
TOTAL INTERNATIONAL MAIL	67,604	N/C		
TOTAL ALL MAIL	27,612,209	N/C		

1/ COEFFICIENT OF VARIATION = $100 \times (\text{EST. STD. ERROR} / \text{EST. WEIGHT})$

2/ NOT COMPUTED

3/ LOWER LIMIT = $\text{EST. WEIGHT} - (1.97 \times \text{EST. STD. ERROR})$

UPPER LIMIT = $\text{EST. WEIGHT} + (1.97 \times \text{EST. STD. ERROR})$

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HUNTER
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T5-3. Refer to page 3 of your testimony at lines 1-6. In the case of each category of mail for which revenue and volume (pieces or weight) estimates are derived using the BRPW system, identify all of the post offices included in the "ongoing panel of post offices comprised of automated bulk mail entry post offices under the Permit System" (see lines 4-5 on page 3 of your testimony).

RESPONSE. An objection to this interrogatory has been filed.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HUNTER
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T5-4. Refer to page 3 of your testimony at lines 1-6, where you refer to "a supplemental stratified random sample of non-automated post offices." In the case of each mail category for which the BRPW system is used to estimate revenue and volume (pieces or weight), identify (a) all of the non-automated post offices from which the supplemental stratified random sample is drawn, and (b) all of the non-automated post offices that were included in the supplemental stratified random sample used to derive the estimates contained in your Tables 1, 2, and 3.

RESPONSE. An objection to this interrogatory has been filed.

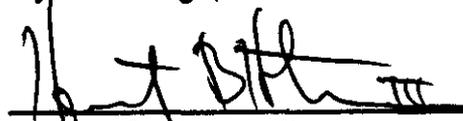
**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HUNTER
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T5-5. Refer to page 3 of your testimony at lines 7-11. Why is the same form (PS Form 3605) used to report revenue and volume data both for Standard Mail (B) and for Priority Mail?

RESPONSE. Under the July 1996 edition of Form 3605, Section B is used by Parcel Post mailers to compute parcel post postage, whereas Section D is used by Priority Mail mailers to compute Priority Mail postage.

DECLARATION

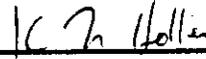
I, Herbert B. Hunter III, hereby declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information and belief.


Herbert B. Hunter III

Date: Feb. 4, 2000

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.



Kenneth N. Hollies

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February 4, 2000