

BEFORE THE  
POSTAL RATE COMMISSION

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

DOCKET NO. R2000-1

INTERROGATORIES FROM  
UNITED PARCEL SERVICE TO UNITED STATES  
POSTAL SERVICE WITNESS PLUNKETT  
(UPS/USPS-T36-3 through 7)  
(February 29, 2000)

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby serves the following interrogatories directed to United States Postal Service witness Plunkett: UPS/USPS-T36-3 through 7.

Respectfully submitted,



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Of Counsel.

INTERROGATORIES OF UNITED PARCEL SERVICE  
TO UNITED STATES POSTAL SERVICE WITNESS PLUNKETT

UPS/USPS-T36-3. Refer to Attachment H of USPS-T-36.

(a) Confirm that a 100% passthrough is used for Parcel Post DBMC Non-transportation Cost Savings to yield a DBMC Non-transportation Discount of \$0.70 per piece. If not confirmed, explain.

(b) Confirm that Witness Eggleston (USPS-T-26, Attachment C, Revised 2/18/2000) has revised the Parcel Post DBMC Non-transportation Cost Savings to be \$0.662 per piece. If not confirmed, explain.

(c) Confirm that the effective passthrough for Parcel Post DBMC Non-transportation costs is actually 106%. If confirmed, explain why a passthrough in excess of 100% is justified. If not confirmed, explain in detail.

(d) Confirm that a 100% passthrough is used for OBMC Cost Savings to yield a Parcel Post OBMC rate differential of \$0.93 per piece. If not confirmed, explain.

(e) Confirm that Witness Eggleston (USPS-T-26, Attachment C, Revised 2/18/2000) has revised the Parcel Post OBMC Cost Savings to be \$0.894 per piece. If not confirmed, explain.

(f) Confirm that the effective passthrough for Parcel Post OBMC Cost Savings is actually 104%. If confirmed, explain why a passthrough in excess of 100% is justified. If not confirmed, explain in detail.

(g) Confirm that Parcel Post DSCF and DDU rates are derived based on Parcel Post DBMC rates. If not confirmed, explain in detail.

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(h) Confirm that a passthrough in excess of 100% for Parcel Post DBMC Non-transportation Cost Savings leads to an effective passthrough of greater than 100% of the worksharing activities required in the Parcel Post DSCF and DDU rate categories. If not confirmed, explain in detail.

(i) Explain all considerations made in proposing a 100% passthrough for worksharing activities in the Parcel Select rate categories (i.e., DBMC, DSCF and DDU). In particular, describe all considerations of the value of service in each Parcel Select rate category in setting the passthrough.

UPS/USPS-T36-4. Refer to Attachment K of USPS-T-36 with respect to the incremental costs cited for Parcel Post before and after rates. Explain in detail why the after rates incremental costs of \$1,106,639,522 differ from those cited by Witness Mayes in her Exhibit USPS-32E (\$1,061,265,000).

UPS/USPS-T36-5. Refer to Attachment E, which shows as a source USPS-T-36, WP 1.A. (filed as USPS-LR-I-62).

(a) Confirm that actual RPW data from Postal Quarter 3 of 1999 were used to derive the share of Parcel Post volume for each rate category in the Test Year. If not confirmed, explain in detail. If confirmed:

(i) Explain why Postal Quarter 3, 1999, data were used.

(ii) Explain why data from other Postal Quarters in 1999 were not used.

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(iii) Explain why Postal Quarter 3, 1999, data are expected to be applicable in the Test Year given the large volume increase from the Base Year to the Test Year with respect to Parcel Select volume.

(b) Explain whether actual costs from Postal Quarter 3, 1999, were applied in the Parcel Post rate design.

(c) Explain in detail how FY98 costs for Parcel Post were adjusted from FY98 to FY99 to take into account the change in relative volume created by the new dropship work categories.

(d) Explain any further adjustments in Parcel Post costs from 1999 to the Test Year to take into account changes in relative volumes created by the new dropship work categories.

UPS/USPS-T36-6. Refer to page 14 and Attachment H of USPS-T-36.

(a) Confirm that the DDU Savings Off of DBMC represents an average of machinable and non-machinable savings. If not confirmed, explain.

(b) Confirm that 100% of the DDU Savings Off of DBMC is proposed to be passed through. If not confirmed, explain.

(c) Confirm that under the proposed rates, non-machinable DDU Parcel Post pieces will have an effective passthrough of greater than 100%.

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UPS/USPS-T36-7. Refer to Attachment D and Attachment K of USPS-T-36.

(a) Confirm that the revenue per piece for Parcel Post Intra-BMC Non-Alaska bypass is \$3.414 ( $\$93,880,416 / 27,495,992$ ) in the TYBR and \$3.736 ( $\$93,593,938 / 25,050,582$ ) in the TYAR for an increase of 9.4%. If not confirmed, explain in detail.

(b) Confirm that the revenue per piece for Parcel Post Inter-BMC is \$5.469 ( $\$276,826,827 / 50,614,551$ ) in the TYBR and \$6.017 ( $\$281,052,935 / 46,710,097$ ) in the TYAR for an increase of 10.0%. If not confirmed, explain in detail.

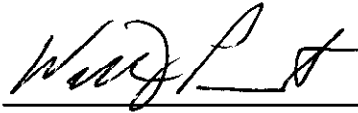
(c) Confirm that the revenue per piece for Parcel Post DBMC is \$2.847 ( $\$762,370,675 / 267,762,878$ ) in the TYBR and \$2.862 ( $\$771,859,947 / 269,734,882$ ) in the TYAR for an increase of 0.5%. If not confirmed, explain in detail.

(d) Confirm that the revenue per piece for Parcel Post DSCF is \$1.990 ( $\$4,451,357 / 2,237,344$ ) in the TYBR and \$2.004 ( $\$4,516,931 / 2,253,822$ ) in the TYAR for an increase of 0.7%. If not confirmed, explain in detail.

(e) Confirm that the revenue per piece for Parcel Post DDU is \$1.319 ( $\$36,954,506 / 28,008,725$ ) in the TYBR and \$1.319 ( $\$37,226,667 / 28,215,002$ ) in the TYAR for an increase of 0.0%. If not confirmed, explain in detail.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document by first class mail, postage prepaid, in accordance with Section 12 of the Commission's Rules of Practice.



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Dated: February 29, 2000  
Philadelphia, Pa.

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