

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

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POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS PICKETT TO INTERROGATORIES OF
UNITED PARCEL SERVICE
(UPS/USPS-T19-2-3)

The United States Postal Service hereby provides the responses of witness Pickett to the following interrogatories of United Parcel Service: UPS/USPS-T19-2-3, filed on February 16, 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



Susan M. Duchek

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2990 Fax -5402
March 1, 2000

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PICKETT (USPS-T-19) TO INTERROGATORIES OF UNITED PARCEL
SERVICE

UPS/USPS-T19-2. Refer to page 4 of your testimony, where you state, "The Eagle contract has historically been used to operate an overnight hub and spoke network designed to meet Express Mail service commitments. Beginning in PQ 2 of FY 1998, the Postal Service began using certain Eagle planes during the daytime. These daytime Eagle 'turns' (as they are called by operations personnel) were designed to substitute for passenger air transportation, to better meet the service commitments of so-called two- and three-day mail (i.e., non-local First-Class and Priority Mail)."

(a) How long have the present contracts for the Eagle and Western networks been in effect?

(b) When do these contracts expire?

(c) How many separate contracts have been in effect for the Eagle and Western networks during the period from FY 1996 through FY 2000? Identify the time periods of operation for each contract and the identities of the contractors for both networks during this period.

(d) What percentage of total Eagle and Western network "turns" are expected to be daytime turns during the test year?

RESPONSE

(a) It is my understanding that the 10-year Eagle ANET contract has been in effect since January 10, 1994. The 8-year TNET contract has been in effect since November 20, 1992. The 6-year WNET contract has been in effect since August 28, 1999.

(b) It is my understanding that the ANET contract expires on January 9, 2004. The TNET contract expires on January 19, 2001. The WNET contract expires August 26, 2005.

(c) Eagle has been operated under the ANET and TNET contracts. The ANET contractor is Emery Worldwide. The TNET contractor is Evergreen

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Aviation Ground Logistics Enterprises (EAGLE). The current WNET contractor is Kitty Hawk Aircargo. Prior to August 1999, the WNET contractor was Evergreen International. For additional details, please see the Postal Service response to UPS/USPS-T1-17.

- (d) I understand that postal operations personnel use the term "turns" in the context of WNET and EAGLE to mean daytime use of an aircraft. Therefore, the answer, by definition, is 100 percent.

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UPS/USPS-T19-3. Refer to pages 1-2 of your testimony, where you describe the calculation of the network premium for the Eagle network, the Western network, and the Christmas network, and to page 5, lines 12-15, of witness Plunkett's testimony, where he states that "implementation of the Eagle Network enabled the Postal Service to provide much more reliable service for Express and Priority Mail between major markets ..." Refer also to the Commission's decision in Docket No. R97-1, at volume 1, pages 221-22, where the Commission attributed the "fixed" costs of the Eagle network exclusively to Express Mail based on witness Takis' testimony that "if Express Mail were eliminated, then the Eagle Network would be shut down, and Priority and First-Class Mail would be diverted onto commercial flights with no degradation of service quality."

(a) In your calculation of the network premium, did you consider witness Plunkett's statement that the Eagle network "enabled the Postal Service to provide much more reliable service for Express and Priority Mail between major markets"?

(b) Do you agree with this statement by witness Plunkett?

(c) How did the Eagle networks benefit to Express Mail and Priority Mail affect, if at all, your calculation of the network premium?

RESPONSE

(a) No.

(b) I have been told that the Eagle network provides more reliable intercity air transportation for any class of mail carried on it. I have not quantified the reliability of service with or without the EAGLE network.

(c) Not at all. The benefit to any class of mail carried on Eagle is not a consideration in the calculation. I am merely updating the calculations from the last case. Those calculations were made in support of witness Takis's testimony on incremental cost and witness Alexandrovich's base year transportation cost workpapers. It is my understanding that witnesses Bradley (USPS-T-22) and Kay (USPS-T-23) present similar

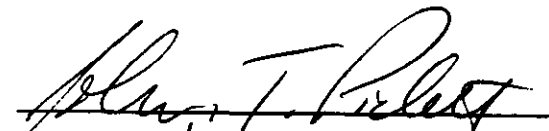
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incremental cost testimony in this case. Witness Meehan (USPS-T-11)

presents the base year transportation cost workpapers.

DECLARATION

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


Date: 3/1/00

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.

A handwritten signature in cursive script, appearing to read "Susan M. Duchek", is written over a horizontal line.

Susan M. Duchek

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