

BEFORE THE
POSTAL RATE COMMISSION

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000 :
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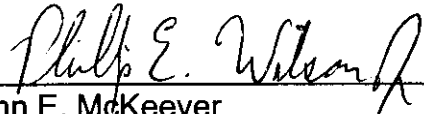
DOCKET NO. R2000-1

INTERROGATORY FROM UNITED PARCEL
SERVICE TO UNITED STATES POSTAL
SERVICE WITNESS KAY
(UPS/USPS-T23-6)
(March 7, 2000)

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby
serves the following interrogatory directed to United States Postal Service witness Kay:

UPS/USPS-T23-6.

Respectfully submitted,



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Of Counsel.

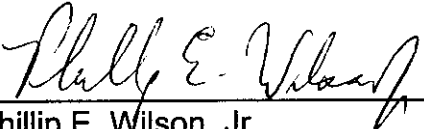
INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS KAY

UPS/USPS-T23-6. Refer to your Workpapers, IC07.xls, tab Inputs. In column 6, line 53, total route costs of \$2,229,918,000 for Cost Segment 7 are from Meehan's B Workpapers, Cs06&7.xls, tab 7.0.1 and tab 7.0.3. In column 6, line 55, volume variable costs of \$182,971,000 for Cost Segment 7 are from Meehan's B Workpapers, Cs06&7.xls, tab 7.0.1 and tab 7.0.3. Refer also to your Workpapers, IC07.xls, tab Route Summary. Two product specific categories for Express Mail -- (1) Drop/Pick-up for Special Purpose Route ("SPR") and (2) Drop/Pick-up for Mixed Letter Route ("MLR") -- are included in your incremental costs for route activities.

- (a) Describe how incremental costs are derived for Express Mail -- Drop/Pick-up for SPR and Drop/Pick-up for MLR.
- (b) Do Drop/Pick-up costs for SPR represent the only incremental costs within SPR route costs?
- (c) Confirm that the only product-specific incremental costs within SPR route costs are attributed to Express Mail.
- (d) Explain why Express Mail Drop/Pick-up costs are incremental costs and not volume variable costs. Identify any data sources and other documentation, including reports or studies, that support this conclusion.
- (e) What cost segments besides Cost Segment 12 use the allocations from these Cost Segment 7 costs (piggy-back)?

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.



Phillip E. Wilson, Jr.
Attorney for United Parcel Service

Dated: March 7, 2000
Philadelphia, Pa.

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