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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Before The
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

Postal Rate and Fee Changes, 2000 — Docket No. R2000-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS BARON TO UPS INTERROGATORIES (UPS/USPS-T12-2-4)

The United States Postal Service hereby provides the response of witness Baron to the following interrogatories of the United Parcel Service: UPS/USPS-T12-2-4, filed on February 23, 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.
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March 8, 2000

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BARON TO
INTERROGATORIES OF UNITED PARCEL SERVICE

UPS/USPS-T12-2. Refer to witness Raymond's response to UPS/USPS-T13-4 (a).

(a) Describe how the activities in steps 2, 6, 7, and 11 are assigned to parcels. Provide the citations to the appropriate calculations in the base year workpapers.

(b) If the costs of these activities are not assigned to parcels, provide an explanation as to why they are not, and provide any analyses or documentation that supports your explanation.

RESPONSE:

(a) According to my reading of the hypothesized sequence of activities that produce these steps, numbers 2 and 7 define driving time activities that the segment 7 functional analysis would assign to the deviation delivery category. The extent to which total deviation delivery cost is distributed to mail subclasses containing parcels is determined in those sections of the BY 1998 segment 7 workbook, cs06&7.xls, that apply the appropriate volume-variability and distribution key to that cost. Accrued and total volume-variable deviation delivery costs are calculated at cells E19 and E23, respectively, in sheet 7.0.4.4 of cs06&7.xls. The volume-variable cost is then distributed to subclasses containing parcels, and to other subclasses, in sheet 7.0.9, column (7)[c] of this workbook. This distribution is based, in part, on data obtained from the Motorized Letter Route (MLR) Survey, which is documented in R97-1, USPS LR-H-156 and WP 1.9, and, in part, on FY 1998 RPW piece distribution.

Steps 6 and 11 define route/access FAT activities. The segment 7 functional analysis calculates accrued costs by stop type for this activity at lines 19-22 of sheet 7.0.4.1 in cs06&7.xls. These costs are split into accrued route time costs and accrued access costs at lines 44–47 and line 54 of sheet 7.0.4.1. (The route-time costs are added to route/access CAT route-time costs and to driving time costs in line 54). The

accrued route/access FAT access costs are split into institutional costs and volume-variables costs for mail subclasses containing parcels, as well as for other subclasses, at column numbers (5), (11), and (17) in sheet 7.0.6.14 of cs06&7.xls.

(b) Please see my response to part (a).

UPS/USPS-T12-3. Refer to witness Raymond's response to UPS/USPS-T13-5(a).

(a) Describe how this driving activity is assigned to parcels. Provide the citations to the appropriate calculations in the base year workpapers.

(b) If the cost of this activity is not assigned to parcels, provide an explanation as to why it is not, and provide any analyses or documentation that supports your explanation.

RESPONSE:

(a) Please see my response to UPS/USPS-T12-2 (a).

(b) Please see my response to UPS/USPS-T12-2 (a).

UPS/USPS-T12-4. Refer to Table 3 on page 35 of your testimony. That table includes six types of routes, only one of which is a foot route. In USPS-LR-I-80, File CsO6&7.xls, Tabs Input LR and 7.0.4.1, there are eight types of routes, including three types of foot routes: business foot, residential foot, mixed foot, business motorized, residential curb, residential park & loop, mixed curb, and mixed park & loop.

(a) Does the Engineered Standards Database and/or the City Carrier Route Master File provide sufficient information to calculate new street-time percentages for each of the three categories of foot routes?

(b) If so, why did you not calculate new street-time percentages for each of the three categories of foot routes?

(c) Provide documentation and analyses that support the use of the same street-time percentage for all three types of foot routes.

RESPONSE:

(a) I am informed by Witness Raymond that the answer to your question is no.

(b) Not applicable.

(c) Once total accrued costs have been calculated for the three foot-route categories – business, residential, and mixed – and once these costs have been distributed across the street activities, all subsequent cost analyses are exactly the same for each set of costs. Specifically, the parameters that split accrued route/access FAT and route/access CAT foot route costs into route and access portions, and that determine the volume-variable access costs by mail subclass are the same for business foot costs as they are for residential and mixed foot costs. So, also, are the parameters applied to accrued driving time, load-time, collection box, and street support foot-route costs in order to derive volume-variable costs by subclass.

DECLARATION

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

Donald M. Baron

Date: 3-8-00

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.

Richard T. Cooper

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