

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 EGGLESTON TO INTERROGATORIES OF
UNITED PARCEL SERVICE
(UPS/USPS-T26-10-15)

The United States Postal Service hereby provides the responses of witness Eggleston to the following interrogatories of United Parcel Service: UPS/USPS-T26-10-15, filed on February 29, 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



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March 14, 2000

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

UPS/USPS-T26-10. Confirm that Parcel Post plant-verified dropshipped mail must pass through both a verification procedure prior to transportation by the mailer to the destination-entry point and an acceptance procedure at the destination-entry point. If not confirmed, explain in detail.

RESPONSE:

Confirmed.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS EGGLESTON
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UPS/USPS-T26-11. Confirm that under both the verification procedure and under the acceptance procedure the entire dropshipment must be examined. If not confirmed, explain in detail.

RESPONSE:

It is my understanding that both acceptance and verification procedures often use sampling or other estimation techniques; and therefore not every parcel in the shipment is examined.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS EGGLESTON
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UPS/USPS-T26-12. Explain in detail the cost category in which the verification costs for Parcel Post plant-verified dropshipped mail are included, and provide the actual costs for this procedure in the Base Year.

RESPONSE:

There are no estimates relating specifically to the costs of acceptance of dropship shipments. It is my understanding that in the base year these costs are captured in the IOCS data system in the MODs LD79 cost pool and Non-MODs allied labor cost pool. In addition, a small amount of these costs could potentially fall into MODs platform cost pool.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS EGGLESTON
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UPS/USPS-T26-13. Explain in detail the cost category in which the acceptance costs for Parcel Post plant-verified dropshipped mail are included, and provide the actual costs for this procedure in the Base Year.

RESPONSE:

There are no estimates relating specifically to the costs of verification of dropship shipments. It is my understanding that in the base year these costs are captured in the IOCS data system in the BMCs platform cost pool.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS EGGLESTON
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UPS/USPS-T26-14. Provide all available information with respect to the percentage of Parcel Post dropshipped mail that is plant-verified.

RESPONSE:

It is my understanding that while it is possible for mailers to enter non-plant-verified dropshipped Parcel Post, the vast majority of Parcel Post dropshipped mail is plant-verified. I am not aware of any documentation to show the actual proportion of dropshipped Parcel Post that is plant verified.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS EGGLESTON
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UPS/USPS-T26-15. Explain in detail:

- (a) What you believe to be the relationship between the verification and acceptance costs for intra-BMC and inter-BMC mail in comparison to the verification and acceptance costs of dropshipped mail.**
- (b) How the proposed Parcel Post dropship cost savings take into account this relationship.**

RESPONSE:

- a. I do not know the relationship between the verification and acceptance costs for intra-BMC and inter-BMC in comparison to the verification and acceptance cost of dropshipped mail.

- b. Please see response to UPS/USPS-T26-12 and 13 above. Since the costs of acceptance are collected in the MODS LD79 and non-MODS allied labor pool, these costs have been excluded from the costs that BMC parcels avoid. In addition, I have no reason to believe that the verification of DBMC is significantly greater than the acceptance of inter-BMC and intra-BMC. Therefore, there was no need to make additional adjustments.

DECLARATION

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

Jennifer Eggleston
JENNIFER L. EGGLESTON

Dated: 2/14/00

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.



Scott L. Reiter

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