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

POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS MEEHAN TO INTERROGATORY OF  
UNITED PARCEL SERVICE  
(UPS/USPS-T11-18)

The United States Postal Service hereby provides the response of witness Meehan to the following interrogatory of United Parcel Service: UPS/USPS-T11-18, filed on March 7, 2000.

The 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 21, 2000

**Response of United States Postal Service Witness Meehan  
to  
Interrogatories of United Parcel Service**

**UPS/USPS-T11-18.** Refer to your Workpaper B, page 124 (WS 7.0.1, Summary of Cost Components), or the electronic version filed as Library Reference USPS-LR-I-80, file Cs06&7.xls, tab 7.0.1. In column 2, lines 30 and 31, Letter Route volume variable route and other costs are \$182,970,000, and Letter Route total route costs are \$2,095,146,000. In column 4, lines 30 and 31, Special Purpose Route ("SPR") volume variable route costs are \$0, and SPR total route costs are \$134,770,000.

Refer also to your Workpaper B, page 131 (WS 7.0.3, Letter & SPR Cost Summary), or USPS-LR-I-80, file Cs06&7.xls, tab 7.0.3. In column 21, line 54, total route costs (\$2,29,916,000) are calculated as the sum of total letter route costs (\$2,095,146,000) and total SPR route costs (\$134,770,000). The SPR route costs are derived from the SPR analysis, Workpaper B, page 147 (WS 7.0.5, Development of SPR Accrued and VVC by Function, or USPS-LR-I-80, file Cs06&7.xls, tab 7.0.5), which shows Route / Institutional Costs as \$134,770,000 at column 5, line 49.

- (a) Confirm that SPR volume variable route costs are \$0. If not confirmed, identify where the SPR volume variable route costs are calculated and provide total SPR volume variable route costs.
- (b) Identify the data sources used in the calculations of SPR volume variable route costs.
- (c) If the SPR volume variable route costs are zero, provide an explanation as to why this is the case. Provide any documentation, including reports or studies that support your explanation.
- (d) What other cost segments use the allocations from Cost Segments 6 and 7?

**Response:**

The figure that is cited for total SPR route costs (\$134,770,000) from my Workpaper B, page 147, (WS 7.0.5, Development of SPR Accrued and VVC by Function) at column 5, line 49 contains both route costs and other institutional costs. Route costs are \$84 million, derived from driving time costs only. To isolate SPR accrued route costs, do the following. Take driving time costs of \$181,813,000, (WS7.0.5 column 1 line 7) and subtract \$81,688,000 (WS 7.0.5 column 1, lines 31-33), which is the driving time cost for accrued access; and

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subtract \$16,054,000 (WS 7.0.5 column 1, line 30), which is transferred to letter foot routes, leaving \$84,071,000 as accrued SPR route costs.

(a) Confirmed.

(b) The analysis of special purpose route costs was performed by witness Nelson in Docket R97-1 (USPS-T-19) and has been accepted by the Commission. The data sources witness Nelson used in his analysis are documented in his testimony, workpapers, and associated library references USPS LR-H-152 and USPS LR-H-157.

(c) Please refer to the testimony and associated workpapers and library references USPS LR-H-152 and USPS LR-H-157 of witness Nelson (Docket No. R97-1, USPS-T-19).

(d) USPS LR-I-80, file CS06&7.xls, tab 'Outputs to CS' shows that cost segments 2, 12, 13, and 20 use allocations from cost segments 6 and 7. In addition, cost segments 6 and 7 labor costs contribute to the allocations of selected cost components in cost segments 3, 11, 15, 16, and 18 that are distributed on postal labor.

**DECLARATION**

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

Karen B. Meehan

3/21/00

**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.



**Susan M. Duchek**

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