

BEFORE THE
POSTAL RATE COMMISSION

RECEIVED
MAR 22 1 17 PM '00
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

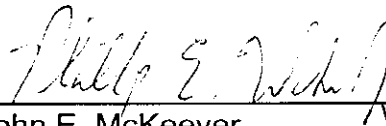
DOCKET NO. R2000-1

INTERROGATORY FROM
UNITED PARCEL SERVICE TO UNITED STATES
POSTAL SERVICE WITNESS KAY
(UPS/USPS-T23-7)
(March 22, 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-T23-7.

Respectfully submitted,



John E. McKeever
William J. Pinamont
Phillip E. Wilson, Jr.,
Attorneys for United Parcel Service

Piper Marbury Rudnick & Wolfe LLP
3400 Two Logan Square
18th & Arch Streets
Philadelphia, PA 19103-2762
(215) 656-3310
(215) 656-3301 (FAX)

and

1200 Nineteenth Street, NW
Washington, DC 20036-2430
(202) 861-3900

Of Counsel.

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

UPS/USPS-T23-7. Refer to pages 13-15 of your testimony, where you discuss the results of your incremental costs analysis for Express Mail and Priority Mail. Refer also to pages 1-2 of witness Pickett's testimony, where he describes 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."

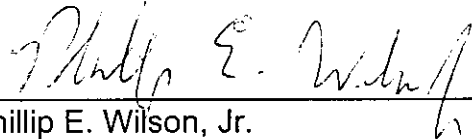
(a) In your calculation of incremental costs for Express Mail and Priority Mail, did you consider witness Plunkett's statement that the Eagle network "enabled the Postal Service to provide much more reliable service for Express and Priority Mail between major markets"?

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

(c) How did the Eagle network's benefit to Express Mail and Priority Mail affect, if at all, your calculation of incremental costs for these subclasses?

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 22, 2000
Philadelphia, Pa.

60689