

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS EGGLESTON
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 5, QUESTION 10

The United States Postal Service hereby provides the response of witness Eggleston to Presiding Officer's Information Request No. 5, question 10. The response was inadvertently omitted from the package of responses filed on March 24, 2000. This oversight was apparently caused, at least in part, by the fact that the POIR contained two questions numbered 10.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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March 27, 2000

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10. Please refer to USPS-T-26, Attachment M, page 1. Footnote 6 states that Christmas air terminal handling and hub and spoke costs are non-distance related and cites attachment Z as the source of the distance/non-distance related percentages.
- a. Please explain what the Christmas Network Line Haul costs are, why they are considered 'hub and spoke' costs, and why they are considered non-distance related.
 - b. Please explain why LR I-60, pg. 4 treats these cost as distance related.

RESPONSE

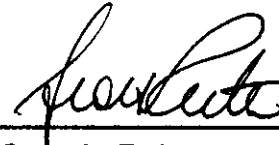
- a. It is my understanding that Christmas Network costs are the costs of contract air transportation provided to meet the pre-Christmas onslaught of mail. In FY 1998, the Postal Service established daytime hub operations at three sites: Blytheville, Arkansas; Indianapolis, Indiana; and Ontario, California. These are known within postal operations as the CNB, CNI and CNO hubs. In is my understanding that the Christmas Network Line Haul cost are those costs that accrue to the CNET linehaul account, 53542. It is my understanding that these expenses are associated with aviation operations that are not classified as terminal handling costs. To the best of my knowledge Christmas Network Line Haul costs are, conceptually, similar to Eagle costs and are treated as such in my analysis.
- b. As witness Pickett explains on page 4 of his testimony, LR-I-60 is an update of the calculation of distance-related costs from PRC LR-6 in Docket No. R97-1. As in R97-1, that methodology is not the basis for my

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calculation of zone-related parcel post transportation costs. The basis for my calculation is whether or not costs are directly related to zone.

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.



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