

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 INTERROGATORIES OF
UNITED PARCEL SERVICE
(UPS/USPS-T26-16-19)

The United States Postal Service hereby provides the responses of witness Eggleston to the following interrogatories of United Parcel Service: UPS/USPS-T26-16-19, filed on March 15, 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 29, 2000

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

UPS/USPS-T26-16. Refer to page 22 of USPS-T-26.

(a) Provide all reasons why Alaska air non-preferential costs should be assigned to the inter-BMC rate category.

(b) Provide all reasons why Alaska air non-preferential costs should be assigned to the intra-BMC rate category.

(c) Provide all reasons why Alaska air non-preferential costs should not be assigned to the DBMC rate category.

(d) Provide your understanding as to the allocation of Alaska air non-preferential costs to the inter-BMC, intra-BMC, and DBMC rate categories under the methodology used by the pricing witness in the last rate case.

(e) Explain the rationale for any change in the general allocation of Alaska air non-preferential costs to the inter-BMC, intra-BMC, and DBMC rate categories under your proposed treatment as opposed to that of the pricing witness in the last rate case.

RESPONSE:

(a-c) Since mail destinating in Alaska is not eligible for the DBMC rate, DBMC mail should not incur any Alaska non-preferential costs. I allocated Alaska non-preferential costs to only those rate categories that incur those costs, inter-BMC and intra-BMC.

(d) It is my understanding that in the previous rate case, the pricing witness allocated Alaska Air non-preferential costs to all Parcel Post rate categories by means of an additional mark-up.

(e) The Parcel Post transportation methodology was changed to better represent how costs are incurred by the rate categories. Since Parcel Post destinating in Alaska is not eligible for the DBMC rate, Alaska air non-preferential costs should not be incurred by DBMC parcels. This is consistent with the methodology employed by the PRC in Docket No. R97-1.

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UPS/USPS-T26-17. Refer to the "Summary" worksheet in file LR103PP0798.xls" contained in USPS-LR-I-103. Explain in detail why the IOCS operation 07 (platform acceptance) volume variable costs for certain cost groups (e.g., \$148,000 for "spbs 0th") were not included in line 4 of Attachment F of USPS-T-26 when these costs are Outgoing costs as summarized in the "Basic" worksheet in file "LR103PP0798.xls."

RESPONSE:

The purpose of Table 3 in LR-I-103 is to separate out outgoing operation 07 platform acceptance costs for use as a proxy as the platform acceptance costs that DBMC parcels will incur (this is done by excluding these costs from the costs that DBMC parcels avoid). It is my understanding that operation 07 costs in SPBS represents an employee going to the platform to get parcels and is not representative of costs that DBMC parcels will incur. For this reason, the outgoing operation 07 costs in the SBPS cost pool were not included in line 4 on page 2 of Attachment F.

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UPS/USPS-T26-18. Refer to the "Summary" worksheet in file "LR103PPBF98.xls" contained in USPS-LR-I-103. For each MODS and non-MODS cost pools in which there are volume variable costs for Outgoing Parcel Post (e.g. \$926,000 for "fsm" at line 3 in column 11), describe what type of costs are captured in the cost pool and why there would be Outgoing Parcel Post costs in that cost pool.

RESPONSE:

Please see witness Degan's testimony (USPS-T-16) starting on page 36 for an explanation of the types of costs that go into cost pools. It is my understanding that occasionally costs show up in cost pools where they are unexpected. It is further my understanding that the reason for this is the following. The IOCS handling tallies record the mail actually being handled by the employees recorded as working a given mail processing operation (cost pool), rather than the mail expected to be handled in a given operation. To the extent certain shape identification criteria overlap, it will be possible to process some mailpieces in multiple shape-related mailstreams, and particularly in manual operations.

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UPS/USPS-T26-19. Refer to your response to UPS/USPS-T26-7.

(a) Provide all available documentation regarding the requirements for the mailer of DDU parcels to unload the truck and place the parcels into the delivery unit's choice of container.

(b) Provide all available documentation with respect to the delivery unit's choice of container, including, but not limited to:

(i) the type of container,

(ii) whether the type of container varies by the size of parcels, and

(iii) where in the delivery unit the container is located.

RESPONSE:

(a) DMM § E652.3.8 requires that the mailer unload and place palletized and bedloaded parcels into "a container specified by the delivery unit." It is my understanding that this requirement also includes the dumping of sacks.

(b) To the best of my knowledge, this information is not available.

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 L. Eggleston
JENNIFER L. EGGLESTON

Dated: 2/29/00

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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