

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

RECEIVED

MAR 30 4 44 PM '00

POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS DEGEN TO INTERROGATORY OF UPS  
(UPS/USPS-T16-7)

The United States Postal Service hereby provides the response of witness Degen to the following interrogatory of UPS: UPS/USPS-T16-7, filed on March 15, 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



Eric P. Koetting

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2992 Fax -5402  
March 30, 2000

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

**UPS/USPS-T16-7. Refer to page 3-3 of Library Reference USPS-LR-I-1.**

- a. Which MODS 1&2 cost pools include the costs for platform operations (e.g., loading and unloading trucks, crossdocking pallets and other containers of mail) at Associate Offices, Stations and Branches?**
- b. Which MODS 1&2 cost pools include the costs for cancellation and mail preparation at Associate Offices, Stations and Branches?**
- c. Which MODS 1&2 cost pools include the costs of a typical outgoing parcel entered at the window of an Associate Office, Station or Branch incurred prior to its leaving the Associate Office, Station or Branch.**
- d. Which MODS 1&2 cost pools include the costs of a typical outgoing parcel entered at the platform of an Associate Office, Station or Branch incurred prior to its leaving the Associate Office, Station or Branch.**
- e. Which MODS 1&2 cost pools include the costs of a typical incoming parcel incurred after the parcel reaches the platform of an Associate Office, Station or Branch.**

**UPS/USPS-T16-7 Response.**

- a. It is my understanding that the cost of platform operations at associate offices (AOs), stations, and branches would largely appear in the LDC 43 cost pool. See also witness Van-Ty-Smith's response to TW/USPS-T17-4, which indicates that approximately 50 percent of allied labor costs per the non-MODS definition (which includes, but is not limited to, platform operations) in LDCs 41-44, 48, and 49 appear in the LDC 43 cost pool.**
- b. It is my understanding that the cost of cancellation and mail preparation operations at associate offices (AOs), stations, and branches would largely appear in the LDC 43 cost pool. See also**

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

witness Van-Ty-Smith's response to TW/USPS-T17-4, which indicates that approximately 50 percent of allied labor costs per the non-MODS definition (which includes, but is not limited to, cancellation and mail preparation operations) in LDCs 41-44, 48, and 49 appear in the LDC 43 cost pool.

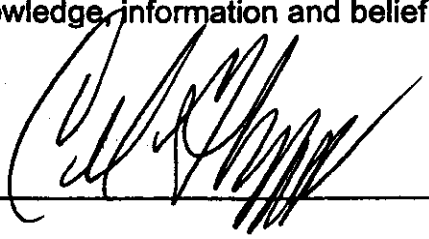
- c. The window service costs of a hypothetical "typical outgoing parcel" entered at the window of an AO, station, or branch would be captured in Cost Segment 3.2. It is my understanding that the mail processing cost of such a piece would largely be incurred in LDC 43. Additionally, related Function 4 mail processing and window service support costs would appear in the LDC 48 cost pools (LD48\_ADM and LD48 OTH). Additionally, costs for some, not necessarily typical, parcel pieces may appear in other Function 4 cost pools.
  
- d. It is my understanding that the mail processing cost of a hypothetical "typical outgoing parcel" entered at the platform of an AO, station, or branch would largely be incurred in LDC 43. Related Function 4 mail processing support costs would appear in the LDC 48 cost pools (LD48\_ADM and LD48 OTH). Additionally, costs for some, not necessarily typical, parcel pieces may appear in other Function 4 cost pools.

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

- e. It is my understanding that the mail processing cost of a hypothetical "typical incoming parcel" incurred after the piece reaches the platform of an AO, station, or branch would largely be incurred in LDC 43 and/or LDC 44. Related Function 4 mail processing support costs would appear in the LDC 48 cost pools. Additionally, costs for some, not necessarily typical, parcel pieces may appear in other Function 4 cost pools.

**DECLARATION**

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



---

Date: 3-30-06

**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.



\_\_\_\_\_  
Eric P. Koetting

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2992 Fax -5402  
March 30, 2000