

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  
TO INTERROGATORIES OF  
UNITED PARCEL SERVICE  
REDIRECTED FROM WITNESS HUNTER  
UPS/USPS-66, 67 (c, f)

The United States Postal Service hereby provides the responses of witness Pafford to the following interrogatories of United Parcel Service: UPS/USPS-66, 67(c, f), filed on March 23, 2000, and redirected from witness Hunter.

Each 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

*K N Hollies*

Kenneth N. Hollies

**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.

*K N Hollies*

Kenneth N. Hollies

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April 6, 2000

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INTERROGATORIES OF UNITED PARCEL SERVICE REDIRECTED FROM  
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**UPS/USPS-T5-66.** Refer to USPS-LR-I-194, Appendix A, which provides PFY to GFY factors for conversion purposes.

- (a) Explain in detail how these factors were developed.
- (b) Explain in detail why some would be less than one and others greater than 1.
- (c) Explain in detail why factors are only applied to quarters 1 and 4.
- (f) Provide copies of all analyses and supporting documents in hard copy and electronic format used to develop these factors in their fully developed form (formulas intact).
- (g) Confirm that these factors do not reflect records where the transaction occurred in one quarter and were later corrected and applied to another quarter in the BRPW process. If you cannot confirm, explain in detail why.

**RESPONSE:**

(a) Two methods were used to develop the factors. The first method applied when Accounting revenue for the component could be specifically broken out.

The following formulas were applied to the Accounting revenue:

$$PQ 0 \text{ FY } 98 = PQ 1 \text{ FY } 98 - (PQ 5 \text{ FY } 97 - PQ 4 \text{ FY } 97)$$

$$PQ 5 \text{ FY } 98 = PQ 7 \text{ FY } 98 - (PQ 0 \text{ FY } 98 + PQ 2 \text{ FY } 98 + PQ 3 \text{ FY } 98)$$

The factor(s) was then calculated as the percentage of PQ 0 (PQ 5) revenue to PQ1 (PQ 4) revenue.

Note: PQ 0 is the first quarter of the Government Fiscal Year.

PQ 1 is the first quarter of the Postal Fiscal Year.

PQ 4 is the last quarter of the Postal Fiscal Year.

PQ 5 is the last quarter of the Government Fiscal Year.

PQ 7 is the Government Fiscal Year revenue total.

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The second method applied for those components where Accounting revenue could not be specifically itemized. The following formulas were used to develop the factors:

$PQ\ 0\ FY\ 98\ delivery\ days / PQ\ 1\ FY\ 98\ delivery\ days$

$PQ\ 5\ FY\ 98\ delivery\ days / PQ\ 4\ FY\ 98\ delivery\ days$

Note: Delivery days are Monday through Saturday excluding holidays.

(b) See my response to UPS/USPS-T4-9 for the PQ 0, PQ 2, PQ 3, PQ 5, and GFY 98 calendar dates. In addition, the following are the calendar dates for PQ 4 FY 97, PQ 5 FY 97, PQ 1 FY 98, PQ 4 FY 98, and PFY 98:

PQ 4 FY 97 - May 24, 1997 - September 12, 1997

PQ 5 FY 97 - May 24, 1997 - September 30, 1997

PQ 1 FY 98 - September 13, 1997 - December 5, 1997

PQ 4 FY 98 - May 23, 1998 - September 11, 1998

PFY 98 - September 13, 1997 - September 11, 1998

By construction, it is easy to see that, using the number of days of Accounting revenue or delivery days, the factor for PQ 0 would be less than one, and greater than one for PQ 5. For example, when looking at the PQ 5 factor for the second method, there were more delivery days in PQ 5 (109 delivery days) than PQ 4 (93 delivery days), and therefore the ratio of these two must be greater than one.

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- (c) Postal Quarters 1 and 2 dates either overlap or are most 'adjacent' to the  
GFY, and therefore are adjusted.
- (d) See USPS-LR-I-284.
- (e) Confirmed

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**UPS/USPS-T5-67.** Refer to USPS-LR-I-194 and USPS-LR-I-25. For Parcel Post, it appears that in the final estimates of R, P, and W (Output from Job 3), the program excludes records that do not have RPW Codes. Is that correct? If so, why are those records excluded? If not, why do these records not appear in Job 3, and what happens to them? Explain in detail.

(c) Explain in detail how these codes were developed.

(f) Provide copies of all analyses and supporting documents in electronic and hard copy format used to develop RPW Codes and the requirements for assigning them to a particular record.

**RESPONSE:**

(c) RPW codes are unique numerical identifiers of mail categories, and are assigned based on available numerical digits. As such, RPW codes do not require development.

(f) See the response to part (c).

DECLARATION

I, Bradley V. Pafford, hereby declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information and belief.

  
\_\_\_\_\_  
Bradley V. Pafford

Date: April 6, 2000