

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 INTERROGATORY OF UNITED PARCEL SERVICE
REDIRECTED FROM WITNESS MEEHAN
UPS/USPS-T11-20

The United States Postal Service hereby provides its response to the following interrogatories of United Parcel Service: UPS/USPS-T11-20, filed on March 23, 2000, and redirected from witness Meehan.

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

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

**RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY
OF UNITED PARCEL SERVICE, REDIRECTED FROM WITNESS MEEHAN**

UPS/USPS-T11-20

Explain how the Input Keys are calculated for the sub-classes of Periodicals in your Workpaper B, pages 240-249 (WS C/S 14, Inputs-Keys), lines 11 through 15, or the electronic version filed as Library Reference USPS-LR-I-80, file CS14.xls, tab Inputs - Keys, lines 11 through 15. Specifically, how does one calculate the distribution keys for "In County" (line 1 I), "Outside County - Regular" (line 13) "Outside County - Non-Profit" (line 14) and Outside County - Classroom" (line 15) from the distribution key for mailcode "J," titled "2C Periodicals," as calculated by the TRACS programs?

RESPONSE.

For the Commercial Air and Network Air Subsystems, the TRACS distribution key for mailcode "J", titled "2C Periodicals", is distributed to the Periodicals subclasses on the basis of a distribution key formed from the product of the respective RPW subclass weights and average line haul factors. For Intra-SCF Highway, the TRACS Periodicals distribution key is distributed to the Periodicals subclasses on the basis of a distribution key formed from the product of the respective RPW subclass weights and density factors. For other surface modes, the TRACS Periodicals distribution key is distributed to the Periodicals subclasses on the basis of a distribution key formed from the product of the respective RPW subclass weights, density factors, and average line haul factors. See the attached document for the actual formulas.

Transportation Cost Distribution Keys For Periodical Sub-classes
(Effective FY98)

Let

k be the periodical distribution key estimated from TRACS,
 W_i be the RPW weight of the i -th sub-class within periodicals,
 $i=1$: in-county, 2: regular, 3: non-profit, and 4: classroom, and
 k_i the distribution keys for each of the above sub-classes:

$$\sum_i k_i = k.$$

In addition, we denote H_i the average mileage and d_i the density factor of the i -th sub-class.

For Commercial Air and Network Air, the sub-class distribution keys are calculated by

$$k_1 = 0,$$
$$k_i = k \times \frac{W_i H_i}{\sum_{i=2}^4 W_i H_i}, i = 2, 3, 4 \quad (1)$$

For Highway Intra-SCF,

$$k_i = k \times \frac{(W_i / d_i) H_i}{\sum_{i=1}^4 (W_i / d_i) H_i}, i = 1, 2, 3, 4 \quad (2)$$

For Highway Inter-SCF, Intra-BMC, Inter-BMC, Rail, and AMTRAK,

$$k_1 = 0,$$
$$k_i = k \times \frac{(W_i / d_i) H_i}{\sum_{i=2}^4 (W_i / d_i) H_i}, i = 2, 3, 4 \quad (3)$$