

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

REVISED RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MEEHAN
TO INTERROGATORY OF UNITED PARCEL SERVICE
(UPS/USPS-T11-18) -- ERRATA

The United States Postal Service provides the revised response of witness Meehan to the following interrogatory of United Parcel Service: UPS/USPS-T11-18, filed on March 7, 2000. The original response was filed on March 21, 2000.

Only subparts (b) and (c) of the response have changed in order to provide a clearer explanation.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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April 10, 2000

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

UPS/USPS-T11-18. Refer to your Workpaper B, page 124 (WS 7.0.1, Summary of Cost Components), or the electronic version filed as Library Reference USPS-LR-I-80, file Cs06&7.xls, tab 7.0.1. In column 2, lines 30 and 31, Letter Route volume variable route and other costs are \$182,970,000, and Letter Route total route costs are \$2,095,146,000. In column 4, lines 30 and 31, Special Purpose Route ("SPR") volume variable route costs are \$0, and SPR total route costs are \$134,770,000.

Refer also to your Workpaper B, page 131 (WS 7.0.3, Letter & SPR Cost Summary), or USPS-LR-I-80, file Cs06&7.xls, tab 7.0.3. In column 21, line 54, total route costs (\$2,29,916,000) are calculated as the sum of total letter route costs (\$2,095,146,000) and total SPR route costs (\$134,770,000). The SPR route costs are derived from the SPR analysis, Workpaper B, page 147 (WS 7.0.5, Development of SPR Accrued and VVC by Function, or USPS-LR-I-80, file Cs06&7.xls, tab 7.0.5), which shows Route / Institutional Costs as \$134,770,000 at column 5, line 49.

- (a) Confirm that SPR volume variable route costs are \$0. If not confirmed, identify where the SPR volume variable route costs are calculated and provide total SPR volume variable route costs.
- (b) Identify the data sources used in the calculations of SPR volume variable route costs.
- (c) If the SPR volume variable route costs are zero, provide an explanation as to why this is the case. Provide any documentation, including reports or studies that support your explanation.
- (d) What other cost segments use the allocations from Cost Segments 6 and 7?

Response:

The figure that is cited for total SPR route costs (\$134,770,000) from my Workpaper B, page 147, (WS 7.0.5, Development of SPR Accrued and VVC by Function) at column 5, line 49 contains both route costs and other institutional costs. Route costs are \$84 million, derived from driving time costs only. To isolate SPR accrued route costs, do the following. Take driving time costs of \$181,813,000, (WS7.0.5 column 1 line 7) and subtract \$81,688,000 (WS 7.0.5

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column 1, lines 31-33), which is the driving time cost for accrued access; and subtract \$16,054,000 (WS 7.0.5 column 1, line 30), relay costs, which are transferred to letter foot routes, leaving \$84,071,000 as accrued SPR route cost.

(a) Confirmed.

(b) There are no volume variable route costs.

(c) Please refer to USPS-LR-I-1, page 7-3, for a description of route time:

"Because route time corresponds generally to the time spent by the carrier traversing the course of the route without deviating to make stops, it may be visualized as the time required to cover the entire length of the Nation's city streets – a token of "readiness to serve" as distinct from the actual serving (which is represented by access time and load time).

Most of route time is therefore classified as institutional. The only exception is driving time associated with routine looping/dismount and deviation delivery stops."

There are no routine looping/dismount and deviation delivery stops on special purpose routes. Therefore, all route time is institutional.

(d) USPS LR-I-80, file CS06&7.xls, tab 'Outputs to CS' shows that cost segments 2, 12, 13, and 20 use allocations from cost segments 6 and 7. In addition, cost segments 6 and 7 labor costs contribute to the allocations of selected cost components in cost segments 3, 11, 15, 16, and 18 that are distributed on postal labor.

DECLARATION

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

Karen B Meehan

4/10/00

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.



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