

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

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POSTAL RATE AND FEE CHANGES, 2000

POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

Docket No. R2000-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF UNITED PARCEL SERVICE  
REDIRECTED FROM WITNESS HUNTER  
(UPS/USPS-T5-86(a) AND (b))

The United States Postal Service hereby provides its responses to the following interrogatories of United Parcel Service: UPS/USPS-T5-86(a) and (b), filed on March 23, 2000. These subparts of T5-86 are being redirected from witness Hunter to the Postal Service. Responses to remaining subparts (c) and (d) of T5-86 are being provided by witness Hunter.

Subparts (a) and (b) of UPS/USPS-T5-86 are stated verbatim and are followed by the responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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Chief Counsel, Ratemaking



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April 20, 2000

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES  
OF UNITED PARCEL SERVICE REDIRECTED FROM WITNESS HUNTER

**UPS/USPS-T5-86.**

- (a) For Parcel Post, how is the output from Job 3 used to calculate rates for pieces with different weights within a subclass and zone?  
(b) What use is made of the BRPW tables from Job 3 in establishing postal rates?

**RESPONSE.**

a-b. The BRPW estimates at the RPW Code level along with DRPW and miscellaneous estimates of revenue, volume and weight are input to the RPW model to provide estimates of total revenue, volume and weight of Parcel Post by RPW Code. The combined volume estimates by intra-BMC, inter-BMC, and destination-entry Parcel Post are then distributed to weight and zone within these entry categories by applying the zoned weight cell distributions from the DRPW to the combined BRPW and DRPW estimates at the RPW Code and zone level. Estimates from BRPW do not provide distributions by weight cell, but they do provide distributions by zone, so reference is made to the DRPW distributions by weight within zone. The zone-based weight distributions thus developed are then incorporated into the Parcel Post billing determinants. The billing determinants pull information from RPW and other data sources to develop a distribution of Parcel Post pieces to weight cell within zone for each entry category. The billing determinant process develops a distribution of Parcel Post pieces to each rate element in the Parcel Post rate schedules, and then multiplies those distributions by the applicable

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rates to develop revenue estimates. These revenue estimates are then compared to the RPW revenue estimates, and revenue adjustment factors are developed whereby the discrepancy between the RPW revenue figures and the revenue estimates calculated by multiplying volumes by rates may be discerned. To the extent that the distributions of BRPW volumes by weight increments may not be perfectly matched to the distributions of DRPW to weight increment, the revenue adjustment factors will incorporate this difference. Revenue adjustment factors also accommodate under or over-payment of postage.

The billing determinants are then used to develop the fixed weight indices used in volume forecasting. In addition, in the context of a rate case, the billing determinants are used as distribution keys to spread the forecasted test year volume of Parcel Post to weight and zone and service category in order to calculate test year before and after rates revenues.

## 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.

A handwritten signature in black ink, appearing to read "Michael T. Tidwell", written in a cursive style.

Michael T. Tidwell

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