

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

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POSTAL RATE AND FEE CHANGES, 2000

POSTAL RATE COMMISSION
OF THE SECRETARY
Docket No. R2000-1

UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
UNITED PARCEL SERVICE WITNESS NEELS
(USPS/UPS-T3-1 -13)

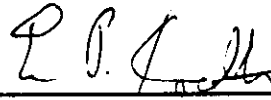
Pursuant to rules 25 and 26 of the Rules of Practice and procedure, the United States Postal Service directs the following interrogatories and requests for production of documents to United Parcel Service witness Neels: USPS/UPS-T3-1 - 13.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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June 2, 2000

UNITED STATES POSTAL SERVICE INTERROGATORIES TO THE UNITED
PARCEL SERVICE WITNESS KEVIN NEELS (T-3)

USPS/UPS-T3-1. On page 28, lines 13-15 of your testimony, you state: "I would expect emergency contract and exceptional service movements to contain, on average, a mail mix with higher proportions of Express Mail, Priority Mail, and First Class Mail than do regular movements". Do you have any data to support your expectation? If so, please provide copies of all such data.

USPS/UPS-T3-2. Please refer to page 29, line 19 and page 30, lines 1-2, of your testimony. You state: "As noted in the A.T. Kearney Data Quality Study, published TRACS procedures provide inspectors with too much discretion in how they select items for testing and thereby allow operational pressures to bias the sample". Please confirm that you are referring to the sentence on page 86 of the Data Quality Study Summary Report, which states "In particular, the item selection procedures in TRACS appear to involve significant data collector's discretion". If you do not confirm, please provide the specific quotation to which you are referring from the Data Quality Study.

USPS/UPS-T3-3. Please refer to your discussion of the TRACS sample design on page 35, lines 16-20 of your testimony. Please confirm that by 'mail mix', you are referring to the cubic-foot-miles by mail category. If not confirmed, please provide a precise definition for your usage of the term 'mail mix'.

USPS/UPS-T3-4. On page 7, lines 1-3, of your testimony you state:

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"...the upgrading of capacity that occurred was the result of a Postal Service decision made in advance of the request for bids, and not in response to low bids received for higher capacity aircraft."

(a) Is it your understanding that the Postal Service did not know that 727s were likely to produce low bids when it solicited service for the WNET? Please explain.

(b) Is it your testimony that the Postal Service did not have the experience to understand the market for cargo aircraft in 1999? Please explain.

USPS/UPS-T3-5 When discussing the premium associated with the Western network, is it your understanding that the premium is associated with the cost of overnight operations only? Please explain any answer other than an unqualified "yes".

USPS/UPS-T3-6 On page 7, beginning at line 4, you discuss a document from 1995 provided by witness Pickett.

(a) Is it your understanding that the matters which might have given rise to the "concerns" expressed in that document were unaffected by events between 1995 and 1999? Please explain.

(b) Please state all events from 1995 to 1999 that you understand may have affected the decision to "expand and upgrade the network".

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(c) Is it your understanding that the discussions in the document relate to overnight WNET operations alone, daytime WNET operations alone, or both overnight and daytime WNET operations? Please explain.

(d) Please confirm that the document in question refers only to WNET operations and not to Eagle operations. If not confirmed, please explain.

USPS/UPS-T3-7 In one of the documents cited on page 7 of your testimony, the author twice mentions "later departure times" for aircraft in a new WNET. Is it your understanding that later departure times must have occurred solely within the scope of overnight WNET operations? Please explain fully.

USPS/UPS-T3-8 With regard to WNET, you conclude on page 7, "the network was not sized primarily...for Express Mail." You further note that "the Western network as it is presently configured exists to accommodate Priority Mail as much as to accommodate Express Mail."

- a) Are you referring to
- (1) the overnight WNET?
 - (2) the daytime WNET?
 - (3) both the overnight and daytime WNET?

b) In your opinion, is an overnight air network needed to "accommodate" a product with an overnight delivery guarantee? Please explain fully.

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c) Is an overnight network needed to “accommodate” a non-guaranteed product with a two-day intercity service commitment? Please explain fully.

USPS/UPS-T3-9 Please refer to the “Executive Summary’ document provided by witness Pickett. At the bottom of the first page of that document, it says that the capacity to move First Class and Express Mail “must be retained under the expanded WNET.” Is it your testimony that the capacity of the WNET was not sized, as you use the term, for First-Class Mail? Please explain.

USPS/UPS-T3-10 On page 8 of your testimony you state that:

“Smaller aircraft are generally less expensive to operate than larger aircraft.”

- (a) To what specific expenses are you referring?
- (b) Are smaller aircraft faster than larger aircraft?
- (c) If a smaller aircraft is substantially slower than a larger aircraft, is it your opinion that such a shortcoming is irrelevant in the operation of an overnight network? Please explain.

USPS/UPS-T3-11 Please refer to your discussion of the Eagle network beginning on page 9, line 15.

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(a) Is it your understanding that Express Mail always constitutes 24 percent of the load on the Eagle network? Please explain.

(b) Is it your understanding that the overnight Eagle network is sized for the average percentage of volume of Express Mail on the network as a whole? Please explain.

(c) If Express Mail constituted 50 percent of the load on an inbound Eagle 727-200 flight 50 percent of the time, would you recommend using a DC9-15? Please explain.

(d) If Express Mail constituted 50 percent of the load on an outbound Eagle 727-200 flight 50 percent of the time, would you recommend using a DC9-15? Please explain.

USPS/UPS-T3-12. Please refer to Table 1, on page 6 of your testimony, entitled "Base Year Eagle and Western Network Volume Percentages by Mail Class". Please confirm that these are pound-mile percentages and not volume (piece) percentages, by mail class. If not confirmed, please provide a detailed explanation of how volume (piece) percentages were obtained.

USPS/UPS-T3-13 Please refer to Table 4 on page 23 of your testimony, to your workpaper CS14_NXW.XLS, and to the table attached to this interrogatory. Please confirm that the attached table provides an accurate summary of your

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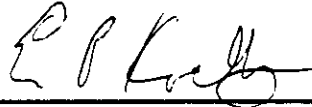
development of the highway costs shown in Table 4. If you do not confirm,
please provide a summary with the same level of detail as in the attachment.

If you do confirm, please attach the attachment to this question to your response.

Attachment to USPS/UPS-T3-13						
	INTRASC HIGHWAY	INTERSCF HIGHWAY	INTRABMC HIGHWAY	INTERBMC HIGHWAY	ALL OTHER HIGHWAY	TOTAL HIGHWAY
FIRST-CLASS MAIL:						
SINGLE-PIECE LETTERS	106,860	110,685	15,970	12,347	2,500	248,361
PRESORT LETTERS	32,159	48,877	9,054	5,179	1,284	96,552
SINGLE-PIECE CARDS	1,450	2,289	331	274	43	4,387
PRESORT CARDS	807	976	165	389	34	2,371
TOTAL FIRST-CLASS	141,276	162,828	25,519	18,188	3,860	351,671
PRIORITY MAIL	101,164	101,240	17,824	7,126	2,245	229,598
EXPRESS MAIL	10,495	5,917	1,184	35	151	17,781
MAILGRAMS	-	-	-	-	-	-
PERIODICALS:						
IN-COUNTY	58	-	-	-	1	59
OUTSIDE COUNTY:						
REGULAR	44,601	41,761	23,644	39,562	21,294	170,862
NON-PROFIT	10,225	9,518	5,451	9,075	2,186	36,454
CLASSROOM	412	373	220	368	22	1,395
TOTAL PERIODICALS	55,297	51,652	29,315	49,005	23,502	208,771
STANDARD MAIL (A):						
SINGLE-PIECE RATE	2,880	6,393	5,118	6,968	1,155	22,514
COMMERCIAL STANDARD:						
ENHANCED CARR RTE	20,621	5,395	7,870	8,376	1,236	43,499
REGULAR	57,972	31,760	48,933	60,650	13,673	212,988
TOTAL COMMERCIAL	78,594	37,155	56,803	69,026	14,909	256,487
AGGREGATE NONPROFIT:						
NONPROF ENH CARR RTE	1,573	1,338	682	1,355	239	5,187
NONPROFIT	9,588	5,632	9,040	9,401	1,944	35,605
TOTAL NONPROFIT	11,161	6,970	9,723	10,756	2,183	40,792
TOTAL STANDARD (A)	92,634	50,517	71,644	86,749	18,248	319,793
STANDARD MAIL (B):						
PARCELS ZONE RATE	71,788	21,056	86,982	62,019	5,406	247,251
BOUND PRINTED MATTER	13,086	3,724	16,574	11,791	5,085	50,260
SPECIAL STANDARD	7,934	2,720	13,830	18,028	2,019	44,531
LIBRARY MAIL	2,698	1,737	2,495	2,909	239	10,078
TOTAL STANDARD (B)	95,506	29,237	119,880	94,746	12,749	352,119
US POSTAL SERVICE	698	981	593	613	53	2,937
FREE MAIL	924	1,939	607	324	40	3,834
INTERNATIONAL MAIL	3,820	5,027	2,424	2,485	273	14,030
TOTAL VOLUME VARIABLE	501,814	409,337	268,989	259,271	61,121	1,500,532

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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