

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

UNITED STATES POSTAL SERVICE  
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO  
UPS WITNESS SAPPINGTON  
(USPS/UPS-T6-1-5)

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 UPS witness Sappington: USPS/UPS-T6-1-5.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
Richard T. Cooper

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June 8, 2000

**USPS/UPS-T6-1. Refer to your testimony on pages 4 - 5 where you state: "High rates and large rate increases can be onerous for individual and business mailers alike, and so should be avoided whenever possible." .**

- a. At what level does a rate increase become "onerous"? In your answer, please explain fully what you meant by "onerous" in the quoted passage of your testimony, and what you mean by "onerous" in the general context of the postal rate proposals currently being reviewed by the Commission.**
- b. Please describe fully the conditions under which you believe it is possible to avoid high postal rates and large postal rate increases.**
- c. Please describe fully the conditions under which you believe it is not possible to avoid high postal rates and large postal rate increases.**

**USPS/UPS-T6-2. Refer to your testimony on page 5 where you state: "Rates that disadvantage competitors unfairly should be avoided." Do you believe that rates giving an advantage to the Postal Service's competitors ever should be encouraged? If so, under what conditions?**

**USPS/UPS-T6-3. Refer to your testimony on page 5 where you state: "When mailers can obtain comparable services at reasonable cost from suppliers other than the Postal Service, high postal rates impose few hardships on those mailers."**

- a. Please provide all rate tables (including published and discounted rate tables for UPS services) that demonstrate that "mailers can obtain comparable services" to Priority Mail "at a reasonable cost from suppliers other than the Postal Service."**
- b. Are the services provided by United Parcel Service (UPS) comparable in all respects to the services provided by the Postal Service, including Priority Mail? If not, please explain fully.**
- c. Are Postal Service price levels considered in setting UPS's published rates? If so, please explain how and to what extent.**
- d. Does UPS compete for some customers with the Postal Service?**
- e. Does UPS consider the Postal Service's prices in determining what price to offer any of its customers?**
- f. Please confirm that if UPS considers the Postal Service's prices in determining what price to offer some customers, a 40.3% average rate increase for Priority Mail could allow UPS greater latitude to increase the prices it charges these customers. If you do not confirm, please explain fully.**

- g. Please confirm that a 40.3% average rate increase for Priority Mail would, all other things equal, improve the competitive position of UPS with respect to the Postal Service. If you do not confirm, please explain fully.**

**USPS/UPS-T6-4. Refer to your testimony on pages 18 - 19 where you state that a higher cost coverage for Priority Mail (as compared to the systemwide cost coverage or the First-Class Mail cost coverage) is appropriate, in part, given "... the Commission's long-standing emphasis on protecting users of monopoly mail services" (footnote omitted).**

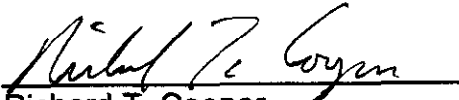
- a. Is it your understanding that a portion of Priority Mail volume is subject to the Postal Service's statutory monopoly? Please explain fully.**
- b. If so, how are these Priority Mail customers "protected" by a higher cost coverage? Please explain fully.**

**USPS/UPS-T6-5. Regarding the proposals explicit or implicit in your testimony:**

- a. Confirm that you are proposing a 40.3% average rate increase for Priority Mail. If not confirmed, please explain fully.**
- b. Confirm that  $\$3.20 * (1 + 40.3\%) = \$4.49$ . If not confirmed, please explain fully.**
- c. Are you proposing that the Postal Rate Commission recommend that the 2-pound Priority Mail rate (currently \$3.20) increase to \$4.49? If not, what rate are you proposing for 2-pound Priority Mail pieces?**
- d. Please provide a rate table showing your proposed Priority Mail rates.**
- e. Please explain fully all of the rate implications of your testimony. In your response, describe each of the specific rates that you believe the Commission should recommend.**

**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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