

BEFORE THE  
POSTAL RATE COMMISSION

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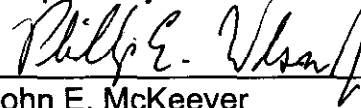
POSTAL RATE AND FEE CHANGES, 2000

POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY  
DOCKET NO. R2000-1

FOLLOW-UP INTERROGATORIES FROM UNITED PARCEL SERVICE  
TO UNITED STATES POSTAL SERVICE WITNESS BARON  
(UPS/USPS-T12-18 through 21)  
(June 9, 2000)

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby serves these follow-up interrogatories to United States Postal Service witness Baron: UPS/USPS-T12-18 through 21.

Respectfully submitted,



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UPS/USPS-T12-18. In response to interrogatory UPS/USPS-T13-10, witness Raymond defines a parcel for purposes of the Engineered Standards (ES) Study as “a package that weighs two pounds or more, and/or is larger than a shoe box.” In your response to interrogatory UPS/USPS-T12-14, you provide a definition for parcels in the ES Study which includes small parcels and rolls (SPRs) that are not cased with flats. You conclude that the definition of parcels is “essentially the same” in the ES Study and in the City Carrier Cost System (CCCS).

(a) Do small parcels and rolls consist entirely of packages “that weigh[] two pounds or more, and/or [are] larger than a shoe box” or do small parcels and rolls include parcels that do not weigh two pounds or more and/or are smaller than a shoe box?

(b) Provide a definition of “small parcels and rolls.”

(c) Provide a definition of “small parcels and rolls” as that term was used in the CCCS.

(d) Provide a definition of “small parcels and rolls” as that term was used in the ES Study.

(e) Provide a precise definition of “parcels” as the term is used in the ES Study and in Library Reference USPS-LR-I-310. Provide any documentation, including

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training manuals, that support your definition.

(f) Explain why your definition of parcels in the ES Study differs from that submitted by witness Raymond, the designer of the ES Study.

(g) Your response to interrogatory UPS/USPS-T12-14 indicates that the volumes for parcels in the ES Study are defined by where the parcels are cased (as they are done in the CCCS). Does this hold for letters and flats as well?

(i) In other words, if a large letter is cased as a flat, is it counted as a letter or as a flat?

(ii) If a flat is small enough to be cased as a letter, is it counted as a letter or as a flat?

(h) In the CCCS data, there are a few parcel-shaped First Class Mail item that are too large to be cased with flats or letters. How would the ES Study identify these items, as letters or as parcels?

UPS/USPS-T12-19. In your response to interrogatory UPS/USPS-T12-14(b), you refer to an "analysis team."

(a) What was the purpose and composition of the analysis team?

(b) Did the analysis team include any of the data collectors associated with the ES Study?

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UPS/USPS-T12-20. *In your response to interrogatory UPS/USPS-T12-16 you provide regression results in Table 3A and Table 4A when the parcels variable is defined to include SPRs. For the analysis requested in this question, define SPRs as a separate variable. That is, perform the analysis such that SPRs are not included in any of the three primary shape categories -- letters, flats or parcels -- but represent a separate fourth shape variable.*

(a) Present updated results similar to Tables 3A and 4A based on reestimating the equations used to generate Tables 3A and 4A in your response to interrogatory UPS/USPS-T12-16, such that SPRs are defined as a separate variable in the analysis. Modify the interaction terms and dummy variables accordingly.

(b) After estimating Tables 3A and 4A provided in your response to interrogatory UPS/USPS-T12-16, you test the joint significance of the volume interaction terms. Using the results from part (a) of this interrogatory, present the results of the joint significance of the volume interaction terms, which include a separate SPR variable.

(c) If the results from part (b) of this interrogatory indicate that the joint interaction terms are not significant, present the results of the regression analysis when these terms are not included, as you did in Tables 3B and 4B. Maintain SPRs as a separate variable in this analysis.

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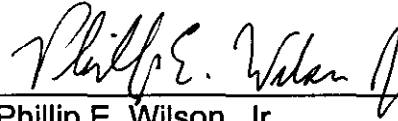
UPS/USPS-T12-21. In your response to interrogatory UPS/USPS-T12-16, you conclude that the volume variables (letters, flats, parcels, and accountables) are jointly insignificant, and you reestimate the regression equation without these variables.

(a) Provide the same test for joint significance of the volume variables (letters, flats, parcels, and accountables) on your results from Table 3 of Library Reference USPS-LR-I-310. Maintain the same variable definitions in this test as you did in Table 4 of Library Reference USPS-LR-I-310, where SPRs are included in the flats variable.

(b) If the results from part (a) of this interrogatory indicate that the volume variables are jointly insignificant, reestimate Tables 3 and 4 without the volume-interaction terms. Again, maintain the same variable definitions as you did in Library Reference USPS-LR-I-310, where SPRs are included in the flats variable.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document by first class mail, postage prepaid, in accordance with Section 12 of the Commission's Rules of Practice.



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Dated: June 9, 2000  
Philadelphia, Pa.

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