

BEFORE THE
POSTAL RATE COMMISSION

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POSTAL RATE AND FEE CHANGES, 2000

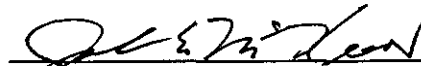
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

DOCKET NO. R2000-1

ANSWERS OF UNITED PARCEL SERVICE WITNESS
RALPH L. LUCIANI TO PARCEL SHIPPERS
ASSOCIATION INTERROGATORIES
(PSA/UPS-T5-1-2)
(June 26, 2000)

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby files and serves the answers of UPS witness Ralph L. Luciani to the following interrogatories of the Parcel Shippers Association: PSA/UPS-T5-1-2.

Respectfully submitted,



John E. McKeever
William J. Pinamont
Phillip E. Wilson, Jr.
Attorneys for United Parcel Service

Piper Marbury Rudnick & Wolfe LLP
3400 Two Logan Square
18th & Arch Streets
Philadelphia, PA 19103-2762
(215) 656-3310
(215) 656-3301 (FAX)

and

1200 Nineteenth Street, NW
Washington, DC 20036-2430
(202) 861-3900

Of Counsel.

ANSWER OF UNITED PARCEL SERVICE WITNESS LUCIANI
TO INTERROGATORY OF THE PARCEL SHIPPERS ASSOCIATION

PSA/UPS-T5-1.

Please refer to your work paper, WP-3, the Excel Worksheet "3-1.1 Summary Page."

(a) Please confirm that the rates you are proposing for Parcel Post will increase Parcel Post revenue per piece by 31.1%. If not confirmed, please provide the correct figure.

(b) Please confirm that your proposed rate increase for Parcel Post would result in the loss of 81,200,000 parcels, or a 25.7% decrease in volume. If not confirmed, please provide the correct figure.

(c) Please confirm that the rates you are proposing for Priority Mail will increase Priority Mail revenue per piece by 40.3%. If not confirmed, please provide the correct figure.

(d) Please confirm that your proposed rate increase for Priority Mail would result in the loss of 286,700,000 pieces, or a 21.1% decrease in volume, if not confirmed, please provide the correct figure.

Response to PSA/UPS-T5-1.

(a) – (b) Not confirmed, due to the errata filed on June 22, 2000. As revised, the Parcel Post rate increase that results from the recommendations of the UPS witnesses is 25%. See my revised Table 8 on page 19 of my testimony, UPS-T-5. The loss in volume from the Test Year Before Rates to the Test Year After Rates is 45.8 million, or 14.7%.

ANSWER OF UNITED PARCEL SERVICE WITNESS LUCIANI
TO INTERROGATORY OF THE PARCEL SHIPPERS ASSOCIATION

(c) – (d) Confirmed that the recommendations of the UPS witnesses result in the figures cited.

ANSWER OF UNITED PARCEL SERVICE WITNESS LUCIANI
TO INTERROGATORY OF THE PARCEL SHIPPERS ASSOCIATION

PSA/UPS-T5-2.

(a) Please confirm that Table 6 in your testimony, on page 18, sums UPS' proposed increases in Base Year attributable costs for Parcel Post, and shows an increase from the Postal Service's \$889.9 million to \$1,041.1 million, or an increase of \$160.2 million.

(b) Please provide the piggyback cost impact of each attributable cost change UPS is proposing, and explain any difference between the sum of these individual impacts and cost changes and the \$160.2 million Base Year impact in Table 6.

Response to PSA/UPS-T5-2.

(a) Confirmed, except that the figure \$889.9 in your question should be \$880.9. as shown in my testimony at page 18.

(b) The attributable cost changes, including piggyback where applicable, are \$4.4 million for Cost Segment 3, \$129.6 million for Cost Segment 7, \$5.7 million in Cost Segment 14, and \$20.5 million in Cost Segment 17. See UPS-Luciani-WP-3-1.4 and UPS-Luciani-WP-3.1.5 for the application of the piggyback. See page 3 of my testimony for the attributable cost change for Cost Segment 17 (advertising). See UPS-Luciani-WP-2-B-3 for the combined effect of the Cost Segment 7 attributable cost changes discussed on pages 7 to 14 of my testimony. See the testimony of Mr. Sellick (UPS-T-2) for the specific attributable cost changes to Cost Segment 3. See the testimony of Dr. Neels (UPS-T-3) for the specific attributable cost changes to Cost Segment 14.

DECLARATION

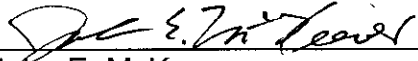
I, Ralph L. Luciani, hereby declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information, and belief.

Ralph L. Luciani
Ralph L. Luciani

Dated: *June 26, 2000*

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.



John E. McKeever
Attorney for United Parcel Service

Dated: June 26, 2000
Philadelphia, Pa.

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