

BEFORE THE
POSTAL RATE COMMISSION

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

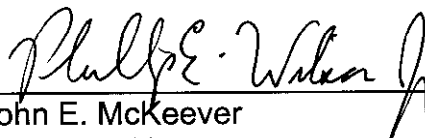
POSTAL RATE AND FEE CHANGES, 2000

DOCKET NO. R2000-1

ANSWERS OF UNITED PARCEL SERVICE TO INTERROGATORIES OF
THE PARCEL SHIPPERS ASSOCIATION
(PSA/UPS-1 through 6)
(July 3, 2000)

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby
files and serves the answers of UPS to the following interrogatories of the Parcel
Shippers Association: PSA/UPS-1 through 6.

Respectfully submitted,



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Of Counsel.

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

PSA/UPS-1. In its Intervenor's Statement filed January 13, 2000, UPS states that it competes with USPS, and provides the following types of service:

- (a) International delivery services;
- (b) Expedited letter delivery services;
- (c) Parcel delivery services via air operations; and
- (d) Parcel delivery services via ground transportation.

Please provide, for the latest period for which this information is available, the numbers of parcels and expedited letters that UPS transported for customers broken down by the identifiable categories above; and furthermore please subdivide the parcel post type packages which are delivered by ground shipment on a non-expedited basis between commercial and residential delivery.

Response to PSA/UPS-1.

An objection to this interrogatory was filed on June 29, 2000.

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

PSA/UPS-2. On page 1 of its Intervenor's Statement, UPS states that it is a substantial user of postal services. Please provide the total number of parcels and the dollar value of the postage on such parcels that were shipped as Standard (A) mail which met the Postal Service definition of non-letter, non-flat mail. Also, please identify what portion, in volume and revenue, of the parcels shipped in Standard (A) were parcels that had been deposited with United States Postal Service by UPS customers for delivery.

Response to PSA/UPS-2.

UPS does not compile postage cost on the basis of class or shape. It is UPS's policy not to deposit with the Postal Service any parcels given to UPS for delivery.

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

PSA/UPS-3. On page 2 of its Intervenor's Statement, UPS states that, as a competitor of USPS, it will be affected by the USPS changes proposed in this proceeding. Please state for the record whether the Postal Service's proposed priority and parcel post rates in the proceeding will have an adverse financial impact on United Parcel Service. If the answer is in the affirmative, for either service, please supply specifically the extent of the impact, including the number of packages it anticipates it will lose or gain because of the proposed rates, and the UPS revenues represented by that lost or gained volume.

Response to PSA/UPS-3.

Any postal rates that are below attributable costs plus a fair share of institutional costs are contrary to the Postal Reorganization Act and therefore would be likely to attract volume and revenue that would not otherwise be attracted to the Postal Service if the statute were followed. The testimony of the witnesses sponsored by UPS in this proceeding indicate that the proposed Priority Mail and Parcel Post rates are contrary to the Postal Reorganization Act. Consequently, UPS anticipates that, if the Postal Service's proposed Priority Mail and Parcel Post rates were approved, it will lose volume and revenue as a result of those rates. However, UPS does not have any estimates of (1) the number of packages it will lose because of the proposed rates or (2) the revenues represented by that lost volume.

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

PSA/UPS-4. Please confirm that UPS has a maximum weight and size limit on packages of 150 pounds and 130 inches in length and girth combined, and that the Postal Service limitations are correspondingly 70 pounds and 130 inches in length and girth combined. Please provide an estimate of the number of parcels handled by United Parcel Service, in the most recent period for which such data are available, that were in excess of 70 pounds and also how many were in excess of 108 inches in length and girth combined. Also, please provide the rates UPS charges for parcels in excess of 108 inches in length and girth combined.

Response to PSA/UPS-4.

Confirmed that UPS has a maximum weight and size limit on packages of 150 pounds and 130 inches in length and girth combined, and that the Postal Service's limitations are 70 pounds and 130 inches in length and girth combined.

An objection to the second part of this interrogatory was filed on June 29, 2000.

See Library Reference UPS-LR-4, pages 9-46 and 139-40, for the rates UPS charges for parcels in excess of 108 inches in length and girth combined.

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

PSA/UPS-5. Please provide for the last five years UPS revenues, costs, and annual volumes. For this five year period, please identify the volumes, the revenue, the costs attributable to and the net income realized from its domestic, non-expedited transportation of parcels exceeding one pound, and those under one pound. If you are unable to disaggregate under and over one pound parcels, you may combine them in your response.

Response to PSA/UPS-5.

UPS's total revenues and costs for the last five years are as follows:

	Year Ended December 31				
	1999	1998	1997	1996	1995
Revenue	<u>\$27,052</u>	<u>\$24,788</u>	<u>\$22,458</u>	<u>\$22,368</u>	<u>\$21,045</u>
Costs (including income taxes and cumulative effect of a change in accounting principle in 1992)	<u>\$26,169</u>	<u>\$23,047</u>	<u>\$21,549</u>	<u>\$21,222</u>	<u>\$20,002</u>

ANSWER OF UNITED PARCEL SERVICE TO
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UPS's annual volumes for the last five years are as follows:

<u>Year</u>	<u>Volume (billions)</u>
1995	3.09
1996	3.15
1997	3.04
1998	3.14
1999	3.28

An objection to the remainder of this interrogatory was filed on June 29, 2000.

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

PSA/UPS-6. So that it is possible to compare parcel post rates with the rates charged by UPS for comparable ground transportation service, please supply the following:

- (a) UPS' published tariff for non-expedited ground transportation of parcels;
- (b) The gross percentage of the parcels described above that are carried at so-called "contract rates" that are lower than the applicable rates in the published tariff;
- (c) The average discount from published tariff rates for those parcels identified in (b) above;
- (d) The gross percentage of the parcels described above that are carried at rates higher than the applicable rates in the published tariff; and
- (e) The average surcharge above published tariff rates for those parcels identified in (d) above.

Response to PSA/UPS-6.

- (a) See Library Reference UPS-LR-4.
- (b)-(e) Objection filed on June 29, 2000.

DECLARATION

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

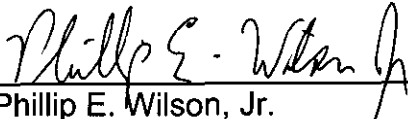

Linda Shepherd

Dated:

7/3/00

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.



Phillip E. Wilson, Jr.
Attorney for United Parcel Service

Dated: July 3, 2000
Philadelphia, Pa.