

BEFORE THE
POSTAL RATE COMMISSION

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DOCKET NO. R2000-1

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ANSWERS OF UNITED PARCEL SERVICE
WITNESS KEVIN NEELS TO UNITED STATES
POSTAL SERVICE INTERROGATORIES
(USPS/UPS-T1-45 through 47)
(July 5, 2000)

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby files and serves the answers of UPS witness Kevin Neels to the following interrogatories of the United States Postal Service: USPS/UPS-T1-45 through 47.

Respectfully submitted,


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Of Counsel.

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USPS/UPS-T1-45. Please refer to your response to USPS/UPS-T1-9(c).

- a. In your response, you state, "The other logical place where the commingled data could have appeared - namely, the SPBS TPH/F data series – held positive values. I assumed that this represented the commingled manual parcel and SPBS data, and that still seems to be the most likely situation." You further state, "I cannot exclude the possibility that the numbers shown as SPBS TPH/F for periods 294 through 295 in site #6 actually represent something completely different..."
- i. Can you "exclude the possibility" that "the numbers shown as SPBS TPH/F" for site #6 represent the machine counts of pieces handled on the SPBS equipment at that site? If so, on what basis?
 - ii. If the "numbers shown as SPBS TPH/F" for site #6 represent the machine counts of pieces handled on the SPBS equipment at that site, would that situation be consistent with MODS TPH and TPF recording procedures for mechanized and automated sorting operations, as you understand them? If not, please explain your understanding of MODS TPH and TPF recording procedures for mechanized and automated sorting operations.
 - iii. If the "numbers shown as SPBS TPH/F" for site #6 represent the machine counts of pieces handled on the SPBS equipment at that site, would the SPBS TPH/F data for that site be erroneous? Please explain any affirmative answer.
 - iv. Can you "exclude the possibility" that, in the periods where zero manual parcel TPH were recorded at site #6, the site simply did not report manual parcel piece handlings anywhere? If so, on what basis?

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b. In your response, you state, "if all parcels were processed together in the SPBS operation, as the TPH data suggests, they would all by definition be SPBS parcels, and it would not make sense to talk of 'commingling' manual parcels and SPBS parcels in SPBS operations." Does this statement imply that you believe that Dr. Bozzo "talk[ed] of 'commingling' manual parcels and SPBS parcels in SPBS operations"? If so, please reconcile your belief with Dr. Bozzo's response to UPS counsel at Tr. 15/6431, lines 2-5, in which he states that the site, "had handled manual and SPBS parcels together up to a point *prior to separating them according to the mail processing technology that was used to sort them*" [emphasis added]. If not, what is the meaning of this statement?

Response to USPS/UPS-T1-45.

(a)(i) I suppose anything is possible. However, if it is the case that the numbers shown as SPBS TPH/F for site #6 for the periods 294 to 295 represent machine counts of the pieces handled on SPBS equipment, I have difficulty understanding Dr. Bozzo's response to UPS/USPS-T15-13. He states in that response that "intermittent reporting of manual parcel piece handlings may reflect periods in which manual and SPBS parcels were commingled."

As I explained in my response to USPS/UPS-T1-9, the use of the term "commingled" implies to me that the two parcel streams were somehow combined. As I also explained in my response to USPS/UPS-T1-9, the fact that there are hours recorded for site #6 for the periods 294 to 295 for both manual parcels and SPBS

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indicates to me that during the period in question both operations were up and running separately in site #6. In that case, I interpret the use of the term commingled to mean that the TPH/F data for the two operations were somehow commingled. This interpretation is the basis for my written testimony.

A second logical possibility is that during the period in question all parcels processed by site #6 were processed on SPBS equipment, and that the recorded figures for SPBS TPH/F are the accurate machine counts. This interpretation would be consistent with Dr. Bozzo's use of the term "commingled," and moreover would be consistent with his response to questioning by counsel for UPS as recorded at Tr. 15/6431, lines 2-5. In this case, however, we confront another unsolved mystery: what do the hours recorded for manual parcels signify? Do they represent hours that should have been logged into the SPBS pool? Or are they something else? If so, what?

A third logical possibility is that during the period in question in site #6 both operations were up and running, and that the figures shown for manual parcel and SPBS hours and for SPBS TPH/F are all accurately recorded. In this case, the zeros shown for manual parcel TPH represent missing values. I will readily admit that this is a logical possibility. If, however, this is what was really going on, I am completely baffled by Dr. Bozzo's use of the term "commingled" in his response to UPS/USPS-T15-13. In this situation, nothing is commingled; there are simply some missing values. The Postal Service apparently disagrees with my interpretation of what was going on in site #6 during the period from 294 to 295. After receiving the interrogatories on this issue, I

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have reviewed carefully both the available evidence and my reasoning based upon it.

However, after doing so, I return to my original conclusion.

I note that under any of the scenarios outlined above, there are gross errors in the manual parcel data for site #6.

(ii) Yes.

(iii) No.

(iv) See my response to USPS/UPS-T1-45(a)(i).

(b) No. See my response to USPS/UPS-T1-45(a)(i). As I state there, I believe that the fact that hours are recorded separately for manual parcels and SPBS operations indicates that both were up and running in site #6 for the period in question.

As I stated in my response to USPS/UPS-T1-9, I believe that this statement is a response to a question posed by counsel for UPS about the handling of manual parcels and SPBS parcels together in the same operation.

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USPS/UPS-T1-46. Please refer to your response to USPS/UPS-T1-10(b). You indicate that the results reported in the Table Prepared in Response to USPS/UPS-T1-10(b) “suggest that the MODS data series for SPBS and Manual Parcels exhibit gross data errors that exceed acceptable levels, as defined by Dr. Bozzo himself in USPS-T-15.”

- a. Please confirm that the error rate per your calculations reported in the Table Prepared in Response to USPS/UPS-T1-10(b) for SPBS is 8.45 percent. If you do not confirm, please explain.
- b. Please confirm that the error rate per Dr. Bozzo’s calculations reported in the Table Prepared in Response to USPS/UPS-T1-10(b) for SPBS is 1.38 percent. If you do not confirm, please explain.
- c. Please confirm that the error rates for SPBS both in parts (a) and (b) are within the range of error rates for “routine data,” as the term is used in USPS-T-15 at page 106, line 4. If you do not confirm, please explain.
- d. Please confirm that, in the statement from your response to USPS/UPS-T1-10(b) quoted above, you meant to refer to the manual Priority Mail series, not SPBS. If you do not confirm, please explain.

Response to USPS/UPS-T1-46.

- (a) Confirmed.
- (b) Confirmed.
- (c) Confirmed.

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(d) The error rate shown for SPBS in my response to USPS/UPS-T1-10(b) exceed the threshold for "average quality" data as specified by Dr. Bozzo in USPS-T-15, page 106, line 5. It does, however, fall within the range for "routine data" cited on page 106, line 4, of Dr. Bozzo's testimony. On page 106, lines 10-11, Dr. Bozzo characterizes the MODS data as being of "approximately average quality," leading me to believe that he was applying the former standard, and not the latter. My response to USPS/UPS-T1-10(b) reflects this belief.

In my response to USPS/UPS-T1-10(b), I may have misspoken when I used the term "acceptable levels" to characterize Dr. Bozzo's testimony on page 106, lines 10-11. Dr. Bozzo uses the data for manual parcels and Priority Mail even though error rates for these groups fail even to reach the standards of "routine data."

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USPS/UPS-T1-47. Please refer to your response to USPS/UPS-T1-11(b), the data you provided in UPS-LR-3, and the file volume.xls, provided in your workpapers, UPS-Neels-WP-1.

- a. Please confirm that the volume.xls file contains data for FY1979 and FY1980. If you do not confirm, please explain fully.
- b. Please confirm that you excluded the FY1979 and FY1980 data in the volume.xls file from the aggregate time series analysis you present in UPS-T-1. If you do not confirm, please explain fully.
- c. With respect to your response to USPS/UPS-T1-11(b), did you exclude the FY1979 and FY1980 data on a *priori* grounds, on the basis of some preliminary analysis you performed, or for some other reason(s)?
- d. If your response to part (b) indicates that you excluded the FY1979 and FY1980 data on a *priori* grounds, please state fully the *priori* grounds that led you to exclude the FY1979 and FY1980 data.
- e. If your response to part (b) indicates that you excluded the FY1979 and FY1980 data on the basis of some preliminary analysis you performed, please describe fully and provide the analysis, and indicate in detail how the results of the analysis led you to exclude the FY1979 and FY1980 data.
- f. If your response to part (b) indicates that you excluded the FY1979 and FY1980 data for some other reason(s), please state fully all reason(s).

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Response to USPS/UPS-T1-47.

(a) Confirmed.

(b) Confirmed.

(c) I excluded the FY1979 and FY1980 data because of concerns about the reliability of the worksharing data for those years, and not on the basis of some preliminary analysis.

(d) Library Reference USPS-LR-I-117 did not contain worksharing volumes for FY1979 and FY1980 for some worksharing categories (specifically, First Class Carrier Route and Standard A 3/5-Digit). It was unclear to me whether these represented true zeros or missing values. Given this uncertainty, it seemed the safer course to exclude them from the analysis.

(e) Not applicable.

(f) Not applicable.

DECLARATION

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

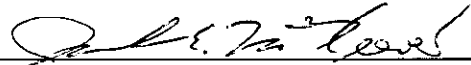
A handwritten signature in cursive script that reads "Kevin Neels". The signature is written in black ink and is positioned above a horizontal line.

Kevin Neels

Dated: 7/5/00

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.



John E. McKeever
Attorney for United Parcel Service

Dated: July 5, 2000
Philadelphia, Pa.

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