

BEFORE THE
POSTAL RATE COMMISSION

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POSTAL RATE AND FEE CHANGES, 2000

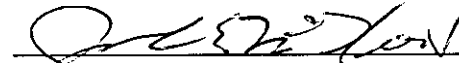
DOCKET NO. R2000-1

POSTAL RATE DECISIONS
OFFICE OF THE SECRETARY

ANSWER OF UNITED PARCEL SERVICE WITNESS
RALPH L. LUCIANI TO UNITED STATES
POSTAL SERVICE INTERROGATORY
(USPS/UPS-T5-37)
(July 5, 2000)

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby files and serves the answer of UPS witness Ralph L. Luciani to the following interrogatory of the United States Postal Service: USPS/UPS-T5-37.

Respectfully submitted,



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TO INTERROGATORY OF THE UNITED STATES POSTAL SERVICE

USPS/UPS-T5-37. Please refer to your response to USPS/UPS-T5-1(d).

- (a) Please provide all evidence that you have to support your claim that 7.11 percent of DBMC volume is not entered at the destination SCF in the test year.
- (b) Please provide all evidence that you have to support your claim that all of the DBMC volume entered at the destination SCF in the base year, will become DSCF and DDU volume in the test year. Please address the fact that both of the new rate categories have much more stringent requirements than DBMC.
- (c) Please confirm that it is possible a mailer, who dropped DBMC volume at the destination DSCF in FY 1998, might not have enough volume at the 5-digit presort lever in order to meet the DSCF requirements, but still may drop DBMC mail at the destination DSCF for convenience.
- (d) Please confirm that a mailer who drops DBMC volume at the destination DSCF in the test year, may not have enough volume to justify transporting parcels to each delivery unit in order to receive the DDU rate.

Response to USPS/UPS-T5-37.

(a) In his Attachment D, Mr. Plunkett provides the Postal Service's volume estimates for DBMC entry, DSCF entry, and DDU entry mail in the Test Year based on actual RPW data covering a period in which the Docket No. R97-1 DSCF entry rates and DDU entry rates were in effect. His attachment shows that DSCF entry volume is less than 1% of total Parcel Select volume in the TYBR.

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(b) My source is the actual source of the 7.11% figure, the workpapers of Ms. Mayes (USPS-T-37) in Docket No. R97-1. Ms. Eggleston's cited source for this 7.11% estimate is Mr. Hatfield's testimony (USPS-T-16) (Appendix I at 13) as adopted by the Commission in Docket No. R97-1. See USPS-T-26 at 27 and Attachment M, page 3. In turn, Mr. Hatfield's cited source was the Docket No. R97-1 workpaper prepared by Ms. Mayes. The workpaper prepared by Ms. Mayes (USPS-T-37, WP I. F.) was based on a survey conducted by the Postal Service in order to assess the likely volume of DSCF entry if the DSCF rate category were instituted. Ms. Mayes' workpaper clearly indicates that the 7.11% of DBMC "currently DSCF entered" is a measure of the "volumes already performing worksharing activities." Indeed, in her analysis, Ms. Mayes deducted only the DSCF entry cost savings for new DSCF entry volume, since the DSCF entry cost savings for currently DSCF-entered volume were already included in the Test Year costs (see Docket No. R97-1, USPS-T-37, WP. I.I, page 3, note (23)). Note that I am simply recommending that the Postal Service perform a final adjustment in which this same process used by Ms. Mayes -- adjusting to avoid a double count of DSCF entry savings -- is undertaken.

(c) Confirmed that such a situation is possible, although I do not believe this volume would qualify as DSCF entry since a 5-digit sort is required, and if no 5-digit sort has been undertaken, the shipment must be sent back to the BMC for sortation (see the testimony of Postal Service witness Crum in Docket No. R97-1, page 5). Nor do I believe that this was the type of volume that "qualifies for the worksharing program"

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being surveyed by Ms. Mayes in determining the 7.11% figure to begin with, as discussed in part (b), above.

(d) Confirmed. See my response to part (c), above.

DECLARATION

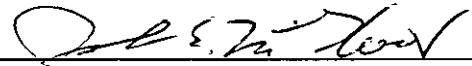
I, Ralph L. Luciani, hereby declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information, and belief.

Ralph L. Luciani
Ralph L. Luciani

Dated: 7/5/02

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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