

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

RESPONSE OF UNITED PARCEL SERVICE WITNESS
STEPHEN E. SELICK TO PRESIDING OFFICER'S
INFORMATION REQUEST NO. 19
(August 18, 2000)

United Parcel Service ("UPS") hereby provides the attached responses of UPS witness Stephen E. Sellick to Presiding Officer's Information Request No. 19 (August 2, 2000).

Respectfully submitted,



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REQUEST: 2. Please submit the logs from the run of the SAS programs witness Sellick uses to calculate Mail Processing variable costs in UPS-T-2, workpapers WP-1-D and E.

RESPONSE: The logs of the run of the SAS programs in workpapers WP-1-D and WP-1-E of UPS-T-2 are contained in the electronic files called "UPS-Sellick-WP-POIR-19-1\Question 2\WP-1-D Log Files.zip" and "UPS-Sellick-WP-POIR-19-1\Question 2\WP-1-E Log Files.zip" and provided with Workpaper UPS-Sellick-WP-POIR-19-1, which is also being filed today.

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REQUEST: 3. In LR-I-106, Parts II and V, Postal Service witness Van-Ty-Smith presents the results of the calculation of mail processing variabilities and various premium costs using SAS programs, as does witness Sellick in the UPS-T-2 workpapers. Witness Van-Ty-Smith also presents in LR-I-106, Parts III, IV, VI, VII, and VIII, which contain data used to calculate other factors used in the rate making. Please submit the calculations, including supporting programs and logs, for the factors in LR-I-106, Parts III, IV, VI, VII and VIII that are impacted by witness Sellick's treatment of mail processing costs.

RESPONSE: The calculations for the factors in Library Reference USPS-LR-I-106 Parts III, IV, VI, VII, and VIII are presented in Workpaper UPS-Sellick-WP-POIR-19-I as noted below, which is also being filed today. Supporting programs and logs are provided in the electronic files included with this workpaper as noted below.

- ♦ III: Disaggregated Mail Processing Volume Variable Costs -- I re-computed the programs in this section at 100% volume variability and subtracted "migrated" costs by pool from the output mail classes to restate this section to be consistent with UPS's treatment of mail processing costs.

An Excel spreadsheet and SAS output tables showing these calculations are provided in Workpaper UPS-Sellick-WP-POIR-19-I. Associated program and log files are included in the electronic version of this workpaper.

- ♦ IV: Administrative and Window Service Costs -- Calculations in this section of Library Reference USPS-LR-I-106 do not appear to make reference to, or to be affected by, volume variabilities, and therefore do not appear to be impacted by my

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treatment of mail processing costs. Accordingly, no workpapers or electronic files pertaining to this section are attached.

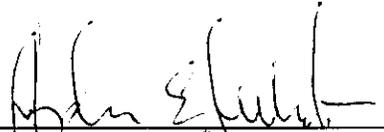
- ◆ VI: Operation-Specific Piggyback Matrix -- I modified the Postal Service's SAS code to exclude the migrated tallies from the calculations in Table D of this section. The resulting total costs by pool match total costs by pool (excluding migrated costs) in Section III of the Library Reference USPS-LR-I-106 output. SAS output tables from this section are provided in Workpaper UPS-Sellick-WP-POIR-19-I. The Programs and log files, called "PiggyFY98_Exempt.sas," "PiggyFY98_Exempt.lst" and "PiggyFY98_Exempt.log," are included in the electronic version of this workpaper.
- ◆ VII: Overhead Factors for Model Costs -- I re-computed the programs in this section at 100% volume variability and subtracted the total "migrated" pool costs from the "Other" column of each pool to restate this section to be consistent with UPS's treatment of mail processing costs. Restated Tables VII-A, VII-B, and VII-C are provided in Workpaper UPS-Sellick-WP-POIR-19-I and in the electronic version of this Workpaper. An Excel spreadsheet and SAS output tables showing these calculations are provided in Workpaper UPS-Sellick-WP-POIR-19-I. Associated program and log files are included in the electronic version of this workpaper.
- ◆ VIII: Disaggregation of Clerk & Mailhandler Wages for Use in Cost Studies -- As noted by the Postal Service in Library Reference USPS-LR-I-138 (MODS-Based Costing SAS Outputs and Spreadsheets PRC Version), Part VIII "remains the same" whether the approach is the PRC version or the Postal Service version and does

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not appear to be impacted by UPS's treatment of mail processing costs. Accordingly,
no workpapers or electronic files pertaining to this section are attached.

DECLARATION

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

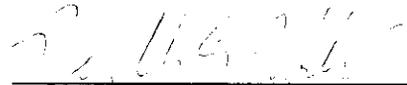


Stephen E. Sellick

Dated: 3/12/0

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: August 18, 2000
Philadelphia, Pa.

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