

BEFORE THE  
POSTAL RATE COMMISSION

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POSTAL RATE AND FEE CHANGES, 2000

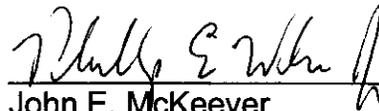
DOCKET NO. R2000-1

POSTAL RATE AND FEE CHANGES, 2000  
OFFICE OF THE SECRETARY

ANSWERS OF UNITED PARCEL SERVICE WITNESS  
STEPHEN E. SELICK TO PARCEL SHIPPERS  
ASSOCIATION INTERROGATORIES (PSA/UPS-ST-1 AND 2,  
RENUMBERED PSA/UPS-ST1-1 AND PSA/UPS-ST1-2)  
(August 28, 2000)

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby files and serves the answers of UPS witness Stephen E. Selick to the following interrogatories of the Parcel Shippers Association: PSA/UPS-ST1-1 and 2.

Respectfully submitted,



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Of Counsel.

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

**PSA/UPS-ST1-1.**

Please refer to page 5 of your Supplemental Testimony where you state: "More nonsensical records have been identified in the disaggregated data than were revealed by an analysis of the aggregated data. Only 63 of 545 records which failed the Postal Service's very broad "revenue tolerance" test when applied to the disaggregated data could be detected at the aggregated level." Please complete the attached Tables 1 and 2 using data from USPS-LR-I-401.

<b>Table 1. Nonsensical Records and Total Records From Permit Imprint Parcel Post Extract</b>				
		Number of Records	Number of Pieces	Total Revenue
Nonsensical	[1]	545		
Total	[2]			
Percentage Nonsensical	[3]=[1]/[2]			

<b>Table 2. Nonsensical and Not Detected by Revenue Tolerance Test Records and Total Records from Extract</b>				
		Number of Records	Number of Pieces	Total Revenue
Nonsensical and Not Detected by Revenue Tolerance Test	[4]	482		
Total	[5]			
Percentage Nonsensical and Not Detected by Revenue Tolerance Test	[6]=[4]/[5]			

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**RESPONSE TO PSA/UPS-ST1-1:**

<b>Table 1. Nonsensical Records and Total Records From Permit Imprint Parcel Post Extract</b>				
		Number of Records	Number of Pieces	Total Revenue
Nonsensical	[1]	545	46,300	422,001
Total	[2]	657,156	236,363,186	623,770,930
Percentage Nonsensical	[3]=[1]/[2]	.08293%	.01959%	.06765%

<b>Table 2. Nonsensical and Not Detected by Revenue Tolerance Test Records and Total Records from Extract</b>				
		Number of Records	Number of Pieces	Total Revenue
Nonsensical and Not Detected by Revenue Tolerance Test	[4]	482	46,094	419,773
Total	[5]	657,156	236,363,186	623,770,930
Percentage Nonsensical and Not Detected by Revenue Tolerance Test	[6]=[4]/[5]	.07335%	.01950%	.06730%

As I discuss in my direct and supplemental testimony, the ability to detect nonsensical records in BRPW (limited above to nonsensical based on revenue per piece) is severely limited because the "revenue tolerance test" is so broad. See Tr. 31/15036-37; UPS-ST-1, pages 4 through 6.

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**PSA/UPS-ST1-2.**

Please confirm the following statements. If you are unable to confirm, please supply an explanation.

(a) Please confirm that Parcel Post single-piece mail would generally be counted in DRPW, not BRPW, because BRPW only counts permit imprint pieces.

(b) Please confirm that the Standard (A) Single-Piece subclass was eliminated with the implementation of Docket No. R97-1 rates.

(c) Please confirm that after the implementation of Docket No. R97-1 rates, no Standard (A) rate was higher than any Parcel Post rate. Ratefold (Notice 123).

*[Highest Standard (A) Mail rate is one-pound Basic, Nonautomation, No Destination Entry nonletter. This rate is 84.1 cents (16.4 cents + 67.7 cents). Lowest Parcel Post rate is \$1.21 for 2-pound, DDU parcel.]*

(d) Please confirm that after the implementation of Docket No. R97-1 rates, Standard (A) Mail could not be mailed at Parcel Post rates because Parcel Post rates are higher than Standard (A) rates. DMM 54 Section E612.4.6.

(e) Please confirm that before the implementation of Docket No. R97-1 rates, no bulk Standard (A) rate was higher than any Parcel Post rate. DMM 52 Section R600.

*[Highest bulk Standard (A) rate was 84.3 cents (16.6 cents + 67.7 cents) for one-pound Basic, Nonautomation, No Destination Entry nonletter. Lowest Parcel Post rate was \$2.10 for 2-pound, DBMC Zone 1&2 parcel.]*

(f) Please confirm that in GFY 1999 there were only 42 million pieces of Standard (A) Single Piece mail. (GFY 1999 RPW Report)

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(g) Please confirm that the average revenue per piece in GFY 1999 for Standard (A) Single Piece mail was approximately 81 cents. (GFY 1999 RPW Report)

(h) Please confirm that the lowest pre-R97-1 inter-BMC rate for a Standard (B) Parcel Post parcel was \$2.63. DMM 52 Section R600.6.1.

(i) Please confirm that the lowest pre-R97-1 intra-BMC rate for a Standard (B) Parcel Post parcel was \$2.24. DMM 52 Section R600.6.3.

(j) Please confirm that the average revenue per piece for Standard (A) Single-Piece mail in GFY 1999 was less than half of the lowest pre-R97-1 implementation Parcel Post single-piece rate.

**RESPONSE TO PSA/UPS-ST1-2:**

(a) Generally, Parcel Post single-piece mail would be counted in DRPW. However, a number of Parcel Post records in the BRPW system appear to be for single-piece Parcel Post.

(b) The Standard A Single-Piece subclass was eliminated effective January 10, 1999, during FY1999.

(c)-(d) These statements are not applicable to FY1998. While I have not checked all possible rate combinations, it appears that after January 10, 1999, no standard A rate was higher than any Parcel Post rate.

(e) While I have not checked all possible rate combinations, the statement in this paragraph appears to be correct.

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(f) Confirmed that RPW reported that there were approximately 150 million pieces of Standard (A) Single-Piece mail in GFY 1998 and approximately 42 million pieces in GFY 1999.

(g) Confirmed that RPW reported that the **average** revenue per piece in GFY 1999 for Standard (A) Single-Piece mail was approximately 81 cents. Since these are just averages, some of this Standard (A) Single-Piece mail reflects higher revenue per piece and others reflect lower revenue per piece. Rates for Standard (A) Single-Piece mail relevant to FY1998 ranged up to \$2.95 per piece.

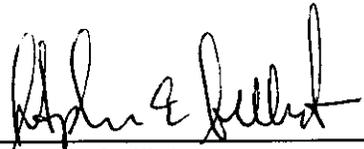
(h) Confirmed.

(i) Confirmed.

(j) Confirmed that, according to RPW, the average revenue per piece for Standard (A) Single-Piece mail in GFY1999 was less than half of the lowest pre-R97-1 implementation Parcel Post single-piece rate. Note, however, that Standard (A) Single-Piece rates for all pieces over nine ounces (\$2.39 per piece to \$2.95 per piece) are in many instances greater than the applicable pre-R97-1 implementation Parcel Post rates. See DMM Issue 53 at R600.1.1 (Standard (A) Rates).

DECLARATION

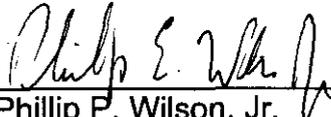
I, Stephen E. Sellick, hereby declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information, and belief.

  
\_\_\_\_\_  
Stephen E. Sellick

Dated: 8/28/00

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.

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

Dated: August 28, 2000  
Philadelphia, Pa.

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