

BEFORE THE
POSTAL RATE COMMISSION

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2001

DOCKET NO. R2001-1

INTERROGATORIES OF UNITED PARCEL SERVICE
TO THE UNITED STATES POSTAL SERVICE
(UPS/USPS-2 through 11)
(November 1, 2001)

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby files and serves the following interrogatories directed to the United States Postal Service: UPS/USPS-2 through 11.

Respectfully submitted,



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Attorneys for United Parcel Service

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INTERROGATORIES OF UNITED PARCEL SERVICE TO
THE UNITED STATES POSTAL SERVICE

UPS/USPS-2. Refer to DFC/USPS-1, Response of United States Postal Service to Interrogatory of Douglas F. Carlson and the attachment thereto. Provide the following Final Reports referenced in that interrogatory response:

(a) Interim Audit Results of FedEx Transportation Agreement (1st letter), Issued 6/26/01, Final Report No. TR-LA-01-001, Project No. 01NR008TR000.

(b) Interim Audit Results on Excise Taxes and Third Party Ground Handling Costs Under the FedEx Transportation Agreement (2nd letter), Issued 8/8/01, Final Report No. TR-MA-01-002, Project No. 01NR008TR001.

(c) Transition Planning for the Priority Mail Processing Center Network, Issued 9/28/01, Final Report No. MK-AR-01-003, Project No. 00NA016MK000.

(d) Review of Purchasing Process for Advertising Contracts, Issued 8/14/01, Final Report No. CA-MA-01-003, Project No. 00HR012CA000.

(e) FY 2001 Audit of Statistical Tests – Cost & Revenue Analysis, Tennessee District, Issued 6/15/01, Final Report No. FF-AR-01-041, Project No. 01NA016FF008.

(f) Audit of Statistical Tests for FY 2001, Cost & Revenue Analysis – Central New Jersey District, Issued 7/13/01, Final Report No. FF-AR-01-050, Project No. 01NA016FF018.

(g) Audit of Statistical Tests for FY 2001 – Cost & Revenue Analysis – Seattle District, Issued 8/3/01, Final Report No. FF-AR-01-074, Project No. 01NA016FF003.

(h) Audit of Statistical Tests for FY 2001, Cost & Revenue Analysis – Salt Lake City District, Issued 8/24/01, Final Report No. FF-AR-01-086, Project No. 01NA016FF028.

INTERROGATORIES OF UNITED PARCEL SERVICE TO
THE UNITED STATES POSTAL SERVICE

(i) Audit of Statistical Tests for FY 2001 – Cost & Revenue Analysis – Fort Worth District, Issued 8/29/01, Final Report No. FF-AR-01-099, Project No. 01NA016FF019.

(j) Audit of Statistical Tests for FY 2001 – C&RA – New Orleans District, Issued 9/5/01, Final Report No. FF-AR-01-107, Project No. 01NA016FF020.

(k) Audit of Statistical Tests for FY 2001 – C&RA – Las Vegas District, Issued 9/5/01, Final Report No. FF-AR-01-110, Project No. 01NA016FF026.

(l) Audit of Statistical Tests for FY 2001 – Cost and Revenue Analysis – Boston District, Issued 9/20/01, Final Report No. FF-AR-01-121, Project No. 01NA016FF023.

UPS/USPS-3. Refer to (a) the PRC version of the FY 2000 CRA (tab “FY 2000 - PRC(3)” of the spreadsheet that can be found at <http://www.prc.gov/periodic/cra.exe>) and (b) the PRC version of the BY 2000 CRA (file “prccosts.xls” in USPS LR-J-74). Describe all methodological differences between these two reports.

UPS/USPS-4. Provide the Cost Segments and Components report that underlies the PRC version of the CRA filed in USPS LR-J-74.

UPS/USPS-5. Refer to the Response of United States Postal Service to UPS Interrogatories Redirected from Witness Kay (UPS/USPS-T21-6(a)). Confirm that the estimated annualized cost of the Postal Service Sales Function is \$147.1 million. If not confirmed, provide the correct number.

INTERROGATORIES OF UNITED PARCEL SERVICE TO
THE UNITED STATES POSTAL SERVICE

UPS/USPS-6. Refer to the Response of the United States Postal Service to UPS Interrogatories Redirected from Witness Kay (UPS/USPS-T21-6(b)), where the Postal Service states that "No known basis exists to identify the costs of sales-related or customer service activities associated with promoting individual products." Has the Postal Service studied Sales Function Costs? If so, has it determined whether it is possible to attribute these costs? Provide copies of all reports or analyses produced in this study.

UPS/USPS-7. Refer to the Postal Service's response to Interrogatory UPS/USPS-1.

(a) Confirm that the total cost for Market Research Services in Fiscal Year 1999 was \$42,882,736. If not confirmed, provide the correct number.

(b) Confirm that the Fiscal Year 1999 cost for Market Research Services does not include the costs associated with internal Postal Service employees. If not confirmed, explain why not.

(c) In addition to the costs for Market Research Services, what were the internal Postal Service costs that were incurred in Fiscal Year 1999 to inform, support, or manage Market Research Services? Include the cost of all staff and staff-related costs in your answer.

(d) What is the cost of Market Research Services in Fiscal Year 2000? Provide the exact source, including page numbers, for your answers.

(e) In addition to the costs for Market Research Services, what are the internal Postal Service costs for Fiscal Year 2000 to perform, support, or manage

INTERROGATORIES OF UNITED PARCEL SERVICE TO
THE UNITED STATES POSTAL SERVICE

Market Research Services? Include the costs of all staff and staff-related costs in your answer.

(f) Describe how the total costs for market research, including contractual services and internal Postal Service costs, are assigned to Postal Service products. If the costs for market research, including contractual services and internal Postal Service costs, are not assigned to Postal Service products, describe the reasons for not attributing these costs and all efforts made by the Postal Service to determine that it is not possible to attribute these costs.

(g) Describe each individual market research project conducted in 1999. Describe any questionnaires, discussion outlines, or other study instruments that were used in each project. Provide the cost of each project.

(h) Describe each individual market research project conducted in 2000. Describe any questionnaires, discussion outlines, or other study instruments that were used in each project. Provide the cost of each project.

UPS/USPS-8 Refer to the Postal Service's response to Interrogatory OCA/USPS-21A(a). Provide the distribution, by ounce increment, for the flat-rate Priority Mail envelope for GFY 2000.

UPS/USPS-9. Refer to the Postal Service's response to Interrogatory OCA/USPS-21A(a). Provide the average weight of the flat-rate Priority Mail envelope for GFY 2000. Provide all assumptions used in estimating the average weight.

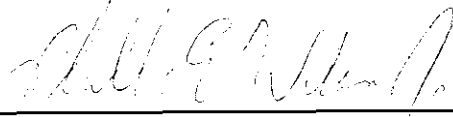
UPS/USPS-10. Provide the distribution, by ounce increment, for the flat-rate Express Mail envelope for GFY 2000.

INTERROGATORIES OF UNITED PARCEL SERVICE TO
THE UNITED STATES POSTAL SERVICE

UPS/USPS-11. Provide the average weight of the flat-rate Express Mail envelope for GFY 2000. Provide all assumptions used in estimating the average weight.

CERTIFICATE OF SERVICE

I hereby certify that on this date I have caused to be served the foregoing document by first class mail, postage prepaid, in accordance with Section 12 of the Rules of Practice.



Phillip E. Wilson, Jr.

Dated: November 1, 2001
Philadelphia, PA

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