

BEFORE THE
POSTAL RATE COMMISSION

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

DOCKET NO. R97-1

**FIRST SET OF INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS FROM UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS DANIEL
(UPS/USPS-T29-1 through 16)**

(August 4, 1997)

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby serves the following interrogatories and requests for production of documents directed to United States Postal Service witness Daniel (UPS/USPS-T29-1 through 16).

Respectfully submitted,



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Of Counsel.

**INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS DANIEL**

UPS/USPS-T29-1. Please refer to page 5, Appendix V. Explain the difference between Inter-BMC Secondary Scheme 1 and Secondary Scheme 2. Please also explain what factors (mail volume, parcel characteristics, machine availability, etc.) determine which of the sort routines parcels undergo.

UPS/USPS-T29-2. Please refer to your testimony at page 15, footnote 51.

(a) Please explain on what basis you assume that "50 percent of the parcels [at destinating BMCs] are inducted directly to the secondary."

(b) Please explain on what basis you assume that "50 percent of the parcels finalized on the secondary PSM are sorted to the 5-Digit level on the appropriate scheme and that the remaining 50 percent must be directed to the other scheme."

UPS/USPS-T29-3. (a) Please confirm that Appendix V, page 16, cites USPS LR-H-131 as the source for the percentages used for "Mail Flow Arrival and Dispatch Profiles" for Machinable and Non-Machinable Parcels. If not confirmed, please explain.

(b) Please explain exactly from where in USPS LR-H-131 the percentages for Machinable Parcels are taken.

**INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS DANIEL**

UPS/USPS-T29-4. Under the Postal Service's proposal, would the non-machinable surcharge apply to non-machinable parcels which qualify for the OBMC discount? If not, why not?

UPS/USPS-T29-5. Why doesn't some non-machinable surcharge apply to intra-BMC and DBMC shipments?

UPS/USPS-T29-6. Please refer to USPS-T-16, Appendix I, page 11 of 13, and confirm that Inter-SCF costs are included in Parcel Post transportation costs. If not confirmed, please explain.

UPS/USPS-T29-7. Please confirm that your mail-flow models in USPS-T-29, Appendix V, pages 1, 5 and 6, assume that no Parcel Post volume is Inter-SCF. If not confirmed, please explain.

UPS/USPS-T29-8. What percentage of Parcel Post mail volume is Inter-SCF?

UPS/USPS-T29-9. What percentage of Parcel Post mail is not handled by a BMC?

UPS/USPS-T29-10. Please confirm that by omitting Parcel Post volume that is not handled at a BMC, you overstate (a) the barcode discount and (b) the Inter-BMC presort discount. If not confirmed, please explain.

**INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS DANIEL**

UPS/USPS-T29-11. Please provide the results to date (costs, revenues, volumes, etc.) of the Priority Mail pre-barcoding experiment that is the subject of Docket No. MC 96-1.

UPS/USPS-T29-12. Please refer to USPS LR-H-131.

(a) Discuss the choice of June as the survey month, including but not limited to whether other months were considered and, if so, why they were not selected.

(b) Please discuss the decision to select a single month for the survey rather than sampling over several months.

(c) Please confirm that all nine sites included in the survey were sampled on the same days of the week (i.e., all sites were surveyed on Monday, Tuesday, and Friday of the survey week). If you cannot confirm, discuss the impact on the survey of differences in mail arrivals on different days.

(d) Please confirm that mail flow for a given day of the week into all BMCs is equivalent. (For example, is a typical Monday in Chicago equivalent to a typical Monday in Los Angeles?) If you cannot confirm, please further discuss the selection of the day of the week on which each survey was performed and how the selection of the day(s) might have affected the survey results.

(e) Please confirm that mail flow at BMCs does not change over the course of a month such that surveying one site in the early part of a month is equivalent to surveying another site in the later part of a month. If you cannot confirm, please

**INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS DANIEL**

discuss how mail flow is affected by monthly cycles and how those cycles might have affected the survey results.

(f) What procedures were followed to insure that the different teams sent to perform the surveys at the various BMCs were equally trained and skilled at collecting the necessary data? Please describe these procedures.

(g) How many BMCs are classified as large, how many are classified as medium, and how many are classified as small? Identify what BMCs are in each group.

(h) Please confirm that only two BMCs are classified as large and further confirm that both were surveyed.

(i) Please confirm that no sensitivity analysis was performed regarding the over-sampling of the large BMCs. If you cannot confirm, please provide and discuss the results of the sensitivity analysis performed.

(j) Please discuss whether there would be a significant difference in the results of the survey (including the large BMCs) as performed as compared to an analysis of large BMCs alone. Discuss the statistical ramifications of including the population (non-random) of large BMCs but only a sample of small and medium BMCs.

(k) Please confirm that no consideration was given to sampling all BMCs. If you cannot confirm, please discuss the decision to sample only nine.

**INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS DANIEL**

UPS/USPS-T29-13. Please confirm that at the bottom of page 2 of 17, Appendix V, the formula for Column [6] should read: (Column [1] * Column [5]) and not (Column [1] * Column [5] / 10,000). If not confirmed, please explain.

UPS/USPS-T29-14. Please identify the source of the data in Appendix V, page 2 of 17, Column 1.

UPS/USPS-T29-15. Please refer to Appendix V, page 15 of 17, Column 1.

(a) Please confirm that these figures are Marginal Unit per Workhour. If not confirmed, please explain.

(b) Please confirm that in your direct testimony in Docket No. MC97-2, USPS-8G, page 1 of 2, stated the same factors in Units per Workhour. If not confirmed, please explain.

(c) Please explain the reason you changed the basis of these calculations from average to marginal units per workhour. If the basis has not been changed, please explain why not.

UPS/USPS-T29-16. Please refer to page 20, footnote 59, of your direct testimony, which states that "[t]his testimony uses the average rate of 806 pieces per hour achieved in FY93 (before PCBS)," and Appendix V, page 15 of 17, which cites a marginal rate of 895.6 pieces per hour.

**INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS DANIEL**

(a) Please explain whether your testimony is using average or marginal rates.

(b) Please explain and justify your selection of average or marginal rates.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with section 12 of the Commission's Rules of Practice.


Stephanie Richman

Dated: August 4, 1997
Philadelphia, Pa.