

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS DEGEN TO INTERROGATORIES OF
UNITED PARCEL SERVICE
REDIRECTED FROM WITNESS PATELUNAS
(UPS/USPS-T15-1 - 4)

The United States Postal Service hereby provides responses of witness Degen to the following interrogatories of United Parcel Service: UPS/USPS-T15-1 - 4, filed on July 29, 1997, and redirected from witness Patelunas.

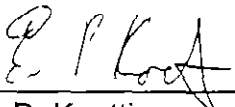
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Eric P. Koetting

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August 12, 1997

Response of United States Postal Service Witness Degen
to Interrogatories of United Parcel Service
(Redirected from Witness Patelunas)

UPS/USPS-T15-1.

Please refer to your response to DMA/USPS-T7-19 (redirected from witness Crum) in Docket No. MC97-2. Please confirm that costs for moving empty equipment are distributed to classes and subclasses of mail in essentially the same proportion as the IOCS observations for postal employees handling mail, without regard to the type of equipment being moved. If not confirmed, please explain in full.

UPS/USPS-T15-1 Response.

Not confirmed. I assume "costs for moving empty equipment" refers to costs associated with IOCS activity code 6523.

The "equipment" being moved can be items or containers. Under the new distribution key methodology, the distribution of these costs will take into account the type of equipment if the employee was observed handling an item or a container, as indicated by the response to IOCS Question 21. If the employee was not observed handling an item or a container, the distribution will take into account the cost pool but cannot take into account the equipment type for lack of information. Also please see USPS-T-12 at 10-11, and LR-H-146 at II-8 to II-10.

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UPS/USPS-T15-2.

Are certain types of equipment (the moving of which is captured in "moving empty equipment") used uniquely or significantly for unique classes, shapes, or other types of mail? If so, specify what types of equipment are used for what classes, shapes, or other types of mail.

UPS/USPS-T15-2 Response.

Yes. Most of the "items" have a significant association with shapes or classes of mail. This is why the distribution key methodology described in my testimony, USPS-T-12, makes use of the item type in mixed-mail distributions. The following table describes the significant associations.

Table of Item Type and Associated Shape or Class of Mail.

Item Type	Shape/Class Association
Letter tray	Letter shape
Flat Tray	Flat shape
Small Parcel Tray	IPP/Parcel shape
Pallet	Second-Class regular rate, Third-Class bulk regular rate
Blue & Orange Sack	Express Mail
Green Sack	First-Class Mail
Orange or Yellow Sack	Priority Mail
Brown Sack	Second-Class Mail
White Sack	Third-Class Mail
International Sack or Pouch	International Mail

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UPS/USPS-T15-3.

Please provide a breakdown of moving empty equipment costs by type of empty equipment being moved.

UPS/USPS-T15-3 Response.

Please see Attachment 1 to this response for a breakdown of IOCS tally dollars in activity code 6523 by equipment type. Since the new distribution key methodology does not include a distribution procedure specifically for moving empty equipment costs—see the response to UPS/USPS-T15-1—this table is only meant to indicate that empty equipment costs are present to some degree for all of the equipment types included in IOCS.

Attachment 1, Response to UPS/USPS-T15-3

**FY 1996 IOCS dollars, Activity Code 6523, by equipment type
Clerks and Mailhandlers, Mail Processing**

Equipment type	IOCS dollars (\$000), Activity Code 6523	% of Activity Code 6523
Bundle	45,561	2.4%
Con-Con	6,518	0.3%
Flat Tray	59,980	3.2%
Letter Tray	108,317	5.7%
Small Parcel Tray	4,537	0.2%
Pallet	19,910	1.1%
Other Item	10,977	0.6%
Blue & Orange Sack	4,218	0.2%
Green Sack	7,221	0.4%
Orange or Yellow Sack	11,019	0.6%
Brown Sack	11,785	0.6%
White #1 Sack	26,778	1.4%
White #2 Sack	27,354	1.4%
White #3 Sack	23,577	1.2%
Other Color Sack (Domestic)	7,989	0.4%
International Sack or Pouch	2,813	0.1%
BMC-OTR	78,783	4.2%
ERMC	14,341	0.8%
GPC/APC/GRNC	140,253	7.4%
Hamper	91,274	4.8%
Nutting Truck or Dolly	43,755	2.3%
Postal Pak	15,344	0.8%
Utility Cart	43,403	2.3%
Wiretainer	21,982	1.2%
Multiple Items Not in Container	3,079	0.2%
Other Container	31,046	1.6%
Other Activity Code 6523	1,032,790	54.5%
Total Activity Code 6523	1,894,604	100.0%

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UPS/USPS-T15-4.

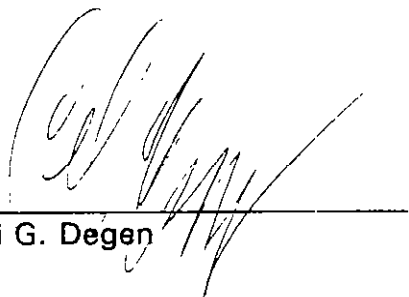
Has any analysis or other study, investigation, or inquiry been performed to determine if the costs associated with moving empty equipment could be distributed to specific classes or shapes of mail which give rise to those costs? If yes, please provide these studies and explain.

UPS/USPS-T15-4 Response

Yes. The mail processing cost distribution methodology described in my testimony, USPS-T-12, and in LR-H-146, is the result of such a study.

DECLARATION

I, Carl G. Degen, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

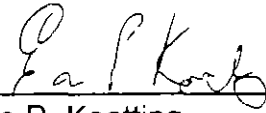


Carl G. Degen

Date: 8-12-97

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

A handwritten signature in cursive script, appearing to read "Eric P. Koetting", is written over a horizontal line.

Eric P. Koetting

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