

**BEFORE THE
POSTAL RATE COMMISSION**

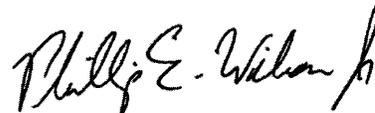
POSTAL RATE AND FEE CHANGES, 2001

DOCKET NO. R2001-1

**INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS EGGLESTON
(UPS/USPS-T25-1 through 6)
(November 13, 2001)**

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby files and serves the following interrogatories directed to United States Postal Service witness Eggleston: UPS/USPS-T25-1 through 6.

Respectfully submitted,



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UPS/USPS-T25-1. Refer to library reference USPS-LR-J-64, Attachment A, page 1 (file "1ppmp.xls", sheet "Sum"), where Table 1, the "Weighted Avg Model Cost," lists a value of \$1.057 as the total of "Wtd Modeled Cost" figures in Attachment A, pages 8 to 22.

- (a) Confirm that, when added individually, the total of the "Wtd Model Cost" figures in Attachment A, pages 8 to 22 is \$1.105.
- (b) Confirm that the incorrect total appears to result from an incorrect cell reference for the range name "intramach." If confirmed, review and provide a corrected hard-copy and electronic version of USPS-LR-J-74, as well as the corresponding PRC Version contained in USPS-LR-J-86. If not confirmed, explain in detail.

UPS/USPS-T25-2. Refer to library reference USPS-LR-J-64, Attachment A, page 8.

- (a) Confirm that all Inter-BMC (Bulk Mail Center) machinable pieces at the Origin Associate Offices ("AO") are assumed to be in other wheeled containers ("OWC"). If not confirmed, explain in detail.
- (b) Confirm that 63.29% of inter-BMC machinable pieces are assumed to be entered by the mailer at the Origin SCF (Sectional Center Facility), and 36.71% at the Origin AO. If not confirmed, explain in detail.
- (c) Confirm that all inter-BMC pieces arriving at the Origin SCF are assumed to incur a "Crossdock Containers" charge of 25.33 cents per piece. If not confirmed, explain in detail.
- (d) Confirm that a "Crossdock Containers" charge for Inter-BMC and Intra-BMC parcels is a new entry into the Parcel Post mail processing cost model and was not included in Docket No. R2000-1 or prior dockets. If not confirmed, explain in detail.

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- (e) Confirm that 51.08% of Inter-BMC machinable pieces at the Origin SCF are assumed to be "Loose in OTRs" (Over the Roads). If not confirmed, explain in detail.
- (f) Confirm that the "Crossdock" charge at the Destination SCF for inter-BMC machinable pieces "Loose in OTRs" is 10.76 cents per piece.
- (g) Explain why a "Crossdock" charge of 25.33 cents per piece rather than 10.76 cents per piece was applied at the Origin SCF for pieces "Loose in OTRs."
- (h) Explain why a crossdock charge of 25.33 cents per piece was applied for pieces at the Origin SCF contained in "Sacks in OTRs," "Pallets," "Pallet Boxes," "Bedload Sacks," and "Bedload Loose."
- (i) Describe in general the mail processing operations taking place at the Origin SCF for inter-BMC parcels.
- (j) Describe in general the mail processing operations taking place at the Origin AO for inter-BMC parcels.

UPS/USPS-T25-3. Refer to library reference USPS-LR-J-106, WP-PP-1, 8, 9, and 10.

- (a) Do you continue to agree, as you testified in Docket No. R2000-1 (Tr. 13/5108), that "The smaller the parcel, the more parcels that fit in a container, and hence, the smaller the cost per parcel"?
- (b) Confirm that the average cubic foot per piece in the Test Year for Parcel Post pieces is:
 - (i) 0.51 for intra-BMC (Bulk Mail Center) parcels (12,881,937 / 25,332,087),
 - (ii) 0.64 for inter-BMC parcels (26,132,684 / 40,677,615),

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- (iii) 0.74 for Destination Bulk Mail Center (“DBMC”) parcels (164,144,783 / 220,681,929),
- (iv) 0.81 for Destination Sectional Center Facility (“DSCF”) parcels (7,718,459 / 9,524,655), and
- (v) 0.79 for Destination Delivery Unit (“DDU”) parcels (83,894,504 / 105,929,135). If not confirmed, explain in detail.
- (vi) If any of these are not confirmed, explain in detail.
- (c) Confirm that, on average, a container will hold 45 percent more intra-BMC parcels than DBMC parcels. If not confirmed, explain in detail.
- (d) Confirm that in library reference USPS-LR-J-64, Attachment A, you made no adjustment for the differing average sizes of intra-BMC, inter-BMC, DBMC, DSCF, and DDU parcels in deriving the worksharing savings for DBMC, DSCF, and DDU parcels. If confirmed, explain why you did not make such an adjustment. If not confirmed, explain in detail.
- (e) Confirm that in library reference USPS-LR-J-64, Attachment B, size differentials between intra-BMC, inter-BMC, and DBMC, DDU, and DSCF parcels are taken into account in determining the specific transportation costs for intra-BMC, inter-BMC, DBMC, DDU, and DSCF parcels. If not confirmed, explain in detail.

UPS/USPS-T25-4. Refer to library reference USPS-LR-J-64, Attachment A, page 27 of 27.

- (a) Confirm that the words “and Platform Costs” have been deleted from the title of this sheet in comparison to the similar sheet filed with your testimony in

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- Docket No. R2000-1 as USPS-T-26, Attachment F, page 1. If confirmed, explain the reason for this deletion. If not confirmed, explain in detail.
- (b) Confirm that non-window entered Parcel Post pieces are verified by a U.S. Postal Service employee to check that the Form 8125 is correct at both the mailer's plant and again at the platform of the Postal Service location at which the parcels are entered. If not confirmed, explain in detail.
- (c) Confirm that window-entered Parcel Post pieces do not incur these verification activities. If not confirmed, explain in detail.
- (d) Explain how the costs associated with these verification activities are included in the calculation of Parcel Post worksharing cost avoidances in Attachment A. If the costs have not been incorporated in the analysis, explain why not.
- (e) Confirm that the costs of these verification activities are included in Management Operating Data System ("MODS") LD 79 pool, the Bulk Mail Center ("BMC") platform cost pool, and the non-MODS allied labor pool. If confirmed, explain in detail how the cost of these verification activities is divided among these cost pools. If not confirmed, explain in detail.
- (f) Describe all operations for Parcel Post included in the following cost pools:
- (i) MODS pool LD79;
 - (ii) the BMC platform cost pool; and
 - (iii) the non-MODS allied labor pool.
- (g) Confirm that the non-MODS allied labor pool operations for Parcel Post take place only at Origin Associate Offices ("AOs") and destination delivery units ("DDU"s). If not confirmed, explain in detail.

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- (h) Refer to USPS-LR-J-64, Attachment A, page 2. Explain why the BMC platform cost pool and the non-MODS allied labor pool are treated as proportional if the costs of these verification activities have not been modeled.

UPS/USPS-T25-5. Refer to library reference USPS-LR-J-64, Attachment A, pages 1 and 2, and your testimony in Docket No. R2000-1, USPS-T-26, Attachment A, pages 1 and 2.

- (a) Confirm that a Cost and Revenue Analysis (“CRA”) proportional adjustment was not applied in deriving the mail processing cost avoidances for Bulk Mail Center (“BMC”) Presort, Origin Bulk Mail Center (“OBMC”) entry, Destination Bulk Mail Center (“DBMC”) entry, Destination Sectional Center Facility (“DSCF”) entry, and Destination Delivery Unit (“DDU”) entry in any prior docket. If confirmed, explain why the CRA proportional adjustment is used in this docket to derive these avoidances. If not confirmed, explain in detail.
- (b) Confirm that the CRA proportional adjustment for Parcel Post was 1.154 in Docket No. R2000-1, and is 1.286 in Docket No. R2001-1. If not confirmed, explain in detail.
- (c) Explain in detail why Management Operating Data System (“MODS”) pools for “1POUCHNG,” “1SACKS_H,” “LD43,” and the non-MODS “ALLIED” pool are treated as proportional in this docket and were not in Docket No. R2000-1. Include in your explanation a description of all Parcel Post operations that are included in each of these cost pools.
- (d) Confirm that the cost of the manual sortation of parcels to individual carrier-routes at the destination delivery unit is captured only in the non-MODS

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“MANP” pool and the MODS “MANP” pool, and not in any other pool. If not confirmed, explain in detail.

(e) Describe in detail the operations on outgoing Parcel Post mail performed in the:

- (i) MODS “MANP” pool;
- (ii) MODS “MECPARC” pool;
- (iii) MODS “1PLATFRM” pool;
- (iv) MODS “1POUCHNG” pool;
- (v) MODS “1SACKS_H” pool;
- (vi) MODS “LD43” pool;
- (vii) Non-MODS “ALLIED” pool; and
- (viii) Non-MODS “MANP” pool

(f) Describe in detail the operations on incoming Parcel Post mail performed in the:

- (i) MODS “MANP” pool;
- (ii) MODS “MECPARC” pool;
- (iii) MODS “1PLATFRM” pool;
- (iv) MODS “1POUCHNG” pool;
- (v) MODS “1SACKS_H” pool;
- (vi) MODS “LD43” pool;
- (vii) Non-MODS “ALLIED” pool; and
- (viii) Non-MODS “MANP” pool.

(g) Provide Parcel Post Base Year and Test Year costs by each MODS, BMC, and non-MODS pool broken out by basic function in a manner similar to that

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provided in library reference USPS-LR-I-103 in Docket No. R2000-1 for Parcel Post and in library reference USPS-LR-J-65 in this docket for Bound Printed Matter.

UPS/USPS-T25-6. Refer to library reference LR-J-64, Attachment A, page 3.

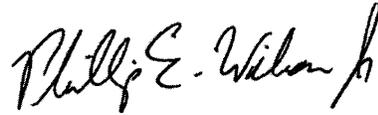
- (a) Confirm that the source of the productivity of the Parcel Post parcel sort at the Associate Office (“AO”) is testimony from Docket No. R84-1 dealing with Bound Printed Matter. If confirmed, explain why this is an acceptable source to use in Docket No. R2001-1 for Parcel Post. If not confirmed, explain in detail.
- (b) Discuss any differences there might be between sortation costs for Bound Printed Matter and Parcel Post.
- (c) Confirm that this productivity assumption from Docket No. R84-1 is used to derive a Test Year cost of 9.68 cents per piece for sortation of Parcel Post pieces at the destination delivery unit to individual carrier routes. If not confirmed, explain in detail,
- (d) Refer to library reference USPS-LR-J-64, Attachment A, page 2. Confirm that the cost in the Test Year in the Non-Management Operating Data System (“Non-MODS”) “MANP” pool is 11.9230 cents per piece and in the MODS “MANP” pool is 2.446 cents per piece, for a total of 14.37 cents per piece. If not confirmed, explain in detail.
- (e) Explain the reasons for the difference between the 9.68 cents per piece derived using the Docket No. R84-1 productivity assumption and the 14.37 cents per piece in the MODS and Non-MODS “MANP” pools. Include in your explanation any reasons why the worksharing model does not fully capture

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the costs of sorting parcels to the carrier route at the Destination Delivery Unit
("DDU").

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 13, 2001
Philadelphia, PA