

**BEFORE THE  
POSTAL RATE COMMISSION**

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**POSTAL RATE AND FEE CHANGES, 2001**

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**DOCKET NO. R2001-1**

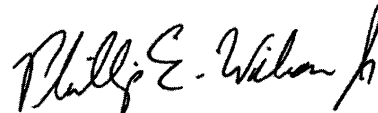
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**INTERROGATORIES OF UNITED PARCEL SERVICE  
TO THE UNITED STATES POSTAL SERVICE  
WITNESS MOELLER  
(UPS/USPS-T28-21 through 32)  
(November 19, 2001)**

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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 Moeller: UPS/USPS-T28-21 through 32.

Respectfully submitted,



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John E. McKeever  
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INTERROGATORIES OF UNITED PARCEL SERVICE TO  
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UPS/USPS-T28-21. Refer to your testimony, USPS-T-28, Exhibit USPS-28B, and your response to POIR No. 2, Question 6, Attachment, page 3 of 8.

(a) Confirm that the average TYAR revenue per piece for Priority Mail under the Postal Service's proposed rates is \$5.26 per piece. If not confirmed, explain in detail.

(b) Confirm that the average TYAR volume variable cost per piece for Priority Mail under the Postal Service's proposed rates is \$3.03 per piece ( $\$3,567,994,000 / 1,178,757,000$  pieces). If not confirmed, explain in detail.

(c) Confirm that the average TYAR contribution per piece to institutional costs for Priority Mail under the Postal Service's proposed rates is \$2.23 per piece.

(d) Refer to USPS-T-33, Attachment B. Confirm that the average TYAR contribution per piece to institutional costs for Parcel Post under the Postal Service's proposed rates is 44 cents per piece ( $\$3.24$  minus  $\$2.80$ ). If not confirmed, explain in detail.

(e) Confirm that the average contribution per piece to institutional costs for Priority Mail is significantly higher than that for Parcel Post. If not confirmed, explain in detail.

UPS/USPS-T28-22. Confirm that a worksharing discount is not offered for Priority Mail pieces that are entered at the Destination Delivery Unit ("DDU"). If not confirmed, explain in detail.

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(a) Confirm that any piece that is migrated from Priority Mail to Parcel Post DDU destination entry will yield significantly less contribution per piece to institutional costs. If not confirmed, explain in detail.

(b) Assume there was a DDU destination entry discount for Priority Mail pieces. Confirm that a workshared Priority Mail DDU destination entry piece with 100% passthrough of worksharing savings would have a contribution to institutional costs of \$2.23 per piece. If not confirmed, explain in detail.

UPS/USPS-T28-23. Refer to library reference USPS-LR-J-64, Attachment A, page 6.

(a) Confirm that there were approximately 38 million Parcel Post DDU-entry pieces in Base Year 2000. If not confirmed, explain in detail.

(b) Refer to library reference USPS-LR-J-106, workpaper WP-PP-1. Confirm that there are expected to be approximately 104 million Parcel Post DDU destination-entry pieces in the TYAR under the Postal Service's proposed rates. If not confirmed, explain in detail.

(c) Confirm that Parcel Post DDU destination entry pieces are forecast to be 28.1% of total Parcel Post volume in the TYAR. If not confirmed, explain in detail.

UPS/USPS-T28-24. Describe in detail all differences in the processing and delivery of Priority Mail pieces and Parcel Post pieces upon reaching the DDU.

UPS/USPS-T28-25. What percentage of Parcel Post pieces are delivered by the next business day upon reaching the DDU?

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UPS/USPS-T28-26. What percentage of Priority Mail pieces are delivered by the next business day upon reaching the DDU?

UPS/USPS-T28-27. Confirm that both Priority Mail and Parcel Post pieces will be offered free electronic delivery confirmation service under the Postal Service's proposal in this docket. If not confirmed, explain in detail.

UPS/USPS-T28-28. Confirm that pieces below 1 pound were not permitted to be sent by Parcel Post prior to January 2001. If not confirmed, explain in detail.

(a) Confirm that Priority Mail pieces below 1 pound could migrate to Parcel Post DDU destination entry beginning in January 2001. If not confirmed, explain in detail.

(b) Refer to library reference USPS-LR-J-106, workpaper WP-PP-7. Provide the share of 1 pound Parcel Post parcels separately for DDU destination entry and DSCF destination entry. If not available, explain why not.

UPS/USPS-T28-29. Confirm that there are no content restrictions that differ between non-letter Priority Mail and Parcel Post. If not confirmed, explain in detail.

(a) Identify and explain any Postal Service regulations that that would not permit a non-letter Priority Mail piece to be entered instead as a Parcel Post piece.

(b) Explain whether the Postal Service has taken into account in its Parcel Post DDU destination entry rate design the lost contribution that results from a Priority Mail piece being migrated to Parcel Post DDU-entry. If such lost contribution has not been taken into account, explain why not.

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UPS/USPS-T28-30. Refer to the Mailer's Technical Advisory Committee Meeting Minutes for August 1-2, 2001 for "Issue 61 -- Service Assessment for DU Drop Shipments" under the category "Parcels" available at [www.ribbs.usps.gov/mtac.htm](http://www.ribbs.usps.gov/mtac.htm).

(a) Confirm that there is an ongoing measurement program to assess delivery performance for Parcel Post DDU destination entry parcels. If not confirmed, explain.

(b) Provide any available results from this program.

(c) Explain why "Priority Mail customers are invited to participate in the assessment."

(d) Is a Priority Mail DDU destination entry rate being considered by the Postal Service? If not, why not.

UPS/USPS-T28-31. Provide any analysis in support of the pricing of Parcel Post DDU destination entry, in particular focusing on maximizing total subclass contribution to institutional costs. If such an analysis has not been performed, explain why not.

(a) Explain in detail why the contribution per piece for Parcel Post DDU destination entry pieces should not be equal to or close to that of Priority Mail pieces.

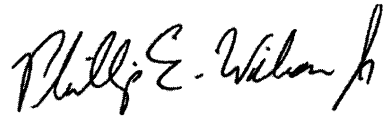
UPS/USPS-T28-32. Describe in detail any differences in the handling and delivery of Standard Mail ECR DDU destination entry letters and First Class letters arriving at the DDU with respect to, but not limited to, priority in processing and delivery. Include in your explanation the effect of relevant statutes and Postal Service regulations on the ability of a mailer to migrate a First Class letter to a Standard Mail ECR DDU destination entry piece as well as the additional mail preparation (e.g., sequencing) that would be required of the mailer.

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(a) Describe in detail the mail that could be sent as First Class mail but not as Standard Mail ECR DDU destination entry (due to statutes or Postal Service regulations concerning content restrictions).

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.

A handwritten signature in black ink, reading "Phillip E. Wilson Jr". The signature is written in a cursive, flowing style.

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Phillip E. Wilson, Jr.

Dated: November 19, 2001  
Philadelphia, PA

2027572