

**BEFORE THE
POSTAL RATE COMMISSION**

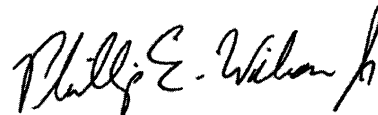
POSTAL RATE AND FEE CHANGES, 2001

DOCKET NO. R2001-1

**INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS EGGLESTON
(UPS/USPS-T25-7 through 29)
(November 21, 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-T25-7 through 29.

Respectfully submitted,



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UPS/USPS-T25-7. Refer to library reference USPS-LR-J-64, Attachment A, pages 8-16.

(a) Confirm that it is assumed that 12.3% of machinable inter-BMC (Bulk Mail Center), intra-BMC, and DBMC (Destination BMC) Parcel Post parcels travel directly from the DBMC to the DDU (Destination Delivery Unit), and thereby avoid processing costs at the Destination SCF (Sectional Center Facility). If not confirmed, explain in detail.

(b) Confirm that is assumed that 0.0% of non-machinable and oversize inter-BMC, intra-BMC, and DBMC Parcel Post parcels travel directly from the DBMC to the DDU, and thereby avoid processing costs at the Destination SCF. If not confirmed, explain in detail.

(c) Confirm that in library reference USPS-T-26, Attachment A in Docket No. R2000-1, you assumed that 12.3% of non-machinable and oversize inter-BMC, intra-BMC, and DBMC parcels travel directly from the DBMC to the DDU, and thereby avoid processing costs at the Destination SCF. If not confirmed, explain in detail.

(d) Explain in detail the reason for this discrepancy between machinable and non-machinable and oversize parcels, and the reason for the change in treatment from Docket No. R2000-1.

UPS/USPS-T25-8. Refer to library reference USPS-LR-J-64, Attachment A, pages 8-16.

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(a) Confirm that you assume that 100% of inter-BMC (Bulk Mail Center) and intra-BMC Parcel Post parcels pass through the Origin SCF (Sectional Center Facility) and incur a crossdocking charge. If not confirmed, explain in detail.

(b) Explain in detail why you assume that 12.3% of parcels would travel directly from the BMC to the DDU (Destination Delivery Unit), but do not assume that 12.3% of parcels at the Origin AO (Associate Office) would travel directly from the Origin AO to the BMC.

UPS/USPS-T25-9. Refer to library reference USPS-LR-J-64, Attachment A, pages 8-16.

(a) Confirm that the crossdock operation of containers at the Origin SCF (Sectional Center Facility) is assumed to take 7.0 containers per hour, or 8.6 minutes per container. If not confirmed, explain in detail. Explain why it would take 8.6 minutes to roll a hamper or OWC (Other Wheeled Container) on the platform to the loading area of the truck going from the Origin SCF to the BMC.

(b) Confirm that the move operation at the DDU (Destination Delivery Unit) is assumed to be 4 times as fast as a crossdock operation. If confirmed, explain the basis for this assumption. If not confirmed, explain in detail.

(c) Confirm that the move operation at the Destination SCF is assumed to be 2 times as fast as a crossdock operation. If confirmed, explain the basis for this assumption. If not confirmed, explain in detail.

UPS/USPS-T25-10. Refer to library reference USPS-LR-J-64, Attachment A, pages 8-13 and library reference USPS-LR-J-64, Attachment B, page 9.

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(a) Confirm that 4.15% of intra-BMC (Bulk Mail Center) parcels are held out at the Origin AO (Associate Office). If not confirmed, explain in detail.

(b) Confirm that the hold-out of intra-BMC parcels at the Origin AO was not taken into account in the mail processing costs for intra-BMC parcels in Attachment A. If confirmed, explain why not. If not confirmed, explain in detail.

UPS/USPS-T25-11. Refer to library reference USPS-LR-J-1, pages 3-1 to 3-13.

(a) Confirm that the MODS cost pool "Manp" reflects the costs of manual parcel sorting at plants (i.e., Sectional Center Facilities). If not confirmed, explain in detail.

(b) Confirm that MODS cost pool "LD43" reflects to the costs of manual distribution, i.e., sortation to carrier route, at DDUs (Destination Delivery Units) in the MODS facility grouping. If not confirmed, explain in detail.

(c) Confirm that the Non-MODS cost pool "Manp" reflects the costs of manual piece distributions at DDUs that are not part of the MODS facility grouping. If not confirmed, explain in detail.

(d) Refer to library reference USPS-LR-J-64, Attachment A, page 2. Confirm that the total cost of manual parcel sortation for Parcel Post at DDUs is the sum of the MODS LD43 and Non-MODS Manp cost pools, which is 18.69 cents per piece (6.767 plus 11.923).

(e) Refer to library reference USPS-LR-64, Attachment A, pages 8-22. Confirm that the modeled cost assigned to the manual sortation of Parcel Post parcels at the DDU is 9.68 cents per piece.

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(f) Confirm that inter-BMC, intra-BMC, DBMC, DSCF and DDU Parcel Post parcels all incur the same sortation cost at the DDU and thus sortation costs at the DDU cannot be costs avoided by destination entry worksharing. If not confirmed, explain in detail.

(g) Confirm that sortation costs at the DDU have a proportional CRA cost of 18.69 cents per piece, but a modeled cost of 9.68 cents per piece. If not confirmed, explain in detail.

(h) Confirm that the CRA multiplier is decreased by 0.0925 if the sortation costs at the DDU are removed from both the modeled costs and the CRA cost pool costs. If confirmed, explain why this is not an appropriate adjustment to make to your analysis. If not confirmed, explain in detail.

UPS/USPS-T25-12. Refer to library reference USPS-LR-J-64, Attachment A, page 2. Explain in detail why the following cost pools were selected to be proportional. Include in your explanation a description of all Parcel Post mail processing activities captured in the cost pool, which of these activities have been modeled in Attachment A, and the location (e.g., BMC, DSCF, DDU) at which the activities takes place.

- (a) MODS MECPARC
- (b) MODS MANP
- (c) MODS 1PLATFRM
- (d) MODS 1POUCHNG
- (e) MODS 1SACKS_H
- (f) MODS LD43

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- (g) BMCS NMO
- (h) BMCS OTHR
- (i) BMCS PLA
- (j) BMCS PSM
- (k) BMCS SPB
- (l) BMCS SSM
- (m) Non-MODS ALLIED
- (n) Non-MODS MANP

UPS/USPS-T25-13. Refer to library reference USPS-LR-J-64, Attachment A,
page 6.

(a) Confirm that the Base Year 2000 volume for Parcel Post DDU (Destination Delivery Unit) destination entry was 38 million. If not confirmed, explain in detail.

(b) How many postal facilities are designated as DDUs?

(c) Of the number of facilities designated as DDUs, how many received DDU destination entry Parcel Post in FY2000?

(d) How many total DDU destination entry shipments took place for Parcel Post in FY2000, where a "shipment" is a mailing from a unique carrier/consolidator tendering mail pieces to a unique DDU on a specific day?

(e) What was the average number of pieces per Parcel Post DDU destination entry shipment in FY2000, where a "shipment" is a mailing from a unique carrier/consolidator tendering mail pieces to a unique DDU on a specific day?

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UPS/USPS-T25-14. Provide typical DDU destination entry time slots for Parcel Post during FY2000.

UPS/USPS-T25-15. Refer to library reference USPS-LR-J-64, Attachment A, page 3. For each of the direct labor operations listed, provide the facility (e.g., Bulk Mail Center, Sectional Center Facility, Destination Delivery Unit, Associate Office) or facilities that were studied, the data that was gathered in order to estimate the productivity of the listed operation, the subclass or rate category that was studied, and the dates the study was performed.

UPS/USPS-T25-16. Refer to library reference USPS-LR-J-64, Attachment A, pages 14, 17, 18 and 19.

(a) Confirm that the piggyback factor for the crossdock operation for DBMC (Destination Bulk Mail Center) machinable parcels at the Destination SCF (Sectional Center Facility) is 1.66. If not confirmed, explain in detail.

(b) Confirm that the piggyback factor for the crossdock operation for DSCF machinable parcels at the Destination SCF is listed as 1.48. If not confirmed, explain in detail.

(c) Confirm that the piggyback factor for the crossdock operation for DSCF machinable parcels at the Destination SCF should be 1.66. If not confirmed, explain in detail.

(d) Confirm that the piggyback factor for the crossdock operation for machinable Destination SCF parcels at the DBMC is 1.48, but should be 1.784 (the

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piggyback factor for BMC platform, per library reference USPS-LR-J-64 Attachment A, page 5). If not confirmed, explain in detail.

(e) Confirm that the piggyback factor for the crossdock operation for DSCF non-machinable and oversize parcels at the Destination SCF is listed as 1.48, but should be 1.66. If not confirmed, explain in detail.

(f) Confirm for the crossdock operation for DSCF non-machinable and oversize parcels at the DBMC is listed as 1.48, but should be 1.784. If not confirmed, explain in detail.

UPS/USPS-T25-17. Refer to the Domestic Mail Manual, Issue 56, page 363, Section E751.1.2(c), (January 7, 2001).

(a) Confirm that to qualify for Parcel Post Destination Delivery Unit (“DDU”) destination entry rates: “Pieces must be part of a single mailing of 50 or more pieces that are eligible for and claimed at any Parcel Post rates. When Parcel Post mailings are submitted under PVDS [Plant-Verified Drop Shipment] procedures, mailers may use the total of all line items for all destinations on a PVDS register or PVDS postage statement to meet the 50-piece minimum volume requirement for destination entry rate mailings. This means that a mailer may enter fewer than 50 pieces at an individual destination, provided there is a total of a least 50 Parcel Post pieces for all of the entry points for that single mailing job listed on the PVDS register or PVDS postage statement.”

(b) Does a “single mailing job” mean one truck? Explain.

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(c) Confirm that if there is a dropshipment of 1 DDU destination entry Parcel Post piece and 49 inter-BMC (Bulk Mail Center) Parcel Post pieces at a DDU, the DDU destination entry piece will qualify for DDU destination entry rates. If not confirmed, explain.

(d) Confirm that if there is a “single mailing job” dropshipment that drops 48 inter-BMC Parcel Post pieces at one Sectional Center Facility (“SCF”), 1 DDU destination entry piece at one DDU and 1 DDU destination entry piece at another DDU, the DDU destination entry pieces will qualify for DDU destination entry rates. If not confirmed, explain in detail.

(e) Confirm that any “single mailing job” that includes Standard Mail A and Periodicals can drop 1 piece of Parcel Post DDU destination entry mail at all DDUs that the truck visits as long as 50 Parcel Post pieces have been entered by the “single mailing job” in total across all Postal Service facilities. If not confirmed, explain.

UPS/USPS-T25-18. Refer to library reference USPS-LR-J-64, Attachment A.

(a) Confirm that you assumed in Attachment A that containers at the Destination Delivery Unit (“DDU”) dock containing Parcel Post DDU dropshipments would be as full as containers arriving from a Bulk Mail Center (“BMC”) or a Sectional Center Facility (“SCF”). If confirmed, explain the basis for this assumption. If not confirmed, explain in detail.

(b) Assume one parcel going to a DDU is dropshipped at the DDU rather than dropped at the Destination Bulk Mail Center (“DBMC”).

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(i) Confirm that the parcel arriving from the Destination Sectional Center Facility (“DSCF”) would be unlikely to require an additional container to be brought into the DDU sortation area. If not confirmed, explain in detail.

(ii) Confirm that the parcel dropshipped into the DDU hamper will require an additional container to be brought into the DDU sortation area. If not confirmed, explain in detail.

(iii) Explain how you have taken into account such additional trips at the DDU caused by DDU destination entry mail in your analysis in Attachment A.

UPS/USPS-T25-19. Refer to the Domestic Mail Manual, Issue 56, page 363, Section E751.1.1(c), (January 7, 2001).

(a) Confirm that for Parcel Post Destination Delivery Unit (“DDU”) destination entry pieces, the regulations for mailers with respect to the entry point is as follows: When the “mail for a single 5-digit ZIP Code area is delivered out of more than one postal facility, use the facility from which the majority of city carrier routes are delivered as the facility at which the DDU mail must be entered, unless the 5-digit ZIP Code is listed in Exhibit 7.0 or Exhibit 8.0.” If not confirmed, explain in detail.

(b) Confirm that this means that a portion of Parcel Post DDU destination entry volume is entered at postal facilities in which the city carrier routes for those pieces are not delivered from that facility.

(c) Confirm that such mail is crossdocked to another Postal Service delivery facility. If not confirmed, explain in detail.

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(d) Explain how your Parcel Post workflow model has taken this crossdocking at the DDU into account. If it has not, explain why not.

(e) What portion of Parcel Post DDU destination entry mail is entered at a postal facility in which the city carrier routes for those pieces are not delivered from that facility?

(f) Confirm that Parcel Post pieces being transported by the Postal Service from Bulk Mail Centers ("BMC"s) and Destination Sectional Center Facilities ("DSCF"s) to a ZIP code area with more than one delivery postal facility are unloaded only at the delivery facility from which the city carrier routes are delivered. If not confirmed, explain in detail.

UPS/USPS-T25-20. Do you agree with the following work flow for Parcel Post Destination Delivery Unit ("DDU") destination entry parcels? Explain in detail the basis for your answer.

(a) Parcels delivered by mailers to DDUs typically are palletized or bed loaded.

(b) The mailer's driver is met at the dock of the DDU by a Postal Service receiving clerk and provides the clerk a completed Form 8125.

(c) The bed loaded parcels are typically transferred by the mailer's driver to hampers or All-Purpose Containers ("APC"s), one for each 5-digit zip code served by the DDU, within 20 minutes of arrival.

(d) The palletized parcels are left on pallets at the dock if the pallets are separated by 5-digit zip code and the DDU is able to handle pallets; otherwise, the

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driver unloads the pallets into the hampers or APCs, one for each 5-digit code served by the DDU.

(e) If there is a sack in the shipment, the contents of the sack are emptied into the same hampers or APCs by the driver.

(f) A Postal Service receiving clerk verifies that the shipment and the completed Form 8125 match, and accepts the shipment noting the DDU name and date of receipt.

(g) The hampers or APCs, which are on wheels, are then rolled into the DDU by Postal Service mailhandlers for a final sort to carrier routes by Postal Service mailhandlers.

(h) The pallets are taken into the DDU by a Postal Service mailhandler using a forklift for a final sort to carrier routes by Postal Service mailhandlers.

(i) The Form 8125 and other supporting paperwork are transferred to the Postal Service accounting department at the Sectional Center Facility ("SCF") serving the DDU by the Postal Service receiving clerk.

UPS/USPS-T25-21. In what cost pool(s) are the acceptance and verification costs incurred by the Postal Service at the Destination Delivery Unit ("DDU") for DDU destination entry parcels?

(a) Have these acceptance and verification costs been included in your analysis of Parcel Post DDU destination entry cost avoidances? If not, explain why not.

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(b) What are the duties, if any, of a Postal Service receiving clerk with respect to Parcel Post mail at the DDU received from a Bulk Mail Center (“BMC”) or Sectional Center Facility (“SCF”)?

UPS/USPS-T25-22. Refer to your testimony USPS-T-26, Attachment F, page 2, from Docket No. R2000-1.

(a) Confirm that in Docket No. R2000-1, the Postal Service assumed that Auxiliary Service Facilities (“ASF”)s act as Bulk Mail Centers (“BMC”)s 36.1% of the time. If not confirmed, explain.

(b) Confirm that in Docket No. R2000-1, the Postal Service assumed that Destination Bulk Mail Center (“DBMC”) parcels would not avoid the costs incurred by ASFs when they act like BMCs. If not confirmed, explain.

(c) Confirm that intra-BMC and inter-BMC parcels traveling directly from an Origin Associate Office (“AO”) to an ASF will avoid crossdocking costs at an Origin Sectional Center Facility (“SCF”) and will be unloaded only once prior to sortation. If not confirmed, explain.

(d) Confirm that intra-BMC and inter-BMC parcels entered at an ASF will avoid crossdocking costs at an Origin SCF and will be unloaded only once prior to sortation. If not confirmed, explain.

(e) Explain how your analysis of Parcel Post worksharing cost avoidances contained in library reference USPS-LR-J-64, Attachment A, takes ASFs into account. If it does not take ASFs into account, explain why not.

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(f) Provide separately for intra-BMC parcel post, inter-BMC parcel post, and DBMC destination entry parcel post, the Parcel Post volume processed at each ASF and BMC for Base Year 2000.

(g) Explain how your analysis of Parcel Post transportation costs by rate category in library reference USPS-LR-J-64, Attachment B, takes ASFs into account. If it does not, explain why not.

UPS/USPS-T25-23. Refer to your testimony USPS-T-26, Attachment F, page 2, line 4, in Docket No. R2000-1. Provide the breakout of Outgoing Primary (“OP”) 7 Parcel Post costs and “all other” Parcel Post costs by each Management Operating Data System (“MODS”), Bulk Mail Center (“BMC”) and Non-MODS cost pool in a manner similar to that contained in library reference USPS-LR-I-103, Table 3, in Docket No. R2000-1.

UPS/USPS-T25-24. Refer to your testimony USPS-T-26, Attachment F, page 3 in Docket No. R2000-1.

(a) Confirm that 68.4% of 0.5% of intra-BMC (Bulk Mail Center) and inter-BMC Parcel Post pieces are plantloaded to the BMC. If not confirmed, explain in detail.

(b) Confirm that pieces plantloaded to the BMC avoid handling costs at the Origin Associate Office (“AO”) and the Origin Sectional Center Facility (“SCF”). If not confirmed, explain in detail.

(c) Explain how the plantloading of intra-BMC and inter-BMC Parcel Post has been included in your work flow analysis in library reference USPS-LR-J-64, Attachment A. If it has not been included, explain why not.

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UPS/USPS-T25-25. Refer to library reference USPS-LR-J-64, Attachment B, page 7 and page 9, lines 11 and 15.

(a) Confirm that plantloaded highway service transportation costs represented 0.71% of intermediate highway service transportation costs in Base Year 2000. If not confirmed, explain.

(b) Why is there no adjustment to the "Local" column for the percentage of intra-BMC and inter-BMC parcels that are plantloaded to the Destination Bulk Mail Center ("DBMC")?

UPS/USPS-T25-26. Refer to library reference USPS-LR-J-106.

(a) Confirm that Parcel Post pieces below 1 pound were not permitted during Base Year 2000.

(b) Refer to library reference USPS-LR-J-106, workpaper WP-PP-9. Confirm that there are expected to be 12.5 million Parcel Post intra-BMC (Bulk Mail Center), inter-BMC and Destination Bulk Mail Center ("DBMC") destination entry pieces below 1 pound in the Test Year Before Rates.

(c) Refer to library reference USPS-LR-J-106, workpaper WP-PP-8. Confirm that, on average, Parcel Post Pieces below 1 pound are expected to have less than half of the cubic volume of 2 pound pieces.

(d) Confirm that the presence of the new below 1 pound Parcel Post parcels will decrease the average cubic volume of intra-BMC, inter-BMC and DBMC destination entry pieces.

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(e) Confirm that the presence of the new below 1 pound Parcel Post parcels will increase the average number of Parcel Post parcels that fit into containers. If not confirmed, explain.

(f) Confirm that as the average number of pieces that fit into a container increases, the average cost per piece for handling decreases. If not confirmed, explain.

(g) Confirm that as the average number of intra-BMC, inter-BMC and DBMC destination entry pieces that fit into a container increases, the mail processing worksharing cost savings for Destination Delivery Unit (“DDU”) destination entry parcels decreases. If not confirmed, explain.

(h) Explain how your analysis of worksharing savings in library reference USPS-LR-J-64, Attachment A, takes the addition of more than 12 million below 1 pound parcels into account. If these parcels have not been taken into account, explain why not.

UPS/USPS-T25-27. Refer to the table of BY2000 Inter-BMC (Bulk Mail Center) Stop Days provided in your response to interrogatory PSA/USPS-T25-3, part (d). Provide the data for non-BMC Stop Days separately for Sectional Center Facilities (“SCF”s) and Associate Office/Destination Delivery Units (“AO/DDU”s).

(a) Provide the same data (including, if available, the separation of non-BMC into SCFs and AO/DDUs) for intra-BMC highway service.

UPS/USPS-T25-28. Refer to library reference USPS-LR-J-64, Attachment A, page 8, and Attachment B, page 9. Explain why the number of local transportation legs

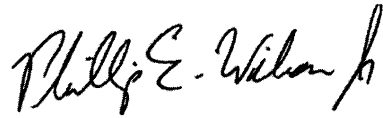
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for inter-BMC (Bulk Mail Center) parcels is 1.93 if only 36.71% of these parcels are entered at Origin Associate Offices ("AO"s).

UPS/USPS-T25-29. Refer to library reference USPS-LR-J-64, Attachment A, page 11, and Attachment B, page 9. Explain why the number of local transportation legs for intra-BMC ("Bulk Mail Center") parcels is 1.92 if only 32.21% of these parcels are entered at Origin Associate Offices ("AO"s).

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 21, 2001
Philadelphia, PA

#2027710