

**BEFORE THE
POSTAL RATE COMMISSION**

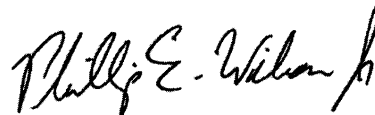
POSTAL RATE AND FEE CHANGES, 2001

DOCKET NO. R2001-1

**INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS NIETO
(UPS/USPS-T26-1 through 4)
(November 26, 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 Nieto: UPS/USPS-T26-1 through 4.

Respectfully submitted,



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UPS/USPS-T26-1. Refer to “Minutes of the Mailers’ Technical Advisory Committee, August 1-2, 2001” in the section labeled “Issue 61 – Service Assessment for DDU [Destination Delivery Unit] Drop Shipments” and the “MTAC/USPS DDU Drop Shipment Service Assessment for Parcels Workgroup, Minutes from April 25, 2001 Meeting,” available at <http://www.ribbs.usps.gov/mtac.htm>.

- (a) Confirm that the Service Assessment for DDU Drop Shipments measurement program is currently in place. If not confirmed, explain when the program will be put into place.
- (b) How long will the measurement program be in place?
- (c) Will the measurement program be in place at all DDUs that accept dropshipments?
- (d) Confirm that this program applies only to Parcel Post DDU destination entry parcels. If not confirmed, explain in detail.
- (e) Confirm that under this program “Delivery Confirmation pieces would receive an initial scan upon receipt and another upon delivery.” If not confirmed, explain in detail.
- (f) Confirm that all parcels scanned under this program will have had selected electronic delivery confirmation, and not manual delivery confirmation. If not confirmed, explain in detail.
- (g) Explain the process used to perform “an initial scan upon receipt”, including the employee type (e.g., city carrier) that performs the operation, the location

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at which this scan takes place, and the time at which the scan takes place (e.g., at the time the parcels are dropped at the DDU”).

(h) Explain how the cost of this measurement program has been included in your analysis of delivery confirmation costs in USPS-LR-J-135. If it has not been included, explain why not.

UPS/USPS-T26-2. Refer to library reference USPS-LR-J-135, Section A, Worksheet A-1 and A-3.

(a) Describe any and all scanning performed at the DDU on delivery confirmation parcels received at the DDU prior to the parcels being delivered.

(b) Confirm that your calculations of the cost of delivery confirmation do not include the cost of a “received at DDU” scan. If not confirmed, explain in detail.

(c) Describe any and all scanning performed at any postal facility on delivery confirmation parcels prior to the parcels being delivered.

(d) Confirm that the cost of an additional scan would be 3.5 cents if performed by box section clerks, presuming the scanner did not need to be retrieved or returned to the cradle. If not confirmed, explain in detail.

UPS/USPS-T26-3. Refer to library reference USPS-T-30 and USPS-RT-21 in Docket No. R2000-1.

(a) Refer to pages 3-4 of your testimony, USPS-T-26, where you state that “the scanning study has been updated to reflect the absorption of carrier DC [Delivery Confirmation] transaction time by other carrier and clerk activities (as first discussed by witness Davis in Docket No. R2000-1, USPS-RT-21).” Confirm that this means you

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have adopted the three assumptions Mr. Davis made in his rebuttal testimony in Docket No. R2000-1, USPS-RT-21, in your analysis of delivery confirmation costs, namely:

(i) For pieces delivered by carriers, 50% of carriers' delivery confirmation base transaction time is absorbed by other activities, such as walking to the next delivery point or a deviation delivery caused by a mailpiece that cannot be placed in the mail receptacle.

(ii) For pieces delivered by box office clerks, there are no volume variable costs for retrieving or returning the scanner to the cradle after each scan.

(iii) 50% of Delivery Confirmation pieces delivered by window clerks will have no volume variable costs for retrieving or returning the scanner to the cradle after each scan.

If not confirmed, explain in detail.

(b) Have you performed any additional review or evaluation of Mr. Davis' assumptions in his R2000-1 rebuttal testimony? If so, provide the reviews, evaluations or studies.

(c) Confirm that Mr. Davis derived electronic delivery confirmation costs of 17 cents per piece for both Priority Mail and Standard Mail (B) in Table 1 of USPS-T-30 in Docket No. R2000-1 in comparison to the 8.5 to 8.6 cents that you derive.

(d) Confirm that Table 1 in Mr. Davis' rebuttal testimony in Docket No. R2000-1, USPS-RT-21, represents the results of Mr. Davis applying a "less conservative set of costing assumptions" than those used in Mr. Davis' direct testimony, USPS-T-30, in Docket No. R2000-1.

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(e) Confirm that Mr. Davis' rebuttal testimony was focused on Standard Mail electronic delivery confirmation costs. If not confirmed, explain in detail.

(f) Confirm that Mr. Davis' rebuttal testimony did not reject his original calculation of 17 cents per piece for the cost of Standard Mail electronic delivery confirmation, but merely derived a less conservative estimate. If not confirmed, explain in detail.

(g) Confirm that, in Docket No. R2000-1, the Postal Service used 17 cents per piece in deriving the base Priority Mail delivery confirmation costs that should be included in Priority Mail base costs. If not confirmed, explain in detail.

(h) Confirm that given the large percentage of letters and flats within Priority Mail, that Priority Mail will have fewer deviation deliveries than Standard Mail (B). If not confirmed, explain in detail.

(i) Explain in detail why you believe that Mr. Davis' assumptions in his rebuttal testimony in Docket No. R2000-1 are the best assumptions to use in this docket.

UPS/USPS-T26-4. With respect to your adoption of the assumptions about delivery confirmation for mail carriers Mr. Davis made in his rebuttal testimony in Docket No. R2000-1, USPS-RT-21:

(a) Provide the volume variability of the labor costs incurred by city carriers while:

- (i) Walking to the next delivery point.
- (ii) Driving to the next delivery point.

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(iii) Deviating from a regular delivery to delivery a mailpiece that cannot be placed in the mail receptacle.

(b) Provide the volume variability of the labor costs incurred by rural carriers while:

(i) Walking to the next delivery point.

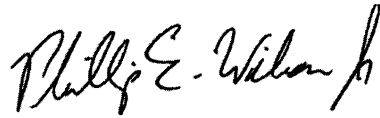
(ii) Driving to the next delivery point.

(iii) Deviating from a regular delivery to delivery a mailpiece that cannot be placed in the mail receptacle.

(c) Explain whether volume variable costs for delivery confirmation (e.g., unholstering and holstering of scanners) have become non-volume variable costs as a result of these assumptions and whether that is proper.

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." with a stylized flourish at the end.

Phillip E. Wilson, Jr.

Dated: November 26, 2001
Philadelphia, PA

#2027895