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

POSTAL RATE AND FEE CHANGES, 2001	Docket No. R2001–1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS JENNIFER L. EGGLESTON TO INTERROGATORIES OF UNITED PARCEL SERVICE (UPS/USPS–T25–7-26, 28-29)

The United States Postal Service hereby files the response of witness Jennifer L. Eggleston to the following interrogatories of United Parcel Service:

UPS/USPS–T25–7-26, 28-29, filed on November 21, 2001.

UPS/USPS-T25-27 has been redirected to witness Xie.

The interrogatories are stated verbatim, and are followed by the responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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RESPONSE OF UNITED STATES POSTAL SERVICE
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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.

RESPONSES:

(a). Confirmed.

(b). Confirmed.

(c). Confirmed.

(d). During the time period between Docket No. R2000-1 and the filing of Docket No. R2001-1, I was involved with several projects. While working on one of those projects, I came across information that led me to believe that it was not rational to assume that

nonmachinable and oversize parcels skipped the destination SCF because these parcels are only sorted to 3-digits when they leave the BMC. However, I have recently learned that *some* BMCs will sort nonmachinables and outsides to 5-digits for those 5-digits in which they have direct transportation. Therefore the true number of nonmachinable and oversize parcels that avoid the destination SCF is somewhere between zero and 12.3 percent.

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UPS/USPS-T25-8.

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

(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.

RESPONSES:

(a). Confirmed that this assumption is used in USPS-LR-J-64, Attachment A.

(b). It is my understanding that the study focused on transportation going from the BMC to the AO and used ***destinating*** parcel volume. It is further my understanding that the existence of direct transportation from a BMC to an AO does not necessarily imply the existence of transportation from that AO to that BMC.

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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.

RESPONSE:

(a). Confirmed. This productivity was developed in LR-H-131. It is my understanding that this productivity is a sample of actual productivities at BMCs. It is further my understanding that measures of productivity are not necessarily limited to the time it takes to actually move a container from one point to another. Examples of other activities included are moving other containers out of the way to reach the container, moving other containers out of the way to clear a space to move the container, and waiting for people or other objects to clear the path.

(b). Confirmed. It is my understanding, from my knowledge of MTM studies, that one of the factors that impacts move times is distance traveled. Not only does the actual moving of the container take longer, but also the probability of having to move other objects (or wait for them to move) increases as distance increases. From my visits to

AOs and BMCs, I know that AOs are much smaller than BMCs. Therefore, it should take significantly less time to move containers.

(c). Confirmed. The assumption is that a move is approximately half the distance of a crossdock.

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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.

(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.

RESPONSE:

(a). Confirmed that this assumption is used in the Parcel Post transportation model in LR-J-64, Attachment B.

(b). Confirmed. Please see response to UPS/USPS-T25-28. Since the model uses such a conservative assumption for the percent of intra-BMC volume entered at the origin AO, it was not deemed necessary to make further adjustments.

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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.

(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.

RESPONSE:

(a). Not Confirmed. It is my understanding that the Non-MODS ManP cost pool includes the cost of manually sorting parcels at Non-MODS facilities. It is further my understanding that Non-MODS facilities are not limited to what I refer to as delivery units in my testimony. Therefore, the MODS ManP cost pool does not reflect all the costs of sorting at SCFs.

(b). Not confirmed. It is my understanding that the MODS cost pool LD43 contains other costs in addition to sorting costs. Therefore the unit cost shown in the LD43 cost pool reflects *more* the cost of manual distribution to carrier route at destination delivery units.

(c). Not confirmed. It is my understanding that the Non-MODS ManP cost pool includes the cost of manually sorting parcels at Non-MODS facilities. It is further my understanding that Non-MODS facilities are not limited to what I refer to as delivery units in my testimony. Therefore the unit cost shown in Non-MODS ManP cost pool reflects *more* than the costs of sorting parcels at delivery units that are not part of the MODS facility grouping.

(d). Not confirmed. Please see response to (b) and (c).

(e). Confirmed.

(f). Not confirmed. The Parcel Post mail processing models assume that all Parcel Post parcels incur the same sort cost at the destination AO, regardless of the amount of workshare. However, I am unsure of whether your statement is meant to pertain only to Parcel Post or to other rate categories. In other classes of mail there are worksharing related rate categories that would avoid the sort from 5-digit to carrier-route. An example of this is Bound Printed Matter Carrier-Route.

(g). Not confirmed. There is nothing in my model called a "proportional CRA cost", there is only a proportional CRA adjustment factor. In addition, multiplying the modeled costs by the CRA adjustment factor results in 11.9 cents, and not 18.69. If you are attempting to tie the modeled cost of the sort to a CRA cost pool, there is no cost pool that will show a one to one relationship. If the 18.69 refers to the sum of costpools LD43 and Non-MODS ManP, please see response to part (b), (c) and (d).

(h). Not confirmed. I am assuming from subparts a-g of this interrogatory that you are referring to making the Non-MODS ManP and MODS LD43 cost pools fixed instead of proportional. Taking out the modeled costs of sorting parcels at the destination AO, and making both the Non-MODS ManP and MODS LD43 cost pools fixed, results in the CRA adjustment factor decreasing by .0067 (from 1.2305 to 1.163). I believe that my model is more accurate as it is filed. The reason is the following. The Non-MODS ManP include the cost of sorting parcels at plants (I refer to these as SCFs in my testimony) that are not classified as MODS. Therefore, making this cost pool fixed, and

keeping the manually sorting parcels at SCFs in the mail processing model, biases the CRA proportional adjustment factor downward. Since I want to keep the CRA proportional adjustment factor proportional, it is more accurate to also include the costs of manually sorting parcels at the delivery units in the mailprocessing models.

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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

(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

RESPONSE:

Please see response to UPS/USPS-T25-5 (e) and (f) for a description of the cost pools.

For the purpose of answering this interrogatory, I will use the term SCF and DU as they are used in my models. This may differ from other witness's use of these terms.

(a) &(b). Both cost pools include the costs of sorting parcels at MODS facilities. These costs are also included in the Parcel Post mail processing model at the destination SCF and destination AO.

(c). Platform costs are included in the Parcel Post mail processing model at the origin AO, origin SCF, destination SCF and destination AO. Both of these may be in the category of MODS facilities.

(d). Please see response to UPS/USPS-T25-5c.

(e). Please see response to UPS/USPS-T25-5c.

(f). Please see response to UPS/USPS-T25-5c.

(g). This cost pool includes the costs of manually sorting parcels at the BMC. Since these costs are included in the Parcel Post mail processing model, this cost pool is considered proportional.

(h). It is my understanding that this cost pool includes the cost of moving parcels from one operation to another. The Parcel Post mail processing models include the cost of moving nonmachinable parcels at the BMC.

(i)-(l). These cost pools include the costs associated with sorting parcels at the BMC. These costs are included in the Parcel Post mail processing models. Although the models don't specifically model SPBS costs, it is my understanding that some parcels will be sorted on the SPBS instead of the parcel sorting machine. Since the models include the average number of sorts, any variance between these two types of sorts will be reflected in the CRA adjustment factors.

(m). Please see response to UPS/USPS-T25-5c.

(n). This cost pool includes the cost of manually sorting parcels at Non-MODS facilities. The Parcel Post mailprocessing cost models include manually sorting parcels at both the destination SCF and the destination AO.

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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?

RESPONSE:

(a). Confirmed

(b). To the best of my knowledge, this information is not available. It is my understanding that there are 32,972 facilities where carriers are located.

(c)-(e). To the best of my knowledge, this information is not available.

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UPS/USPS-T25-14.

Provide typical DDU destination entry time slots for Parcel Post during FY2000.

RESPONSE:

It is my understanding that DDU appointments can only be made from 10 am to 4 pm.

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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.

RESPONSE:

Since each productivity is assigned a "source" number, I will refer to each productivity by its source number on USPS-LR-J-64, Attachment A, page 3.

Source: 1: This study is documented in Docket No. R97-1, LR-H-132. It is my understanding that 8 BMCs were surveyed, but only the results of 6 of the surveys were used. It is my understanding that the survey collected both clocked-in labor hours and volume by operation. It is my understanding that the hour and volume data was not restricted to any class of mail, and therefore would include all classes that are processed at the BMC. The study attempted to collect data for AP 1 through 8 for FY 1996, however due to availability of data, the APs varied by BMC. The following table shows the time frame by BMC.

BMC	**APs included in data (FY96)**
BMCs 1, 3, and 6	AP 1-8
BMC 2	AP 1-9
BMC 4	AP 4-6
BMC 5	AP 1-10

Source: 2: This productivity came from Planning Guidelines (PGLs). It is my understanding that all the productivities in the PGLs were produced using MTM analysis. In MTM analysis, standards are set for lengths of time of certain activities.

The type of analysis allows users to determine what type of activities to include in the time analysis. To the best of my knowledge, no additional information or documentation can be found.

Source 3: These productivities were calculated using data from the Productivity Information Reporting System (PIRS) and the Productivity Information Management System (PIMS). It is my understanding that both PIRS and PIMS collect volumes and clocked-in hours from all BMCs for several operations. It is further my understanding that these volumes and hours are not a sample. The productivities used in LR-J-64, Attachment A, page 3, source 1, are the average of 6 years worth of data (1995-2000).

Source 4: This productivity was also calculated using PIRS data, however, it is the annual data from FY 1993.

Source 5: These productivities are from LR-J-56. It is my understanding that these productivity calculations include hours and volumes data from all MODS facilities for all of FY 2000, excluding the top and bottom 1% productivity ratios over all APs.

Source 7: The study used to calculate this productivity was a survey of 50 delivery units. The survey included two forms. The second form, Form BPM-2 was the one used to collect data used to calculate the productivity used in my cost model. Form BPM-2 collected the following information: process date, catalog name, dimensions, weight, detached labels, presentation method, volume of BPM that is distributed to carriers and workhours associated with distributing that volume to carriers. In addition, question 9 asked Post Offices to name the type of operations which 5-digit sorted BPM passed through. The options included: incoming flat, secondary, opening unit carrier distribution, incoming parcel secondary, and other (specify). Question 10 asked Station and Branches which operation the distribution to carriers operation was best represented. The option included: as parcels, as flats, and other (specify). The data collection period was August 14 through September 24, 1982. The facilities were asked to collect this data over a 2 week time period.

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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 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.

RESPONSE:

(a). Confirmed.

(b)–(f). Confirmed, please see errata filed on November 27. 2001.

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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.

(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.

RESPONSE:

(a). Confirmed that there may only be 1 DDU parcel in a mailing, if the rest of the mailing contains at least 49 pieces of Parcel Post. It is my understanding that other classes of mail cannot be combined with Parcel Post in one mailing.

(b). No. It is my understanding that a mailing refers to all mail on a postage statement. It is my understanding that Parcel Post cannot be combined with other classes of mail on a postage statement and, therefore cannot not be combined with other classes of mail in a "mailing". However, this does not rule out Parcel Post being on the same truck as other mail.

(c). Confirmed. Although it is unlikely that any mailer would drop parcels at the destination DU and claim the inter-BMC rate.

(d). Confirmed.

(e). Not confirmed. It is my understanding that a single mailing cannot include Standard A, Periodicals and Parcel Post. Confirmed that a mailer could drop 1 Parcel Post DDU parcel at each delivery unit it stops at as long as there were 50 pieces of Parcel Post in the mailing.

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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").

(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.

RESPONSE:

(a). Confirmed that that the conversion factors are the same in the DBMC and DDU mail processing cost models. Although mailers are allowed to drop only 1 piece of DDU mail at a delivery unit, it seems very unlikely that this often occurs given that the mailer must incur the transportation to the delivery unit.

(b). (I)-(iii). Due to time and resource constraints, the difference between DBMC and DDU parcels at the destination DDU were not studied. I made the assumption that they

would incur similar costs because, it was my understanding that this was the case. It is my understanding that the DDU requirements were written so that only one parcel could be dropped off at the destination AO because it would not adversely impact costs. While the dropshipment of a small number of parcels may lead to some less some full containers at AOs, this can also occur with non-DDU mail when there are not large volumes of mail for that AO.

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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.

(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.

RESPONSE:

(a). Confirmed.

(b). Confirmed.

(c). Confirmed that the DDU parcels dropped at a facility other than the one that delivers the mail will need to be moved to the facility that delivers the mail.

(d). It is my understanding that, in general, the DDU requirements mimic how the Postal Service handles Parcel Post. This means that, in general, the Postal Service sorts the parcels to carrier-route at the same facilities in which DDU is dropped.

(e). To the best of my knowledge, this information is not available.

(f). Not confirmed. Please see response to (d).

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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 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.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS JENNIFER L. EGGLESTON TO INTERROGATORIES
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RESPONSE:

(a). Not confirmed. I do not have any information on how DDU is typically brought in by the mailer.

(b). Confirmed that the mailer interacts with a Postal clerk, I do not know if the mailer is met on the dock.

(c). It is my general understanding that the mailer will place bedloaded parcels in the container of USPS's choice. The container will most likely have wheels.

(d). This is my general understanding.

(e). That is my general understanding

(f). That is my general understanding

(g). That is my general understanding, however depending on the time of day the parcels are dropped, they may not be sorted to the carrier immediately. In addition, depending on weather and availability of space, the parcels may not be immediately moved inside.

(h). This is my general understanding, although pallets may be moved with something other than a forklift.

(i). Not confirmed. It is my understanding that the destination delivery unit retains the forms for a year and does *not* pass along forms or other paperwork to their "parent" SCF.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS JENNIFER L. EGGLESTON TO INTERROGATORIES
OF UNITED PARCEL SERVICE

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.

(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")?

RESPONSE:

It is my understanding that the following cost pools may include acceptance and verification costs at delivery units: MODS LD79, non-MODS allied labor, and non-MODS LD43.

(a). No. The cost avoidances for DDU parcels are the cost savings compared to DBMC. It is my understanding that DBMC and DDU parcels will incur similar verification costs.

(b). It is my understanding that there are no acceptance costs associated with receiving parcels from a BMC or SCF.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS JENNIFER L. EGGLESTON TO INTERROGATORIES
OF UNITED PARCEL SERVICE

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.

(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.

RESPONSE:

(a). Confirmed.

(b). Confirmed that this was the assumption in Docket No. R2000-1, USPS-T26 used to separate non-BMC outgoing costs into costs that DBMC parcels avoid and costs that DBMC parcels do not avoid.

(c). Not confirmed. What is referred to as an "SCF" in my cost model is any facility that takes on the responsibility of the origin or destination plant. In the case where parcels go directly from the origin AO to an ASF, most likely that ASF is acting like a plant. Therefore those parcels will incur costs at the "SCF" as it is referred to in my model.

(d). Not confirmed. ASFs play different roles. My use of the terms SCF and BMC in my cost models do not neccesarily exclude ASF facilities. Therefore if the parcel is dropped at an ASF, which is taking the place of the origin SCF, that parcel will incur "SCF" costs.

(e). The Parcel Post mail processing cost model is a simplification of reality. The terms "SCF" and "BMC" refer to any type of facility that takes on those types of responsibilities. ASFs do the responsibilities of both. Therefore, the costs of ASFs are included in both the BMC and SCF costs.

(f). Please see LR-J-67, Attachment F.

(g). Please see response to e. The same holds true for the Parcel Post transportation model.

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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.

RESPONSE:

Please see USPS LR-J-180 filed on November 27, 2001.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS JENNIFER L. EGGLESTON TO INTERROGATORIES
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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.

RESPONSE:

(a). Confirmed that those were the assumptions used in Docket R2000-1, USPS-T-26.

(b). Confirmed.

(c). The assumptions used for LR-J-64, were a conservative estimate of how many parcels are handled at the origin AO. Please see response to UPS/USPS-T25-28 for more detail. The percent of parcels that incur costs as the origin AO already excludes plantloaded parcels. Therefore, no further adjustments were necessary at the origin AO. While there were no adjustments made to the origin SCF modeled costs to account for parcels plantloaded to the BMC, the impact of assuming that 0.33 percent of intra-BMC parcels avoiding the origin SCF would not be significant.

RESPONSE OF UNITED STATES POSTAL SERVICE
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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")?

RESPONSE:

(a). Not Confirmed. Plantloaded highway service costs represented 0.71 percent of *total* Parcel Post highway costs and 1.11 percent of *intermediate* Parcel Post highway transportation costs in the base year.

(b). There was no need to make an adjustment to account for plantloaded mail. It is my understanding that plantloaded mail is transported from the mailer's facility to the postal facility and that this is similar to the transportation incurred taking mail from the origin AO to the origin SCF.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS JENNIFER L. EGGLESTON TO INTERROGATORIES
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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.

(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.

RESPONSE OF UNITED STATES POSTAL SERVICE
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RESPONSE:

(a). Confirmed.

(b). Not Confirmed. LR-J-106, WP-PP-9 shows the number of TYBR Parcel Post pieces under a pound as approximately 15.5 million.

(c). Confirmed that LR-J-106, WP-PP-8 shows the average cube for a 1 pound parcel to be less than half of the average cube of a 2 pound parcel.

(d). Not Confirmed. The existence of parcels under one pound does not necessarily mean that the average cube of all Parcel Post will decline. There are several reasons why this would not occur. The volume of the parcels under one pound could be so low that the lower cube would not impact the average significantly. In addition, the parcels under one pound could still have a large average cube. Furthermore, it is possible that the average cube of parcels greater than a pound will increase by enough to offset the average cube of parcels less than one pound.

(e). Not confirmed. Please see response to d.

(f). Confirmed that for certain activities (loading, unloading, moving and crossdocking) the cost per piece of that operation varies inversely with the number of parcels in the container. However, if the reason for the number of parcels per container is the

increase in the number of small, light pieces, the piece handling costs could potentially increase. This is because extremely light parcels cannot be sorted using the parcel sorting machine, and therefore, will be sorted manually. In addition, it is my understanding that small light parcels that are run on the parcel sorting machine often miss or double-up on the trays, and therefore are either mis-sorted or rejected. This would increase the cost of handling those parcels.

(g). Not confirmed, please see response to f.

(h). The Parcel Post mail processing model does not contain any adjustments to account for parcels under one pound. Furthermore, it should not be adjusted to account for parcels under one pound unless the rollforward analysis is also adjusted to account for a change in costs due to the existence of parcels under a pound in Parcel Post. Since the Parcel Post mail processing modeled costs are tied back to CRA unit costs, the assumptions in the Parcel Post mail processing model must be consistent with the assumptions used in the estimation of Parcel Post TYBR cost pool costs.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS JENNIFER L. EGGLESTON TO INTERROGATORIES
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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.

RESPONSE:

Redirected to witness Xie.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS JENNIFER L. EGGLESTON TO INTERROGATORIES
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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 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).

RESPONSE:

The Parcel Post mail processing model in LR-J-64, Attachment A assumes that 36.71 percent of inter-BMC and 32.21 percent of intra-BMC incur costs at the origin AO. These percents represent the percent of each rate category that is retail, as defined by any stamp or PVI indicia single-piece Parcel Post. These percents are not necessarily the percent of Parcel Post that is entered at the origin AO. It was not possible to estimate the percent of inter-BMC and intra-BMC that is entered at the origin AO, and therefore the percent of retail was used as an estimate. This was thought to be a conservative estimate since it, if anything, understates the percent of inter-BMC Parcel Post that is entered at the origin AO.

The transportation model did not incorporate this assumption for the following reasons. While commercial (bulk) mail entered at the origin AO may avoid some mail processing costs compared to it's retail counterpart, both will incur similar transportation costs. In addition, the Postal Service picks up mail at some mailers facilities. The transportation from the mailers' facility to the postal facility will be similar to the transportation from the origin AO to the origin SCF.

RESPONSE OF UNITED STATES POSTAL SERVICE
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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).

RESPONSE:

Please see response to UPS/USPS-T25-28.

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.

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December 5, 2001