

**BEFORE THE
POSTAL RATE COMMISSION**

POSTAL RATE AND FEE CHANGES, 2001

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DOCKET NO. R2001-1

**INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS EGGLESTON
(UPS/USPS-T25-30 through 40)
(December 7, 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-T25-30 through 40.

Respectfully submitted,

John E. McKeever
Phillip E. Wilson, Jr.
Laura A. Biancke
Attorneys for United Parcel Service

Piper Marbury Rudnick & Wolfe LLP
3400 Two Logan Square
18th & Arch Streets
Philadelphia, PA 19103-2762
(215) 656-3300
(215) 656-3301 (FAX)
and
1200 19th Street, N.W.
Washington, DC 20036
(202) 861-3900

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UPS/USPS-T25-30. Refer to your response to interrogatory UPS/USPS-T25-2(g), (h), and (i).

(a) Confirm that the “commingle” operation that takes place at the origin Sectional Center Facility (“SCF”) for intra-BMC (Bulk Mail Center) and inter-BMC Parcel Post parcels is the practice of “combining parcels into more full containers when necessary.” If confirmed, explain what steps are involved in performing this operation. If not confirmed, describe in further detail the commingling that takes place at the origin SCF.

(b) Provide any information or studies available on the number of parcels per container prior to the commingle operation and after the commingle operation.

(c) Why have you implicitly assumed that the commingling takes place after to the crossdock operation, instead of prior to the crossdock operation?

(d) When does the crossdock operation typically take place (i.e., at the time the mail is entered at the dock or when the truck to the BMC departs)?

(e) Explain the extent to which you considered differences in the costs of crossdock operations at an origin SCF (crossdock from various locations to one location) and a destination SCF (crossdock from one location to various locations) and whether one type of crossdock would be more efficient than another.

UPS/USPS-T25-31. Refer to your response to interrogatory UPS/USPS-T25-2(g) and (h). Confirm that tying mail processing modeled costs to Cost and Revenue Analysis (“CRA”) costs implicitly assumes that all modeled costs have been underestimated or overestimated by the same percentage amount, regardless of where

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the costs are incurred. If confirmed, explain why this practice provides greater accuracy with respect to the estimate of worksharing savings. If not confirmed, explain why tying modeled costs to CRA costs provides greater accuracy in the estimate of worksharing savings.

UPS/USPS-T25-32. Refer to your response to interrogatory UPS/USPS-T25-3(d) in which you state, "The purpose of the mail processing cost models is to measure the costs that the parcels avoid. In other words, the costs the parcel would avoid if that parcel were not workshared."

(a) Confirm that Destination Bulk Mail Center ("DBMC") parcels are assumed to avoid 13.5 cents per piece of window costs in your cost models. If not confirmed, explain.

(b) Confirm that in deriving the DBMC Window Service savings you calculate the difference between the average window service costs for Parcel Select parcels and the average window service costs for non-Parcel Select parcels. If not confirmed, explain.

(c) Refer to library reference USPS-LR-J-64, Attachment A, page 6. Confirm that the majority of inter-BMC and intra-BMC parcels are not window-entered and therefore do not incur window costs. If not confirmed, explain.

(d) Explain why you believe that DBMC parcels "avoid" 13.5 cents of window costs.

(e) Explain why you believe that DBMC parcels would incur 13.5 cents of window costs if they were not workshared.

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UPS/USPS-T25-33. Refer to your response to interrogatory UPS/USPS-T25-3(d).

(a) Confirm that in your testimony in Docket No. R2000-1, USPS-T-26, you derived the mail processing worksharing savings between intra-BMC (Bulk Mail Center) parcels and Destination Bulk Mail Center ("DBMC") entry parcels as equal to the average Cost and Revenue Analysis ("CRA") mail processing costs incurred by inter-BMC and intra-BMC parcels prior to arrival at the BMC. If not confirmed, explain.

(b) Confirm that inter-BMC and intra-BMC parcels do not have the same average cubic feet per piece as DBMC parcels. If not confirmed, explain.

(c) Confirm that the methodology you used in Docket No. R2000-1 derives the DBMC-entry mail processing worksharing cost avoidance using the costs for parcels that do not have the average cubic feet per piece of DBMC-entry mail or the average cubic feet per piece of Parcel Post mail as a whole. If not confirmed, explain.

UPS/USPS-T25-34. Refer to your response to interrogatory UPS/USPS-T25-3(d). Confirm that all costs per operation other than for load bedload, unload bedload, and sorts (manual or by Parcel Sorting Machine ("PSM")) are affected by the number of pieces per container. If not confirmed, explain in detail.

UPS/USPS-T25-35. Refer to your response to interrogatory UPS/USPS-T25-3.

(a) Confirm that the average cost of Destination Bulk Mail Center ("DBMC") parcels would be greater than your model determines if the higher than average cubic foot per piece for DBMC parcels was taken into account. If not confirmed, explain.

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(b) Confirm that the average cost of intra-BMC parcels would be less than your model determines if the lower than average cubic feet per piece for intra-BMC parcels was taken into account. If not confirmed, explain.

(c) Given the differing average cubic feet per piece between intra-BMC and DBMC parcels, confirm that the mail processing cost difference between the average machinable intra-BMC parcel and the average machinable DBMC parcel is less than the 70.3 cents that you have derived in your models. If not confirmed, explain.

UPS/USPS-T25-36. Refer to your response to interrogatory UPS/USPS-T25-3(d). Provide any studies that you have performed or that are available that show that Destination Bulk Mail Center ("DBMC") parcels would be entered as Parcel Post in exactly the same way on average as intra-BMC and inter-BMC parcels if the DBMC parcels were not workshared. If no studies exist, why not?

UPS/USPS-T25-37. Refer to your response to interrogatory UPS/USPS-T25-3(e). Assume the Parcel Post transportation model estimated the same cost per cubic foot for intra-BMC (Bulk Mail Center), inter-BMC and Parcel Select parcels in all zones even though each rate category had a different cubic foot per piece in each weight range from 1 to 70 pounds. Confirm that the approach used by Witness Kiefer in his Parcel Post rate design would yield a different transportation cost assigned to each weight range from 1 to 70 pounds for intra-BMC parcels, inter-BMC parcels and Parcel Select parcels. If not confirmed, explain.

UPS/USPS-T25-38. Refer to your response to interrogatory UPS/USPS-T25-6 and library reference USPS-LR-J-2, "Cost and Revenue Analysis, FY 2000."

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(a) Confirm that library reference USPS-LR-J-2 shows that Bound Printed Matter has an average cube of 0.1741 cubic feet per piece (97,514 thousand cubic feet divided by 560,218 thousand pieces). If not confirmed, explain.

(b) Confirm that library reference USPS-LR-J-2 shows that Parcel Post has an average cube of 0.8973 cubic feet per piece (290,888 thousand cubic feet divided by 324,167 thousand pieces). If not confirmed, explain.

(c) Confirm that library reference USPS-LR-J-2 shows that the average cubic feet per piece of Parcel Post is more than 5 times higher than average cubic feet per piece of Bound Printed Matter. If not confirmed, explain.

(d) Confirm that library reference USPS-LR-J-2 shows that the average weight per piece of Parcel Post is more than 2.5 times higher than the average weight per piece of Bound Printed Matter (100.7 ounces in comparison to 39.5 ounces).

(e) Have you considered the much larger average size and weight of Parcel Post pieces when using the productivity for manual sortation to carrier route at the Destination Delivery Unit ("DDU") of Bound Printer Matter as a proxy for the manual sortation cost to carrier route at the DDU of Parcel Post?

UPS/USPS-T25-39. Refer to your response to interrogatory UPS/USPS-T25-6 and library reference USPS-LR-J-65, Attachment A (revised 11/27/01). Confirm that decreasing the assumed productivity for the manual sort to carrier route at the Destination Delivery Unit ("DDU") for Parcel Post to be equal to 50% of that of Bound Printed Matter would:

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(a) Increase by 9.68 cents per piece the modeled cost of each of the rate categories shown in Table 2 of library reference USPS-LR-J-64, page 1 (i.e., Inter-BMC (Bulk Mail Center) machinable and non-machinable, intra-BMC machinable and non-machinable, Destination Bulk Mail Center ("DBMC") machinable and non-machinable, Destination Sectional Center Facility ("DSCF") machinable and non-machinable, and Destination Delivery Unit ("DDU") machinable and non-machinable).

(b) Decrease the Parcel Post Cost and Revenue Analysis ("CRA") proportional adjustment factor from 1.231 to 1.131. If not confirmed, explain.

UPS/USPS-T25-40. Refer to your response to interrogatory UPS/USPS-T25-6. Is Parcel Post mail received at Destination Delivery Units ("DDU"s) from the local Bulk Mail Center ("BMC") and/or the Sectional Center Facility ("SCF") typically separated by 5-digit zip code for those DDUs that serve more than one 5-digit zip code?

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: December 7, 2001
Philadelphia, PA

#2028376