

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

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF UNITED PARCEL SERVICE
REDIRECTED FROM WITNESS MOELLER
(UPS/USPS-T28-44, 48 AND 49)

The United States Postal Service hereby provides its response to the following interrogatories of United Parcel Service: UPS/USPS-T28-44, 48 and 49, filed on December 10, 2001.

These interrogatories have been redirected from witness Moeller to the Postal Service for response.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

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December 26, 2001

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UPS/USPS-T28-44. Refer to library reference USPS-LR-J-89, which compares markups and markup indices by subclass in the PRC's recommended decision in Docket No. R2000-1 with markups and markup indices resulting from the Postal Service's proposed rates in Docket No. R2001-1 under PRC costing and Postal Service costing methodologies. The markups and markup indices are provided separately for First Class Letters and First Class Cards. Provide the markup and markup indices for First-Class Mail in the aggregate.

RESPONSE:

Markup – USPS methodology	110.0 percent
Markup – PRC methodology	90.5 percent
Markup Index – USPS methodology	1.376
Markup Index – PRC methodology	1.390

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UPS/USPS-T28-48. Refer to pages 22-26 of your testimony, USPS-T-28, where you apply the ratemaking criteria to Priority Mail. Confirm that flats are more difficult to process, transport, and deliver than letter-shaped pieces. If not confirmed, explain why not.

RESPONSE:

Mail of various sizes and service standards may travel through different mailflows (see, generally, witness Kingsley's testimony (USPS-T-39) for a description of mail processing). It is not clear what is meant by "more difficult." Obviously, flat and parcel sorting operations are more costly than letter sorting operations (due to factors such as automation availability, machinability, weight and dimensional differences, and cube), but that does not make them "more difficult" necessarily. The higher costs of certain processing types are reflected in the costs and the rates for the products processed through those operations.

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UPS/USPS-T28-49. Refer to pages 22-26 of your testimony, USPS-T-28, where you apply the ratemaking criteria to Priority Mail. Confirm that parcels are more difficult to process, transport, and deliver than flat-shaped pieces. If not confirmed, explain why not.

RESPONSE:

Mail of various sizes and service standards may travel through different mailflows (see, generally, witness Kingsley's testimony (USPS-T-39) for a description of mail processing). It is not clear what is meant by "more difficult." Obviously, parcel sorting operations are more costly than flat sorting operations (due to factors such as automation availability, machinability, weight and dimensional differences, and cube), but that does not make them "more difficult" necessarily. The higher costs of certain processing types are reflected in the costs and the rates for the products processed through those operations.

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.

Michael T. Tidwell

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