

BEFORE THE  
POSTAL RATE COMMISSION

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POSTAL RATE AND FEE CHANGES, 2001

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DOCKET NO. R2001-1

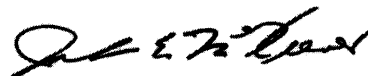
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INTERROGATORIES OF UNITED PARCEL SERVICE TO  
UNITED STATES POSTAL SERVICE WITNESS KIEFER  
(UPS/USPS-T33-44 through 45)  
(December 28, 2001)

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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 Kiefer: UPS/USPS-T33-44 through 45.

Respectfully submitted,



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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

INTERROGATORIES OF UNITED PARCEL SERVICE TO  
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UPS/USPS-T33-44. Refer to your response to interrogatory UPS/USPS-T33-23.

(a) Confirm that multiplying the Parcel Post transportation costs per piece by rate category, weight and zone in library reference USPS-LR-J-106, WP-PP-15, by the Test Year Before Rates volumes in library reference USPS-LR-J-106, WP-PP-9, yields total transportation-related cost of \$489,179 thousand. If not confirmed, explain.

(b) Confirm that when multiplying the Parcel Post transportation costs per piece by rate category, weight and zone in library reference USPS-LR-J-106, WP-PP-15, by the Test Year Before Rates volumes in library reference USPS-LR-J-106, WP-PP-9, the resulting total should be equal to the Test Year Before Rates transportation-related costs net of final adjustments. If not confirmed, explain in detail.

(c) Confirm that the total Parcel Post Test Year Before Rates transportation-related costs, after final adjustments, are:

(i) \$308,850,000 for Cost Segment 14,

(ii) \$58,171,000 for Cost Segment 8,

(iii) \$88,187,000 for Cost Segment 8, after application of the 1.516 piggyback factor,

(iv) For a total transportation-related costs after final adjustments of \$397,037,000. If not confirmed, explain.

(d) Explain why the Parcel Post Test Year Before Rates transportation-related costs, net of final adjustments, are significantly below the total transportation-related costs derived by multiplying the transportation costs per piece by rate category, weight

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and zone in library reference USPS-LR-J-106, WP-PP-15, by the Test Year Before  
Rates volumes in library reference USPS-LR-J-106, WP-PP-9.

UPS/USPS-T33-45. Refer to your response to interrogatory UPS/USPS-T33-23.

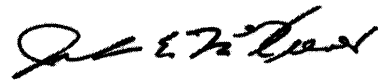
(a) Confirm that, in making Parcel Post rates, the division of costs between  
the per piece and per pound rate elements is an important step in deriving the  
preliminary rates for each rate category. If not confirmed, explain.

(b) Confirm that, all else equal, recovering the correct amount of cost in the  
per piece rate elements but too much cost in the per pound rate elements, will lower the  
markup factor (shown in library reference USPS-LR-J-106, WP-PP-1, line (2)) used in  
the Parcel Post rate design process. If not confirmed, explain.

(c) Confirm that, all else equal, recovering too little cost plus markup in the  
per piece rate element and too much cost plus markup in the per pound rate elements  
will yield Parcel Post rates that are too high for rate categories with relatively high  
pound-related costs and too low for rate categories with relatively low pound-related  
costs. If not confirmed, explain.

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.



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John E. McKeever

Dated: December 28, 2001  
Philadelphia, PA

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