

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

OBJECTION OF UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF UNITED PARCEL SERVICE UPS/USPS-T25-67
(December 31, 2001)

In accordance with Rules 25 and 26 of the Commission's Rules of Practice and Procedure, the United States Postal Service hereby objects to interrogatory UPS/USPS-T25-67 (copy attached), filed on December 21, 2001.

This interrogatory was filed out of time. In P.O. Ruling Nos. R2001/6 and 9, the presiding officer established December 10, 2001, as the date for parties to complete discovery on a select group of Postal Service witnesses, including witness Eggleston (USPS-T-25). UPS did not file the instant interrogatory until December 21, 2001, eleven days after the applicable deadline.

It is not proper for UPS to characterize UPS/USPS-T25-67 as a follow-up interrogatory, even though it attempts to do so. Under Rule 26(a) of the Commission's Rules of Practice and Procedure, "[f]ollow-up interrogatories" are allowed to "clarify or elaborate on the answer to an earlier discovery request." UPS/USPS-T25-67 does not meet this definition because it does not seek clarification or elaboration of an answer to an earlier discovery request. Rather, as explained below, UPS filed UPS/USPS-T25-67 before it even looked at the answer to the "earlier discovery request" on which it purports to be based.

On its face, UPS/USPS-T25-67 asks witness Eggleston to “[r]efer to your response to interrogatory UPS/USPS-T25-37.” However, UPS filed UPS/USPS-T25-67 before witness Eggleston responded to UPS/USPS-T25-37. The undersigned counsel downloaded UPS/USPS-T25-67 from the Commission’s website at approximately 1:30 p.m. on December 21, 2001. He did not, however, file witness Eggleston’s response to UPS/USPS-T25-37 until approximately 4:00 p.m. that afternoon, at least two and one-half hours later.

Indeed, a closer look at UPS/USPS-T25-67 reveals that it does not seek clarification or elaboration of an answer from UPS/USPS-T25-37. Interrogatory 37 reads as follows:

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.

Witness Eggleston’s response to Interrogatory 37 reads as follows:

RESPONSE:

I cannot answer any question about how changes in my results would impact witness Kiefer's results. However, I believe you are misinterpreting my response to UPS/USPS-T25-3(e). In that response, I stated that the transportation cost model in LR-J-64, Attachment B, did not estimate more costs based on size differentials because it estimates the average cost per cubic foot. It was not meant to imply that costs do not increase with cubic feet, that cost per cubic foot do not vary with zones, or that witness Kiefer does not take size differentials into account.

Interrogatory 37 asked witness Eggleston how a change in her transportation model would impact witness Kiefer's results. It involved the relationship between cube and costs. Interrogatory 67, however, does not refer to this relationship.

In addition, subpart (l) of UPS/USPS-T25-67 asks what TYBR costs are after final adjustments, which is not part of witness Eggleston's testimony. Furthermore, subparts (j), (k), (n) and (o), of UPS/USPS-T25-67 request witness Eggleston to confirm an analysis performed by UPS, not to clarify her own responses to prior discovery. This clearly is not follow-up to witness Eggleston's prior response. Rather, it is discovery on a new issue.

The Postal Service respectfully submits that witness Eggleston should not be required to respond to UPS/USPS-T25-67.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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Chief Counsel, Ratemaking



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December 31, 2001

**BEFORE THE
POSTAL RATE COMMISSION**

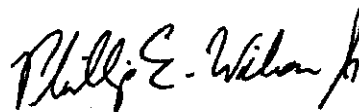
POSTAL RATE AND FEE CHANGES, 2001 :

: DOCKET NO. R2001-1
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**INTERROGATORY OF UNITED PARCEL SERVICE TO
UNITED STATES POSTAL SERVICE WITNESS EGGLESTON
(UPS/USPS-T25-67)
(December 21, 2001)**

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby files and serves the following interrogatory directed to United States Postal Service witness Eggleston: UPS/USPS-T25-67.

Respectfully submitted,



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Phillip E. Wilson, Jr.
Laura A. Biancke
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INTERROGATORIES OF UNITED PARCEL SERVICE TO
UNITED STATES POSTAL SERVICE WITNESS EGGLESTON

UPS/USPS-T25-67. Refer to your response to interrogatory UPS/USPS-T25-37.

(a) Confirm that, in the Parcel Post rate design, Witness Kiefer uses the Parcel Post transportation-related costs per cubic foot by rate category and zone that you derive in library reference USPS-LR-J-64, Attachment B, page 15, to calculate the transportation-related costs per piece by rate category, zone and weight in library reference USPS-LR-J-106, WP-PP-15. If not confirmed, explain.

(b) Confirm that the Parcel Post "TY03" cubic feet by rate category and zone shown in library reference USPS-LR-J-64, Attachment B, page 6, reflect the Test Year Before Rates volume totals by rate category projected by Witness Tolley, as spread to weight cell and zone in library reference USPS-LR-J-106, WP-PP-9. If not confirmed, explain.

(c) Confirm that the Parcel Post "TY03" cubic feet by rate category and zone in library reference USPS-LR-J-64, Attachment B, page 6, reflect the Test Year Before Rates mix of volume by rate category. If not confirmed, explain.

(d) Confirm that the Parcel Post "TY03" cubic feet by rate category and zone shown in library reference USPS-LR-J-64, Attachment B, page 6, do not reflect the Base Year mix of volume by rate category. If not confirmed, explain.

(e) Confirm that the Parcel Post Test Year Before Rates transportation-related costs shown in library reference USPS-LR-J-64, Attachment A, page 8, of \$387,206,000 in Cost Segment 14, and \$69,555,000 plus piggyback of 1.516 in Cost Segment 8, for a total of \$493,258,000, are prior to final adjustments contained on page USPS-T-25, Table X-1. If not confirmed, explain.

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(f) Confirm that in library reference USPS-LR-J-65, Attachment I, final adjustments are derived for the Parcel Post Test Year Before Rates costs in Cost Segment 14 and Cost Segment 8 as a result of the change in mix among rate categories in Parcel Post from the Base Year to the Test Year Before Rates. If not confirmed, explain.

(g) Confirm that the final adjustments for Parcel Post in Cost Segment 8 shown on Table X-1 of USPS-T-25 (revised 11/27/01) should be modified slightly to match those shown in library reference USPS-LR-J-64, Attachment I, page 16.

(h) Confirm that the Parcel Post final adjustments are negative \$78,356,000 for Cost Segment 14 and negative \$11,784,000 for Cost Segment 8 for the Test Year Before Rates. If not confirmed, explain.

(i) 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,

(j) For a total of \$397,037,000. If not confirmed, explain.

Confirm that Parcel Post Unit Cost per Cubic foot estimates for transportation costs presented in Table IV-3 of USPS-T-25, page 20, when multiplied by the "TY03" cubic feet by rate category and zone shown in library reference USPS-LR-J-64, Attachment B, page 6, will yield a total cost of \$493,258,000. If not confirmed, explain.

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(k) Confirm that Parcel Post Unit Cost per Cubic foot estimates for transportation costs presented in Table IV-3 of USPS-T-25, page 20 when multiplied by the "TY03" cubic feet by rate category and zone shown in library reference USPS-LR-J-64, Attachment B, page 6, should yield a total cost of \$397,037,000 (i.e., after application of final adjustments). If not confirmed, explain.

(l) Confirm that in library reference USPS-LR-J-64, Attachment A, page 1, the Parcel Post Base Year volume mix shares by rate category are applied to the Test Year modeled mail processing cost per piece estimates by rate category to derive the weighted average modeled Test Year costs to compare to the Test Year Before Rates CRA Costs per piece for Mail Processing. If not confirmed, explain.

(i) Confirm that, in this calculation, the Test Year Before Rates CRA costs per piece for mail processing costs used are not net of the final adjustments for mail processing presented in USPS-T-25, Table X-1. If confirmed, explain why this is so. If not confirmed, explain.

(m) Confirm that, in a manner similar to that used in library reference USPS-LR-J-64, Attachment A for mail processing, Parcel Post transportation-related costs per cubic feet should be derived with the Test Year Before Rates cubic feet by rate category and zone shown in library reference USPS-LR-J-64, Attachment B, page 6, reflecting the Base Year mix. If not confirmed, explain.

(n) Confirm that the Parcel Post transportation-related costs per cubic foot by rate category and zone in library reference USPS-LR-J-64, page 15, and applied by Witness Kiefer in the Parcel Post rate design, would be approximately 20% lower if a Base Year mix was used in deriving the Test Year Before Rates cubic feet by rate

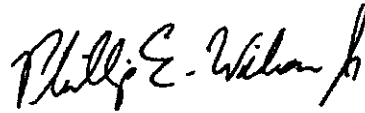
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UNITED STATES POSTAL SERVICE WITNESS EGGLESTON

category and zone in library reference USPS-LR-J-64, Attachment B, page 6. If not confirmed, explain.

(o) Provide a calculation of the Parcel Post transportation-related costs per cubic foot by rate category and zone using a Base Year mix for the Test Year Before Rates cubic feet by rate category and zone in library reference USPS-LR-J-64, Attachment B, page 6.

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 21, 2001
Philadelphia, PA

#3582602

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.

A handwritten signature in black ink, appearing to read "Brian Reimer", written over a horizontal line.

Brian M. Reimer

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December 31, 2001