

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

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF UNITED PARCEL SERVICE
(UPS/USPS-30-31)

The United States Postal Service hereby provides its response to the following interrogatories of United Parcel Service: UPS/USPS-30-31, filed on December 21, 2001.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys

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Chief Counsel, Ratemaking:



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January 4, 2002

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTEROGATORIES OF THE UNITED PARCEL SERVICE**

UPS/USPS-30. Refer to page 22 of the testimony of Postal Service witness Hatfield (USPS-T-18), where he states that to estimate FedEx transportation costs he used volumes that "were provided by USPS Network Operations Management and are based on the current implementation plans . . . for the initial months of the agreement." Provide a comparison of the estimate of daytime volumes witness Hatfield used in his model to the actual daytime volume that were transported in Accounting Periods ("APs") 1, 2, and 3 of FY2002. For purposes of this question, provide the comparison as a percentage difference between the estimate and the actual results. Actual volumes do not need to be provided. Discuss any differences between the estimates and the actuals for APs 1, 2, and 3 of FY2002. If volume information is not available for APs 1, 2, and 3, provide comparisons based on all available data since the contract began.

RESPONSE:

The actual volume transported on the FedEx daytime network for APs 1, 2, and 3 of FY2002 was approximately 0.9%, 16.8%, and 21.2%, respectively, above the cubic foot estimate provided to witness Hatfield. This variance is caused by a variety of factors. First, the estimate provided to witness Hatfield represents an average daily volume estimate for the entire fiscal year. The APs referenced in this question tend to have heavier mail volumes than the remaining APs in the fiscal year. Therefore, to the extent that FedEx volumes will vary with total mail volumes, a positive variance would be expected in APs 1-3. Second, as a result of the FAA restrictions regarding the type of mail permissible on commercial carriers, the FedEx network carried more volume than was originally planned during APs 1-3.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTEROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-31. Compare the estimated mix of mail by Air Class Tag (ACT) on the FedEx daytime network to the actual volume of First-Class and Priority Mail that was transported on the FedEx daytime network for Accounting Periods ("APs") 1, 2, and 3 of FY2002 to the estimates for FY2002 used by witness Hatfield (USPS-T-18). For purposes of this question, actual volumes of First-Class and Priority Mail do not need to be provided. Discuss any differences between the actual volumes for APs 1, 2, and 3 and the estimates used by witness Hatfield. If volume information is not available for APs 1, 2, and 3, provide comparisons based on all available data since the contract began.

RESPONSE:

Currently, Postal Service information systems do not track the mix of mail by ACT on the FedEx daytime network. Therefore, the information requested in this question is not available for APs 1-3.

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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