

BEFORE THE  
POSTAL RATE COMMISSION

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

DOCKET NO. R97-1

**TWELFTH SET OF INTERROGATORIES FROM UNITED PARCEL SERVICE  
TO UNITED STATES POSTAL SERVICE WITNESS MAYES  
(UPS/USPS-T37-63 through 72)**

(September 12, 1997)

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby serves the following interrogatories and requests for production of documents directed to United States Postal Service witness Mayes (UPS/USPS-T37-63 through 72).

Respectfully submitted,



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Of Counsel.

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**UPS/USPS-T37-63.** Please confirm that tab "WP I.F., page 3," in the spreadsheet H197-4.xls, refers to the two spreadsheets: "\EXCEL\96bd\96RPWREV\ [QT967V2.XLW]" and "\EXCEL\96bd\4c\ [PPBD96R2.XLS]."

- (a) Please confirm that these two spreadsheets give the actual GFY 1996 volumes and are used to calculate the amount of GFY 1996 volume that currently participate in barcoding, presorting, OBMC entry, and DSCF entry.
- (b) Please confirm that the 1996 GFY volumes in WP I.F., page 3 are mislabeled, such that "GFY 1996 Volumes" would be more appropriately labeled as "Affected GFY 1996 Volumes."
- (c) Confirm that the values linked to in these sheets can be derived by dividing the GFY 1996 Volume by the Percentage of CY 1996 Volume.
- (d) Confirm that the values below are equal to what is found in the linked sheets. If you cannot confirm, please provide the sheets.

Volume Currently Barcoded:	Actual GFY 1996 Volumes
Library Mail	30,133,194
Special Standard	189,793,314
Bound Printed Matter	516,111,172
Parcel Post	212,828,323
Parcel Post Volumes Currently:	
BMC Presort	66,223,149
OBMC Entry	66,223,149
DSCF Entry	96,406,682

**UPS/USPS-T37-64.** Both you and witness Sharkey apply a two-cent per pound non-transportation weight-related handling charge to your rates.

- (a) Please explain why two cents was chosen over some other amount (e.g., 1 cent per pound, or 5 cents per pound).

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- (b) Please discuss any other amounts considered for this charge, or confirm that no other amounts were considered. Did you confer with witness Sharkey regarding the two-cent per pound charge?
- (c) Please discuss the historical use of this type of charge and provide documentation regarding the legitimacy of the charge and any commission decisions supporting it.

**UPS/USPS-T37-65.** Please refer to your response to UPS/USPS-T37-3.

- (a) Confirm that you have no survey data with respect to the amount of current volume entered as DDU or new volume that would be entered as DDU if a discount were implemented. If not confirmed, explain in detail.
- (b) Confirm that you assumed that there would be no new volume attracted by the implementation of DDU program in and of itself (*i.e.*, other than the growth applicable to parcel post as a whole from the base year to the test year). If not confirmed, explain in detail.

**UPS/USPS-T37-66.** In Table 1 of USPS-T-6, witness Tolley notes that Test Year After-Rates volume for Parcel Post is 231.879 million, and that "Adjusted After-Rates" volume for Parcel Post is 234.660 million, and cites USPS-T-37 as the source of the Adjusted After-Rates volume for Parcel Post.

- (a) Provide the source page in USPS-T-37 that matches the 234.660 million figure cited by Tolley. If not available, show in detail how the 234.660 million figure can be derived based on figures contained in USPS-T-37.
- (b) In USPS-T-37, WP II.A., page 1 of 7, you list Test Year After Rates Volume for Parcel Post of 231,879,000. Please explain why you do not list Test Year After Rates Volume of 234,660,000 in WP II.A., per the Adjusted After-Rates volume for Parcel Post listed on Table 1 of USPS-T-6.

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- (c) Provide a detailed explanation for the adjustments you made to the parcel post volume estimate of Tolley. Explain how the additional volume was used in your analysis.

**UPS/USPS-T37-67.** Refer to USPS-T-37, WP I.I., page 1 of 3.

- (a) Confirm that you propose to pass through 98.08% of the DBMC Nontransportation Cost Savings into the DBMC Nontransportation Discount. If not confirmed, explain.
- (b) Confirm that the DBMC Nontransportation Cost Savings are comprised of acceptance and processing costs avoided by DBMC mail in comparison to intra-BMC mail. If not confirmed, explain.
- (c) Confirm that the Commission only passed through 77 percent of the identified acceptance and processing costs avoided by DBMC mail in R90-1 and in R94-1.
  - (i) If confirmed, explain why your proposed pass through is significantly higher than that used by the Commission in R90-1 and R94-1.
  - (ii) If not confirmed, explain in detail and in particular explain any and all differences between the 77% figure used in the Commission's DBMC rate design in R90-1 and R94-1, and the 98.08% pass through in your proposed R97-1 rate design for DBMC.

**UPS/USPS-T37-68.** Please refer to your response to interrogatory

UPS/USPS-T37-20. The purpose of this question was to better understand the rules and options a parcel post drop shipper has for designating entry facilities for computing postage using that facility's zone chart related to where parcels are actually dropped (e.g., dropping at a BMC and using the parent post office zone chart.) The interrogatory is therefore restated below.

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- (a) Provide a detailed description of the rules and options parcel post shippers have for assigning the origin zip code that will be used for calculating parcel post rates from zone charts (referring to entry facilities, service area, addresses etc.) for each of the following:
  - (1) DBMC;
  - (2) OBMC entry;
  - (3) BMC presort;
  - (4) DSCF dropship;
  - (5) DDU dropship
- (b) Please provide an example for these rules and options using actual postal facilities and zip codes for (a) (1)-(5).

**UPS/USPS-T37-69.** Please refer to your response to UPS/USPS-T37-15, and DMM section E652.3.

- (a) Provide 10 representative completed copies of Form 8125 for DBMC plant -verified drop shipments occurring in 1997 at the Chicago BMC for each of the following:
  - (1) Bedloaded parcel post from mailer plants outside the Chicago BMC service area;
  - (2) Bedloaded parcel post from mailer plants from within the Chicago BMC service area;
  - (3) Palletized parcel post from mailer plants from outside the Chicago BMC service area;
  - (4) Palletized parcel post from mailer plants from within the Chicago BMC service area;
  - (5) Bedloaded parcel post and third class mail on the same vehicle from mailer plants outside the Chicago BMC service area;

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- (6) Bedloaded parcel post and third class mail on the same vehicle from mailer plants within the Chicago BMC service area;
  - (7) Palletized parcel post and third class mail on the same vehicle from mailer plants outside the Chicago BMC service area;
  - (8) Palletized parcel post and third class mail on the same vehicle from mailer plants inside the Chicago BMC service area;
- (b) For each Form 8125 provided in question (a), identify the postal facility and parcel post zone chart used for determining postage.
  - (c) Provide copies of PS Form 3605 for each DBMC Form 8125 provided in question (a).

**UPS/USPS-T37-70.** Please refer to your response to UPS/USPS-T37-15 and DMM section E652.3. Please confirm that postal employees are sometimes employed at detached mail units at the mailer's origin plant for verification of DBMC parcel post under an authorized plant-verified drop shipment system.

- (a) If confirmed, describe the assignment and duties of these employees, including an explanation of whether these employees are assigned full time, part time, or other, and how the costs for these employees are assigned to parcel post DBMC service.
- (b) If not confirmed, please explain your answer

**UPS/USPS-T37-71.** Do DBMC parcel post drop shippers use postal packs when delivering mail to Postal Service facilities?

- (a) If yes, who provides the postal packs to the shippers?
- (b) How are the postal packs controlled?


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- (c) What is the cost of a new postal pack?
- (d) How many postal packs have been provided to DBMC mailers in FY1996?

**UPS/USPS-T37-72.** During a visit to the Southern Maryland Processing and Distribution Center on September 4, 1997, a placard was pointed out on the dock of the BMC titled "Drop Shipment Clearance Procedures." Please provide a complete copy of this placard.

**CERTIFICATE OF SERVICE**

I hereby certify that I have this date served the foregoing document in accordance with section 12 of the Commission's Rules of Practice.

  
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Albert P. Parker, II

Dated: September 12, 1997  
Philadelphia, PA