

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS JOHN P. KELLEY (USPS-T-15) TO INTERROGATORIES OF
UNITED PARCEL SERVICE (UPS/USPS-T15-5-6) (July 27, 2006)

The United States Postal Service hereby provides the responses of witness John P. Kelley (USPS-T-15) to the following interrogatories of United Parcel Service, filed on July 13, 2006:

UPS/USPS-T-15-5-6

UPS/USPS-T15-4 has been redirected to the Postal Service for an institutional 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

Brian M. Reimer

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-3037, Fax -5402
Brian.M.Reimer@usps.gov

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS
KELLEY (USPS-T-15) TO INTERROGATORY OF UNITED PARCEL SERVICE

UPS/USPS-T15-5. Refer to USPS-T-15, page 3.

(a) How long is a Fedex "schedule block"?

(b) Are "schedule blocks" always the time intervals over which volume is computed for purposes of determining which block rate applies to mail moving over the Day Turn network?

RESPONSE:

(a) FedEx schedule blocks range from one month to three months.

(b) No. The Postal Service calculates volumes over a "schedule period" time interval, which are typically one month in length and are subsets of "schedule blocks."

Errata to my testimony will be filed in order to state, in reference to time intervals, "schedule period" rather than "schedule block."

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS
KELLEY (USPS-T-15) TO INTERROGATORY OF UNITED PARCEL SERVICE

UPS/USPS-T15-6. Is the non-volume variable portion of Day Turn network costs treated as an institutional cost or as a product specific fixed cost? Explain in detail the economic rationale for the treatment of the non-volume variable portion of Day Turn network costs.

RESPONSE:

The non-volume variable portion of Day Turn network costs is treated as product specific to the group of products made up of Priority Mail and First Class Mail. These costs are treated as product specific to this group because the Day Turn exists to transport these two products.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

Brian M. Reimer

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-3037, FAX: -5402
July 27, 2006
Brian.M.Reimer@usps.gov