

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
INTERROGATORY OF UNITED PARCEL SERVICE, REDIRECTED FROM  
WITNESS JOHN P. KELLEY (USPS-T-15) (UPS/USPS-T15-4) (July 27, 2006)

The United States Postal Service hereby provides its institutional response to the following interrogatory of United Parcel Service, filed on July 13, 2006, and redirected from witness John P. Kelley (USPS-T-15):

UPS/USPS-T-15-4

The 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

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

**UPS/USPS-T15-4.** Refer to USPS-T-15, page 2, where you indicate that the Postal Service substantially increased the volume of mail flow on the FedEx Day Turn network in the Fall of 2001. You also indicate that, subsequent to this change, the contract has been altered to incorporate a declining block rate structure.

(a) When was the declining block rate structure incorporated?

(b) Was the declining block rate structure incorporated at the request of the Postal Service or at the request of FedEx?

(c) Describe in detail the economic and/or operational rationale for incorporating the declining block rate structure.

**RESPONSE:**

(a) January 1, 2002.

(b)-(c) Because the Postal Service anticipated providing substantially increased volume, it sought and negotiated a declining block rate structure to minimize its costs.

## **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.

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July 27, 2006  
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