

**BEFORE THE  
POSTAL RATE COMMISSION**

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**POSTAL RATE AND FEE CHANGES, 2006**

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**DOCKET NO. R2006-1**

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**RESPONSES OF UNITED PARCEL SERVICE WITNESS LUCIANI  
TO FOLLOW-UP INTERROGATORIES OF UNITED STATES POSTAL SERVICE  
(USPS/UPS-T2-14 through 16)  
(October 25, 2006)**

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Pursuant to the Commission's Rules of Practice, United Parcel Service hereby files the responses of UPS witness Ralph Luciani to the following follow-up interrogatories of the United States Postal Service: USPS/UPS-T2-14 through 16.

Respectfully submitted,

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John E. McKeever  
Phillip E. Wilson, Jr.  
Laura A. Biancke  
Attorneys for United Parcel Service

DLA Piper US LLP  
One Liberty Place  
1650 Market Street, Suite 4900  
Philadelphia, PA 19103-7300  
(215) 656-3310  
(215) 656-3301 (FAX)

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**USPS/UPS-T2-14.** In your response to USPS/UPS-T2-4 you state that the age of a given study raises "concerns that should be evaluated and addressed about the study's continued applicability." Please assume a hypothetical study that studies certain operations. Do you agree that the less those operational conditions have changed since the study, the greater is the study's "continued applicability," and the less need there is for updates to that study? If you do not agree, please explain.

**RESPONSE:**

I agree that the less the certain operations have changed since the time of the hypothetical study, the greater the likelihood of the study's "continued applicability" concerning those operations. While an operation may not have changed, the characteristics of the mail processed in the operation could have changed.

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**USPS/UPS-T2-15.** In your response to USPS/UPS-T2-7(b) you state that "it is likely there have been changes since 1982 in a number of factors that have changed the productivity of this operation from that of 24 years ago." You then proceed to list various factors that may have affected the productivity value.

(a) You specifically indicate that the average density and size of the parcels might affect the productivity value. Please indicate how the size and density of parcels have changed over time and explain how that change might have affected the productivity value.

(b) You specifically indicate that the extent to which 9-digit ZIP codes are used might affect the productivity value.

(i) Please confirm that the DDU operation is used to sort 5-digit groupings of parcels to the carrier route level. If not confirmed, please explain.

(ii) Please confirm that the delivery unit clerks who sort the parcels are "scheme-trained" such that they can look at the address on a mail piece for a given 5-digit ZIP Code and subsequently sort that mail piece to the appropriate carrier route and that no 9-digit ZIP Code is required to perform that task. If you do not confirm, please explain.

(iii) Please explain how 9-digit ZIP Codes could affect the productivity value for parcel sorting operations performed at delivery units.

(c) You specifically indicate that the types of containers that parcels are in prior to carrier-route sortation might affect the productivity value. Please describe the types of containers that are used now and indicate whether they were also used in 1982. For each container type change, please indicate how it might have impacted the productivity value.

(d) You specifically indicate that the number of carrier route hampers might affect the productivity value.

(i) Please describe how the productivity value would be affected if the number of carrier route hampers is greater now than it was in 1982.

(ii) Please describe how the productivity value would be affected if the number of carrier route hampers is less now than it was in 1982.

(iii) Please confirm that technology changes, such as delivery point sequencing, have resulted in a reduction in the number of carriers in some delivery units. If you do not confirm, please explain.

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**RESPONSE:**

a. I do not know how the density and size of the Bound Printed Matter pieces examined in the 1982 study compare to Parcel Post pieces over time. However, according to CRA data, the average cubic feet per piece for Parcel Post increased from 0.538 in FY82 (Docket No. R2000-1, USPS-T-26, Attachment A, page 6, column 14) to 0.983 in FY2005 (USPS-LR-L-2, Parcel Post cubic feet divided by pieces). Moreover, Parcel Select pieces have higher cubic feet per piece on average than non-Parcel Select pieces. UPS/USPS-T21-3(a), Tr. 3/308. Pieces with higher cubic feet per piece could take longer to sort due to greater difficulty in picking up the parcel and placing, tossing, or fitting the parcel into the appropriate carrier route hamper.

b. (i) Confirmed that the parcel sortation to carrier route at the DDU is for parcels with 5-digit zip codes that destinate at that DDU. My understanding is that several 5-digit groupings may be combined (see UPS/USPS-T25-6(a), Tr. 11-A/3977, in Docket No. R2001-1).

(ii.) It is my understanding that the clerks are trained in the efficient sortation of parcels in their branch. I do not know the specifics of the "scheme training". It is my understanding that a 9-digit zip code is not required to perform a carrier route sortation.

(ii.) All else equal, it is possible that manually reading a 4-digit zip code extension at the end of an address could be accomplished more quickly than reading a

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street address. While I do not propose studying the impact of 9-digit zip codes on the DDU sortation costs, I do recommend that a study be conducted of the cost to sort Parcel Post pieces to carrier route at the DDU.

c. I am not specifically aware of the changes in container use upon entry at the DDU from that of 24 years ago since the Postal Service has not performed any studies regarding DDU-entry profiles for Parcel Post since the inception of DDU-entry rates. My understanding is that DDU-entry parcels may arrive at the sortation area on pallets. It is possible that removing shrink wrap from the pallet and reaching for each parcel from the pallet may increase sortation time. While I do not propose studying the impact of containerization on the DDU sortation costs, I do recommend that a study be conducted of the cost to sort Parcel Post pieces to carrier route at the DDU.

d. (i) and (ii). All else equal, it is possible that the higher the number of carrier-route hampers, the longer the sortation time. While I do not propose studying the impact of the number of carrier route hampers on the DDU sortation costs, I do recommend that a study be conducted of the cost to sort Parcel Post pieces to carrier route at the DDU.

(iii) I do not know, but would expect that this could be the case.

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**USPS/UPS-T2-16.** Please refer to your response to USPS/UPS-T2-11.

(a) Please explain your statement that "a cost model could be more complex than the actual operation" and indicate which operation included in the USPS-LR-L-46 cost model might be more complex than the actual operation.

(b) Your response appears to indicate that there is not always an exact 1 to 1 correlation between the operations included in the cost model and the operations represented by the cost pools. Is this correct? If it is not correct, please describe your position.

(c) If part (b) does accurately describe your position to some extent, please indicate why the specific value of a CRA proportional adjustment factor should be used as a means to gauge the accuracy of a given cost model.

**RESPONSE:**

a. The initial question was with respect to "any cost model." I would not expect the operations included in the Postal Service cost model in USPS-LR-L-46 to be more complex than the actual operations.

b. Agreed. See my response to USPS/UPS-T2-11(b).

c. See my response to USPS/UPS-T2-12.