

DOCKET SECTION

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

INTERROGATORIES OF UNITED PARCEL SERVICE
TO NEWSPAPER ASSOCIATION OF AMERICA WITNESS CHOWN
(UPS/NAA-T1-1 through 3)

(January 20, 1998)

Pursuant to the Commission's Special Rules of Practice, United Parcel Service hereby serves the following interrogatories and request for production of documents directed to Newspaper Association of America witness Chown (UPS/NAA-T1-1 through 3).

Respectfully submitted,



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Stephanie Richman
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Of Counsel.

**INTERROGATORIES FROM UNITED PARCEL SERVICE
TO NEWSPAPER ASSOCIATION OF AMERICA WITNESS CHOWN**

UPS/NAA-T1-1. Please refer to page 18, line 24, where you refer to "markups based upon the weighted attributable costs."

(a) Please confirm that you are not recommending that these markups be applied directly to unweighted attributable costs to determine rates. Please explain any answer other than an unqualified confirmation.

(b) Please confirm that to determine actual rates, the Commission must convert the weighted markups to another set of numbers -- call them unweighted markups -- which are then applied to unweighted attributable costs. Please explain any answer other than an unqualified confirmation.

(c) Is it correct that your testimony does not indicate how to determine specific rates from the weighted markup system you propose? If the answer is "no," please provide the reference to your proposed method.

(d) Do you agree that one way for arriving at actual rates could be summarized as follows: First, compute weighted attributable costs according to the method set forth in your testimony; second, determine markups based on the criteria set forth in Section 3622(b), using weighted attributable costs as the cost base; third, compute the contribution to institutional costs that would result from those markups; fourth, to determine actual rates, calculate another set of markups by dividing the sum of "true" attributable cost plus the contribution determined in steps one through three by the sum of true attributable costs? Please explain any answer other than an unqualified confirmation.

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(e) Aside from what is discussed in (d) above, are there any other ways to go from your weighted attributable cost calculations to actual rates?

(f) Please confirm that the markups computed in step four of part (d) would be applied to attributable costs in the same way that markups determined using the Commission's current methods are applied to attributable costs. If you do not confirm, please explain.

UPS/NAA-T1-2. Please refer to Exhibit NAA-1A, page 5, which refers to \$1,983,222,000 of "Other Costs & Adjustments." Please provide a list of the cost segments and components that make up "Other Costs," and please list or provide a reference for the "Adjustments."

UPS/NAA-T1-3. (a) Please refer to Exhibit NAA-1C. Please confirm that you identify \$18,261,239,000 of institutional cost for the four functions.

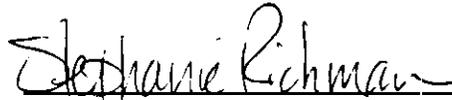
(b) Please refer to Exhibit NAA-1A, page 5. Please confirm that the Postal Service proposal shows total institutional costs of \$26,997,063,000.

(c) Please confirm that \$8,735,824,000 of institutional cost is not identified in Exhibit NAA-1C. Please explain any answer other than an unqualified confirmation.

(d) Is it a correct interpretation of your testimony that none of the \$8,735,824,000 of unidentified attributable cost is associated with the \$1,983,222,000 of "Other Costs & Adjustments"? Please explain any answer other than an unqualified "yes."

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.


Stephanie Richman

Dated: January 20, 1998
Philadelphia, PA