

DOCKET SECTION

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

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POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF UNITED PARCEL SERVICE (UPS/USPS-42-43)

The United States Postal Service hereby provides responses to the following interrogatories of United Parcel Service: UPS/USPS-42-43, filed on February 17, 1997.

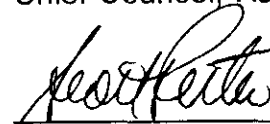
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Scott L. Reiter

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March 3, 1998

U.S. POSTAL SERVICE RESPONSE TO
INTERROGATORIES OF UNITED PARCEL SERVICE

UPS/USPS-42. Please refer to your response to interrogatory UPS/USPS-T28-45.

- (a) Refer to part (a) of your response. Please confirm that USPS LR-H-327 currently overstates the outgoing mail processing costs avoided by DBMC parcel post. If not confirmed, please explain.
- (b) Refer to part (c) of your response. Please confirm that the file cstshape.xls is not contained in USPS LR-H-315, but rather in LR-H-320. If not confirmed, please explain.
- (c) Refer to part (f)(iii) of your response. Please provide an exact page number indicating where the value of \$15,988,000 was obtained.
- (d) Refer to part (g)(iii) of your response. Please provide an exact page number indicating where the value of \$216,000 was obtained.
- (e) Refer to part (h)(iii) of your response. Please provide an exact page number indicating where the value of \$859,000 was obtained.
- (f) Refer to part (i)(iii) of your response. Please provide an exact page number indicating where the value of \$72,235,000 was obtained.

RESPONSE

- a. It is not confirmed that LR-H-327 necessarily overstates the outgoing mail processing costs avoided by DBMC parcel post. Although the numbers filed in LR-H-327 are higher than those one would get by properly adjusting the numbers in LR-H-144 to create LR-H-323, the numbers (even as corrected) in LR-H-323 may be biased downwards. Witness Crum excluded all outgoing costs at BMCs in his calculation to be conservative. Witness Luciani confirms that his Exhibit UPS-4B could be used to show that DBMC avoids 7.9 cents per piece of outgoing costs at BMCs compared to intra-BMC. Tr. 26/14,415. In LR-H-144, BMC costs comprise 47 percent of total outgoing costs. However, in LR-H-323, BMC costs comprise 52 percent of total outgoing costs. Because of witness Crum's conservative assumption and the shift of outgoing costs towards BMCs, the outgoing mail processing costs avoided by DBMC parcel post may be further understated.
- b. Confirmed.

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c.-f. The numbers you refer to are from the piggybacked version. The non-piggybacked numbers should have been supplied instead. Those numbers are respectively: (c) \$11,280,000 (d) \$159,000 (e) \$644,000 (f) \$37,429,000. Those numbers can be found by going to page IV-2 of LR-H-320 (tab Adj. Parcelcst) and multiplying the column titled 4th Parc Zone R by the Premium pay factor .9611232 (found in tab PremPay, column 4th Parc Zone R).

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UPS/USPS-43. Please refer to your response to interrogatory UPS/USPS-T28-46.

- (a) Confirm that the file cstshape.xls was included in USPS LR-H-320.
- (b) Please provide the exact page where the values in "Column 10" of USPS LR-H-323 can be found. If this is not possible, please explain in full.

RESPONSE

- a. Please refer to the response to UPS/USPS-42(b).
- b. In LR-H-323, the values in "Column 10" can be found in Column 10 of the tab "BasicFunNoPig". If your question refers to accurately tracing the numbers in LR-H-323 back to LR-H-320, please refer to the response to UPS/USPS-42, (c)-(f).

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

A handwritten signature in cursive script, appearing to read "Scott L. Reiter", is written over a horizontal line.

Scott L. Reiter

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