

BEFORE THE
POSTAL REGULATORY COMMISSION

PERIODIC REPORTING
(PROPOSAL FOUR)

: Docket No. RM2016-12
:
:

UNITED PARCEL SERVICE, INC.'S MOTION FOR
ISSUANCE OF INFORMATION REQUEST TO THE UNITED
STATES POSTAL SERVICE
(September 27, 2016)

United Parcel Service, Inc. ("UPS") respectfully submits this Motion for Issuance of Information Request to the United States Postal Service ("Postal Service") for additional information relating to Proposal Four.

Proposal Four concerns the treatment of purchased highway transportation costs within the Cost and Revenue Analysis report. See Petition Of The United States Postal Service For The Initiation Of A Proceeding To Consider Proposed Changes In Analytical Principles (Proposal Four), Dkt. No. RM2016-12 (Aug. 22, 2016). The purported objective of the proposal is to improve the methodology for calculating attributable purchased highway costs by incorporating the variability of purchased highway transportation capacity with respect to volume into the calculation of attributable costs for purchased highway transportation. *Id.* at 2. In support of its Petition, the Postal Service attached a report by Professor Michael D. Bradley. See Research on Estimating the Variability of Purchased Highway Transportation Capacity with Respect to Volume ("Professor Bradley's Report"), Dkt. No. RM2016-12 (Aug. 22, 2016).

Since the Postal Service filed Proposal Four and Professor Bradley's Report, the Commission has issued two separate Chairman's Information Requests designed to provide commenters with additional information about Proposal Four and Professor Bradley's Report. See Chairman's Information Request No. 1, Dkt. No. RM2016-12 (Sept. 9, 2016); see *also* Chairman's Information Request No. 2, Dkt. No. RM2016-12 (Sept. 23, 2016). In addition to the information requested by these Chairman's Information Requests, however, UPS believes additional information is needed for it to be able to provide fully informed comments. As such, UPS has provided a Proposed List of Questions (appended here to as Exhibit A) that are designed to provide more specific information about how the Postal Service makes decisions about the amount of purchased highway transportation capacity that it contracts for, and the circumstances under which capacity will change. UPS respectfully requests that the Commission issue a third Chairman's Information Request to the Postal Service in the form of Exhibit A.

Respectfully submitted,

UNITED PARCEL SERVICE, INC.,

By: /s/ Steig D. Olson

Steig D. Olson
Quinn Emanuel Urquhart & Sullivan, LLP
51 Madison Ave., 22nd Floor
New York, NY 10010
(212) 849-7152
steigolson@quinnemanuel.com

Attorney for UPS

Exhibit A

PROPOSED LIST OF QUESTIONS:

1. Most routes appear to involve multiple stops at multiple facilities. Please explain for each of the account types described in the Research Report accompanying the petition that is the subject of the Docket how the volume of mail changes from one stop to another.
 - a) Are there routes in which a truck picks up a load of mail at its first stop, and then drops portions of that mail off at subsequent stops, such that the volume of mail declines steadily over the course of the route? Approximately what portion of all routes fit this pattern?
 - b) Are there routes in which a truck starts off empty, and then picks up mail at each subsequent stop, such that the volume of mail in the truck increases steadily over the course of the route? Approximately what portion of all routes fit this pattern?
 - c) Are there routes that combine these two patterns, either dropping off mail at each stop for a portion of the route, and then picking up mail at each stop for the remainder, or picking up mail at each stop for a portion of the route, and then dropping mail off at each stop for the remainder? Approximately what portion of all routes fit this pattern?
 - d) Are there routes in which a truck drops off mail and then picks up mail at each stop along the route? Approximately what portion of all routes fit this pattern?
 - e) Are there other common patterns? If so, please describe.
2. Please describe the parameters of a typical highway transportation contract.
 - a) What is the typical term of a highway transportation contract?
 - b) Does a highway transportation contract specify a specific route or set of routes?
 - c) Does a highway transportation contract specify the stops along a route?
 - d) Does a highway transportation contract specify the type or capacity of the vehicle or vehicles to be used on each route?
 - e) If these parameters are not specified in the contract, how are they determined?
 - f) Are these parameters constant over the term of the contract, or can they change?

- g) If they change, will compensation provided to the contractor change?
 - h) How is any such change in compensation determined?
3. Please describe how the Postal Service determines the amount of capacity to be provided on a specific route, listing the factors taken into account. In particular, please describe how variations in volume by day of the week, by season, and due to random fluctuations in mail volumes are taken into account, and how they influence the amount of capacity provided.
 4. How does the Postal Service handle situations in which the volume of mail to be picked up at some stop exceeds the available capacity on the truck?
 - a) Is some mail deferred until a later run?
 - b) Does the Postal Service arrange for the provision of additional transportation?
 - c) What contractual arrangements cover such additional transportation?
 - d) Do the answers to these questions vary by the type of mail involved?
 5. Do trucks transporting mail under contract always follow regular pre-specified routes, or do they sometimes deviate from their regular routes in response to changes in Postal Service needs?
 6. If they sometimes deviate from their regular pre-specified routes,
 - a) How frequently do such deviations occur?
 - b) What circumstances cause such deviations? Who determines when such deviations will occur?
 - c) How much advance notice of such deviations is given to the truck operator?
 - d) Do such deviations affect the compensation paid to the truck operator?
 7. Does the Postal Service ever arrange for purchased highway transportation on a short-term or emergency basis? If so,
 - a) How frequently does this occur?
 - b) Under what circumstances does it occur?
 - c) How much capacity has been purchased under such short-term conditions in each fiscal year included in the period analyzed by Dr. Bradley for this docket?
 - d) What contractual arrangements govern the provision of such service, and the payment made for it?

- e) Are these contracts included in the dataset that was used in the econometric analyses performed in connection with RM2014-6, Proposal Six?
 - f) Are these short-term or emergency services part of the universe of movements covered by the TRACS sample?
 - g) For how long will such short-run or emergency service be provided?
8. Do trucks transporting mail under contract for the Postal Service simultaneously transport other goods for other customers?
- a) If so, on what share of contracts does this occur? Has this changed over the course of the 6-year period analyzed by Dr. Bradley?