

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

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS
JENNIFER L. EGGLESTON TO INTERROGATORY OF UNITED PARCEL SERVICE,
REDIRECTED FROM WITNESS JAMES M. KIEFER
(UPS/USPS-T33-35 (c) and (d)) (December 26, 2001)

The United States Postal Service hereby files the response of witness Jennifer L. Eggleston to the following interrogatory of United Parcel Service, redirected from witness James M. Kiefer:

UPS/USPS-T33-35(c) and (d), filed on December 10, 2001.

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

Brian M. Reimer
Attorney

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-3037 Fax -5402
December 26, 2001

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS JENNIFER L. EGGLESTON TO INTERROGATORY
OF UNITED PARCEL SERVICE

UPS/USPS-T33-35.

Refer to your response to interrogatory UPS/USPS-T33-1(c), (f), and (i) where costs for the 3-pound Destination Delivery Unit (“DDU”) destination entry parcel are referred to as “unadjusted.”

.....

(c) Confirm that the final adjustments for Parcel Post adjust Test Year Parcel Post costs for the differing volume mix by rate category from the Base Year to the Test Year. If not confirmed, explain.

(d) Confirm that, in adjusting Parcel Post costs, the final adjustments use Witness Eggleston’s Parcel Post mail processing and transportation cost estimates by rate category derived in library reference USPS-LR-J-64, Attachment A and B. If not confirmed, explain.

RESPONSE:

(c). Confirmed that the purpose of the final adjustments is to account for changes in costs due to changes in the mix of mail below the CRA/rollforward categories. Final adjustments calculate this "cost adjustment" between the base year and the following years: FY 2001, FY 2002, FY 2003 - test year before rates (TYBR), and FY 2003- test year after rates (TYAR).

(d). Confirmed that the Parcel Post mail processing unit costs and the Parcel Post transportation costs estimated in LR-J-64 are used as inputs to the final adjustments model. However, it should be noted that the final adjustment model adjusts the cost estimates using the ratio of the "final adjustment" piggyback factor and the "special studies" piggyback factor.

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.

Brian M. Reimer

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