Postal Rate Commission
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BEFORE THE
POSTAL RATE COMMISSION

POSTAL RATE AND FEE CHANGES, 2006	:	**DOCKET NO. R2006-1**

INTERROGATORIES OF UNITED PARCEL SERVICE TO UNITED STATES POSTAL SERVICE WITNESS MILLER (UPS/USPS-T21-1 through 8) (June 13, 2006)

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby files the following interrogatories directed to United States Postal Service witness Miller: UPS/USPS-T21-1 through 8.

Respectfully submitted,

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UPS/USPS-T21-1. Refer to library reference USPS-LR-L-46, page 3.

(a) Explain in detail why the MODS pool for "1SACKS_M" is treated as proportional for Parcel Post in this docket when it was not treated as proportional in Docket No. R2001-1 (per Docket No. R2001-1, USPS-LR-J-64, Attachment A, page 2).

(b) Describe in detail the operations on Parcel Post mail performed in each of the pools below, and explain in detail why each pool was selected to be treated as proportional:

i. MODS "MECPARC" pool;

ii. MODS "1SACKS_M" pool;

iii. MODS "MANP" pool;

iv. MODS "1PLATFRM" pool;

v. MODS "1SACKS_H" pool;

vi. MODS "LD43" pool;

vii. Non-MODS "Allied" pool; and

viii. Non-MODS "MANP" pool.

(c) Provide Parcel Post Base Year and Test Year costs by each MODS, BMC, and non-MODS pool broken out by basic function in a manner similar to that provided in library reference USPS-LR-J-180 in Docket No. R2001-1.

UPS/USPS-T21-2. Refer to library reference USPS-LR-L-46, Page 4.

(a) Confirm that the source of the productivity of the "Parcel Sort at DU" is testimony from Docket No. R84-1 dealing with Bound Printed Matter.

i. If confirmed, explain in detail why this is an acceptable source to use in Docket No. R2006-1 for Parcel Post. If not confirmed, explain in detail.

ii. Provide a copy of USPS-LR-J-64, Attachment D, from Docket No. R2001-1.

(b) Confirm that the "Parcel Sort at DU" productivity of 509.4 units per workhour is derived by dividing 433 by the Variability Factor of 0.85 for the Non-BMC Non-MODS Manual Parcels Sort. If not confirmed, explain in detail.

(c) Confirm that this productivity assumption of 509.4 units per hour is used in USPS-LR-L-46 to derive a Test Year cost of 10.7 cents per piece for sortation of Parcel Post pieces at the DU to individual carrier routes. If not confirmed, explain in detail.

(d) Refer to library reference USPS-LR-L-46, page 3. Confirm that the cost for Parcel Post in the Test Year in the Non-MODS "MANP" pool is 26.029 cents per piece. If not confirmed, explain in detail.

(e) Explain in detail the reasons for the difference between the 10.7 cents per piece derived using the 509.4 pieces per hour productivity assumption and the 26.029 cents per piece in the Non-MODS "MANP" pool.

UPS/USPS-T21-3. Refer to library reference USPS-LR-L-82, WP-PP-1 and 10.

(a) Confirm that the average cubic feet per piece in the Test Year for Parcel

Post pieces is:

i. 0.54 for Intra-BMC and Inter-BMC parcels:

((16,194,935+46,927,911)/(34,446,158+81610,937)); and

ii. 0.76 for Parcel Select parcels:

(216,062,362/(69,001,873+2,139,320+215,597,295)).

If not confirmed, explain in detail.

(b) Confirm that in library reference USPS-LR-L-46, the Postal Service made no adjustment for the differing average sizes of Intra-BMC and Inter-BMC parcels versus Parcel Select parcels. If not confirmed, explain in detail.

(c) Do you agree that the smaller the parcel, the more parcels that fit in a container, and hence the smaller the processing cost per parcel? If you do not agree, explain in detail.

UPS/USPS-T21-4. Refer to library reference USPS-LR-L-46, page 7.

(a) Confirm that 5.3% of Inter-BMC parcels and 3.8% of Intra-BMC parcels are "retail." If not confirmed, explain in detail.

i. Define "retail" as used here.

ii. Are parcels picked up by carriers "retail" parcels? Explain in detail.

iii. Explain in detail how the figures of 5.3% and 3.8% were derived.

iv. Provide the relevant pages from the GFY 2005 RPW report and any other data sources used in this calculation.

(b) Confirm that the similar calculation in library reference USPS-LR-J-64 in

Docket No. R2001-1 found that 36.7% of Inter-BMC Parcel Post and 32.2% of Intra-BMC Parcel Post were "retail." If confirmed, explain why these retail percentages have decreased. If not confirmed, explain in detail.

(c) Identify the categories that comprise the total GFY 2005 RPW Inter-BMC and Intra-BMC Parcel Post volume, of which "non-discount stamp/meter" is one, and provide the volume in each category.

(d) Identify the various ways that Inter-BMC and Intra-BMC parcels can be entered into the Postal Service. Identify and provide any supporting data on the volume entered under each possible entry method.

UPS/USPS-T21-5. Refer to library reference USPS-LR-L-46, pages 4 and 21.

(a) Confirm that the productivity at the DDU of the Move Containers from Dock operation of 31.3 units per hour is based on the productivity of the crossdock container operation of 7.8 units per hour multiplied by 4. If confirmed, explain why the productivity was multiplied by 4. If not confirmed, explain in detail.

(b) Confirm that the basis for the crossdock container productivity is a sample of productivities at BMCs in 1982. If not confirmed, explain in detail.

(c) Provide a copy of LR-H-132, page 329, in Docket No. R97-1.

(d) Provide and describe in detail all studies and analyses conducted by the Postal Service to assess the productivity of the move operation at the DDU.

(e) Confirm that DDU-entry parcel volume represents more than 50% of the total Parcel Post volume in the Test Year. If not confirmed, explain in detail.

UPS/USPS-T21-6. Refer to library reference USPS-LR-L-46, page 21.

(a) Provide and describe in detail all studies and analyses conducted by the Postal Service to assess the number of pieces per container of DDU-entry Parcel Post and non-DDU-entry Parcel Post mail.

(b) Confirm that for DDU-entry Parcel Post:

i. At least 50 pieces must be in a single mailing;

ii. the pieces comprising a single mailing can be entered at more than one DDU;

iii. the single mailing can be on a mailer's truck that dropships non-Parcel Post mail at the DDU;

iv. the pieces comprising the single mailing can be on a number of the mailer's trucks each of which can be entering the pieces at multiple DDUs; and

v. the mailer can obtain the DDU rate for the mailer's Parcel Post pieces comprising the single mailing even though the number of pieces dropped at any particular DDU can be as low as one piece from any given truck of the mailer.

If any part above is not confirmed, explain in detail.

(c) Confirm that the pieces per container for the move operation at the DDU are assumed to be the same for DDU-entry Parcel Post as for all of the other Parcel Post rate categories that arrive at the DDU from within the Postal Service system. If

confirmed, explain why this assumption is appropriate. If not confirmed, explain in detail.

UPS/USPS-T21-7. Refer to library reference USPS-LR-L-46, page 34, in this docket, USPS-LR-J-64, Attachment A, page 27, in Docket No. R2001-1, and USPS-T-26, Attachment F, page 1, in Docket No. R2000-1.

(a) Confirm that the Postal Service's calculated DBMC window service cost savings are/were:

i. 30.1 cents per piece in this docket;

ii. 13.5 cents per piece in Docket No. R2001-1; and

iii. 10.5 cents per piece in Docket No. R2000-1.

If not confirmed, explain in detail.

(b) Explain in detail the reasons why the DBMC window service cost savings since Docket No. R2000-1 have more than doubled.

(c) Confirm that less than 5% of aggregate Intra-BMC and Inter-BMC Parcel Post volume is window-entered. If not confirmed, explain in detail.

(d) Confirm that the window service costs being allocated to this window-entered volume is more than $6.44 per piece (0.3233 per piece for Non-Parcel Select divided by 0.05). If not confirmed, explain in detail.

UPS/USPS-T21-8. Refer to footnote 8 on page 7 of USPS-T-21. Confirm that correcting the piggyback factors would decrease the DDU cost savings compared to DBMC for machinable parcels from $1.072 to $1.037. If not confirmed, explain in detail.