

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYES TO
INTERROGATORY OF THE UNITED PARCEL SERVICE
(UPS/USPS-T25-9)

The United States Postal Service hereby files the response of Witness Mayes to the above-listed interrogatory, filed on July 11, 2006.

The interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Nan K. McKenzie

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-3089; Fax -5402
July 25, 2006

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYES TO
INTERROGATORY OF UNITED PARCEL SERVICE

UPS/USPS-T25-9. Refer to USPS-LR-L-89, Attachment B, page 6 and 17.

(a) Confirm that, per page 17, Parcel Post volume increases from 387.805 million in BY2005 to 411.572 million in the TYBR. If not confirmed, explain in detail.

(b) Confirm that, per page 6, total Parcel Post cubic feet in the TYBR is estimated to be 287.2 million. If not confirmed, explain in detail.

(c) Refer to USPS-T-9, Exhibit USPS-9C, Cost and Revenue Analysis, Base Year 2005, page 3. Confirm that the Parcel Post cubic feet was 381.2 million in BY2005. If not confirmed, explain in detail.

(d) Explain in detail the reasons for the significant decrease in Parcel Post cubic feet from 381.2 million in BY2005 to 287.2 million in the TYBR, despite the increase in Parcel Post volume from BY2005 to the TYBR.

Response:

(a) Confirmed.

(b) Confirmed.

(c) Confirmed.

(d) I would not interpret the difference in numbers as you have. I am not positing a decrease in cubic feet from base year to test year.

The cubic feet estimate in the CRA, which you have cited as the source of your base year cubic feet estimate of 381.2 million, is based on the average weight per cubic foot of 5.0 for Parcel Post in aggregate, a figure which has not been updated for several years. In order to divide the transportation costs among the Parcel Post rate categories, my analysis requires consideration of the densities as they vary by rate category. This detailed information is not available from the CRA. Therefore, I use USPS-LR-L-47 to obtain the estimated cubic feet for Inter-BMC, Intra-BMC and Parcel Select developed from sampling Parcel Post pieces.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYES TO
INTERROGATORY OF UNITED PARCEL SERVICE

As is shown in USPS-LR-L-47, the FY 2005 total cubic feet for Parcel Post as developed from sampling is 218,708,665 cubic feet for all Parcel Post rate categories, including the Balloon and Oversized pieces. This figure is smaller than my test year estimate of 287.2 million cubic feet. Please refer to USPS-LR-L-90 for the analyses that develop the estimated test year cubic feet per piece by weight for the three major rate categories of Parcel Post, and to pages 1 through 6 of Attachment B of USPS-LR-LR-89 for the use of those regression results to estimate test year cubic feet.

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.

Nan K. McKenzie

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
July 25, 2006