

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 PIFER
TO INTERROGATORY OF UPS (UPS/USPS-T18-1)
(July 25, 2006)

The United States Postal Service hereby provides the response of witness Pifer to the following interrogatory of UPS, filed on July 11, 2006: UPS/USPS-T18-1.

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

Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992, FAX -5402
July 25, 2006

**RESPONSE OF POSTAL SERVICE WITNESS PIFER
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T18-1.

Refer to USPS -LR-L-72, file "IC3-2.xls," BY 2005 Incremental Cost, C/S 3.2 Window Service, which uses output from USPS-LR-L-5, file "CS03.xls," Base Year 2005 – USPS Version, C/S 3 – Clerks & Mailhandlers-CAGs A-J.

- (a) Provide the actual sources for each of the following instances in which values found in "IC3-2.xls" do not match or cannot be found among the contents of "CS03.xls:"
- i. The values for the "Acceptance Total" cost pool, which cannot be found in "CS03.xls." For example, in "IC3-2.xls," "Inputs" worksheet, the value for First-Class Mail "Single- Piece Letters" in the "Acceptance Total" column, line 2, is \$149,198 (\$000), whereas in "CS03.xls," the "Outputs to Incremental Cost Model" worksheet contains no column labeled "Acceptance Total."
 - ii. The "Non-Acceptance VVC" cost pool in "IC3-2.xls," "Inputs" worksheet, where the value for Priority Mail in the "Non-Acceptance VVC" column, line 7, is \$19,073 (\$000), but the value identified in "CS03.xls," "Outputs to Incremental Cost Model" worksheet, column 8, line 7, is \$19,106 (\$000).
 - iii. The "Non-Acceptance VVC" cost pool in "IC3-2.xls," "Inputs" worksheet, where the data source is given as "WS 3.2.1 C14," but the data source identified in "CS03.xls," "Outputs to Incremental Cost Model" worksheet, column 8, line 7, is "WS 3.2.1 C12"
- (b) Confirm that values in "IC3-2.xls" which are documented as coming from "CS03.xls" (1) are not all found in "CS03.xls;" (2) do not all match the values contained in "CS03.xls;" and (3) sometimes cite different data sources.
- (c) If any part of (b) is confirmed, provide the actual sources for the values contained "IC3-2.xls."
- (d) If any part of (b) is confirmed, explain in detail the reasons for the discrepancies between the contents of "IC3-2.xls" and the contents of "CS03.xls."
- (e) If you do not fully confirm (b), explain in detail.
- (f) If values found in "IC3-2.xls" are drawn from a version of "CS03.xls" that differs from the one contained in USPS-LR-L-5, provide a copy of the correct version of "CS03.xls."

RESPONSE:

(a)(i, iii). An updated "CS03.xls", with the correct 'Outputs to IC' is attached to this response as an Excel file.

**RESPONSE OF POSTAL SERVICE WITNESS PIFER
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

(a)(ii). See the formula in cell F17 of the 'Inputs' sheet in workbook IC3-2.xls.

The \$19,106 coming from the 'Outputs to IC' page in "CS03.xls" is multiplied by the GDEI (Global Direct Entry Inbound) International Adjustment factor in column C. For a discussion of GDEI, see the Postal Service response to an interrogatory from the Office of Consumer Advocate in the R2005-1 proceedings, OCA/USPS-T9-3.

(b - c). Confirmed. Please see the response to question 1(a)(i) above.

(d - e). The 'Outputs to IC' page was updated to provide the inputs needed for the incremental cost model, based on the new volume variability analysis described in the testimony of Professor Bradley, USPS-T-17. The updated 'Outputs to IC' page was not included in the "CS03.xls" filed with USPS-LR-L-5.

(f). Please see above response to (a).

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992, FAX: -5402
July 25, 2006