

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS MUSGRAVE TO INTERROGATORIES OF
UNITED PARCEL SERVICE
(UPS/USPS-T8-1 - 3)

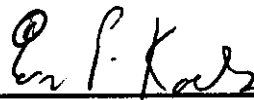
The United States Postal Service hereby provides the responses of witness Musgrave to the following interrogatories of United Parcel Service: UPS/USPS-T8-1 - 3, filed on February 3, 2000.

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



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February 17, 2000

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MUSGRAVE TO
INTERROGATORIES OF THE UNITED PARCEL SERVICE**

- UPS/USPS-T8-1.** (a) Is most Priority Mail volume sent by residential mailers?
(b) Is most Priority Mail volume delivered to residential customers?
(c) Is most Priority Mail volume either delivered to or sent by residential mailers?
(d) Is most Priority Mail volume sent by business mailers?
(e) Is most Priority Mail volume delivered to business customers?
(f) Is most Priority Mail volume either delivered to or sent by business mailers?
(g) Provide for BY 1998 (i) the volume of Priority Mail that was sent by residential customers, and, separately, (ii) the volume that was sent by businesses. If this information is not available, provide the Postal Service's best estimates of such volumes.
(h) Provide for BY 1998 (i) the volume of Priority Mail that was sent to residential customers, and, separately, (ii) the volume that was sent to businesses. If this information is not available, provide the Postal Service's best estimates of such volumes.
(i) Provide for Priority Mail the volume that was sent by businesses to residences in BY 1998. If this information is not available, provide the Postal Service's best estimates of such volumes.
(j) Provide for Priority Mail the volume that was sent by businesses to businesses in BY 1998. If this information is not available, provide the Postal Service's best estimates of such volumes.
(k) Provide for Priority Mail the volume that was sent by residential customers to businesses in BY 1998. If this information is not available, provide the Postal Service's best estimates of such volumes.
(l) Provide for Priority Mail the volume that was sent by residential customers to residences in BY 1998. If this information is not available, provide the Postal Service's best estimates of such volumes.

RESPONSE:

- (a)-(f) The following responses are based on the data supplied in (g)-(l) below.
- a. No.
 - b. No.
 - c. No.
 - d. Yes.
 - e. Yes.
 - f. Yes.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MUSGRAVE TO
INTERROGATORIES OF THE UNITED PARCEL SERVICE**

(g)-(l) It is my understanding, based on figures provided by the Postal Service, that the best available estimates are provided below.

- g(i). The estimate for GFY 1998 is 141 million pieces.
- g(ii). The estimate for GFY 1998 is 1,033 million pieces.
- h(i). The estimate for GFY 1998 is 498 million pieces.
- h(ii). The estimate for GFY 1998 is 676 million pieces.
- i. The estimate for GFY 1998 is 393 million pieces.
- j. The estimate for GFY 1998 is 641 million pieces.
- k. The estimate for GFY 1998 is 36 million pieces.
- l. The estimate for GFY 1998 is 105 million pieces.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MUSGRAVE TO
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UPS/USPS-T8-2. Refer to page 21 of your testimony, at lines 11-12, where you state, "[o]wn-price elasticity is estimated to be equal to -0.82 (-0.819), and is statistically significant with an estimated $t = -5.47$." Please define what period of time you are referring to for this estimation.

RESPONSE:

The estimation period is postal quarter three of 1970 through postal quarter four of 1999.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MUSGRAVE TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

- UPS/USPS-T8-3.** (a) Is most Express Mail volume sent by residential mailers?
(b) Is most Express Mail volume delivered to residential customers?
(c) Is most Express Mail volume either delivered to or sent to residential mailers?
(d) Is most Express Mail volume sent by business mailers?
(e) Is most Express Mail volume delivered to business customers?
(f) Is most Express Mail volume either delivered to or sent by business mailers?
(g) Provide for BY 1998 (i) the volume of Express Mail that was sent by residential customers, and, separately, (ii) the volume that was sent by businesses. If this information is not available, provide the Postal Service's best estimate of such volumes.
(h) Provide for BY 1998 (i) the volume of Express Mail that was sent to residential customers, and, separately, (ii) the volume that was sent to businesses. If this information is not available, provide the Postal Service's best estimates of such volumes.
(i) Provide the volume of Express Mail that was sent by businesses to businesses in BY 1998. If this information is not available, provide the Postal Service's best estimates of such volumes.
(j) Provide the volume of Express Mail that was sent by businesses to residential customers in BY 1998. If this information is not available, provide the Postal Service's best estimates of such volumes.
(k) Provide the volume of Express Mail that was sent by residential customers to residences in BY 1998. If this information is not available, provide the Postal Service's best estimates of such volumes.
(l) Provide the volume of Express Mail that was sent by residential customers to businesses in BY 1998. If this information is not available, provide the Postal Service's best estimates of such volumes.

RESPONSE:

- (a)-(f) The following responses are based on the data supplied in (g)-(l) below.
a. No.
b. No.
c. No.
d. Yes.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MUSGRAVE TO
INTERROGATORIES OF THE UNITED PARCEL SERVICE**

e. Yes.

f. Yes.

(g)-(l) It is my understanding, based on figures provided by the Postal Service, that the best available estimates are provided below.

g(i). The estimate for GFY 1998 is approximately 25 percent.

g(ii). The estimate for GFY 1998 is approximately 75 percent.

h(i). The estimate for GFY 1998 is approximately 26 percent.

h(ii). The estimate for GFY 1998 is approximately 74 percent.

i. The estimate for GFY 1998 is approximately 62 percent.

j. The estimate for GFY 1998 is approximately 13 to 14 percent.

k. The estimate for GFY 1998 is approximately 13 percent.

l. The estimate for GFY 1998 is approximately 12 percent.

DECLARATION

I, Gerald L. Musgrave, declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information, and belief.

G. MUSGRAVE

Dated: 2/14/00

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.



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