

**BEFOR THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0111**

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**POSTAL RATE AND FEES CHANGES, 2006**

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**Docket No. R2006-1**

**FIRST INTERROGATORIES OF PARCEL SHIPPERS ASSOCIATION  
TO  
UNITED STATES POSTAL SERVICE  
WITNESS JAMES M. KIEFER (PSA/USPS-T37-1-5)**

The Parcel Shippers Association (PSA) requests United States Postal Service to respond fully and completely to the following interrogatories and requests for production of documents pursuant to Rules 25 and 26 of the Commission's Rules of Practice and Procedure.

Respectfully submitted,

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Dated: May 22, 2006

**PSA/USPS-T37-1.** Please refer to WP-PP-29, WP-PP-30, and lines 8 through 13 on page 13 of your testimony where you state, “However, it is necessary to be cautious in selecting the level of passthroughs for two reasons. First, the benchmark Intra-BMC rates are already heavily constrained. And, second, the average weight of a typical PRS piece is less than the average weight of a typical Intra-BMC (benchmark) piece. As a result, moderated passthroughs are appropriate to guard against potential overstatement of cost savings in PRS discounts.”

- (a) Please provide the average cost per piece and average revenue per piece for intra-BMC parcels and your underlying calculations.
- (b) Please provide the average weight of a “typical PRS piece” and a “typical intra-BMC (benchmark) piece.”
- (c) Do you believe that the transportation cost savings figures shown in WP-PP-29 and WP-PP-30 are potentially overstated? If so, please explain why the transportation cost savings figures are potentially overstated and the extent to which you believe they may be overstated.
- (d) Do you believe that the nontransportation cost savings figures shown in WP-PP-29 and WP-PP-30 are potentially overstated? If so, please explain why the transportation cost savings figures are potentially overstated and the extent to which you believe they may be overstated.
- (e) Please explain the meaning of the “adjustment factor” shown on WP-PP-29 and how it was developed.

**PSA/USPS-T37-2.** Please refer to WP-PP-39, which calculates the financial impact of PRS. Please confirm that the Savings Passthrough shown in this workpaper is calculated by dividing the total revenue difference between PRS parcels and those parcels if mailed as intra-BMC parcels by the corresponding total cost difference. If not confirmed, please explain fully.

**PSA/USPS-T37-3.** Please provide the TYAR average revenue per piece and TYAR cost per piece for Parcel Select - DDU parcels and explain how these figures were developed.

**PSA/USPS-T37-4.** Please refer to WP-PP-24, WP-PP-27, and lines 19 through 22 on page 7 of your testimony where you state, “All Parcel Select DBMC machinable parcels will be required to be barcoded. The cost savings from barcoding will be reflected in the rates instead of being separately stated.”

- (a) Please confirm that the percentage rate changes shown for DBMC parcels in WP-PP-24 and WP-PP-27 compare the preliminary rates and constrained rates for barcoded DBMC parcels with the current rates for nonbarcoded DBMC parcels. If not confirmed, please explain fully.

- (b) Please confirm that the percentage difference between the preliminary and constrained rates and the current rate for barcoded DBMC parcels is larger than shown in WP-PP-24 and WP-PP-27. If not confirmed, please explain fully.
- (c) When you were designing Parcel Post rates, were you aware that the average rate increase for barcoded DBMC parcels was larger than estimated in your rate design spreadsheet?

**PSA/USPS-T37-5.** Please refer to lines 24 through 25 on page 4 of your testimony where you state, “over 50 percent of Parcel Select is DDU-entered,” WP-PP-1 and WP-PP-6.

- (a) Please confirm that, in FY 2005, 75 percent of Parcel Select volume was DDU-entered. If not confirmed, please provide the correct figure.
- (b) Please confirm that you estimate that, in the Test Year Before Rates, 75 percent of Parcel Select (excluding PRS) will be DDU-entered. If not confirmed, please provide the correct figure.
- (c) Please confirm that you estimate that, in the Test Year After Rates, 76 percent of Parcel Select (excluding PRS) will be DDU-entered. If not confirmed, please provide the correct figure.