

DOCKET SECTION

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

DOCKET NO. R2000-1

**FIRST INTERROGATORIES OF PARCEL SHIPPERS ASSOCIATION
TO UNITED STATES POSTAL SERVICE
WITNESS JOSEPH MOELLER (USPS-T35)**

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,



Timothy J. May, Esquire
Patton Boggs LLP
2550 M Street, NW
Washington, DC 20037-1350
Tel. 202/457-6050
Fax: 202/457-6315

Counsel for Parcel Shippers Association

Dated: February 4, 2000

**INTERROGATORIES OF PARCEL SHIPPERS ASSOCIATION
TO UNITED STATES POSTAL SERVICE WITNESS MOELLER**

PSA/USPS-T35-1

On pages 6 through 8 of your testimony you discuss the proposed 18¢ shape surcharge and state that it equates to a 27.5% pass-through. This is based upon your calculation that the cost difference between flats and parcels is estimated to be 65.5¢, and that the 18¢ surcharge is only 27.5% of that number. You further state that: "Ideally, a greater pass-through would be proposed. However, in order to moderate the impact on mailers, an even greater per piece increase in the surcharge is not proposed at this time."

(a) Is it not the case that your methodology and your quoted language imply that you have assumed that the amount of revenue produced per piece for flat-shaped pieces and parcels in the non-letter category are equal?

(b) Is it not a distortion to imply that the flat-parcel cost differential should be equal to the surcharge without taking into account the fact that the revenue produced per unit may suggest that no surcharge is required?

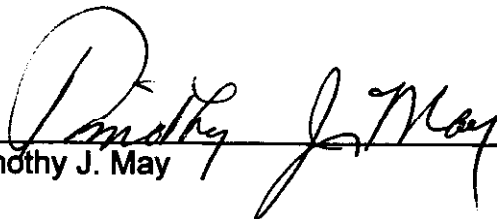
(c) If the response to (b) is in the negative, please confirm that theoretically it is possible that, even though the cost differences between flats and parcels is 65.5¢, the amount of revenue generated by parcels could be so much greater than the revenue generated by flats that, despite the cost differences, parcels have a greater cost coverage than flats?

PSA/USPS-T35-2

On page 41 of your testimony you provide the Test Year After Rates Financial Summary including the revenues, costs, and coverages for the Regular, ECR, Nonprofit and Nonprofit-ECR sub-classes. Please provide the same data separately for flats, and for IPPs and parcels, that are a part of these four sub-classes.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served six (6) copies of the foregoing document upon the United States Postal Service.



Timothy J. May

Dated: February 4, 2000