

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
TO INTERROGATORIES OF
THE PARCEL SHIPPERS ASSOCIATION
(PSA/USPS-T0-1-3)

The United States Postal Service hereby provides its responses to the following interrogatories of the Parcel Shippers Association: PSA/USPS-1-3, filed on February 4, 2000.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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February 17, 2000

**RESPONSE OF US POSTAL SERVICE TO INTERROGATORIES OF
PARCEL SHIPPERS ASSOCIATION**

PSA/USPS-1. In the Postal Service's filing it is stated that there is an anticipated implementation date of January 1, 2001. Please explain whether the filing assumes that the increase requested will be in effect for all of the Test Year 2001, or only for a part of the Test Year.

RESPONSE:

The Postal Service filing assumes that proposed rates are in effect for all of the Test Year (FY2001). test year.

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PSA/USPS-2

In this filing you have proposed to rename portions of what is currently the Standard (B) class. You have renamed Destination Entered Parcel Post as "Parcel Select." Do you intend that this be a new sub-class? A new rate category? Or simply a change of name without any classification significance?

RESPONSE:

None of the Standard Mail name changes indicated in Attachment A to the Request is intended to have any substantive classification effect. Indeed, some have already been implemented by the Postal Service. The Postal Service is simply requesting that the Commission recommend changes to the DMCS that reflect current and planned Postal Service business usage.

Parcel Select-DMBC, Parcel Select-SCF, and Parcel Select-DDU are identified (in proposed sections 521.23, 521.24, and 521.25) as new names for the existing rate categories (proposed section 521.2) of the existing Parcel Post subclass (proposed section 521).

To the extent the term "Parcel Select" may be used in testimony or elsewhere, it is simply a collective term for the three rate categories mentioned above.

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PSA/USPS-3. If the audited FY 1999 financials, when available, confirm that the USPS operated at a surplus, please explain whether your projected operating costs in FY 2001 show increases greater or less than the USPS assumes will be the rate of inflation for FY 2000 and 2001 combined in the U.S. economy.

RESPONSE:

As stated on page 11 of USPS-T-9, the Postal Service realized a net income of \$363 million in FY 1999. Estimated changes in accrued costs of 3.6% for FY 2000 and 3.8% for FY 2001 (Exhibit USPS-9M) are greater than the estimated changes in the CPI-W of 2.7% for FY 2000 and 2.0% for FY 2001 (Table 14 of USPS -T-9). However, as indicated in witness Tayman's response to DMA/USPS-T9-16, the cumulative rate increase over the last two rate cycles is five percent below inflation.

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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