

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 JENNIFER L. EGGLESTON (USPS-T26-1, 2 and 3)**

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: February 29, 2000

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

PSA/USPS-T26-1

1. Please refer to lines 18-24 on page 11 of your testimony, where you state: "As a result, it was necessary to make several assumptions in estimating the cost savings associated with these new rates and discounts. Since the rate categories and discounts are not fully examined the assumptions used in this cost study were made in a manner to mitigate the possibility of overstating cost savings. For this reason, the CRA adjustment factor discussed in Section III.B of this testimony is not applied to the cost saving estimates in this section."
 - a. Please confirm that the "new rates and discounts" referred to in the above citation include the DBMC, DSCF, and DDU rates.
 - b. Please identify and list by rate category all assumptions " used in this cost study [that] were made in a manner to mitigate the possibility of overstating cost savings."
 - c. For each assumption, please provide the assumption you would have used if you were trying to obtain the most accurate cost estimate, rather than trying to "mitigate the possibility of overstating cost savings."
 - d. For each assumption, please provide the cost difference between using the most accurate assumption described in part (c) and using the assumption that you used in your testimony.
 - e. Did you make any assumptions with the intent of mitigating the possibility of understating cost savings? If so, please identify, list, and describe them.
 - f. Did you make any assumptions that you believe will have the impact of understating cost savings? If so, please identify, list, and describe them.
 - g. Please define "fully examined" as used in the above reference.
 - h. Please explain why the Postal Service generally applies CRA adjustment factors to modeled costs when determining cost differences between rate categories.
 - i. Please identify and list all other witnesses that model mail processing costs for the purpose of rate design, but do not apply CRA adjustment factors. For each of these witnesses, explain why they did not apply CRA adjustment factors to modeled costs.
 - k. Please provide Parcel Post CRA-adjusted DBMC, DSCF, and DDU non-transportation cost savings.

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I. Please confirm that the proportional CRA adjustment factor for the Parcel Post subclass is 1.154. If not confirmed, what is it?

PSA/USPS-T26-2

2. Please refer to lines 16-18 on page 13 of your testimony, where you state: "It was found that ASFs perform in 'BMC-like' functions for 36.1 percent of their parcel volume." Please define "BMC-like."

PSA/USPS-T26-32

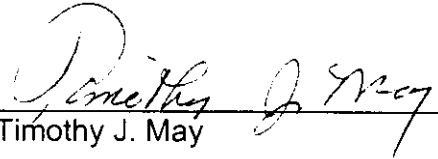
3. Please refer to lines 20-25 on page 13 of your testimony, where you state: "The second issue raised in Docket No. R97-1 was that it is not appropriate to assume that DBMC parcels avoid platform acceptance costs at other facilities. Even though DBMC parcels will actually avoid these costs at the upstream facilities, they may incur similar costs at the BMC. This is because parcels that are entered at the delivery unit or plant will instead arrive at the BMC in postal paks. In contrast, the majority of DBMC mail is bedloaded. Therefore, DBMC parcels may incur platform acceptance costs at the BMC that are similar to the costs other parcels incur when they are entered upstream from the BMC."

a. What percentage of DBMC mail is bedloaded?

b. Will DBMC mail that is not bedloaded "avoid platform acceptance costs"? If no, please explain why not.

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.



Timothy J. May

Dated: February 29, 2000