

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

RECEIVED
MAR 8 3 46 PM '00
POSTAL RATE COMMISSION
OFFICE OF THE CLERK

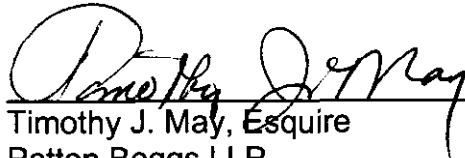
POSTAL RATE AND FEE CHANGES

DOCKET NO. R2000-1

**SECOND INTERROGATORIES OF PARCEL SHIPPERS ASSOCIATION
TO UNITED STATES POSTAL SERVICE
WITNESS VIRGINIA MAYES (USPS-T32-3, 4, 5, 6, 7 and 8)**

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: March 8, 2000

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

PSA/USPS-T32-3

In your response to PSA/USPS-T32-1 (a) you stated that one pricing criteria used to determine an appropriate set of cost coverages is the impact and that you did not regard a 1.3% increase, when the system-wide increases are 6.4%, to be out of line.

(a) Did you take into consideration the fact that, due to Postal Service data errors in previous rate cases, Parcel Post was subjected to rate increases that were far in excess of the increases that would have been required in order to meet either the cost coverage targets proposed by the Postal Service in the last rate proceeding, or those recommended by the Postal Rate Commission?

(b) You state in that same response that the cost coverage recommended by the PRC in R97-1 “was one of the lowest cost coverages recommended for Parcel Post. I would, therefore, hesitate in using the R97-1 cost coverage as the only point of reference.” Please provide every instance since Postal Reform where the Postal Rate Commission recommended a cost coverage for Parcel Post that is higher than you are requesting in this proceeding, and also provide the system-wide cost coverage recommended by the PRC in each such proceeding.

PSA/USPS-T32-4

In response to PSA/USPS-T32-1 (c) you say you are unable to reconcile the 114.1% cost coverage that you say you are recommending for Parcel Post with witness Plunkett’s statement that the rates proposed would provide a 115.1% cost

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

coverage. If witness Plunkett's math is correct and yours is wrong, would you then recommend that Parcel Post rates be reduced so that they would be in accord with your coverage recommendation of 114.1%, or would you, rather than change your testimony, say that you are recommending a coverage of 115.1%, because that is the way the recommended rates come out?

PSA/USPS-T32-5

In your response to PSA/USPS-T32-2 you say that you disagree with the representation contained in the question that rate increases and rates were "greatly excessive in terms of cost coverage" in R97-1.

(a) If the correct revenue and volume numbers for Parcel Post had been known by the Postal Service and by the Commission during the R97-1 proceeding, would a 12% increase in rates have been required in order to meet the PRC recommended coverage of 108%? Please explain any affirmative answer.

(b) Would any increase at all have been necessary in order to meet 108% cost coverage? Please explain any affirmative answer.

PSA/USPS-T32-6

In your response to PSA/USPS-T32-2 (b) you state that you do not have sufficient information to determine whether, had the data collection for Parcel Post been adjusted in time for the R97-1 proceeding, the resulting rates would have been significantly different. Please explain what information it is that you lack in order to make this determination.

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

PSA/USPS-T32-7

In response to PSA/USPS-T32-2 (b) you state that the pricing criterion "has been interpreted in the past to include consideration of the cumulative rate increases on mailers from previous rate cases when added to the increase proposed in the current case."

(a) If you are unable to determine whether the 12% rate increase recommended in R97-1 was excessive in order to meet the recommended cost coverage of 108%, then how have you been able to determine whether or not that fact, if true, would be taken into consideration, as you testify it should be, when determining the prices to be recommended in the current proceeding?

(b) Since you refuse to concede that the R97-1 increases were excessive, was it possible for you to take into account an excessive rate increase in R97-1 in determining your prices in the current case?

PSA/USPS-T32-8

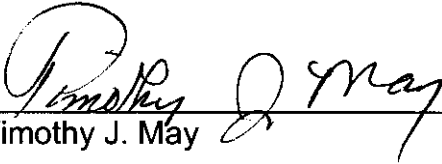
In PSA/USPS-T32-1 (d) (i) you are asked to describe the corrections made to FY 1997 and 1998 because of the "improved data collection" in your reference. As a response to that question you refer to the Postal Service's response to UPS/USPS-T5-13 redirected from witness Hunter. That answer is not responsive to the question. That question asked you to explain why there was not a large increase in the total revenue from 1997 to 1998 for Parcel Post that corresponded with the large increase in volume. PSA/USPS-T32-1 (d) (i) asked you to describe the corrections that you made to FY 1997 and 1998 because of the improved data collection. The Postal Service response

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

redirected from witness Hunter does not in any way describe the corrections in revenues and volumes that were made to FY 1997 and 1998. Please supply that corrected data for the record.

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the Postal Service by hand and by First-Class Mail upon all participants in this proceeding requesting such service.



Timothy J. May

Dated: March 8, 2000