

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
WITNESS TOLLEY TO INTERROGATORY OF
THE PARCEL SHIPPERS ASSOCIATION
(PSA/USPS-T6-1)

The United States Postal Service hereby provides the response of witness Tolley to the following interrogatory of the Parcel Shippers Association: PSA/USPS-T6-1, filed on March 8, 2000.

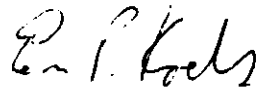
The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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March 22, 2000

**RESPONSE OF POSTAL SERVICE WITNESS TOLLEY
TO INTERROGATORIES OF PARCEL SHIPPERS ASSOCIATION**

PSA/USPS-T6-1 On page 157 of your testimony you state that, in 1998, Federal Express, United Parcel Service, and Parcel Post combined accounted for over 90% of the "domestic package market."

(a) Please provide the total number of packages, and the number of the packages carried by each of the three that, combined, equal 90% of the "domestic package market."

(b) In computing that statistic, did you include Standard (A) Parcels (under 1 pound), and what the Postal Service regards as the parcel component of Priority Mail?

(c) If the answer to (b) is in the negative, please explain why you have excluded the Standard (A) and Priority Mail Parcels from your calculation.

(d) If the answer to (b) is in the negative, please supply the Postal Service's share of the "domestic package market" if the package market is defined to include packages meeting the definition of Standard (A) Parcels (under 1 pound) and Priority Mail Parcels.

RESPONSE:

(a) Figures on the number of packages shipped by different carriers in 1998 are shown below. (sources: Colography Group and figures provided by the Postal Service)

	Total Parcels (millions of pieces)			
	Overnight	2-3 Day	Ground	Total
UPS	126	225	2,437	2,788
FedEx / RPS	261	225	349	836
Postal Service	66	1,182	1,902	3,150
Others	199	77	121	396
Total	601	1,725	4,138	7,170

The 1,902 figure for Postal Service Ground consists of approximately 322 million Parcel Post, 868 million Standard A Parcels, and 706 million other Standard B parcels. Overnight USPS is equivalent to Express Mail and 2-3 Day USPS is equivalent to Priority Mail. Both of these figures (as well, possibly, as the figures for UPS and FedEx Overnight and 2-3 day) include letters and flats as well as parcels.

If the domestic market is defined as UPS, FedEx, and Parcel Post, plus Others, then the combined total number of packages for UPS, FedEx, and Parcel Post is 3,946

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(2,788 + 836 + 322), out of a total of 4,342 (3,946 + 396), giving a market share of 3,946 / 4,342, or 90.9 percent.

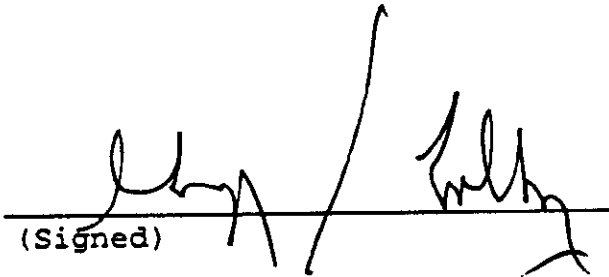
(b) No.

(c) In this section of my testimony, I was focusing on Parcel Post.

(d) If all of Express Mail and Priority Mail (as well as UPS and FedEx) were considered to be part of the domestic package market (i.e., including letters and flats), then the Postal Service's share of the total domestic package market would be equal to 3,150 / 7,170, or 43.9 percent.

DECLARATION

I, George Tolley, declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information and belief.

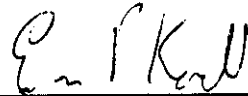


(Signed)
3-21-00

(Date)

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.



Eric P. Koetting

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