

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

RECEIVED
AUG 28 4 21 PM '97
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

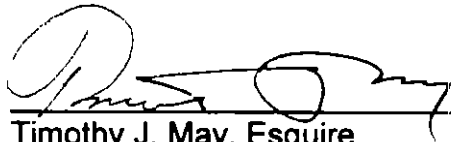
POSTAL RATE AND FEE CHANGES, 1997 :

DOCKET NO. R97-1

**PARCEL SHIPPERS ASSOCIATION
SECOND SET OF INTERROGATORIES
TO UNITED STATES POSTAL SERVICE
WITNESS VIRGINIA T. MAYES
(PSA/USPS-T37-7-8)**

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, L.L.P.
2550 M Street, N.W.
Washington, D.C. 20037-1350
Tel. (202) 457-6050
Fax. (202) 457-6315

Counsel for Parcel Shippers Association

Dated: August 28, 1997

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

PSA/USPS-T37-7. In your response to UPS/USPS-T37-34(a) in explaining why you used a markup methodology to recover revenues lost from the constraint of setting parcel post rates 5 cents less than comparable priority mail rates, you explained your preference for markups rather than surcharges as follows:

"I believe that the markup methodology is more fair than a per-piece surcharge because it ties to the cost and revenue base for each cell rather than the relatively more regressive per-piece surcharge approach that places relatively more burden on the low-cost, low-weight items."

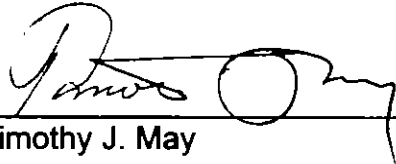
(a) Please explain why you did not apply this same preference and rationale to the recovery of the alleged cost differences between parcels and flats in Standard (A).

(b) Would it not have been fairer, to use your terminology, to use a markup approach, rather than a surcharge that disproportionately affects "low-cost, low-weight items"?

PSA/USPS-T37-8. In your response to POIR 1(a) (2) you state that the calculation of TYAR cost coverage as shown in your workpaper WP 11C. uses as its Base Year the total TYAR costs for parcel post with contingency, including intra-Alaska nonpreferential air costs. . . . " Please supply the total amount of Alaska nonpreferential air costs that are shown as a part of the TYAR costs for parcel post, and also supply for the record the TYBR intra-Alaska nonpreferential air costs charged to parcel post.

CERTIFICATE OF SERVICE

I hereby certify that I have this date 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: August 28, 1997