

**BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0111**

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POSTAL RATE COMMISSION
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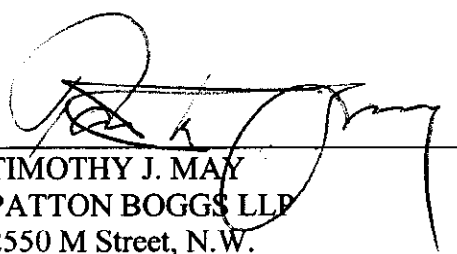
POSTAL RATE AND FEES CHANGES, 2001

Docket No. R2001-1

**SECOND INTERROGATORIES OF PARCEL SHIPPERS ASSOCIATION
TO UNITED STATES POSTAL SERVICE
WITNESS JAMES P. COCHRANE (USPS-T40)**

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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Counsel for Parcel Shippers Association

Dated: November 16, 2001

PSA/USPS-T40-5. Please refer to pages 6, 8, and 10-11 of your testimony where you discuss the transportation of Priority Mail.

- (a) In FY 2000, what was the Postal Service's decision rule regarding when to transport Priority Mail using air transportation?
- (b) What is the Postal Service's current decision rule regarding when to transport Priority Mail using air transportation?
- (c) Taking into account your response to subpart (b) of this interrogatory, what do you expect the Postal Service's decision rule regarding when to transport Priority Mail using air transportation will be in FY 2003?
- (d) In FY 2000, what percentage of Priority Mail pounds were transported by air?
- (e) What percentage of Priority Mail pounds are currently being transported by air?
- (f) What percentage of Priority Mail pounds do you expect to be transported by air in FY 2003?
- (g) Please confirm that air transportation costs (expressed on a per-pound basis) are higher than ground transportation costs. If not confirmed, please explain fully.
- (h) In the roll forward, did the Postal Service project that the percentage of Priority Mail pounds that will be transported by air in FY 2003 will be the same as in FY 2000? If your response is not in the affirmative, please explain fully.
- (i) If the percentage of Priority Mail pounds transported by air is expected to be lower in FY 2003 than in FY 2000, please provide an estimate of the cost savings that will result from the reduction in the proportion of Priority Mail that will be transported by air. Please also provide all of your underlying calculations.

PSA/USPS-T40-6. Please refer to pages 5-10 of your testimony where you discuss the processing of Priority Mail and page 25 of USPS-T-18 where witness Hatfield states, "As discussed by witness Spatola, the Postal Service has engaged third-party ground handling services to load and unload Fed Ex air containers at the majority of airstops on the day turn network. The cost for these ground handlers is included in the rollforward adjustment. FY 2002 projected costs for ground handling associated with the FedEx day turn network were taken from the actual ground handling contract awards."

- (a) In FY 2000, did the Postal Service load and unload air containers? If so, who (e.g., USPS employees, Emery employees) performed this task? If not, please explain your response fully.
- (b) Will the ground handling contracts reduce the requirement for the workers identified in your response to subpart (a) of this interrogatory to load and unload air containers? Please explain your response fully.
- (c) Has the Postal Service included any adjustments to reflect the savings that will result from the lower workload for the employees identified in subpart (a) of this interrogatory? If so, please provide a citation to where these savings are included in the rollforward. If not, please provide an estimate of the savings that will result from the reduced workload and also provide all underlying calculations.

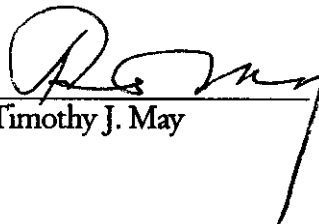
PSA/USPS-T40-7. Please refer to page 6 of USPS-T-20 where it states, "Seventh, in order to use Fed Ex assets efficiently, the Postal Service will enhance its analytical planning capabilities. Forecasted volumes by origin are required to make sure that space is used efficiently, that minimum volumes are met, and that customers' needs are taken into account. This improved quantitative approach to logistics management is expected to have positive effects on other Postal Service transportation operations." Please refer further to pages 6, 8, and 10-11 of your testimony where you discuss the transportation of Priority Mail.

- (a) Do you expect the improved quantitative approach to logistics management discussed by witness Spatola will reduce "other" Postal Service transportation costs? Please explain your response fully, provide an estimate of any cost savings you expect will result from the improved quantitative approach, and provide all of your underlying calculations.
- (b) Has the Postal Service included savings from the improved quantitative approach in its roll forward? If so, please provide a citation to where the Postal Service included these savings in the Docket No. R2001-1 roll forward.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served (6) copies of the foregoing document upon the United States Postal Service by hand and by First Class Mail upon all participants in this proceeding requesting such service.

Dated: November 16, 2001


Timothy J. May