

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

POSTAL RATE AND FEES CHANGES, 2006

Docket No. R2006-1

**FIRST INTERROGATORIES OF PARCEL SHIPPERS ASSOCIATION
TO
UNITED STATES POSTAL SERVICE
WITNESS JAMES M. KIEFER (PSA/USPS-T36-1-5)**

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
Patton Boggs, LLP
2550 M Street, NW
Washington, DC 20037
Tel: 202 457 6050
Fax: 202 457 6315
tmay@pattonboggs.com

Counsel for Parcel Shippers Association

Dated: May 15, 2006

PSA/USPS-T36-1. Please refer to USPS-T-13, Attachment 14 and USPS-T-30, Table 1, and Table 1 below.

Table 1. Test Year Standard Regular Parcel Unit Costs (in Cents)

Shape	Unit Cost
Mail Processing	59.60
Delivery	32.671
Transportation	
Other	
Total	

- (a) Please confirm that the unit mail processing and delivery costs in Table 1 are accurate. If not confirmed, please provide the correct figures and provide your source.
- (b) Please provide the Test Year unit transportation cost, the unit “other” cost, and total unit cost for Standard Regular parcels. Please also provide your sources and all underlying calculations.

PSA/USPS-T36-2. Please provide the average Test Year Before Rates (TYBR) and Test Year After Rates (TYAR) unit revenue for Standard Regular parcels. Please also provide your sources and all underlying calculations.

PSA/USPS-T36-3. Please provide the average Test Year Before Rates (TYBR) and Test Year After Rates (TYAR) unit revenue for Standard Regular hybrids. Please also provide your sources and all underlying calculations.

PSA/USPS-T36-4. Please refer to line 25 on page 18 through line 3 on page 19 of your testimony where you state, “Higher destination entry discounts recognize the fact that parcels generally are more costly to transport and move about due to their larger size, so avoiding these operations would be expected to result in larger postal savings.” Has the Postal Service estimated the costs avoided by dropshipping Standard Mail parcels? If so, please provide this information.

PSA/USPS-T36-5. Please refer to note 8 (which applies to Test Year Mail Processing Costs Per Piece) to USPS-T-36, WP-STDECR-1. This note states, “USPS-LR-L-84 (Talmo), Table 1 (Flats data used for all nonletters).” Please also refer to USPS-LR-84, Table 1.

- (a) Please confirm that USPS-LR-L-84, Table 1 shows unit mail processing costs of 3002.666 cents per piece for Standard Mail ECR Basic Parcels and 606.399 cents per piece for Standard Mail High Density/Saturation ECR parcels.

- (b) Please explain why you used the unit costs for ECR flats as proxies for the unit costs for ECR parcels, rather than using the unit costs for ECR parcels from USPS-LR-L-84, in your Standard Mail ECR rate design.
- (c) Do the unit cost figures for Standard Mail parcels in USPS-LR-L-84 appear credible to you? Please explain your response fully.