

**BEFORE 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 ALTAF H. TAUFIQUE (PSA/USPS-T32-1-5) (ERRATA)**

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, the Parcel Shippers Association (PSA) hereby submits revised interrogatories PSA/USPS-T32-1-5.

The revised interrogatories were incorrectly numbered T32-1-5; the corrected pages are attached hereto and renumbered T32-1-6.

Respectfully submitted,

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Dated: June 2, 2006

PSA/USPS-T32-1. Please refer to USPS-LR-L-129, WP-FCM-5a and page 23 of your testimony where you state, “On average single-piece parcels cost \$1.17 more to process and deliver compared to single-piece letters.”

- (a) Please confirm that in FY 2005 the average First-Class Mail single-piece parcel paid the single-piece rate plus the rate for 4.42 additional ounces and that you project the same to be true in TYAR. If not confirmed, please provide the correct figure.
- (b) Please confirm that in FY 2005 the average First-Class Mail single-piece letter paid the single-piece rate plus the rate for .06 additional ounces and that you project the same to be true in TYAR. If not confirmed, please provide the correct figure.
- (c) Please confirm that, at the proposed rates, the average First-Class Mail single-piece parcel will generate approximately 87 cents more in additional-ounce revenue than the average letter. If not confirmed, please provide the correct figure.
- (d) Please confirm that, at the proposed rates, a First-Class Mail single-piece parcel will generate 58 cents more in additional first-ounce revenue than a First-Class Mail single-piece letter. If not confirmed, please provide the correct figure.
- (e) Taking into account your response to subparts (c) and (d) of this interrogatory, please confirm that, at the proposed rates, the average First-Class Mail single-piece parcel will generate \$1.45 more revenue than the average First-Class Mail single-piece letter. If not confirmed, please provide the correct figure.
- (f) Please confirm that the revenue difference at proposed rates between First-Class Mail single-piece parcels and First-Class Mail single-piece letters (\$1.45) is larger than the unit mail processing and delivery cost difference (\$1.17) between single-piece parcels and single-piece letters. If not confirmed, please explain fully.

PSA/USPS-T32-2. Please refer to pages 22 through 24 of your testimony where you discuss rates for flat and parcel shaped pieces and your response to subpart (f) to PSA/USPS-T32-1.

- (a) Please confirm that the mail processing and delivery cost difference between letters and parcels shown in the table on page 23 reflects all mail processing and delivery cost difference between letters and parcels (including the effect of differences in both shape and weight). If not confirmed, please explain fully.
- (b) Please confirm that the \$0.58 “surcharge” shown in the table on page 23 is the rate difference between letters and parcels that both weigh one ounce. If not confirmed, please explain fully.

- (c) Please confirm that the 50% passthrough in the table on page 23 is equal to the rate difference between letters and parcels when holding weight equal divided by the cost difference between letters and parcels at their respective average weights. If not confirmed, please explain fully.
- (d) Wouldn't comparing the rate difference between letters and parcels at their respective average weights with the cost difference also at their respective average weights be a more meaningful comparison? Please explain your response fully.
- (e) Please confirm that the passthrough of the mail processing and delivery unit cost difference calculated by dividing the rate difference between single-piece parcel and letter (\$1.45) at their respective average weights and the corresponding cost difference (\$1.17) is 124%. If not confirmed, please provide the correct figure.

PSA/USPS-T32-3. Please refer to page 24 of your testimony where you state, "The moderate passthroughs that I select for shape-based rate design reflect sensitivity to the adverse impact on mailers." Please explain how setting rates such that the average postage difference between single-piece parcels and single-piece letters (\$1.45) is larger than the mail processing and delivery cost difference (\$1.17) "reflects sensitivity to the adverse impact on mailers."

PSA/USPS-T32-4. Please provide unit TYBR postage, unit TYAR postage, and unit Test Year costs for single-piece First-Class Mail single-piece parcels.

PSA/USPS-T32-5. Please provide unit TYBR postage, unit TYAR postage, and unit Test Year costs for First-Class Mail Business Parcels.

PSA/USPS-T32-6. Please refer to page 23 and page 36 of your testimony.

- (a) Please confirm that your testimony reports a unit mail processing and delivery cost for First-Class Mail single-piece parcels of \$1.368 and a unit mail processing and delivery cost for First-Class Mail presort parcels of \$3.368. If not confirmed, please provide the correct figures.
- (b) Do you believe that it costs the Postal Service \$2 more to process a presorted First-Class Mail parcel than a First-Class Mail single-piece parcel? If not, why are you using data that produce this incorrect result in your First-Class Mail rate design? Please explain your response fully.