

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

POSTAL RATE AND FEES CHANGES, 2006

Docket No. R2006-1

**THIRD INTERROGATORIES OF PARCEL SHIPPERS ASSOCIATION
TO
UNITED STATES POSTAL SERVICE
WITNESS ALTAF H. TAUFIQUE (PSA/USPS-T32-14-20)**

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: June 23, 2006

PSA/USPS-T32-14. Please refer to your response to PSA/USPS-T32-11 where you state, “The reason for some anomalous results is not the methodology or data source; rather it is the size of the subclass or rate category under consideration.” Please also refer to witness Czigler’s response to PSA/USPS-T13-1(b), which shows an approximate coefficient of variation of 11.4% for First-Class Mail Presort Letter parcels. Finally, please refer to witness Smith’s response to PSA/USPS-T13-9(a) where he confirms that “given the CVs provided by Witness Czigler, the anomalously large unit costs for parcels in the three subclasses [which include First-Class Mail Presort] identified in PSA/USPS-T13-1(c)-(e) are very unlikely to be entirely due to sampling error.”

- (a) Please provide all analyses that you have performed in support of you statement that “[t]he reason for some anomalous results is not the methodology or data source; rather it is the size of the subclass or rate category under consideration.”
- (b) Taking into account the quoted responses from witnesses Czigler and Smith, do you believe that the reason for the anomalous results for First-Class Mail Presort parcels “is not the methodology or data source; rather it is the size of the subclass or rate category under consideration.”

PSA/USPS-T32-15. Please refer to USPS-LR-L-129, WP-FCM-18 and confirm that the average cost savings for First-Class Mail Business Parcels as compared to Mixed ADC parcels is 37.0 cents. If not confirmed, please provide the weighted average cost savings of First-Class Mail Business Parcels relative to Mixed ADC parcels.

PSA/USPS-T32-16. Please refer to the table entitled “FCM – Business Parcels” on page 37 of your testimony. This table provides the mail processing cost avoided by ADC, 3-Digit, and 5-Digit parcels relative to the next higher presort level. Please provide your best estimate of the mail processing cost avoided by ADC, 3-Digit, and 5-Digit parcels relative to First-Class Mail single-piece parcels and relative to First-Class Mail Nonautomation parcels and provide all of your underlying calculations. Please include in your estimates the cost savings from meeting the automation requirements for First-Class Mail Business Parcels.

PSA/USPS-T32-17. Please refer to USPS-LR-L-129, WP-FCM-5a. Please confirm that you assume that 36% of First-Class Mail single-piece parcels (which translates into 150.3 million TYAR parcels) will shift to FCM Business Parcels. If confirmed, please explain the basis of your assumption. If not confirmed, what percentage of First-Class Mail single-pieces parcels did you assume will shift to FCM Business Parcels?

PSA/USPS-T32-18. Please refer to USPS-LR-L-129, WP-FCM-5b.

- (a) Please confirm that you assume that all 4.1 million TYAR Nonautomation parcels will shift to the Automation Parcel Category. If confirmed, please explain the basis of your assumption. If not confirmed, how many TYAR Nonautomation parcels did you assume will shift to the Automation Parcel Category?
- (b) In FY 2005, were any First-Class Mail Nonautomation parcels barcoded? If so, what percentage of these parcels were barcoded?

PSA/USPS-T32-19. Please refer to USPS-LR-L-129, WP-FCM-5b and WP-FCM-5c.

- (a) Please confirm that you assume that the distribution of First-Class Mail Business Parcels by presort level will be the same as for Automation Flats (excluding MADC flats). If confirmed, please explain the basis of your assumption. If not confirmed, what assumption did you make to determine the distribution by presort level?
- (b) Please provide the FY 2005 distribution of First-Class Mail Nonautomation parcels by presort level and all of your underlying calculations.

PSA/USPS-T32-20. Please refer to USPS-LR-L-129, WP-FCM-5a, WP-FCM-5b, WP-FCM-5c, and WP-FCM-18 and your responses to PSA/USPS-T32-15-19.

- (a) Please provide your best estimate of the total TYAR cost savings that will result from parcels shifting from First-Class Mail Single-Piece parcels and Nonautomation parcels to First-Class Mail Business Parcels. Please provide all of your underlying calculations.

- (b) Has the Postal Service included any adjustments to First-Class Mail TYAR costs to reflect the cost savings from these shifts in mail mix? If so, please provide a citation to where these cost savings have been included.