

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORY OF PARCEL SHIPPERS ASSOCIATION  
(PSA/USPS-1)

The United States Postal Service hereby files its response to above-listed interrogatory, filed on June 23, 2006.

The interrogatory is stated verbatim and are followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

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Nan K. McKenzie

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-3089; Fax -5402  
July 7, 2006

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PARCEL SHIPPERS ASSOCIATION

**PSA/USPS-1.** Please refer to the table provided in the institutional response to DBP/USPS-40, which shows unit costs by shape and weight increment.

- (a) Please confirm that the TY08 unit cost for 0-1 ounce parcels is statistically significantly higher than the TY08 unit cost for 1-2 ounce parcels. Please provide all of your underlying calculations.
- (b) Please confirm that the TY08 unit cost for 0-1 ounce parcels is statistically significantly higher than the TY08 unit cost for 1-13 ounce parcels. Please provide all of your underlying calculations.
- (c) Please explain (in terms of mailpiece characteristics and any other relevant factors) why the unit cost for 0-1 ounce parcels is statistically significantly higher than the TY08 unit cost for 1-2 ounce parcels.
- (d) Please explain (in terms of mailpiece characteristics and any other relevant factors) why the unit cost for 0-1 ounce parcels is statistically significantly higher than the TY 08 unit cost for 1-13 ounce parcels.

**Response:**

- a.-b. The Postal Service is unable to confirm. Both the costs and the volumes are subject to sampling variation. The Postal Service does not have CV estimates for the non-IOCS based costs, piggyback factors, roll-forward factors (i.e., estimating Test Year costs from Base Year costs), or volumes. Given the small size of the 0-1 ounce IPP category, the sampling variability of the unit cost is likely to be substantial.
- c.-d. The main operational factor explaining higher costs for 0-1 ounce IPPs is that 0-1 ounce IPPs are non-machinable. As the minimum weight for APPS processing is 1.6 oz., at least some pieces in all other weight increments will be machinable.

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

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Nan K. McKenzie

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