

DOCKET SECTION

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

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POSTAL RATE AND FEE CHANGES, 1997 :

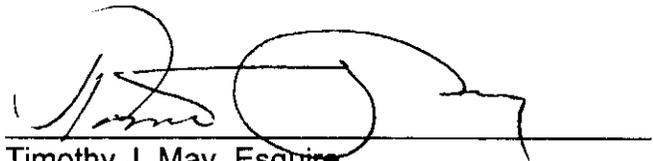
DOCKET NO. R97-1

**RESPONSE OF PARCEL SHIPPERS ASSOCIATION (PSA)
WITNESS JELLISON TO FOLLOW-UP INTERROGATORY OF
UNITED STATES POSTAL SERVICE**

The Parcel Shippers Association (PSA) hereby provides PSA witness Jellison's answer to the follow-up interrogatory of United States Postal Service: USPS/PSA-T1-47.

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

Respectfully submitted,



Timothy J. May, Esquire
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Dated: February 18, 1998

**RESPONSE OF PARCEL SHIPPERS ASSOCIATION WITNESS JELLISON
TO UNITED STATES POSTAL SERVICE INTERROGATORY**

USPS/PSA-T1-47. Please refer to your response to USPS/PSA-T1-31. You state that for 1996: "The revenues per piece for flats and parcels that I have used in my testimony are the actual revenues the Postal Service data shows were received for flats and parcels." Table 3 in Exhibit K of witness Crum's testimony (USPS-T-28), as well as Exhibit A in your testimony, shows the Postal Service's estimate of the actual costs for flats and parcels in 1996. While these sets of actual 1996 costs and revenues are clearly comparable, you choose to compare the actual revenues to another set of costs on page 27 of your testimony. Please explain fully why you did not make the simple comparison described above and also explain fully why you believe it would have been inappropriate to do so.

RESPONSE. You have asked why, in my testimony, I did not simply compare the actual costs and revenues of parcels and flats as shown in my Exhibit A and in USPS witness Crum's Exhibit K, rather than making a comparison of the costs as adjusted by witness Crum. As I have explained in my responses to USPS interrogatories 30(b) and 32, I have simply applied witness Crum's cost adjustments to witness Crum's costs. The question implies that it was inappropriate to do this because no adjustment has been made to the per piece revenue numbers for base year 1996. As I have already explained, witness Crum proposed no per piece revenue adjustment as he did per piece cost adjustment; moreover, such adjustment as might be called for is not knowable on the basis of data produced in this proceeding by the Postal Service, and it

is therefore not possible to make such an adjustment even if it were appropriate. More to the point, it is doubtful that there would be any meaningful revenue difference if such an adjustment could be calculated, given the fact that the cost adjustment that I have adapted from witness Crum's cost adjustment produces a negligible difference of 1.4 cents per piece, implying that there is relatively little difference in the degree of presortation and drop shipping between parcels and flats in the commercial regular standard (A) category, which is what my testimony compares. In other words, any adjustment that might be deemed to be appropriate, if the data permitted such an adjustment to be made, would likely be *de minimis*.

DECLARATION

I, James V. Jellison, declare under penalty of law that the foregoing answer to USPS/PSA-T1-47 is true and correct to the best of my knowledge and belief.

Executed: February 18, 1998


James V. Jellison

CERTIFICATE OF SERVICE

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



Timothy J. May

Dated: February 18, 1998