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

PRESIDING OFFICER'S
RULING NO. MC96-3/19

Special Services Fees and Classifications

Docket No. MC96-3

PRESIDING OFFICER'S RULING DENYING OCA MOTION TO COMPEL

(October 4, 1996)

The Office of the Consumer Advocate Motion to Compel Responses to Interrogatories OCA/USPS-48, 53(b) and (c), 54(b) and (e), and 56(c) ("Motion") was filed on September 6, 1996. Presiding Officer's Ruling MC96-3/16 disposed of the Motion with respect to all of these interrogatories except OCA/USPS-53(b) and (c). With respect to them, it authorized the OCA to supplement its Motion. Presiding Officer's Ruling MC96-3/17 authorized the Postal Service to reply to any supplement that the OCA might file. Based on the OCA's supplement and the Postal Service's reply, I will deny the OCA's motion to compel responses to these interrogatories.

OCA/USPS-53 refers to a variance formula at Tr. 1/57 of Docket No. R94-1 which includes as a term actual total cost associated with the Kth craft for a particular stratum (CAG) and postal quarter. Part (b) asks the Postal Service to "provide the values of these costs for each sample office for FY 1995." Part (c) asks the Postal Service to "provide costs analogous to those provided in part (b) of this interrogatory, but estimated using cost weighted IOCS data."

In its Motion, the OCA had argued that responses to these interrogatories would help it evaluate the reliability of the IOCS by allowing it to compare actual facility costs with IOCS-based facility cost estimates. Motion at 4. The Postal Service had argued that a meaningful comparison of actual costs with IOCS-based estimates cannot be made at the facility level. It had pointed out that total labor costs include costs for the entire CAG. Therefore, it asserted, if less than all offices in a CAG are sampled by IOCS, estimated costs for a particular sampled office within that CAG will be greater than the actual costs for that office.¹

In light of this apparent non-comparability of actual and estimated costs, Presiding Officer's Ruling MC96-3/16 concluded that the OCA's Motion had not adequately explained how comparing them would reflect on the reliability of the IOCS. Because of the importance of the OCA's stated goal of evaluating the reliability of the IOCS, Presiding Officer's Ruling MC96-3/16 allowed the OCA to supplement its Motion with a more detailed explanation of how it proposed to assess reliability of the IOCS using the requested data.

In its supplemental comments, the OCA acknowledges that there will be variation between estimated and actual costs by individual sample office, but asserts that

[i]t is the nature of that variation that will reflect on the reliability of the IOCS. For example, if 90 percent of the differences between actual and estimated

¹ Opposition of the United States Postal Service to Office of the Consumer Advocate Motion to Compel Responses to Interrogatories OCA/USPS-48, 53(b) and (c), 54(b) and (e), and 56(c), September 13, 1996, at 5.

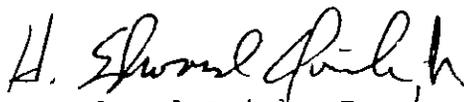
cost were positive, and 10 percent were negative, this would demonstrate a need to investigate the cause of such an odd distribution of differences.²

The OCA's supplemental comments do not propose a method for overcoming the non-comparability of actual facility costs and IOCS-based estimates of those costs. Instead, they raise the possibility that in CAGs where less than all facilities are sampled, the differences between actual and estimated costs might be distributed in highly unexpected patterns, such as patterns in which some estimated facility costs are less than actual facility costs. If so, the OCA argues, further investigation would be warranted.

This possibility appears too remote to justify the "apples and oranges" comparison that the OCA seeks, especially in view of the significant burden of responding that the Postal Service alleges. Accordingly, I will deny the OCA's motion to compel responses to OCA/USPS-53(b) and (c).

RULING

The Office of the Consumer Advocate Motion to Compel Responses to Interrogatories OCA/USPS-48, 53(b) and (c), 54(c) and (e), and 56(c), filed September 6, 1996, is denied with respect to interrogatories OCA/USPS-53(b) and (c).


H. Edward Quick, Jr.
Presiding Officer

² Office of the Consumer Advocate Comments in Response to Presiding Officer's Ruling No. MC96-3/16, September 30, 1996, at 2.