

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

RECEIVED

AUG 21 9 12 AM '96

SPECIAL SERVICES FEES
AND CLASSIFICATIONS

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY
Docket No. MC96-3

MAJOR MAILERS ASSOCIATION'S ANSWER
IN SUPPORT OF OCA'S MOTION FOR EXTENSIONS
IN THE PROCEDURAL SCHEDULE AND
OTHER PROCEDURAL RELIEF

Major Mailers Association supports the August 12, 1996
Motion of the Office of Consumer Advocate (OCA).

A. OCA's Proposed Sanction
Is Proper and Necessary

OCA asks the Commission to ""declar[e] that the instant
proceeding is subject to a day-for-day extension until such time
as the Postal Service complies with [these] Commission
Orders...."

In its July 15 response to the Postal Service's request for
reconsideration, MMA stated:

In general rate cases like Docket No. R94-1, the Commission
will always be under pressure to avoid resolving the
confrontation with the Postal Service over this issue.

* * *

No such sense of urgency attaches to this Docket No. MC96-3
proceeding. The Postal Service's current revenues exceed
its costs, and they will do so for the near future. In any
event, in Docket No. MC96-3, the Postal Service proposes
higher rates for only a few minor services, with minimal
revenue impact. In these circumstance, the Commission will
be free to extend the 10 month time period--as Section
3624(c)(2) contemplates--if the Postal Service "unreasonably
delay[s] consideration of [its] request...by failing to
respond within a reasonable time to [a] lawful order of the
Commission..." (39 USC §3624(c)(2)).

This Docket thus presents the Commission with a rare



opportunity to vindicate its principles, and the Commission should seize it.

These same considerations support grant of OCA's request.

B. The Postal Service's Refusal To Obey The Commission's Lawful Order Is "Unreasonable"

There is no merit to the Postal Service's attempt to justify its refusal to comply with the Commission's Orders. Although the Service attempted to excuse its refusals in its August 2 Statement, ABA and NNA exposed the fallacies in those arguments. (See August 13 Comments of ABA and NNA.)

In addition, the Postal Service is mistaken in asserting (Statement, p. 4) that compliance with the Commission's Orders would require the Service to "abandon its position that the single subclass costing system is wrong." The Commission did not order the Service to withdraw its exhibits using the Service's preferred methodology. The Commission did not order the Service to provide the new information in substitution for the Service's preferred exhibits. The Commission only asked the Service to provide information in addition to the Service's already-provided information.

Obeing the Commission Orders will not detract from the Service's ability to champion its preferred methodology in place of the Commission-approved methodology. With a side-by-side comparison of the two methodologies' effects, the Commission--and any reviewing court--can make an intelligent appraisal of the Service's claims.

When the Postal Service asks the Commission to abandon an established allocation method, it should be willing to supply information allowing a comparison between the financial impact of

(1) its new technique and (2) the Commission-established method. This concept is codified, for example, in the D.C. Municipal Regulations for the Public Service Commission (15 DCMR §200.2 (1991)), which provide:

Whenever, in a rate change application, a party proposes to change the ratemaking principles adopted in its most recent rate case, the party shall also file with its §200.1 filing [an application for changed rates] a statement describing each proposed change in the ratemaking principles adopted by the Commission in the applicant's last general rate proceeding, *showing the effect of each such change upon the applicant's request if no such changes were made.* (Emphasis supplied.)

In this proceeding, Docket MC96-3, this Commission's Orders do no more than require full disclosure and are, therefore, reasonable within the meaning of Section 3624(c)(2).

THEREFORE, MMA requests the Commission to grant the relief requested by OCA.

Respectfully submitted,



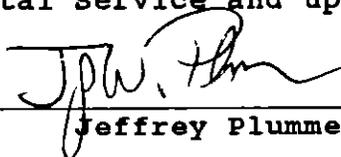
Richard Littell
1220 Nineteenth St. N.W.
Suite 400
Washington, DC 20036
Phone: (202) 466-8260

Counsel for MMA

August 21, 1996

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon the U.S. Postal Service and upon the other parties by First-Class Mail.



Jeffrey Plummer

August 21, 1996