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

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POSTAL RATE COMMISSION
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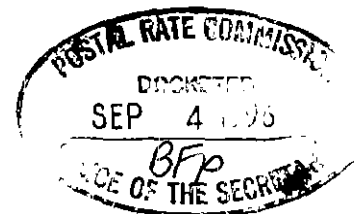
SPECIAL SERVICES REFORM, 1996

Docket No. MC96-3

OPPOSITION OF THE UNITED STATES POSTAL SERVICE TO OFFICE OF THE
CONSUMER ADVOCATE MOTION TO COMPEL RESPONSES TO
INTERROGATORIES OCA/USPS-36(a) and (b), 37(a) and (b), AND 47.
(September 4, 1996)

The United States Postal Service hereby responds to the Office of the Consumer Advocate Motion to Compel Responses to Interrogatories OCA/USPS-36(a) and (b), 37, and 47 ("*OCA Motion*"), filed on August 28, 1996. The OCA has not made convincing arguments either demonstrating the relevance of the requested information or justifying the burden inherent in producing it. Accordingly, the OCA's motion must be denied.

The OCA filed interrogatories OCA/USPS-36(a) and (b) and 37 on August 14, 1996 and OCA/USPS-47 on August 16, 1996. OCA/USPS-36(a) and (b) essentially require that the Postal Service recompute the FY 1993 c.v. estimates, which recently have been discovered to have been in error. OCA/USPS-47 requests that the Postal Service provide detailed information on the TRACS sample design for FY 1993. OCA alleges that this information would "allow a comparison of the reliability of statistical cost systems for fiscal years 1993 and 1995." *OCA Motion at 2*. Even assuming such a comparison is relevant, the OCA's motion seems to acknowledge that there are other ways to accomplish this goal. For one thing, OCA states, "This makes it virtually impossible to tell whether there have



- 2 -

been changes (intentional or otherwise) in the way reliability estimates were developed for FY 1995." *Id.* One way to tell would be to ask whether there have been changes. In fact, OCA has already done that. OCA/USPS-36(c) asked if there were other changes to the estimation methodology for the Rural Carrier System c.v.'s. The Postal Service responded that there were not. *Response of the United States Postal Service to Interrogatories of the Office of the Consumer Advocate (OCA/USPS-31-35, 36(c), 38-39, filed August 28, 1996.*

Even more importantly, the Postal Service questions the relevance of such comparisons, given the posture of this case. The Postal Service has made only limited special service reform proposals. It neither sought nor intended to "open up" for consideration the rates and classification structures for all classes and subclasses of mail, or other special services. The testimony of its witnesses has made clear that the proposals are based more on market and equity restoration concerns than on concerns with attributable cost levels. *See Direct Testimony of W. Ashley Lyons on Behalf of United States Postal Service, USPS-T-1, at 2-3; Direct Testimony of Susan W. Needham on Behalf of United States Postal Service, USPS-T-7, at 32-34.* Of course, in compliance with the Act, the proposed rates accompanying the Postal Service's classification requests cover their attributable costs and make an adequate contribution to institutional costs. Nonetheless, attributable cost levels are of lesser importance here than other issues. Assume for the sake of argument, for example, that one of the cost systems is less reliable in FY 1995 than it was in FY 1993, as indicated by its c.v. estimates. Assume

- 3 -

further that certain costs for certified mail were shown to be over or understated and that the proposed cost coverage for certified accordingly went up or down a percentage point or two. Precisely how would this affect the Postal Service's proposals in this docket or even, ultimately, the Commission's recommendations? The OCA has not made and cannot make an argument that it would.

Additionally, the OCA's argument with regard to OCA/USPS-47 makes it clear how specious OCA's claims of relevance are. The OCA states, "Even the fact of *no* changes between FY 1993 and FY 1995 would be relevant in that it would allow the Commission to conclude that the FY 1995 TRACS estimates are at least as reliable as the FY 1993 estimates, **which in turn were good enough for a general rate case.**" *OCA Motion at 4* (italic emphasis in original; bold emphasis added). If the FY 1993 estimates "were good enough for a general rate case," then why inquire into the FY 1993 sample design now? The OCA should have asked for that information when it was relevant—during Docket No. R94-1.

OCA/USPS-37(a) and (b) request the Postal Service to produce the programs and input files needed to produce Tables 4-6 in LR-SSR-90.¹ The OCA has not argued against the Postal Service's claims of confidentiality and commercial sensitivity of finance numbers in regard to OCA/USPS-37(a) and (b), indicating a willingness to accept the requested information with finance numbers masked.

¹ The Postal Service recently answered some OCA interrogatories, providing programs used to produce certain c.v. estimates for TRACS. Although the Postal Service does not concede that those programs are any more relevant than the ones at issue here, they could be produced without the problems inherent in changing or substituting finance numbers.

- 4 -

OCA Motion at 5. Thus, the Postal Service, while not abandoning that argument, will not further address it here.

Again, OCA never specifically states why it needs the information in this particular docket. Instead, OCA falls back on the argument that the information is "presumptively necessary" under Rule 31(k)(3)(i). The Postal Service does not recall the OCA requesting this information in previous dockets in order to evaluate rate and classification proposals. The OCA generally says that without the programs and input files, it cannot "be verified what mathematical formulas were used to generate c.v.'s." *OCA Motion at 5.* Once again, the OCA has already asked for this information in interrogatories OCA/USPS-31 and OCA/USPS-52. *See Response of United States Postal Service to Interrogatories of the Office of the Consumer Advocate, OCA/USPS-31-35, 36(c), 38-39, filed August 28, 1996; see also Office of the Consumer Advocate Interrogatories to United States Postal Service, OCA/USPS-48 - 56, filed August 22, 1996.*

OCA makes light of the burden that the Postal Service would encounter in producing the information requested in the above-discussed interrogatories. While burdens of 3 to 5 or more days may not be overwhelming in an appropriate context, they are here, where the information is of little or no value in assessing the merits of the Postal Service's circumscribed proposals in this docket.

Further, these interrogatories are not in compliance with Special Rule 2E. That rule provides for discovery beyond the August 12, 1996 date established in this docket where the information is available only from the Postal Service. The driving

- 5 -

force behind this rule is to allow parties to continue discovery against the Postal Service in order to obtain information to develop their own cases and testimony. The OCA has not offered an explanation of how the requested information furthers development of any testimony it may plan.

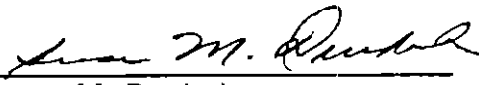
For all of the foregoing reasons as well as those stated in the Postal Service's initial objection, the OCA's motion to compel should be denied.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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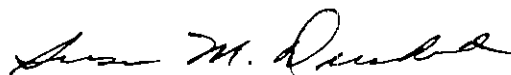


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September 4, 1996

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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