

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

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

SPECIAL SERVICES REFORM, 1996

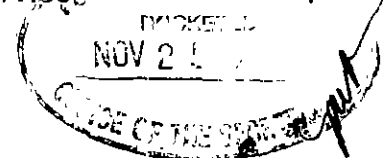
Docket No. MC96-3

COMMENTS OF THE UNITED STATES POSTAL SERVICE IN OPPOSITION TO  
RECALLING ITS COSTING WITNESS  
(November 25, 1996)

The United States Postal Service hereby files comments opposing the recall of its costing witness as unnecessary, arbitrary and unfair. Moreover, having a Postal Service witness subject to re-examination on his testimony, without affording the Postal Service like opportunity to re-examine the testimony of intervenor witnesses, or, in the case of PRC-LR-1 and 2, any opportunity for any kind of examination at all, is a denial of the Postal Service's due process rights. The Postal Service files these comments pursuant to the Presiding Officer's solicitation of comments on this issue. Tr. 6/2032-33.

At the hearing on November 19, 1996, the issue of recalling the Postal Service's costing witness arose. Chairman Gleiman requested that the Presiding Officer consider recalling the Postal Service's costing witness, stating:

I think that we may have to — or I would like the Chair to consider the possibility of recalling the Postal Service's costing witness, because I think that the Postal Service presented a method — a proposal that is based on methodologies which have not been fully examined. It is my impression that the Postal Service may have made changes separate and apart from the ones that are in dispute involving the methodologies that the Commission employed in R94. The Postal Service may have made changes, small methodological changes, and I think that these changes have not been fully examined, and I think that we may have to recall the Postal Service costing witness. I would like the Chair to consider that and perhaps the Postal Service will have some comments they would like to file in that respect, because I have questions about Postal Service methodologies. I don't understand them.



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*Tr. 6/2019-20.*

The Postal Service filed this case on June 7, 1996. The initial filing contained the testimony, exhibits, and workpapers of witness Patelunas, the Postal Service's costing witness. Related library references also were filed. Those materials presented Postal Service costs, as usual, for all of the categories of mail for the base year, the test year before rates, and the test year after rates. The testimony, exhibits, workpapers and related library references constituted thousands of pages of material. Costing changes were fully documented. For instance, in witness Patelunas's testimony, USPS-T-5, pages 8 through 11 summarized changes made in postal costing from FY 1994 to FY 1995.

Since the case was filed, witness Patelunas has responded to numerous interrogatories from participants, including Major Mailers Association, American Bankers Association, the American Postal Workers Union, United Parcel Service and the Office of the Consumer Advocate. Witness Patelunas also has responded to questions from Presiding Officer's Information Requests. A number of these questions seemed to demonstrate an understanding of the Postal Service's costing systems, as well as the operation of its rollforward model. For example, witness Patelunas responded to Presiding Officer's Information Request No. 2, question 3, concerning certain IOCS activity codes, and to Presiding Officer's Information Request No. 4, question 17, concerning the additional workday effect in the rollforward model.

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On September 9, 1996, witness Patelunas appeared for oral cross-examination, where he responded to questions from the OCA and from the Commissioners. Again, the questions seemed to indicate a basic understanding of Postal Service costing. The OCA asked questions concerning treatment of certain costs associated with post office boxes in the CRA. Tr.2/317-20. The Commissioners asked questions about such items as IOCS activity codes, the use of forecasted volumes, and expenses for contract cleaning services. Tr.2/320-26.

The Postal Service's costing witness has been available, since the day this case was filed, to respond to legitimate discovery concerning all aspects of Postal Service costing. This is a far cry from the situation involving PRC-LR-1 and 2, where no witness has been produced nor has any mechanism been established for full scrutiny of these materials on the record. To recall witness Patelunas, but not other intervenor witnesses, places much more extensive discovery burdens on the Postal Service than on other participants, which is unfair to the Postal Service. Moreover, to recall for no apparent reason a Postal Service witness who has been more than cooperative, while the Commission analysts who prepared PRC-LR-1 and 2 are totally exempt from any discovery at all, is completely arbitrary, unfair, and a blatant denial of due process.

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For all of the foregoing reasons, the Postal Service opposes recall of its costing witness.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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Susan M. Duchek

#### 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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Susan M. Duchek

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