

BEFORE THE POSTAL RATE COMMISSION
WASHINGTON, DC 20268

Complaint on Charges for the)
Bulk Parcel Return Service) Docket No. C99-4

CONTINUITY SHIPPERS ASSOCIATION OPPOSITION TO
POSTAL SERVICE'S RENEWED MOTION TO DISMISS

The Continuity Shippers Association opposes the Postal Service's renewed motion to dismiss its complaint relative to the rate for the Bulk Parcel Return Service.

The Postal Service asserts that the Commission lacks a sufficient record in this case. The Postal Service is wrong. There are three elements to the formation of the BPRS rate in this case: (1) Attributable Cost; (2) Roll Forward Factor; and (3) Overhead/Institutional Cost. There is a sufficient record as to each of these elements from which the Commission can issue a recommendation.

1. Attributable Cost

For purposes of this proceeding only, the CSA agrees with the Postal Service on the attributable cost figure stated in the Postal Service's 1998 cost study, as revised. Under that cost study, the attributable costs are \$1.04 per return. The Postal Service has similarly stated its agreement to those costs. The parties agreement and the substantive nature of the cost study provide an adequate record.

The reason evidence such as cost studies are admitted prior to the final decision is to allow parties to cross-examine the witness sponsoring the evidence. Here, the Postal Service is the sponsor of the evidence. The CSA agreed not to take advantage of the opportunity for cross-examination of the cost study witness in this proceeding. The Postal Service has also agreed to the figure. Thus, neither CSA nor the Postal Service have anything about which to cross-examine such a Postal Service witness.

2. The Roll Forward Factor

The CSA proposed the use of the Consumer Price Index-Urban as the roll forward factor for the years 1999 and 2000. The Commission can take official notice of the CPIU. Thus, there is sufficient evidence for the roll forward factor.

3. Contribution to Institutional Cost

The CSA proposed the use of the institutional cost contribution for Bound Printed Matter from the Commission's recommendation for the R97-1 case. Decision, p. 500. Thus, there is sufficient evidence for the institutional cost percentage.

The CSA explained the basis for the use of this institutional cost percentage in its brief. Among other things, the Postal Service used Standard B in its cost study

as the proxy for the mail processing and transportation costs which comprise 90% of the total attributable costs.

4. Due Process Has Been Satisfied

The foundation of due process is the opportunity to be heard. The Postal Service has been given the opportunity to present evidence and argue its position in both its answer to the complaint, and in responding to the CSA's brief. The Postal Service has decided to forego that opportunity. Instead, the Postal Service has twice moved to dismiss the CSA's complaint. The Commission denied the Postal Service's initial motion to dismiss. It should similarly deny this motion, and issue its recommendation.

The three "factual" items noted by the Postal Service at page 3 of their motion have nothing to do with the three elements noted above:

- The comparison of Special Standard B and BPRS parcels was included to highlight the vast disparity between the two mail classifications even though the costs are very similar (in fact BPRS has lower costs). Decision R97-1, p. 511.
- The comparison to the delivery of returns under Bound Printed Matter and BPRS returns shows that it is the Postal Service's decision whether to deliver BPRS returns, and the mailer's decision whether to have the Postal Service deliver BPM returns. In that way, the Postal Service guarantees that it will deliver BPM returns to the mailer. As such,

the value of the BPRS service is lower than the BPM service for returns.

- The existence of other potential BPRS users BPRS, such as e-commerce mailers, shows potential competition for a return service.

In sum, there is nothing about any of these three factual statements highlighted by the Postal Service which impact whether the Commission can issue a recommendation in this case.

5. No Further Delay is Warranted
For the Interim Relief Requested

The Postal Service has ignored the evidence and arguments, and refuses to put forward its own evidence and arguments. The Postal Service apparently wants to wait this one out until the next rate case (whenever that may be). The CSA similarly awaits the opportunity to contest the BPRS cost study and the roll forward factor at the as yet unknown future date of the next rate case. However, the desire to delay for a proceeding on all three elements does not preclude a proceeding on the roll forward factor and institutional cost elements where the parties can agree on the attributable costs. Such a proceeding now will enable the BPRS to obtain interim relief pending that proceeding in the future.

A review (and adjustment if necessary) of the rate was exactly the purpose of the BPRS cost study. Requiring BPRS users to wait even longer for that review and adjustment is not warranted. Based on the Postal Service's figures, BPRS users have been overpaying since the creation of BPRS in October 1997. These same users were overpaying even more before the creation of BPRS, i.e. since January 1995.

Conclusion

For the reasons stated herein, and in its brief, the Continuity Shippers Association requests that the Commission deny the Postal Service's motion to dismiss, and issue a Recommended Decision to the Board of Governors finding that the rate for the Bulk Parcel Return Service should be \$1.48, consisting of \$1.09 in year 2000 costs and a cost coverage of 136%. Such a rate properly reflects the value of the Service and is otherwise in accord with the policies and purposes of the Act.

Dated: October 18, 1999

Respectfully Submitted,

Aaron Horowitz
200 Corporate Woods Parkway
Vernon Hills, IL 60061-3167
(847) 913-3360

Attorney for the Continuity
Shippers Association

