

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

OBJECTION OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF ABA&NAPM
(February 29, 2000)

The United States Postal Service hereby objects to the following interrogatory directed by American Bankers Association and National Association of Presort Mailers to witness Miller: ABA&NAPM/USPS-T24-10, filed February 18, 2000.

ABA&NAPM/USPS-T24-10

The Postal Service objects to interrogatory ABA&NAPM/USPS-T24-10. The interrogatory states:

- a. Please provide Annual Cost and Revenue Analysis (CRA) data for 1994-1998 on a methodological basis consistent across all years for the rate categories set forth below using (1) 1998 and (2) 1994 CRA methods. Provide Postal Service and Commission "PRC Methodology" numbers.

Categories: First Class single piece letters
First Class presort letters
Standard A Regular
Standard A ECR¹

If the Postal Service understands the question correctly, ABA & NAPM are asking for an incredible 20 versions of the CRA. (The CRA for each of 1994, 1995, 1996, 1997 and 1998 is 5 versions. The 5 years are each to be done under 2 methods -- for 1994 and 1998 -- equaling 10 versions. Each of those 10 versions is to be done under two different methodologies -- Postal Service and Commission.)

¹There is no subpart (b) to the interrogatory.

It should go without saying that this request is unduly burdensome. Limiting the request to the four specified rate categories is of no consequence -- CRA data cannot be produced in isolation; an entire CRA must be done for each of the 20 "versions." Such "recasting" involves making many assumptions to come up with distributions to classes and subclasses that approximate what is in the CRA model. This is due in part to the fact that the Cost Segments and Components reports for the various years, which would be needed to begin such an exercise, are not at the same component level as the CRA model.

The Postal Service's best estimate of the time it would take to respond to this request is from 80 to 160 workhours per CRA "version" -- in other words, a total of forty to eighty work weeks. Many of the same individuals who are currently either witnesses in the case or staff members supporting those witnesses would need to be involved in this effort. If they were to completely abandon all of their work on other discovery responses and preparing for hearings, the time for completion would be more within the forty week range. If they are still to continue their other work on this case, then it will be nearer to eighty weeks before this undertaking can be completed. Obviously, this is an overwhelming undertaking; the case likely will be over before the requested data can be produced.

The relevance of such a massive undertaking is also suspect. If there is a true interest in "pure" cost trends in the absence of methodological changes, there may be better, less burdensome ways to approach the issue.² Furthermore, it may ultimately

²Presiding Officer's Information Request No. 4, February 25, 2000, attempts to get at the same point in a less onerous fashion, and at least in part, renders the ABA & NAPM request moot. Even in the instance of POIR No. 4, however, the Postal Service currently is contemplating how it might respond in a manner that does not overtax the ratemaking process. Whatever the Postal Service decides, it seems unlikely that it will be able to provide a full response to POIR No. 4 in the designated ten-day time frame.

be of only marginal worth to look at "pure" cost trends and ignore methodological changes. Both the Postal Service and the Commission have incorporated methodological changes into their approaches over the years, and while interested parties may disagree over both the merits and implementation of certain of those changes, the one overriding goal is a desire to more accurately measure costs. Methodological changes are and should be made both to enhance cost measurements and to correct those that simply have been wrong. What is the value in pointing out, for example, that in the absence of a particular methodological change, the costs of a subclass increased one percent, but with the change they increased three percent, if that change results in a more accurate measure of the costs caused by that subclass? To ignore the methodological change risks running afoul of the requirement that all classes and subclasses must cover the costs they cause.

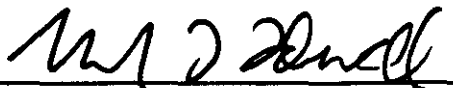
ABA & NAPM's request is so burdensome as to likely be impossible to complete within the time frame of this proceeding and is of questionable relevance. The Postal Service thus should not have to respond.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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February 29, 2000

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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