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POSTAL RATE AND FEE CHANGES, 2000

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Docket No. R2000-1

AMERICAN BANKERS ASSOCIATION AND  
NATIONAL ASSOCIATION OF PRESORT MAILERS  
MOTION TO COMPEL A MORE RESPONSIVE ANSWER OF  
USPS WITNESS MILLER TO INTERROGATORY  
ABA&NAPM/USPS-T24-1  
(March 17, 2000)

Pursuant to Section 26(d) of the Commission's Rules Of Practice, the American Bankers Association ("ABA") and the National Association of Presort Mailers ("NAPM") respectfully move to compel USPS witness Miller to provide a more responsive answer to interrogatory ABA&NAPM/USPS-T24-1 (a copy of this interrogatory and the USPS "response" thereto are attached at Exhibit A hereto).

In Table 1 of his testimony, USPS witness Miller sets forth total mail processing unit costs for worksharing mail, and for the benchmarks therefor, along with the resulting worksharing-related savings for such mail. A copy of Miller's Table 1 is attached hereto as Exhibit B.

Interrogatory ABA/NAPM/USPS-T24-1 asked Miller to reproduce the mail processing costs and resulting worksharing savings in his Table 1, using the methodology of the USPS in R97-1 and of the Commission in R97-1.

Miller's answer to this request was, to say the least, non-responsive. Miller claimed that the data inputs for the cost models which he used were not compatible with the models used in R97-1 and that therefore he could not "simply" reproduce Table 1. Basically, Miller is admitting that he has made so many changes to the R97-1 methodology, that it is difficult

for him to reproduce Table 1 using the R97-1 methodology. We submit that the complexity of rate cases is increasing at such a pace that it is becoming extremely difficult for the parties to participate meaningfully in the case. The USPS has added significantly to the complexity in this case by utilizing a drastically different methodology to measure worksharing savings than was used in R97-1 by either the Commission or the USPS. Miller now wants to use this as an excuse to avoid providing the Commission and the parties with the results of a worksharing savings measurement methodology which is consistent with that used in R97-1.

We submit that the information requested by the subject interrogatory is clearly appropriate under the standard of Commission Rule 25(a) which allows discovery "reasonably calculated to lead to admissible evidence," and that such requested information is most important and relevant in this proceeding.

One of the most important factors to be used by the Commission in establishing worksharing discounts is the measurement of worksharing savings. The automated FCLM worksharing savings set forth in Miller's Table 1 are less than those found for such mail by the USPS under its own methodology in R97-1 and than found by the Commission under its R97-1 methodology. USPS pricing witness, Fronk (T33) stresses this fact in his testimony, arguing that the value of worksharing is declining. [See testimony of USPS witness Fronk (USPS-T33) at page 20, lines 12-14].

The only way for the Commission and the parties to evaluate whether FCLM worksharing savings have actually decreased, as Miller testifies, or rather whether they have in fact increased, is to measure such worksharing savings in a manner which is consistent with the previous rate proceeding, R97-1. The revised Table 1 requested by interrogatory ABA&NAPM/USPS-T24-1 would allow the Commission and the parties to compare apples to apples on this issue of FCLM worksharing savings. By using new cost

methodologies, and refusing to provide FCLM worksharing savings using the same methodologies which were used in R97-1, the USPS would have the Commission and the parties compare grapefruits to tangerines. The USPS should not be allowed to play a shell game with this crucial information concerning worksharing savings.

We submit that the relevance and reasonableness of the information requested in the subject interrogatory is supported by the spirit of Commission Rule 54(a), which requires the USPS, where its rate request proposes to change the cost attribution principles applied by the Commission in the most recent general rate proceeding, to include with its request an alternate cost presentation showing what the effect on its request would have been had it not changed its attribution principles.

Indeed, the Commission addressed nearly the identical issue in R97-1 in its Order No. 1197 in which the Commission granted the motion of the Major Mailers Association to compel the USPS to respond to a very similar question. That Order involved a request by MMA of USPS witness Hatfield to reproduce, using the Commission's approved cost methodology from the previous omnibus rate case, Hatfield's Table II-2 which set forth unit mail processing costs for various rate categories of first class letter mail. Noting the "fundamental importance of knowing what impact the Postal Service's proposed changes in mail processing attribution would have on the cost basis of rate category rates", the Commission required Hatfield to respond to the interrogatory. Order No. 1197 (Docket No. R97-1) at pages 8 & 9 (issued October 1, 1997).

For the forgoing reasons, ABA&NAPM respectfully request the Commission:

1. To order USPS witness Miller to fully respond to ABA&NAPM/USPS-T24-1 by providing a version of Miller's Table 1 using the Commission methodology in R97-1 and the USPS methodology in R97-1; or
2. If the USPS makes a showing of significant burden, then to at least order production using the Commission methodology in R97-1, of that portion of

Miller's Table 1 covering the benchmark and rate categories within "First-Class Mail Letters" and "Standard (A) Regular Letters" (since "First-Class Mail Cards" and "Standard (A) Non-Profit Letters" are less important to ABA&NAPM).

Respectfully submitted,

AMERICAN BANKERS ASSOCIATION  
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**CERTIFICATE OF SERVICE**

I hereby certify that I have this date served the instant document on all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice.

  
Henry A. Hart

March 17, 2000

**TABLE 1:**  
**TOTAL MAIL PROCESSING UNIT COSTS AND WORKSHARING RELATED SAVINGS SUMMARY**

<b>RATE CATEGORY</b>	<b>TOTAL MAIL PROCESSING UNIT COST (CENTS)</b>	<b>WORK SHARING RELATED SAVINGS (CENTS)*</b>	<b>RATE CATEGORY BENCHMARK</b>
<b>FIRST-CLASS MAIL LETTERS</b>			
Nonautomation Letters	10.337	0.091	Bulk Meter Mail Letters <i>ALL MAIL</i>
Automation Basic Letters	5.154	4.919	Bulk Meter Mail Letters
Automation 3-Digit Letters	4.264	0.986	Automation Basic Letters
Automation 5-Digit Letters	3.179	1.239	Automation 3-Digit Letters
Automation Carrier Route Letters	2.991	0.325	Automation 5-Digit Letters (CSBCS/Manual Sites)
<b>FIRST-CLASS MAIL CARDS</b>			
Nonautomation Cards	4.055	---	---
Automation Basic Cards	2.637	1.739	Nonautomation Cards
Automation 3-Digit Cards	2.166	0.543	Automation Basic Cards
Automation 5-Digit Cards	1.592	0.689	Automation 3-Digit Cards
Automation Carrier Route Cards	1.018	0.674	Automation 5-Digit Cards (CSBCS/Manual Sites)
<b>STANDARD (A) REGULAR LETTERS</b>			
Nonautomation Basic Letters	11.208	---	---
Nonautomation 3/5-Digit Letters	9.491	1.754	Nonautomation Basic Letters
Automation Basic Letters	6.234	3.779	Nonautomation Basic Letters
Automation 3-Digit Letters	5.262	3.042	Nonautomation 3/5-D Letters
Automation 5-Digit Letters	4.001	1.339	Automation 3-D Letters
<b>STANDARD (A) NONPROFIT LETTERS</b>			
Nonautomation Basic Letters	7.443	---	---
Nonautomation 3/5-Digit Letters	6.005	1.107	Nonautomation Basic Letters
Automation Basic Letters	4.882	2.863	Nonautomation Basic Letters
Automation 3-Digit Letters	4.084	2.608	Nonautomation 3/5-D Letters
Automation 5-Digit Letters	3.107	1.064	Automation 3-D Letters

\* The worksharing related savings include both mail processing and delivery savings. For details regarding these calculations see the "Summary Pages" in Appendix I (pages 1 and 2), Appendix II (page 1), and Appendix III (page 1).