

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

OPPOSITION OF THE UNITED STATES POSTAL SERVICE
TO POPKIN MOTIONS TO COMPEL
RESPONSES TO DBP/USPS-11(b)-(m) AND 98(b-e)
(April 6, 2000)

In accordance with Rule 26 of the Commission's Rules of Practice and Procedure, the United States Postal Service hereby files this opposition to the motions of Mr. Popkin to compel responses to DBP/USPS-11(b-m)¹ and DBP/USPS-98(b-e).² Mr. Popkin's motions should be denied for the reasons explained below.

DBP/USPS-11(b-m)

These interrogatories ask a series of questions seeking to compare stamp inventory practices at postal retail stores and traditional post offices and to explore personnel disciplinary action arising from stamp inventory problems. As the sole basis for his motion to compel, Mr. Popkin asserts that he has

been led to believe that the Postal Store type of facility has a very high "shrinkage" factor when compared to a regular facility. This would affect the revenue of the Postal Service since more and more facilities are converting over to Postal Stores. This would require that the Postal Service overestimate its costs to cover the increasing level of theft/shrinkage and therefore this would apply to all classes of mail.

Popkin Motion at 2. But, this more a riddle than an explanation. We start with an assertion that "shrinkage"³ is more prevalent at postal stores and that an increase in the

¹ This motion was filed on March 31, 2000, in response to the Postal Service's March 17, 2000, objection.

² This motion was filed on April 3, 2000, in response to the Postal Service's March 28, 2000, objection.

³ Taken to mean the disappearance of stamps by theft or other means.

number of postal stores will result in a higher incidence of shrinkage, which would “require” the Postal Service to overestimate its costs and would apply to all classes of mail. Whatever this means, it does nothing to make these interrogatories relevant to postal ratemaking. The Postal Service will not repeat the content of its March 17, 2000, objection here, but invites the Commission’s attention to review the basis stated therein. Mr. Popkin’s motion utterly fails to overcome those objections or to establish any justification for the Commission to compel the Postal Service to provide the information he has requested.

There is not one rate or classification determination in this proceeding that will be affected to any degree by any information which could be produced in response to part (b), which asks the Postal Service to indicate the number of post offices, branches, or stations which are operated as postal stores or part (c), which asks for an estimated percentage of total postal revenue which is received through transactions at postal stores. Disaggregation of stamp sales data at that level is utterly immaterial to any rate or classification determination in this proceeding.

When it comes to Mr. Popkin’s request for confirmation that some materials sold by the Postal Service are handed to the customer by the clerk over the window counter in response to a request and that others can be taken from shelves to the window by the customer (subparts d & e), Mr. Popkin’s motion makes no showing that such information is material to any costing or pricing issue in this proceeding. And, as with every rate case before, the Commission is fully capable of discharging its responsibilities without knowing (f) whether a postage stamp inventory is taken at a postal retail store whenever a clerk goes to lunch or what the frequency of inventories may be at (g) postal stores compared to (h) post offices.

Nor is it relevant or material to any issue in this proceeding what action may be taken against (i) a post office employee or (j) a postal store employee, when their stamp

stock is either "under or over," or whether (k) post offices or (l) postal stores have a higher percentage of stamp stock missing, or (m) who has the initial financial responsibility for the stamp stock at either type of facility.

This proceeding is being conducted by the Postal Rate Commission, an agency whose responsibilities are extremely important, but not without bounds. It is immaterial to these proceedings whether the stamp disappearance rate is higher at post offices, stations, branches, contract units or stores, rural, urban or otherwise. It is immaterial to postal ratemaking whether each type of facility has a different shrinkage rate or whether the aggregate shrinkage might be affected by a different mix of retail outlets. If Mr. Popkin has concerns about the accuracy of post office stamp stock inventories, he should take them to the Chief Postal Inspector or the Inspector General. His concerns -- and the information sought by his specific interrogatories -- have nothing whatsoever to do with postal ratemaking. Mr. Popkin should not be allowed to abuse the Commission's Rules -- enacted for the orderly and efficient administration of postal rate and classification proceedings -- as a vehicle for conducting his personal oversight of all things postal. His claim that shrinkage "would affect the revenue of the Postal Service" is an insufficient basis for compelling response to these questions. All goings-on within the Postal Service affect revenue. Thus, by Mr. Popkin's standard, everything within the Postal Service would be a proper subject for discovery in rate and classification proceedings. Mr. Popkin is bound by the Commission's Rules to engage in discovery which is calculated to lead to the discovery of admissible evidence which is material and relevant to issues in the Commission proceedings. These interrogatories fail to meet any reasonable test for relevance or materiality.

DBP/USPS-98(b)-(e)

These interrogatories ask detailed questions concerning the exact manner in which EXFC scores are used as a basis for determining compensation for postal

management employees. Part (b) asks for a listing of postal management positions, excluding "installations heads,"⁴ for which compensation is affected by EXFC scores. Part (c) asks for an explanation of the method by which compensation is tied to EXFC scores. Part (d) asks if all EXFC scores or only overnight scores are utilized. If the latter, part (e) asks for an explanation.

DBP/USPS-98(a) asked the Postal Service to confirm that compensation for many "installation heads" is affected by the EXFC scores for their areas of responsibility. The Postal Service's response to that question (filed today) affirms that to be the case, consistent with its February 29, 2000, response to DFC/USPS-22(d), and witness Mayo's March 16, 2000, response to APMU/USPS-T39-1(a).

Mr. Popkin apparently wishes to argue that EXFC scores should be discounted in determining the "value of service" of First-Class Mail within the meaning of 39 U.S.C. § 3622(b)(2), because he believes that some postal managers,⁵ are "manipulating"⁶ EXFC (and PETE) scores for the purpose of personal financial gain -- or something to that effect. If that is the argument he wishes to press, he has all the information he needs in the Postal Service's responses to DBP/USPS-98(a), DFC/USPS-22(d) and APMU/USPS-T39-1(a).⁷ It is undisputed that EXFC and PETE scores are a factor in the compensation of thousands of local, district and headquarters postal management employees, who, in Mr. Popkin's view, have the motive and the ability to "manipulate"

⁴ Defined by the interrogatory as "Postmaster / District Manager / etc."

⁵ Whose EVA Variable Pay Program bonuses are affected, in part, by their local, or performance cluster EXFC scores.

⁶ According to Mr. Popkin's March 23, 2000, interrogatory DBP/USPS-97(a)(3).

⁷ And contrary to the assertion at page 5 of Mr. Popkin's motion filed on April 3, 2000, the response to APMU/USPS-T39-1(a) does not discuss the effect of PETE scores on EVA; the response only acknowledges that PETE scores have an effect.

EXFC results. It is immaterial to his argument which specific "installation head" or "non-installation head" management employees are eligible for EVA bonuses or exactly how EXFC is factored into their bonuses. A complete list of job titles of affected personnel will add nothing to the Commission's understanding of the degree to which it should take EXFC scores into account in determining the value of service for First-Class Mail. As an example, it is estimated that there are hundreds of "non-installation head" postal management job titles at Headquarters alone, which are held by several thousand individuals, all of whose compensation is affected by EVA scores. Provision of such a list would only impose a needless burden on the Postal Service and this proceeding and produce no information of any value to this proceeding.

It is equally immaterial whether overnight scores or 2-day or 3-day scores are part of the EVA compensation calculus for these employees for the Commission to be able to determine what weight to give EXFC scores in applying § 3622(b)(2). If Mr. Popkin desires to assert that EXFC is "tainted" by "manipulation," it is immaterial whether a motive for such alleged "manipulation" on the part of postal employees is to (a) influence particular EXFC scores on which their compensation is based or (b) to give their superiors a false basis for optimism about service quality or (c) to frustrate PriceWaterhouseCoopers.

The question faced by the Commission is whether the information Mr. Popkin seeks will add materially to the argument he so clearly wants to make or to the resolution of the issue to which he seeks to have it linked -- the value of service of First-Class Mail, within the meaning of 39 U.S.C. § 3622(b)(2). By this standard, Mr. Popkin's request fails.

For the foregoing reasons, the motions to compel should be denied.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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April 6, 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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