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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

PRESIDING OFFICER'S  
RULING NO. R2000-1/32

UNITED STATES OF AMERICA  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

Postal Rate and Fee Changes

Docket No. R2000-1

PRESIDING OFFICER'S RULING GRANTING, IN PART,  
ABA & NAPM MOTION TO COMPEL

(Issued April 7, 2000)

On March 17, 2000, the American Bankers Association (ABA) and National Association of Presort Mailers (NAPM) moved to compel a more responsive answer to interrogatory ABA&NAPM/USPS-T24-1.<sup>1</sup> On March 29, 2000, the Postal Service filed its opposition to the motion.<sup>2</sup> ABA&NAPM's motion to compel is granted in part.

*ABA&NAPM's Motion to Compel.* ABA & NAPM seek a more responsive answer to ABA&NAPM/USPS-T24-1 which requests witness Miller to reproduce Table 1 using: "a. the same methods that the Postal Service used in R97-1; [and] b. the same methods used by the Commission in R97-1."<sup>3</sup> In his response, witness Miller refers generally to data inputs he used to accommodate the revised cost methodology employed by the Postal Service in this proceeding. He concludes that reproducing Table 1 is neither possible nor advisable.<sup>4</sup>

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<sup>1</sup> 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 (Motion).

<sup>2</sup> On March 24, 2000, the Postal Service filed a motion for an extension of time in which to answer ABA&NAPM's motion to compel. In support, the Postal Service indicated, among other things, that the parties were attempting to informally resolve the issues, which, if successful, would obviate the need to submit an answer. See Motion of the United States Postal Service for Extension of Time to File Response to ABA&NAPM Motion to Compel. The Postal Service's motion is granted.

<sup>3</sup> Table 1 is entitled "Total Mail Processing Unit Costs and Worksharing Related Savings Summary" and provides data for various rate categories of First-Class letters and cards and Standard (A) Regular and Non-profit letters.

<sup>4</sup> Witness Miller's response to ABA&NAPM/USPS-T24-1, March 3, 2000.

In their motion to compel, ABA & NAPM argue that witness Miller's answer is unresponsive and that the information requested is relevant. They assert that the data sought is needed for an "apples-to-apples" comparison, *i.e.*, to evaluate worksharing savings "in a manner which is consistent with the previous rate proceeding, R97-1."<sup>5</sup> In support of their motion, ABA & NAPM cite Commission Rule 54(a), concerning proposed changes in Commission-approved cost attribution principles, and Order No. 1197, issued in Docket No. R97-1, compelling the Postal Service to respond to certain interrogatories concerning the effect of changes in mail processing attribution methods on its cost avoidance calculations. ABA & NAPM request that witness Miller be directed to more fully respond to ABA&NAPM/USPS-T24-1, or, alternatively, to require production under the Commission methodology in Docket No. R97-1 "covering the benchmark and rate categories within 'First-Class Letters' and 'Standard (A) Regular Letters.'"<sup>6</sup>

*Postal Service's Opposition.* The Postal Service opposes the motion to compel.<sup>7</sup> After summarizing witness Miller's response, the Postal Service indicates that the parties worked to clarify the scope of the motion. Apparently, these discussions progressed up to a point, namely, that "ABA&NAPM have reduced the scope of their request" to three rate categories<sup>8</sup>. The Postal Service then indicates that:<sup>9</sup>

[f]or these three categories, ABA&NAPM request that witness Miller:

(a) modify the R20001 analysis as follows:

(1) use the USPS R97-1 volume variability factors;

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<sup>5</sup> Motion at 2.

<sup>6</sup> Motion at 3-4.

<sup>7</sup> Opposition of the United States Postal to ABA&NAPM Motion to Compel Further Response to ABA&NAPM/USPS-T24-1, March 29, 2000 (Opposition).

<sup>8</sup> Opposition at 2. The three categories are Automation Basic Letters, Automation 3-Digit Letters, and Automation 5-Digit Letters. Presumably, these rate categories are further limited to First-Class Letter Mail.

<sup>9</sup> *Id.*

- (2) base the worksharing-related savings calculation on the "total mail processing unit costs (USPS-T-24, Appendix I, page I-1, Column 1), rather than" worksharing-related mail processing unit costs (USPS-T-24, Appendix I, page I-1, Column 2).

(b) modify the R97-1 analysis as follows:

- (1) use the USPS R2000-1 volume variability factors;
- (2) Base the cost difference calculations that were performed by witness Fronk (R97-1, USPS-T-32) on the cost pool classification methodology used by witness Miller in R2000-1.

Notwithstanding the reduction in the number of rate categories, the Postal Service concludes that "the burden of producing the requested data . . . far outweigh[s] any value the requested information could bring to these proceedings . . ." <sup>10</sup>

*Ruling.* In ABA&NAPM/USPS-T24-1, ABA & NAPM seek to compare witness Miller's results in this proceeding with results that would obtain if witness Hatfield's methodology in Docket No.97-1 and the Commission-approved methodology in Docket No. R97-1 were used instead. The former is irrelevant since the Commission rejected witness Bradley's volume variability analyses in Docket No. R97-1. The latter, however, "appears reasonably calculated to lead to the discovery of admissible evidence," <sup>11</sup> since, among other things, it will provide a comparison between the Postal Service's proposal and the Commission-approved methodology. Hence, the Postal Service is directed to respond further to ABA&NAPM/USPS-T24-1b.

In its Opposition, the Postal Service restates the data request, based on informal attempts to resolve the issues, in a manner which may be viewed as a variant of ABA&NAPM/USPS-T24-1. As recast, the request asks witness Miller to: (a) modify the Postal Service's proposal in this proceeding using witness Bradley's Docket No. R97-1 volume variability analysis and calculate worksharing-related savings based on witness Miller's total mail processing unit costs; and (b) to modify witness Hatfield's analysis using the witness Bozzo's Docket No. R2000-1 volume variability analysis and

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<sup>10</sup> *Id.*

<sup>11</sup> Rule 26(a) of the Commission's Rules of Practice and Procedure.

recalculate witness Fronk's Docket No. R97-1 cost differences using witness Miller's cost pool classification methodology.

By focusing on the restated data request, the Postal Service's creates three interrelated problems. First, the genesis of the issues before me is ABA&NAPM's Motion, which, as noted, seeks specific relief. By restating the issue, apparently based on informal discussions with ABA & NAPM, but without indicating their concurrence, the Postal Service appears to be unilaterally recasting the issues presented.

Second, by focusing almost exclusively on the restated issues, the Postal Service's response becomes disconnected from the relief sought. If the issues were as recast, the Postal Service's objection might be sustained. But there is no need to decide those issues now.

Third, by devoting the bulk of its argument to what, under the circumstances, may be appropriately characterized as a straw man, the Postal Service essentially ignores the interrogatory and the requested relief. *Compare* Opposition at 2-8 with the penultimate paragraph on 8. There, the Postal Service asserts that "ABA&NAPM have not made a case for requiring the additional information they have requested."<sup>12</sup> This is neither a sustainable objection nor a showing mandated under Rule 26(a). Furthermore, the Postal Service's reference to the Presiding Officer's Ruling No. R97-1/61, November 13, 1997, is unavailing in at least two respects, namely, the information sought in that proceeding was found to be unsuited for the intended purpose; and further, the scope of the interrogatory was deemed to be so broad as to impose an enormous burden on the Postal Service. *See* Presiding Officer's Ruling No. R97-1/61 at 4.

The Postal Service recognizes the essence of the parties' request. "The Postal Service submits that the way for ABA&NAPM to evaluate whether worksharing savings have increased or decreased is to measure them in a manner reasonably consistent with the previous recommended decision, . . . ."<sup>13</sup> The Postal Service suggests that this

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<sup>12</sup> Opposition at 8.

<sup>13</sup> Opposition at 7.

can be accomplished by reference to witness Miller's testimony and Library Reference LR-1-147.<sup>14</sup> Neither is sufficient to provide the necessary comparison. While it is true that LR-1-147 uses the Commission-approved volume variability from Docket No. R97-1, the results do not provide a basis for a meaningful comparison since LR-1-147 incorporates various methodological changes employed by witness Miller. These changes include, for example, using three as opposed to two CRA mail processing unit cost categories, a new simplified mail flow model spreadsheet, 52 instead of 46 cost pools, and classifying each pool as "worksharing related proportional," "worksharing related fixed," and "non-worksharing related fixed."<sup>15</sup>

Witness Miller develops test year volume variable unit mail processing costs for various First-Class and Standard (A) mail rate categories shown on Table 1. These unit cost estimates plus witness Daniel's delivery unit cost estimates are used to calculate the avoided costs, or worksharing related savings, for these rate categories.

ABA&NAPM/USPS-T24-1b requests witness Miller to recalculate Table 1 showing, *inter alia*, the total mail processing unit costs using the costing methodology approved by the Commission in Docket No. R97-1. In that proceeding, the Commission's recommendations largely followed the Postal Service's approach to developing worksharing discounts.<sup>16</sup> Consequently, recalculating Table 1 as requested should be a relatively simple matter for witness Miller since, among other things, LR-1-147 already reflects the Commission's Docket No. R97-1 volume variabilities, and, therefore, its marginal productivities and, presumably, the related piggyback factors.<sup>17</sup> In sum, the information sought satisfies Rule 26(a) and is discoverable.

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<sup>14</sup> LR-1-147 presents the Commission's version of cost models contained in witness Miller's testimony for the rate categories shown on Table 1.

<sup>15</sup> See witness Miller's response to ABA&NAPM/USPS-T24-27, March 31, 2000.

<sup>16</sup> See Opinion and Recommended Decision, Volume 1, Docket No. R97-1, May 11, 1998, at 291 *et seq.*

<sup>17</sup> In this regard, the Postal Service's abbreviated discussion of ABA&NAPM/USPS-T24-1 is notable for what it does not say. While it does claim that it would be burdensome to respond to the restated request, (*see* Opposition at 4-6), the Postal Service makes no such claim concerning ABA&NAPM/USPS-T24-1b. Of course, since witness Miller initially responded to the interrogatory such a claim, if made, would strain credulity. Moreover, the elaborate discussion of the need to develop alternate

RULING

1. The 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-T24-1a, filed March 17, 2000, is denied.
2. The 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-T24-1b, filed March 17, 2000 is granted. The Postal Service's response is due no later than April 13, 2000.
3. The American Bankers Association and National Association of Presort Mailers request for alternative relief is denied as moot.
4. The Motion of the United States Postal Service for Extension of Time to File Response to ABA&NAPM Motion to Compel, filed March 24, 2000, is granted.

  
Edward J. Gleiman  
Presiding Officer

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versions of various library references (*id.* at 4) and the need to generate "reverse R97-1' results" (*id.* at 6) are inapplicable to ABA&NAPM/USPS-T24-1b, since, among other things, the "R2000-1 USPS series library references" (*ibid.*) already utilize the Commission-approved volume variability estimates.