

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY
Docket No: R2000-1

POSTAL RATE AND FEE CHANGES, 2000)

ASSOCIATION OF PRIORITY MAIL USERS, INC.
MOTION TO COMPEL UNITED STATES POSTAL SERVICE TO
PRODUCE INFORMATION REQUESTED IN INTERROGATORIES
APMU/USPS-T9-6(c), 8, 24, 25, 28(c), and 28(d)
TO WITNESS WILLIAM P. TAYMAN
(April 12, 2000)

INTRODUCTION

Pursuant to section 25(d) of the Rules of Practice of the Postal Rate Commission, the Association of Priority Mail Users, Inc. ("APMU") hereby moves the Presiding Officer to order the United States Postal Service to answer interrogatories APMU/USPS-T9-6(c), 8, 24, 25, 28(c), and 28(d), filed on March 21 and 23, 2000. To narrow the issues involved, APMU withdraws interrogatory 11(d). As the Postal Service has provided information responding to interrogatories 26 and 27, this eliminates our need to seek a Motion to Compel for these two interrogatories. The Postal Service filed its objections to the interrogatories, on April 3, 2000, on the ground of relevance only.

APMU submits that the requested information clearly is highly relevant to the determination of proper costs for Priority Mail and all other classes of mail and would be admissible in this proceeding, and that the interrogatories also are reasonably calculated to lead to the discovery of admissible evidence. The Postal Service has advanced no convincing reason whatsoever for not producing the requested information other than it would advance an alternative method of distributing retirement costs not favored by the Postal Service. Its objection should be denied, and the Postal Service should be ordered to answer the interrogatories and produce the requested documents and information forthwith.

The interrogatories propounded by APMU to Postal Service witness Tayman (USPS-T-9) are appended hereto as Attachment A.

POSTAL SERVICE OBJECTION

Although the Postal Service objected to all of the referenced interrogatories on the ground of relevance, it objected in principle only to interrogatories 26 and 27, which sought forward-looking economic data, but agreed to provide the requested information to APMU interrogatories 26 and 27 nonetheless. *See* USPS Objection, p. 2. To narrow the issues involved, APMU withdraws interrogatory 11(d) which sought forward-looking data.

With respect to historical data, however, it has attempted to explain its objection. Its objection to providing the historical data requested by APMU is that the “historical figures are fixed, are not needed to re-run either the annuitant COLA and health benefits model or the CSRA unfunded liability model.” According to the Postal Service, “no purpose would be served by their provision in this proceeding.” (USPS Objection, p. 1.) Clearly, however, such information is relevant, and the Postal Service either has chosen to ignore the purposes for which APMU seeks the information, or does not understand such purposes.

ARGUMENT

Section 25(c) of the Rules of Practice of the Postal Rate Commission requires that the bases for objections to interrogatories “shall be clearly and fully stated.” Instead, the Postal Service has couched its objections in the broadest of terms by stating that the information is not relevant, with no further explanation except with respect to its objection about providing historical data, where it added the blanket conclusory statement, as noted above, that “no purpose” would be served by providing the information. As previously explained to Postal Service counsel, APMU is seeking the requested information to develop an alternative distribution key for historic retirement costs.

The Postal Service notes that “OPM has the legal authority to determine the Postal Service’s retirement liabilities,” and that such “historical figures are fixed.” (USPS Objection,

p. 1.) But that is not the issue. APMU is not challenging the retirement liability figures. APMU is questioning the Postal Service's current method of allocation of those amounts. The Postal Service now allocates costs by pooling all present retirement recipient liabilities (e.g., CSRS unfunded liability costs and annuitant health benefit costs) into the *current* budget structure. But, as Postal Service witness Meehan has stated in her response to AMPU interrogatories (APMU/USPS-T-11-8(b) and 8(f)), the costs associated with the annuitant's respective year of retirement are variable, not fixed. Similarly, the mail product mix which existed concurrent with the annuitant's respective years of retirement is also variable, not fixed. The current volume key ignores this reality (see Postal Service witness Tayman's response to interrogatories APMU/USPS-T9-15, asserting that the FY 94-97 liability tables... "are simply historical data and the detailed data are not required to estimate FYs 99-01"). Witness Meehan went on to say, "[i]deally, the prior year CSRS unfunded liability costs and [and annuitant health benefit costs] would be divided into pools of dollars that reflected at least the year of retirement." APMU/USPS-T11-8(c) and 8(f) (emphasis added). APMU agrees. Although Meehan doubts the feasibility of the ideal, stating that, "[a]s a practical matter, this is not possible," APMU plans to develop and propose a volume key more accurately reflective of costs and product mix corresponding with retirement years of Postal Service annuitants and needs the production of this historical data in order to help accomplish that objective. For example, responses to interrogatories APMU/USPS-T-9-6c, 28c and 28d are among the most vital to develop an alternative key.

The Postal Service has disregarded the very purpose underlying the discovery requests to which it has objected, and its objection clearly has no merit. The Postal Service has the information relevant to APMU's inquiry, and such information should be provided. Surely, if APMU can demonstrate that the Postal Service's attribution of retirement benefits to Priority Mail is excessive, the Commission would find that information highly relevant to the costing of Priority Mail in this proceeding. APMU believes that the information it seeks will help in its

demonstration that the Postal Service's current attribution of retirement costs is unfair and should be revised.


Section 25(a) defines the scope of interrogatories by providing that they may seek "information calculated to lead to the discovery of admissible evidence." The interrogatories at issue here seek information that would be relevant to APMU's anticipated proposed distribution key, and such information would be clearly admissible.

APMU is entitled to receive the information it is seeking, and the Postal Service has not advanced a compelling or persuasive reason for not providing it. APMU is not seeking to have the Commission decide on the merits of the alternative distribution key at this time, but rather, is asking that it be allowed to obtain the information necessary to develop that key. Accordingly, the Postal Service's objections should be found "not to be valid," and should be overruled, and an Order should be entered compelling the Postal Service to respond to each interrogatory separately and fully, forthwith.

CONCLUSION

WHEREFORE, the premises considered, APMU requests that an order be entered compelling the Postal Service to respond separately and fully to interrogatories APMU/USPS-T9-6(c), 8, 24, 25, 28(c), and 28(d) filed on March 21 and 23, 2000.

Respectfully submitted,



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APMU/USPS-T-9-6.

For fiscal year 1998, please provide,

- a. The total number of Postal Service annuitants;
- b. The number of new annuitants in fiscal year 1998;
- c. The total number of Postal Service annuitants categorized by year of separation from the Postal Service (*i.e.*, the number who left in 1998, 1997, 1996 and so forth); and
- d. The average number of years of service for current annuitants.

APMU/USPS-T-9-7.

How was the \$849 million CSRS payment for fiscal year 1998, noted on page 67 of the United States Postal Service 1998 Annual Report, calculated?

APMU/USPS-T-9-8.

Please provide the number of current CSRS-covered employees who were employed by the Postal Service in each of the years 1972 through 1998.

APMU/USPS-T-9-9.

- a. In 1998, the Office of Personnel Management ("OPM") determined that the Postal Service's 1998 liability for deferred CSRS payments was \$835.936 million dollars. (Tayman, USPS-LR- I-127, worksheet CSRS_00.xls.) Please confirm that this is the Postal Service's deferred liability for 1998.

section 6, Annual Payment/Expense is \$56,029,000 rounded to the thousand dollar amount. If you do not confirm, please explain

- b. Please confirm that 1998 expense for the CSRS unfunded retirement liability that is presented in Meehan workpaper A-2 pp. 123-124 is \$64.179 million. If you do not confirm, please explain.
- c. Please explain the difference in the two figures.

APMU/USPS-T-9-24.

Table 1998 in worksheet liability in workbook CSRS_00.xls in Postal Service Library Reference I-127 lists expense payments for CSRS unfunded retirement liability, that were set in the years 1972 through 1997. Please provide documentation in the form of that contained in CSRS_00.xls in USPS-LR-I-127 that describes how the deferred CSRS liability expense was set in the years 1972 through 1997.

APMU/USPS T-9-25.

Section 5 of Worksheet "Input" of workbook ACOLA_00.xls in LR-I-127 lists the number of CSRS retired annuitants in the base year 1998. How many (a) men and (b) women were added to the role of CSRS annuitants in each of the years 1971 through 1998.

APMU/USPS T-9-26.

Workbook ACOLA_00.xls in USPS-LR-I-127, worksheet Calculations — COLA, contains (i) Table 6., Calculation of Weighted Average Decay Rates for New Annuitants, and

(ii) Table 7, Calculation of Annuitant Survivor Addition Rates. Please provide data to complete these tables for a 30 year period, rather than the 10 years set out in the worksheet.

APMU/USPS T-9-27.

Workbook ACOLA_00.xls in USPS-LR-I-127, worksheet Input, contains Table 7, Decay Rates for New Annuitant Layers. Please provide data to complete this table for a 30 year period, rather than the 10 years set out in the worksheet.

APMU/USPS T-9-28.

Section 10 of worksheet Input of workbook ACOLA_00.xls of LRI-127 lists the number of annuitants and the total number of years of Post 1971 Civilian Service (USPS) for both "retired annuitants" and "survivor annuitants."

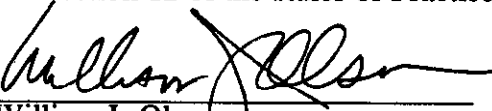
- a. Please confirm that the average number of Post 1971 civilian service (USPS) years for retired annuitants is 13.94 years. (Post 1971 civilian service (USPS) total years divided by No. of Claimants.) If you do not confirm, please explain and provide the correct figure.
- b. Please confirm that the average number of Post 1971 civilian service (USPS) years for retired annuitants is 8.85 years. (Post 1971 civilian service (USPS) total years divided by No. of Claimants.) If you do not confirm, please explain and provide the correct figure.
- c. Please provide an estimate of the average number of years of service for all retired annuitants and an estimate of the average number of years of service for

all survivor annuitants for the cohort of retired and survivor annuitants in the years 1971 through 1997.

- d. Please provide an estimate of the average number of years of service for all retired annuitants and an estimate of the average number of years of service for all survivor annuitants for the new retired and survivor annuitants in the years 1971 through 1997.

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.



William J. Olson

April 12, 2000