

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

RECEIVED

APR 24 4 38 PM '00

POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

OBJECTION OF UNITED STATES POSTAL SERVICE TO  
INTERROGATORIES OF NATIONAL NEWSPAPER ASSOCIATION  
NNA/USPS-T5-42(c), 43(c), 45(b-j), 46, 47  
(April 24, 2000)

On April 13, 2000 National Newspaper Association (NNA) filed eight interrogatories, NNA/USPS-T5-40-47, to witness Hunter (USPS-T-5) that were styled on the cover sheet as "follow-up". The United States Postal Service objects to certain of those interrogatories on grounds of timeliness, since the period for propounding interrogatories on the Postal Service direct case expired on March 23, 2000. The Postal Service does not object to those interrogatories in NNA/USPS-T5-40-47 not enumerated herein since they appear to be appropriate follow-up.

Interrogatory NNA/USPS-T5-42(c) states, in pertinent part:

Please refer to your response to NNA/USPS T5-37, in which you were asked about the contents of the table on page 3 of Appendix A of USPS-LR-I-230.

...

c. Please confirm that the figures in this table are for in-county periodicals revenue (column RI) for strata 2.1-2.5 and 3.0 are population estimates calculated by summing the in-county periodicals revenue for the 4 or 5 sample offices in each stratum and then multiplying that sample revenue sum by the blow-up factor for the stratum. If not confirmed, please explain.

While the response to NNA/USPS-T5-37 did address the contents of the table on page 3 of Appendix A of USPS-LR-I-230, in no sense could that response be construed

as revealing information that for the first time made possible interrogatory NNA/USPS-T5-42(c). The question and response to NNA/USPS-T5-37 stated:

**NNAIUSPBT5-37. Please refer to USPS-LR-I-230, Appendix A, at page 3, which provides a table with the subtitle of 'PQI-FY95 2C CENSUS REVENUES-BY STRATUM.' Please confirm that this table applies to FY98 and not to FY95, as is suggested by the subtitle.**

**RESPONSE. Not confirmed. The title above the subtitle references the FY 1996 period.**

The question posed in NNA/USPS-T5-42(c) has no substantive connection with the response to NNA/USPS-T5-37. As such, there is no basis for characterizing it as legitimate follow-up. NNA could just as easily have posed NNA/USPS-T5-42(c) without first interjecting NNA/USPS-T5-37. This contrasts with parts (a) and (b) of NNA/USPS-T5-42 which legitimately follow upon the apparent NNA confusion identified by the response to NNA/USPS-T5-37.

Interrogatory **NNA/USPS-T5-43(c)** states in pertinent part:

**Please refer to your response to NNA/USPS-T5-31(f) in which you were asked to provide the definitions of the 9 strata listed on the table on page 3 of Appendix A of USPS-LR-I-230. Please refer further to the contents of this table.**

...

**c. Please confirm that the referenced table reports a population estimate of \$384,104.75 for the in-county periodicals revenue for the 201 offices in Stratum 3.0 for the PQI FY96 period. If not confirmed, please explain.**

This interrogatory contains much the same flaws as NNA/USPS-T5-42(c) in that it does not truly follow upon the referenced interrogatory response, but simply to the "contents of the [referenced] table."

The response to Interrogatory NNA/USPS-T5-31(f) addressed strata definitions of PERMIT System offices and stated in pertinent part:

The Strata 1.1, 1.8 and 1.9 categories identified PERMIT System offices, planned PERMIT System office additions, and offices not yet fully on-line at the time of the survey, respectively. The latter two categories served to update the survey with information that had since become available. The Strata 2.1 through 2.5 were constructed based on the following ranges of In-County revenue, in reverse (descending) order respectively: 1-599, 600-1399, 1400-2999, 3000-7299, and 7300 and greater. Stratum 3.0 represented any remaining offices.

Again, there is no reason why interrogatory NNA/USPS-T5-44(c) could not have been posed without first awaiting the response to NNA/USPS-T5-31(f). Accordingly, it is not follow-up and therefore filed after the close of discovery on the Postal Service's direct case.

Interrogatory NNA/USPS-T5-45 asks a variety of questions about the "combined ratio estimator" which is defined mathematically in USPS-LR-I-26 and is also referenced in the response to NNA/USPS-T5-36(k). Part (a) of NNA/USPS-T5-45 poses an appropriate follow-up interrogatory by requesting confirmation that the reference to "combined ratio estimator" in the part (k) response is carried out by equation (2) in USPS-LR-I-26 at 4. Parts (b) through (f) then proceed to ask about details of equation (2) that could have been posed from the time the case was filed and should therefore have been filed before the end of discovery on the Postal Service's direct case. Parts (g) through (j) then venture still farther afield into estimates for fiscal years running back to 1986.<sup>1</sup> Indeed, a comparison of these latter parts with interrogatory NNA/USPS-T5-36 demonstrates just how capable NNA was of posing these questions in a timely fashion. If the deadline for discovery on the Postal Service case-in-chief is to retain any

---

<sup>1/</sup> Since the strata definitions for years before 1996 were different, and since data for those time periods have not been retained, information beyond what was filed in rate cases – and is therefore equally available to NNA as to USPS – is quite unavailable.

meaning, these interrogatories must be deemed late. They are not proper follow-up and the time for discovery against the direct case has passed.

**Interrogatory NNA/USPS-T5-46 states:**

Please state for FY 98 and FY 99 the percentage of mail piece volumes for within county mail provided respectively by the PERMIT certainty strata and the nonautomated strata.

Plainly, NNA does not believe this is follow-up, since it fails to reference any forgoing response. Furthermore, it could easily have been asked prior to the close of discovery. It accordingly is a late filed interrogatory to which the Postal Service objects on grounds of timeliness.

**Interrogatory NNA/USPS-T5-47** inquires as to details of a survey that was described in USPS-LR-I-26, which was filed as part of the Postal Service case in chief.

It states in pertinent part:

For the FY 1998 period, the BRPW utilizes independently selected non-automated office panels for each of the following mail categories: permit imprint FCM & Priority Mail, Periodicals, permit imprint Standard Mail (A), postage affixed FCM and Standard Mail (A), and permit imprint Standard Mail (B). For each mail category, the panel is selected by first grouping non-zero targeted or auxiliary revenue variable reporting offices among four to six strata using the  $CUM\sqrt{f}$  rule (cumulative frequency distribution) and revenue level (size) information obtained from a revenue account or survey. Within each stratum, a random sample of minimum size four units is selected. Upon their selection, the sampled offices report each AP all of their targeted postage statement activity to Postal Headquarters for subsequent data entry and output to electronic computer file. To manage the peak data entry workload, non-automated panel offices reporting a large volume of postage statements become candidates for automation under the PERMIT System. These offices, however, remain in their originally assigned strata for estimation purposes. USPS-LR-I-26 at 2 [emphasis added].

NNA has long made it known in the substantial inter rate case discussions with the Postal Service its knowledge that the mail of most interest to it – In-County Periodicals Mail – depends upon a survey rather than a revenue account. Indeed, part (d) of NNA/USPS-T5-47 explicitly reflects this understanding. Even without this knowledge, the discussion in USPS-LR-I-26 clearly identifies that a survey was involved. Accordingly, NNA could have posed interrogatory NNA/USPS-T5-47 on a timely basis; since it is not proper follow-up, it is untimely.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
\_\_\_\_\_  
Kenneth N. Hollies

### 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.

  
\_\_\_\_\_  
Kenneth N. Hollies

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-3083 Fax -5402  
April 24, 2000