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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

PRESIDING OFFICER'S
RULING NO. R2000-1/67

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 ON DOUGLAS F. CARLSON'S
APRIL 25, 2000 MOTION TO COMPEL RESPONSES
FROM THE POSTAL SERVICE AND WITNESS YEZER
TO INTERROGATORIES RELATED TO POST OFFICE BOX PROPOSAL

(Issued May 19, 2000)

This ruling addresses motion practice related to interrogatories in which Mr. Carlson pursues his contention that the Service's post office box fee proposal in this case is based on an "unjustified pricing scheme." Douglas F. Carlson Supplement to Motion to Compel the United States Postal Service to Respond to Interrogatories DFC/USPS-81-84 and DFC/USPS-T31-8, 10-13, 15 and 17 [Erratum], April 28, 2000, at 1. The interrogatories in question are directed to witness Yezer (in his capacity as sponsor of a cost study) and to the Postal Service as an institution. Douglas F. Carlson Motion to Compel the United States Postal Service to Respond to Interrogatories DFC/USPS-81-84 and DFC/USPS-T31-8, 10-13, 15 and 17, filed May 2, 2000. (Carlson Motion.)

Mr. Carlson's assertion stems from the Service's stated interest in changing how it allocates space provision costs to post office boxes in both owned and leased facilities.¹ He interprets the proposed change as an attempt "to charge fees for post

¹ The current method employs a city carrier/non-city carrier distinction. The proposed method uses imputed rental costs that reflect the opportunity cost of space.

office boxes based on facility rental costs, even for facilities where the Postal Service incurs no rental costs.” Id. Based on this assessment, he alleges that the proposal involves “phantom rents” and “nonexistent rental costs.” Carlson Motion at 4-5.

Summary of interrogatories. Several of the questions directed to witness Yezer inquire into policies, beliefs or scenarios involving potential box shortages, installation of additional boxes, and expansion of box sections. DFC/USPS-T31-8, 10 and 11-13. One asks about the effect of a hypothetical fee increase on consumer surplus and producer surplus. DFC/USDS-T-31-15. Another asks for confirmation that, because of Postal Service decisions on locating postal facilities, customers may use a postal facility for reasons other than convenience of the facility. DFC/USPS-T31-17.

In the interrogatories directed to the Postal Service, Mr. Carlson asks for information about the number of postal facilities that offer post office boxes in three types of ownership scenarios, and for the percentage of installed post office boxes in the same scenarios.² DFC/USPS-81. Mr. Carlson also seeks the identity of the top two or three government agencies with buildings in which the Service occupies space, and asks whether the Service pays rent to those agencies. DFC/USPS-82. Finally, in two questions premised on adoption of the Service’s box fees as proposed, Mr. Carlson asks whether the Service can provide assurances that increased fee revenues will be earmarked or otherwise used to expand box facilities where box shortages exist and seeks an explanation of how box section expansions will be handled. DFC/USPS-83.

Postal Service position. The Postal Service has objected to both sets of interrogatories on grounds of lack of relevance and lack of timeliness. Objection of United States Postal Service to Interrogatories DFC/USPS-81-84 of Douglas F. Carlson and Objection of United States Postal to Interrogatories DFC/SPS-T31-8, 10-13, 15 and 17 of Douglas F. Carlson (both filed April 20, 2000). It also has cited burden in connection with one of the institutional questions, noting that weeks of effort would be

² The situations are Postal Service-owned; owned by another government agency; and privately owned.

involved in trying to provide a response based on the nature of the ownership of a facility in which post office boxes are located. Supplement to Objection of United States Postal Service to Interrogatory DFC/USPS-81 of Douglas F. Carlson [Erratum], filed April 24, 2000. In addition, the Service has filed a detailed opposition to Mr. Carlson's motion to compel responses. Therein, the Service reviews areas of apparent misunderstanding and expresses certain procedural concerns, such as the timing of the interrogatories and whether they constitute proper follow up.

Discussion. The Commission allows participants broad latitude in conducting discovery in omnibus rate cases. In this instance, however, the pleadings make clear that the contested interrogatories are premised, in their entirety, on misapprehension of a key element of the Service's proposal and its implications. As the Service explains, its proposal in this case is consistent with the existing approach in that it continues to base post office box fees on the costs for both leased and owned facilities (including rents and depreciation). The difference in this case relates to the method of distributing or allocating these costs, with the Service proposing use of imputed rental costs rather than the distinction between city and non-city carriers.

Compelling the Service to respond to the interrogatories will not help resolve the underlying difficulty with Mr. Carlson's premise, and therefore will not advance consideration of the effect of the proposal on the general public. The Service has laid out the basis for its proposal, and has attempted to eliminate any potential confusion regarding its implications.³ Therefore, I will not require the Service to answer the referenced interrogatories. Given this conclusion, I find it unnecessary to address other bases for objection.

³ In his response to DFC/USPS-T31-2, witness Yezer states: "If prices do not reflect opportunity cost of space then the Postal Service does not have the proper incentive to expand services." The Commission understands this to be a statement of economic principle, rather than a reflection of management's policy on expansion (and related funding) of box sections.

RULING

The Douglas F. Carlson Motion to Compel the United States Postal Service to Respond to Interrogatories DFC/USPS-81-84 and DFC/USPS-T31-8, 10-13, 15 and 17, filed May 2, 2000, is denied.

A handwritten signature in black ink, appearing to read "Edward J. Gleiman". The signature is fluid and cursive, with a long horizontal stroke at the end.

Edward J. Gleiman
Presiding Officer