

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

Docket No. R2000-1

**Motion Of Major Mailers Association To Compel
Answers To Interrogatories And Request For Order
Directing The Postal Service To Provide Necessary Update Information**

To: Hon. Edward J. Gleiman
Presiding Officer

Pursuant to Rule 26 (d) of the Commission's Rules of Practice, Major Mailers Association ("MMA") requests that the Presiding Officer direct the Postal Service to provide answers to parts (c) – (l) of Interrogatory MMA/USPS-T24-23, to which the Postal Service objected on August 1, 2000. A copy of the interrogatory is attached hereto as Appendix "A."

In addition, MMA respectfully requests that the Postal Service be required to provide related update information described in the MMA's July 26 Request For Admission's and the Postal Service's July 31, 2000 response, which is attached hereto as Appendix "B." MMA originally requested that such information be provided as integral parts of the Postal Service update ordered by the Commission in Order No. 1294 but the Commission has never acted upon MMA's request.

Interrogatories MMA/USPS-T24-22-23

MMA filed Interrogatories MMA/USPS-T24-22-23 on July 24, 2000. The Postal Service's objection was filed on August 1, 2000, *one day out of time*. The Postal Service did not offer any reason for its untimely objection or, as far as MMA is aware, file a motion stating good cause for its tardy filing. In view of the extremely tight procedural schedule in effect for intervenors filing updates to their presentations in response to the Postal Service's update filings, MMA's motion to compel should be granted for this reason alone.

MMA's motion to compel should be granted on substantive grounds as well. The Postal Service's objects to these questions as "untimely" because,

The questions are not "institutional" in any respect. Because these questions pertain to witness Miller's direct testimony, they were required to

have been directed to him no later than March 23, 2000. in accordance with Presiding Officer's Ruling No. R2000-I/4 (February 25, 2000).

There is no merit in the Postal Service's objection. USPS witness Miller's original position that cost differences between Bulk Metered Mail letters and workshare letters relating to such activities as mailer preparation of mail in compliance with USPS requirements do not affect platform operations and should be excluded from the workshare cost savings analysis. Parts (a) and (b) of Interrogatory MMA/USPS-T24-23, to which the Postal Service does not object, clearly go to issues raised by the Postal Service's FY 1999 update filings in response to Order No. 1294. In parts, (c) through (l), MMA is seeking to explore if and, if so, how there may have been a change in Mr. Miller's original position on relevant workshare cost savings in light of subsequent events, including the Postal Service's FY1999 update filings and new evidence submitted by MMA witness Sharon Harrison. Tr. 26/12216-12233, 12246-12256; see also 12370-72. More specifically, Part (c) asks witness Miller to confirm what his current position is on this vital matter. In the remaining parts to which the Postal Service objects, MMA is seeking to explore the impact on platform operations of specific mail preparation activities that mailers increasingly are required to perform and the extent to which witness Miller is or is not an expert in such matters. Accordingly, there is nothing untimely about MMA's questions.

MMA's Request For Admissions

After reviewing Order No. 1294, in which the Commission directed the Postal Service to file updated FY1999 data, the related Presiding Officer's Ruling No. 71, and the Postal Service's request for reconsideration thereof, on June 9, 2000 MMA filed an answer outlining its views on these new procedures.¹ In that answer, MMA identified very specifically the information that would be required as part of the USPS update filing in order for MMA to update its case. MMA also sought clarification on specific aspects of the update process. To date, the Commission has not taken any action on MMA's requests.

The Postal Service's July 31 response to MMA's request for admissions

¹ See "Answer Of Major Mailers Association To Postal Service Motion For Reconsideration Of Order No. 1294 And Request Of Major Mailers Association For Clarification Or Reconsideration Of Order No. 1294 And POR 71," dated June 9, 2000.

indicates that certain key information has not been provided and that the Postal Service has no current plans to provide that information. Specifically, the Postal Service has confirmed that it does not intend to update all or important portions of the following Library References: LR-I-162; LR-I-137; LR-I-147; LR-I-146; LR-I-160.

Even without the additional information that MMA is seeking, it appears that workshare cost savings are increasing as a result of the updated FY1999 data. In this regard, Exhibit USPS-ST-44W indicates that unit variable cost for First-Class Single Piece letters is projected to increase by .31 cents more than the unit variable cost increase for First-Class Workshare letters as a result of the update to FY 1999.² Nevertheless, without this additional information identified for the Commission almost two months ago, MMA will not be able to complete its analysis of the Postal Service's update filings and prepare an update of its own presentation.

CONCLUSION

For all of the foregoing reasons, MMA respectfully requests that the Presiding Officer issue a ruling directing the Postal Service to provide complete answers to parts (c) - (l) of the referenced interrogatory and provide the updated Library References identified above.

Respectfully submitted,

Major Mailers Association

By: 

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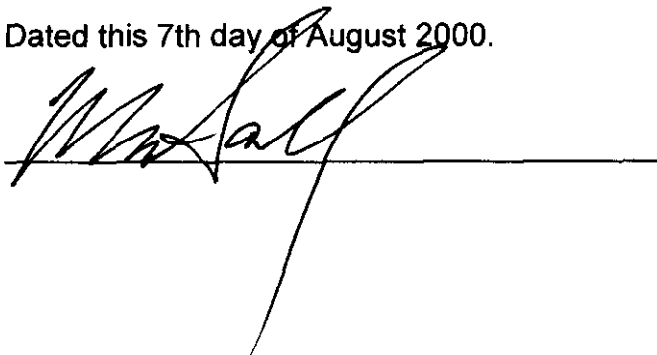
Dated: Round Hill, VA
August 7, 2000

² MMA has asked USPS witness Miller to confirm this fact in MMA/USPS-T24-22 (h).

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing discovery request upon the United States Postal Service, Ted P. Gerarden, the Designated Officer of the Commission, and participants who requested service of all discovery documents, in compliance with Rules 12 (b) of the Commission's Rules of Practice.

Dated this 7th day of August 2000.

A handwritten signature, appearing to be "W. S. Hall", is written over a horizontal line. A long, thin vertical line extends downwards from the signature.

Appendix A

MMA/USPS-T24-23 Please refer to your answer to MMA/USPS-T24-18. There you list the BMM and Automation unit costs for each of the cost pools that you omitted from your analysis.

(a) Please provide the FY 1999 unit costs in the same format as provided there.

(b) Please discuss the reasons for any changes that might result as shown in cost pools for

- 1) MODS 1PLATFORM
- 2) MODS 1SACKS H
- 3) MODS 1SUPP F1
- 4) MODS 1SUPP F4
- 5) NONMODS MISC

(c) Please confirm that it is your position that unit cost differences between workshare letters and BMM letters resulting from the fact that workshare letters must be prepared in compliance with Postal regulations and BMM letters do not are nonworksharing-related (fixed) cost differences and should not be part of the derivation of workshare cost savings. If you cannot confirm, please explain.

(d) Please confirm that you are not an expert on presort mailers and wouldn't know the answer to questions in terms of what they might do prior to entering their mail at a postal facility.

(e) Please confirm that mailers who sort and label trays perform activities that do not affect platform operation costs. If you cannot confirm, please explain.

(f) Please confirm that mailers who strap trays perform activities that do not affect platform operation costs. If you cannot confirm, please explain.

(g) Please confirm that mailers who palletize trays perform activities that do not affect platform operation costs. If you cannot confirm, please explain.

(h) Please confirm that mailers who label and sort pallets perform activities that do not affect platform operation costs. If you cannot confirm, please explain.

(i) Please confirm that mailers who stretch wrap pallets perform activities that do not affect platform operation costs. If you cannot confirm, please explain.

(j) Please confirm that mailers who apply Air Contract Transportation ("ACT") tags to trays perform activities that do not affect platform operation costs. If you cannot confirm, please explain.

- (k) Please confirm that mailers who sort and load pallets of trays into Postal Service vehicles perform activities that do not affect platform operation costs. If you cannot confirm, please explain.
- (l) Please confirm that you are qualified to make such judgments (described in parts (e) – (k)) regarding mail preparation requirements that First-Class workshare mailers must comply with in order to qualify for workshare discounts.

Appendix B

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO REQUESTS FOR ADMISSION FROM MAJOR MAILERS ASSOC.

1. Please confirm that the FY 1999 updates filed by the Postal Service do not include the following materials and that the Postal Service does not intend to file updates of such materials to reflect the FY 1999 data:

- a. LR-I-131 (Volume J, Table E and Volume H, Table E);
- b. LR-I-174;
- c. LR-I-91A and B;
- d. LR-I-162A;
- e. LR-I-137;
- f. LR-I-147;
- g. LR-I-146;
- h. LR-I-160A;
- i. LR-I-160L;
- j. LR-I-168;
- k. Tr. 21/9420-21;
- l. Tr. 21/8909-10; and
- m. Response of USPS Witness Mayes to POIR No. 1, Question 4 at 1 (Revised 4/21/00)

RESPONSE:

For purposes of responding to this request, the phrase "does not intend to file" is interpreted to mean "currently does not intend to file." Also, please be aware that to the extent that any of the material submitted as part of the update exercise shows cost coverages that result when updated revenue forecasts are compared with updated cost forecasts, those cost coverages are merely mechanical outputs from the process, and in no way reflect any attempt on the part of the Postal Service to apply the pricing criteria of the Act to the updated data.

- a. Not confirmed. See LR-I-424.
- b. Not confirmed. An update of most of the material filed in LR-I-174 is included in the Excel electronic version of the attachments to the Response to POIR No. 16, filed on July 27, 2000, and available on the Commission's webpage.

- c. With respect to LR-I-91A, not confirmed. Portions of that material (without piggybacks) were updated. With respect to LR-I-91B, confirmed.
- d. Confirmed.
- e. Not confirmed. A portion of LR-I-137 has been updated in LR-I-428. Confirmed that for those portions that are not updated in LR-I-428, there currently are no plans to update such material.
- f. Confirmed.
- g. Confirmed.
- h. Confirmed.
- i. Confirmed.
- j. Not confirmed. See LR-I-436.
- k. Not confirmed. See the updated PRC version library references.
- l. With respect to Tr. 21/8909, the request is not clear. It can be confirmed that LR-I-235, which is cited on that page, has not been updated. With respect to Tr. 21/8910, not confirmed, because it would appear that all of the material necessary has been provided, either within the updated PRC version library references (costs), or within the Response to POIR NO. 16 (revenues).
- m. Not confirmed. See Response to POIR No. 16, filed on July 27th.