

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

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POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE
TO MOTION OF THE OFFICE OF THE CONSUMER ADVOCATE
TO COMPEL PRODUCTION OF DOCUMENTS
AS REQUESTED IN OCA/USPS-ST44-51
(August 25, 2000)

The United States Postal Service hereby responds to the motion of the Office of the Consumer Advocate to Compel Production of Documents as Requested in OCA/USPS-ST-44-51, filed on August 22, 2000. The OCA seeks "the proposed FY 2001 Operating Budget." This "document" cannot be provided because it does not exist. Accordingly, the OCA's motion cannot be granted.

The OCA has based its request on two statements in the supplemental testimony of witness Patelunas that a labor cost assumption and projected workers compensation cost were "consistent with" the FY 2001 budget.¹ From these statements, the OCA has

^{1/} "After subtracting the impact of FY 2000 carryover costs, the effective change in wages related to the new contract is 2.8 to 3.0 percent, or 1.7 to 1.8 percent less than the Employment Cost Index. This assumption is consistent with the FY 2001 Operating Budget." USPS-ST-44, at 3.

"FY 2000 workers' compensation costs were increased to \$848.676 million to reflect the increased number of claims and rising, medical costs appearing in recent trends. These increases were partially offset by a change in the life tables used to calculate the liability related to long term cases. Updated test year costs were reflected at the same level as updated FY 2000 estimate, consistent with the proposed FY 2001 Operating Budget, despite the fact that current trends and our estimation methodology indicate a much higher level of expense." *Id.* at 6.

concluded that there is a document embodying the proposed FY 2001 operating budget. In fact, such a document does not exist. While some elements of the proposed budget have been agreed upon by postal management, the details are still being formulated. Furthermore, as explained in the Postal Service's Response to Questions Raised at Hearings on August 3, 2000, filed on August 15, 2000, the planning parameters for FY 2001 have not yet been submitted to the Board of Governors for approval.

Witness Patelunas's testimony is not inconsistent with this situation. The OCA argues that "[t]he proposed FY 2001 Operating Budget is the source for the most single most [*sic*] important cost change made by the Postal Service in responding to Order No. 1294." OCA Motion at 3. Witness Patelunas, however, does not testify that a "proposed operating budget" is the source of the labor assumption and the workers compensation costs. Rather, he indicates that the labor assumption and workers compensation cost estimate he used in the update are consistent with—*i.e.*, from the same sources and at the same levels as—those used in the ongoing formulation of the FY 2001 budget. Witness Strasser will be available at hearings to explore further such

matters that are related to his rebuttal testimony, but there is no FY 2001 budget document to review prior to his cross-examination.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


Scott L. Reiter

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.


Scott L. Reiter

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August 25, 2000