

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, 2001

Docket No. R2001-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE
IN OPPOSITION TO THE CARLSON MOTION TO COMPEL A
RESPONSE TO DFC/USPS-20
(December 13, 2001)

The United States Postal Service hereby responds in opposition to Douglas Carlson's December 6th motion to compel a response to his interrogatory DFC/USPS-20. This question involves a request for any documents issued by the San Jose District in 2000 or 2001 relating to the removal of collection boxes.

Before directly addressing the specific substance of DFC/USPS-20, however, it is necessary to correct some of the more general assertions upon which Mr. Carlson has predicated his motion to compel. Mr. Carlson accurately notes that collection is one of the intrinsic service features mentioned in subsection 3622(b)(2) as relating to value of service. Recall, however, that the general purpose of the non-cost criteria of section 3622(b), including subsection (b)(2), is to guide the allocation of institutional costs between the subclasses. When comparing the service features of various subclasses, some subclasses offer "collection" service – the ability to have mailpieces deposited at any time in the Postal Service's network of collection boxes – and other subclasses do not offer "collection" service – mailpieces must be tendered at designated entry points at designated times, and thus may not be deposited in collection boxes. The essential purpose of including collection in the list of service features in subsection 3622(b)(2) was to emphasize this distinction as a relevant factor in allocating institutional costs

amongst the two types of subclasses, those with and those without collection service.

Mr. Carlson, however, rather than focusing on any inter-subclass comparisons between those subclasses that benefit from the collection network and those subclasses that do not, is instead seeking to shift the focus to the operational details of the collection network itself. It must be recognized that operational details will not change the basic nature of the relevant comparison – some subclasses are eligible for collection service, others are not. Efforts such as Mr. Carlson's to get bogged down in the details of potential changes in the collection network over time are fundamentally misguided in the context of an omnibus rate case.

The need to avoid this quagmire becomes more apparent upon examination of various claims made by Mr. Carlson in his motion:

The number and location of collection boxes generally is directly proportional to the value of the service. Similarly, the value of service generally is directly proportional to later collection times. Thus, many boxes with late collection times are likely to provide a higher value to First-Class Mail than fewer boxes and early collection times.

Motion at 2. Each of these claims is suspect. The Postal Service, in its response to OCA/USPS-225, has already explained why the number of collection boxes is *not* necessarily directly proportional to value of service. For example, a decline in the total number of collection boxes could be offset by alternative means of depositing mail, such as slots within delivery cluster boxes. On the other hand, location of boxes may indeed be important, yet location is not an ordinal concept that can be either directly or inversely proportional in the same sense that number of boxes could be. Collection times raise an even greater number of concerns. Later collection times add to value of service relative to earlier collection times only to the extent that it is actually possible to

provide consistent service at the later times. An earlier collection time that allows for consistent service could easily be considered to provide better service overall than a later collection time that causes the mail collected to routinely miss outgoing service windows.¹ Overall, the deficiencies in Mr. Carlson's simplistic assertions underscore the reasons why the types of material he claims to be seeking lack probative value with respect to the salient issues in an omnibus rate proceeding.

Whatever the merits or demerits of debating the value to mailers over time of the collection network, however, for ratemaking purposes, it is clear that such a debate could be relevant, if at all, only at the national level. DFC/USPS-19 inquired about collection box information at the national level, and the Postal Service without objection responded to that inquiry. DFC/USPS-20, however, seeks information about only one district, which by its very nature lacks probative value on matters of nationwide concern. Mr. Carlson tries to circumvent the obvious shortcomings of information pertaining to only one district by claiming that it might reveal a broader scope of operational changes beyond the limited jurisdiction specified in his question (e.g., it might indicate similar

^{1/} Mr. Carlson's also states that the purpose of OCA/USPS-292 is "to obtain evidence to prove a trend in recent years that is obvious to seasoned observers: local districts are shifting collection times to earlier hours to increase EXFC overnight performance scores and to increase bonus payments to postal managers." Motion at 2. This statement is disturbing for several reasons. First, in making this claim, Mr. Carlson goes well beyond the text of the OCA interrogatory, so the basis is unclear for his allegation as to what the OCA is attempting to do with that interrogatory. Second, Mr. Carlson appears to purport to be able to exclude the possibility that adjustments are made to improve the consistency of service, thereby better serving the needs of customers, rather than, as he so boldly states, "to increase bonus payments to postal managers." The tone of this rhetoric strongly suggests that Mr. Carlson is more interested in making disparaging remarks about postal officials than about focusing on matters that will aid the Commission in its resolution of ratemaking issues.

activity across the entire Pacific Area). Motion at 3.

Mr. Carlson's own motion, however, undermines the purported utility of this haphazard mode of analysis. As he essentially admits on pages 3-4 of his motion, if the issue is any indication of nationwide trends in collection boxes, the obvious solution is simply to examine the nationwide total number of collection boxes over time, as Mr. Carlson has belatedly requested in DFC/USPS-22 . Although not mentioned in the motion to compel, the available information in that respect has already been provided by the Postal Service in response to OCA/USPS-225. (It differs from that requested in DFC/USPS-22 only in the trivial sense that it represents information at the end of PFYs, instead of at the beginning of GFYs.) Thus, the information which Mr. Carlson himself admits (Motion at 4) constitutes "an alternative discovery approach to DFC/USPS-19 and 20" has already been provided. With that information in hand, it is no longer pertinent whether indications might exist within the material requested in DFC/USPS-20 that box removals might have occurred only in San Jose, might have also occurred in districts outside of San Jose *within* in the Pacific Area, or might have also occurred in districts outside of San Jose *outside* of the Pacific Area. The national numbers are available, and documents from a specific district that are claimed might shed light on the scope of nationwide changes are unnecessary and irrelevant.

Therefore, the motion to compel a response to DFC/USPS-20 should be denied. Operational details of the collection network are generally irrelevant to the appropriate application of the ratemaking criteria. Nevertheless, the Postal Service has already provided the core nationwide information for what Mr. Carlson himself labels a "better discovery approach" in the motion to compel at pages 3-4. The information requested

in DFC/USPS-20 from one individual district is not going to aid in the resolution of issues in this proceeding, and is therefore irrelevant and immaterial.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:



Eric P. Koetting

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.



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