

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, 1997

Docket No. R97-1

OBJECTION OF UNITED STATES POSTAL SERVICE TO OFFICE OF THE  
CONSUMER ADVOCATE INTERROGATORIES  
(OCA/USPS-T5-30, 31, 32, 34, 35 AND 36(b) and (c))  
(September 22, 1997)

The United States Postal Service hereby objects to Office of the Consumer Advocate interrogatories OCA/USPS-T5-30, 31, 32, 34 and 35, filed on September 11, 1997, and OCA/USPS-T5-36(b) and (c), filed on September 16, 1997. The information requested in the interrogatories is either completely irrelevant, has already been provided, is burdensome to produce, requires the Postal Service to do the OCA's work for it, or encroaches upon the Postal Service's discretion to keep its own system of accounts.

The interrogatories are as follows:

OCA/USPS-T5-30. If the mail processing variability estimates for MODS, non-MODS offices, or BMCs were to be modified, please identify all portions of your workpapers which would have to be modified.

OCA/USPS-T5-31. Suppose that technical corrections were made to several of the variability estimates provided to witness Degen, and the costs of library reference H-146 had to be revised. Please indicate all inputs that you receive from witness Degen that would be affected by such a change.

OCA/USPS-T5-32. Please identify all inputs to your workpapers that you received from witness Degen's costing testimony and programs. For each of these inputs, please provide citations to the portions of your workpapers, testimony, and library references where they are used.

OCA/USPS-T5-34. Please refer to library reference H-1, Table A-1.

a. Please break down the numbers appearing in the "TOTAL" row by CAG.

If this breakdown is not available, please explain.

- b. For each accrued cost in Table A-1, please provide a breakdown by CAG. If this breakdown is not available, please explain. Please provide this information as an Excel spreadsheet file.

OCA/USPS-T5-35. Please refer to library reference H-1, Table A-2.

- a. Please break down each "SEGMENT TOTAL" by CAG. If this breakdown is not available, please explain.
- b. For each number appearing in the column "Accrued Costs," please provide a breakdown by CAG. If this breakdown is not available, please explain. Please provide this information as an Excel spreadsheet file.

OCA/USPS-T36. Please refer to library reference H-1, pages x-xvii.

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- b. Please provide the Table 1 accrued cost by CAG for the base year.
- c. Please provide the Table 3 accrued cost by CAG for the base year.

Interrogatories 30 through 32 basically can be characterized as the OCA asking the Postal Service to do the OCA's homework. The information requested by the OCA has been provided, but the OCA apparently feels that it should be absolved from any efforts to examine the Postal Service's filing to find that information.<sup>1</sup> The base year in this case has been fully documented in accordance with the Commission's rules through testimony, exhibits, workpapers and library references. The Postal Service's proposed changes to mail processing variabilities have likewise been fully documented. The Postal Service, perhaps more than other participants in

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<sup>1</sup> As just one example, Alexandrovich Workpaper B, W/S 3.1.1, Development of Mail Processing Cost Distribution, clearly points to LR-H-146, Part I as the source of the various columns. LR-H-146, Part I clearly explains that the program contained there "derives costs for clerk/mailhandler work time. . . . to be applied to mail class distribution keys based on IOCS dollar-weighted tally costs to obtain MODS-based costs for BASE Year rate categories or subclasses (see PART II)." *LR-H-146, at I-6*. Part II of LR-H-146 clearly explains, "This set of programs develops the Cost Segment 3 volume-variable mail processing costs for the BASE YEAR rate categories by cost pool for three facility groups: MODS, NONMODS, BMCS." *LR-H-146, at II-2*.

ratemaking proceedings, is cognizant of the detail and complexity required in its costing presentations in order to comply with the Commission's documentation requirements. As the Commission itself has acknowledged, "The Postal Service's attributable cost presentations are more complex and more detailed than those required of most public utilities." *Docket No. RM97-1, Order No. 1176, May 27, 1997, at 6.*

The Postal Service already shoulders the burden of complying with the Commission's intricate and extensive filing requirements. Once the Postal Service has produced the required information, it is improper for the OCA to ask the Postal Service to reproduce the same information in a format more to the OCA's liking. Other participants in this proceeding seem to have managed to review the Postal Service's comprehensive base year and mail processing documentation and to ask legitimate, focused questions. Why the OCA cannot manage to do the same is perplexing, particularly given that it has managed to microscopically examine every nuance of the Postal Service's costing presentation as it relates to Post Office boxes.

The Postal Service estimates that it would take a total of approximately two to three full working days to provide the "road map" that the OCA wants. This burden is unjustified since the OCA is capable of doing the work itself by tracing through the documentation already provided. The Postal Service should not have to devote its resources to this task and take time away from responding to other legitimate discovery requests, simply because the OCA would rather dedicate its own resources to other endeavors.

Interrogatories OCA/USPS-34, 35 and 36(b) and (c) essentially ask the Postal Service to create special new reports to satisfy OCA's unexplained desire for the information. The interrogatories basically request that the dollars in every single Postal Service subaccount be broken out by CAG. Postal Service accrued costs are not reported by CAG, rather they are compiled by finance number, line number, cost segment and component, object, class, etc. Responding to the OCA's request would require that each of approximately 1,000 to 2,000 account numbers be sorted by finance numbers by CAG and then summed by CAG. Since this is not how accrued cost records are kept, costs by CAG do not underlie the development of either the Postal Service's accrued or volume variable costs and thus are not relevant to any issues in this docket. Moreover, the value of such a break out is questionable. At the end of every fiscal year, the Postal Service makes audit adjustments to reconcile its trial balance to the audited financial statements, and expense reallocations to break out additional cost components. These can involve significant dollar amounts. *See Library Reference H-9. Part III.* These adjusted and reallocated costs are not available by CAG and thus cannot be resorted by CAG. One could make any number of assumptions to allocate these adjustments by CAG, but the resulting numbers would be based on conjecture rather than a verifiable data source.

Further, requiring the Postal Service to redo its reports for whatever use the OCA plans in this case creates additional work and begins to intrude on the Postal Service's authority to maintain and manage its books as it deems proper. The Postal

Reorganization Act provides, in pertinent part, that the Postal Service has the power "to determine and keep its own system of accounts. . . ." 39 U.S.C. §401(4).

Finally, although the Postal Service is not arguing that production of the reports, standing alone; would be unduly burdensome, the additional time required to respond comes at the end of the fiscal year, which is the heaviest work period of the year for functions associated with Postal Service accounting. Requiring the additional work at this time thus becomes burdensome and is unwarranted, especially given the questionable relevance of the requested information.

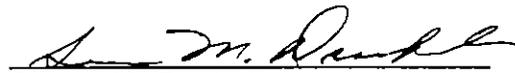
The OCA's requests go well beyond the bounds of appropriate discovery. The Postal Service should not be required to respond.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

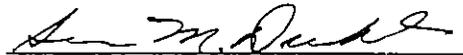


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September 22, 1997

**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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