

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

Postal Rate Commission  
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EXPERIMENTAL PRIORITY MAIL FLAT-RATE  
BOX, 2004

Docket No. MC2004-2

OBJECTION OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES PROPOUNDED BY  
THE OFFICE OF THE CONSUMER ADVOCATE, OCA/USPS-T1-29-30  
(July 16, 2004)

On July 6, 2004, the Office of the Consumer Advocate (OCA) propounded interrogatories OCA/USPS-T1-29-30, to which the Postal Service objects on the ground of relevance, and also on the ground that the questions call for, and/or rest upon, (erroneous) conclusions of law. Too much of the discovery in this docket evidently presumes that the Postal Service has made a request for permanent authorization of a new subclass, when in fact (and in law) the request is for the conduct of an *experiment* involving a *rate category*. The interrogatories' flaws reflect erroneous understanding of both these points.

The first interrogatory states:

OCA/USPS-T1-29. Do the city carrier cost study, the rural carrier cost study and the recent Bradley study need to be modified to reflect:

- a. the new free pick up service for Express Mail and Priority Mail and
- b. the new Priority Mail flat-rate box service?
- c. If not, why not?

The second interrogatory states:

OCA/USPS-T1-30. Please explain how the free carrier pick up of Priority Mail flat-rate boxes at the door of mailers will be reflected in the recent Bradley carrier cost study.

- a. Will the additional carrier time for free new flat-rate box pick ups be accounted for in the volume variability portion of the study? If so, what modifications to the study will need to be taken to reflect the impact of this new service?

b. Will the additional carrier time for free new flat-rate box pick ups be reflected in the distribution keys related to Priority Mail? If so, what modifications to the study will be needed to reflect the impact of this new service in the distribution keys.

Were the Postal Service requesting permanent authorization for a new subclass, questions of these types would at least inquire into the methods by which the new subclass might be reflected in a later year's CRA. Of course, an antecedent question along these lines would then likely be how the Postal Service expected to collect the needed information, rather than making potentially unfounded assumptions (as these interrogatories do) regarding the utilization of specific ongoing data systems. Such decisions are not, however, typically finalized during litigation of an underlying request.

But the flat-rate box request does not involve a new subclass. The Postal Service merely seeks authorization to conduct an experiment concerning whether a Priority Mail flat-rate box is a worthwhile addition to the existing mix of products and services. During the proposed experiment, the Postal Service direct case indicates that ODIS-RPW will provide some information necessary to inform a decision whether the flat-rate box constitutes a viable, permanent option.<sup>1</sup> In other words, the Postal Service seeks to determine whether a flat-rate box provides sufficient value that it should become a permanent Priority Mail rate category.

As such, these two interrogatories seek information that as a matter of fact and law are irrelevant to this docket. The flat-rate box will not constitute a new subclass, for which the Act requires evidence that its revenues cover its costs while making a contribution to institutional costs. To be sure, the Postal Service is mindful of the financial risk associated with the flat-rate box, which is why this issue is central to the testimony of witness Scherer.

Interrogatory OCA/USPS-T1-29 is also irrelevant for additional reasons. Express Mail is not at issue in this proceeding; nor are overall Priority Mail costs. As various pleadings attempt to explain, carriers have been collecting mail from delivery receptacles since before living memory – so there is also no “new free pick up service”.

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<sup>1</sup> For this reason, questions regarding how ODIS-RPW would do so did not draw objections. While ODIS-RPW system changes have not been finalized, a general idea of how ODIS-RPW would be used was provided in interrogatory responses. See Response of United States Postal Service to Interrogatories of the Office of the Consumer Advocate, Redirected from Witness Scherer (OCA/USPS-T1-21-25)(July 8, 2004).

When and if the Postal Service files a request that includes a permanent Priority Mail flat-rate box option, it will need to give further consideration to the collection of needed data. The existing data systems would be options, but by no means the only ones. Final decisions on such matters, however, typically await at least an Opinion and Recommended Decision from the Commission; the flat-rate box is yet quite shy of that cornerstone. Moreover, Postal Service plans for CRA-focused data collection can also change after implementation if, for example, a planned data source proves inadequate.

For the foregoing reasons, the Postal Service objects to interrogatories OCA/USPS-T1-29-30 on the ground of relevance, and because the questions call for conclusions of law, or rest upon flawed conclusions of law.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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