

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

POSTAL RATE AND FEE CHANGES
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005-1

PARTIAL OBJECTIONS OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE OCA (OCA/USPS-43 - 54)
(May 23, 2005)

As indicated below, the United States Postal Service hereby files partial objections to the above-referenced interrogatories, filed by the OCA on May 13, 2005.

For convenient reference, the entire set of questions is attached to this objection. In general, the questions relate to what are generically known as nonpostal services, or (in questions 46 and 48) to developmental aspects of postal services for which separate information does not appear within the normal data reporting mechanisms. To summarize briefly, questions 43-45 seek detailed information regarding nonpostal services offered on a national, regional, or local level. Question 46 and 48 seek detailed information on pilot tests or operations tests of postal services. Questions 47 and 49 seek detailed information regarding pilot tests or operations tests of nonpostal services. Question 50 specifically seeks annual reports submitted to GAO for the last four years on eCommerce activities. Question 51 specifically seeks an update to a response from the last rate case providing information on two eCommerce programs (PosteCS and EPM), along with a wide variety of further details on the two programs. Question 52 specifically seeks an update to a response from the last rate case providing information on seven other nonpostal programs (FirstClass Phone Cards, Retail

Merchandise, PostOffice Online, LibertyCash, Dinero Seguro, REMITCO, and Sure Money), along with a wide variety of further details on those programs. Questions 53 and 54 relate to the information on nonpostal services provided in this case in Attachment F to the Request. Using the same basis for bifurcation as Attachment F, question 53 focuses on those nonpostal services involving window clerk activity, and question 54 focuses on those with no associated window clerk activity.

Rather than attempt to address each and every question, subpart by subpart, this pleading will discuss general grounds for objection, with reference to individual items primarily for purposes of illustration. Such an approach is necessary, in part, because there are literally hundreds of subparts and, in part, because of the duplicative nature of the questions. Information requested within the framework of one question is often requested again in other questions covering the same subject matter within a different framework.

Lack of Relevance

In general, to the extent that they seek detailed information about nonpostal services, these questions lack relevance to the material issues in this proceeding. Obviously, while the OCA (and others) may not be willing to concede that the covered services are outside of the Commission's jurisdiction, as a practical matter, they (with the possible exception of those relating to questions 46 and 48) have been treated as such to date, and the Commission has yet to reach any firm conclusion to the contrary. If there are lingering issues regarding the appropriate legal status of some of these services, there is no valid reason to believe that those issues should or will have any bearing on the outcome of this proceeding, or that the range of permissible discovery

should be expanded to encompass those issues. While these conclusions would hold true with respect to any rate case, they apply with particular force in the midst of one in which the issues have been substantially narrowed (e.g., by proposing an across-the-board rate increase, and by excluding any proposed classification changes).

Not surprisingly, the lack of relevance becomes more acute as the scope of inquiry becomes broader and the level of detail becomes deeper. For example, items that request, for every nonpostal service, annual volume figures by billing determinant, or all underlying worksheets, computations, source materials, and accounting records, seek materials that are, on their face, irrelevant to a proceeding focused exclusively on rates and fees for postal services. What would be the relevance to any material issue in this proceeding, for example, of billing determinant data which showed whether the Postal Service sold more 30-minute phone cards, or more 60-minute phone cards? The breadth and depth of the OCA's requests far exceed any reasonable notion of relevance.

One common element of these requests that particularly fails to withstand scrutiny with regard to relevance is excessive focus on historical information. Many of the questions seek historical information going back to the inception of every service. Many of the questions seek information about services that were discontinued well before the start of the base year. Postal ratemaking, however, is prospective in nature, and the Commission's ultimate recommendations will be made on the basis of what is anticipated in the test year. Details about a nonpostal service that, to pose a hypothetical example, began in 1998 and terminated in 2002, would have no relevance whatsoever to this proceeding, yet the OCA is seeking every possible bit of information

about such a service. Even for nonpostal services that continue, details about what happened in past years have no bearing on what the Commission might be recommending in terms of rates for postal services in the test year. The role of discovery in rate cases is not to fill in perceived gaps in the comprehensive history of the Postal Service, but to provide the Commission with useful and relevant information to fulfill its statutory role in recommending rates for postal services.

On similar grounds, those portions of questions 51-54 that seek information for available quarters of FY05 lack relevance. The base year in this case is FY04, and even for postal services, cost information is generally provided on an annual, not quarterly, basis. There is no reason to present information for nonpostal services, for which rates will not be recommended, beyond the period that information is presented for postal services, for which rates will be recommended. Allowing parties to request and obtain more recent information as the case progresses would transform the entire ratemaking exercise into an attempt to shoot at a moving target.

Undue Burden

Much of the information sought by the OCA either does not exist, or could not be produced without unwarranted effort and expense. Once again, this relates to the level of detail of the information sought in these questions. Perhaps the most obvious example is question 45, which requests copious information on nonpostal services offered on a local basis. In the first instance, it must be emphasized that there is no expectation that the number and scope of nonpostal activities at that level are significant enough to warrant this inquiry. Nevertheless, even assuming hypothetically that there might be significant local activities, the Postal Service has tens of thousands of retail

facilities. Taken literally, question 45 seems to be seeking the identity, quantity, cost, and price of every nonpostal item that might ever have been sold by any one of those facilities. For good measure, the Postal Service would also need to throw in the underlying source materials from which such information was extracted. To state that the Postal Service has no practical means of obtaining this degree of detailed information, even if the question were limited to FY04, would be to state the obvious.

Even if one considers the less extreme example of nonpostal services offered on a nationwide basis (question 43), many of the data elements requested (particularly for historical periods) would require substantial research just to determine if they even exist. Some of the data elements may not have not been developed in the format requested (e.g., separate identification of “development costs, start-up costs, capital costs, and common or joint costs”). To the extent that certain summary information is available, underlying materials and documentation have not been organized or otherwise prepared for distribution, and the burden associated with background documentation would be monumental, even disregarding the Postal Service’s other concerns of relevance and privilege.

Moreover, to turn back to the matters of particular concern regarding less than nationwide services, there would tend to be an inverse relationship between the relative financial importance of such programs, and the burden associated with gathering information relating to such programs. As common sense would suggest, as programs grow larger and generate more revenue, information regarding them tends to become more centralized and standardized. Conversely, information regarding small local programs would tend to remain at the local level, making it difficult to identify such

programs, much less collect detailed information about them. The consequence of this inverse relationship is that insistence on complete information coverage could result in a situation in which a very high proportion of the total burden would be associated with obtaining a very small proportion of the total information. There is a qualitative difference in the level of burden associated with synthesizing information already available at the Headquarters level, versus embarking on what would amount to a data collection effort for information that typically does not reach Headquarters. Consequently, the burden associated with questions 44 and 45 (regional and local nonpostal services) would be particularly undue.

As noted in the above discussion of relevance, requests for information on discontinued services are also particularly troubling. By definition, when a service has been discontinued, no personnel are assigned to that program, and those familiar with it have often moved on. Therefore, not only is information about such programs devoid of relevance, but it would also tend to be even more burdensome to produce than information relating to an ongoing program. And as usual, the problem worsens as the level of detail sought increases.

It is not possible to make a meaningful quantification of the burden associated with responding to these questions without the placement of some manageable limitations that are noticeably absent from the request. For example, if the Postal Service assigned a team of two people to do nothing except obtain the information requested in question 45 from local offices, it seems likely that their Sisyphean labors would never cease, as no sooner would they finalize one round of inquiry than a new round would be necessary to cover the retail items added by local offices during the

time needed to complete the previous round. Suffice to say that any attempt by the Postal Service to respond to questions 43-54 in their entirety, at anywhere near the level of detail requested, would be unlikely to be completed in an elapsed time of under four-six months, and even then only with substantial disruption to the Postal Service's ability to respond to other discovery requests and otherwise litigate the case.

The latter point merits some attention. The Postal Service, equally with all other participants in postal rate proceedings, is entitled to due process. The Postal Service, like others, should have a full and fair opportunity to present its case. That full and fair opportunity is significantly infringed if time and effort are devoted to matters that will not materially assist in the setting of rates and fees. The mailing public, including large, business mailers as well as individual consumers, and postal competitors, are also harmed from this lack of focus on the matters at hand. They are entitled to rates and fees that meet the criteria of the Act. Time squandered on other issues threatens the entire ratemaking process.

Commercial Sensitivity

To the extent that these questions address nonpostal services, they seek information that is potentially commercially sensitive. Under general standards of good business practice, the Postal Service does not disclose commercial information that could be used to its detriment by other actors in the same commercial markets – be they current competitors, prospective bidders, or other entities with which the Postal Service might someday do business, or against which the Postal Service might someday compete. The greater the level of detail encapsulated in information, the greater the level of potential harm associated with disclosure of such information. Since

the breadth and depth of detail sought by the OCA are so great (e.g. accounting records, source materials), much of the information requested would be commercially sensitive, and the Postal Service objects on that basis.

The Postal Service submits that particular commercial sensitivity is associated with pilot or operations tests of nonpostal services (questions 47 and 49). Such products often compete with service offerings of other entities, and to disclose the Postal Service's plans at a stage in their development when they are not yet ready for market would be particularly imprudent. The Postal Service therefore objects to questions 47 and 49 in their entirety. It should be noted, however, that because nonpostal products can be introduced without Commission litigation, they would tend to move through the pilot or operational test phase (if any) much more quickly than postal products (for which a more extensive pilot or operations test might be necessary in order to prepare for litigation). Once past that phase, their revenues and expenses would start being tracked like the other nonpostal services, such as those already covered in Attachment F.

It should be noted that question 50 anticipates concerns of commercial sensitivity, and indicates the OCA's willingness to receive copies of the eCommerce reports to GAO under protective conditions. While the Postal Service agrees that protective conditions would be an improvement over unprotected disclosure, it is not willing to provide copies of those reports even under such conditions. The reason is that the level of detail in these reports vastly exceeds any possible relevance to this proceeding. As discussed below, summary information on the few remaining eCommerce activities will be provided, and any greater level of detail is unwarranted.

For example, a breakout of expenses by budget line item for nonpostal eCommerce services would have no possible bearing on rates and fees for postal services.

Partial Objections

The Postal Service submits that the information regarding nonpostal services filed with Attachment F to the Request is sufficient to allow the Commission to fulfill its obligations under the current ratemaking structure, and therefore objects to requests for additional information on the grounds stated above. Nonetheless, in light of past history, the Postal Service recognizes that mere assertion of its objections is unlikely to put any of these matters to rest. In an effort to avoid further contention, but without waiving its objections, the Postal Service is willing to provide additional information along the lines provided in past cases.

Thus, starting with the information already provided in Attachment F to the Request (OCA questions 53 and 54), the Postal Service is willing to identify the specific nonpostal services, and to disaggregate the total revenue and expense figures by product. For those involving window clerk time (question 53), the Postal Service is willing to indicate how IOCS information is incorporated into these figures. To the extent that it is readily available, the Postal Service is willing to provide similar revenue and expense information by product for the other years since the last case, FY02 and FY03. Lastly, the Postal Service is willing to discuss test year estimates.

With respect to the questions (51 and 52) regarding updates of responses to previous OCA discovery requests, to the extent not covered by what is described above, the Postal Service is willing to provide updated information to the extent that it is readily available. As was already noted in Docket No. R2001-1, however, certain of

those services have been terminated for some time. Others have been terminated more recently.

With respect to question 43 regarding nationwide nonpostal services, the Postal Service is willing to provide general descriptions of the services for which figures were included in Attachment F. These would tend to address many of the elements listed in subparts b-h. Quantitative information about such services, however, would be that provided as described above.

With respect to questions 46 and 48 regarding pilot and operations tests of postal services, the Postal Service is willing, for tests conducted during all or part of the base year, to provide a general description (which would cover some of the elements requested in subparts a-l).

Therefore, for the reasons and on the grounds specified above, the Postal Service partially objects to OCA/USPS-43 - 54.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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OCA/USPS-43. Please list every domestic retail service sold by the Postal Service to the public, on a nationwide basis, that is not contained within the Domestic Mail Classification Schedule. This interrogatory applies to all services currently offered by the Postal Service to the public, including philatelic services. This interrogatory also applies to any services made available to the public since the record was closed in Docket No. R2001-1, on March 7, 2002, even if such services were terminated prior to the filing of this set of interrogatories.

- a. Provide a detailed description of the service.
- b. For each service, state whether or not it is provided, in whole or in part, based on a strategic alliance or contract between the Postal Service and one or more parties.
- c. For each service based on a strategic alliance or contract between the Postal Service and one or more parties, list all of the strategic allies and/or parties to the contract.
- d. On what date was this service first offered to the public?
- e. Is this service still available to the public? If not, when was the service discontinued? State the reasons for discontinuing the service.
- f. Provide a description of the primary purchasers of the service.
- g. Provide a complete description of the activities performed by the Postal Service in providing the service.
- h. Explain how the service is sold, e.g., over the internet, in postal facilities, or in private facilities, etc.
- i. Submit each rate/fee schedule for all rates or fees charged to purchasers since the service was first made available to the public. If the rate/fee schedule has changed from time to time, then provide each rate/fee schedule and the date it was changed.
- j. Submit all of the annual, accrued direct and indirect costs, separately identified, to provide the service, including, but not limited to, development costs, start-up costs, capital costs, common and joint costs, and costs associated with each service that has been terminated or discontinued.
- k. Submit all of the annual revenues earned by the Postal Service in providing the service.
- l. Submit annual volume figures for each service, by billing determinant.
- m. Submit annual net income (loss) figures for the service since the service was first made available to the public.
- n. Submit total revenues for the service for the entire period since the service was first made available to the public.
- o. Submit total costs (both start-up and operating) for the entire period since the service was first made available to the public.
- p. Submit total net income (loss) figures for the service since the service was first made available to the public.
- q. Give a precise citation in the current filing for every figure submitted in parts j. – p.
- r. For calculations and figures not already included in the current rate

case, provide all worksheets (whether hardcopy or electronic), computations, and underlying source materials.

- s. Give a precise, detailed written description of how costs that are joint or common to (1) DMCS services and (2) services that are not classified in the DMCS have been allocated to the (1) DMCS group and (2) the non-DMCS group. Give all underlying accounting records, other records, worksheets, calculations, and computations that show the allocation process, including citations to the current rate case filing. If the Postal Service does not make such an allocation, explain why not.

OCA/USPS-44. Please list every domestic retail service sold by the Postal Service to the public, on a regional basis, that is not contained within the Domestic Mail Classification Schedule. This interrogatory applies to all services currently offered by the Postal Service to the public. This interrogatory also applies to any services made available to the public since the record was closed in Docket No. R2001-1, on March 7, 2002, even if such services were terminated prior to the filing of this set of interrogatories.

- a. Provide a detailed description of the service.
- b. For each service, state whether or not it is provided, in whole or in part, based on a strategic alliance or contract between the Postal Service and one or more parties.
- c. For each service based on a strategic alliance or contract between the Postal Service and one or more parties, list all of the strategic allies and/or parties to the contract.
- d. On what date was this service first offered to the public?
- e. Is this service still available to the public? If not, when was the service discontinued? State the reasons for discontinuing the service.
- f. Provide a description of the primary purchasers of the service.
- g. Provide a complete description of the activities performed by the Postal Service in providing the service.
- h. Explain how the service is sold, e.g., over the internet, in postal facilities, or in private facilities, etc.
- i. Submit each rate/fee schedule for all rates or fees charged to purchasers since the service was first made available to the public. If the rate/fee schedule has changed from time to time, then provide each rate/fee schedule and the date it was changed.
- j. Submit all of the annual, accrued direct and indirect costs, separately identified, to provide the service, including, but not limited to, development costs, start-up costs, capital costs, common and joint costs, and costs associated with each service that has been terminated or discontinued.
- k. Submit all of the annual revenues earned by the Postal Service in providing the service.
- l. Submit annual volume figures for each service, by billing determinant.

- m. Submit annual net income (loss) figures for the service since the service was first made available to the public.
- n. Submit total revenues for the service for the entire period since the service was first made available to the public.
- o. Submit total costs (both start-up and operating) for the entire period since the service was first made available to the public.
- p. Submit total net income (loss) figures for the service since the service was first made available to the public.
- q. Give a precise citation in the current filing for every figure submitted in parts j. – p.
- r. For calculations and figures not already included in the current rate case, provide all worksheets (whether hardcopy or electronic), computations, and underlying source materials.
- s. Give a precise, detailed written description of how costs that are joint or common to (1) DMCS services and (2) services that are not classified in the DMCS have been allocated to the (1) DMCS group and (2) the non-DMCS group. Give all underlying accounting records, other records, worksheets, calculations, and computations that show the allocation process, including citations to the current rate case filing. If the Postal Service does not make such an allocation, explain why not.

OCA/USPS-45. Please list every domestic retail service sold by the Postal Service to the public, on a local basis, that is not contained within the Domestic Mail Classification Schedule. This interrogatory applies to all services currently offered by the Postal Service to the public. This interrogatory also applies to any services made available to the public since the record was closed in Docket No. R2001-1, on March 7, 2002, even if such services were terminated prior to the filing of this set of interrogatories.

- a. Provide a detailed description of the service.
- b. For each service, state whether or not it is provided, in whole or in part, based on a strategic alliance or contract between the Postal Service and one or more parties.
- c. For each service based on a strategic alliance or contract between the Postal Service and one or more parties, list all of the strategic allies and/or parties to the contract.
- d. On what date was this service first offered to the public?
- e. Is this service still available to the public? If not, when was the service discontinued? State the reasons for discontinuing the service.
- f. Provide a description of the primary purchasers of the service.
- g. Provide a complete description of the activities performed by the Postal Service in providing the service.
- h. Explain how the service is sold, e.g., over the internet, in postal facilities, or in private facilities, etc.
- i. Submit each rate/fee schedule for all rates or fees charged to purchasers since the service was first made available to the public. If the rate/fee schedule has changed from time to time, then provide

- each rate/fee schedule and the date it was changed.
- j. Submit all of the annual, accrued direct and indirect costs, separately identified, to provide the service, including, but not limited to, development costs, start-up costs, capital costs, common and joint costs, and costs associated with each service that has been terminated or discontinued.
 - k. Submit all of the annual revenues earned by the Postal Service in providing the service.
 - l. Submit annual volume figures for each service, by billing determinant.
 - m. Submit annual net income (loss) figures for the service since the service was first made available to the public.
 - n. Submit total revenues for the service for the entire period since the service was first made available to the public.
 - o. Submit total costs (both start-up and operating) for the entire period since the service was first made available to the public.
 - p. Submit total net income (loss) figures for the service since the service was first made available to the public.
 - q. Give a precise citation in the current filing for every figure submitted in parts j. – p.
 - r. For calculations and figures not already included in the current rate case, provide all worksheets (whether hardcopy or electronic), computations, and underlying source materials.
 - s. Give a precise, detailed written description of how costs that are joint or common to (1) DMCS services and (2) services that are not classified in the DMCS have been allocated to the (1) DMCS group and (2) the non-DMCS group. Give all underlying accounting records, other records, worksheets, calculations, and computations that show the allocation process, including citations to the current rate case filing. If the Postal Service does not make such an allocation, explain why not.

OCA/USPS-46. Please list every pilot test of a potential domestic postal retail service currently being offered by the Postal Service to one or more potential customers. This interrogatory also applies to any pilot tests made available to one or more potential customers since the record was closed in Docket No. R2001-1, on March 7, 2002, even if such pilot tests were terminated prior to the filing of this set of interrogatories. This interrogatory applies to pilot tests that are nationwide, regional, or local in scope.

- a. Provide a detailed description of the pilot test.
- b. For each pilot test, state whether or not it is provided, in whole or in part, based on a strategic alliance or contract between the Postal Service and one or more parties.
- c. For each pilot test based on a strategic alliance or contract between the Postal Service and one or more parties, list all of the strategic allies and/or parties to the contract.

- d. State the number of participants in the pilot test and describe the nature of their business.
- e. State the geographic scope of the pilot test.
- f. State the criteria for allowing certain mailers (or recipients) to participate, but not others.
- g. Have any mailers (or recipients) asked to participate but were denied the opportunity to participate? If so, state the number so denied and the grounds for the denial.
- h. What classes, and/or postal services or products, are potentially affected by the pilot test? How are they affected?
- i. On what date was this pilot test initiated?
- j. Is this pilot test still being conducted? If not, when was the pilot test discontinued? State the reasons for discontinuing the pilot test.
- k. Provide a description of the primary intended users of the potential service.
- l. Provide a complete description of the activities performed by the Postal Service in conducting the pilot test.
- m. Submit each rate or fee, if any, charged under the pilot test.
- n. Submit all of the annual, accrued direct and indirect costs, separately identified, to conduct the pilot test, including, but not limited to, development costs, start-up costs, capital costs, common and joint costs, and costs associated with each pilot test that has been terminated or discontinued.
- o. Submit all of the annual revenues, if any, earned by the Postal Service in conducting the pilot test.
- p. Submit annual volume figures for each pilot test, if any, by billing determinant.
- q. Submit annual net income (loss) figures, if any, for the pilot test since the pilot test was first initiated.
- r. Submit total revenues for the pilot test, if any, for the entire period since the pilot test was first initiated.
- s. Submit total costs (both start-up and operating) for the entire period since the pilot test was first initiated.
- t. Submit total net income (loss) figures for the pilot test since the pilot test was first initiated.
- u. Give a precise citation in the current filing for every figure submitted in parts n. – t.
- v. For calculations and figures not already included in the current rate case, provide all worksheets (whether hardcopy or electronic), computations, and underlying source materials.

OCA/USPS-47. Please list every pilot test of a potential domestic retail service, considered not of a type to be included in the Domestic Mail Classification Schedule, currently being offered by the Postal Service to one or more potential customers. This interrogatory also applies to any pilot tests made available to one or more potential

customers since the record was closed in Docket No. R2001-1, on March 7, 2002, even if such pilot tests were terminated prior to the filing of this set of interrogatories. This interrogatory applies to pilot tests that are nationwide, regional, or local in scope.

- a. Provide a detailed description of the pilot test.
- b. For each pilot test, state whether or not it is provided, in whole or in part, based on a strategic alliance or contract between the Postal Service and one or more parties.
- c. For each pilot test based on a strategic alliance or contract between the Postal Service and one or more parties, list all of the strategic allies and/or parties to the contract.
- d. State the number of participants in the pilot test and describe the nature of their business.
- e. State the geographic scope of the pilot test.
- f. State the criteria for allowing certain companies, organizations, agencies, or individuals to participate, but not others.
- g. Have any companies, organizations, agencies, or individuals asked to participate but were denied the opportunity to participate? If so, state the number so denied and the grounds for the denial.
- h. What classes, and/or postal services or products, are potentially affected by the pilot test? How are they affected?
- i. Is the pilot test activity considered a substitute for other mail products or services? Please explain.
- j. On what date was this pilot test initiated?
- k. Is this pilot test still being conducted? If not, when was the pilot test discontinued? State the reasons for discontinuing the pilot test.
- l. Provide a description of the primary intended users of the potential service.
- m. Provide a complete description of the activities performed by the Postal Service in conducting the pilot test.
- n. Submit each rate or fee, if any, charged under the pilot test.
- o. Submit all of the annual, accrued direct and indirect costs, separately identified, to conduct the pilot test, including, but not limited to, development costs, start-up costs, capital costs, common and joint costs, and costs associated with each pilot test that has been terminated or discontinued.
- p. Submit all of the annual revenues, if any, earned by the Postal Service in conducting the pilot test.
- q. Submit annual volume figures for each pilot test, if any, by billing determinant.
- r. Submit annual net income (loss) figures, if any, for the pilot test since the pilot test was first initiated.
- s. Submit total revenues for the pilot test, if any, for the entire period since the pilot test was first initiated.
- t. Submit total costs (both start-up and operating) for the entire period since the pilot test was first initiated.

- u. Submit total net income (loss) figures for the pilot test since the pilot test was first initiated.
- v. Give a precise citation in the current filing for every figure submitted in parts o. – u.
- w. For calculations and figures not already included in the current rate case, provide all worksheets (whether hardcopy or electronic), computations, and underlying source materials.
- x. Give a precise, detailed written description of how costs that are joint or common to (1) DMCS services and (2) services that are not classified in the DMCS have been allocated to the (1) DMCS group and (2) the non-DMCS group. Give all underlying accounting records, other records, worksheets, calculations, and computations that show the allocation process, including citations to the current rate case filing. If the Postal Service does not make such an allocation, explain why not.

OCA/USPS-48. Please list every operations test of a potential domestic postal retail service currently being offered by the Postal Service to one or more potential customers. This interrogatory also applies to any operations tests made available to one or more potential customers since the record was closed in Docket No. R2001-1, on March 7, 2002, even if such operations tests were terminated prior to the filing of this set of interrogatories. This interrogatory applies to operations tests that are nationwide, regional, or local in scope.

- a. Provide a detailed description of the operations test.
- b. For each operations test, state whether or not it is provided, in whole or in part, based on a strategic alliance or contract between the Postal Service and one or more parties.
- c. For each operations test based on a strategic alliance or contract between the Postal Service and one or more parties, list all of the strategic allies and/or parties to the contract.
- d. State the number of participants in the operations test and describe the nature of their business.
- e. State the geographic scope of the operations test.
- f. State the criteria for allowing certain mailers (or recipients) to participate, but not others.
- g. Have any mailers (or recipients) asked to participate but were denied the opportunity to participate? If so, state the number so denied and the grounds for the denial.
- h. What classes, and/or postal services or products, are potentially affected by the operations test? How are they affected?
- i. On what date was this operations test initiated?
- j. Is this operations test still being conducted? If not, when was the operations test discontinued? State the reasons for discontinuing the operations test.
- k. Provide a description of the primary intended users of the potential

service.

- l. Provide a complete description of the activities performed by the Postal Service in conducting the operations test.
- m. Submit each rate or fee, if any, charged under the operations test.
- n. Submit all of the annual, accrued direct and indirect costs, separately identified, to conduct the operations test, including, but not limited to, development costs, start-up costs, capital costs, common and joint costs, and costs associated with each operations test that has been terminated or discontinued.
- o. Submit all of the annual revenues, if any, earned by the Postal Service in conducting the operations test.
- p. Submit annual volume figures for each operations test, if any, by billing determinant.
- q. Submit net income (loss) figures, if any, for the operations test since the operations test was first initiated.
- r. Submit total revenues for the operations test, if any, for the entire period since the operations test was first initiated.
- s. Submit total costs (both start-up and operating) for the entire period since the operations test was first initiated.
- t. Submit total net income (loss) figures for operations test since the operations test was first initiated.
- u. Give a precise citation in the current filing for every figure submitted in parts n. – t.
- v. For calculations and figures not already included in the current rate case, provide all worksheets (whether hardcopy or electronic), computations, and underlying source materials.

OCA/USPS-49. Please list every operations test of a potential domestic retail service, considered not of a type to be included in the Domestic Mail Classification Schedule, currently being offered by the Postal Service to one or more potential customers. This interrogatory also applies to any operations tests made available to one or more potential customers since the record was closed in Docket No. R2001-1, on March 7, 2002, even if such pilot tests were terminated prior to the filing of this set of interrogatories. This interrogatory applies to operations tests that are nationwide, regional, or local in scope.

- a. Provide a detailed description of the operations test.
- b. For each operations test, state whether or not it is provided, in whole or in part, based on a strategic alliance or contract between the Postal Service and one or more parties.
- c. For each operations test based on a strategic alliance or contract between the Postal Service and one or more parties, list all of the strategic allies and/or parties to the contract.
- d. State the number of participants in the operations test and describe the nature of their business.
- e. State the geographic scope of the operations test.

- f. State the criteria for allowing certain companies, organizations, agencies, or individuals to participate, but not others.
- g. Have any companies, organizations, agencies, or individuals asked to participate but were denied the opportunity to participate? If so, state the number so denied and the grounds for the denial.
- h. What classes, and/or postal services or products, are potentially affected by the operations test? How are they affected?
- i. Is the operations test activity considered a substitute for other mail products or services? Please explain.
- j. On what date was this operations test initiated?
- k. Is this operations test still being conducted? If not, when was the operations test discontinued? State the reasons for discontinuing the operations test.
- l. Provide a description of the primary intended users of the potential service.
- m. Provide a complete description of the activities performed by the Postal Service in conducting the operations test.
- n. Submit each rate or fee, if any, charged under the operations test.
- o. Submit all of the annual, accrued direct and indirect costs, separately identified, to conduct the operations test, including, but not limited to, development costs, start-up costs, capital costs, common and joint costs, and costs associated with each operations test that has been terminated or discontinued.
- p. Submit all of the annual revenues, if any, earned by the Postal Service in conducting the operations test.
- q. Submit annual volume figures for each operations test, if any, by billing determinant.
- r. Submit annual net income (loss) figures, if any, for the operations test since the operations test was first initiated.
- s. Submit total revenues for the operations test, if any, for the entire period since the operations test was first initiated.
- t. Submit total costs (both start-up and operating) for the entire period since the operations test was first initiated.
- u. Submit total net income (loss) figures for the operations test since the operations test was first initiated.
- v. Give a precise citation in the current filing for every figure submitted in parts o. – u.
- w. For calculations and figures not already included in the current rate case, provide all worksheets (whether hardcopy or electronic), computations, and underlying source materials.
- x. Give a precise, detailed written description of how costs that are joint or common to (1) DMCS services and (2) services that are not classified in the DMCS have been allocated to the (1) DMCS group and (2) the non-DMCS group. Give all underlying accounting records, other records, worksheets, calculations, and computations that show

the allocation process. If the Postal Service does not make such an allocation, explain why not.

OCA/USPS-50. Please provide each of the following four reports: USPS First, Second, Third, and Fourth Annual Reports for FY 2001 – 2004, submitted in Response to the General Accounting Office Report of December 21, 2001, titled US Postal Service: Update on E-Commerce Activities and Privacy Protections (GAO-02-79).

If the Postal Service so chooses, these may be filed under protective conditions.

OCA/USPS-51. Please re-submit Attachment 1 to the Postal Service's response to interrogatory OCA/USPS-239, Docket No. R2001-1, dated December 17, 2001, with additional columns for all quarters since QIII, FY 2001, through the most recent quarter.

- a. What is the "SEDS" umbrella suite of services that is cited in footnote 1 of the attachment?
- b. Please list every discrete service in the "SEDS" umbrella suite of services.
- c. For every discrete service in the "SEDS" umbrella suite of services provide the following (please provide the information requested below separately for PostECS; and Electronic Postmark):
 - i. Provide a detailed description of the service.
 - ii. For each service, state whether or not it is provided, in whole or in part, based on a strategic alliance or contract between the Postal Service and one or more parties.
 - iii. For each service based on a strategic alliance or contract between the Postal Service and one or more parties, list all of the strategic allies and/or parties to the contract.
 - iv. On what date was this service first offered to the public?
 - v. Is this service still available to the public? If not, when was the service discontinued? State the reasons for discontinuing the service.
 - vi. Provide a description of the primary purchasers of the service.
 - vii. Provide a complete description of the activities performed by the Postal Service in providing the service.
 - viii. Explain how the service is sold, e.g., over the internet, in postal facilities, or in private facilities, etc.
 - ix. Submit each rate/fee schedule for all rates or fees charged to purchasers since the service was first made available to the public. If the rate/fee schedule has changed from time to time, then provide each rate/fee schedule and the date it was changed.
 - x. Submit all of the annual, accrued direct and indirect costs, separately identified, to provide the service, including, but not limited to, development costs, start-up costs, capital costs, common and joint costs, and costs associated with each service that has been terminated or discontinued.

- xi. Submit all of the annual revenues earned by the Postal Service in providing the service.
- xii. Submit annual volume figures for each service, by billing determinant.
- xiii. Submit annual net income (loss) figures for the service since the service was first made available to the public.
- xiv. Submit total revenues for the service for the entire period since the service was first made available to the public.
- xv. Submit total costs (both start-up and operating) for the entire period since the service was first made available to the public.
- xvi. Submit total net income (loss) figures for the service since the service was first made available to the public.
- xvii. Give a precise citation in the current filing for every figure submitted in parts j. – p.
- xviii. For calculations and figures not already included in the current rate case, provide all worksheets (whether hardcopy or electronic), computations, and underlying source materials.
- xix. Give a precise, detailed written description of how costs that are joint or common to (1) DMCS services and (2) services that are not classified in the DMCS have been allocated to the (1) DMCS group and (2) the non-DMCS group. Give all underlying accounting records, other records, worksheets, calculations, and computations that show the allocation process, including citations to the current rate case filing. If the Postal Service does not make such an allocation, explain why not.

OCA/USPS-52. Please re-submit Attachment 1 to the Postal Service's response to interrogatory OCA/USPS-240, Docket No. R2001-1, dated December 17, 2001, (which provided information for FirstClass Phone Cards; Retail Merchandise; PostOffice Online; LibertyCash; Dinero Seguro; REMITCO; and Sure Money), with additional columns for all quarters since the period included in the "FY 2001" column, through the most recent quarter.

- a. Provide a detailed description of each service listed in the Attachment.
- b. For each service, state whether or not it is provided, in whole or in part, based on a strategic alliance or contract between the Postal Service and one or more parties.
- c. For each service based on a strategic alliance or contract between the Postal Service and one or more parties, list all of the strategic allies and/or parties to the contract.
- d. On what date was this service first offered to the public?
- e. Is this service still available to the public? If not, when was the service discontinued? State the reasons for discontinuing the service.
- f. Provide a description of the primary purchasers of the service.
- g. Provide a complete description of the activities performed by the Postal Service in providing the service.

- h. Explain how the service is sold, e.g., over the internet, in postal facilities, or in private facilities, etc.
- i. Submit each rate/fee schedule for all rates or fees charged to purchasers since the service was first made available to the public. If the rate/fee schedule has changed from time to time, then provide each rate/fee schedule and the date it was changed.
- j. Submit all of the annual, accrued direct and indirect costs, separately identified, to provide the service, including, but not limited to, development costs, start-up costs, capital costs, common and joint costs, and costs associated with each service that has been terminated or discontinued.
- k. Submit all of the annual revenues earned by the Postal Service in providing the service.
- l. Submit annual volume figures for each service, by billing determinant.
- m. Submit annual net income (loss) figures for the service since the service was first made available to the public.
- n. Submit total revenues for the service for the entire period since the service was first made available to the public.
- o. Submit total costs (both start-up and operating) for the entire period since the service was first made available to the public.
- p. Submit total net income (loss) figures for the service since the service was first made available to the public.
- q. Give a precise citation in the current filing for every figure submitted in parts j. – p.
- r. For calculations and figures not already included in the current rate case, provide all worksheets (whether hardcopy or electronic), computations, and underlying source materials.
- s. Give a precise, detailed written description of how costs that are joint or common to (1) DMCS services and (2) services listed in Attachment 1 have been allocated to the (1) DMCS group and (2) the Attachment 1 group. Give all underlying accounting records, other records, worksheets, calculations, and computations that show the allocation process, including citations to the current rate case filing. If the Postal Service does not make such an allocation, explain why not.
- t. Attachment 1, as filed on December 17, 2001, appears to have an addition error for LibertyCash, in the line for “Cumulative Balance”, and the column “Since Inception.” OCA calculates the Cumulative Balance Since Inception at \$4,246,492. If, indeed, an incorrect figure was included in the Attachment to interrogatory 240, then please use a corrected figure in responding to the instant interrogatory.

OCA/USPS-53. Please refer to Attachment F of the Request, at pages 14 -15. There are 5 unnumbered paragraphs on these pages. For nonpostal services involving window clerk activity (unnumbered paragraph 3), provide all calculations, worksheets, and primary sources for the total expense figure of \$123 million in FY04.

- a. Please provide the IOCS questions that separately identify “nonpostal” services.
- b. Include all of the accounting expense data referred to in unnumbered paragraph 3.
- c. Display data separately for each discrete “nonpostal” service and show how they sum to the \$123 million total.
- d. Separately identify development costs for each “nonpostal” service and in total.
- e. Separately identify start-up costs for each “nonpostal” service and in total.
- f. Separately identify capital costs for each “nonpostal” service and in total.
- g. Separately identify common and joint costs for each “nonpostal” service and in total. Include all calculations, worksheets, and primary sources for the allocation of joint and common costs between DMCS services and “nonpostal” services.
- h. Separately identify costs associated with each “nonpostal” service that has been terminated or discontinued and in total.
- i. For nonpostal services involving window clerk activity, provide all calculations, worksheets, and primary sources for the total revenue figure of \$239 million in FY04.
- j. Provide all comparable data requested in this interrogatory, including parts a. – i., for Fiscal Years 2001, 2002, 2003, and the most recent quarters of 2005.
- k. Provide test year estimates, i.e., FY2006, by discrete “nonpostal” service and in total, for expenses and revenues. Explicitly state all assumptions made in developing these estimates. Provide all calculations, worksheets, and primary sources used to develop the estimates.

OCA/USPS-54. For nonpostal services with no associated window clerk activity (unnumbered paragraph 4), provide all calculations, worksheets, and primary sources for the total expense figure of \$7 million in FY04.

- a. Include all of the accounting expense data referred to in unnumbered paragraph 4.
- b. Display data separately for each discrete “nonpostal” service and show how they sum to the \$7 million total.
- c. Separately identify development costs for each “nonpostal” service and in total.
- d. Separately identify start-up costs for each “nonpostal” service and in total.

- e. Separately identify capital costs for each “nonpostal” service and in total.
- f. Separately identify common and joint costs for each “nonpostal” service and in total. Include all calculations, worksheets, and primary sources for the allocation of joint and common costs between DMCS and “nonpostal” services.
- g. Separately identify costs associated with each “nonpostal” service that has been terminated or discontinued and in total.
- h. For nonpostal services with no associated window clerk activity, provide all calculations, worksheets, and primary sources for the total revenue figure of \$44 million in FY04.
- i. Provide all comparable data requested in this interrogatory, including parts a. – i., for Fiscal Years 2001, 2002, 2003, and the most recent quarters of 2005.
- j. Provide test year estimates, i.e., FY2006, by discrete “nonpostal” service and in total, for expenses and revenues. Explicitly state all assumptions made in developing these estimates. Provide all calculations, worksheets, and primary sources used to develop the estimates.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

Eric P. Koetting

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May 23, 2005