

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

POSTAL RATE AND FEE CHANGES, 2005 )

Docket No. R2005-1

VALPAK DIRECT MARKETING SYSTEMS, INC. AND  
VALPAK DEALERS' ASSOCIATION, INC.  
SECOND INTERROGATORIES AND REQUESTS FOR  
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE  
WITNESS WILLIAM P. TAYMAN, JR. (VP/USPS-T6-10-14)  
(June 10, 2005)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc. hereby submit interrogatories and document production requests. If necessary, please redirect any interrogatory and/or request to a more appropriate Postal Service witness.

Respectfully submitted,

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Valpak Dealers' Association, Inc.

June 10, 2005

**VP/USPS-T6-10.**

Your testimony (USPS-T-6, as revised on June 9, 2005) set out the basis for the Rate Request at pages 16-19. We seek to contrast the Civil Service Retirement System (“CSRS”) escrow fund basis for this rate case with similar expenses incurred by the Postal Service in the past.

- a. Please indicate the total expenses that the Postal Service was obligated to incur as a result of the Omnibus Budget Reconciliation Act (“OBRA”) of 1990.
- b. What was the purpose, or purposes, of the expenses mandated by the 1990 OBRA?
- c. Was there precedent for the 1990 OBRA as it affected the Postal Service, or was it an unprecedented event for the Postal Service? Please explain any precedent.
- d. At the time the 1990 OBRA was enacted, would it be reasonable to describe it as a unique event, or did it fall into a pattern that might be described as a follow-on to some prior event or existing trend? If the latter is the case, please explain.
- e. Would it be reasonable to describe the effect of the 1990 OBRA as a “tax” on postal ratepayers?
- f. To the best of your knowledge, was a “tax” metaphor used at the time it was under consideration by Congress and immediately following its enactment?
- g. Of the total obligation provided in response to preceding part a, how much, or what percentage, did the Postal Service treat as operational expenses?

- h. How much (or what percentage) of the expenses caused by the 1990 OBRA was retroactive, and how much (or what percentage) was for expenses incurred either in FY 1990 or in FY 1991?
- i. Of that amount of the 1990 OBRA expenses that the Postal Service treated as operational expenses, (i) how much was attributable, and (ii) what was the basis for attribution?

**VP/USPS-T6-11.**

Your testimony (USPS-T-6, as revised on June 9, 2005) set out the basis for the Rate Request at pages 16-19. We seek to contrast the Civil Service Retirement System (“CSRS”) escrow fund basis for this rate case with similar expenses incurred by the Postal Service in the past.

- a. Please indicate the total obligation that the Postal Service was required to incur as a result of the Omnibus Budget Reconciliation Act (“OBRA”) of 1993.
- b. What was the purpose, or purposes, of the expenses mandated by the 1993 OBRA?
- c. Of the total expenses provided in response to preceding part a, how much, or what percentage, did the Postal Service treat as operational expenses?
- d. At the time the 1993 OBRA was enacted, would it be reasonable to describe it as a unique, one-time event? If not, please describe all circumstances (other than the 1990 OBRA) that made it non-unique.

- e. Would it be reasonable to describe the effect of the 1993 OBRA as a “tax” on postal ratepayers?
- f. To the best of your knowledge, was a “tax” metaphor used at the time it was under consideration by Congress and immediately following its enactment?
- g. Of the total obligation provided in response to preceding part a, how much, or what percentage, did the Postal Service treat as operational expenses?
- h. How much (or what percentage) of the obligation caused by the 1993 OBRA was retroactive, and how much (or what percentage) was for expenses incurred in either FY 1993 or FY 1994?
- i. Of that amount of the 1993 OBRA expenses that the Postal Service treated as operational expenses, (i) how much was attributable, and (ii) what was the basis for attribution?

**VP/USPS-T6-12.**

Your testimony (USPS-T-6, as revised on June 9, 2005) set out the basis for the Rate Request at pages 16-19. We seek to contrast the Civil Service Retirement System (“CSRS”) escrow fund basis for this rate case with similar expenses incurred by the Postal Service in the past.

- a. Please indicate the total obligation that the Postal Service was required to incur as a result of the Balanced Budget Act of 1997.
- b. What was the purpose, or purposes, of these expenses mandated by the Balanced Budget Act of 1997?

- c. Of the total expenses provided in response to preceding part a, how much, or what percentage, did the Postal Service treat as operational expenses?
- d. How much (or what percentage) of the expenses caused by the Balanced Budget Act of 1997 was retroactive, and how much (or what percentage) was for expenses incurred either in FY 1993 or in FY 1994?
- e. Of that amount of the Balanced Budget Act of 1997 expenses which the Postal Service treated as operational expenses, (i) how much was attributable, and (ii) what was the basis for attribution?

**VP/USPS-T6-13.**

Please refer to your response to VP/USPS-T6-8, where you cite the transfer of the old Post Office Department workers' compensation costs to the Postal Service as an example of expenses not "funded by ordinary (non-escrow) revenues."

- a. When did the requirement to fund the Post Office Department's workers' compensation costs take effect?
- b. Since the requirement took effect, what has been the cumulative total expenses to the Postal Service?
- c. Of the total cumulative expenses provided in response to preceding part b, how much has been treated as operating expenses?
- d. How much of the total cumulative expenses provided in response to preceding part b has been treated as attributable, and what has been the basis for attribution?

**VP/USPS-T6-14.**

- a. When the Postal Service has been required by Congress to pay large retroactive amounts for expenses incurred in prior years, what was the basis for treating such payments as operational expenses in the year (or years) during which such payments were made?
- b. Under what circumstances would you consider it appropriate to recover large retroactive amounts for expenses incurred in prior years via an across-the-board rate increase, and under what circumstances would you consider it more appropriate to recover such large retroactive amounts for expenses incurred in prior years via a rate case that relies fully on the rate-setting procedure specified in the Postal Reorganization Act of 1970?