

Before the
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

Postal Rate and Fee Changes, 2005

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Docket No. R2005-1

OFFICE OF THE CONSUMER ADVOCATE
MOTION TO REQUEST PERMISSION TO FILE A REPLY TO
THE POSTAL SERVICE'S RESPONSE TO THE OCA MOTION TO
COMPEL RESPONSES TO INTERROGATORIES
OCA/USPS-43-54 AND OCA/USPS-T6-14
(June 22, 2005)

As required by Rule 21(b) of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate ("OCA") hereby asks the Presiding Officer to authorize OCA to file a reply to "Response of the United States Postal Service to the OCA Motion to Compel Responses to Interrogatories OCA/USPS43-54 and OCA/USPS-T6-14."¹ OCA understands that its request is extraordinary, however, the Postal Service has articulated a number of new grounds in its Response that could not have been anticipated from the Objection filed on May 24, 2005.²

The first new argument presented by the Postal Service is that OCA's request for financial details is unnecessary because of the "positive financial effects of the services at issue" and that "overall, the services have generated a net income for the Postal Service."³ First, neither the OCA nor the Commission can have any faith in the expense figures provided by the Postal Service because of the Postal Service's persistent refusal to furnish the documentation and calculations revealing, in particular,

¹ Filed June 16, 2005.

² "Partial Objections of the United States Postal Service to Interrogatories of the OCA (OCA/USPS-43-54)."

how common costs and start-up costs have been allocated. The temptation to the Postal Service to shift all such costs to domestic jurisdictional services, in all likelihood, was impossible to resist.

Second, implicit in this statement is that the Postal Service believes it is appropriate to ascribe the sizeable net income from accepting Passport applications only to non-jurisdictional services. OCA will argue in its Reply that there is no reason to allocate the net income from Passport applications (\$87.6 million in FY2004)⁴ exclusively to “Nonpostal Products” as the Postal Service has done in its Attachment One to interrogatory OCA/USPS-53. Rather, OCA will point out that any net income derived from services performed by the Postal Service on behalf of other governmental agencies should be apportioned to domestic postal services and non-jurisdictional commercial services according to the relative size of each set of activities. Thus, domestic jurisdictional revenues were approximately \$66.5 billion in FY 2004,⁵ while the Postal Service reports non-jurisdictional commercial revenues to be approximately \$0.16 billion.⁶ This would mean that the alleged net income of approximately \$153 million⁷ presented in Attachment One for FY 2004 immediately drops to slightly under \$65 million.⁸ All of these calculations, of course, are based on undisclosed

³ Id. at 3.

⁴ This is true of net income from any service offered on behalf of another governmental agency, including Migratory Bird stamp sales and distribution of Selective Service materials.

⁵ Witness Tayman Exhibit 6D, 2004 Actual Revenues, lines 1 -7 and 12.

⁶ Attachment One to the Postal Service’s Response to interrogatory OCA/USPS-53 for FY 2004; i.e., \$8 million of Phone Card revenue and \$106 million of Retail revenue for the Window subtotal plus approximately \$44 million for the Non-window subtotal.

⁷ Window subtotal of \$116 million plus Non-window subtotal of \$37 million.

⁸ \$153 million minus approximately \$88 million from Passport applications.

assumptions, accounting methods, and supporting documentation. Therefore, the alleged comfort derived from “positive financial effects” quickly disappears.

A second new assertion made in the Response is that passport “photos are provided at premium prices that do not pose a threat to the private sector.”⁹ In light of the Postal Service’s refusal to provide any information on the prices charged and the expenses incurred in providing the service, the Postal Service’s self-serving assertion is entitled to no weight at all. OCA asks permission to discuss this in its Reply.

A third new assertion is a recitation of the differences between Mailing Online, the jurisdictional service; and Mailing Online, the unauthorized, non-jurisdictional service. OCA asks that it be permitted in its Reply to address this new material.

Wherefore, OCA respectfully requests that its Reply, filed this date, be permitted so that OCA can address new assertions first made in the Postal Service’s Response to OCA’s Motion to Compel.

Respectfully submitted,

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⁹ Response at 5.