

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

RESPONSE OF THE UNITED STATES POSTAL SERVICE IN OPPOSITION TO THE
OCA'S MOTION TO COMPEL REGARDING OCA/USPS-74, 76-76, 100(a) AND 101
(June 22, 2005)

The United States Postal Service hereby responds in opposition to the OCA's June 15 motion to compel responses to the above-referenced interrogatories. The Postal Service objected on the grounds of burden, relevance, and privilege.

Those questions read:

OCA/USPS-74. Please provide, separately for each delivery unit in the ZIP Codes in file AL161ZIPS.PRN, screen shots from DOIS, Supervisor Workbench, Daily Workload Mgmt, Capture Mail Volumes—Manual, Category: AM Available, Units: Pieces, showing delivery unit Totals for Letters (Pcs), Flats (Pcs), Seq Ltrs (Sets), Seq Flts (Sets), Parcels, Priority, DPS (Pcs), Caseable Automated Letters, and Caseable Automated Flats, for the following time periods: May 15-28, 2005; February 13-26, 2005; November 12-25, 2004; August 13-26, 2004; May 14-27, 2004. If the same data are available on a weekly basis, please provide them in lieu of daily data.

- a. Please explain the difference(s) between Ltrs (Pcs), DPS (Pcs), and Caseable Automated Letters. How does one calculate total letter-shaped pieces?
- b. Please explain the difference(s) between Flts (Pcs) and Caseable Automated Flats. How does one calculate total flat-shaped pieces?

OCA/USPS-76. Please provide the same information requested in interrogatory OCA/USPS-74 for the last two complete weeks (Sunday to Saturday) in February, May, August, and November of 2002 and 2003, and February 2004.

OCA/USPS-77. Please provide, on a daily basis, screen shots from DOIS

showing the clock time for scan for first delivery point and the clock time for scan for last delivery point corresponding to the days in the same time periods, same ZIP Codes, and same delivery units requested in OCA/USPS-74 and OCA/USPS-76.

OCA/USPS-100. Please refer to the attached page of a DOIS report.

a. Please provide, separately for each delivery unit in the ZIP Codes in file AL161ZIPS.prn of LR-K-80, screen shots from DOIS, showing delivery unit totals for Cased Letters, Cased Flats, Delivered Seq, Delivered DPS, PP, and Street Hours Actual for the following time periods: May 15-28, 2005; February 13-26, 2005; November 12-25, 2004; August 13-26, 2004; May 14-27, 2004. If the same data are available on a weekly or pay-period basis, please provide them in lieu of daily data.

OCA/USPS-101. Please provide the same information requested in interrogatory OCA/USPS-100 for the last two complete weeks (Sunday to Saturday) in February, May, August, and November of 2002 and 2003, and February 2004.

The OCA motion at page 1 claims that the requested data are for 14 two-week periods from 2002-2005, which is true, and that the data exist within at least one database which is accessible through DOIS, which is not true. Because the 2002-2003 rollout period for DOIS overlaps considerably with the early part of the 2002-2005 period covered by the OCA request, data for a significant portion of the delivery units do not exist for all requested dates, even in the archives associated with DOIS. (Even to the extent that they do exist, archived data are not accessible through DOIS, and must be obtained by other means.) From the start, therefore, the OCA motion sets a tone in which the theoretical and practical difficulties associated with the alternative approach it is espousing are blithely glossed over, to create the illusion that, virtually at the push of a button, a superior analysis dataset could be generated for use in this proceeding.

In reality, however, the OCA is simply wrong to suggest that the burden involved

in producing the requested information would not be undue, and that the utility of the resulting data in this proceeding would not be questionable. In terms of burden, despite having asked for the information in a very specific format (i.e., screen shots), the OCA's only response is that the "burden can be substantially reduced by extracting and providing the data electronically, as the OCA has indicated would be acceptable."

Motion at 4. With all due respect, the OCA has no realistic basis on which to gauge the effort required to complete all of the steps necessary to transfer data from an internal postal operating system to an external database ready for rate case quality analysis.

Over years of experience, postal analysts have learned that the devil is in the details. For example, archived data might not necessarily be available 24 hours a day. Some archives, such as that in which the DOIS archives reside, are only available during limited (non-peak) hours of the day. This factor alone causes raw workhours to be a poor indicator of the necessary calendar time to extract information from the archives. Moreover, access to the archived files is closely restricted. The contractors who have supported the Postal Service's city carrier analysis, and who are familiar with the delivery units that were sampled, do not have access to archived DOIS files. Conversely, the contractors most familiar with the DOIS archives have no involvement in the carrier cost study or with rate case activity. Time and effort would be required to bring one group up to speed with the necessary knowledge of the other group. The fact of the matter is, matching up different types of records (time and volume) for units of observation (delivery units) is not as simple as it sounds. Experience shows that the opportunities for problems are myriad. These may not be insurmountable obstacles, but they take time to work through.

The OCA motion is either extremely naïve or disingenuous in its discussion of DOIS. The OCA speaks as if DOIS were a long-standing source of data that had been thoroughly investigated, and the properties of which were well known. This is not the case. DOIS is a new platform focused on the specific needs of local delivery operations supervisors in their management of the Postal Service delivery network. Operational needs and requirements are different from those of postal ratemaking, and history has demonstrated that the development of a ratemaking dataset from operational data takes much time and care.

Experience in development of the HCSS database for analyzing purchased highway transportation and the MODS database for analyzing mail processing costs illustrates the many time-consuming steps that must be followed. For example, the variable definitions must be checked and verified, the local systems of measurement must be reviewed for consistency and thoroughness, and the methods of data accumulation must be evaluated. These matters become even more acute when the request seeks data spanning several years, during which DOIS was still being developed. Operating data systems evolve over time, particularly newer systems, and great care must be taken that data which appear to report the same information at different times are actually continuing to measure the same thing.

Typically, when the Postal Service is attempting to obtain data from an operating data system, a “beta” or trial data set is drawn and carefully reviewed for consistency and accuracy. This often takes checking with field personnel to verify or correct apparent anomalies and identification of strengths and weaknesses in the data measurement process. Following the beta test, a full fledged effort to collect the data

may be initiated, with protocols put in place to review and evaluate the data as they come in. Experience in producing rate case data sets suggests an effort spanning no less than six months would be required to produce even a subset of the requested data that could be viewed as approaching rate case data quality standards.

There are other specific issues with respect to the DOIS information that the OCA has requested. For example, suppose the “first scan of the day” the OCA requests actually is taken at the same place on the route each day, regardless of whether or not that place is actually the first physical location at which mail is delivered or collected on any given day. Alternatively, suppose that some of the data, like MSP, are used to evaluate individual Postal Service field personnel. This raises a set of delicate issues about access that must be addressed.

As the Postal Service noted in its objection, witnesses Bradley, Kelley, and Stevens, and indeed, many other personnel, both postal and contractor, spent huge amounts of time and effort, over the course of several years, to develop a theoretical approach, identify the data needed to implement such an approach, identify the best potential sources of such data in light of rate case standards for data quality, obtain the data, analyze the data, and present the study methods and results pursuant to rate case documentation standards. The OCA wants to restart the clock in pursuit of other sources of data that have not been demonstrated to meet rate case standards for data quality. Ironically, by total reliance on raw data from an operating system designed for other purposes, the OCA wants to throw the exercise right back into some of the briar patches that the Postal Service’s data collection effort was designed to avoid.

It would take many weeks of effort and tens of thousands of dollars to explore the

archived data and mechanistically extract what is available, using some undefined means short of the “screen shot” approach to which the literal questions are closely tied.¹ The funds for this effort are not in the budget of the functional units that would be responsible for the undertaking. Those funds would have to come from somewhere else.

Equally alarming to the Postal Service is the inevitable burden that would come after some responsive data were produced. As the OCA would begin to encounter difficulties in working with the data, they undoubtedly would expect to be able to come back to the Postal Service to ascertain the cause of the difficulties, and then work to resolve them.² In other words, at the same time the Postal Service’s technical staff is diligently working to litigate the case in defense of its own analysis, responding to legitimate inquiries from other parties and the Commission, its limited resources would be drained trying to assist the OCA in its struggles to come up with a different approach. The Postal Service, like all parties, has a due process right to be able to litigate its case fully and fairly. Burdens placed on the Postal Service which interfere with its ability to so litigate can amount to a violation of its due process rights. Attempting to force the

1 As indicated in the Postal Service’s objection, the “screen shot” format in which the OCA chose to couch its request would disclose copious amounts of privileged information. Production of such information would be troubling, from the perspective of the Postal Service’s interest in protecting facility-specific information, and from the perspective of the privacy rights of individual carriers whose names would appear on the screen shots. The OCA’s failure to respond to this objection in its motion to compel is yet another example of the OCA’s unwillingness to acknowledge, much less attempt to resolve, the full range of practical difficulties that its requests represent. The Postal Service maintains its objection to the production of privileged information.

2 Indeed, those inquiries have started already, in parts a and b of question 74. What is disturbing about those questions is that they constitute tacit admission by the OCA that, at the very same time it is insisting that the Postal Service undertake the burden of

Postal Service to compress, into the limited amount of time available for practical application within this proceeding, work that would take many months to conduct appropriately, poses a substantial risk of denying the Postal Service due process with respect to its own proposal.

The OCA takes great delight in denigrating the body of information on which the Postal Service's analysis is based, calling it a "three-year-old database covering a two-week period for 160 ZIP Codes of dubious representativeness." Motion at 2. Yet the OCA's attempts to dispute the importance of the vastly richer amount of detail collected by the Postal Service's study do not withstand scrutiny. For example, the OCA tries to suggest that the lack of volume data for large parcels and accountables in its approach "is no excuse for abandoning analysis of other delivery costs." Motion at 3. But since Prof. Bradley has already shown that large parcels and accountables are significant cost drivers in city delivery activities, omitting them from the analysis of "other delivery costs" would create substantial econometric issues. The Postal Service has presented a comprehensive volume dataset for analysis, while the OCA is seeking a dataset that would not meet that objective. Moreover, the detailed scan data submitted by the Postal Service provides necessary information for cost pool formation that would be lacking from the first-last scan data described by the OCA at pages 3-4 of the motion. The OCA postulates that it is "presumptuous in the extreme for Postal Service attorneys to declare such an econometric model invalid before it has even been submitted to the Commission." Motion at 4. In fact, however, it is the obligation of the Postal Service attorneys, working in conjunction with its technical experts, to point out to the

producing these data, it does not even understand exactly what they represent.

Commission the folly of allowing limited rate case resources to be siphoned off in a burdensome undertaking that is patently unlikely to produce useful results for purposes of this proceeding.

The OCA is totally off the mark in its argument that the Postal Service's objection is tantamount to an argument "that if the Postal Service ignores an issue in its direct case, other participants must also." Motion at 2. The Postal Service and the Commission have been struggling for at least 10 years to update carrier cost studies going back into the mid-1980s. Rather than ignoring this issue in its case, the Postal Service has taken it head on. Despite its efforts to put together a streamlined case for purposes of addressing the unique circumstances of Public Law 108-18, the Postal Service has sponsored a full team of witnesses to testify on its proposed new city carrier analysis. Rather than ignoring the issue, the Postal Service has set the stage to make great progress in city carrier costing for the first time in twenty years.

In contrast, the arguments proffered by the OCA on expanding the scope of the case beyond the parameters of the Postal Service's proposals might actually have had some applicability in the last instance when a dispute of this nature arose. In Docket No. R84-1, UPS sought to compel production of a database derived from MODS data to apply to a contemplated new analysis of mail processing costs. The approach suggested by UPS bore no resemblance to anything relied upon by the Postal Service at that time, or anything proposed by any other party, and no party but UPS seemed interested at that time in examining empirical data to test the assumption of direct proportionality between mail volumes and mail processing costs. USP cited the (then) very recent *NAGCP IV* decision by the Supreme Court as the basis for its request, just

as the OCA does in this instance (Motion at 2-3). The Postal Service objected, however, on the grounds that the requested data would be burdensome to produce, and at that time were not suitable for the type of analysis postulated by UPS. The Postal Service also noted that because of the amount of time that would be necessary to provide the requested material, there was no chance that UPS could actually produce a study for presentation and testimony by the parties in that proceeding.

The Presiding Officer upheld the Postal Service's objections, noting both the burden, and the fact that the requested data would have limited utility in that proceeding. Presiding Officer's Ruling No. R84-1/53 (March 19, 1984). Both grounds apply in this proceeding. The request would be unduly burdensome, and by the time the Postal Service could produce any responsive information, the date for filing direct cases that would include new cost studies will have passed. Equally importantly, the data set would be neither as complete nor as reliable as the one already produced and documented by the Postal Service.

This is not to say that there may not be merit to investigating the utility of extracting data from DOIS, and the Postal Service holds out hope that this may be possible in the future. If so, it could save the Postal Service the time, effort and expense of pursuing special data collection efforts, or certain portions thereof. Such a possibility, however, should be investigated in a patient, careful, diligent fashion, and the opportunity to do so should not be wasted through the willy-nilly "data grab" requested by the OCA. Moreover, the utility of pursuing such possibilities is also conditional upon acceptance of the new basic approach to carrier costing which the Postal Service is proposing. It is not unreasonable to suggest that the focus of this

proceeding should remain on the proposal carefully constructed by the Postal Service over an extended time period, and to allow the possibility of future refinements to be guided by what comes out of the Commission's consideration of this proposal. The OCA's attempt to shift the focus to its own agenda could jeopardize the opportunity for real progress in this case, and is nothing more than an ill-advised effort, as stated in the Postal Service's objection, to put the cart before the horse.

Therefore, for the same reasons applied by the Presiding Officer in Docket No. R84-1 in denying a similar UPS motion to compel, the Postal Service respectfully requests that its objections be upheld, and that the OCA's motion to compel be denied.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992, FAX: -5402
June 22, 2005

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

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992, FAX: -5402
June 22, 2005