

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

OBJECTION OF THE UNITED STATES POSTAL SERVICE
TO MMA INTERROGATORY TO WITNESS KELLEY (MMA/USPS-T16-26)
(June 23, 2005)

The United States Postal Service hereby objects to the MMA interrogatory
MMA/USPS-T16-26, filed on June 13, 2005.

The question reads:

MMA/USPS-T16-26

Please refer to your response to Interrogatory MMA/USPS-T16-13 where you provided the collection costs that were included in your single piece letter delivery costs as part of your analysis provided in Library Reference LR-USPS-K-67. Please provide the same information, i.e. the collection costs, with respect to the 5.84 unit cost figure derived for First-Class letters using the PRC delivery cost methodology in Library Reference LR-USPS-K-101.

To understand the Postal Service's objection, some background is necessary. USPS-LR-K-101 is the PRC version of the delivery costs study. As such, the Postal Service filed that version because of the new requirements of Rule 53, coming out of the so-called roadmap rulemaking, Docket No. RM2003-1. As the Postal Service understands the new provisions of Rule 53, the intent of requiring the Postal Service to present PRC versions of materials is to allow parties to assess the impact of proposed changes from the established methodology. In submitting comments on the rulemaking, the Postal Service identified the many practical obstacles in can and does encounter in

trying to apply the established methodology to new circumstances. The Commission's response, in Order No. 1380 (August 7, 2003) at pages 11 and 20, was essentially that the Postal Service should continue to employ a "rule of reason" in presenting PRC versions. In this case, the Postal Service has made a good-faith effort to do so with respect to all of its PRC versions, including LR-K-101.

Although it may not be immediately obvious from the text of the interrogatory, what MMA is actually requesting in question 26 is nothing less than the results of a "new" version of LR-K-101. In this "new" version, collection costs would be removed. That is the only way to provide what MMA has literally requested in question 26, which is facially a request for a decomposition of the results already provided into collection and non-collection cost components.

The Postal Service and its witnesses have endeavored to be as responsive as possible in trying to explain their understanding of matters raised by the parties, with respect to both its own proposed versions, and the PRC versions.¹ There must, however, be a limit on what is required with respect to PRC methodologies. In the above question, MMA is attempting to impose on the Postal Service the burden of creating a "new" version of the established methodology. On its face, this request is troubling. If the purpose of the PRC version is to present the established methodology, the "new" version" no longer achieves that objective.

¹ It is also troubling that this request is directed to witness Kelley. While the Postal Service can and will redirect questions on PRC versions for an institutional response, the fact that a sophisticated intervenor such as MMA fails to appreciate the difference between sponsored Postal Service versions and unsponsored PRC versions indicates how much confusion regarding the evidentiary status (i.e., none) of PRC version is likely to exist among rate case participants in general. This underscores the Postal Service's long-standing concerns regarding the requirements that it provide PRC versions as part

The Postal Service's proposed methodology is presented in USPS-LR-K-67. The only reason LR-K-101 is presented is to comply with the rule on established methodologies. If MMA is interested proposing new methodologies that are variations on the established methodology, rather than variations on the Postal Service's proposed methodologies, it is certainly free to do. The Postal Service, however, should not be required to shoulder MMA's burden in that regard. If MMA can ask for its preferred variation on LR-K-101, other parties may feel emboldened to request yet another version more to their liking. Earlier this week, the Postal Service was required to object to a ValPak interrogatory (VP/USPS-T16-39.d) for precisely that reason.

At MMA's request, witness Kelley has already undertaken extensive efforts to show the effects of removing collection costs from the Postal Service's proposed methodology (i.e., K-67). If MMA is interested in the results of the same exercise with respect to the PRC version of K-101, it should be required to undertake the effort to conduct that exercise itself, and sponsor the results. Otherwise, results that are not sponsored by any witness and are based on an ersatz K-101 methodology that no longer represents the established methodology, should not even be considered relevant to this proceeding.

The Postal Service therefore objects to MMA/USPS-T16-26.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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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.

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