

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 ANM INTERROGATORIES TO WITNESS TAUFIQUE (ANM/USPS-T28-1 - 2)
(September 9, 2005)

The United States Postal Service hereby objects to ANM interrogatories to witness Taufique, ANM/USPS-T28-1 - 2, filed on August 30, 2005. These interrogatories were filed long after the established deadline for discovery by intervenors against the Postal Service for purposes of responding to the Postal Service's direct case, and are thus untimely. Moreover, pursuit of the stated objective of these questions – an alternative subset of proposed rates – is not a legitimate purpose for discovery.

The questions are as follows:

ANM/USPS-T28-1. According to the August 24, 2005, revised answer of USPS witness Taufique to Valpak interrogatory VP/USPS-T28-52, the USPS expects that the rates it is proposing for the Enhanced Carrier Route ("ECR") subclass of nonprofit Standard Mail will produce average revenue of \$0.1007 per piece under the assumptions specified in 39 U.S.C. § 3626(a)(6)(B)—*i.e.*, approximately 56.4 percent of the average revenue per piece that the USPS expects to receive from its proposed rates for the ECR subclass of commercial Standard Mail.

(a) Please provide a table of the rates that would result if the USPS raised its proposed rates for the ECR subclass of nonprofit Standard Mail enough to generate average revenue per piece exactly equal (except for any departures required by the tenth-of-a-cent rounding convention for individual rate elements) to 60 percent of the average revenue per piece that the USPS expects to receive from its proposed rates for the ECR subclass of commercial Standard Mail.

(b) Please quantify the net increase in Test Year revenue that the rate adjustments responsive to question (a) would generate. If you cannot give a precise figure, give your best estimate.

(c) Please produce workpapers and documentation sufficient to verify your responses to parts (a) and (b).

ANM/USPS-T28-2. According to the August 24, 2005, revised answer of USPS witness Taufique to Valpak interrogatory VP/USPS-T28-52, the USPS expects that the rates it is proposing for the regular subclass of nonprofit Standard Mail will produce average revenue of \$0.1389 per piece under the assumptions specified in 39 U.S.C.

§ 3626(a)(6)(B)—*i.e.*, approximately 60.9 percent of the average revenue per piece that the USPS expects to receive from its proposed rates for the regular subclass of commercial Standard Mail.

(a) Please provide a table of the rates that would result if the USPS reduced its proposed rates for the regular subclass of nonprofit Standard Mail enough to generate average revenue per piece exactly equal (except for any departures required by the tenth-of-a-cent rounding convention for individual rate elements) to 60 percent of the average revenue per piece that the USPS expects to receive from its proposed rates for the regular subclass of commercial Standard Mail.

(b) Please quantify the net reduction in Test Year revenue that the rate adjustments responsive to question (a) would produce. If you cannot give a precise figure, give your best estimate.

(c) Please produce workpapers and documentation sufficient to verify your responses to parts (a) and (b).

Initially, it must be noted that ANM did accompany these questions with a request for leave to file (“Motion of Alliance on Nonprofit Mailers for Leave to File Interrogatories Concerning Revised Responses to USPS Witness Taufique to Valpak Interrogatories VP/USPS-T28-52 – 55, August 30, 2005”). The motion for leave characterized the questions as “follow up” to the revised answers submitted by witness Taufique, and noted that the cutoff date for discovery to the Postal Service for purposes of preparing rebuttal (August 23) had passed one day before the answers were filed on August 24, 2005. In theory, the Postal Service would not disagree with the suggestion that its submission of revised answers could trigger reasonable follow-up on the new material, notwithstanding the expiration of the period for otherwise authorized discovery. Therefore, to the extent that the ANM motion can be construed as a request for leave to submit appropriate follow-up, the Postal Service does not oppose such a motion as a

matter of procedure. Nevertheless, because the Postal Service substantively views the ANM questions as neither follow-up nor appropriate, it objects to the specific questions which ANM has posed.¹

To understand why the Postal Service disagrees with the characterization of these questions as follow-up on new material, it is necessary to examine both the ANM questions, and the original answers which the revised answers replaced. The ANM questions focus on the fact that with respect to neither Standard nor ECR is the proposed nonprofit average revenue per piece exactly 60 percent of the proposed commercial average revenue per piece. The questions cite instead the figures (from the revised August 24 responses) of 56.4 percent for ECR and 60.9 percent for Standard. Yet the existence of deviations from 60.0 percent is nothing new in the revised responses. The June 10 responses replaced by the August 24 revisions cited comparable figures of 55.8 percent (VP/USPS-T8-55) and 60.7 percent (VP/USPS-T8-53). Therefore, to the extent that ANM wished to follow up on deviations from 60.0 percent, it could have done so at any time after the filing of the case, or specifically done so as follow-up to the unrevised June 10 responses.² ANM is not following up on new material in the revised responses, but is instead attempting to pursue a line of

¹ To the extent that an alternative view of the appropriate vehicle by which the Postal Service should have challenged the instant questions might be an opposition to the ANM motion for leave, the Postal Service alternatively requests that this pleading be construed as such an opposition to the motion. Under either scenario, the Postal Service seeks to reject ANM's attempt to impose on it an obligation to produce for the record the material sought by ANM.

² The direct testimony of witness Taufique, filed with the case on April 8, explicitly noted that the nonprofit/commercial ratios were not as close to 60 percent under the rate design approach employed under current circumstances as might otherwise be the case. See USPS-T-28 at 11-12. The ANM questions could just as easily have been posed with reference to those pages of USPS-T-28 as with reference to the revised

inquiry that could have been pursued months earlier. In that sense, the questions are patently untimely.

Moreover, even if these questions had not been untimely, they would still have been inappropriate. The Postal Service has submitted its proposed rates, and explained why it views its proposed rates as consistent with its policy objectives under current circumstances, as well as with the relevant ratemaking criteria. Rather than probing what the Postal Service has actually proposed and the associated rationale proffered, ANM is instead seeking to force the Postal Service to identify an alternative subset of proposed rates, as might be appropriate under different policy objectives, under different circumstances. ANM, of course, was free to offer its own set of alternative rates in order to meet whatever objectives it felt to be appropriate. It chose not to do so. ANM has not identified any factual information it is lacking in order to allow it to have constructed its own set of proposed rates. On the other hand, to the extent that AMN might suggest that it is not in a position to predict how the Postal Service would have combined various rate levels to meet the target average revenue per piece more precisely, discovery does not exist for parties to compel the Postal Service to replicate its entire rate case development process in pursuit of an alternative set of rates to meet someone else's "what if" scenarios. Parties disagreeing with the rates proposed by the Postal Service may develop their own alternative rate proposals, but they cannot properly attempt to compel the Postal Service to do so for them.

Therefore, the Postal Service objects to ANM/USPS-T28-1 - 2 as untimely, and as inappropriate subjects for discovery.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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September 9, 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.

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