

DOCKET SECTION

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

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POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO MOTION OF UPS FOR AMENDMENT
OF RECOMMENDED DECISION
(June 15, 1998)

On June 5, 1998, UPS filed a motion to amend the Recommended Decision issued by the Commission in this docket on May 11, 1998, to correct a rate recommendation for DDU Parcel Post. The Postal Service hereby responds.

First, we note that UPS has identified what we believe to be only one of at least two instances in which Parcel Post rates recommended by the Commission were not derived by simple application of the rate design spreadsheets (appearing in PRC-LR-15). UPS questions the two-pound DDU rate. It would appear that a similar situation exists with respect to the two-pound Intra-BMC Local rate. In that instance, however, it appears that the recommended Intra-BMC rate is higher than the spreadsheet rate, in contrast with the DDU rate, which is lower.

Second, the most critical aspect of this matter relates to the nature of the alleged discrepancy. There appears to be substantial consensus that if, for example, a rate included by the Commission in its Recommended Decision reflects a transcription error in transferring a number from a workpaper to the rate schedule (e.g., 18.3 cents mistyped as 17.3 cents), the Commission should have the ability to advise the Governors of that situation and have them act on the actual rate which the Commission intended to recommend. See, e.g., Order No. 787, Docket No. R87-1 (June 13, 1988). Similar reasoning would appear to apply if the Commission made

an error in preparing its rate design workpapers, such as in the case of a typographical error in a spreadsheet which caused the Recommended Decision to include a rate different than the rate which would have been included if the Commission had exactly followed the procedures it intended to employ. The motion would appear to suggest that UPS believes the discrepancy which it has identified falls into this latter category, and thus can properly be revised by the Commission through issuance of errata.

UPS acknowledges, however, that the nature of the discrepancy is "not clear." Motion at 2, note 3. Specifically, UPS notes that the DDU rate in question appears to have been "hard coded," and UPS is simply unsure whether this was "inadvertent" or not. *Id.* The Postal Service, obviously, is in no better position than UPS to make this judgment. Only the Commission can be sure whether it intended to "hard code" the 2-pound DDU rate, or instead intended to allow the recommended rate to be derived from the spreadsheet methodology used to derive the other DDU rates. Examination of the spreadsheet in question indicates rather clearly that there was an intent at some point during the rate design process to "hard code" the rate, but whether such coding was intended to remain in the final iteration cannot be assumed with any amount of certainty.

If the 2-pound DDU rate included by the Commission in the recommended rate schedule is not the one which the Commission intended to transmit to the Governors because of a "mistake" as described above, the Commission may wish to communicate to the Governors the rate that it did intend to recommend. On the other hand, if the Commission intended to recommend the rate which UPS now questions, however that rate was derived, there does not appear to be much opportunity for the Commission in responding to the motion to do more than indicate that fact.

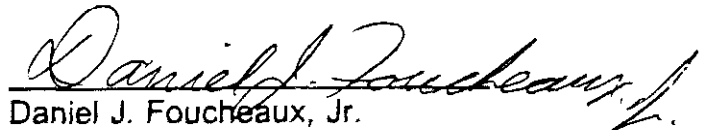
The instant situation may be similar in many respects to that which occurred following transmission of the Commission's initial recommended decision in Docket No. R94-1. In that case, several parties called for the Commission to clarify its Opinion regarding the rates which had been recommended for certain subclasses. In response, the Commission issued Order No. 1037, providing some further explanation of the rate design issues that had been raised. In their Decision, however, the Governors carefully noted that they were neither concluding nor conceding "that the Commission in these circumstances has the authority to reconsider a matter without action by the Governors." Decision of the Governors, Docket No. R94-1, at 4, footnote 1 (December 12, 1994). Instead, the Governors formally returned the matters at issue to the Commission for reconsideration.

If UPS has identified an actual discrepancy between a rate the Commission recommended and the rate which the Commission intended to recommend, it may be appropriate for the Commission to issue errata to that effect. Otherwise, the Commission's options are much more limited.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

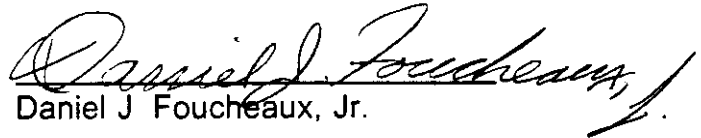
By its attorney:


Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2989; Fax -5402
June 15, 1998

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.


Daniel J. Foucheaux, Jr.

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2989; Fax -5402
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