

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

PERIODICALS CLASSIFICATION CHANGE, 1999

Docket No. MC99-3

**MOTION OF THE UNITED STATES POSTAL SERVICE FOR EXPEDITION AND FOR
WAIVER OF CERTAIN PROVISIONS OF RULE 64(h)**

(April 9, 1999)

The United States Postal Service hereby requests that the Commission expedite this proceeding and waive certain aspects of its procedural rules, as described below. The proposed classification changes requested are minor and straightforward, affecting only limited volumes of Nonprofit and Classroom Periodicals. The result would be to allow those limited volumes of Nonprofit and Classroom Periodicals whose rates are higher than *regular Periodicals* -- as the result of a small, unintended rate anomaly in the Periodicals schedules -- the option of mailing at the slightly lower regular rates generally for each issue. Also, to conform to statutory standards governing preferred rate publications, those Nonprofit and Classroom publications eligible to mail at the regular rates under the proposal and with advertising content of ten percent or less, will not be charged advertising rates on the advertising portion.

Because of the limited nature of the requested changes, the Postal Service requests expedition of the proceedings and waiver of various Commission rules calling for complex volume, revenue and cost projections. The Postal Service believes that

both can be accomplished, while still providing for development of an adequate record and protection of the due process rights of all concerned.

Expedition

The minor changes requested are explained fully in the testimony of Postal Service witness Taufique (USPS-T-1) and in the Postal Service's Request. The changes involve additions to the Domestic Mail Classification Schedule and the rate schedule for the Periodicals Regular subclass. Their purpose is to correct an unintended anomaly in the rate schedules that results in the postage for certain Nonprofit and Classroom Periodicals being higher than the corresponding regular rate postage. The consequences of these proposed modifications are simple: (1) Nonprofit and Classroom Periodicals will be allowed to be mailed at the regular rates on basically an issue-by-issue basis, where those rates are less than the applicable Nonprofit and Classroom rates, and (2) Nonprofit and Classroom Periodicals that are mailed at the regular rates, and that have advertising content of ten percent or less, will be charged nonadvertising rates on the advertising portion.

Neither of these changes mark a significant departure from existing practice. Nonprofit and Classroom Periodicals can now opt to mail at regular rates, although not on an issue-by-issue basis. **See** Direct Testimony of Altaf H. Taufique on Behalf of United States Postal Service, USPS-T-1. Nonprofit and Classroom publications that now mail at the Nonprofit and Classroom rates with advertising content of ten percent or less are charged nonadvertising rates on the advertising portion. 39 U.S.C. § 3626(a)(4). Moreover, as explained in the testimony of witness Taufique, the proposed

changes will have an insignificant effect on the Postal Service's overall volumes, revenues and costs.

For all of these reasons, the Postal Service requests that this proceeding be conducted on an expedited schedule. Although the Postal Service does not request a specific schedule, it does suggest a number of procedures which might be followed with the end of making a quick resolution possible.¹

First, the Postal Service suggests that a relatively short intervention period be allowed. It seems logical to assume that most, if not all, interested parties are aware of the anomaly and are expecting some action by the Postal Service. In other words, the likelihood of any interested party being surprised by and unprepared for quick intervention in this proceeding appears remote.

Second, the Postal Service suggests that parties be required to specifically request a hearing in their notice of intervention, and to delineate those issues which they believe to be of sufficient, material import to warrant a hearing. If there is no request for a hearing, or if the Commission determines that there are no genuine issues of material fact, then it can dispense with discovery and hearings..

Third, if any discovery is found to be necessary, the time allotted for discovery on the Postal Service's case should be abbreviated. Discovery should be limited strictly to

¹ Although this proceeding would seem to qualify for consideration as an expedited minor classification case under Rule 69, the Postal Service did not see any particular advantage in requesting that the case be heard under those procedures. A waiver from various of the Rule 64 requirements would still have to be obtained, and the notice requirements contained in Rules 69b(c) and (d) seem a bit far-reaching for a case which likely will generate circumscribed interest. Further, there is no apparent reason that the Commission would be hindered in deciding this case on as prompt a basis as it would decide a proceeding brought under Rule 69.

those matters directly bearing on the proposed changes. The time limits for responding to discovery requests and related objections and motions practice should be shortened. With only one piece of brief testimony, no workpapers and no library references, abridged and expedited discovery should not be an issue.

As the case progresses, other procedures may be able to be eliminated. For example, if there are no hearings and if discovery is very light, then it would seem that there would not be a need for any testimony by the parties or on rebuttal by the Postal Service. It also may be possible to dispense with briefs and oral argument.

Waiver

Attachment F to the Postal Service's Request demonstrates compliance with a number of the requirements of Rules 54 and 64. For certain other of the requirements, however, the Postal Service requests a waiver under Rule 64(h)(3).

Rule 64(h)(3) provides that the Commission may waive certain filing requirements if it determines that the proposed changes do not significantly change the rates and fees and cost-revenue relationships referred to in Rule 64(h)(1). Rule 64(h)(1) states that the Postal Service, when requesting a change in the classification schedule, must provide certain Rule 54 information concerning requests for changes in postal rates and fees if the proposed classification change would result in either (1) changes in the rates or fees for any existing class or subclass of mail and service, (2) the establishment of a new class or subclass or service for which rates are to be established, (3) a change in the relationship of costs to revenues for any class or subclass, or (4) a change in the relationship of total Postal Service costs to total revenues.

First, at least one of these subsections does not apply to this Request. The proposed changes clearly do not request creation of a new class, subclass or service for which new rates need to be established. The Periodicals Nonprofit, Classroom and Regular Rate subclasses exist as they did before; certain mailers can simply choose different rates for their mailings.

Also, the proposed changes do not alter the existing rates or fees for Nonprofit, Classroom or Regular Rate Periodicals, except in a very minor instance. Existing Nonprofit, Classroom and Regular rates and fees would, for the most part, remain in effect exactly as they are now. Nonprofit and Classroom mailers may currently elect to mail at regular rates; these mailers would simply be given the extra option of mailing at Regular Periodicals rates on essentially an issue-by-issue basis. The only additional difference would be for those Nonprofit and Classroom mailers whose advertising content is ten percent or less and who opt to pay Regular rates; those mailers would be allowed to pay the nonadvertising regular rate on the advertising portion. This involves a very minor change to the Regular rate schedule, effected to track the current statutory provision (39 U.S.C. § 3626(a)(4)), which allows Nonprofit and Classroom publications with advertising content of ten percent or less to pay the nonadvertising Nonprofit or Classroom rate on the advertising portion.

Further, the effects of the proposed changes on the relationships between costs and revenues for postal classes, subclasses and services, or the postal system as a whole will not be altered in any meaningful way. Costs and the allocation of costs to subclasses are not expected to change, and the resulting revenue loss would be minimal. The rate anomaly itself already allows lower rates for some Nonprofit and

Classroom mailers who choose to switch to Regular rate status. The proposed classification change simply allows those mailers to retain their preferred status. The maximum revenue loss resulting from the rate anomaly and the classification change combined is estimated to be only approximately \$5 million. **See** USPS-T-1. The existing rates of postage for Nonprofit, Classroom and Regular Rate Periodicals have been determined to be in conformance with 39 U.S.C. § 3622(b).

In light of these very minor effects on postal classes, subclasses and services, and on the postal system as a whole, a very expansive waiver of the Rule 54 and 64 requirements would be justified. The Postal Service, nonetheless, has provided much information and only requests waiver of particular subsections, as discussed below.

Specific Waiver Requests

The Postal Service specifically requests waiver of the following rules: 64(d), 64(h), 54(f)(2), 54(f)(3), 54(h), 54(i), and 54(j). Each is addressed in turn.

Rule 64(d). Rule 64(d) requests information on the effect of the proposed changes on cost assignments and revenues for the classes, subclasses and services, and on total costs and total revenues. The proposed changes, designed to correct an unintended anomaly in the Periodicals rate schedules, are extremely restricted in their impact on the revenues and costs of those subclasses and on the revenues and costs of the system as a whole. Additional analysis beyond that presented by witness Taufique (USPS-T-1) is not required for understanding or evaluation of the proposals. Detailed attempts to separate and project costs, revenues and volumes would be an unnecessary and needlessly complex undertaking for this modest, straightforward Request.

Rule 64 (h). This subpart requires provision of the same or similar information called for under various portions of Rule 54. The applicable subsections of Rule 54, for which a waiver is also requested, are Rule 54(f)(2), 54(f)(3), 54(h), 54(i) and 54(j). Those subsections are discussed in turn, below.

Rules 54(f)(2-3), (h), and (j). Rules 54(f)(2), (f)(3), (h) and (j) basically ask for information concerning the estimated total accrued costs for the fiscal year in which the filing is made and for the test year, the separation and attribution of those costs, and related estimated revenue and volume information.² Again, the proposed changes are clear and simple, and will have an insignificant impact on the revenues, volumes and costs for the affected subclasses and for the postal system in its entirety. Detailed revenue, volume and cost breakdowns and projections are not dictated for review and analysis of this Request. Witness Taufique's testimony adequately addresses the issue of the impact of the proposed changes, and requiring adherence to the strict requirements of Rule 54 will only serve to pointlessly complicate and delay the proceedings.

Rule 54(i). This subsection generally calls for a statement concerning the rate consequences of the proposed changes, including a discussion of the relationship between revenues and costs for the affected subclasses and of the criteria of section 3622 of the Act. These matters were discussed in detail in the Commission's Opinion and Recommended Decision in Docket No. R97-1 for the Nonprofit, Classroom and Regular Periodicals subclasses, and the changes proposed here, as demonstrated by

² The information requested is similar to that requested under Rule 64(d).

witness Taufique, would have a very minor effect. Also, witness Taufique discusses the criteria of section 3623. More information would be of meager value and should not be required.

Conclusion

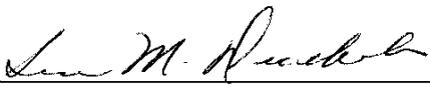
The minimal changes embodied in the Postal Service's Request should lend themselves to an expeditious and uncomplicated review. The Postal Service thus requests that this motion be granted.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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Chief Counsel, Ratemaking

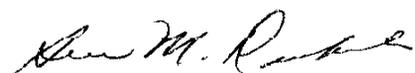


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April 9, 1999

CERTIFICATE OF SERVICE

I hereby certify that I have attached a copy of the foregoing to each copy of the Request in this proceeding, and that the Request and all related documents filed today will be served upon all participants upon notice to the Postal Service of their intervention in this proceeding.



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