

BEFORE THE POSTAL RATE COMMISSION
WASHINGTON, DC 20268

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Request of the

Continuity Shippers Association

To File Response to Answer
Regarding Charges for the
Bulk Parcel Return Service

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Docket No. C99-4

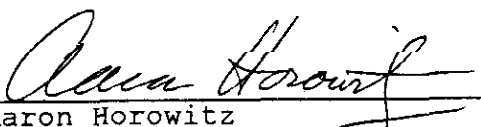
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Continuity Shippers Association's Request for
Permission to File a Response Opposing
the United States Postal Service's Suggestion
Not to Hold Hearings on the Complaint Regarding
The Charges for the Bulk Parcel Return Service

The Continuity Shippers Association (CSA) requests permission to file a response opposing the United States Postal Service's (USPS) suggestion not to hold hearings on the complaint regarding charges for the Bulk Parcel Return Service. The USPS made this suggestion (but did not formally make such a motion) in its answer. CSA seeks to respond to this suggestion and provide the Commission with the reasons for holding hearings and explore the underlying **basis** of the BPRS rate. A copy of the response is attached.

Dated: August 17, 1999

Respectfully Submitted,


Aaron Horowitz
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(847) 913-3360

Attorney for the Continuity
Shippers Association

BEFORE THE POSTAL RATE COMMISSION
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Response of the *
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Continuity Shippers Association's Opposition to
The United States Postal Service's Suggestion
Not to Hold Hearing on the Complaint Regarding
The Charges for the Bulk Parcel Return Service

The Continuity Shippers Association (CSA) opposes the suggestion of the United States Postal Service (USPS) not to hold hearings on its complaint regarding charges for the Bulk Parcel Return Service (BPRS). In its answer, the USPS suggests (but does not formally move) that the Commission not hold hearings. The USPS asserts that the factual basis for the attributable costs and mark-up are correct, and thus no hearings are necessary.

The purpose of hearings is to explore the accuracy and adequacy of the USPS's calculations and determinations as to costs and rates. The USPS's suggestion would undermine the fact finding function of the Commission.

A hearing would examine several items such as the different versions of the BPRS cost study issued by the USPS. In October 1998, the USPS provided the Commission with a cost study for BPRS which stated that the attributable costs were \$0.93, with a mark-up of 188%. In or around January 1999, the USPS verbally stated that the October BPRS cost study was incorrect and that the actual attributable costs were \$1.07, with a mark-up of 164%. Despite

numerous requests, the USPS has not provided any documentation to support this revision. The two versions of the BPRS cost study evidence the existence of factual questions.

The October BPRS cost study should itself be more closely analyzed. For example, the October BPRS cost study is based on only eight mailers which the USPS stated was all of the users. However, the USPS has not provided any evidence that it has identified all of the BPRS users. If that cost study is inaccurate, it will affect the revenue and costs for BPRS.

Moreover, the overhead allocation for BPRS under the October cost study is 188%. (Under the revised "undocumented" cost study, the overhead allocation for BPRS is 164%). In either case, it is significantly higher than the system wide average of 153%. In fact, the BPRS overhead allocation closely approximates the overhead allocation for first class mail. Of course, BPRS does not receive the service of first class mail.

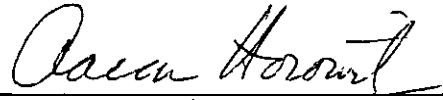
In short, hearings would enable the Commission to review and determine the adequacy and accuracy of the BPRS cost studies, the mark up, overhead allocation, and ultimately the BPRS rate.

The purpose of hearings is to have interested parties bring evidence, argument and otherwise challenge the USPS setting of rate. This is exactly what the USPS is asking the Commission not to do. Further, any delay in reviewing the BPRS rates will result in a delay of over a year as the issue would become subsumed into the omnibus rate case the USPS is preparing to file.

The Continuity Shippers Association respectfully requests the Commission to hold hearings on its complaint challenging the charges for the Bulk Parcel Return Service.

Dated: August 17, 1999

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "Aaron Horowitz", written over a horizontal line.

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Attorney for the Continuity
Shippers Association

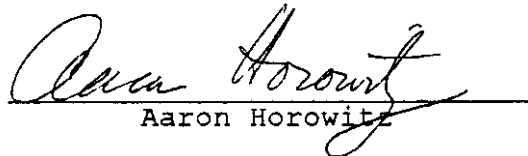
CERTIFICATE OF SERVICE

This will certify that the foregoing Request for Permission to File Response and Opposition to the United States Postal Service's Suggestion Not to Hold Hearings was served on August 17, 1999, by first class mail, on the following:

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