

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

EXPERIMENTAL PARCEL RETURN SERVICES

Docket No. MC2003-2

STATEMENT OF THE UNITED STATES POSTAL SERVICE
CONCERNING COMPLIANCE WITH FILING REQUIREMENTS
AND CONDITIONAL MOTION FOR WAIVER
(May 28, 2003)

In the Compliance Statement (Attachment F) to the Request, the Postal Service has identified information contained in its testimony and supporting documentation intended to satisfy the filing requirements in pertinent provisions of the Commission's Rules of Practice and Procedure (Rules 54, 64 and 67). The Postal Service has supplemented materials developed specifically for this filing by incorporating documentation that was submitted by the Postal Service in connection with the most recently concluded omnibus rate proceeding, Docket No. R2001-1. In light of several considerations, the Postal Service believes that most of the specific requirements pertaining to classes of mail and special services are met by incorporating the materials from the recently concluded rate case.

The proposed experimental Parcel Return Services would not materially alter the rates, fees, and classifications established by that docket. Rather, the proposal would add new classifications and rates, with only a limited impact on overall postal costs, volumes, and revenues.

As outlined in the testimony filed with the Request, the experimental Parcel Return Services would constitute a relatively minor addition to the array of mail classes

and special services comprehensively considered most recently in Docket No. R2001-1. As a consequence, there is substantial overlap between the information sought through general filing requirements and the materials provided in Docket No. R2001-1.¹ For example, certain filing requirements call for information pertaining to the full spectrum of postal products: e.g., Rule 54(b)(3) (economic substitutability between classes and subclasses); Rule 54(d) (physical attributes of mail by class and subclass); Rule 54(f)-(h) (total historical and projected costs separated by postal and nonpostal services and distributed to classes, subclasses, and special services); Rule 54(j) (revenues and volumes projected for classes, subclasses, and special services); and Rule 54(l) (billing determinants for classes, subclasses, and special services). These requirements are adequately addressed through reference to information provided in the most recent omnibus rate proceeding, especially where, as here, the proposal is for an experiment of limited duration.

¹ The Postal Service fully acknowledges that the Commission's and the Governors' decisions in Docket No. R2001-1 were founded on a settlement agreement, and that many issues that might have been raised by the materials submitted in that case were not litigated. Furthermore, the Postal Service appreciates the non-precedential status of the Commission's and the Governors' findings and conclusions in the rate case, as specified in the Stipulation and Agreement. In this regard, we must emphasize that our position on compliance in the instant docket is not based on the status of the rate case documentation as adjudicated fact, but rather on its character as material submitted that addresses the elements of the Commission's general filing requirements. In most instances, the rate case materials satisfying the general filing requirements pertain to matters that simply are not relevant to the issues raised by the experimental Parcel Return Services, and that would not be affected if the experiment were recommended and approved. The actual relationships between the experiment and existing rates, fees and classifications are fully explained in the testimony and supporting documentation provided with this filing. We further emphasize strongly that the Postal Service's filing here is not intended to create an opportunity for parties to raise issues avoided by settlement in the rate case, when they are essentially irrelevant to the instant proposal.

In assessing compliance in this regard, substantial weight should be given to the nature of the proposed experiment and its operations, and the small magnitude of its impact on costs, volumes, and revenues in total and for particular mail categories and services. For example, the experimental Parcel Return Services involve rates for mailers who pick up returns at the delivery unit or BMC of origin (with respect to the recipient returning the parcel). The costs thereby avoided by the Postal Service favor all mailers. Moreover, the proposal does not include any expectation that any mail volume will migrate from one subclass to another. The concept of economic substitutability among classes and subclasses therefore generally does not pertain to the experiment, and is adequately addressed in the rate case testimony that was developed before the experiment was proposed. Nor will any technology and processes employed in handling this mail be likely to affect the physical attributes of mail or other services. To the extent that this experiment involves the establishment of new rates, and to the minor extent that total cost-revenue relationships will be affected by their creation, the proposal would not result in significant changes to those relationships warranting amendment of the rate case testimony, beyond the addition of information provided in this docket.

In the Compliance Statement, we have addressed each filing requirement and indicated which parts of the Postal Service's filing satisfy each rule. We have also incorporated the Docket No. R2001-1 materials by reference. Specific direction to the rate case testimony addressing each rule can be found in the Compliance Statement filed with the Postal Service's Request in Docket No. R2001-1.² We have addressed

² Request of the United States Postal Service for a Recommended Decision on Changes in Rates of Postage and Fees for Postal Services and Request for Expedition, Docket No. R2001-1, Attachment G (Sept. 24, 2001).

the filing requirements applied in connection with requests made pursuant to Rules 54, 64, and 67.

If the Commission concludes that the materials imported from Docket No. R2001-1 to satisfy general filing requirements are not sufficient, and that strict construction of the rules regarding information pertaining to other mail and special services would require testimony that was developed specifically with reference to the proposed experimental Parcel Returns Services, the Postal Service respectfully moves that those requirements be waived, pursuant to 39 C.F.R. §§ 3001.22, 3001.54(r), 3001.64(h)(3), and 3001.67a.³

³ A similar approach to compliance with the filing requirements was proposed in the recently-concluded Experimental Periodicals Co-Palletization Dropship Discounts case (Docket No. MC 2002-3). See Motion Of United States Postal Service For Waiver, Docket No. MC2002-3 (September 26, 2002). The Commission stated that in accessing compliance with the filing rules, substantial weight should be given to the nature of the proposed experiment and its limited impact on costs. See Order Addressing Outstanding Motions And Closing The Record, Docket No. MC2002-3 (December 20, 2002). It also noted that there was a substantial overlap between the material provided in Docket No. R2001-1 and the information sought in the general filing rules. *Id.* Accordingly, the Commission concluded that all pertinent filing requirements had been satisfied. *Id.*

For the reasons stated above, the nature of the proposed experiment, combined with its small impact on total costs and revenues, and on the costs, volumes, and revenues of mail categories, do not warrant strict compliance with the filing requirements, and they should be waived.⁴

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⁴ As reflected in the Compliance Statement, Attachment F to the Request, full or partial waivers are requested with respect to the following rules: 54(b)(1)-(4), 54(c), 54(d), 54(e), 54(f)(2)-(3), 54(h)(1)-(12), 54(i), 54(j)(1)-(7), 54(l), 64(b)(1)-(4), 64(c)(1)-(3), 64(d), and 64(h).