

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

OPPOSITION OF THE UNITED STATES POSTAL SERVICE TO MOTION OF
THE OFFICE OF THE CONSUMER ADVOCATE TO COMPEL RESPONSES
TO INTERROGATORIES OCA/USPS-7a-c,e-h
(May 26, 2005)

The United States Postal Service hereby files its reply in opposition to the May 19, 2005, motion filed by the Office of the Consumer Advocate seeking to compel responses to the above listed interrogatories. For the reasons below, the motion should be denied.

In this docket, the Postal Service has submitted a request for changes in rates and fees for review by the Commission in accordance with 39 C.F.R. (Subpart B) § 3001.50 through 3001.60, the Rules Applicable to Requests for Changes in Rates and Fees. The Postal Service interprets 39 C.F.R. § 3001.54(n) as requiring the provision of Origin-Destination Information System (ODIS) Quarterly Statistics Reports (QSR). Accordingly, the Postal Service provided those reports in the form of a Library Reference that accompanies the filing of its request. In the instant case, they were filed as USPS LR K-82. In Docket No. R2001-1, pertinent reports were filed as USPS LR J-137.

Outside the scope of proceedings such as Docket No. R2005-1, the Postal Service is required by 39 C.F.R. (Subpart G) § 3001.101 through 3001.103, to file a number of periodic reports with the Commission. One of those rules, 39 C.F.R §

102(b)(1), requires the filing of the quarterly Revenue Pieces and Weight (RPW) report. Another, 39 C.F.R. § 102(b)(2), requires the filing of a quarterly report called the Origin Destination Information Report National Service Index. The ODIS National Service Index was superseded some years ago by the ODIS QSR and the Postal Service has, in good faith, endeavored to provide ODIS QSRs at the frequency required by Rule 102(b).

Beginning with Quarter 1 of FY 2004, the Revenue, Pieces & Weight (RPW) and ODIS data systems were merged. This resulted in the need to significantly revise the ODIS QSR. The workload and management approval processes involved with this revision and the release of the revised reports prevented them from being produced on a schedule that would have let them been filed in a more timely basis. Accordingly, the Postal Service was unable to resume periodic filing of the QSR's until April 11, 2005, when it filed the ODIS-RPW QSRs for FY 04 Q1-Q4.

The OCA's Motion is without merit, except insofar as it implies, in hindsight, that the Postal Service could have formally notified the Commission as soon as it became apparent that compliance with Rule 102(b)(2) would be temporarily problematic. Instead, the Postal Service waited until the problems were overcome and resumed compliance with Rule 102 when it transmitted copies of the FY 04 Q1-Q4 ODIS-RPW QSRs by letter dated April 11, 2005, to the Secretary of the Commission.

The temporary inability to comply with Rule 102(b)(2) was no act of "defiance," as is suggested by the OCA at page 4 of its Motion. Nor was there any "flouting" of the rule, as suggested at page 3. Contrary to the implication of the OCA's motion, there is no vast postal-wing conspiracy, no postal coven huddled around a steaming cauldron at

L'Enfant Plaza swearing in blood to defy Rule 102(b)(2) into perpetuity. To quote from the second page of the aforementioned April 11, 2005, letter to the Commission:

In the future, we will transmit the revised QSR after each calendar quarter. The report will also be made available at the Postal Service's public website.

To read the letter in its entirety, the OCA is encouraged to visit www.prc.gov and check the Daily Listing for April 11, 2005.

The OCA's histrionic and ill-informed characterizations do nothing to make the objectionable questions posed in OCA/USPS-7 relevant to the issues in this docket. Nor does the OCA's argument at page 2 of its Motion that the "Postal Service's failure to provide the data on a quarterly basis significantly devalued the quality of service that may be obtained from each of the [mail] classes" and that "this can constitute a distinct ground for reducing the cost coverage for classes of mail whose quality of service may go unevaluated for months or years at a time." The defects in this argument are self-evident. First, is the notion that the Commission's assessment of test year "value of service," within the meaning of 39 U.S.C. § 3622(b)(2), should be affected in some way by the degree to whether the Postal Service was timely in its obligation to periodically report time-in-transit data, irrespective of (1) what those data may actually show and (2) whether the data were available to the Commission when it undertook its assessment. Second, if as the OCA argues, the mere fact of a gap in compliance with Rule 102(b)(2) could justify reduction of cost coverages for the mail classes reported in the QSRs, then the OCA has had from Day One of this proceeding (without asking OCA/USPS-7) the only information it needs – the fact that a "punishable" gap existed.

At page 3, n.2, the OCA attempts to analogize the controversy here with one involving Customer Satisfaction Index data in Docket No. R2001-1. The attempt is

fatally flawed by the fact that the issue in Docket No. R2001-1 was about rate case access to quantitative data deemed “likely to bear on the quality of service issue, which the Reorganization Act directs the Commission to consider in ratemaking.” Presiding Officer’s Ruling No. R2001-1/20 at 3 (December 14, 2001). In contrast, there is no basis for arguing in Docket No. R2005-1 that there has been any denial of access to ODIS QSRs needed for evaluating value of service for purposes of ratemaking -- because, the data were filed with the Docket No. R2005-1 request in USPS LR K-82 on April 8, 2005.

The issue here is not whether the Postal Service could answer the questions asked in OCA/USPS-7. If that becomes the standard, the requirement in 39 C.F.R. § 3001.26(a) -- that interrogatories seek admissible evidence on matters relevant to the subject matter of the proceeding -- would, itself, become irrelevant. Whether and/or why the Postal Service was unable to provide the QSRs in a more timely manner in a context outside the scope of this proceeding is a matter beyond the scope of this proceeding. It is equally irrelevant what the Postal Service’s publicly stated intentions may be regarding future compliance with Rule 102(b)(2). Accordingly, the OCA motion should be denied.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Michael T. Tidwell

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2998, FAX: -5402
May 26, 2005
michael.t.tidwell@usps.gov

Interrogatories At Issue

OCA/USPS-7

- a. Please confirm that none of these quarterly reports was filed in conformance with Commission Rule 102, 39 C.F.R. §3001.102, which provides: "Each report listed in this section shall be filed with the Secretary of the Commission within two weeks of its presentation for use by postal management (b) *Quarterly reports*. The following information will be filed by the Postal Service quarterly: . . . (2) Origin/Destination Information Report National Service Index;" i.e., none were filed on a quarterly basis throughout FY2004. If this statement is not confirmed, then please explain.
- b. Confirm that, prior to the filing of LR K-82, the last ODIS quarterly report filed with the Commission was for Quarter 4, FY 2003, and was filed on October 20, 2003. If this statement is not confirmed, then please explain.
- c. Confirm that no quarterly ODIS reports were filed with the Commission for a period of nearly 1 ½ years. If this statement is not confirmed, then please explain.
- e. Confirm that, even following the merger of the ODIS-RPW systems, 3 quarterly RPW reports were filed with the Commission, i.e., on April 16, 2004 (Quarter 1, FY2004); May 14, 2004 (Quarter 2, FY2004); and August 6, 2004 (Quarter 3, FY2004).
- f. Give a detailed explanation of why the Postal Service filed 3 RPW quarterly reports in FY2004, but did not file any ODIS reports.
- g. Has the Postal Service filed any quarterly ODIS-RPW reports with the Commission for FY2005? If not, why not.
- h. Does the Postal Service intend to comply with Commission Rule 102 by filing quarterly ODIS or ODIS-RPW reports in the future? If not, why not? If so, what will be the filing schedule?