

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

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POSTAL RATE AND FEE CHANGES, 2001

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY
Docket No. R2001-1

NOTICE OF THE UNITED STATES POSTAL SERVICE
CONCERNING PROVISION OF INFORMATION PURSUANT
TO COMMISSION RULE 54(a)(1), AND MOTION
REQUESTING WAIVER OF THE COMMISSION RULES
WITH RESPECT TO CATEGORY 5 LIBRARY REFERENCES
(September 24, 2001)

With the filing of Docket No. R2001-1, the Postal Service has, for the third time, provided alternate cost information under Rule 54(a)(1). The information includes a base year (FY 2000), interim years (FY 2001 and FY2002), and test year before and after rates (FY 2003) alternate cost presentations.

The alternate presentation also contains much information not required by Rule 54(a)(1), but information which the Commission and the parties likely will find useful. For example, various worksharing cost information is provided, incorporating the Commission assumption of "100 percent" volume variability for mail processing costs. As another example, a table of markups is provided, showing markups and markup indices for the various mail subclasses under the Commission costing methodology.

Providing this information was both onerous and costly, but nonetheless able to be substantially accomplished. The Postal Service makes no promises that information not strictly required by the rule will be provided with every filing.

Following past practice, the Postal Service's alternate presentation is contained in a series of library references. As in Docket No. R2000-1, these library references are not associated with the testimony of any witness, and no Postal Service witnesses will

attest to the accuracy or validity of their contents or answer any questions about them. (To the extent that the Postal Service is able to answer questions on this material, the responses will be provided by the Postal Service as an institution.)

Like Docket No. R2000-1, the Postal Service has not provided the basic base year/rollforward model in C language and SAS, but rather in COBOL, as it does with its own cost model. Compliance with Rule 54(a)(1) was made easier for the Postal Service, and it is believed, based on the experience in the last omnibus rate proceeding, that the majority of parties in Commission proceedings are familiar with this type of presentation and find it easier to follow. Adequate documentation, similar to that provided for the Postal Service's cost model, is provided.

By providing this material, the Postal Service does not abandon the objections to Rule 54(a)(1) that it has expressed on any number of occasions since Docket No. RM97-1. Nor does the Postal Service waive the positions it has taken in previous Commission proceedings concerning the Commission's lack of authority to compel production of disputed costing or other analyses or presentations that have not been lawfully developed on the record, in accordance with the statutory scheme governing postal ratemaking and applicable judicial precedent. Furthermore, the Postal Service continues to have concerns about the burden of preparing such information, considering the substantial burdens already imposed by the Commission's rules, the Postal Service's willingness to make available the data and information that would enable a party to analyze the Postal Service's proposals using the Commission's

approach, and the Commission's superior capability to replicate and execute its own methodologies and cost models. The library references containing Commission cost methodology information are:

USPS-LR-J-74	PRC Version/Base Year Model
USPS-LR-J-75	PRC Version/Roll Forward Model
USPS-LR-J-76	PRC Version/Base Year/Roll Forward, Processing Documentation Reports
USPS-LR-J-77	PRC Version/Base Year Roll Forward (CD-ROM)
USPS-LR-J-78	PRC Version/Roll Forward Test Year Volume Variable Cost Footnotes
USPS-LR-J-79	PRC Version/Roll Forward Expense Factors
USPS-LR-J-80	PRC Version/Development of Piggyback and Related Factors
USPS-LR-J-81	PRC Version/Mail Processing Unit Costs by Shape
USPS-LR-J-82	PRC Version/MODS-Based Costing, Description of Spreadsheets and SAS Programs
USPS-LR-J-83	PRC Version/Development of ECR Mail Processing Saturation Savings
USPS-LR-J-84	PRC Version/Letter/Card Mail Processing Cost Models (FCM, Standard Mail, QBRM Discount, Nonstandard Surcharge and Nonmachinable Surcharge) and BRM Fee Cost Models
USPS-LR-J-85	PRC Version/Flats Mail Processing Cost Model (FCM, Periodicals, and Standard Mail)
USPS-LR-J-86	PRC Version/Models Supporting USPS-T-25
USPS-LR-J-87	PRC Version/Parcel Post and BPM Mail Processing and Window Service Costs
USPS-LR-J-88	PRC Version/Dropship Cost Avoidances for Periodicals and Standard A

USPS-LR-J-89 PRC Version/Markup Indices

USPS-LR-J-99 PRC Version/Fed Ex Roll Forward Adjustments **NOT FILED**
PENDING RULING ON PROTECTIVE CONDITIONS

Motion for Waiver

By separate pleading, the Postal Service has submitted with its Request a notice regarding the master list of library references included with the filing. The instant motion is a request for waiver, where necessary, of the Commission's procedures governing library reference practice, with respect to all Category 5 (Disassociated Material) library references. The library references that have been identified as Category 5 in the master list in the "Category" column, because they are also the library references relating to the "Commission version," are those that are listed immediately above. Specifically, the Postal Service requests that to the extent that it could be argued that its filing does not actually or substantially comply with all of the requirements of Rule 31(b)(2) with respect to the above Category 5 library references, that those requirements be waived.

The intended primary purposes of the revisions to Rule 31(b)(2) are to limit library references to appropriate circumstances and categories of material, and to insure that adequate information is provided to identify the contents of library references and to indicate how they relate to the case. See Order No. 1263 at 3. The Postal Service submits that, in the context of its Category 5 library references, these purposes are achieved by virtue of the past practice regarding these types of library references, and by the information included on the master list, within this motion, and within the library

references themselves. Specifically, the nature of Category 5 library references is such that there has not in the past been any issue that these materials are appropriately filed as library references. Moreover, there appear to be no viable alternative means to file them other than as library references, and there is no apparent need for the filing of a separate notice for each library reference, as might otherwise appear to be required by Rule 31(b)(2)(iv).

While there may have been earlier instances of the submission of material in rate cases from which the submitting party wished to be disassociated, the need for separate recognition of the unique role of this type of material in a rate cases first became clear in Docket No. R97-1. That proceeding was the first which followed promulgation of new language within Rule 54(a)(1) which requires the Postal Service to present an alternative cost presentation applying the costing methodologies used by the Commission in the immediately preceding rate case. The position taken by the Postal Service in the rulemaking leading to that requirement had been that if the Postal Service were to be required to furnish the results of costing methodologies which it believes to be analytically inferior to those sponsored by its expert witnesses, it should be allowed to do so in such a way that no party wishing to rely on those results could claim that the Postal Service had provided the evidentiary basis to do so. As Rule 31 states that a document may be submitted as a library reference without conferring any evidentiary status upon it, library references were the natural vehicle by which such alternative costing material could be made available while protecting the due process interests of the Postal Service. That practice was followed in Docket Nos. R97-1 and R2000-1, to the apparent satisfaction of all concerned. On that basis, it follows in this

case that reference to, identification of, and use of these materials will be facilitated if they are filed as Category 5 library references.

The intent of this motion for waiver is to allow disassociated materials to be handled in this case with procedures essentially equivalent to those under which they were successfully handled in the last case. What that boils down to, as a practical matter, is a waiver of any requirement that a separate notice be filed for each Category 5 library reference. Such a waiver is justified because, from the information in the master list and in this motion, parties will have no difficulty recognizing Category 5 library references as such. Parties should be generally aware that this material, as alternative Commission versions of material presented by postal witnesses, tends to be prepared by the same individuals and organizations that prepare the Postal Service versions. Parties should also be aware that this material has no relationship to the case prepared by the Postal Service, but instead is provided to comply with Rule 54(a)(1). Moreover, because these library references are fundamentally an update of the Commission's cost model (or similar material) from the previous case, parties should be familiar with the general structure and format of the presentation, and how the various components interrelate. Overall, given these features of Category 5 material, separate notices would provide little, if any, useful additional information beyond that which is already known.

In terms of other purposes of the new rules, the vast majority of Category 5 library references will already include, or consist entirely of, electronically-formatted material. Instances in which that is not the case are those in which the reference consists of hardcopy material printed off of the mainframe, where the material merely documents

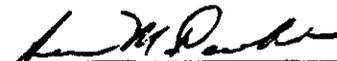
the operations of the computer programs of electronic material provided in another library reference (e.g., J-76), or references with hand-written inputs (e.g., J-78). Many also include a preface or summary, or parallel a Postal Service version library reference which includes such a preface or summary. Lastly, each of the Category 5 library references should be labeled in accordance with proper notation standards.

Wherefore, for all of the above reasons, the Postal Service respectfully requests that to whatever extent it could be argued that its filing does not actually or substantially comply with all of the requirements of Rule 31(b)(2) with respect to the above Category 5 library references, that those requirements be waived.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:



Susan M. Duchek



Eric P. Koetting

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.



Eric P. Koetting

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