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Summit Seeks Better Ratemaking Process

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POTOMAC, MD -- Panelists and audience members at the postal ratemaking summit at the Bolger Academy here last week discussed new rate structures, electronic filing of comments and other proposals to improve the process of setting postal rates.

The summit was called by the U.S. Postal Service and the Postal Rate Commission. More than 150 people attended.

William J. Olson, an attorney who has worked on every omnibus rate case except one for the past 25 years, said during one panel session that rate case proceedings could be more productive if the USPS changed some of its costing methodologies.

In some cases, he said, "a three-ounce [mail] piece costs more to handle than a six-ounce piece because the [costing] data were not designed to make those kind of distinctions."

Olson said "the postal service is going to have to spend some more, and they are going to have to take another look at the way they handle some of their basic costs systems, because you can't slice and dice that finely."

Still, he thought the system needed only modification and not an overhaul.

"When it comes right down to it, I don't think the system is broken," he said. "If there is one thing that actually works pretty well, it is the way by which we set postal rates."

Another panel discussed possible changes in how rate cases are filed with the PRC along with changes for discovery practices and procedures during rate case proceedings.

Among other ideas, most summit participants supported the PRC's recent proposal to accept comments in future rate cases and other proceedings electronically rather than in hard copy.

Panelists and audience members also spoke about the time and cost involved in rate case proceedings for both the USPS and mailers and discussed how the process could be less expensive and less time-consuming.

David R. Straus, a lawyer representing American Business Media's postal counsel, said the approval process in rate cases could be shortened if the PRC limits "discovery to true discovery and not interrogatories" because "so many of the interrogatories in these cases are carefully crafted questions by lawyers that come back with carefully crafted answers by lawyers that really don't advance the case at all."

Also discussed was a way to make price changes more regular and predictable.

At the end of the session, Mary Anne Gibbons, general counsel and vice president for the USPS, said the agency would take everything discussed at the summit and "report back to you and tell you what we can make of that for the next rate case at the next summit."

A second ratemaking summit will take place June 27. Besides following up on suggestions from this session, the June meeting will discuss negotiated service agreements and other customized rate approaches.

Though some mailers wondered whether the sessions were a good idea -- especially given constraints on the USPS by Congress, the PRC and the Board of Governors -- others thought the summit was a good start.

"Anytime there is dialoging, that's good," said Jerry Cerasale, senior vice president, government affairs of the Direct Marketing Association.