

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

OBJECTION OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY PB/USPS-T11-1(d)
(February 28, 2000)

The United States Postal Service hereby objects to interrogatory PB/USPS-T11-1(d). The interrogatory was directed to witness Meehan on February 16, 2000. The information requested is irrelevant and proprietary.

Interrogatory PB/USPS-T11-1 is a multi-part interrogatory asking a series of questions about the Postal Service's acceptance of credit cards for payment by retail customers and various associated financial details. The Postal Service plans to answer all subparts of the interrogatory, except for subpart (d). Subpart (d) asks for the "average percentage commission or service charge that the Postal Service paid to credit card companies in FY 1998" as well as "the total amount of commissions paid to credit card companies in FY 1998."

Since the Postal Service will furnish information on the cost segment and account where payments to credit card companies are reported and how those payments are treated -- volume variable, incremental, etc. (subparts (e) and (f)), there is no need for Pitney Bowes to know either the percentages or the total amount the Postal Service pays to credit card companies. Based on the information that will be provided, Pitney Bowes can make any arguments it desires about whether payments to credit card companies are being treated properly in the Base Year. Further information is simply not relevant to this proceeding.

Moreover, the information is proprietary to both the Postal Service and the credit card companies. The Postal Service negotiates various agreements on what amounts it will pay with individual credit card companies. The Postal Service's ability to favorably negotiate future agreements obviously would be compromised if information concerning percentages paid were made public. Moreover, the credit card companies themselves consider the information proprietary. They, too, have an interest in successfully negotiating credit card arrangements with their other customers that would be impaired should the percentages paid by the Postal Service be made available.

Asking for an average, as Pitney Bowes has done, does not solve the problem. This still would publicly signal what the acceptable range for the charges was, and thus impair the Postal Service's ability to negotiate such charges in the future. The individual companies know what percentages they charge the Postal Service and could determine, based on an average figure, whether their charges are above or below average and thus seek to improve their position in future negotiations. Knowing what it paid would also allow the one credit card company to determine, from the average, what the others paid. Further, other customers of the credit card companies could look at the average charge to the Postal Service and also determine whether what the credit card companies were charging them was within this same range. Those customers thus would have information for use in future negotiations that would hinder the position of the credit card companies.

Disclosure of the total amount paid to credit card companies in FY 1998 is also proprietary. While the information in isolation seems relatively innocuous, having this piece of information, along with the total number of credit card transactions, allows one to "back in" to the average percentage paid. Thus, the total amount paid must also be protected.

The information is not relevant and it is commercially sensitive. Pitney Bowes accordingly is not entitled to it.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Susan M. Duchek

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.



Susan M. Duchek

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