

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

OPPOSITION OF UNITED STATES POSTAL SERVICE  
TO UPS MOTION TO COMPEL ANSWERS TO  
INTERROGATORIES UPS/USPS-T13-1 AND 2  
TO WITNESS RAYMOND  
(March 6, 2000)

On February 3, 2000, the United Parcel Service (UPS) filed interrogatories UPS/USPS-T13-1 and 2 to witness Raymond. Interrogatory 1 requests copies of the final report and all interim reports regarding carrier activities developed as a result of the Engineered Standards/Delivery Redesign project. Interrogatory 2, referring to time standards mentioned in witness Raymond's testimony, asks for (a) the purpose of the time standards, (b) final or interim standards produced by the Engineered Standards/Delivery Redesign project, (c) an explanation of how these time standards are used by the Postal Service, and (d) the standards currently being used.

The Postal Service objected to these interrogatories on February 14, 2000. The Postal Service objected that release of the requested information, which consists largely of confidential information collected and analyzed in support of future negotiations with postal labor unions, would compromise the Postal Service's bargaining position in such negotiations. The Postal Service further objected that among the requested information was likely to be found facility-specific or otherwise confidential business information whose disclosure could compromise legitimate business interests of the Postal Service.

On February 28, 2000, UPS moved to compel production of the requested information. In response to discussions between counsel for the parties, however, UPS has narrowed the scope of interrogatory 1 to encompass only the final report (or the latest report, if a final report has not yet been produced.) Furthermore, UPS concedes that disclosure of the requested information could "have some impact on the Postal Service's negotiations with its labor unions." Nevertheless, UPS contends that the relevance of the information is such that its disclosure should be compelled. UPS Motion at 2. UPS argues that the confidentiality concerns of the Postal Service can be dealt with through application of "the protective conditions which the Presiding Officer ultimately determines to be appropriate in connection with the Motion of the United States Postal Service for Waiver and for Protective Conditions for Analysis of Witness Yesser." Motion at 2-3. With respect to Interrogatory 2, moreover, UPS challenges the Postal Service's contention that the requested purpose and use of time standards is confidential and commercially sensitive, and again suggests that protective conditions can alleviate confidentiality concerns regarding the time standards themselves. *Id.* at 3.

In the time period following the filing of its objections, the Postal Service has had an opportunity to review the documentation potentially responsive to the UPS requests, and can now provide more detailed information regarding its content, and the reasons why, even under protective conditions, much of the information requested should not be provided.

In ruling on the UPS request, it is important to bear in mind pertinent background information regarding the collection and production of the data and documentation surrounding the Delivery Redesign study. First of all, the study was intended to be a comprehensive study of a very wide variety of factors affecting city delivery carrier operations, with the objective of developing work methods and standards which could, if

adopted by the organization, significantly improve the efficiency of those operations. As such, the study was not designed to produce information for use in an omnibus rate proceeding, and included observations of a wide variety of variables, such as weather conditions, carrier weight and length of reach, etc., that clearly have no place in this rate proceeding. Furthermore, much of the documentation produced concerned not actual carrier operations as recorded in the field, but a number of hypothetical scenarios and projections of efficiency gains under alternative work methods and standards which have not been implemented, and may not be implemented. Some or all of these methods and standards may be the subject of future negotiations with the affected postal labor unions.

Only a small portion of the information produced in the course of the Delivery Redesign study concerns historical data of actual carrier operations, which arguably could be said to have relevance to the base year and test year city carrier costs at issue in this proceeding. The Postal Service has already provided the most relevant data, in the testimony and related documentation of witnesses Raymond and Baron. This documentation was designed in such a way as to cull out the observations of city carrier costs most relevant to updating the city carrier cost data previously relied upon by the Postal Service and the Commission, while keeping confidential the large amount of collateral information which is unrelated to observed carrier operations, or which concerned weather and other observations which have no relevance to rate-case costing issues, as well as facility specific volume and other commercially-sensitive information.

Although UPS has shown some flexibility in restricting its request to the most recent report on the Delivery Redesign study, its accommodations do not resolve the disclosure problems its interrogatories raise. This is because the comprehensive nature of the Delivery Redesign study is reflected in the reports requested by UPS.

Thus, the reports potentially responsive to the UPS interrogatories invariably involve commercially sensitive, confidential business information that do not bear upon the costing matters at issue in this proceeding, but that would likely be of more than casual interest to the Postal Service's competitors and to its labor unions. For example, the Postal Service has identified a draft report that is arguably responsive to UPS's first interrogatory. This report, entitled "Standard Operating Procedures with Details for City Carriers," consists of detailed descriptions of work methods and time standards which could be applied to improve carrier operations. The proprietary, confidential information contained in this report could have commercial value to competitors of the Postal Service in the parcel handling and delivery market, such as UPS. Its release certainly could adversely affect the Postal Service's position in future labor negotiations. More important, however, is the fact that these methods and standards have not been implemented, and thus do not relate to current postal operations. Given their lack of relevance to base year and test year city carrier costs, there is no reason why production of this information should be compelled, regardless of the availability of protective conditions.

Thus, it can be seen that even as narrowed, the UPS requests would ensnare important commercial information of the Postal Service which has no bearing on the issues in this proceeding. For these reasons, the Postal Service maintains its objections, and urges the Commission not to view the granting of a blanket request for protective conditions as a panacea for the relevance and commercial sensitivity concerns of the Postal Service.

A better approach might be for the Postal Service to produce, under protective conditions, additional documentation from the Delivery Redesign study that bears on actual carrier operations, and excludes, through redactions, hypothetical scenarios and other information which cannot reasonably have a role in this case. The Postal Service

expects to file additional documentation of this nature in response to various pending interrogatories. The Postal Service firmly contends, however, that the time standards sought by UPS must be excluded from any such additional documentation. These standards, by their very nature, do not relate to the manner in which city carrier costs are actually incurred, and, depending on the future policy choices of the Postal Service and the outcome of future labor negotiations in which the standards may play a role, may never have a bearing on actual carrier operations. The time standards are, at this point, analytical constructs developed for the purpose of identifying potential improvements in future carrier operations. While it is obvious why a competitor in the parcel and document handling and delivery business such as UPS would have more than an academic interest in such matters, the lack of relevance of such information militates against its release, even under protective conditions.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

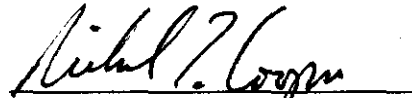
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March 6, 2000

**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.

  
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