

BEFORE THE  
POSTAL RATE COMMISSION

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

DOCKET NO. R2000-1

MOTION OF UNITED PARCEL SERVICE TO REMOVE  
PROTECTIVE CONDITIONS FROM LIBRARY REFERENCE  
USPS-LR-I-194, AND FOR EXPEDITED RESPONSE HERETO  
(March 30, 2000)

United Parcel Service ("UPS") hereby moves that the Presiding Officer remove all protective conditions from Library Reference USPS-LR-I-194 relating to the testimony of United States Postal Service ("Postal Service") witness Hunter, on the ground that none of the information contained therein is commercially sensitive or otherwise confidential. Since Mr. Hunter is scheduled to appear for cross-examination on the first day of the hearings scheduled to begin on April 11, 2000, and UPS may very well use some of the information in USPS-LR-I-194 on cross-examination, UPS also moves that the Presiding Officer shorten the normal seven day response deadline to motions by three days, so that a response to this motion will be filed no later than the close of business on Monday, April 3.

In FY1999, the Postal Service changed its method of estimating Parcel Post revenue, pieces, and weight. The new method is based on mailing statement data and is taken from the Bulk RPW system ("BRPW") discussed in the testimony of Postal

Service witness Hunter. Although the new method was not adopted until FY1999, the Postal Service has chosen to apply it to FY1998 data. Applying the FY1999 change in methodology to FY1998 data resulted in substantial increases in the Postal Service's FY1998 estimates of Parcel Post volume (by approximately 19%) and revenue (approximately 15%), while the Postal Service's estimates of Parcel Post's attributable costs have remained unchanged. Compare Cost and Revenue Analysis-FY98 PRC Version (Revised) filed June 11, 1999, at 2, 8 ("Original CRA") with Cost and Revenue Analysis - Fiscal Year 1998, PRC Revised RPW Data Version, filed June 22, 1999 ("Substitute CRA") at 1, 11. The result is a dramatic change in the Postal Service's reported Parcel Post's cost coverage, taking Parcel Post from being a below cost service with a cost coverage of 98% to a service with a cost coverage of 112.4%. Compare Original CRA at 2 with Substitute CRA at 1.

In order to test the validity of the Postal Service's change in methodology as applied to FY1998 and reflected in Tables 1 through 3 of Mr. Hunter's testimony (USPS-T-5 at 6-11), UPS requested during discovery the BRPW data relied on by Mr. Hunter. See, e.g., Interrogatory UPS/USPS-T5-16, filed on February 10, 2000, as part of the Second Set of Interrogatories and Requests for Production of Documents from United Parcel Service to United States Postal Service Witness Hunter (UPS/USPS-T5-6 through 17). Although UPS expressly indicated in the interrogatory and in subsequent conversations with the Postal Service that "The identity of individual facilities . . . may be coded, redacted, or otherwise masked," see Interrogatory UPS/USPS-T5-16, the Postal Service nevertheless objected to the interrogatory on February 22, 2000, on the ground that the requested information contained commercially sensitive "facility-specific

and customer-specific data.” Partial Objections of United States Postal Service to Interrogatories of United Parcel Service, UPS/USPS-T5-6(a), -7(b), -9(a), -12 and -16 (February 22, 2000) (“Postal Objection”).

In conversations between counsel for the parties, the Postal Service indicated that it would redact or mask “some facility-specific information (such as finance numbers).” Postal Objection at 2. However, it claimed that “. . . the data provided will still permit an observer with knowledge of the mail processing system to deduce the identity of some facilities and mailers.” *Id.*

In an effort to obtain the data as promptly as possible, UPS offered to accept USPS-LR-I-194 under protective conditions. The Postal Service noted that a controversy concerning the appropriate terms of the protective conditions, raised in connection with witness Yezer’s testimony, precluded it from producing the data until that controversy was resolved. UPS therefore agreed to accept, on an interim basis, the protective conditions originally requested by the Postal Service in connection with witness Yezer’s testimony. UPS’s Motion on Consent to Adopt Interim Protective Conditions for Input and Output Data Requested in Interrogatory UPS/USPS-T5-16 (March 1, 2000) was granted by Presiding Officer’s Ruling No. R2000-1/10 (March 2, 2000), which was subsequently superceded by Presiding Officer’s Ruling No. R2000-1/12 (March 13, 2000) to conform the protective conditions to those later adopted in connection with witness Yezer’s testimony.

At the technical conference held on March 20, 2000, UPS learned that each record in the BRPW data set does *not* evidence only one Parcel Post transaction with one shipper at one post office on one day, but rather represents an *aggregation of all*

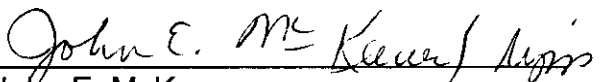
Parcel Post transactions between *all* mailers at a given (coded) facility *during an entire four week accounting period* for a given rate category and zone. Thus, the data does not -- indeed, it cannot possibly -- contain any information that can credibly be claimed to be commercially sensitive. The Postal Service has nevertheless refused to agree to remove the protective conditions now in effect pursuant to Presiding Officer's Ruling No. R2000-1/12.

The Postal Service's unsubstantiated claim of commercial sensitivity has already substantially delayed UPS in its analysis of this data. Moreover, UPS expects that it very well may wish to conduct oral cross-examination during the hearings with respect to particular records in the data set. As long as the protective conditions remain in effect, the right of all members of the public to be able to participate in open hearings on the propriety of the Parcel Post rates charged the American public by the Postal Service will be severely circumscribed. In light of the fact that there can be no credible claim that this aggregated data set -- in which postal facility identities are masked or coded and the data for all shippers is aggregated on an accounting period basis -- is commercially sensitive or should otherwise remain hidden from the public, the protective conditions should be removed.

WHEREFORE, United Parcel Service respectfully requests that the Presiding Officer (1) order the United States Postal Service to respond to this motion no later than

Monday, April 3, 2000, and (2) remove all protective conditions from Library Reference USPS-LR-I-194 by revoking Presiding Officer's Ruling Nos. R2000-1/10 and 12.

Respectfully submitted,


  
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Of Counsel.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document by first class mail, postage prepaid, in accordance with Section 12 of the Commission's Rules of Practice.

  
John E. McKeever  
Attorney for United Parcel Service

Dated: March 30, 2000  
Philadelphia, Pa.

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