

# DOCKET SECTION

BEFORE THE  
POSTAL RATE COMMISSION

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

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POSTAL RATE AND FEE CHANGES, 2000

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DOCKET NO. R2000-1

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MOTION OF UNITED PARCEL SERVICE TO COMPEL  
PRODUCTION OF INFORMATION AND DOCUMENTS  
REQUESTED IN INTERROGATORY UPS/USPS-T5-28  
TO WITNESS HUNTER  
(April 5, 2000)

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Pursuant to Sections 26(d) and 27(d) of the Commission's Rules of Practice, United Parcel Service ("UPS") hereby moves the Presiding Officer to order the United States Postal Service ("Postal Service") to answer interrogatory UPS/USPS-T5-28, filed on March 13, 2000, and to produce the documents requested therein. A copy of this interrogatory is attached hereto as Exhibit "A." The Postal Service filed an objection to interrogatory UPS/USPS-T5-28 on March 23, 2000 ("Objection").

UPS submits that the requested information is reasonably calculated to lead to the discovery of admissible evidence concerning the determination of proper rates for Parcel Post, and that it can be provided without undue burden to the Postal Service.

### THE DISCOVERY REQUEST

Interrogatory UPS/USPS-T5-28 requests a copy of any audit results concerning the accuracy or inaccuracy of BY1998 postage statements and basic information about the nature of the audits (e.g., whether the audits verify that the mail actually delivered by a mailer matches the information on the postage statement). In its March 23, 2000,

objection to this interrogatory, the Postal Service argued that this interrogatory is vague and redundant, that it seeks irrelevant information, and that to respond would pose an undue burden. Objection at 1.

### ARGUMENT

The Postal Service's BY1998 BRPW estimates of Parcel Post volume and revenue ultimately rely on information taken from postage statements and included in the PERMIT system data base. Thus, there is no question that audits of the accuracy of postage statements are relevant to the accuracy of the Postal Service's estimate of BY1998 Parcel Post volume and revenue, and therefore to one of the issues in this proceeding.

The Postal Service also argues that this interrogatory is vague because UPS did not define the term "audit," which, it argues, is susceptible to a number of interpretations. Objection at 1. At least one other Postal Service witness has had no trouble with the term "audit" in this proceeding. In particular, witness Kingsley responded without difficulty to a request for "audits . . . concerning drop shipments" and provided, as USPS-LR-I-176, two audit reports. See Response of United States Postal Service Witness Kingsley to Interrogatory of United Parcel Service UPS/USPS-T10-2(b), filed February 4, 2000.<sup>1</sup>

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1. The instant request is more narrow than the one directed to witness Kingsley in that it relates to audits of the accuracy of postage statements rather than of drop shipments generally, but broader than that addressed to witness Kingsley in that it is not limited to postage statements presented in connection with drop shipments.

However, just in case any clarification is needed, the term "audit" as used in interrogatory UPS/USPS-T5-28 means a report reflecting "an official examination and verification of accounts and records." See *Random House Webster's Unabridged Dictionary* 135 (Second Edition 1997). The following possible definitions, all offered by the Postal Service in its Objection at pages 1-2, are not intended to apply: "relating to the audited financial statements of the Postal Service"; "verification of postage statements as typically performed by Business Mail Entry Units"; and "audits performed by independent accounting firms." As indicated to the Postal Service at the RPW technical conference held on March 20, 2000, only audits conducted by the Inspection Service, the Office of Inspector General, or by some other non-local office, division, unit, or department of the Postal Service are requested.

The Postal Service also objects on the ground that the interrogatory is redundant, suggesting that the requested information was already provided in response to interrogatory UPS/USPS-T5-20. Interrogatory UPS/USPS-T5-20 asked about the specific process used by acceptance personnel to verify that the mail received from mailers actually matches the information indicated on the postage statements provided by mailers. See Response of United States Postal Service Witness Hunter to Interrogatory UPS/USPS-T5-20(a), filed March 10, 2000. Other parts of that interrogatory ask more detailed questions about the postage statement verification process and how errors are corrected. In contrast, interrogatory UPS/USPS-T5-28 requests any results of audits of that process, i.e., audits concerning the accuracy or inaccuracy of postage statements to show whether the verification process asked about in UPS/USPS-T5-20 is actually being carried out, and how successfully. Thus, although

these two interrogatories both relate to the adequacy of the acceptance process, they are clearly different in that interrogatory UPS/USPS-T5-20 focuses on the process used to verify postage statements, while interrogatory UPS/USPS-T5-28 focuses on reports concerning whether that process is being properly and successfully implemented. Therefore, interrogatory UPS/USPS-T5-28 is not redundant of interrogatory UPS/USPS-T5-20.

The Postal Service also argues that responding to interrogatory UPS/USPS-T5-28 would be excessively burdensome because to do so would require “many months of exclusive devotion to the task by numerous Postal officials.” Objection at 2. This objection is based on the Postal Service’s own overly broad interpretation of the term “audit” as the verification of postage statements “as typically performed by [local] Business Mail Entry Units.” Objection at 2. As discussed above, that is not what the term “audit” normally connotes, and it is not what UPS intended. Instead, the term “audit” is to be interpreted in its usual sense -- as witness Kingsley properly interpreted it.

The Postal Service also refers to the fact that it has already filed a library reference (LR-I-181) that contains lists of inspections and audits performed by the Inspection Service and the Office of the Inspector General, and invites UPS to request individually any of the reports identified there. Objection at 2. UPS intends to accept the Postal Service’s invitation to request certain of the documents referred to in that library reference and will file a follow-up interrogatory for that purpose. However, that does not substitute for a Postal Service response to UPS/USPS-T5-28. UPS has reviewed USPS-LR-I-181 and is unable to discern from the limited descriptions

contained in that library reference whether any of the reports actually reflect audits that focus on the accuracy or inaccuracy of postage statements. Moreover, UPS would be surprised if the Inspection Service and the Inspector General's office were the only Postal Service bodies that might conduct audits of the type requested. In short, the Postal Service's general reliance on Library Reference USPS-LR-I-181 is an insufficient basis to object to responding to UPS/USPS-T5-28.

The Postal Service's lack of relevance objection can be easily dismissed.

WHEREFORE, United Parcel Service respectfully requests that the Postal Service's objections to interrogatory UPS/USPS-T5-28 to Postal Service witness Hunter be overruled, and that the Postal Service be ordered to produce the information and documents requested in that interrogatory.

Respectfully submitted,



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BEFORE THE  
POSTAL RATE COMMISSION

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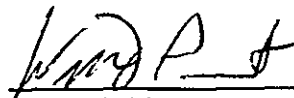
POSTAL RATE AND FEE CHANGES, 2000

DOCKET NO. R2000-1

INTERROGATORIES AND REQUESTS FOR PRODUCTION  
OF DOCUMENTS FROM UNITED PARCEL SERVICE TO  
UNITED STATES POSTAL SERVICE WITNESS HUNTER  
(UPS/USPS-T5-27 through 29)  
(March 13, 2000)

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby serves the following interrogatories and request for production of documents directed to United States Postal Service witness Hunter: UPS/USPS-T5-27 through 29.

Respectfully submitted,



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Of Counsel

EXHIBIT

ALL-STATE® INTERNATIONAL

**INTERROGATORIES OF UNITED PARCEL SERVICE  
TO UNITED STATES POSTAL SERVICE WITNESS HUNTER**

UPS/USPS-T5-27. Refer to Library Reference USPS-LR-I-44. For FY1998 provide a copy of a report generated from the Permit System showing the total volume for Parcel Post, separately for (i) Inter-BMC, (ii) Intra-BMC, and (iii) DBMC.

UPS/USPS-T5-28. Provide a copy of any audit results concerning the accuracy or inaccuracy of BY 1998 postage statements.

(a) Explain whether each such audit provides for verification procedures of actual mail delivered by the mailer against what was indicated by the mailer on the postage statement. If so, describe these procedures.

(b) Explain whether each such audit determines the number of errors discovered by mail class, subclass and error type. If so, provide the results of all such determinations.

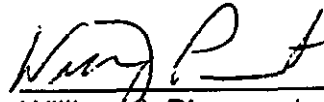
(c) Include all documents and analyses related to each such audit.

(d) If an audit was not performed, explain in detail why not.

UPS/USPS-T5-29. Refer to Tables 1-3 of your testimony covering FY 1998. Provide detailed tables for FY 1998 in similar format, by subclass for each mail class, including Inter-BMC, Intra-BMC, and DBMC revenue, piece, and weight estimates.

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.



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William J. Pinamont  
Attorney for United Parcel Service

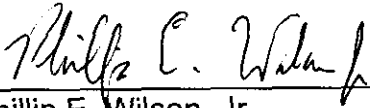
Dated: March 13, 2000  
Philadelphia, Pa.

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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.

  
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Phillip E. Wilson, Jr.  
Attorney for United Parcel Service

Dated: April 5, 2000  
Philadelphia, Pa.

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