

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 INTERROGATORIES UPS/USPS-T10-24  
AND 32 TO WITNESS KINGSLEY  
(April 11, 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 that the Presiding Officer order the United States Postal Service ("Postal Service") to answer interrogatories UPS/USPS-T10-24 and 32, filed on March 21, 2000, and to produce the documents requested therein. A copy of the interrogatories are attached hereto as Exhibit "A." Responses to these interrogatories were due April 4, 2000. The Postal Service filed an objection to these interrogatories on March 31, 2000 ("Objection"). The Postal Service also objected to UPS/USPS-T10-30(b) and partially objected to UPS/USPS-T10-31. UPS does not contest these objections.

UPS submits that the information responsive to UPS/USPS-T10-24 and 32 are highly relevant to the verification of the accuracy of the BRPW panel postage statement data that is used for estimating parcel post revenue, pieces, and weight, and can be provided without undue burden and without injury to the Postal Service's legitimate interests.

## THE DISCOVERY REQUESTS

Interrogatory UPS/USPS-T10-24 refers to USPS-LR-I-176, the United States Office of Inspector General Plant-Verified Drop Shipment System audit report dated September 28, 1999 ("OIG audit"), page 6, which states: "plant-verified drop shipments were accepted at destination entry facilities without a related PS Form 8125 or with inconsistencies between the PS Form 8125 provided and the mail as presented to USPS acceptance personnel."<sup>1</sup> UPS asked the Postal Service for each form where there was "an inconsistency between the PS Form 8125 and the mail as presented" (redacted of mailer and facility-specific information) and to identify the nature and extent of the inconsistency, including the actual volume presented as compared to the volume shown on the form.

Interrogatory UPS/USPS-T10-32 refers to USPS-LR-I-176, page 6, of the OIG audit, which states, "USPS personnel accepted mail without a PS Form 8125 or with a PS Form 8125 containing incorrect information." UPS asked the Postal Service for all PS Forms 8125 and all mailing or postage statements, and all other documents examined in connection with this library reference, including any notes taken by the investigators or auditors (redacted of mailer and facility specific information).

On March 31, 2000, the Postal Service objected to both of these interrogatories on the grounds that the information is irrelevant and not reasonably calculated to lead to the discovery of admissible evidence, commercially sensitive, overbroad, unduly burdensome, and that it would be time-consuming to produce it. Objection at 2-3, 4-5.

1. The audit took place in FY1999. USPS-LR-176 at 2.

The Postal Service also claimed that “all documents” and “notes taken by the investigators or auditors” clearly includes documents covered by the attorney client, attorney work product, deliberative process and law enforcement privileges. Objection at 4.

### ARGUMENT

In an effort to narrow the discovery dispute, UPS is willing to limit its discovery requests to specific documents and information that were the basis for the OIG's audit, including: (a) the PS Forms 8125 that were inconsistent with the mail as presented and the extent and nature of the inconsistency, and (b) the PS Forms 8125 and corresponding postage mailing statements that were inconsistent. These documents are highly relevant since they may be used to test the accuracy of postage or mailing statements, which serve as the heart of the PERMIT System and BRPW.<sup>2</sup>

**1. The Requested Information Is Reasonably Calculated to Lead to the Discovery of Admissible Evidence, Since the PS Forms 8125 Can Be Used to Test the Accuracy of Postage Mailing Statements.**

The importance of the actual PS Forms 8125 and postage mailing statements reviewed as part of the OIG audit is readily apparent -- they are the most relevant and easily available documents that test the accuracy of the postage mailing statements.

2. “Form 8125 was created to serve as the clearance document for drop shipments, replacing both Form 3607-C and Form 8017 . . . . Form 8125 contains basic information concerning each drop shipment including permit numbers, type of mail type and number of containers, gross weight and the date the mail was verified and postage paid.” Additional Material for USPS-LR-I-176 at 8.

The Postal Service states that “the audit report speaks for itself” and that the actual “PS Forms 8125 on this audit thus would not provide a basis for extrapolating practices at these sites to all sites in the postal system.” Objection at 2. The Postal Service again seeks to unilaterally decide what information should be evaluated with regard to testing the validity of its proposals. The information that the OIG audit discovered should be available to the Commission and the parties for their independent evaluation.

The PS Forms 8125 are “created at origin and given to the mailer so they can provide the document at the destination, showing the facility that the mail was verified and paid for at origin. PS Form 8125 . . . list[s] volume-related information so the destination can be assured that what was verified at origin is what is being accepted at destination.” Response of Postal Service witness Kingsley to UPS/USPS-T10-22, filed April 4, 2000. The PS Form 8125 volume and postage information may then be used to confirm the volume and revenue information on a postage or mailing statement. An audit of the Plant-Verified Drop Shipment postage payment system in FY1992 noted the importance of comparing PS Forms 8125 to postage mailing statements: “Therefore, without benefit of . . . the comparison of the destination shipment to the original Form 8125 and the mailing statement, the Postal Service cannot be assured of the integrity of the shipment or the clearance document.” Additional Material for USPS-LR-I-176 at 6.<sup>3</sup>

3. The audit, recognizing the importance of the PS Form 8125, went on to recommend that “a certifying statement [be added] to the signature block of the USPS Receiving Employee which would state this employee has counted and matched Form 8125 to the shipment. This action would impress upon destination dock employees the necessity for verifying the accuracy of information on Form 8125.” Additional Materials for USPS-LR-I-176 at 21.

Mr. Hunter's testimony confirms that the accuracy of a postage mailing statement (which can be checked by PS Form 8125) is important: "BRPW . . . utilizes mailpiece information obtained from postage statements gathered from an ongoing panel of post offices comprised of automated bulk mail entry offices under the PERMIT SYSTEM . . . ." USPS-T-5 at 3. Postage mailing statement revenue and piece information is input to the PERMIT System, which is the underlying database for BRPW. In this proceeding, for the first time ever, the Postal Service is using BRPW panel postage statement data to produce estimates of total revenue and volume for parcel post. Therefore, any information that sheds light on the accuracy of this system as applied to parcel post must be made available for review -- including the postage mailing statements and PS Forms 8125 from the OIG audit. It is not necessary to be able to "extrapolate" this information to all sites in the postal system, as the Postal Service states. The information is certainly indicative of data collection problems associated with postage statements and therefore the BRPW, and as such it is relevant to these proceedings.

Obviously, the PS Form 8125 volume as compared to the mail as actually received and documented in the OIG audit is essential to determining whether BRPW is accurate. Furthermore, comparison of information found in the PS Forms 8125 with the mail actually received and with postage mailing statements may demonstrate the nature and extent of any data collection deficiencies upon which the Postal Service's parcel post estimates are based. Because the postage mailing statement is the heart of the BRPW system and PS Forms 8125 are an available way to test the accuracy of the postage mailing statements, such documents are highly relevant information.

**2. The Requested Information Is Not Commercially Sensitive, and Even If It Is, the Postal Service Has Waived The Commercially Sensitive Argument as to These Documents by Its Voluntary Disclosure of Assertedly Confidential Information.**

The Postal Service can undoubtedly provide the requested PS Forms 8125 and postage or mailing statements with the mailer and facility information redacted. Moreover, the Postal Service itself volunteered that a "very large parcel consolidator" is at least one of the mailers, and that the identity of the "three judgmentally-selected sites" was contained in the OIG report. Objection at 2. This information could easily have been redacted, and there would have been no way of knowing that one of the audited mailers was "a very large parcel consolidator" absent the Postal Service volunteering this information in its Objection. The Postal Service should not be permitted to create a claim of commercial sensitivity by volunteering information where such a claim would not otherwise exist. And UPS should not be prevented from obtaining relevant discovery merely because the Postal Service chooses to provide information that may lead to the discovery of commercially-sensitive information. Had the Postal Service redacted the facility specific information from the OIG audit and not *disclosed information about one of the mailers, there would be no way to complete the volume, facility, and mailer puzzle.*

In effect, the Postal Service has waived any commercially-sensitive information objection as to the PS Forms 8125 and the postage or mailing statements at issue. Therefore, the requested information should be produced.

**3. UPS's Request Is Not Overly Burdensome.**

The Postal Service objects to the request because "compiling the forms, identifying the 'nature and extent of the inconsistency,' and redacting mailer and facility

information would be a time-consuming task,” and the production of “all documents” is “unduly burdensome” and is not warranted. Objection at 2-3. UPS has clearly established the relevance of the requested information. Furthermore, UPS has limited its request to only the PS Forms 8125 as related to the discrepancies with the mail as actually presented and the nature and extent of the inconsistency, as well as the PS Form 8125 and postage mailing statements which were a part of the OIG audit and were inconsistent with each other. Certainly, this is a focused and narrow discovery request. In order to obtain copies of these documents, the Postal Service merely has to contact the Office of Inspector General and ask for them.

WHEREFORE, United Parcel Service respectfully requests that the United States Postal Service be ordered to provide answers to, and to produce the documents requested in, UPS/USPS-T10-24 and UPS/USPS T10-32 to the extent indicated herein, including (a) the PS Forms 8125 that were inconsistent with the mail as presented and

the extent and nature of the inconsistency, and (b) the PS Forms 8125 and corresponding postage mailing statements where there were inconsistencies.

Respectfully submitted,



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Of Counsel.



BEFORE THE  
POSTAL RATE COMMISSION

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POSTAL RATE AND FEE CHANGES, 2000

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DOCKET NO. R2000-1

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INTERROGATORIES AND REQUESTS FOR  
PRODUCTION OF DOCUMENTS FROM  
UNITED PARCEL SERVICE TO UNITED STATES  
POSTAL SERVICE WITNESS KINGSLEY  
(UPS/USPS-T10-22 through 32)  
(March 21, 2000)

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Pursuant to the Commission's Rules of Practice, United Parcel Service hereby serves the following interrogatories and requests for production of documents directed to United States Postal Service witness Kingsley: UPS/USPS-T10-22 through 32.

Respectfully submitted,



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INTERROGATORIES OF UNITED PARCEL SERVICE  
TO UNITED STATES POSTAL SERVICE WITNESS KINGSLEY

UPS/USPS-T10-22. Refer to USPS-LR-I-176, page 4, which states: "We also found that customers did not use the proper form. Of the 2486 forms reviewed, 578 were outdated." Provide, separately, the total number of PS Forms 8125 processed by the Postal Service for:

- (i) FY1998, and
- (ii) FY1999.

UPS/USPS-T10-23. Refer to USPS-LR-I-176, page 4, which states: "We found that USPS customers often failed to complete the following items in section one, mailer information, of PS Form 8125 . . . ." (footnote omitted).

(a) Provide the number of PS Forms 8125 that did not indicate the "class of mail and product name."

(b) Provide the number of PS Forms 8125 that did not provide "processing category and entry discounts."

UPS/USPS-T10-24. Refer to USPS-LR-I-176, page 6, which provides: "plant-verified dropshipments were accepted at destination entry facilities without a related PS Form 8125 or with inconsistencies between the PS Form 8125 provided and the mail as presented to USPS acceptance personnel." In the case of each form where there was an inconsistency between the PS Form 8125 and the mail as presented, provide the form (with mailer and facility information redacted) and the nature and extent of the inconsistency (including the actual volume presented vs. the volume shown on the form, where the inconsistency relates to volume information).

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UPS/USPS-T10-25. Refer to USPS-LR-I-176, page 9, which states, "These standards will be contained in Publication 804, *Dropship Guidelines for Destination Entry*, which will be printed and distributed in January 2000." Provide a copy of these guidelines.

UPS/USPS-T10-26. In the case of a plant-verified dropshipment, does the Postal Service weigh the entire mailing, either at the mailer's plant or at the post office where the mail is accepted, prior to accepting the mail? If so, is that done in all cases, or only in some cases? If it is done only in some cases, provide or describe any guidelines concerning how often or when the entire mailing should be weighed.

UPS/USPS-T10-27. In the case of a dropshipment other than a plant-verified dropshipment, does the Postal Service weigh the entire mailing prior to accepting the mail? If so, is that done in all cases, or only in some cases? If it is done only in some cases, provide or describe any guidelines concerning how often or when the entire mailing should be weighed.

UPS/USPS-T10-28. Refer to the letter dated September 28, 1999, from Mr. Richard F. Chambers to Ms. Anita J. Bizzotto and Mr. John A. Rapp which appears after the cover page of Library Reference USPS-LR-I-176. That letter indicates that the report on the plant-verified dropshipment system "responds to a request from the Chief Operating Officer and Executive Vice President to review the drop shipment system." Indicate what led to the "request from the Chief Operating Officer and Executive Vice President to review the drop shipment system."

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UPS/USPS-T10-29. Provide copies of all annual reports, or any other reports, on the Postal Service's Revenue Assurance Program, or on any other Postal Service revenue assurance or revenue protection program, for FY1998 and FY1999.

UPS/USPS-T10-30. Refer to page 2 of USPS-LR-I-176, which indicates that "three processing and distribution centers that were located in cities that also contained a bulk mail center" were judgmentally selected for the study (footnotes omitted).

(a) At the time the study was done, how many "processing and distribution centers . . . were located in cities that also contained a bulk mail center"?

(b) Why was the selection limited to processing and distribution centers "that were located in cities that also contained a bulk mail center"?

(c) At the time the study was conducted, how many processing and distribution centers were there, regardless of whether those centers "were located in cities that also contained a bulk mail center"?

(d) Describe the difference between "bulk mail entry personnel" and "USPS verification and acceptance personnel" referred to on that same page, and describe the duties of each.

UPS/USPS-T10-31. How many facilities in total were visited in performing the audit that is the subject of USPS-LR-I-176, and what percentage of all eligible facilities does that number represented?

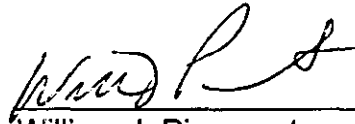
UPS/USPS-T10-32. Refer to page 6 of USPS-LR-I-176, which indicates that "USPS personnel accepted mail without a PS Form 8125 or with a PS Form 8125

INTERROGATORIES OF UNITED PARCEL SERVICE  
TO UNITED STATES POSTAL SERVICE WITNESS KINGSLEY

containing incorrect information." Provide copies of all PS Forms 8125, all mailing or postage statements, and all other documents examined in connection with the audit that is the subject of this library reference, including any notes taken by the investigators or auditors. Any information that would identify a mailer or a facility may be redacted.

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 21, 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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William J. Pinamont  
Attorney for United Parcel Service

Dated: April 11, 2000  
Philadelphia, Pa.

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