

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, 2001

Docket No. R2001-1

MOTION OF UNITED STATES POSTAL SERVICE
FOR WAIVER AND FOR PROTECTIVE CONDITIONS FOR LIBRARY REFERENCES
CONCERNING COSTS ASSOCIATED WITH
THE FEDEX TRANSPORTATION AGREEMENT.
(September 24, 2001)

The United States Postal Service hereby moves that the Commission waive the relevant portions of rules 31(k) and 54 with respect to two library references, which are not provided with today's rate case filing, concerning costs associated with the transportation agreement between FedEx and the Postal Service. The Postal Service also requests that the Commission establish protective conditions to govern the provision of these two library references. Finally, the Postal Service requests that the Commission issue an order strongly urging all who participate in this proceeding to use any and all information pertaining to the FedEx transportation agreement, appearing outside of those two library references, solely for purposes of this proceeding. A redacted version of the FedEx transportation agreement is contained in USPS-LR-J-97, which is provided with the rate case filing.

The library references sought to be protected are USPS-LR-J-94, FedEx Rollforward Adjustments, and USPS-LR-J-99, PRC Version/FedEx Rollforward Adjustments.¹ Witness Hatfield (USPS-T-18) estimates the impact in FY2002 and FY2003 of the FedEx agreement on purchased transportation costs. Witness Hatfield discusses his assumptions and calculations in his testimony, but the actual data supporting his analysis is contained in USPS-LR-J-94, a Category 2 library reference that he is sponsoring. USPS-LR-J-99 contains the PRC version of these cost data and is a Category 5 library reference. Both of these library references contain information pertaining to and from the FedEx agreement that both the Postal Service and FedEx consider commercially sensitive. This information includes such items as:

- FedEx contract prices for day turn fuel, non-fuel and package handling;
- FedEx contract prices for night-turn fuel and non-fuel;
- Percent of FedEx non-fuel charges that are for line haul for calculating excise taxes;
- FedEx contract growth rates for day turn non-fuel and package handling prices;
- FedEx contract growth rates for night turn non-fuel price;
- FedEx contract growth rates for day turn volume;
- FedEx contract growth rates for night turn volume;
- FedEx volumes based on initial Postal Service volume request to FedEx;
- base Jet Fuel PPI specified in the FedEx contract; and
- the percentage of cubic feet in bypass containers.

¹ In the library reference list provided with the rate case, the notation "NOT FILED PENDING RULING ON PROTECTIVE CONDITIONS" follows the numbers and names of these library references.

This information is clearly commercially sensitive to both the Postal Service and FedEx. The Postal Service, which may now or in the future desire to contract for further air transportation services, has a strong interest in being able to obtain the best prices possible. Revealing the Postal Service's pricing arrangements with other suppliers of air transportation has the potential for interfering with the procurement process and defeating the Postal Service's interest in obtaining beneficial arrangements. Presumably, FedEx could also be hampered in its ability to enter profitable contracts for the provision of air transportation services to others if its pricing arrangements with the Postal Service are publicly available.

Similarly, volume-related information pertaining to the contract is proprietary to both the Postal Service and FedEx. Postal Service competitors may be able to use such information to transport or otherwise position their products in such a way to compete unfairly against the Postal Service. The same potentially holds true for competitors of FedEx. Also, both the Postal Service's and FedEx's ability to enter into transportation alliances with others may be adversely affected if knowledge of such things as Postal Service volumes carried by FedEx and planned volume growth rates under the contract are widely disseminated.

The Postal Service thus requests that the Commission adopt the protective conditions included as Attachment A, so that the library references can be produced as soon as possible for the use of the participants and the Commission. Similar conditions were used in Docket No. R2000-1. See Presiding Officer's Ruling No. R2000-1/20, March 27, 2000 and Presiding Officer's Ruling No. R2000-1/22, March 29, 2000.

The Postal Service notes that not all of the information contained in the library references is commercially sensitive. A list of tables contained in the library references is included as Attachment B. The tables that contain commercially sensitive information or other information from which commercially sensitive information could likely be derived include tables 300, 301, 302, 303, 304, several lines on 305, 310 and 311. Omitting or redacting this information in hard copy form would not be a problem. The hard copy, however, would not show the detailed calculations that presumably would be of greater interest. Only electronic format would show these calculations, and it would be extremely difficult, if not virtually impossible, to supply a viable, properly redacted electronic version. The Postal Service thus believes that the only sensible alternative is to provide both of the library references, in both hard copy and electronic format, in their entirety, under protective conditions.

The Postal Service also requests that the Commission issue an order strongly urging all who participate in this proceeding to limit their use of information pertaining to the FedEx contract, appearing outside of USPS-LR-J-94 and USPS-LR-J-99, to this proceeding. Bits and pieces of the commercially sensitive information appearing in USPS-LR-J-94 and USPS-LR-J-99, other information from which the commercially sensitive information might be derived, or additional sensitive information pertaining to the FedEx agreement will appear in either the testimony or related materials of a number of other witnesses in this proceeding. While the information clearly should be protected, the Postal Service fully realizes that it would be logistically impossible for itself, other participants, and the Commission to attempt to deal with numerous

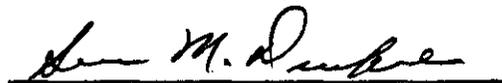
materials or portions of materials under strict protective conditions. For example, in this instance, it is simply not feasible to place portions of the Postal Service's massive rollforward documentation under formal protective conditions.

The Postal Service thus believes that the most sensible solution is a two-pronged approach. The first prong, discussed previously, consists of having the two library references, where the majority of the sensitive information appears, subject to formal protective conditions. The second and more novel prong consists of having the Commission issue an order urging all participants to limit their use of information related to the FedEx transportation contract, appearing outside of the two protected library references, to this proceeding. The Postal Service realizes that the lack of formal protective conditions means that there is no way to ensure compliance with any such Commission request. The Postal Service believes, nonetheless, that all participants will cooperate and make good faith efforts to limit their use of the information. The Postal Service thus requests that the Commission adopt the approach outlined above.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

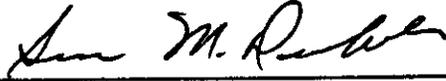


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September 24, 2001

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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STATEMENT OF COMPLIANCE WITH PROTECTIVE CONDITIONS

The following protective conditions limit access to materials provided in Docket No. R2001-1 by the Postal Service in response to Presiding Officer's Ruling No. R2001-1/_____ (hereinafter, "these materials"). Individuals seeking to obtain access to such material must agree to comply with these conditions, complete the attached certifications, provide the completed certifications to the Commission, and serve them upon counsel for the party submitting the confidential material.

1. Only a person who is either:
 - (a) an employee of the Postal Rate Commission (including the Office of the Consumer Advocate) with a need-to-know; or
 - (b) a participant in Postal Rate Commission Docket No. R2001-1, or a person employed by such participant, or acting as agent, consultant, contractor, affiliated person, or other representative of such participant for purposes related to the litigation of Docket No. R2001-1, shall be granted access to these materials. However, no person involved in competitive decision-making for any entity that might gain competitive advantage from use of this information shall be granted access to these materials. "Involved in competitive decision-making" includes consulting on marketing or advertising strategies, pricing, product research and development, product design, or the competitive structuring and composition of bids, offers or proposals. It does not include rendering legal advice or performing other services that are not directly in furtherance of activities in competition with a person or entity having a proprietary interest in the protected material.
2. Each person desiring to obtain access to these materials must file a notice with the Postal Rate Commission listing name, title and position at least one day in advance of the day that the person signs a certification at the Commission's docket section in order to receive a copy of the materials. A copy of the notice must also be served in advance on the Postal Service.
3. No person granted access to these materials is permitted to disseminate them in whole or in part to any person not authorized to obtain access under these conditions.
4. The final date of any participant's access shall be:
 - (a) the date on which the Postal Rate Commission issues its recommended decision or otherwise closes Docket No. R2001-1; or

- (b) the date on which that participant formally withdraws from Docket No. R2001-1; or
 - (c) the last date on which the person who obtains access is under contract or retained or otherwise affiliated with the Docket No. R2001-1 participant on whose behalf that person obtains access, whichever comes first. The participant immediately shall notify the Postal Rate Commission and counsel for the party who provided the protected material of the termination of any such business and consulting arrangement or retainer or affiliation that occurs before the closing of the evidentiary record.
- 5. Immediately after the Commission issues its last recommended decision in Docket No. R2001-1, a participant (and any person working on behalf of that participant) who has obtained a copy of these materials shall certify to the Commission:
 - (a) that the copy was maintained in accordance with these conditions (or others established by the Commission); and
 - (b) that the copy (and any duplicates) either have been destroyed or returned to the Commission.
- 6. The duties of any persons obtaining access to these materials shall apply to material disclosed or duplicated in writing, orally, electronically or otherwise, by any means, format, or medium. These duties shall apply to the disclosure of excerpts from or parts of the document, as well as to the entire document.
- 7. All persons who obtain access to these materials are required to protect the document by using the same degree of care, but no less than a reasonable degree of care, to prevent the unauthorized disclosure of the document as those persons, in the ordinary course of business, would be expected to use to protect their own proprietary material or trade secrets and other internal, confidential, commercially-sensitive, and privileged information.
- 8. These conditions shall apply to any revised, amended, or supplemental versions of materials provided in Docket No. R2001-1.
- 9. The duty of nondisclosure of anyone obtaining access to these materials is continuing, terminable only by specific order of the Commission, or as specified in paragraphs 11 through 16, below.

10. Any Docket No. R2001-1 participant or other person seeking access to these materials by requesting access, consents to these or such other conditions as the Commission may approve.
11. The Postal Service shall clearly mark the following legend on each page, or portion thereof, that the Service seeks to protect under this agreement: "Confidential—Subject To Protective Conditions In Docket No. R2001-1 Before The Postal Rate Commission" or other markings that are reasonably calculated to alert custodians of the material to its confidential or proprietary nature. Except with the prior written consent of the Postal Service, or as hereinafter provided, no protected information may be disclosed to any person.
12. Any written materials—including but not limited to discovery requests and responses, requests for admission and responses, deposition transcripts and exhibits, pleadings, motions, affidavits, written testimony and briefs—that quote, summarize, or contain materials protected under these protective conditions are also covered by the same protective conditions and certification requirements, and shall be filed with the Commission only under seal. Documents submitted to the Commission as confidential shall remain sealed while in the Secretary's office or such other place as the Commission may designate so long as they retain their status as stamped confidential documents.
13. Any oral testimony, argument or other statements that quote, summarize or otherwise disclose materials protected under these protective conditions shall be received only in hearing sessions limited to Postal Service representatives and other persons who have complied with the terms of the protective order and have signed the attached certifications. The transcript pages containing such protected testimony shall be filed under seal and treated as protected materials under paragraph 12.
14. Notwithstanding the foregoing, protected material covered by paragraphs 12 or 13 may be disclosed to the following persons without their execution of a compliance certificate. Such disclosure shall not exceed the extent necessary to assist in prosecuting this proceeding or any appeals or reconsideration thereof.
 - (a) Members of the Commission.
 - (b) Court reporters, stenographers, or persons operating audio or video recording equipment for such court reporters or stenographers at hearings or depositions.

- (c) Any other person designated by the Commission in the interest of justice, upon such terms as the Commission may deem proper.
 - (d) Reviewing courts and their staffs. Any person seeking to disclose protected information to a reviewing court shall make a good faith effort to obtain protective conditions at least as effective as those set forth in this document. Moreover, the protective conditions set forth herein shall remaining in effect throughout any subsequent review unless overridden by the action of a reviewing court.
15. A participant may apply to the Commission for a ruling that documents, categories of documents, or deposition transcripts, stamped or designated as confidential, are not entitled to such status and protection. The Postal Service or other person that designed the document or testimony as confidential shall be given notice of the application and an opportunity to respond. To revoke confidential status, the proponent of declassification must show by a preponderance of the evidence that public disclosure of the materials is consistent with the standards of the Freedom of Information Act, 5 U.S.C. §552(b)(1)-(9), and Commission precedent.
16. Subpoena by Courts or Other Agencies. If a court or other administrative agency subpoenas or orders production of confidential information which a participant has obtained under the terms of this protective order, the target of the subpoena or order shall promptly (within two business days) notify the Postal Service (or other person who designated the document as confidential) of the pendency of the subpoena or order to allow the designating party time to object to that production or seek a protective order.

CERTIFICATION

The undersigned represents that:

Access to materials provided in Docket No. R2001-1 by the Postal Service in response to Presiding Officer's Ruling No. R2001-1/_____ (hereinafter, "these materials" or "the information") has been authorized by the Commission.

The cover or label of the copy obtained is marked with my name.

I agree to use the information only for purposes of analyzing matters at issue in Docket No. R2001-1.

I certify that I have read and understand the above protective conditions and am eligible to receive access to materials under paragraph 1 of the protective conditions. I further agree to comply with all protective conditions and will maintain in strict confidence these materials in accordance with all of the protective conditions set out above.

Name _____

Firm _____

Title _____

Representing _____

Signature _____

Date _____

**CERTIFICATION UPON RETURN OF
PROTECTED MATERIALS**

Pursuant to the Certification which I previously filed with the Commission regarding information provided in Docket No. R2001-1 by the Postal Service in response to Presiding Officer's Ruling No. R2001-1/_____ (hereinafter, "these materials" or "the information"), received on behalf of myself and/or the party which I represent (as indicated below), I now affirm as follows:

1. I have remained eligible to receive access to materials under paragraph 1 of the protective conditions throughout the period those materials have been in my possession. Further, I have complied with all conditions, and have maintained these materials in strict confidence in accordance with all of the protective conditions set out above.
2. I have used the information only for purposes of analyzing matters at issue in Docket No. R2001-1.
3. I have returned the information to the Postal Rate Commission.
4. I have either surrendered to the Postal Rate Commission or destroyed all copies of the information that I obtained or that have been made from that information.

Name _____

Firm _____

Title _____

Representing _____

Signature _____

Date _____

Table 100

Rollforward Model Adjustment for Fedex Network**Index: Summary of Tables**

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109	Air Transportation Adjustments Distributed	12
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205	Combined Distribution by ACT Type by Quarter	23
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