

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001 RECEIVED

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POSTAL RATE AND FEE CHANGES, 1997

POSTAL RATE COMMISSION  
Docket No. R97-4

OBJECTION OF UNITED STATES POSTAL SERVICE TO INTERROGATORY  
OF THE UNITED PARCEL SERVICE DIRECTED TO WITNESS DANIEL  
(UPS/USPS-T29-17)

In accordance with Rules 25 and 26 of the Commission's Rules of Practice and Procedure, the Postal Service objects to interrogatory UPS/USPS-T29-17 directed to witness Daniel on August 25, 1997.

This interrogatory asks witness Daniel to provide "a copy of the original decision analysis report on the Integrated Material Handling System ("IMHS") and all deviations, supplements, amendments, and modifications thereto."

The subject matter of the interrogatory relates to the IMHS, a national program to containerize inter-BMC mail. One key component of this system is the postal pak network, which is used to transport trays, sacks, and machinable parcels between BMCs in collapsible cardboard boxes. See USPS-T-29 at 18, note 54; Response of United States Postal Service to American Business Press Interrogatory ABP/USPS-6 (filed September 3, 1997).

To the extent that UPS seeks information about the underlying the costs and savings of the IMHS, the Postal Service has already filed all relevant information responsive to this interrogatory in Postal Service Library References H-10 and H-12, which document IMHS costs and savings in FY 1997 and FY 1998.<sup>1</sup>

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<sup>1</sup> No additional savings associated with the IMHS are projected for FY 1998. See USPS LR-H-10, Exhibit C, page 2.

To the extent that UPS seeks disclosure of additional information about past and future costs and savings related to the IMHS, the Postal Service objects on grounds of relevance, privilege, and commercial sensitivity. As of the date of this objection, two Decision Analysis Reports relating to the IMHS have been identified. The first is the Decision Analysis Report for the Integrated Mail Handling System, dated April 8, 1993. This document contains a program description; a financial summary; management's recommendations concerning capital expenditures for IMHS; results and analysis of prototype testing in the late 1980s and early 1990s; analysis and proportionate quantification of IMHS benefits and adjustments thereto; and an economic analysis, including expenditures, savings, and return on investment figures over a ten year period. The second document is a Decision Analysis Report Modification Request, dated June 15, 1995. As its name implies, this document modifies the original Decision Analysis Report, and updates financial information reported in the original Decision Analysis Report.

These documents reflect the underlying analysis and recommendations of postal management to the Board of Governors concerning a capital investment proposal. The Postal Service is compelled to object to the public disclosure of these documents because the recommendations contained therein are protected by the deliberative process privilege. Financial analyses contained in these documents are, moreover, irrelevant to the matters at issue in this proceeding; all relevant information has already been disclosed in the revenue requirement and cost reduction program filings in this docket. See USPS LR-H-10 and USPS LR-H-12. Furthermore, witness Daniel does not rely on the Decision Analysis Reports as a source for any of the model costs she presents in her testimony, exhibits, and appendices. More importantly,

public disclosure could provide private delivery competitors of the Postal Service with commercially valuable, detailed information about postal capital investment decisions.

The instant objection is narrowly tailored to shield sensitive investment information about the IMHS from public disclosure. This does not imply, however, that the Postal Service intends to protect all information about the IMHS from discovery. The Postal Service and its witnesses are prepared to field questions concerning the IMHS, including its program description and operation.

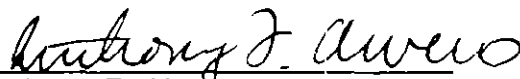
WHEREFORE, the United States Postal Service objects to interrogatory UPS/USPS-T29-17.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
Anthony F. Alverno

**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.

  
Anthony F. Alverno

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