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POSTAL SERVICE  
OFFICE OF THE SECRETARY

PRESIDING OFFICER'S  
RULING NO. R2001-1/16

UNITED STATES OF AMERICA  
POSTAL RATE COMMISSION  
WASHINGTON, DC 20268

Postal Rate and Fee Changes

Docket No. R2001-1

PRESIDING OFFICER'S RULING  
ON MATERIALS PROVIDED IN RESPONSE TO  
PRESIDING OFFICER'S INFORMATION REQUEST  
NO. 4 QUESTION 5(b)

(Issued December 7, 2001)

On November 28, 2001 the United States Postal Service filed its response to Presiding Officer's Information Request (POIR) No. 4, question five. Subpart (b) of that question requested Office of the Inspector General audit or management reports. The Postal Service submitted a motion that its response to this subpart be subject to protective conditions and provided copies of responsive materials under seal for *in camera* inspection.<sup>1</sup> By providing documents for *in camera* inspection the Postal Service has greatly facilitated a ruling on the Motion. Its use of this procedure is appreciated.

The Motion indicates that two audit reports were submitted *in camera*. The first, dated March 30, 1999 was described as containing sensitive materials such as projected revenue opportunities and projected expenditures for the Sales Force Augmentation Project, actual net revenues for pilot offices, and certain accounting period payment figures. The second, dated October 31, 2000 was described as a follow-up report on the same project containing projected revenue gains by market, and numbers of customers contacted during the audit.

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<sup>1</sup> Motion of the United States Postal Service for Protective Conditions for OIG Audits Provided in Response to POIR No. 4, Question 5, November 28, 2001 (Motion).

The Postal Service explained the proprietary nature of information contained in both audit reports by reference to comments from its Senior Vice President of Sales. These comments state that the audit "quantifies the actual size of those markets" and would inform potential competitors of "the actual potential that these markets hold." Motion at 2. Because this information is sensitive business information that might be used by competitors to the detriment of the Service it is requested that protective conditions be applied.

Protective conditions have been requested in a number of instances in this case to shield information that the Postal Service considered sensitive. Protective conditions have been approved in a number of instances to protect information, that was clearly sensitive, such as information related to the Postal Service/FedEx transportation contracts. See, P.O. Ruling R2001-1/5. In other instances I expressed concern that protective conditions not be used unless a plausible explanation of the potential harm from disclosure was provided. See, P.O. Ruling R2001-1/2 at 2 and P.O. Ruling R2001-1/7 at 3-4.

The Postal Service actually provided three separate documents under seal. In addition to the two audit reports identified above, the Service included a draft of the March 30, 1999 report that is dated February 26, 1999.

The February 26, 1999 draft is being returned to the Postal Service.

The Postal Service provided only odd pages (1, 3, 5 . . .) of the March 30, 1999 report. A complete version of that report currently is available on the publicly accessible web site of the Office of the Inspector General ([www.uspsaig.gov](http://www.uspsaig.gov)). It is identified as "Review of the Sales Force Augmentation Pilot Project—Phase II". The web site indicates that the report contains restricted information, however the only redaction in the report is a reference to a source of information (presumably a name). As the substantive information contained in this report is available to the general public, there is no purpose in imposing protective conditions as a pre-condition to access. Therefore, the incomplete version of this report is being returned to the Postal Service with the direction that a copy of that report, as it appears on the Office of the Inspector General

web site, be included in a library reference provided as a response to POIR No. 4 question 5(b).

The October 31, 2000 report was described as containing two particularly sensitive items: projected revenue gains and numbers of customers contacted during the audit. Motion at 2. The contents of this report were examined to determine if the sensitive items described by the Postal Service might cause the specified potential harm detailed by the Senior Vice President of Sales, specifically the quantification of the size of markets or the potential those markets hold. The number of customers contacted during the audit is a figure useful for justifying the confidence ranges in the report analysis. The Postal Service indicates this information would be of significant value to competitors who wish to target some of these same markets. The figure is a national number. In its Motion, the Postal Service offers no explanation of how the size of the audit sample would support any competitive challenge or provide information on the size or potential of any of the twelve major markets in which the Sales Force Augmentation Project was carried out.

Projected revenue gains by market would directly assist potential competitors and should be protected. However, the *in camera* review did not identify information that would directly disclose potential or projected revenue gains by market. Estimates of potential additional national revenues are included. Rather than subject the October 31, 2000 report to protective conditions it shall be returned to the Postal Service with the instruction that the Service may redact information on projected additional national revenue. A copy of the report as redacted should then be included in the library reference provided as a response to POIR No. 4 question 5(b).

RULING

The Postal Service shall provide a response to POIR No. 4 question 5(b) as described in the body of this ruling by December 12, 2001.

A handwritten signature in black ink, appearing to read "George Omas". The signature is fluid and cursive, with the first name "George" written in a larger, more prominent script than the last name "Omas".

George Omas  
Presiding Officer