Postal Rate Commission
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BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268–0001

EXPERIMENTAL PRIORITY MAIL FLAT-RATE BOX, 2004	Docket No. MC2004-2

OBJECTIONS OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS F. CARLSON
(July 1, 2004)

In accordance with Rule 26 of the Commission's Rules of Practice and Procedure, the United States Postal Service hereby files this notice of its objections to the following interrogatories, filed on June 21, 2004: DFC/USPS-1, 2, 4, and 6. These interrogatories bear no specific relationship with the Postal Service case-in-chief. This docket involves an experimental Priority Mail option, two sizes of flat-rate boxes sharing the same cubic volume, whose price must relate sensibly to existing Priority Mail options. Eschewing a comprehensive re-visitation of Priority Mail costs, the pricing approach used in this docket follows the only alternative that retains the comparability of existing prices with the proposed price for the flat-rate box: derivation of a price from the existing Priority Mail Rate Schedule. The proposed price of $7.70 is therefore reasonably compared with the existing rates since they share the same underlying costs and effective markup. No examination of Priority Mail costs, or quantified operational impacts, has been prepared. This approach is reasonable and practical, as it sustains comparability across all Priority Mail prices without requiring consideration of cost or

revenue impacts that would tend to differentiate the proposed flat-rate box price from the rest of the Priority Mail Rate Schedule. Accordingly, the Postal Service should not be required to entertain cost-based inquiries into matters unnecessary and irrelevant to the issues in this docket. Finally, the proposal is for the conduct of an experiment, during which data are collected to inform the Postal Service whether a permanent flat-rate box option is appropriate. Detailed examination of *ex ante* costs or operations is unnecessary and immaterial in the present context.

Interrogatory DFC/USPS-1

This interrogatory seeks "the percentage reduction in weekly retail window-service hours nationwide since January 1, 2000." This interrogatory is irrelevant to the Postal Service's proposal in this case. The Postal Service projects no increase or decrease in window transaction costs, let alone for the five years preceding the plausible existence of a Priority Mail Flat-Rate Box option. Provision of the requested information would not provide or lead to insight into the merits of the flat-rate box proposed by the Postal Service.

Interrogatory DFC/USPS-2

This interrogatory seeks "the number of postal facilities that have parcel chutes or other collection receptacles that will allow customers to deposit either of the proposed Priority Mail flat-rate boxes." This information would provide no additional insight, or lead to the production of useful insight, into the Priority Mail Flat-Rate Box proposal. If, per-chance, operational experience with the flat-rate box option yields some understanding that a dearth or surplus of suitable "parcel chutes or collection

receptacles" is material, that experience would presumably inform any proposal for a permanent flat-rate box option. But since the Postal Service bases no flat-rate box cost, revenue, risk, or operational impact upon chutes or receptacles, such considerations are completely immaterial to the flat-rate box proposal. In any event, preliminary review suggests that this information is not available.

Interrogatory DFC/USPS-4

This interrogatory seeks, "for FY2003, the total number of shipping labels printed with postage and the total number of shipping labels printed without postage at *www.usps.com* for each combination of Priority Mail zone and weight increment." While a particular party may find virtually any detail of Priority Mail to be useful, this information is irrelevant and immaterial to the flat-rate box proposal, which for want of sufficient information includes no quantitative or qualitative projection of demand. This is precisely why the Postal Service has requested approval to conduct an experiment, during which actual volume will indicate demand. Consistent with its treatment of such information under the Freedom of Information Act, the Postal Service also objects to the production of this information on grounds of commercial sensitivity. As explained in the testimonies of witnesses Scherer and Loetscher, zone and weight data across Priority Mail rate cells, whether distinguished by shape or indicium, is commercially sensitive and has accordingly not been provided.

Interrogatory DFC/USPS-6

This interrogatory seeks, "all facts and information estimating, identifying, or describing the value of the flat-rate aspect of the Priority Mail flat-rate envelope and the

value of the flat-rate aspect of the Express Mail flat-rate envelope. The Postal Service objects to this interrogatory on the grounds of relevance, vagueness, overbreadth, and materiality. Since flat-rate envelopes have been addressed in previous Commission dockets, wherein their value was also addressed, Mr. Carlson already has access to the information perhaps most salient to his interrogatory via the Commission's website. The value of a flat-rate box is also addressed in witness Scherer's testimony, of which Mr. Carlson's broadly cast inquiry takes no notice. Moreover, any information pertaining to Express Mail is at least immaterial, if not irrelevant.

For the reasons explained above, the Postal Service objects to interrogatories DFC/USPS 1, 2, 4, and 6.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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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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