

**BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001**

**Experimental Priority Mail
Flat-Rate Box, 2004**

Docket No. MC2004-2

**DOUGLAS F. CARLSON
MOTION TO COMPEL THE UNITED STATES POSTAL SERVICE
TO RESPOND TO INTERROGATORIES DFC/USPS-1, 2 & 4**

July 15, 2004

I move to compel the Postal Service to respond to interrogatories DFC/USPS-1, 2, and 4.¹

Significant questions exist about the value to customers of a Priority Mail flat-rate box. As witness Barrett testifies, customers cannot use collection boxes to deposit Priority Mail items that weigh more than 16 ounces and bear postage stamps. USPS-T-2 at 7. Customers must take these items to a post office. *Id.* Once customers arrive at the post office, where scales are located, their savings in time, and any potential value of the flat-rate box, likely will have evaporated. To the extent that the Postal Service reduces retail window hours, customers' opportunity to deposit Priority Mail also will decrease. Under a new service, customers may arrange for their letter carrier to pick up their parcels, *Id.* at 7–8, but this service may not benefit many customers because, as witness Barrett testifies elsewhere, “more Americans are spending more time at work[.]” *Id.* at 3, lines 11–12. Most customers who have postage meters probably also have scales. The flat-rate box will not benefit customers who have scales because

¹ Douglas F. Carlson Interrogatories to the United States Postal Service (DFC/USPS-1–6), filed June 21, 2004.

these customers can easily weigh and rate their mail. Very few postal customers are likely to benefit from the flat-rate box. The primary category of mailers who do not have scales who potentially could benefit from the flat-rate box are customers who print postage on-line on the Postal Service Web site.

In the request, Postal Service witness Scherer testifies that the added value to customers of the box may “possibly” fall in the range of \$0 to \$1, on average. USPS-T-1 at 5, lines 8–9. This range is rather large, and the inclusion of zero is an ominous signal. Witness Scherer’s doubts surface again near the end of his testimony, when he discusses the value of the flat-rate box under Criterion 2. The best he can offer is the assertion that the flat-rate box “may” be of value to customers. *Id.* at 15, lines 13–14. Witness Scherer’s testimony leaves open the real possibility that customers will not derive value from the flat-rate box. Yet the value is important because at least part of the \$1.78 premium for the proposed flat-rate box is “to reflect a portion of the added value.” *Id.* at 5, lines 11–12.

The value, if any, of the flat-rate box is a legitimate issue for discovery. I filed interrogatory DFC/USPS-6, which asked the Postal Service to provide “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 objected to this interrogatory.² This interrogatory, which was reasonably calculated to lead to admissible evidence, asked for information on the value of existing flat-rate products — a useful starting point for evaluating the potential value of a flat-rate box. On July 12, 2004, I bowed to the Postal Service’s objection on the grounds of overbreadth and filed interrogatory DFC/USPS-7, which asks for “all documents that quantify or attempt to quantify the value of the flat-rate aspect of

² Objections of the United States Postal Service to Interrogatories of Douglas F. Carlson (“Objections”), filed July 1, 2004.

the Priority Mail flat-rate envelope or the value of the flat-rate aspect of the Express Mail flat-rate envelope.”³

With interrogatory DFC/USPS-7 as a backdrop, the value of interrogatories DFC/USPS-1, 2, and 4 becomes clear. The Postal Service objected to each interrogatory on the grounds of relevance.

Interrogatory DFC/USPS-1 states:

Please provide the percentage reduction in weekly retail window-service hours nationwide since January 1, 2000.

If the Postal Service provides documents quantifying the value of existing flat-rate products, and if these documents were produced prior to January 1, 2000, a reduction in weekly retail window-service hours would reduce the value of a flat-rate box somewhat proportionately because customers would have fewer hours in the week during which to enter the flat-rate box into the mail stream. A reduction in window-service hours has been a significant trend around the country, and this reduction cannot be ignored in evaluating previous Postal Service assessments of the value of flat-rate products. If the Postal Service provides any information on the value of existing flat-rate products, interrogatory DFC/USPS-1 will be reasonably calculated to lead to admissible evidence.

Interrogatory DFC/USPS-2 states:

Please provide 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.

Parcel chutes represent one method for customers who print postage using the Postal Service’s Web site to deposit their parcels without waiting in line for a window clerk. The availability of parcel chutes directly affects the potential value

³ Douglas F. Carlson Interrogatory to the United States Postal Service (DFC/USPS-7), filed July 12, 2004.

of flat-rate boxes. If customers must wait in line to deposit their flat-rate boxes, they might as well have the window clerk weigh and rate the boxes, too, thus destroying most of the potential value of the flat-rate box. Interrogatory DFC/USPS-2 is reasonably calculated to lead to admissible evidence, including testimony by intervenors.

Interrogatory DFC/USPS-4 states:

For FY2003, please provide 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.

As I explained previously, customers who print postage at the Postal Service's Web site are the group that potentially stands to benefit the most from a flat-rate box because these customers may not have scales to weigh and rate parcels, and they can deposit their mail in parcel chutes. The Postal Service has presented no information on whether these customers produce 0.1 percent or 10 percent or 50 percent of Priority Mail volume. The number of customers printing shipping labels at *www.usps.com* is highly relevant to evaluating the potential value of the flat-rate box because these customers are the ones most likely to benefit from a flat-rate box. Although at times the Postal Service asserts that the flat-rate box will have value, the Postal Service's pricing witness seems to be more comfortable stating that the box *may* be valuable to customers than in assuring the Commission and participants that the flat-rate box *will* be valuable to customers. Interrogatory DFC/USPS-4 is reasonably calculated to lead to admissible evidence concerning the appropriate size of the premium for value of service that should be included in the rate for the flat-rate box. To the extent that the Postal Service is concerned about commercial sensitivity, the Postal Service is free to file a motion for protective conditions.

For the reasons described above, I move to compel the Postal Service to respond to interrogatories DFC/USPS-1, 2, and 4.

Respectfully submitted,

Dated: July 15, 2004

DOUGLAS F. CARLSON