

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

POSTAL RATE AND FEE CHANGES
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005-1

OPPOSITION OF THE UNITED STATES POSTAL SERVICE TO
DOUGLAS F. CARLSON MOTION TO COMPEL THE UNITED STATES
POSTAL SERVICE TO RESPOND TO DFC/USPS-61
OR, IN THE ALTERNATIVE, MOTION FOR PROTECTIVE CONDITIONS
(June 21, 2005)

The United States Postal Service hereby opposes the motion by Douglas F. Carlson to compel the Postal Service to respond to DFC/USPS-61. Mr. Carlson filed this interrogatory on May 19, 2005, the Postal Service objected to it on June 3, 2005, and Mr. Carlson filed his motion to compel on June 17, 2005.

The interrogatory reads:

DFC/USPS-61. Please refer to the response to DFC/USPS-25. Please provide documents relating to a Postal Service policy or practice for retail window clerks to encourage or induce customers to use Priority Mail or Express Mail, rather than First-Class Mail or Package Services, to send items that they present to the retail window clerk for mailing. This request specifically encompasses records relating to employee training manuals, policies establishing employee sales goals or quotas, directions to employees relating to communication of service standards to customers, and documents describing sales techniques to encourage or induce customers to use Priority Mail or Express Mail, rather than First-Class Mail or Package Services, to send items that they present to the retail window clerk for mailing.

The Postal Service objected to this request on the grounds of relevance and commercial sensitivity. As to relevance, the Postal Service took the position that employee training manuals, policies establishing employee sales goals or quotas, directions to employees relating to communication of service standards to customers, and documents describing sales techniques are not relevant to any of the issues in this

proceeding, as they address sales policies and practices, rather than the value of these various services. As to commercial sensitivity, the Postal Service pointed out that, under general standards of good business practice, it does not disclose commercial information that could be used to its detriment by other actors in the same commercial markets, and Priority Mail and Express Mail are products over which the Postal Service faces direct competition.

In his motion to compel, Mr. Carlson argues that this information is relevant by claiming that such practices affect demand and volume, allegedly creating a perception that Priority Mail and Express Mail are more valuable than they really are, and consequently, in his view, impacting the value of service. Motion to Compel at 2. In theologizing about a "sin of omission," Mr. Carlson creates the example of a window clerk in Boston telling a customer that a one-ounce letter mail sent by Priority Mail should arrive in Washington in 2 days, but withholding information that the same service standard would apply to First-Class Mail. Motion to Compel at 3. Mr. Carlson claims that the Postal Service can thus shift demand to Priority Mail and Express Mail. Motion to Compel at 4.

Mr. Carlson takes a dim view of the postal customer. As he almost acknowledges, such a customer would need to be unaware of the 37-cent stamp, when told by the clerk that it would cost \$3.85 to send the letter by Priority Mail. Indeed, Mr. Carlson deemed it necessary to emphasize that some customers, "such as foreigners and non-English speakers, may not know about First-Class Mail." Motion to Compel at 3.

Mr. Carlson's theory of relevance ignores the fact that postal patrons might form

their own conclusions about the values of respective postal services based on their experiences, and are aware of the existence of the First-Class stamp. Priority Mail and Express Mail have been available, and also have been the subject of advertisements, since long before this rate case. There is no reason to suspect that point-of-sale information will enhance customer awareness of these products significantly beyond the awareness already existing from fairly extensive advertising and the long histories of these products in general. Moreover, the 37-cent stamp (for single piece First-Class Mail pieces weighing up to an ounce) might possibly be the best known price benchmark in all of American industry.

In pointing to two chimneys off in the distance, Mr. Carlson goes to great lengths to fan imaginary flames. He sees smoke in the fact that the response to DFC/USPS-25 provides that there is a program under which a "mystery shopper" will note whether or not a window clerk provided information about customer mailing options. Motion to Compel at 5. The Postal Service respectfully submits that providing information to customers about the standards for more expensive services is not smoke, especially to any patron who has visited a post office in the last decade or two. A failure by the Postal Service to provide this information would be far more noteworthy.

Second, Mr. Carlson sees smoke in the response to DFC/USPS-45, claiming that "fully 48.2 percent [of Priority Mail flat-rate envelopes that customers sent at a retail window] were sent to a destination for which the service standards for Priority Mail and First-Class Mail" were the same.¹ Motion to Compel at 5. His analysis is skewed,

¹ As a technical matter, Mr. Carlson's assertion is not correct. The 48.2 percent figure in that response applied only to Priority Mail envelopes weighing 0-13 ounces. If pieces

however, because he focuses only on mailers selecting the Priority Mail flat-rate envelope over First-Class Mail, not the many who make the reverse selection: First-Class Mail over the Priority Mail flat-rate envelope. Ignoring letters, in FY 2004, 4.2 billion single-piece First-Class Mail flats and parcels were mailed compared to 51.2 million Priority Mail flat-rate envelopes in the range of 0-13 ounces. Furthermore, Mr. Carlson acknowledges only Delivery Confirmation as possibly explaining a preference for the Priority Mail flat-rate envelope over First-Class Mail when the two have identical service standards. Motion to Compel at 5, n.2. He overlooks, for example, the fact that the Priority Mail flat-rate envelope is available for no fee, saving the mailer both time (from having to procure alternative packaging) and money.

Mr. Carlson has failed to show how his request will lead to information relevant to this omnibus rate case. He has not even disputed that the information is commercially sensitive. Therefore, the Postal Service opposes Mr. Carlson's motion to compel a response to DFC/USPS-61.

Mr. Carlson suggests that "the Postal Service is free to file a motion for protective conditions" based on commercial sensitivity. Motion to Compel at 6. Should the Commission grant the instant motion to compel, the Postal Service requests that any responsive documents be presented under the same protective conditions granted by the Commission in Presiding Officer's Ruling No. R2005-1/3 (May 4, 2005).

Respectfully submitted,

UNITED STATES POSTAL SERVICE

weighing more than 13 ounces -- for which there are no First-Class Mail service standards -- are considered, the percentage would be lower.

By its attorneys:

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Brian M. Reimer

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

Brian M. Reimer

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