

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

NOTICE OF PRICE ADJUSTMENT

Docket No. R2010-3

NOTICE OF THE UNITED STATES POSTAL SERVICE
OF FILING OF USPS-R2010-3/NP2
(December 29, 2010)

The Postal Service hereby gives notice of filing of the material indicated below as part of the **Non-Public Annex** in this proceeding:

USPS-R2010-3/NP2 **Nonpublic Materials Provided as
Crosswalk for December 29, 2010 Data
Collection Report in Response to
Commission Order No. 439**

As indicated, USPS-R2010-3/NP2 consists one Excel file that is a crosswalk linking the mailer's generic identification number in the December 29, 2010 Data Collection Report to the identity of each mailer, and it also includes confidential mailer-specific information. Because it includes commercially sensitive information, mailer-specific names, it is being filed under seal.

UNITED STATES POSTAL SERVICE

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ATTACHMENT 1

APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NON-PUBLIC TREATMENT OF MATERIALS

In accordance with 39 C.F.R. § 3007.21 and Order No. 225,¹ the United States Postal Service (Postal Service) hereby applies for non-public treatment of certain materials filed under seal with the Commission. The material sought to be protected consists of a crosswalk linking the mailer's generic identification number in the December 29, 2010 Data Collection Report to the identity of each mailer and its mailer-specific monthly volume information. It is being provided in response Commission Order No. 439, and is being filed under seal as USPS-R2010-3/NP2. The public version of this information, with generic identification numbers, was filed on December 29, 2010 in Docket No. R2010-3, United States Postal Service Standard Mail Incentive Program Data Collection Report.

(1) The rationale for claiming that the materials are non-public, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);

The materials designated as non-public consist of information of a commercial nature that under good business practice would not be publicly disclosed. In the Postal Service's view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4).² Because the portions of the

¹ PRC Order No. 225, Final Rules Establishing Appropriate Confidentiality Procedures, Docket No. RM2008-1, June 19, 2009.

² In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of

materials that the Postal Service is applying to file only under seal fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

(2) Identification, including name, phone number, and email address for any third-party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;

Because the number of parties that would have to be contacted is so large, the Postal Service moved for a waiver of this provision of the rules in a separate pleading.

(3) A description of the materials claimed to be non-public in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are non-public;

The public version of the data collection report, filed in Docket No. R2010-3 on December 29, 2010, contains spreadsheets detailing historical volume and revenue data for each eligible Standard Mail user participating in the Standard Mail Incentive Program 2010. Specifically, the spreadsheets contain an analysis of volume and revenue data by month from October 2009 through October 2010 of all Standard Mail letters by product and flats by product for all eligible Standard Mail users, further broken out into commercial and nonprofit categories, information on any rebates paid including supporting calculations, monthly permit volumes for First-Class presort letters, cards, and flats, year-end short-run volume-variable cost by each Standard Mail letter and flat product, along with actual administrative costs of the program. However, each of those

injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

companies was not specifically identified by name, but by a generic identification number. The non-public version of this spreadsheet only consists of a crosswalk linking the mailer's generic identification number in the data collection report to the express identity of each mailer.

(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;

If the information that the Postal Service determined to be protected from disclosure due to its commercially sensitive nature were to be disclosed publicly, the Postal Service considers it quite likely that the mailers whose identities were revealed would suffer commercial harm. This information is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practices. The ability to link the identity of mailers with the amount of volume they have tendered to the Postal Service would allow current or potential competitors of those mailers to become aware of the mailing patterns of individual mailers. Competitors could use the information to analyze those mailers' possible market strengths and weaknesses to the detriment of the third party mailers. The Postal Service considers these to be highly probable outcomes that would result from public disclosure of the material filed non-publicly.

(5) At least one specific hypothetical, illustrative example of each alleged harm;

Harm: Competitors could use the Standard Mail monthly volume information of each of the third-parties to assess vulnerabilities and focus sales and marketing efforts to the third-parties' detriment.

Hypothetical: In essence, if the cross-walk between generic mailer identification numbers and actual mailer identities were made public, Standard Mail monthly volume information for each of these third-parties would be released to the public. A competitor

of the third-party monitors the filing of this information and passes the information along to its sales and marketing functions. The competitor assesses the monthly volume trends of the third-party. The competitor then targets its advertising and sales efforts at actual or potential customers of the third-party for that type of product or offering, hindering the third-parties' ability to reach out effectively to these customers. For these reasons, release of any of the non-public information would pose actual commercial harm to each of these third-parties, regardless of the information's present favorability.

(6) The extent of protection from public disclosure deemed to be necessary;

The Postal Service maintains that the portions of the materials filed non-publicly and relating to market-dominant products should be withheld from persons involved in decision-making in the relevant markets for market-dominant delivery products, as well as their consultants and attorneys. Additionally, the Postal Service believes that the competitors of the third-parties for these or similar products should not be provided access to the non-public materials.

(7) The length of time deemed necessary for the non-public materials to be protected from public disclosure with justification thereof; and

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30. The Postal Service believes that the ten-year period of non-public treatment is sufficient to protect its interests with regard to the information covered by this application.

(8) Any other factors or reasons relevant to support the application.

None.

Conclusion

For the reasons discussed, the Postal Service asks that the Commission grant its application for non-public treatment of the identified materials.