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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

UNITED STATES OF AMERICA  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

Postal Rate and Fee Changes

Docket No. R2000-1

PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

(February 16, 2000)

The Postal Service is requested to provide the information described below to assist in developing a record for the consideration of its request for changes in rates and fees. In order to facilitate inclusion of the requested material in the evidentiary record, the Postal Service is to have a witness attest to the accuracy of the answers and be prepared to explain to the extent necessary the basis for the answers at our hearings. The answers are to be provided on or before February 28, 2000.

1. The Postal Service request includes proposed rates that have been developed to reflect the assumption that legislation will be enacted. Specifically, the rates proposed for Regular Periodicals, Nonprofit Periodicals and Classroom Publications; the rates for Standard A Nonprofit ECR; and the rates for Library Mail are all dependent on this assumption. In the absence of the passage of legislation, rates for mail in these subclasses would have to reflect existing applicable law, including the restrictions imposed by the Revenue Forgone Act of 1993.

Please provide the test year rates that the Postal Service would propose for these subclasses of mail if it is assumed that no new legislation is enacted. For purposes of this answer the Postal Service is to develop rates that reflect

retention of the regular rate mark ups justified in the January 12, 2000 Request. Include exhibits tracing the development of these rates to cost and volume data contained in that Request.

2. Please refer to the workpapers of witness Taufique contained in Library Reference I-167, file OC1.xls, which draws from the workpapers of witness Crum contained in Library Reference I-175, files Attachment L.xls and Attachment M.xls. On his page "Summary Sheet" in Attachment L and Attachment M, witness Crum shows the savings for Regular Periodicals SCF mail to be 0.0346 cents/pound and for Nonprofit Periodicals SCF mail to be 0.0331 cents/pound. Using the pieces-per-pound densities of the specific subclasses, these convert into 0.0172 dollars/piece and 0.0091 dollars/piece, respectively. On his page "Discounts" in OC1 at cell C12, witness Taufique uses the Regular Periodicals figure of 0.0172 dollars/piece to develop rates for the proposed joint subclass which includes Regular, Nonprofit, and Classroom. Then in cell D12, witness Taufique develops a savings of 0.0385 cents/pound for the joint subclass using the pieces-per-pound density of the joint subclass. Please respond to the following questions.

a) Does the fact that the Regular and Nonprofit per-pound savings of \$0.0346 and \$0.0331 are very nearly the same, while the corresponding per-piece savings are quite different, suggest that these savings are pound oriented. If you consider these savings pound oriented, should they be recognized in the form of a pound-rate discount?

b) Why is it appropriate to use the Regular per-piece savings of \$0.0172 for the joint subclass?

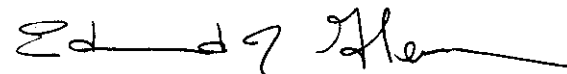
c) If the Regular per-piece savings of \$0.0172 is used for the joint subclass, please explain why it is appropriate to convert it to per-pound basis in cell D12 using the density of the joint subclass?

d) Is it consistent to use the Regular density to develop the per-piece savings of \$0.0172 and then to use the joint density to convert it back to a per-pound savings for the joint subclass?

3. Please refer to the workpapers of witness Taufique contained in Library Reference I-167, file OC1, on the "Discounts" page, cells F2 to J9.

a) Please explain the decision to propose that the per-piece editorial benefit for the joint subclass be built from the current per-piece editorial benefit for the Regular subclass.

b) Please explain the decision to propose that the percentage increase in the per-piece editorial benefit be equal to two percentage points less than the average percentage rate increase for the joint subclass.



Edward J. Gleiman  
Presiding Officer