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UNITED STATES OF AMERICA
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Before Commissioners:

Edward J. Gleiman, Chairman;
George A. Omas, Vice Chairman;
Dana B. Covington; Ruth Y. Goldway;
and W.H. "Trey" LeBlanc III

Postal Rate and Fee Changes

Docket No. R2000-1

ORDER REQUESTING THE
SUBMISSION OF EVIDENCE ON
PERIODICALS PROCESSING COSTS

(Issued March 28, 2000)

On March 17, 2000, the Postal Service provided its response to Presiding Officer's Information Request No. 4. Based on this material, the Commission has developed the graphs in Attachment A to present trends.

Two trends in particular stand out, one of which warrants further study. The inflation-adjusted costs of processing letters are steadily declining, which has alleviated the pressure for rate increases. The other pronounced trend is the increase in the inflation-adjusted costs of processing Periodicals since 1993. This is a negative trend that should be analyzed so that if possible, rates and classifications can be designed that will assist the Service in changing it.

Accordingly, the Commission requests that Postal Service present detailed evidence explaining the causes of the trend in the costs of processing Periodicals from a witness qualified to respond to participants' questions on the topic, see for example,

interrogatories MH/USPS-T-21-1, 2. A witness with high-level managerial responsibility over flat handling operations would appear to be best suited to this need.

The record would also benefit from an explanation of one other matter. Two other subclasses with large volumes of flat mail, First-Class and Standard A regular, as well as Periodicals, exhibited a sharp increase in unit flats processing costs in FY98, the base year in this proceeding. An explanation for this should be provided.

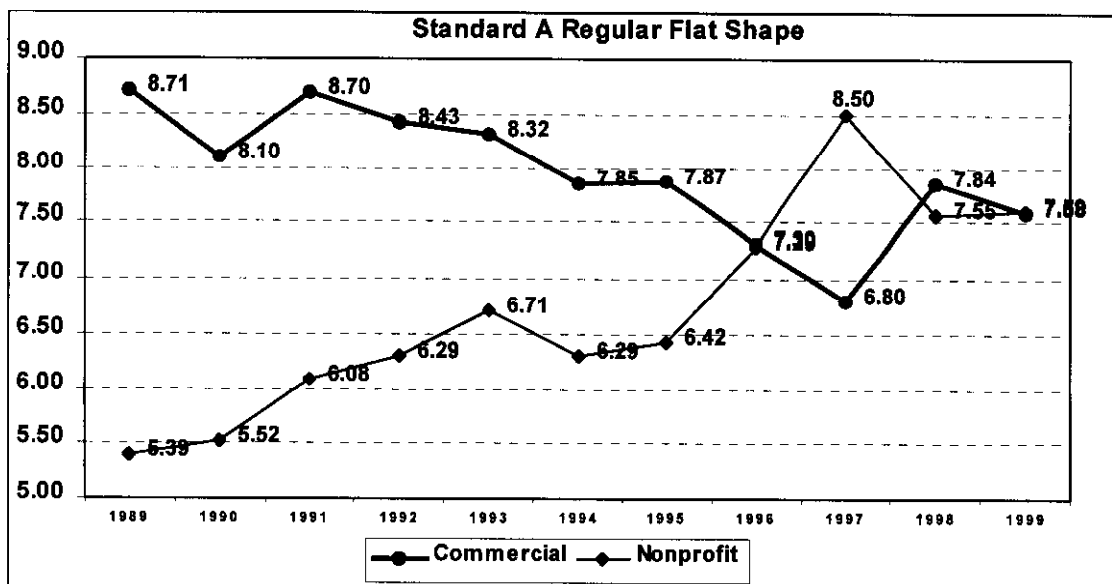
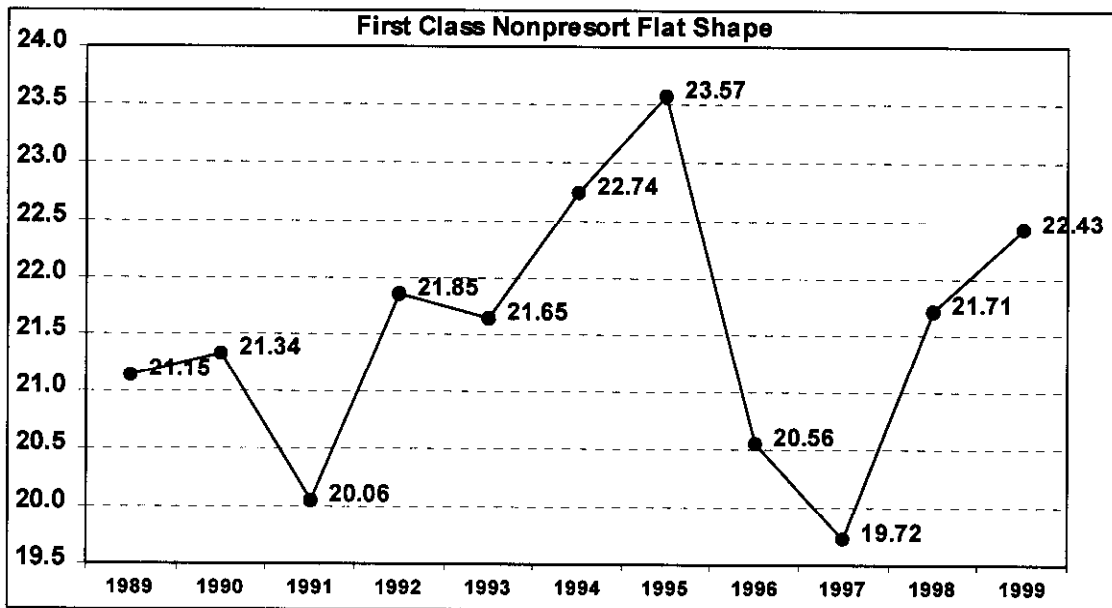
It is ordered:

1. The Postal Service is to provide evidence explaining the increasing cost of processing Periodicals and flats on or before April 14, 2000. Discovery on this testimony will be allowed through April 26, 2000.

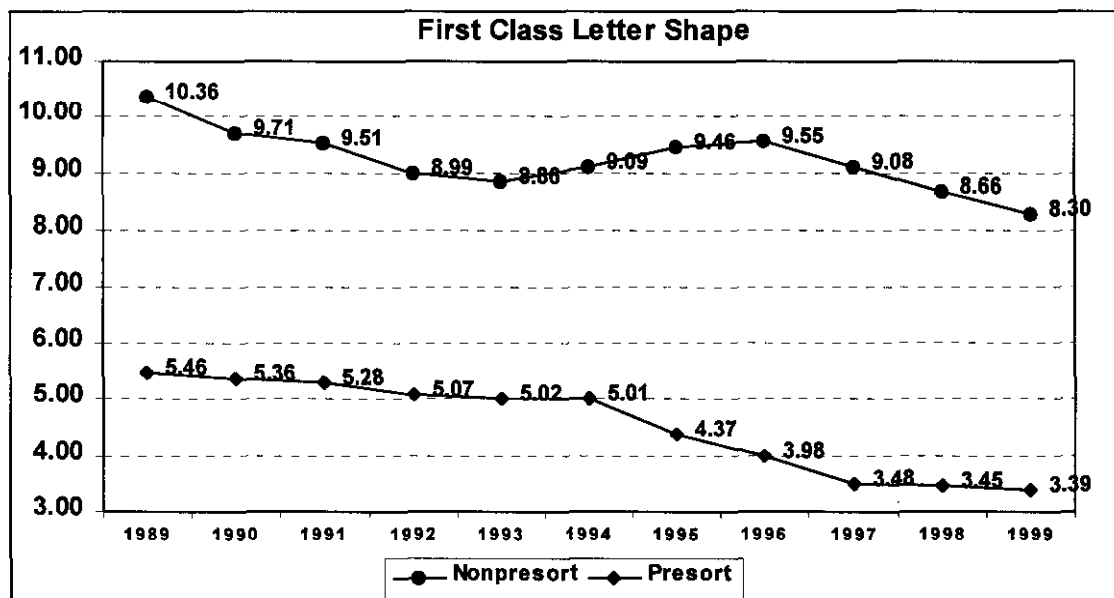
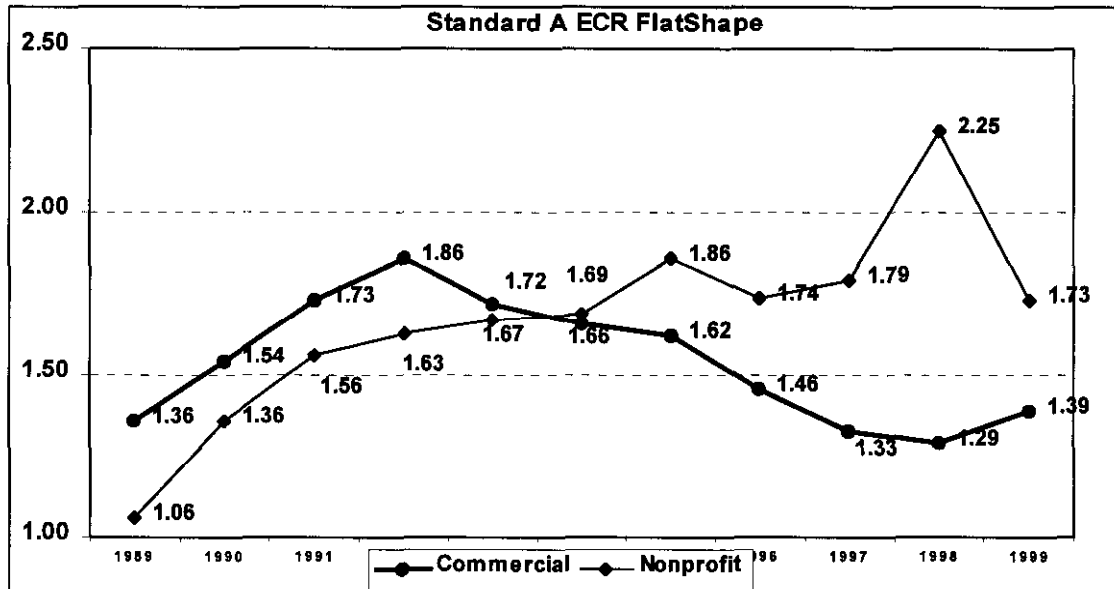
A handwritten signature in black ink, reading "Margaret P. Crenshaw". The signature is fluid and cursive, with the first name "Margaret" and last name "Crenshaw" clearly legible.

Margaret P. Crenshaw
Secretary

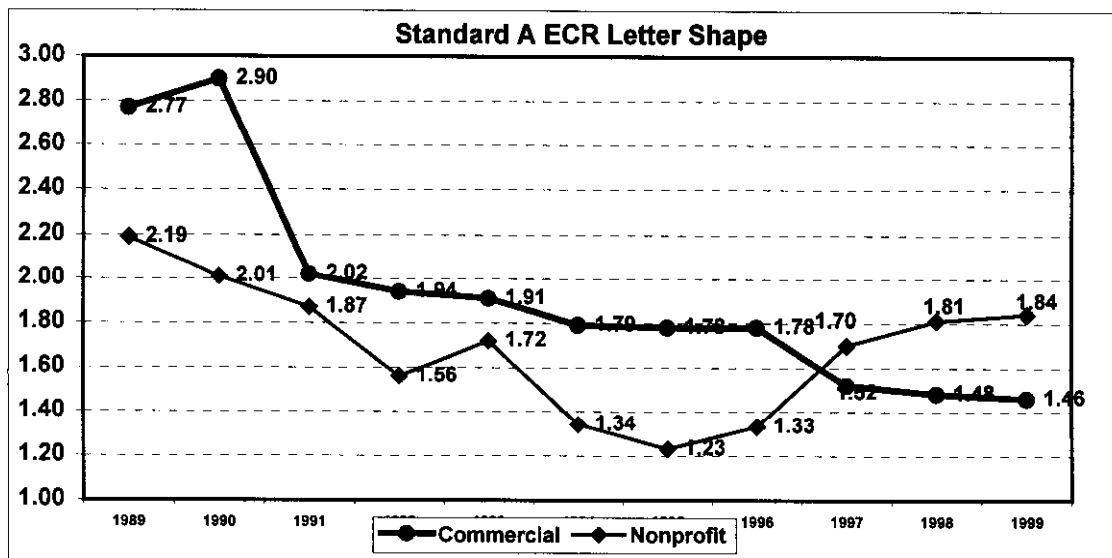
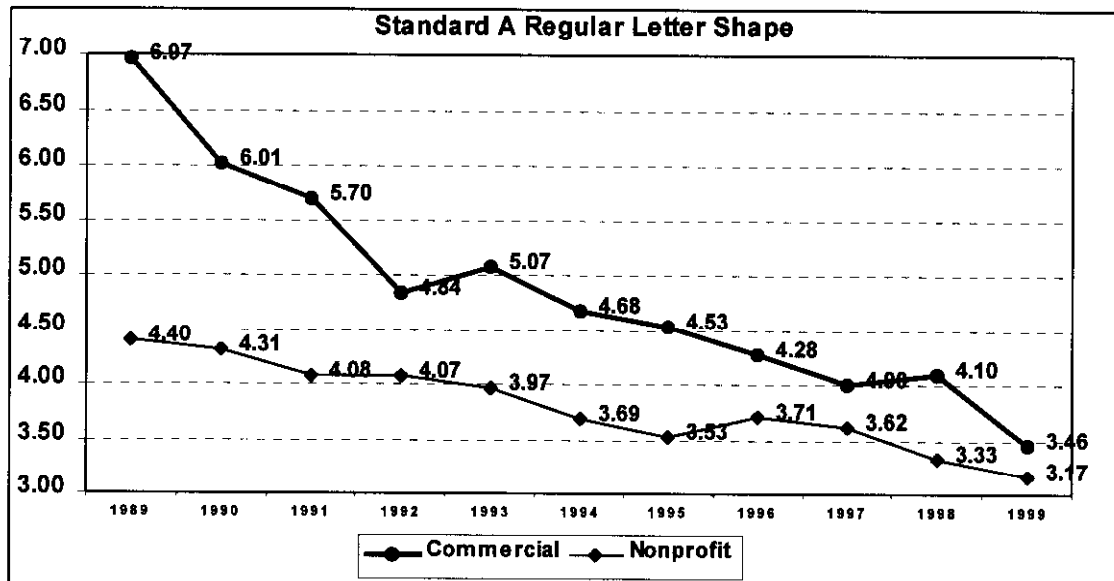
Mail Processing Plus City Carrier In-Office Unit Costs
Cents per Piece, Wage Level Adjusted to FY 1989



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Cents per Piece, Wage Level Adjusted to FY 1989



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