

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

RECEIVED
APR 4 3 58 PM '00
POSTAL RATE COMMISSION
OFFICE OF THE CLERK
Docket No. R2000-1

POSTAL RATE AND FEE CHANGES, 2000)

DISTRICT PHOTO, INC.
MYSTIC COLOR LAB
COX SAMPLING
MOTION REQUESTING THAT THE POSTAL SERVICE BE DIRECTED
TO SUBMIT EVIDENCE ON PARCEL PROCESSING COSTS
(April 4, 2000)

On March 17, 2000, the Postal Service provided its response to Presiding Officer's Information Request No. 4 relating to unit mail processing and city carrier in-office costs for letters, flats and parcels/IPPs for the years 1989 to 1999 for designated subclasses. The Commission then analyzed this data and issued Order No. 1289 on March 28, 2000. In that Order, the Commission described two pronounced trends that warranted further study: (i) an increase in the inflation-adjusted costs of processing Periodicals since 1993, and (ii) a sharp increase in unit flats processing costs in FY98. Concerning the former, the Commission stated that it was "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." Commission Order No. 1289 at 1. Based on this, the Commission requested the Postal Service to "present detailed evidence explaining the causes of the trend in costs of processing Periodicals from a witness qualified to respond to participants' questions on the topic...." *Id.* Concerning the latter, the Commission stated that an "explanation for [the sharp increase in unit flats processing costs] should be provided." *Id.* at 2.

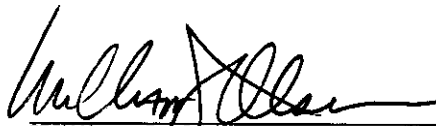
Although beyond the scope of Order No. 1289, the same data provided in response to POIR No. 4 shows dramatic and profound increases in the inflation-adjusted costs of processing both First-Class parcels and Standard A parcels, increases which are even greater than those pointed out in Order No. 1289 with respect to flats. These trends are demonstrated by a series of three charts (appended as Attachment A) showing parcel costs for First-Class,

Standard A Commercial (Regular and ECR), and Standard A Nonprofit (Regular and ECR), all based on the information supplied by the Postal Service in response to POIR No. 4.

For the same reasons that the Commission articulated with respect to flats, and with much greater urgency due to the fact that the parcel handling costs appear to be wildly out of control, DMC ask the Commission to adopt the same approach toward parcels that was used in Commission Order No. 1289 for flats — ordering the Postal Service to make a filing presenting detailed evidence explaining the causes of the trend in the costs of processing parcels from a witness qualified to explain these matters to the Commission as well as respond to questions on the topic.

WHEREFORE, the premises considered, DMC move the Commission for entry of an Order expanding or supplementing its Order No. 1289 entered in this proceeding and requesting that the Postal Service present detailed evidence explaining the causes of the trend in costs of processing parcels from a witness qualified to explain these matters as well as to respond to participants' questions on the topic. DMC further request that the Order allow a reasonable period for discovery on this evidence.

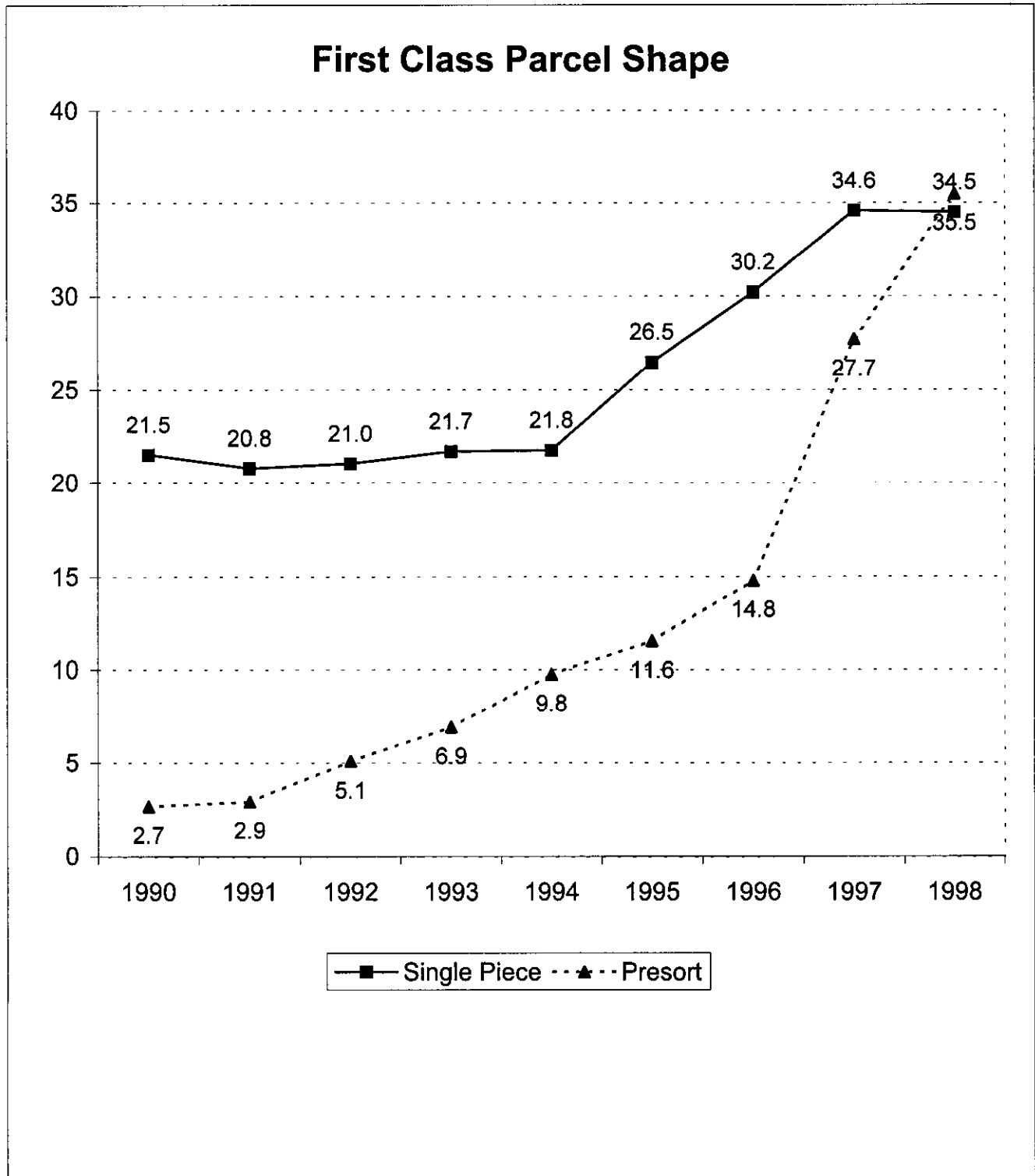
Respectfully submitted,



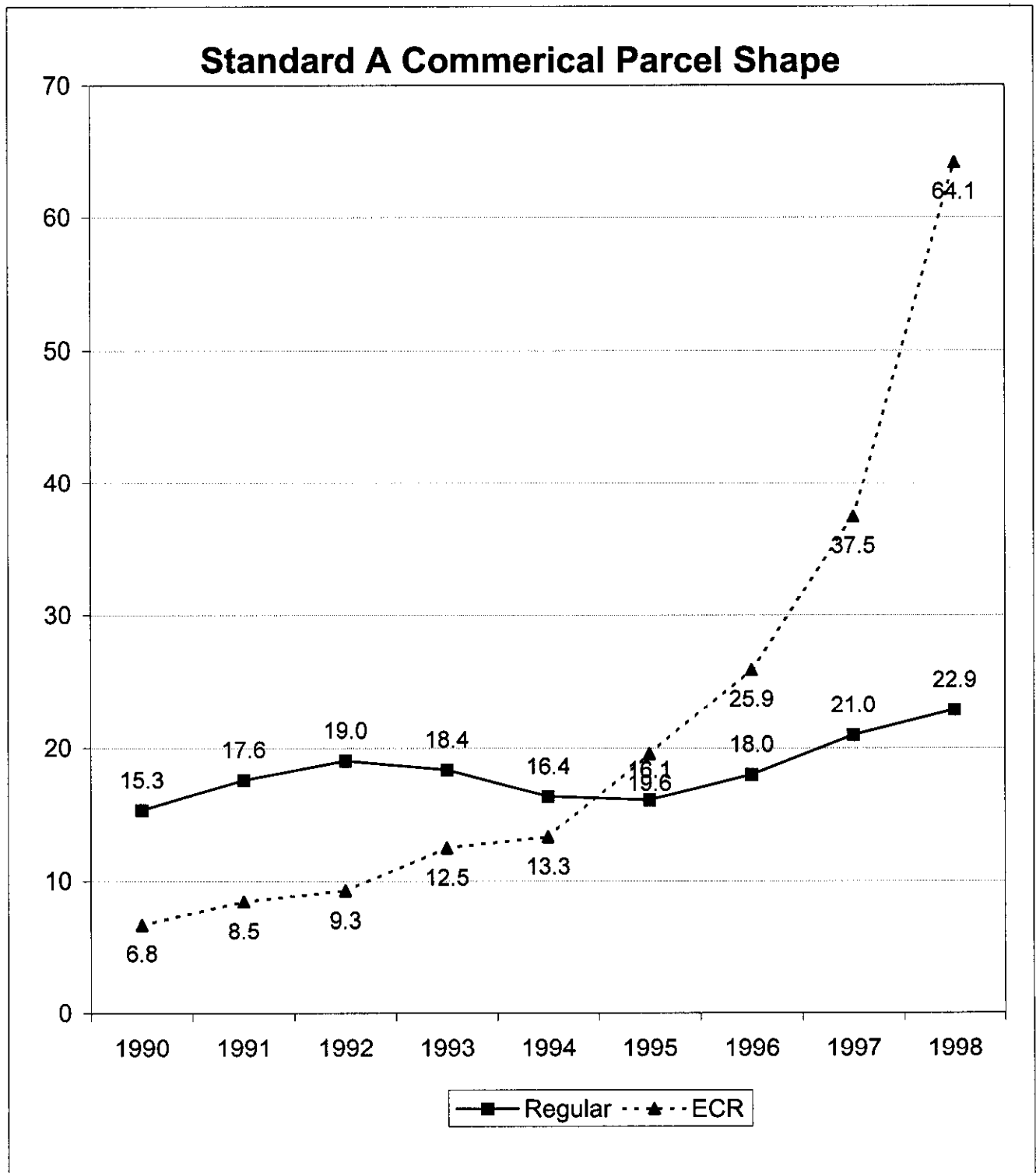
William J. Olson
John S. Miles
WILLIAM J. OLSON, P.C.
8180 Greensboro Drive, Suite 1070
McLean, Virginia 22102-3860
(703) 356-5070

Counsel for District Photo, Inc.,
Mystic Color Lab, and Cox Sampling

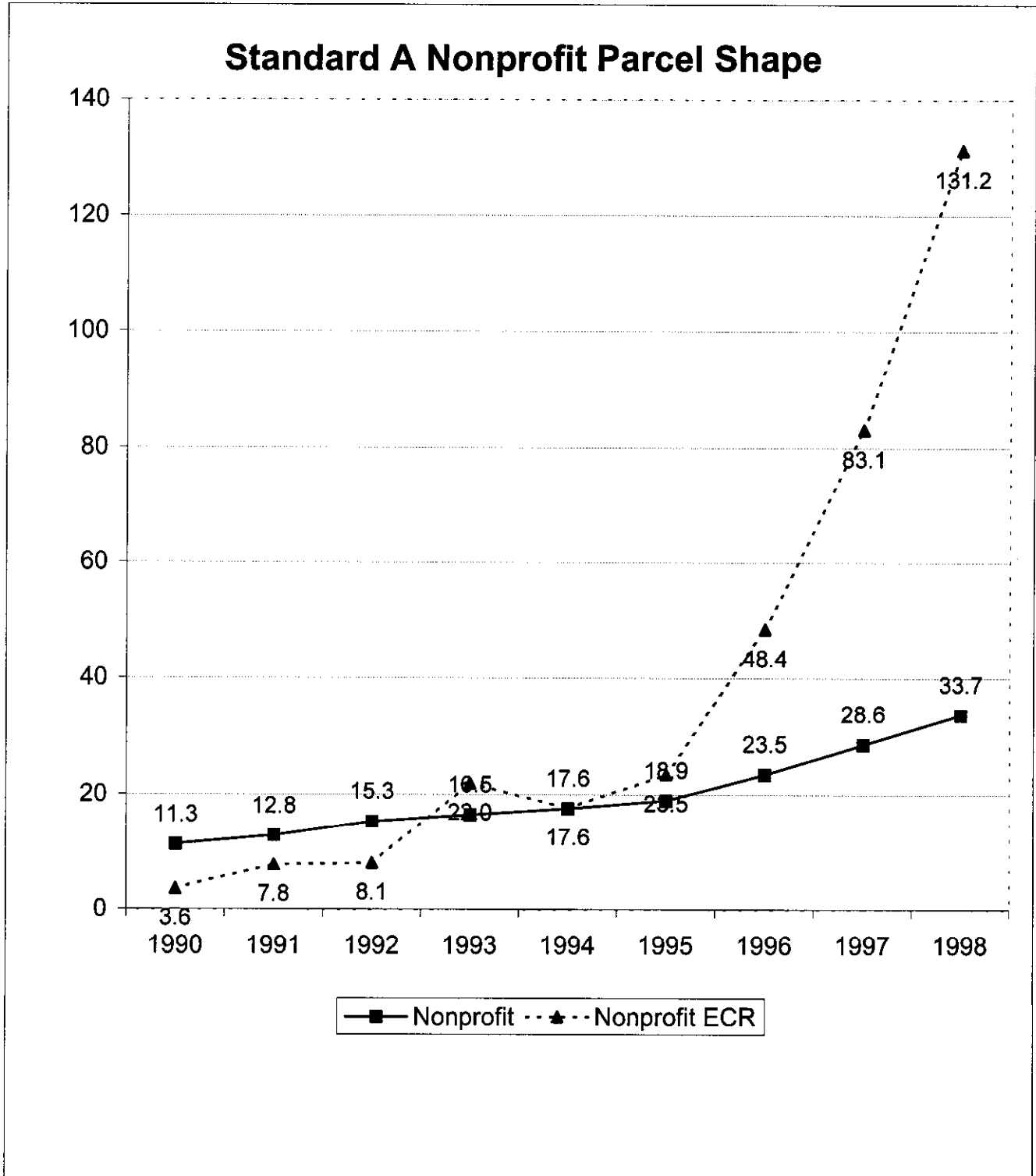
Mail Processing Plus City Carrier In-Office Unit Costs
Cents per piece, Wage Level Adjusted to FY 1989
(three-year moving average)



Mail Processing Plus City Carrier In-Office Unit Costs
Cents per piece, Wage Level Adjusted to FY 1989
(three-year moving average)

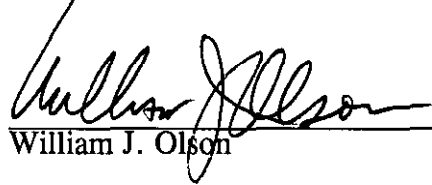


Mail Processing Plus City Carrier In-Office Unit Costs
Cents per piece, Wage Level Adjusted to FY 1989
(three-year moving average)



CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice.



William J. Olson

April 4, 2000