

RECEIVED
JUN 29 4 20 PM '00
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Docket No. R2000-1

Postal Rate and Fee Changes, 2000

TRIAL BRIEF OF
AMERICAN LIBRARY ASSOCIATION

David M. Levy
Christopher T. Shenk
Sidley & Austin
1722 Eye Street, N.W.
Washington, DC 20006
(202) 736-8000
dlevy@sidley.com

*Counsel for American Library
Association*

June 29, 2000

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Docket No. R2000-1

Postal Rate and Fee Changes, 2000

**TRIAL BRIEF OF
AMERICAN LIBRARY ASSOCIATION**

The American Library Association ("ALA") respectfully submits this trial brief.

ALA is a 501(c) charitable and educational organization that serves as the voice of America's libraries. For more than a century, ALA has provided leadership promoting library and information services of the highest quality, and defended intellectual freedom. Although most of its 59,000 members are librarians, membership also includes trustees, libraries, publishers, vendors, and other friends of libraries. Sheketoff (ALA-T-1) at 2.

This brief concerns the rate increases proposed by the Postal Service for library rate mail. In Docket No. R97-1, increases in the costs attributed by the Postal Service to the subclass led to an average rate increase of approximately 14 percent over the levels established in Docket No. R94-1, and approximately 90 percent over the library rates established in Docket No. R90-1. The rate increases in Docket No. R97-1 forced the Commission effectively to merge the library rate with its regular counterpart, the Standard (B) "book" rate, eliminating the rate preference contemplated by Congress for library rate mail. See R97-1 Op. & Rec. Decis. (May 11, 1998) at ¶¶ 5726-45.

In Docket No. R97-1, the Postal Service was unable to explain the causes of the enormous increases in attributable costs reported by the Service's costing systems, and the Commission found the Service's cost estimates to be "highly questionable." R97-1 Op. & Rec. Decis. at ¶¶ 5741, 5743. The Commission characterized its decision to recommend the merger of library and special standard rates as a temporary expedient intended to "offer the Postal Service an opportunity to focus special scrutiny on Library Mail with a view to developing a permanent solution to the rate anomaly posed in this case." *Id.* at ¶ 5745.

The Commission's expectation that the Service would identify the cause or causes of the anomalous increases in costs attributed to library rate mail have been frustrated in the present docket. In this case, the Service is proposing an average rate increase for the subclass of 4.5 percent, above and beyond the massive increases implemented in the previous two omnibus rate cases. The Service appears to have developed no better data the cause of the continued escalation in costs attributed to library rate mail than in Docket Nos. R94-1 or R97-1.

The further rate increases proposed in this docket will only compound the devastating effects of the previous rate increases. The increases implemented in Docket No. R94-1 and R97-1 have already caused the volume of mail entered at the library rate to plummet, as many libraries and publishers have converted to the book rate, or even to commercial carriers like UPS. Sheketoff (ALA-T-1) at 3.

Libraries and library programs that cannot convert to these alternative modes of shipping—most notably the interlibrary loan and books-by-mail programs that serve small and isolated rural communities—have been especially hard hit, because postage costs represent an enormous percentage of their total budget. *Id.* While an increase in the library postal rate will harm larger libraries,

the financial blow to smaller ones will be even greater. As the cost of shipping books to smaller libraries increases, the larger ones will have no choice but to cut back on the number of books sent to smaller libraries—many of which serve poor and isolated communities that are in the most need of books for education and recreation. *Id.* at 3-4.

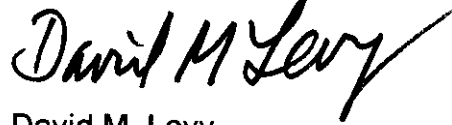
Perhaps the most vulnerable to increases in the library rate are America's elderly, physically disabled, and other individuals with limited mobility. The inter-library loan and "Book by Mail" programs are lifelines for housebound citizens. Books circulated through these programs, including large print and audio books—provide vital information on preventative health care, financial management, eldercare, and other care-giving. *Id.* at 4-5.

In the present case, the Postal Service has proposed legislation that would establish a permanent rate preference of five percent for library rate mail. Enactment of the bill as law is by no means certain, however. Moreover a rate preference of five percent will provide little solace to America's libraries and their patrons if the costs attributed to library rate mail—along with other parcel and flat-shaped mail—continue to outpace inflation.

The Commission has repeatedly put the Postal Service on notice in recent rate cases about the inadequacy of existing cost data for library rate mail, other small mail subclasses, and other subclasses of non-letter mail. For this reason, ALA urges the Commission to hold the Postal Service to its burden of demonstrating that the costs attributed by its costing systems to library rate mail will actually occur, and to reject claims of increasing costs that rest merely on unreliable data or unsubstantiated guesswork. ALA also urges the Commission not to attribute to library rate mail the costs of needless manual or non-automated processing that would have been avoided by economical and efficient levels of

investment in automated equipment for processing flats and parcels. See 39
U.S.C. § 3621.

Respectfully submitted,

A handwritten signature in black ink, reading "David M. Levy". The signature is fluid and cursive, with a long, sweeping horizontal line extending from the end of the name.

David M. Levy
Christopher T. Shenk
Sidley & Austin
1722 Eye Street, N.W.
Washington, DC 20006
(202) 736-8000
dlevy@sidley.com

*Counsel for American Library
Association*

June 29, 2000

CERTIFICATE OF SERVICE

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

David M Levy

June 29, 2000