

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

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes

Docket No. R2000-1

PRESIDING OFFICER'S INFORMATION REQUEST NO. 16

(Issued July 14, 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 required 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.


On July 7, 2000, the Postal Service filed a test year presentation that incorporated actual FY 1999 cost data and updated cost projection factors. This filing was in response to Commission Order No. 1294. The Service indicated that underlying calculations and documentation would be provided by July 21, 2000. Order No. 1294 also allowed the Service time to reassess other aspects of its original filing in light of this cost update:

The Postal service also states that it may require a month after new test year forecasts become available to adjust other aspects of its case. It is reasonable that at a minimum, evidence on appropriate cost coverages and rate design may have to be reevaluated, and perhaps updated. Order 1294, page 5.

The Service's updated presentation showed a test year after rates deficit of \$275 million, compared to a \$22 million revenue deficiency in its original filing. Mail revenue from subclasses and services was assumed to be the same as in its original filing (as revised by witness Mayes on April 4, 2000). The update thus

shows test year costs and mail volumes projected from a FY 1999 base year but subclass and service revenues projected largely on FY 1998 product characteristics (billing determinants).

To ensure that the record contains consistent information allowing all parties to make a meaningful evaluation of cost coverages, the Service is requested to provide revenue estimates by subclass and service that reflect FY 1999 billing determinants in the manner it deems appropriate. These data should be provided on or before July 21, 2000, together with any analysis of cost coverages utilizing cost projections based on actual FY 1999 cost data.

  
Edward J. Gleiman  
Presiding Officer