

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

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POSTAL RATE OF THE COMMISSION
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes, 2000)

Docket No. R2000-1

COMMENTS OF THE OFFICE OF THE CONSUMER ADVOCATE
IN RESPONSE TO NOTICE OF INQUIRY NO. 3
(July 17, 2000)

On June 30, 2000, the Commission issued Notice of Inquiry (NOI) No.3. In that NOI, the Commission sought comments from the participants concerning a change in volume forecasts for First Class additional ounces. The change first appeared in revisions to the workpapers of Postal Service witness Fronk, filed April 17, 2000. The effect of the change is a reduction in the net revenue of single piece First Class Mail of \$172.2 million.

The proposed change is self-serving, ill-advised, and unsupported. The timing of the proposed change removes whatever small amount of credibility might have attached to it on analytical grounds. The change appeared at the same time that witness Fronk corrected an error that increased net revenue of single piece First Class Mail by \$192.3. How convenient that an error of almost \$200 million could be cut to \$20 million by an arbitrary reversal in volume forecasting methodology.

The proposed change stands history on its head. Attachment 3 to NOI No. 3 displays the lack of logic to the proposed change. Single piece letters have exhibited

positive growth in additional ounces per piece every year since 1990. The Postal Service's original volume forecast retained this trend. However, the proposed forecast incorporates *negative* growth for 2000 and zero growth for 2001. Attachment 3 also shows three straight years of negative growth for total First Class letters. Since 1990 there have never even been *two* years in a row of negative growth.

For these reasons the OCA urges the Commission to reject the proposed change in volume forecasting for additional ounce pieces.

Respectfully submitted,

A handwritten signature in cursive script, reading "Emmett Rand Costich", is written over a horizontal line.

TED P. GERARDEN

Director

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CERTIFICATE OF SERVICE

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


Stephanie S. Wallace for

Washington, DC 20268-0001
July 17, 2000