

UNITED STATES OF AMERICA
POSTAL RATE COMMISSION
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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. 18

(Issued July 28, 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. The answers are to be provided on or before August 7, 2000.


Please refer to Presiding Officer's Information Request No. 16 and the associated responses, including the Status Report of the United States Postal Service Regarding the Response to Presiding Officer's Information Request No. 16, (Status Report) filed July 24, 2000; the Notice of the United States Postal Service of Filing of Library References USPS-LR-I-435, (Notice) filed July 26, 2000; and the Responses of the United States Postal Service to Presiding Officer's Information Request No. 16, (Responses) filed July 27, 2000.

POIR No. 16 specifically asked for "revenue estimates . . . that reflect FY 1999 billing determinants in the manner [deemed] appropriate." The Status Report, however, indicated that "the only rational course . . . was to prepare and utilize a hybrid set of billing determinants, consisting of the four consecutive postal quarters (FY99Q3-FY00Q2) that followed implementation of the Docket No. R97-1 rates in January of last year." It further indicated that "[t]he advantages of this approach overwhelm those of either theoretically plausible alternative (i.e., all of FY99, or only the post-

implementation period of FY 99)." The Notice of July 26 provided these billing determinants and the Responses of July 27 provided the complete response.

There is a misalignment in the cost coverages provided in the Responses in that the costs relate to the mail sent in FY 1999, and the revenues reflect the "hybrid billing determinants" of the mail sent in the last half of FY 1999 and the first half of FY 2000. Furthermore, it does not appear that the Postal Service considered the alternative of using the post-implementation period of FY 1999 to adjust the pre-implementation period, much as the Postal Service's original filing used, in many cases, parts of the post-implementation period to adjust the billing determinants from FY 1998.

1. The Postal Service is to answer the original information request, using FY 1999 billing determinants, adjusted as it deems appropriate through the use of the post-implementation period data, in the manner that FY 1998 billing determinants were adjusted in the original filing.
2. The Postal Service is requested to provide a comparison of the advantages and disadvantages of using 1999 billing determinants adjusted in this fashion, as opposed to using "hybrid billing determinants."


Edward J. Gleiman
Presiding Officer