

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

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE TO QUESTIONS RAISED AT  
HEARINGS ON AUGUST 3, 2000

The United States Postal Service hereby provides its response to questions raised at the hearings on August 3, 2000 (witness Patelunas) at Tr. 35/16833.

Each question is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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August 7, 2000

Response of United States Postal Service  
to  
Questions Raised at Hearings

**QUESTION.** Tr 35/16833. "CHAIRMAN GLEIMAN: The unit costs for Standard B special mail increased between FY '98 and FY '99 by 21 percent from \$1.30 to \$1.56. Much of this increase, 17 cents, appears to be related to Cost Segment 3, clerks and mail handlers. Can you explain why the Cost Segment 3 costs have increased so much?"

**Response:**

There were methodological changes between fiscal year 1998 and fiscal year 1999. However, even using comparable methodologies for 1998 and 1999, Special Standard mail processing costs still increased (46.3% under the PRC version between base year 1998 and fiscal year 1999, 43.6% under the USPS version). The increase is due primarily to an increase in Special Standard direct tallies. A change in the endorsement requirements for Special Standard in fiscal year 1999 may have resulted in improved identification and contributed to an increase in IOCS Special Standard observations. In addition, Special Standard observations could vary due to sampling error or underlying cost changes.

Response of United States Postal Service  
to  
Questions Raised at Hearings

**QUESTION.** Tr 35/16833. "CHAIRMAN GLEIMAN: Okay, so then you wouldn't be able to tell whether there had been a change in mail characteristics or processing procedures?"

**Response:**

We are not aware of any changes in mail characteristics or processing procedures that would have contributed to the increase in Special Standard unit costs, other than the endorsement change implemented in January 1999, mentioned in the previous response. (The change was that the Special Standard rate marking had to be in the postage area rather than just anywhere on the piece.)

**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.

  
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