

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  
WITNESS THRESS TO ORAL REQUEST OF  
THE PRESIDING OFFICER  
(TR. 35/16864-65)

The United States Postal Service hereby provides the response of witness Thress to the oral request of the Presiding Officer (Tr. 35/16864-65) at hearings on August 3, 2000.

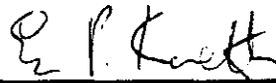
The request is paraphrased and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



Eric P. Koetting

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August 9, 2000

**RESPONSE OF POSTAL SERVICE WITNESS THRESS  
TO REQUEST OF THE PRESIDING OFFICER (Tr. 35/16864-65)**

Q. Can you provide us with the "2001 forecast [you made] using 2000 DRI data," along with the underlying model and equations?

**RESPONSE:**

The requested forecast is attached. Explanation and documentation of the forecast is provided in USPS-LR-I-447. When compared with the test year forecast filed with the case, the relatively minor differences shown on the attached pages provide further support for the conclusion I reached in USPS-ST-46, that under the present circumstances, no update of the forecast used in this proceeding is warranted.

Attachment 1  
Updated Forecast for GFY 2001 Requested at Tr. 35/16864-65  
No New Rates

	Before-Rates Forecast	Updated Forecast	Difference	
			Pieces	Percentage
<b>FIRST-CLASS MAIL</b>				
First-Class Letters & Flats	100,261.726	100,293.039	31.313	0.03%
-- Single-Piece	53,213.828	52,968.049	(245.779)	-0.46%
-- Workshared	47,047.898	47,324.989	277.091	0.59%
(Nonautomated Presort)	2,930.521	4,015.058	1,084.537	37.02%
(Automated)	44,117.377	43,309.932	(807.445)	-1.83%
First-Class Cards	5,584.931	5,695.192	110.261	1.97%
Stamped Cards	445.823	443.315	(2.508)	-0.67%
Private Cards	5,139.108	5,251.877	112.769	2.20%
-- Single-Piece Cards	2,405.027	2,392.911	(12.116)	-0.50%
-- Workshared Cards	2,734.081	2,858.966	124.885	4.57%
(Nonautomated Presort Cards)	400.483	656.123	255.640	63.92%
(Automated Cards)	2,333.598	2,202.843	(130.755)	-5.61%
<b>TOTAL FIRST-CLASS MAIL</b>	<b>105,846.657</b>	<b>105,988.230</b>	<b>141.573</b>	<b>0.13%</b>
Priority Mail	1,331.105	1,343.119	12.014	0.90%
Express Mail	71.641	78.519	6.878	9.77%
Mailgrams	3.340	3.060	(0.280)	0.00%
<b>PERIODICAL MAIL</b>				
Within County	872.194	872.953	0.759	0.11%
Nonprofit	2,095.809	2,154.558	58.749	2.82%
Classroom	56.415	61.517	5.102	8.86%
Regular Rate	7,410.104	7,332.268	(77.836)	-1.05%
<b>TOTAL PERIODICAL MAIL</b>	<b>10,434.523</b>	<b>10,421.297</b>	<b>(13.226)</b>	<b>-0.12%</b>
<b>STANDARD A MAIL</b>				
Regular Rate Bulk	76,414.291	76,469.941	55.650	0.07%
Regular	42,783.773	40,680.102	(2,103.671)	-4.92%
-- Nonautomated	5,520.725	5,571.614	50.889	0.92%
-- Automated	37,263.048	35,108.489	(2,154.559)	-5.78%
Enhanced Carrier-Route	33,630.517	35,789.839	2,159.322	6.42%
Nonprofit Rate Bulk	14,418.001	14,550.866	132.865	0.92%
Nonprofit	11,510.795	11,750.144	239.349	2.08%
-- Nonautomated	2,923.601	2,622.147	(301.454)	-10.30%
-- Automated	8,587.194	9,127.997	540.803	6.30%
Nonprofit ECR	2,907.206	2,800.722	(106.484)	-3.65%
<b>TOTAL STANDARD A MAIL</b>	<b>90,832.291</b>	<b>91,020.807</b>	<b>188.516</b>	<b>0.21%</b>

Attachment 1 (cont.)  
Updated Forecast for GFY 2001 Requested at Tr. 35/16864-65  
No New Rates

	Before-Rates Forecast	Updated Forecast	Difference	
			Pieces	Percentage
<b>STANDARD B MAIL</b>				
Parcel Post	378.447	360.346	(18.101)	-4.76%
Bound Printed Matter	541.976	562.284	20.308	3.69%
Special Rate	208.687	224.367	15.680	7.67%
Library Rate	29.009	28.579	(0.430)	0.00%
<b>TOTAL STANDARD B MAIL</b>	<b>1,158.118</b>	<b>1,175.575</b>	<b>17.457</b>	<b>1.47%</b>
Postal Penalty	348.543	331.672	(16.871)	-4.88%
Free-for-the-Blind	56.675	51.482	(5.193)	-8.82%
<b>TOTAL DOMESTIC MAIL</b>	<b>210,082.894</b>	<b>210,413.762</b>	<b>330.868</b>	<b>0.16%</b>
<b>SPECIAL SERVICES</b>				
Registry	11.563	12.093	0.530	8.65%
Insurance	45.610	54.376	8.766	19.73%
Certified	295.742	281.570	(14.172)	-4.73%
Collect-on-Delivery	3.576	3.631	0.055	0.00%
Return Receipts	252.559	239.667	(12.892)	-5.15%
Money Orders	234.993	252.032	17.039	7.23%
<b>TOTAL SPECIAL SERVICES</b>	<b>844.043</b>	<b>843.368</b>	<b>(0.675)</b>	<b>-0.12%</b>

**Attachment 2**  
**Updated Forecast for GFY 2001 Requested at Tr. 35/16864-65**  
**R2000-1 Rates as Proposed by the Postal Service Implemented October 1, 2000**

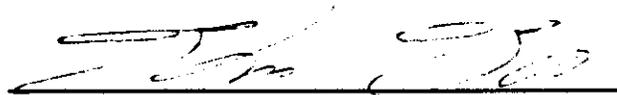
	After-Rates Forecast	Updated Forecast	Difference	
			Pieces	Percentage
<b>FIRST-CLASS MAIL</b>				
First-Class Letters & Flats	99,857.394	99,888.490	31.096	0.03%
-- Single-Piece	52,877.658	52,745.775	(131.883)	-0.25%
-- Workshared	46,979.736	47,142.716	162.980	0.35%
(Nonautomated Presort)	2,586.288	3,513.816	927.528	35.88%
(Automated)	44,393.448	43,628.900	(764.548)	-1.72%
First-Class Cards	5,440.951	5,540.309	99.358	1.82%
Stamped Cards	415.873	411.258	(4.615)	-1.20%
Private Cards	5,025.078	5,129.051	103.973	2.07%
-- Single-Piece Cards	2,354.910	2,340.424	(14.486)	-0.59%
-- Workshared Cards	2,670.168	2,788.628	118.460	4.42%
(Nonautomated Presort Cards)	383.715	628.925	245.210	63.85%
(Automated Cards)	2,286.453	2,159.703	(126.750)	-5.55%
<b>TOTAL FIRST-CLASS MAIL</b>	<b>105,298.345</b>	<b>105,428.800</b>	<b>130.455</b>	<b>0.12%</b>
Priority Mail	1,226.160	1,242.855	16.695	1.39%
Express Mail	72.301	78.623	6.322	8.30%
Mailgrams	3.340	3.060	(0.280)	0.00%
<b>PERIODICAL MAIL</b>				
Within County	862.061	863.009	0.948	0.12%
Nonprofit	2,052.208	2,111.541	59.333	2.88%
Classroom	55.089	60.133	5.044	9.08%
Regular Rate	7,351.808	7,275.734	(76.074)	-1.03%
<b>TOTAL PERIODICAL MAIL</b>	<b>10,321.166</b>	<b>10,310.417</b>	<b>(10.749)</b>	<b>-0.11%</b>
<b>STANDARD A MAIL</b>				
Regular Rate Bulk	73,826.867	73,914.082	87.215	0.12%
Regular	40,998.656	38,984.692	(2,013.964)	-4.91%
-- Nonautomated	5,304.047	5,222.780	(81.267)	-1.53%
-- Automated	35,694.609	33,761.912	(1,932.697)	-5.42%
Enhanced Carrier-Route	32,828.211	34,929.390	2,101.179	6.40%
Nonprofit Rate Bulk	14,277.455	14,402.283	124.828	0.88%
Nonprofit	11,425.579	11,657.895	232.316	2.03%
-- Nonautomated	3,040.715	2,760.588	(280.127)	-9.21%
-- Automated	8,384.865	8,897.307	512.442	6.11%
Nonprofit ECR	2,851.875	2,744.388	(107.487)	-3.75%
<b>TOTAL STANDARD A MAIL</b>	<b>88,104.322</b>	<b>88,316.365</b>	<b>212.043</b>	<b>0.24%</b>

Attachment 2 (cont.)  
 Updated Forecast for GFY 2001 Requested at Tr. 35/16864-65  
 R2000-1 Rates as Proposed by the Postal Service Implemented October 1, 2000

	After-Rates Forecast	Updated Forecast	Difference	
			Pieces	Percentage
<b>STANDARD B MAIL</b>				
Parcel Post	374.096	357.752	(16.344)	-4.28%
Bound Printed Matter	524.743	538.826	14.083	2.67%
Special Rate	205.789	221.109	15.320	7.29%
Library Rate	28.432	28.014	(0.418)	0.00%
<b>TOTAL STANDARD B MAIL</b>	<b>1,133.060</b>	<b>1,145.702</b>	<b>12.642</b>	<b>1.15%</b>
Postal Penalty	348.543	331.672	(16.871)	-4.88%
Free-for-the-Blind	56.675	51.482	(5.193)	-8.82%
<b>TOTAL DOMESTIC MAIL</b>	<b>206,563.911</b>	<b>206,908.976</b>	<b>345.065</b>	<b>0.17%</b>
<b>SPECIAL SERVICES</b>				
Registry	10.966	11.747	0.781	9.12%
Insurance	44.680	53.478	8.798	20.14%
Certified	274.934	263.604	(11.330)	-4.00%
Collect-on-Delivery	3.544	3.602	0.058	0.00%
Return Receipts	220.088	216.590	(3.498)	-1.36%
Money Orders	226.435	231.499	5.064	2.21%
<b>TOTAL SPECIAL SERVICES</b>	<b>780.646</b>	<b>780.519</b>	<b>(0.127)</b>	<b>0.00%</b>

DECLARATION

I, Thomas Thress, declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information and belief.



(Signed)

8-8-00

(Date)

**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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Eric P. Koetting

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August 9, 2000