

UNITED STATES OF AMERICA  
POSTAL RATE COMMISSION  
WASHINGTON, DC 20268

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes

Docket No. R97-1

PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

(August 19, 1997)

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 requested 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 within 14 days.

Since postal reorganization, the rates for pieces qualifying for library rate have been below the rates applicable to special rate parcels. The rates proposed by the Postal Service change this relationship, and many pieces which would qualify for library rate are expected to migrate into the lower-priced special rate subclass.

The cost of library rate mail has increased substantially in recent years, even though the average weight per piece of this mail has declined sharply. As reported by the Postal Service, Library Rate mail attributable cost has gone from \$1.24 per piece in Fiscal Year 1990 to \$1.89 per piece in Fiscal Year 1995, while its weight per piece was declining from 56.1 ounces to 38.9 ounces.

In Docket No. R94-1 the Postal Service proposed a rate increase of more than 70% for Library Rate mail to reflect the reported increases in the cost of this mail. Presiding Officer's Information Request No. 3 in that case asked for an explanation of why Library Rate mail costs had increased so much. The Postal Service answered that

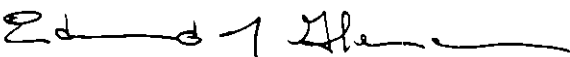
“cost data systems indicate that a large part of this increase stems from an increased distribution of mixed-mail costs to fourth-class library rate, but otherwise provide no explanation for the apparent increase in mail processing handling on a unit basis.” PRC Op. R94-1 at V-125, citing Tr. 3/1044 (Barker).

1. Before filing the Docket No. R97-1 Request with the Commission, did the Postal Service attempt to analyze the reasons why the attributable costs for library rate mail have risen so much faster than the costs for special rate mail? If so, please provide that analysis. If not, please analyze that question now, and provide the results of that analysis.

2. In Docket R94-1, the Commission concluded that as the processing of library rate and special rate pieces should be similar, data showing that the attributable costs for these two subclasses were similar was not surprising. Describe significant differences in the processing of these two subclasses and relate those differences to the variations in reported costs.

3. Discuss the extent to which the relatively small volume of library rate mail may reduce the reliability of the unit cost information developed from Postal Service data collection systems.

4. In Docket No. MC96-2, the Postal Service suggested a temporary means of ameliorating the impact of variations in reported unit costs for a small volume subclass (Classroom mail) in order to make cost estimates more reliable over time. Was any consideration given to exploring the justification for a similar proposal for library rate mail? If so, please describe the factors considered.

  
Edward J. Gleiman  
Presiding Officer