

DOCKET SECTION



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March 4, 1998

TO: All Parties of Record in Docket No. R97-1

Attached is a copy of a letter pertaining to Docket No. R97-1, dated March 3, 1998, from the Chairman of the Board of Governors of the United States Postal Service.

A handwritten signature in cursive script that reads "Daniel J. Foucheaux, Jr.".

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Attachment



March 3, 1998

Honorable Edward J. Gleiman
Chairman
Postal Rate Commission
Washington, DC 20268-0001

Dear Commissioner Gleiman:

Thank you for your thoughts on the rate proceeding now pending before the Commission. In light of our statutory responsibilities, the Board of Governors has concluded that it should not comment at this time on the state of the evidentiary record currently being developed by the Commission. Because of the importance to the American people of stable and reasonable postal rates, however, we do wish to comment on your letter.

The Board of Governors continues to feel that the moderate adjustment proposed in its July 1997 filing is appropriate. It will enable the Postal Service to continue to invest in the facilities, equipment and systems necessary to hold down costs and to continue the improvements in service quality that we have experienced in recent years. This properly-sized, moderate rate adjustment will also have the effect of forestalling larger rate changes in the future.

The Board and the management of the Postal Service have worked diligently to improve service quality while maintaining prices at the lowest possible levels. In fact, we were able to avoid filing for a general rate increase for a much longer time than was originally thought possible. In filing the current request for new rates, we seek to continue this policy. The one-cent increase requested for the basic First-Class rate as part of the overall increase averaging 4.5 percent is not only the smallest increase ever requested but also is only half of the inflation rate since the last general rate change. To the degree possible, we have attempted to moderate the increases for each mail classification, while remaining consistent with the policies of the Postal Reorganization Act.

The Board recognizes that it is a challenge in every omnibus rate proceeding for the Commission to develop a sound evidentiary record and recommend rates based on that record. Nevertheless, we are confident that, as in prior cases, the Commission will develop recommendations consistent with the Policies of the Act, within the ten months mandated by Congress. The Act provides that, following the issuance of the Commission's recommendations, the Governors have open to them a variety of options by which the good of the mailing public may be well served. One of these options will, after careful deliberation, be exercised at the appropriate time. Moreover, as you recognize, if the Governors decide that recommended rates should be put into effect, the Board's discretion over the timing of the rate implementation provides an additional means to provide for the best transition to new rates.

Rest assured that the members of the Board will weigh all relevant factors in exercising their statutory authority and performing their public duty.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Sam Winters". The signature is written in black ink and is positioned above the printed name.

Sam Winters