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UNITED STATES OF AMERICA
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

ORDER NO. 1213
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Before Commissioners:

Edward J. Gleiman, Chairman;
George W. Haley, Vice Chairman;
Ruth Y. Goldway* ; W.H. "Trey" LeBlanc, III;
and George A. Omas

Postal Rate and Fee Changes

Docket No. R97-1

ORDER DENYING REQUEST TO AMEND
RECOMMENDED DECISION

(June 19, 1998)

On May 11, 1998, the Commission transmitted its Opinion and Recommended Decision in Docket No. R97-1 to the Governors of the Postal Service. As of this date, that Recommended Decision is still pending before the Governors of the Postal Service.

A Motion of United Parcel Service for Amendment of Recommended Decision to Correct Rate Recommendation for DDU Parcel Post (Motion) was filed June 5, 1998. The Motion contends that the recommended Standard B Parcel Post DDU two-pound rate is inconsistent with the methodology described in the Commission's Opinion for developing Destination Delivery Unit rates. The Motion further contends that the DDU two-pound rate is inconsistent with the process of developing rates shown in the Commission's workpapers (Library Reference PRC-LR-15). Motion at 1-2.

A Response of the United States Postal Service to Motion of UPS for Amendment of Recommended Decision (Response) was submitted on June 15, 1998. The Postal Service does not directly oppose the relief requested by United Parcel

* Not participating.

Service, rather it describes the test applied to similar requests in past cases and urges the Commission to follow its past practice.

On June 18, 1998, CTC Distribution Services, L.L.C. (CTC) filed an answer in opposition to the UPS motion. CTC Distribution Services, L.L.C. Response to United Parcel Service Motion for Amendment to Recommended Decision. CTC contends that there is nothing in the Commission's workpapers to indicate that the rate for two-pound DDU Parcel Post was recommended in error, and that changing that rate would dramatically affect DDU volumes and revenues. CTC suggests that if the two-pound rate were to be increased, other DDU rates should be decreased.

In past cases, the Commission has issued errata to correct unintentional errors or ambiguities. *See for example* Docket No. R94-1, Errata Notice, December 9, 1994. The Commission has refrained from attempting to substantively alter its Recommended Decision after the decision has been transmitted to the Governors. *See for example*, Order No. 787, issued June 13, 1988. Omnibus rate case recommended decisions involve melding large numbers of complex analyses applied to massive databases under extraordinary time pressures. In these circumstances, errors may occur. An error in the transcription of recommended rates, for example, through transposing numbers or omitting a rate cell can and should be corrected through errata.

An error in the analysis which causes the Commission to recommend a rate which would not otherwise have been appropriate, cannot be so easily corrected. Whether the error leads to a rate that is too high or too low, it may be necessary to adjust other rates to balance relative contributions or avoid rate anomalies. Thus the distinction is not whether an error that led to a particular rate was unintended or not (it can be assumed that all errors are unintended); the issue is whether the Commission intended that a particular rate be within the matrix of rates it was recommending to the Governors.

Today the Commission is issuing an errata notice which identifies an inadvertently omitted rate cell in Stamped Envelopes, and corrects several Standard B

parcel post oversize-parcel surcharges and an erroneous Standard B Parcel Post intra-BMC rate cell. It also clarifies the Domestic Mail Classification Schedule rate schedule references to oversize-parcel surcharges. Each of these changes are consistent with the cost and revenue projections used by the Commission, as shown in the workpapers filed as Library References when the recommended decision was transmitted to the Governors.

The errata notice does not alter the two-pound DDU rate questioned by United Parcel Service. The Commission has reviewed the workpaper used to develop the two-pound DDU rate, and as United Parcel Service states, that rate was "hard coded," a step that was not in furtherance of any intended Commission outcome, and was inconsistent with the development of other rates in that schedule. Nonetheless, while there was no intention to achieve this specific, recommended rate relationship, this rate was not recommended inadvertently. Commission estimates of test year revenues, volumes, and costs, were developed using this rate, and correcting it would require recalculating and rebalancing the factors on which rates are based.

This situation is similar to the one existing for rates recommended for a small segment of Within County Periodicals. By letter dated May 20, 1998, the Commission informed the Governors that an unintended rate anomaly was recommended and that it would quickly consider alternatives should the Governors request reconsideration of this issue. The recommended Standard B Parcel Post two-pound DDU rate is also anomalous, and the Commission will quickly consider corrective action if the Governors request reconsideration of this issue.


This result is less simple than might be desirable. However, the Commission can not initiate rate changes, nor may it exceed the legitimate use of errata notices. Prompt corrective action is available to the Governors through the reconsideration mechanism, and the public can obtain review of rates through the complaint process.

It is ordered:

The Motion of United Parcel Service for Amendment of Recommended Decision to Correct Rate Recommendation for DDU Parcel Post, filed June 5, 1998, is denied.

By the Commission.

(S E A L)


Cyril J. Pittack
Acting Secretary