

certain discount rates to be updated annually when the interest rate and inflation assumptions used to prepare the budget of the United States Government were changed. These discount rates are found in Appendix C of the revised Circular. The updated discount rates are shown below. The discount rates in Appendix C are to be used for cost-effectiveness analysis, including lease-purchase analysis, as specified in the revised Circular. They do not apply to regulatory analysis.

DATES: The revised discount rates are effective immediately and will be in effect through January 2002.

FOR FURTHER INFORMATION CONTACT: Robert B. Anderson, Office of Economic Policy, Office of Management and Budget, (202) 395-3381.

Amy C. Smith,
Associate Director for Economic Policy, Office of Management and Budget.

Attachment
[OMB Circular No. A-94]

Appendix C

(Revised February 2001)

Discount Rates for Cost-Effectiveness, Lease Purchase, and Related Analyses

Effective Dates. This appendix is updated annually around the time of the President's

budget submission to Congress. This version of the appendix is valid through the end of January, 2002. Copies of the updated appendix and the Circular can be obtained in an electronic form through the OMB home page, <http://www.whitehouse.gov/omb/circulars/index.html>. Updates of the appendix are also available upon request from OMB's Office of Economic Policy (202-395-3381), as is a table of past years' rates.

Nominal Discount Rates. Nominal interest rates based on the economic assumptions from the budget are presented below. These nominal rates are to be used for discounting nominal flows, which are often encountered in lease-purchase analysis.

NOMINAL INTEREST RATES ON TREASURY NOTES AND BONDS OF SPECIFIED MATURITIES

[In percent]

3-year	5-year	7-year	10-year	30-year
5.4	5.4	5.4	5.4	5.3

Real Discount Rates. Real interest rates based on the economic assumptions from the

budget are presented below. These real rates are to be used for discounting real (constant-

dollar) flows, as is often required in cost-effectiveness analysis.

REAL INTEREST RATES ON TREASURY NOTES AND BONDS OF SPECIFIED MATURITIES

[In percent]

3-year	5-year	7-year	10-year	30-year
3.2	3.2	3.2	3.2	3.2

Analyses of programs with terms different from those presented above may use a linear interpolation. For example, a four-year project can be evaluated with a rate equal to the average of the three-year and five-year rates. Programs with durations longer than 30 years may use the 30-year interest rate.

[FR Doc. 01-6554 Filed 3-15-01; 8:45 am]

BILLING CODE 3110-01-P

POSTAL RATE COMMISSION

[Docket No. R2000-1; Order No. 1305]

Notice and Order Concerning Request for Reconsideration of Commission's Docket No. R2000-1 Further Opinion and Recommended Decision

AGENCY: Postal Rate Commission.

ACTION: Notice and order on reconsideration of Commission's docket no. R2000-1 further opinion and recommended decision.

SUMMARY: This document informs the public that the Governors of the Postal Service have requested reconsideration of the Commission's further opinion and recommended decision in docket no. R2000-1 as it relates to the Service's revenue requirement. It invites

comments on several questions. It also sets deadlines for initial and reply comments.

DATES: Initial comments are due March 19, 2001. Reply comments are due March 26, 2001.

ADDRESSES: Send comments to the attention of Steven W. Williams, acting secretary, 1333 H Street NW., Suite 300, Washington, DC 20268-0001.

FOR MORE INFORMATION CONTACT: Stephen L. Sharfman, General Counsel, 202-789-6820.

SUPPLEMENTARY INFORMATION:

A. Authority to Reconsider the Decision

39 U.S.C. 3625(f).

B. Procedural History

65 FR 79141, Dec. 18, 2000.

C. Background

On November 13, 2000 the Commission issued its initial opinion and recommended decision in docket no. R2000-1. On December 5, 2000 the Governors of the United States Postal Service accepted that recommended decision under protest and returned it for reconsideration of certain specified issues. After obtaining an explanation

from the Postal Service, comments from other participants, and reply comments from the Postal Service the Commission provided its opinion and further recommended decision addressing these issues on February 9, 2001.

On March 6, 2001 the decision of the Governors of the United States Postal Service on the further recommended decision of the Postal Rate Commission on postal rate and fee changes, docket No. R2000-1 (Governors decision) was transmitted to the Commission. The Governors decision rejects the Commission's opinion and further recommended decision and returns docket no. R2000-1 for reconsideration of the Postal Service's revenue requirement.

The Governors believe that the revenue requirement is \$69.8 billion. They forthrightly urge the Commission either to recommend rates that would generate this amount of revenue, or to provide some other recommended decision "with great expedition so that we can consider exercising our statutorily-limited modification option."

The Governors recognize that the Commission has previously found that the existing evidentiary record in docket no. R2000-1 does not support a \$69.8

billion revenue requirement, however they specifically state that they do not ask the Commission to reopen the record and base its decision on new facts. Governors decision at 4. Instead, they say:

Last month, the chief financial officer told us that the Postal Service stands to lose between \$2 billion and \$3 billion this fiscal year, which is the rate case test year. While we are not asking the Commission to recommend rates to eliminate this latest projected net loss, we are asking the Commission to recommend rates and fees that meet the updated cost estimates already developed on the record, including a 2.5 percent contingency provision. This would reduce the projected net loss.

Id. at 4.

D. Commission's Proposed Course of Action

The Commission will again review the record evidence on the items identified by the Governors, and respond expeditiously to the Governors' request. The issues before the Commission have been sufficiently developed in the Governors decision so that the process can be shortened by foregoing an initial explanatory statement by the Postal Service. The Commission has identified three questions that directly relate to the issues before it. All participants, including the Postal Service are invited to provide comments on these questions as well as other issues before the Commission, and to reply to comments filed by other participants.

The three questions are: (1) can the Commission lawfully recommend higher rates as requested by the Governors; (2) should the Commission recommend higher rates as requested by the Governors; and (3) if the answer to the first two questions is yes, how should higher rates be developed?

Can the Commission Lawfully Recommend Higher Rates?

The Governors now ask the Commission to recommend rates that will annually generate \$69.8 billion. The initial rate request sought rates that would annually generate \$69.0 billion. Are there any statutory or procedural impediments to a Commission recommendation of rates designed to produce the higher revenue amount?

Should the Commission Recommend Higher Rates?

Although the Governors contend that further Commission action can be based on the evidentiary record developed before September 8, 2000, their request for reconsideration is obviously predicated on their access to information on current postal finances.

See for example, "we find ourselves, almost halfway into the test year, operating under rates inadequate to meet the Postal Service's revenue needs." Governors decision at 3. See also, "the Postal Service stands to lose between \$2 billion and \$3 billion this fiscal year," id. at 4. The Governors state that a new rate case is now being prepared and that immediate additional rate increases will affect the amount of additional funds it will have to seek.

Thus, the Governors present indirectly the question of whether the Service's financial health depends to some degree on an immediate infusion of additional rate revenues. This issue certainly may play a major role in any decision the Governors make on the Commission's next recommended decision. Whether, and how, the Commission's findings in the current proceeding can be influenced by such statements is less clear. See *United Parcel Service versus U.S. Postal Service*, 184 F3d 827, 834-36 (D.C. Cir. 1999).

With regard to whether rates should be increased, participants might express a preference for an immediate small increase, if that would reduce the size of the expected, substantial increase planned for next year. On the other hand, participant comments on issues raised in the earlier request for reconsideration indicated that small increases can be so disruptive to mailing practices as to be counter-productive. See Reply of the United States Postal Service to Comments of Participants in Response to the Postal Service's Memorandum on Reconsideration, January 19, 2001, at 35-38 and 40, and comment cited therein.

How Should Higher Rates Be Developed?

The attribution methods applied in this case by the Commission are not in controversy on reconsideration. Thus, participants should be able to estimate the amount by which the attributable costs of any class of mail would increase if the Commission finds that the revenue requirement should include those additional items highlighted by the Governors.

In the memorandum of the Postal Service on reconsideration and request for expedition, December 20, 2000, at 22-26, the Service expressed the general view that there is sufficient record evidence to allow the Commission to design rates that would provide all necessary revenues and be consistent with the policies of the [Postal Reorganization] Act as required by 39 U.S.C. 3622(b). Although it chose not to suggest any specific rates, it further

advised the Commission that rate adjustments in Bound Printed Matter should not reduce workshare differentials. Id. at 31. Other participants may have suggestions of this nature.

Because the issues presented by this request for further reconsideration have already been the subject of comments to the Commission, and in light of the Governors' request for maximum expedition, only ten days will be allowed for initial comments, and seven days will be allowed for replies.

Ordering Paragraphs

Ordering paragraph No. 1 provides that participants' comments on the request for further reconsideration are to be filed on or before March 19, 2001. Ordering paragraph no. 2 provides that reply comments are to be filed on or before March 26, 2001. Ordering paragraph No. 3 provides that the acting secretary shall arrange for publication of this order in the **Federal Register**.

By the Commission.

Steven W. Williams,

Acting Secretary.

[FR Doc. 01-6516 Filed 3-15-01; 8:45 am]

BILLING CODE 7710-FW-P

POSTAL SERVICE

Sunshine Act Meeting; Notification of Item Added to Meeting Agenda

DATE OF MEETING: March 5, 2001.

STATUS: Closed.

PREVIOUS ANNOUNCEMENT: 66 FR 11190, February 22, 2001.

ADDITION: Experimental Priority Mail Presort (Niche) Classification. At its meeting on March 5, 2001, the Board of Governors of the United States Postal Service voted unanimously to add this item to the agenda of its closed meeting and that no earlier announcement was possible. The General Counsel of the United States Postal Service certified that in her opinion discussion of this item could be properly closed to public observation.

CONTACT PERSON FOR MORE INFORMATION: David G. Hunter, Secretary of the Board, U.S. Postal Service, 475 L'Enfant Plaza, SW., Washington, DC 20260-1000. Telephone (202) 268-4800.

David G. Hunter,
Secretary.

[FR Doc. 01-6739 Filed 3-14-01; 1:31 pm]

BILLING CODE 7710-12-M