actions taken by parties to agreements filed with the Commission.

It is my opinion that the Commission's early decision to limit the scope of those enforcement efforts to individual, rather than concerted carrier activity fell short in addressing the more substantive issue raised in this proceeding—that being the possibility of discussion agreements engaging in market distorting behavior.

I fully understand the reluctance of shipper complainants to come forward on the record in such enforcement proceedings, and hat this reluctance hampers our enforcement bureau's ability to identify and prosecute violations. In this case, I believe enforcement was made more difficult because the Commission's chosen course of action may have inadvertently created an impression of taking a ''hands off'' approach to the complaints of unreasonable, collective carrier behavior, further discouraging shippers from undertaking the expenses and commercial risks attended to the Commission's processes.

I continue to believe that given the impact on the flow of commerce caused by TSA's collective behavior, more aggressive enforcement action on the part of the Commission would have been more appropriate.

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FEDERAL RESERVE SYSTEM

[Docket No. 1054]

Federal Reserve Bank Services

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice.

SUMMARY: The Board has approved the fee schedules for Federal Reserve priced services and electronic connections and a private sector adjustment factor (PSAF) for 2000 of $192.6 million. These actions were taken in accordance with the requirements of the Monetary Control Act of 1980, which requires that, over the long run, fees for Federal Reserve priced services be established on the basis of all direct and indirect costs, including the PSAF.

DATES: The new fee schedules become effective April 3, 2000.

FOR FURTHER INFORMATION CONTACT: For questions regarding the fee schedules: Jeff Stehm, Assistant Director (202/452–2217); Erik Kiefel, Financial Services Analyst, Check Payments (202/721–4559); Riaz Ahmed, Assistant Financial Services Analyst, ACH Payments (202/452–3959); Joshua Weisbrod, Assistant Financial Services Analyst, Funds Transfer and Book-Entry Securities Services (202/530–6214); Michele Raville, Information Technology Analyst (electronic connections) (202/736–5601); Donna DeCorleto, Financial Services Analyst, Noncash Collection Service (202/452–3956); or Michael Lambert, Financial Services Analyst, Special Cash Services (202/452–3376), Division of Reserve Bank Operations and Payment Systems. For questions regarding the Private Sector Adjustment Factor: Paul Bettge, Assistant Director (202/452–3174); Bill Pullen, Accountant (202/736–1947), Division of Reserve Bank Operations and Payment Systems. For users of Telecommunications Device for the Deaf (TDD) *only,* please contact Diane Jenkins (202/452–3749).

Copies of the 2000 fee schedules for the check service are available from the Board or the Reserve Banks.

SUPPLEMENTARY INFORMATION:

I. Priced Services

A. Overview

The Federal Reserve Banks continue to meet the Monetary Control Act's requirement that they recover, over the long run, their direct and indirect costs, including imputed costs and profits, of providing priced services. Over the period 1989 through 1998, the Reserve Banks recovered 99.9 percent of their total costs for providing priced services, including imputed expenses, special project costs that were budgeted for recovery, and targeted after-tax profits, or return on equity (ROE).[1]

For 1999, the Reserve Banks estimate that they will recover 102.8 percent of the costs of providing priced services. They project a 99.0 percent recovery rate in 2000. The primary risk to the 2000 projection lies in the ability of the Reserve Banks to meet aggressive revenue and cost targets in the check service, particularly costs associated with its check automation standardization project.

In their 2000 fee schedules, the Reserve Banks include changes that reduce fees to depository institution customers that provide a continued economic incentive for those customers to make greater use of electronic payment services. In particular, the price index for electronic payment services (automated clearinghouse, funds transfer and net settlement, book-entry securities, and electronic check) and electronic connections is projected to decline approximately 4.9 percent in 2000. The index for paper-based payment services (check, special cash, and noncash collection) is expected to increase 3.6 percent. The overall 2000 price index for all Federal Reserve priced services is projected to increase 1.3 percent, compared with an overall decline of 1.9 percent in 1999.[2]

The following are changes in fee structures and levels for priced services in 2000:

- The Reserve Banks will reduce fees for Fedwire funds transfers for the fourth consecutive year. The weighted average price for a Fedwire funds transfer will decline 11.9 percent from the 1999 level. The Reserve Banks, however, will increase the surcharge for off-line Fedwire funds transfers to $15 to reflect better the product's costs. The 2000 fee changes are expected to save customers approximately $5.1 million next year. Including the fee changes for 2000, the price index for Fedwire funds transfers has declined approximately 49 percent since 1996.
- The Reserve Banks will reduce the fee for an on-line Fedwire book-entry securities transfer almost 17.6 percent in 2000. The Reserve Banks, however, will increase the surcharge for off-line Fedwire securities transfers to $18 to reflect better the product's costs. The fee changes are expected to save customers approximately $1.1 million next year. Including the fee changes for 2000, the price index for the book-entry securities service has declined about 16 percent since 1996.

[1] These imputed costs, such as taxes that would have been paid and the return on capital that would have been earned had the services been provided by a private business firm, are referred to as the PSAF. The PSAF is based on data developed in part from a model comprising the nation's fifty largest (by asset size) bank holding companies. Based on consolidated financial data for the holding companies in the model for each of the last five years, the targeted ROE is the budgeted after-tax profit that the Federal Reserve would have earned had it been a private business firm. The ten-year recovery rate is based on the method used for the pro forma income statement for Federal Reserve priced services published in the Board's Annual Report. The pro forma income statement reflects certain costs and offsets to costs differently than do the pro forma cost and revenue performance tables used in this memorandum to set fees. For example, offsets to costs associated with the transition to and retroactive application of the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 87 (SFAS 87), pension accounting, and SFAS 106, other employee retirement benefits accounting, have not been included in this memorandum. If the modification to the PSAF calculation described in section II on the 2000 PSAF were not applied to prior periods, the ten-year recovery rate would increase to 100.7 percent. The 1998 and 1999 service line recovery data in this memorandum do not reflect the revisions to the PSAF method in order to provide a more accurate comparison against the targeted return on equity that was used for establishing prices within those services.

[2] These estimates are based on a chained Fisher Ideal price index. This index was not adjusted for quality changes in Federal Reserve priced services.