

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Periodic Reporting
(Proposal Two)

Docket No. RM2020-7

NOTICE OF ERRATA

(Issued July 14, 2020)

In Order No. 5583, Order on Analytical Principles Used in Periodic Reporting (Proposal Two), issued on July 9, 2020, the following changes should be made:

On page 8, corrections to Table IV-1; on page 20, corrections to Table VI-4; and on page 22, corrections to Table VI-5.

Accompanying this Notice are updated versions of pages 8, 20, and 22 that include corrected Table IV-1, Table VI-4, and Table VI-5, respectively.

Erica A. Barker
Secretary

**Table IV-1
City Carrier Unit Street Time Costs for FSS and Non-FSS Flats**

Flats Category	FY 2019 City Carrier Unit Street Time Costs (\$) Based on:					
	FY 2013 CCSTS Volumes (1)			FY 2019 CCCS Volumes (2)		
	FSS Flats	Non-FSS Flats	Difference	FSS Flats	Non-FSS Flats	Difference
Periodicals Flats	0.1069	0.0316	0.0753	0.0705	0.0338	0.0367
Bound Printed Matter Flats	0.0764	0.0453	0.0311	0.0540	0.0477	0.0063
USPS Marketing Mail Flats	0.1105	0.0325	0.0780	0.0729	0.0347	0.0383
Carrier Routes Flats	0.1072	0.0382	0.0690	0.0711	0.0400	0.0311

Source: (1) Docket No. ACR2019, Library Reference USPS-FY19-19, December 27, 2019, folder "Delivery Model Files," Excel file "FSSDeliveryModel19.xlsx" (FSS Delivery Model), tab "Summary," column L; (2) Library Reference USPS-RM2020-7-1, Revised April 14, 2020, folder "Calculated Updated Unit Flats Costs," Excel file "FSSDeliveryModel19.New v2.xlsx," tab "Summary," column L, New FSS Delivery Model.

The updated variabilities also result in changes in the unit volume variable city carrier costs for nearly all products. Petition, Proposal Two at 8. For all but one of the domestic market dominant mail products, the changes in unit volume variable costs are in a range between -0.9 cents and 0.1 cents. *Id.* at 10. The largest impact of Proposal Two on unit volume variable costs is observed for High Density and Saturation Flats and Parcels, for which unit costs fall by 1.2 cents. *Id.* at 9-10. For domestic competitive mail products and services, Proposal Two results in a decrease of unit volume variable costs by 0.2 cents on average. *Id.* at 10.

V. COMMENTS

A. Public Representative Comments

The Public Representative supports the update of city carrier variabilities as timely. PR Comments at 1. He commends the Postal Service for developing "an easy and accurate method to update" the regular delivery variabilities and notes that this method "is relatively simple" to implement. *Id.* at 1, 9.

Although he supports the update of city carrier variabilities, the Public Representative "takes issue with the Postal Service's stated motivation" for the

It is also important to note that although Proposal Two does not include an update of the volume mean for customer collection volumes, it still results in the updated relevant variability due to the cross terms between the customer collection volume variable and DPS mail, cased mail, and FSS mail, respectively. Bradley Report at 13, n.12.

A. Updated Variabilities, Marginal Times, and Cost Impact

Table VI-4 provides a comparison of the regular delivery variabilities and marginal times for the regular delivery volume variables (by shape) and for the customer collection volume variable. Current variabilities and marginal times are estimated using the FY 2013 CCSTS volumes and new variabilities and marginal times are re-estimated using the FY 2019 CCCS volume proportions between four regular delivery volume variables.

Table VI-4
City Carrier Regular Delivery Variabilities and Marginal Times

Shape	Variabilities			Marginal Times (Seconds)		
	Current (1)	New (2)	Change	Current (3)	New (4)	Change
DPS Mail	16.76%	17.23%	0.47%	2.07	1.94	-0.13
Cased Mail	6.99%	7.50%	0.51%	2.79	2.98	0.19
Sequenced Mail	3.38%	2.40%	-0.98%	2.61	2.87	0.26
FSS Mail	2.95%	1.85%	-1.10%	5.21	5.21	0.00
Collection Mail	5.41%	4.56%	-0.85%	5.75	4.80	-0.95

Source: (1) Docket No. ACR2019, Library Reference USPS-FY19-32, subfolders "usps-fy19-32.files" and "B Workpapers," Excel file "CS06&7-Public-FY19.xlsx," tab "Input LR New," cells D19-D23; (2) Library Reference USPS-RM2020-7-1, folder "Calculating Updated Unit Flats Costs," Excel file "CS06&7-Public-FY19.New.xlsx," tab "Input LR New," cells D19-D23; (3) CCSTS Report at 79, Table 33, sub-title "Including FSS Dummy;" (4) Library Reference USPS-RM2020-7-1, folder "Calculating Updating Variabilities," SAS file "Calculate Variabilities With New Volume Proportions.lst"

**Table VI-5
City Carrier Unit Costs Including Indirect Costs**

	Based on Volume Proportions from:		Change
	FY 2013 CCSTS	FY 2019 CCCS	
First Class Mail			
Single-Piece Letters	\$0.099	\$0.094	-\$0.005
Single-Piece Cards	\$0.118	\$0.113	-\$0.005
Presort Letters	\$0.040	\$0.041	\$0.001
Presort Cards	\$0.035	\$0.035	\$0.001
Single-Piece Flats	\$0.229	\$0.222	-\$0.008
Presort Flats	\$0.180	\$0.177	-\$0.003
USPS Marketing Mail			
High Density and Saturation Letters	\$0.042	\$0.041	-\$0.001
High Density and Saturation Flats/Parcels	\$0.067	\$0.055	-\$0.012
Every Door Direct Mail – Retail	\$0.059	\$0.049	-\$0.009
Carrier Route	\$0.120	\$0.113	-\$0.007
Letters	\$0.041	\$0.041	\$0.001
Flats	\$0.174	\$0.168	-\$0.005
Parcels	\$0.385	\$0.383	-\$0.001
Periodicals	\$0.109	\$0.104	-\$0.005
Package Services			
Bound Printed Matter Flats	\$0.138	\$0.136	-\$0.003
Bound Printed Matter Parcels	\$0.271	\$0.271	\$0.000
Media/Library Mail	\$0.321	\$0.318	-\$0.004
Total Domestic Competitive Mail and Services	\$0.363	\$0.361	-\$0.002
Total International Mail and Services	\$1.024	\$1.025	\$0.000

Source: Bradley Report at 18, Table 8; Library Reference USPS-RM2020-7-NP1, subfolders "Prop.2.Carrier.Update.NP1.Files" and "Non-Public Impact Analysis," Excel file "Calculate Unit Carrier Cost With New Variabiltiues.xlsx," tab "Per Piece," columns O, P.