

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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Docket No. MC2000-2

NOTICE OF UNITED STATES POSTAL SERVICE  
OF ERRATA TO TESTIMONY AND WORKPAPERS OF  
UNITED STATES POSTAL SERVICE WITNESS LIM (USPS-T-3)  
(January 11, 2000)

The United States Postal Service hereby provides notice of errata to Table 2 in the testimony of witness Lim (USPS-T-3), to his Workpapers A and E, and to endnote d to the workpapers. These changes were discussed in witness Lim's response to interrogatory OCA/USPS-T3-20. They reallocate costs from Year 1 costs to Pre-Experiment costs, but do not change the bottom line total.

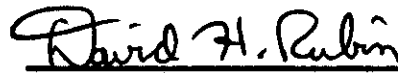
A summary of the changes is attached, along with the revised pages.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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January 11, 2000

## **SUMMARY OF CHANGES TO USPS-T-3 TESTIMONY AND WORKPAPERS**

**Testimony, Page 3, Table 6, System Development & Implementation line: Move \$1,268,969 from Program Year 1 to Pre-Experiment**

**Workpaper A - Line 196: removed \$1,268,969**

**Workpaper A - Line 195: added \$1,268,969**

**Workpaper E - Line 9, Year 1: Decreased by \$1,268,969**

**Workpaper E - Line 8, Pre-Experiment: Increased by \$1,268,969**

**Workpaper Endnote d – Reduce Year 1 and total costs by \$1,268,969**

**Table 2: Pre-Experiment Versus Program Year Costs**

Functional Areas	Notes	Pre-Experiment Cost	Program Year 1	Program Year 2	Program Year 3	Total
System Development & Implementation	Workpaper E, Line 11	\$10,772,220	\$3,611,257	\$4,487,841	\$2,315,443	\$21,186,760
Administrative Mgmt & Maintenance	Workpaper E, Line 17	\$28,129	\$1,550,695	\$2,611,918	\$1,752,074	\$5,942,815
Help Desk	Workpaper E, Line 24	\$0	\$847,226	\$1,211,119	\$1,457,420	\$3,515,765
MOL Print Sites	Workpaper E, Line 31	\$103,069	\$1,216,220	\$1,591,055	\$1,560,000	\$4,470,343
<b>Total</b>		<b>\$10,903,417</b>	<b>\$7,225,397</b>	<b>\$9,901,932</b>	<b>\$7,084,937</b>	<b>\$35,115,683</b>

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(...continued)

<sup>2</sup> Live production refers to when the system is made publicly available on the Internet.

31	Subtotal	Sum of Lines 25 thru 30	\$103,069	\$1,216,220	\$1,591,055	\$1,560,000	\$4,470,343
32	Total	Sum of Lines 11, 17, 24, & 31	\$10,903,417	\$7,225,397	\$9,901,932	\$7,084,937	\$35,115,683

27	Hardware	s	\$73,437	\$313,820	\$78,455	\$0	\$485,711
28	Software	t	\$4,000	\$20,000	\$5,000	\$0	\$29,000
29	Telecom & Network	Workpaper D, Line 36	\$25,632	\$0	\$0	\$0	\$25,632
30	Services	u	\$0	\$882,400	\$1,507,600	\$1,560,000	\$3,950,000
31	Subtotal	Sum of Lines 18 thru 23	\$0	\$847,226	\$1,211,119	\$1,457,420	\$3,515,765
25	Print Sites						
26	MOL						
27	Hardware						
20	Hardware	Workpaper C, Line 4 divided by 2 years	\$0	\$0	\$1,500	\$1,500	\$3,000
21	Software	q	\$0	\$2,500	\$4,249	\$4,249	\$10,998
22	Personnel	Workpaper C, Line 23 divided by 3 years	\$0	\$245,000	\$245,000	\$245,000	\$735,000
23	Services	r	\$0	\$700,700	\$600,000	\$600,000	\$2,900,700
16	Services	p	\$28,129	\$745,295	\$1,669,918	\$752,074	\$3,195,415
17	Subtotal	Sum of Lines 12 thru 16	\$28,129	\$1,550,695	\$2,611,918	\$1,752,074	\$5,942,815
18	Help Desk						
19	MOL/USPS.com						
12	Administrative Mgmt & Maintenance						
13	MOL						
14	Software	Workpaper B, Line 3 divided by 3 years	\$0	\$20,000	\$20,000	\$20,000	\$60,000
15	Personnel	n	\$0	\$745,400	\$600,000	\$600,000	\$2,945,400
8	-MOL Application Development	Workpaper A, Line 195	\$2,239,171	\$0	\$0	\$0	\$2,239,171
9	-MOL Enhancement	n	\$0	\$2,848,614	\$3,725,198	\$1,552,800	\$8,126,612
10	-MOL Integration with USPS.com	Workpaper A, Line 197	\$250,000	\$0	\$0	\$0	\$250,000
11	Subtotal	Sum of Lines 4 thru 10	\$10,772,220	\$3,611,257	\$4,687,841	\$2,315,443	\$21,386,761
4	Software	l	\$2,225,527	\$66,129	\$66,129	\$66,129	\$2,423,913
5	Telecom & Networking	m	\$154,087	\$432,000	\$432,000	\$432,000	\$1,450,087
6	Services	Workpaper A					
7	-MOL Cost For Development (To Date)	Workpaper A, Line 194	\$3,258,290	\$0	\$0	\$0	\$3,258,290
Item	Description	Notes	Cost	Year 1	Year 2	Year 3	Total
1	Systems Dev. & Imp.						
2	MOL						
3	Hardware	k	\$2,645,144	\$264,514	\$264,514	\$264,514	\$3,438,687

#### Workpaper E

### Derivation of Pre-Experiment & Program Year Costs

Pre-Experiment

u See endnotes i and j.

(Year 1 = \$2,352,305, Year 2=\$3,799,878, Year 3=\$4,795,084), all multiplied by 25% (See Endnote h).

s See Workpaper D. Pre-Experiment cost equals 4 x sum of lines (unit costs) 2 thru 18 plus 2 x sum of lines 19 thru 21. Year 1 hardware cost equals 20 x sum of lines (unit costs) 2 thru 18. Year 2 hardware cost equals 5 x sum of lines (unit costs) 2 thru 18.

t See Workpaper B. Pre-Experiment cost equals 4 x Line 24 (unit costs). Year 1 software cost equals 20 x Line 24 (unit costs) and Year 2 cost equals 5 x Line 24 (unit costs).  
p appropriate MOL Application Support amount for the specific year (see Endnote g).

q See Workpaper C. Year 1 Software costs is for Remedy, Line 7. Year 2 and Year 3 cost equals Line 18 divided by 2.

r Workpaper C. sum of lines 25 thru 28 divided by 3 plus the appropriate Development costs for each year (Year 1=\$15,000 and Year 2=\$10,000) plus Labor cost for each year  
See Workpaper A. Pre-Experiment costs equals Line 189 and yearly cost equals Line 191 divided by 3.

n See Endnote d.

o See Endnote f.

- Provider of costs. Pre-Experiment cost includes Lines 44 and 45 and 46 and 47. Cost for each month is derived by adding Lines 48 thru 47, Lines 22 thru 23 and dividing the sum by 3 and adding the

k Pre-Experiment cost equals the sum of lines 1 thru 115 in Workpaper A. It is assumed costs for each year equals 10% of the Pre-Experiment costs.

l Pre-Experiment cost equals the sum of lines 119 thru 172 in Workpaper A. Cost for each year is assumed to equal 25% of hardware costs for that year.

m software, and services subtotals to derive MOL costs for these categories.

i T1 Installation costs per print site is \$2,000. Year 1 costs equals (\$2,000 x 20 print sites=\$40,000) and in Year 2, installation costs equals (\$2,000 x 5 print sites = \$10,000) as provided by USPS. There are no planned installation of new print sites in Year 3.

j T1 Service cost per month equals \$5,200. Based on the print site rollout schedule. Year 1 equals \$5,200 x 162 months, Year 2 equals \$5,200 x 288 months, and Year 3 equals \$5,200 x 300 months as

f USPS Maintenance costs for Personnel includes Personnel, Print Site Support, and Operations Support costs. As provided by USPS, Year 1 cost equals (\$512,000+\$258,400+\$15,000 = \$785,400), Year 2 equals (\$582,000+\$340,000+\$20,000 = \$922,000), and Year 3 equals (\$610,000+\$340,000+\$30,000=\$980,000).

g MOL Application Support costs for Year 1 equals \$609,323, for Year 2 equals \$1,533,946, and for Year 3 equals \$616,102 as provided by the contractor.

h MOL related contacts to the Help Desk represent approximately 25% (rounded from 25.02%) of all contacts during the one year MOL market test. This 25% MOL portion is applied to hardware, Remedy

c Monthly cost for each T3 line is estimated to be \$18,000.

d MOL Enhancements, Year 1 costs equals \$2,848,814, Year 2 equals \$3,725,198, and Year 3 equals \$1,552,800, (Year 1 + Year 2 + Year 3 = \$8,126,812) as provided by the contractor.

e Maintenance Software costs for Year 1 equals \$20,000, Year 2 equals \$20,000, and Year 3 equals \$20,000, (Year 1 + Year 2 + Year 3 = \$60,000) as provided by USPS.

a Hardware enhancements include additional hardware costs for Year 1 thru Year 3 due to hardware obsolescence and upgrades. For each year the cost is 10% of the sum of lines 1 thru 115 in Workpaper A.

b Software enhancements include additional software costs for Year 1 thru Year 3 due to the additional hardware in those years. For each year the cost is 25% of the hardware cost for that particular year.

C Most units cost are from Library Reference 2/MC2000-2. Other unit costs are based on conversations and emails with contractors and USPS. Remaining unit costs are Manufacturers Suggested Retail Prices (MSRP).

D Extended Cost equals Total Quantity x Unit Cost.

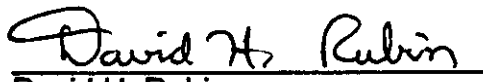
A Quantity of Hardware, Software, Telecom & Networking, Personnel, and Services for Production, Staging, Development, Test, and Help Desk for each geographical area.

B Total Quantity equals the sum of quantities for a given line item.

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Workpapers Page 1 of 11  
REVISED JANUARY 11, 2000

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

  
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January 11, 2000