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

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

NOTICE OF UNITED STATES POSTAL SERVICE OF FILING OF  
ERRATA TO TESTIMONY OF WITNESS TAUFIQUE (USPS-T-38) [ERRATUM]  
(February 18, 2000)

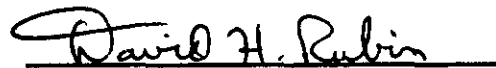
The United States Postal Service hereby provides notice of the filing of errata to the testimony of witness Taufique (USPS-T-38). The errata reflect witness Taufique's response to Presiding Officer's Information Request No. 1, question 6, filed February 14, 2000, as well as correct TYBR fee information, consistent with figures used by witness Mayes. A summary of the changes is attached, along with the revised pages.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



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February 18, 2000

**USPS-T-38, Testimony  
Witness Altaf Taufique  
ERRATA**

Note: All changes described below are highlighted in the testimony.

- I. Testimony page 9, line 19, Change:  
"Instead of a 50/50 split, the Postal Service is proposing a 75 percent allocation of these cost savings to piece-related discounts and only 25 percent to pound- related rate reduction for DDU and DSCF entry."  
to  
"Instead of a 50/50 split, the Postal Service is proposing a 70 percent allocation of these cost savings to piece-related discounts and only 30 percent to pound- related rate reduction for DDU and DSCF entry."
  
- II. Table 1- Test Year Comparison, Before and After Rates  
Row "Outside County" column "TYBR Fee" changes from \$18,618,000 to \$18,589,000. As a result TYBR Total Column for Outside County changes from \$2,166,417,120 to \$2,166,388,120.  
Row "Within County" column "TYBR Fee" changes from \$1,692,000 to \$1,697,000. As a result TYBR Total Column for Within County changes from \$76,281,123 to \$76,286,123.  
As a result column "TYBR Total" for row "Total" changes to \$2,242,674,243. "TYBR Fee" column for row "Total" changes to \$20,286,000.  
TYBR fee changes are only reflected in testimony. Corresponding changes in USPS-LR-167 have not been made.

1 **A. Pound Rates**

2 The calculation of pound rates follows the traditional allocation of  
3 distance-related transportation cost (no mark-up included) to Zone 1 & 2 through  
4 Zone 8 based on the proportion of pound-miles in each zone. Non-distance  
5 related transportation cost is allocated to all the zoned advertising pound rates  
6 except for the Destination Delivery Unit (DDU) rate cell, and the residual revenue  
7 is derived from all the rate cells. The editorial pound rate remains at 75 percent  
8 of the Zone 1 & 2 rate. Science of Agriculture DDU, DSCF & Zone 1 & 2 rates  
9 are also determined at 75 percent of corresponding rates for advertising pounds.  
10 Witness Pickett provides the estimate for the percent of transportation cost that  
11 is distance-related. Library Reference I-60, pp. 9-10 . Piece-based dropship  
12 discounts for DDU and DSCF as well as the DDU and DSCF pound rates are  
13 discussed in the next subsection.

14 **B. Dropship Discounts**

15 Witness Crum provides an estimate of non-transportation cost savings  
16 related to DDU and DSCF dropshipment of Periodicals. USPS-T-27, Figure 4, p.  
17 21. The allocation of these non-transportation cost savings to pounds and pieces  
18 is one area where my proposal differs from the R97-1 Commission methodology.  
19 Instead of a 50/50 split, the Postal Service is proposing a 10 percent allocation of  
20 these cost savings to piece-related discounts and only 10 percent to pound-  
21 related rate reduction for DDU and DSCF entry. The Postal Service is interested  
22 in providing a meaningful discount to mailers when they avoid interim postal  
23 facilities and provide their own transportation like the discount recommended by

**Table 1- TEST YEAR COMPARISON, BEFORE AND AFTER RATES**

	TYBR Revenue	TYBR Fee	TYBR Total	TYBR Pieces	TYBR Rev./Piece
Outside County	\$ 2,147,799,120	\$ 18,589,000	\$ 2,166,388,120	9,556,551,134	0.227
Within County	\$ 74,589,123	\$ 1,697,000	\$ 76,286,123	872,194,000	0.087
<b>Total</b>	<b>\$ 2,222,388,243</b>	<b>\$ 20,286,000</b>	<b>\$ 2,242,674,243</b>	<b>\$ 10,428,745,134</b>	<b>0.215</b>

	TYAR Revenue*	TYAR Fee	TYAR Total	TYAR Pieces	TYAR Rev./Piece	Percent Change
Outside County	\$ 2,397,074,923	\$ 19,852,000	\$ 2,416,926,923	9,459,105,146	0.256	12.7%
Within County	\$ 80,038,312	\$ 1,809,000	\$ 81,847,312	862,060,572	0.095	8.6%
<b>Total</b>	<b>\$ 2,477,113,235</b>	<b>\$ 21,661,000</b>	<b>\$ 2,498,774,235</b>	<b>\$ 10,321,165,719</b>	<b>0.242</b>	<b>12.6%</b>

- Nonprofit and Classroom Revenues after 5% discount
- Source: USPS-LR-I-167

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**Table 2  
BEFORE AND AFTER RATES COST COVERAGE**

	TYBR REVENUE PER PIECE	TYBR COST PER PIECE	COST COVERAGE
OUTSIDE COUNTY	0.227	0.253	89.68%
WITHIN COUNTY	0.087	0.094	92.77%


	TYAR REVENUE PER PIECE	TYAR COST PER PIECE	COST COVERAGE
OUTSIDE COUNTY	0.256	0.252	101.37%
WITHIN COUNTY	0.095	0.094	100.54%

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- Source: USPS-LR-I-167

## 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.

  
David H. Rubin

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February 18, 2000