

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

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POSTAL RATE COMMISSION
OFFICE OF THE CLERK

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

NOTICE OF THE UNITED STATES POSTAL SERVICE CONCERNING ERRATA
TO USPS-LR-I-160 (ERRATUM)

In footnote 2 in his March 13, 2000, response to KeySpan interrogatory T29-23(c-d), Postal Service witness Campbell observes that his use of certain postal terms of art (sortation, distribution and counting) in the context of discussing both the processing and the accounting of Qualified Business Reply Mail has the potential to confuse readers of USPS Library Reference I-160; his testimony, USPS-T-29; and Campbell Workpaper II. Witness Campbell has reviewed his use of these terms and has determined that potential confusion could be eliminated if -- without changing the substance of USPS-LR-I-160 or USPS-T-29 or his Workpapers -- he replaced some terminology in order to make sure each document used the terms consistently.

Accordingly, the Postal Service submits the following errata to USPS-LR-I-160: In Section B, pages 2 through 5 -- change "Marginal Manual Counting/Distribution Productivity" to "Marginal Manual Distribution Productivity".

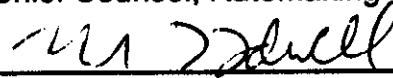
Substitute pages 2 through 5 for USPS-LR-I-160, Section B, are attached. Errata to USPS-LR-I-160 and Campbell Workpaper II-1 are being filed separately.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


Michael T. Tidwell

Determination of Per-Piece Costs for QBRM (high-volume)
Sorting and Counting Activities
TY01

Method of final piece count:

BRMAS software report	14.2% [1]
EOR report	19.3% [2]
Manual/Other	66.5% [3]

Method and finest depth of sortation of BRM

To customer manually	41.6% [4]
To customer by BCS	26.3% [5]
By BRMAS	9.7% [6]
Other	22.5% [7]

Hourly wage rate, Postage Due Clerk	\$28.24 [8]
Piggyback factor, Business Reply	1.456 [9]
Incoming secondary - Automation Basic Presort First-Class Letters	\$0.0211 [10]

	Pieces per hour	Direct Cost/Piece	Direct & Indirect Cost/Piece
Marginal Manual Distribution Productivity, Postage Due Unit	951 [11]	\$0.0297 [12]	\$0.0432 [13]
Weighted cost per piece (direct & indirect)			\$0.0288 [14]
Cost avoidance (Inc. Secondary for manual pieces)			(0.0088) [15]
Net direct and indirect weighted per piece cost of BRM processing			\$0.0200 [16]

Footnotes:

- [1]-[3] BRM Practices Study, Docket No. R97-1, USPS LR-H-179, Table 13
- [4]-[7] BRM Practices Study, Docket No. R97-1, USPS LR-H-179, Table 8
- [8] USPS-LR-I-106, Part VIII, Table VIII, p. VIII-2
- [9] MODS 18 piggyback, USPS-T-21, Attachment 14
- [10] USPS-T-24, Appendix I, page 24
- [11] See Campbell USPS-T-29 Workpaper II
- [12] [8] / [11]

[13] [9] * [12]
 [14] ([1]*0) + ([2]*0) + ([3]*[13])
 [15] -([4]*[10])
 [16] [14]+[15]

**Determination of Volume Variable Costs of low-volume QBRM
Sorting, Counting, Rating and Billing Activities
TY01**

Method of final piece count:

BRMAS software report	14.2%	[1]
EOR report	19.3%	[2]
Manual/Other	66.5%	[3]

Method of Postage Due Activities:

	%volume	
BRMAS	6.5%	[4]
PERMITS/other software	47.6%	[5]
Manual/Other	45.9%	[6]

Method and finest depth of sortation of BRM

To customer manually	41.6%	[7]
To customer by BCS	26.3%	[8]
By BRMAS	9.7%	[9]
Other	22.5%	[10]

Hourly wage rate, Postage Due Clerk	\$28.24	[11]
Piggyback factor, Business Reply	1.456	[12]
Incoming secondary - Automation Basic Presort First-Class Letters	\$0.0211	[13]

	Pieces per hour	Direct Cost/Piece	Direct & Indirect Cost/Piece
Marginal Manual Rating/Billing Productivity, Postage Due Unit	745 [14]	\$0.0379 [17]	\$0.0552 [20]
Marginal Manual Distribution Productivity, Postage Due Unit	951 [15]	\$0.0297 [18]	\$0.0432 [21]
Marginal PERMITS Rating and Bill Generation Productivity, Postage Due Unit	7,461 [16]	\$0.0038 [19]	\$0.0055 [22]
Weighted cost per piece (direct & indirect)			\$0.0567 [23]
Per piece Cost Avoidance, Incoming Secondary			(\$0.0088) [24]
Net incremental direct & indirect cost (clerical processing)			\$0.0479 [25]

Footnotes

[1]-[3] BRM Practices Study, Docket No. R97-1, USPS LR-H-179, Table 13	[17] [11] / [14]
[4]-[6] 1999 Survey, see Appendix 1, Table 2	[18] [11] / [15]
[7]-[10] BRM Practices Study, Docket No. R97-1, USPS LR-H-179, Table 8	[19] [11] / [16]
[11] USPS LR-I-106, Part VIII, Table VIII, p. VIII-2	[20] [12] * [17]
[12] MODS 18 piggyback, USPS-T-21, Attachment 14	[21] [12] * [18]
[13] USPS-T-24, Appendix I, page 24	[22] [12] * [19]
[14] See Campbell USPS-T-29 Workpaper II	[23] [1]*0 + [2]*0 + [3]*[21] + [4]*0 + [5]*[22] + [6]*[20]
[15] See Campbell USPS-T-29 Workpaper II	[24] -([7]*[13])
[16] Docket No. R97-1, USPS-T-27, Exhibit USPS-27C, [6] (adjusted for 100 percent volume variability)	[25] [23]+[24]

**Determination of Volume Variable Costs of Non-BRMAS Advance Deposit BRM
TY01****Method of final piece count:**

BRMAS software report	2.2%	[1]
EOR report	9.1%	[2]
Manual/Other	88.7%	[3]

Method of Postage Due Activities:

PERMITS/other software	%volume	43.4%	[4]
Manual/Other		56.6%	[5]

Method and finest depth of sortation of BRM

To customer manually	41.6%	[6]
To customer by BCS	26.3%	[7]
By BRMAS	9.7%	[8]
Other	22.5%	[9]

Hourly wage rate, Postage Due Clerk	\$28.24	[10]
Piggyback factor, Business Reply	1.456	[11]
Incoming secondary - Automation Basic Presort First-Class Letters	\$0.0211	[12]

	Pieces per hour	Direct Cost/Piece	Direct & Indirect Cost/Piece
Marginal Manual Rating/Billing Productivity, Postage Due Unit	745 [13]	\$0.0379 [16]	\$0.0552 [19]
Marginal Manual Distribution Productivity, Postage Due Unit	951 [14]	\$0.0297 [17]	\$0.0432 [20]
Marginal PERMITS Rating and Bill Generation Productivity, Postage Due Un	7,461 [15]	\$0.0038 [18]	\$0.0055 [21]
Weighted cost per piece (direct & indirect)			\$0.0720 [22]
Per piece Cost Avoidance, Incoming Secondary			(\$0.0088) [23]
Net incremental direct & indirect cost (clerical processing)			\$0.0632 [24]
Direct and indirect cost of BRM pick-up (at Postage Due Unit)			\$0.0110 [25]
Total Non-BRMAS Advance Deposit BRM Volume Variable Costs			\$0.0742 [26]

Footnotes:

[1]-[3] BRM Practices Study, Docket No. R97-1, USPS LR-H-179, Table 13	[17] [10] / [14]
[4]-[5] 1999 Survey, Appendix 1, Table 2	[18] [10] / [15]
[6]-[9] BRM Practices Study, Docket No. R97-1, USPS LR-H-179, Table 8	[19] [11] * [16]
[10] USPS-LR-I-106, Part VIII, Table VIII, p. VIII-2	[20] [11] * [17]
[11] MODS 18 piggyback, USPS-T-21, Attachment 14	[21] [11] * [18]
[12] USPS-T-24, Appendix I, page 24	[22] [1]*0 + [2]*0 + [3]*[20] + [4]*[21] + [5]*[19]
[13] See Campbell USPS-T-29 Workpaper II	[23] -([6]*[12])
[14] See Campbell USPS-T-29 Workpaper II	[24] [22]+[23]
[15] Docket No. R97-1, USPS-T-27, Exhibit USPS-27C, [6] (adjusted for 100 percent volume variability)	[25] See Section B, page 7, cell G19
[16] [10] / [13]	[26] [24]+[25]

**Determination of Volume Variable Costs of Non-Advance Deposit BRM Clerical Activities
TY01****Method of final piece count:**

BRMAS software report	1.6%	[1]
EOR report	0.6%	[2]
Manual/Other	97.8%	[3]

Method of Postage Due Activities:

PERMITS/other software	%volume	27.9%	[4]
Manual/Other		72.1%	[5]

Method and finest depth of sortation of BRM

To customer manually	41.6%	[6]
To customer by BCS	26.3%	[7]
By BRMAS	9.7%	[8]
Other	22.5%	[9]

Hourly wage rate, Postage Due Clerk	\$28.24	[10]
Piggyback factor, Business Reply	1.456	[11]
Incoming secondary - Automation Basic Presort First-Class Letters	\$0.0211	[12]

	Pieces per hour	Direct Cost/Piece	Direct & Indirect Cost/Piece
Marginal Manual Rating/Billing Productivity, Postage Due Unit	745 [13]	\$0.0379 [16]	\$0.0552 [19]
Marginal Manual Distribution Productivity, Postage Due Unit	951 [14]	\$0.0297 [17]	\$0.0432 [20]
Marginal PERMITS Rating and Bill Generation Productivity, Postage Due Unit	7,461 [15]	\$0.0038 [18]	\$0.0055 [21]
Weighted cost per piece (direct & indirect)			\$0.0836 [22]
Per piece Cost Avoidance, Incoming Secondary			(\$0.0088) [23]
Net incremental direct & indirect cost (clerical processing)			\$0.0748 [24]

Footnotes:

[1]-[3] BRM Practices Study, Docket No. R97-1, USPS LR-H-179, Table 13

[4]-[5] 1999 Survey, Appendix 1, Table 2

[6]-[9] BRM Practices Study, Docket No. R97-1, USPS LR-H-179, Table 8

[10] USPS-LR-I-106, Part VIII, Table VIII, p. VIII-2

[11] MODS 18 piggyback, USPS-T-21, Attachment 14

[12] USPS-T-24, Appendix I, page 24

[13] See Campbell USPS-T-29 Workpaper II

[14] See Campbell USPS-T-29 Workpaper II

[15] Docket No. R97-1, USPS-T-27, Exhibit USPS-27C, [6] (adjusted for 100 percent volume variability)

[16] [10] / [13]

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[20] [17] * [11]

[21] [18] * [11]

[22] 0*[1] + 0*[2] + [3]*[20] + [4]*[21] + [5]*[19]

[23] -[6] * [12]

[24] [22] + [23]

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.


Michael T. Tidwell

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March 14, 2000