

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

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

NOTICE OF UNITED STATES POSTAL SERVICE OF FILING OF ERRATA TO  
EXHIBIT AND WORKPAPER B OF WITNESS MEEHAN (USPS-T-11) AND  
SUBSTITUTE DISKETTE FOR USPS-LR-I-80 -- ERRATA  
(March 21, 2000)

The United States Postal Service hereby provides notice that it is today filing errata to Exhibit USPS-11C and certain Cost Segment 10 spreadsheets in Workpaper B of witness Meehan (USPS-T-11).

The changes to pages 1, 2 and 8 of Exhibit USPS-11C will make witness Meehan's exhibit consistent with the recent errata of witness Kay. Specifically, on pages 1 and 2, figures in the "Incremental Cost" column are changed for First-Class Mail Letters and sealed parcels, Total First Class, Priority Mail, Express Mail, Standard Mail (B) Parcels zone rate, Money Orders, and PO Boxes. On page 8, in footnote 12, the product specific costs for every category are changed. Copies of the revised pages are attached.

The changes to the Cost Segment 10 spreadsheets in Workpaper B provide corrected citations. Specifically, the C/S 10 Rural Carriers Inputs page contains corrected citations in the "Data Source" row for the "Variability Factors," "Piece Counts," "DPS/Sector Adjust Percent," "Average Weekly Pieces-Evaluated Routes," and "Average Weekly Pieces-Other Routes" columns. Also, the C/S 10 Rural Carriers

Endnotes page contains a new citation in the WS 10.0.3P2 row for Endnote (b). Copies of the revised pages are attached.

An electronic version of both Exhibit USPS-11C and Workpaper B were provided in USPS-LR-I-80. Therefore, a substitute diskette containing the revisions is being provided for USPS-LR-I-80.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
\_\_\_\_\_  
Susan M. Duchek

**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.

  
\_\_\_\_\_  
Susan M. Duchek

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March 21, 2000

SUMMARY OF REVENUE AND COST FOR MAJOR SERVICE CATEGORIES

Base Year 1998

Classes and Sub-Classes of Mail (note 1)		(in millions)					(per piece)	
Revenue	Cost	Incremental	Variable Cost	Revenue	Marginal Cost	Contribution Margin	Cost	
A (note 6)	B	C	D	E	(D-E) (note 4)	(D-E) (note 5)	(D/E) (note 5)	
<b>First-Class Mail:</b>								
Letters and sealed parcels.....	\$32,690.8	\$17,806.0	\$16,580.6	\$0.344	\$0.175	\$0.170	49.28%	
Cards.....	1,020.6	681.0	666.7	0.185	0.121	0.064	34.67%	
Fees.....	149.7							
<b>Total First Class.....</b>	<b>33,861.2</b>	<b>18,679.4</b>	<b>17,247.3</b>	<b>0.337</b>	<b>0.172</b>	<b>0.165</b>	<b>49.06%</b>	
Priority Mail.....	4,187.4	2,736.3	2,395.9	3.565	2.040	1.525	42.78%	
Express Mail.....	854.5	606.5	384.6	12.900	5.806	7.094	54.99%	
Mailgram.....	1.7	1.1	1.1	0.390	0.257	0.133	34.15%	
<b>Periodicals:</b>								
In-county.....	79.3	77.5	76.9	0.066	0.063	0.003	3.06%	
Outside the county:								
Regular publications.....	1,643.6	1,765.9	1,749.7	0.228	0.243	(0.015)	-6.45%	
Nonprofit publications.....	317.0	364.1	362.1	0.148	0.169	(0.021)	-14.23%	
Classroom publications.....	12.2	14.0	14.0	0.201	0.230	(0.029)	-14.41%	
Fees.....	20.1							
<b>Total Periodicals.....</b>	<b>2,072.3</b>	<b>2,230.5</b>	<b>2,202.7</b>	<b>0.201</b>	<b>0.214</b>	<b>(0.013)</b>	<b>-6.30%</b>	
<b>Standard Mail (A)</b>								
Single piece rate.....	123.9	213.8	213.6	0.824	1.422	(0.597)	-72.48%	
Enhanced carrier route.....	4,945.8	2,234.5	2,234.5	0.145	0.066	0.080	54.82%	
Regular enhanced carrier route.....	7,191.9	5,624.6	5,535.2	0.205	0.158	0.047	23.04%	
Nonprofit enhanced carrier route.....	211.7	170.0	169.8	0.080	0.064	0.016	19.79%	
Nonprofit.....	1,151.5	1,142.0	1,130.6	0.109	0.107	0.002	1.82%	
Fees.....	77.0							
<b>Total Standard Mail (A).....</b>	<b>13,701.7</b>	<b>9,802.4</b>	<b>9,263.7</b>	<b>0.166</b>	<b>0.113</b>	<b>0.054</b>	<b>32.24%</b>	
<b>Standard Mail (B)</b>								
Parcels zone rate (note 10).....	947.9	889.2	862.3	2.998	2.728	0.271	9.04%	
Bound printed matter.....	427.8	397.0	394.4	0.876	0.808	0.068	7.80%	
Special standard.....	330.3	248.3	247.6	1.728	1.296	0.433	25.04%	
Library mail.....	45.7	41.1	41.1	1.648	1.480	0.167	10.14%	
Fees.....	2.3							
<b>Total Standard Mail (B).....</b>	<b>1,754.1</b>	<b>1,570.3</b>	<b>1,545.4</b>	<b>1.714</b>	<b>1.510</b>	<b>0.204</b>	<b>11.90%</b>	
<b>Cost</b>								
Letters and sealed parcels.....	197.16%							
Cards.....	153.08%							
Fees.....	196.33%							
<b>Total First Class.....</b>	<b>174.77%</b>							
Priority Mail.....	222.18%							
Express Mail.....	151.86%							
<b>Periodicals:</b>								
In-county.....	103.16%							
Outside the county:								
Regular publications.....	93.94%							
Nonprofit publications.....	87.54%							
Classroom publications.....	87.41%							
Fees.....	94.08%							
<b>Total Periodicals.....</b>								
<b>Standard Mail (A)</b>								
Single piece rate.....	57.98%							
Enhanced carrier route.....	221.34%							
Regular enhanced carrier route.....	129.93%							
Nonprofit enhanced carrier route.....	124.68%							
Nonprofit.....	101.86%							
Fees.....	147.59%							
<b>Total Standard Mail (A).....</b>								
<b>Standard Mail (B)</b>								
Parcels zone rate (note 10).....	109.93%							
Bound printed matter.....	108.46%							
Special standard.....	133.40%							
Library mail.....	111.29%							
Fees.....	113.50%							

See accompanying notes.

SUMMARY OF REVENUE AND COST FOR MAJOR SERVICE CATEGORIES

Classes and Sub-Classes of Mail (note 1)		(in millions)					(per piece)		
	A	B	C	D	E	\$	%	(D-E)/D	(D/E)
	Revenue (note 6)	Incremental Cost	Variable Cost (note 3)	Revenue	Marginal Cost (note 4)	Contribution Margin (note 5)			Coverage (note 5)
Free mail - blind, handicapped & servicemen.....	\$33.5		\$33.4	\$0.629	N/A	N/A			0.00%
International mail (note 8).....	\$1,599.8	1,391.5	1,311.5	\$1.695	1.389	\$0.305	18.02%		121.99%
Total mail.....	56,032.7	34,405.6	0.295	0.175	0.120	40.71%			168.67%
Special Services:									
Registry (note 14).....	89.0	99.5	99.3	5.862	6.540	(0.677)	-11.56%		89.84%
Ancillary services.....	3.9								
Total Registry.....	92.9								
Certified (note 14).....	374.8	474.8	402.8	1.366	1.468	(0.102)	-7.46%		93.06%
Ancillary services.....	267.9								
Total Certified.....	642.7								
Insurance (note 14).....	72.5	61.8	61.7	1.778	1.512	0.267	14.99%		117.63%
Ancillary services.....	1.5								
Total Insurance.....	74.0								
COD (note 14).....	17.8	14.2	14.2	4.639	3.687	0.951	20.51%		125.80%
Ancillary services.....	0.0								
Total COD.....	17.8								
Money orders (note 7).....	252.2	176.3	122.8	1.209	0.589	0.620	51.30%		205.35%
Stamped cards (note 13).....	3.2								
Stamped envelopes.....	13.1								
Special handling.....	2.2								
Post office box.....	473.5	474.8							
Other.....	90.8								
Total Special Services.....	1,714.6								
Miscellaneous items (note 9).....	300.5								
Total mail and services (note 8).....	60,047.8								
Appropriations: Revenue forgone.....	67.3								
Total operating revenue.....	60,115.1								
Investment income.....	1.71								
Total (note 7).....	60,116.8								
All other costs.....									
Total costs (note 7).....									59,566.5

See accompanying notes.

**11. OTHER**

All figures in the CRA are rounded; detail may not add to totals. Percents are rounded to the nearest decimal.  
 - Denotes zero values.  
 ( ) Denotes negative values.

**12. PRODUCT SPECIFIC COST**

Of the incremental cost of certain subclasses, a portion consists of product specific cost. Those amounts are as shown below (in millions):

First Class Letters	\$13.1
Priority Mail	319.6
Express Mail	213.0
Parcels Zone Rate	20.1
International Mail	77.3
Money Orders	13.8
Post Office Box	1.1

**13. CARDS**

The \$3.2 million in volume variable cost for stamped cards represent printing costs.

**14. SPECIAL SERVICES**

Excludes ancillary service revenue.

Base Year 1998 - USPS Version  
C/S 10 RURAL CARRIERS  
INPUTS

LINE WS 10.0.1 EVALUATED AND OTHER ROUTES		VARIABILITY	
NO ALLOCATION OF ACCRUED AND VVC		ACCRUED COSTS	
UNITS	LINKS FROM DATA SOURCE	\$ (000)	%
1	SUBACT 112 & 648 (RURAL CARRIER PERS COSTS)	3,350,692	
2	ACCT 52462 & 52463 (EQUIP MAINTENANCE ALLOW)	327,523	
3	EVALUATED ROUTES		47.97%
4	OTHER ROUTES		48.15%
WS 10.0.2 PAY DATA SPLIT FACTOR		EVALUATED	
UNITS	LINKS FROM DATA SOURCE	\$ (000)	ROUTES (H, J, K)
5	PO 1	441,210	117,416
6	PO 2	457,552	120,281
7	PO 3	454,080	116,217
8	PO 4	609,532	164,698
WS 10.0.3 P1 MAIL SHAPE ADJUSTMENT PART 1		PIECE COUNTS	
UNITS	LINKS FROM DATA SOURCE	Pieces (000)	
9	NATIONAL MAIL COUNT SECTOR	564,945	
10	NATIONAL MAIL COUNT LETTERS	82,010	
11	NATIONAL MAIL COUNT FLATS	685,937	
12	NATIONAL MAIL COUNT FLATS	906,828	
13	2858R (CCS) SURVEY DATA LETTERS	745,667	
14	2858R (CCS) SURVEY DATA FLATS	415,085	
15	2858R (CCS) SURVEY DATA POSTAL CARDS	-	
16	2858R (CCS) SURVEY DATA NS POSTCARDS	28,457	
17	2858R (CCS) SURVEY DATA PS POSTCARDS	10,438	
18	2858R (CCS) SURVEY DATA MAILGRAMS	-	
WS 10.0.3 P2 MAIL SHAPE ADJUSTMENT PART 2		DPS/SECTOR ADJUST PERCENT	
UNITS	LINKS FROM DATA SOURCE	%	
19	SINGLE-PIECE LETTERS	44.40%	
20	FIRST-CLASS MAIL: PRESORT LETTERS	64.00%	
WS 10.0.4 EVALUATED AND OTHER ROUTES		EVALUATED	
UNITS	LINKS FROM DATA SOURCE	\$ (000)	ROUTES (A, M)
5	PO 1	57,473	(1,036)
6	PO 2	59,196	(684)
7	PO 3	60,070	(1,145)
8	PO 4	75,195	(1,413)
WS 10.0.5 P1 MAIL SHAPE ADJUSTMENT PART 1		PIECE COUNTS	
UNITS	LINKS FROM DATA SOURCE	Pieces (000)	
9	NATIONAL MAIL COUNT SECTOR	564,945	
10	NATIONAL MAIL COUNT LETTERS	82,010	
11	NATIONAL MAIL COUNT FLATS	685,937	
12	NATIONAL MAIL COUNT FLATS	906,828	
13	2858R (CCS) SURVEY DATA LETTERS	745,667	
14	2858R (CCS) SURVEY DATA FLATS	415,085	
15	2858R (CCS) SURVEY DATA POSTAL CARDS	-	
16	2858R (CCS) SURVEY DATA NS POSTCARDS	28,457	
17	2858R (CCS) SURVEY DATA PS POSTCARDS	10,438	
18	2858R (CCS) SURVEY DATA MAILGRAMS	-	
WS 10.0.5 P2 MAIL SHAPE ADJUSTMENT PART 2		DPS/SECTOR ADJUST PERCENT	
UNITS	LINKS FROM DATA SOURCE	%	
19	SINGLE-PIECE LETTERS	44.40%	
20	FIRST-CLASS MAIL: PRESORT LETTERS	64.00%	

Base Year 1998 - USPS Version  
C/S 10 RURAL CARRIERS  
INPUTS

21	SINGLE-PIECE CARDS	44.00%		
22	PRESORT CARDS	64.00%		
23	STANDARD MAIL (A)	9.30%		
24	REGULAR ECR	61.80%		
25	REGULAR	10.00%		
26	NONPROFIT ECR	58.30%		
27	NONPROFIT			
W/S 10.1.1, 10.2.1 - DEVELOPMENT OF EVALUATED AND OTHER ROUTE VOLUME VARIABLE COSTS				
UNITS				
LINKS FROM DATA SOURCE				
28	LETTERS DELIVERED	4,037.15	R2000-1, LR+152	Pieces/Week
29	FLATS DELIVERED	5,389.70	R2000-1, LR+152	Pieces/Week
30	PARCELS DELIVERED	204.17	R2000-1, LR+152	Pieces/Week
31	BOXHOLDERS DELIVERED	1,349.12	R2000-1, LR+152	Pieces/Week
32	COD DELIVERED	0.47	R2000-1, LR+152	Pieces/Week
33	ACCOUNTABLES DELIVERED	16.76	R2000-1, LR+152	Pieces/Week
34	DPS	3,413.87	R2000-1, LR+152	Pieces/Week
35	SECTOR SEGMENT	445.79	R2000-1, LR+152	Pieces/Week
36	POSTAGE DUE	2.47	R2000-1, LR+152	Pieces/Week
37	RETURN RECEIPTS	0.08	R2000-1, LR+152	Pieces/Week
38	LETTERS/FLATS COLLECTED	1,080.54	R2000-1, LR+152	Pieces/Week
39	PARCELS ACCEPTED	3.03	R2000-1, LR+152	Pieces/Week
40	ACCOUNTABLES ACCEPTED	0.62	R2000-1, LR+152	Pieces/Week
41	MONEY ORDERS	0.30	R2000-1, LR+152	Pieces/Week
42	VEHICLE LOADING	57.58	R2000-1, LR+152	Pieces/Week
43	MARKUPS	117.95	R2000-1, LR+152	Pieces/Week
AVERAGE WEEKLY PIECES - EVALUATED ROUTES				
AVERAGE WEEKLY PIECES - OTHER ROUTES				
EVALUATION FACTOR				
28	LETTERS DELIVERED	2,446.73	R2000-1, LR+152	Pieces/Week
29	FLATS DELIVERED	3,060.96	R2000-1, LR+152	Pieces/Week
30	PARCELS DELIVERED	122.82	R2000-1, LR+152	Pieces/Week
31	BOXHOLDERS DELIVERED	739.47	R2000-1, LR+152	Pieces/Week
32	COD DELIVERED	0.31	R2000-1, LR+152	Pieces/Week
33	ACCOUNTABLES DELIVERED	11.38	R2000-1, LR+152	Pieces/Week
34	DPS	1,575.99	R2000-1, LR+152	Pieces/Week
35	SECTOR SEGMENT	892.23	R2000-1, LR+152	Pieces/Week
36	POSTAGE DUE	1.69	R2000-1, LR+152	Pieces/Week
37	RETURN RECEIPTS	0.05	R2000-1, LR+152	Pieces/Week
38	LETTERS/FLATS COLLECTED	640.34	R2000-1, LR+152	Pieces/Week
39	PARCELS ACCEPTED	1.99	R2000-1, LR+152	Pieces/Week
40	ACCOUNTABLES ACCEPTED	0.44	R2000-1, LR+152	Pieces/Week
41	MONEY ORDERS	0.14	R2000-1, LR+152	Pieces/Week
42	VEHICLE LOADING	45.09	R2000-1, LR+152	Pieces/Week
43	MARKUPS	87.02	R2000-1, LR+152	Pieces/Week
LINKS FROM DATA SOURCE				
UNITS				
W/S 10.1.1, 10.2.1 - DEVELOPMENT OF EVALUATED AND OTHER ROUTE VOLUME VARIABLE COSTS				
UNITS				
LINKS FROM DATA SOURCE				
28	LETTERS DELIVERED	4,037.15	R2000-1, LR+152	Pieces/Week
29	FLATS DELIVERED	5,389.70	R2000-1, LR+152	Pieces/Week
30	PARCELS DELIVERED	204.17	R2000-1, LR+152	Pieces/Week
31	BOXHOLDERS DELIVERED	1,349.12	R2000-1, LR+152	Pieces/Week
32	COD DELIVERED	0.47	R2000-1, LR+152	Pieces/Week
33	ACCOUNTABLES DELIVERED	16.76	R2000-1, LR+152	Pieces/Week
34	DPS	3,413.87	R2000-1, LR+152	Pieces/Week
35	SECTOR SEGMENT	445.79	R2000-1, LR+152	Pieces/Week
36	POSTAGE DUE	2.47	R2000-1, LR+152	Pieces/Week
37	RETURN RECEIPTS	0.08	R2000-1, LR+152	Pieces/Week
38	LETTERS/FLATS COLLECTED	1,080.54	R2000-1, LR+152	Pieces/Week
39	PARCELS ACCEPTED	3.03	R2000-1, LR+152	Pieces/Week
40	ACCOUNTABLES ACCEPTED	0.62	R2000-1, LR+152	Pieces/Week
41	MONEY ORDERS	0.30	R2000-1, LR+152	Pieces/Week
42	VEHICLE LOADING	57.58	R2000-1, LR+152	Pieces/Week
43	MARKUPS	117.95	R2000-1, LR+152	Pieces/Week

TAB NAME		WORKSHEET TITLE	ENDNOTES
WS 10.1.1	DEVELOPMENT OF EVALUATED ROUTE VVC	[a] The bundled letters and flats factor is calculated (in WS 10.0.4) as the percentage bundles of total parcel volume (including bundles) delivered.	
WS 10.2.1	DEVELOPMENT OF OTHER ROUTE VVC	[a] The bundled letters and flats factor is calculated (in WS 10.0.4) as the percentage bundles of total parcel volume (including bundles) delivered.	
WS 10.0.3 P2	MAIL SHAPE ADJUSTMENT, PART 2	[a] The reclassification factor is not applied to the Cards or Mailgrams subclasses, which have no flats. [b] Source: R2000-1, USPS LR-1-95, p. 20.	
WS 10.0.4	DISTRIBUTION KEYS	[a] The Parcels Delivered, Postage Due, and Ltrs/Flats Collected distribution key excludes bundled letters/flats in totals. [b] Total pieces for accountables excludes return receipts and registered with COD from category Special Services Other.	
WS 10.1.2	DISTRIBUTION OF EVALUATED ROUTES	[a] Excludes bundled letters and flats. [b] Accountables distribution excludes volumes for return receipts and registered with COD. [c] Source: L44, L50, and L46 from WS 10.1.1 C10L6, C10L11, C10L15 respectively. [d] C2L18 distributed to C12L13...C12L17 based on RPW Periodicals volumes, WS 10.0.4 C1 L13...18. L53 from WS 10.0.1 C5L1.	
WS 10.2.2	DISTRIBUTION OF OTHER ROUTES VVC	[a] Excludes bundled letters and flats. [b] Accountables distribution excludes volumes for return receipts and registered with COD. [c] Source: L44, L50, and L46 from WS 10.2.1 C10L6, C10L11, C10L15 respectively. [d] C2L18 distributed to C12L13...C12L17 based on RPW Periodicals volumes, WS 10.0.4 C1 L13...18. L53 from WS 10.0.1 C5L1.	