

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

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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 LIBRARY REFERENCE I-108 [ERRATUM]
(April 17, 2000)

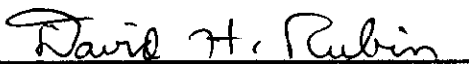
The United States Postal Service hereby provides notice of the filing of errata to Library Reference I-108, Spreadsheets and Other Supporting Materials for Witness Davis (USPS-T-30). The errata reflect corrections to witness Davis' insurance cost analysis, which requires corrections to the cost summary, which precedes page 1, and to the insurance cost analysis, page 43. The electronic copy is also corrected in a replacement diskette for LR-I-108, which is unchanged except for changes to spreadsheets "cost summary.xls" and "insured mail.xls." The changes are described in the attachment, and are followed by the revised pages.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


David H. Rubin

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2986; Fax -6187
April 17, 2000

Summary of revisions to USPS-LR-I-180

1. "Cost Summary Table": The exclusion of insured mail indemnity costs (except those related to unnumbered and to the numbered base coverage of \$50.01 to \$100) has resulted in revised test year unit volume variable costs for the following:

INSURANCE	New	Old
AVERAGE FOR UNNUMBERED (coverage: \$0.01 to \$50)	\$ 0.95	\$ 1.26
AVERAGE FOR NUMBERED (coverage: \$50.01 to \$100, base)	\$ 1.79	\$ 1.99
VOLUME VARIABLE COST DIFFERENTIAL	\$ 0.84	\$ 0.73

2. "Insured Mail Special Services Costs", p.43: The test year CRA cost figure, net of indemnities, is used for purposes of deaveraging costs of insurance, instead of total CRA costs. Average indemnity costs per transaction, corresponding to unnumbered insurance and to the numbered insurance base coverage of \$50.01 to \$100, are then factored in to develop a volume variable unit cost for the respective unnumbered and numbered base (\$50.01-\$100) insured services. Changes are shaded.

USPS-LR-I-108 COST SUMMARY

SERVICE	COST
CERTIFICATE OF MAILING	
<u>INDIVIDUAL PIECES</u>	
FORM 3817, ORIGINAL (NO DUPLICATE)	\$ 0.59
FORM 3817, DUPLICATE	\$ 0.47
FORM 3877, ORIGINAL - 13 PIECES/COST PER PIECE	\$ 0.20
<u>BULK QUANTITIES</u>	
FORM 3606, ORIGINAL - FIRST 1000 PIECES	\$ 2.89
EACH ADDITIONAL 1000 PIECES	\$ 0.29
FORM 3606, DUPLICATE	\$ 0.39
INSURANCE	
AVERAGE FOR NUMBERED (\$50.01 to \$100, base)	\$ 1.79
AVERAGE FOR UNNUMBERED (\$0.01 to \$50)	\$ 0.95
AVERAGE FOR ALL VALUES	\$ 1.68
VOLUME VARIABLE COST DIFFERENTIAL	\$ 0.84
BULK INSURANCE COST SAVINGS - per NUMBERED piece	\$ 1.35
BULK INSURANCE COST SAVINGS - per UNNUMBERED piece	\$ 0.95
ON-SITE METER SERVICE	
ACCESS COST	\$ 24.88
EACH METER RESET OR EXAMINED	\$ 3.26
EACH METER CHECKED IN OR OUT OF SERVICE	\$ 2.46
RESTRICTED DELIVERY	\$ 1.99
RETURN RECEIPTS	
NON-MERCHANDISE	\$ 1.26
AFTER MAILING	\$ 2.23
MERCHANDISE	\$ 2.27
DELIVERY CONFIRMATION	
PRIORITY MAIL BASE	\$ 0.17
PRIORITY MAIL MANUAL (including base cost)	\$ 0.52
STANDARD MAIL ELECTRONIC	\$ 0.17
STANDARD MAIL MANUAL	\$ 0.52
SIGNATURE CONFIRMATION	
PRIORITY MAIL ELECTRONIC (including base cost)	\$ 1.18
PRIORITY MAIL MANUAL (including base cost)	\$ 1.54
STANDARD MAIL ELECTRONIC	\$ 1.18
STANDARD MAIL MANUAL	\$ 1.54
PO BOX	
COST OF ORDERING NEW KEY	\$ 2.75
COST OF CHANGING PO BOX LOCK	\$ 6.83

INSURED MAIL SPECIAL SERVICE COSTS

KEY PARAMETERS

TEST YEAR CRA COSTS - TOTAL INSURED MAIL	\$76,613,000	[1]
TEST YEAR CRA INDEMNITY COSTS (C/S 20.4)	\$17,441,000	[1]
TEST YEAR CRA TOTAL COSTS, NET INDEMNITY	\$59,172,000	[1A]
C/S-6&7: CITY DEL CARRIERS	\$ 8,505,000	[1]
C/S-10: RURAL CARRIERS	\$ 6,114,000	[1]
CITY DEL CARRIERS PIGGYBACK FACTOR	1.364	[2]
RURAL CARRIERS PIGGYBACK FACTOR	1.243	[2]
TEST YEAR VOLUME - TOTAL INSURED	45,610,107	[3]
TEST YEAR VOLUME - NUMBERED INSURED	26,212,312	[4]
NUMBERED VOL. AS % OF TOTAL VOLUME	57.5%	[5]
AVG. INDEMNITY PER TRANSACTION, \$0-\$50	\$ 0.07	[6]
AVG. INDEMNITY PER TRANSACTION, \$50-\$100	\$ 0.18	[6]

FOOTNOTES:

- [1] USPS-T-14, WP. H
- [1A] Calculation: Total Vol. Var. Costs - Indemnity Costs
- [2] USPS-T-21, Attachment 11
- [3] USPS-T-6
- [4] USPS-T-39, WP-13
- [5] Calculation: Numbered Volume / Total Volume
- [6] FY 1998 Insurance Indemnity Costs, reported by St. Louis Accounting Service Center

1. DETERMINATION OF UNIT COST OF DELIVERY (NUMBERED INSURED)

COST SEGMENT	TEST YR CRA COST	PIGGYBACK FACTOR	TOTAL ADJ. COST
C/S-6&7: CITY DEL CARRIERS	\$ 8,505,000	1.364	\$11,600,820
C/S-10: RURAL CARRIERS	\$ 6,114,000	1.243	\$ 7,599,702
TOTAL DELIVERY			\$19,200,522
TEST YR VOLUME OF NUMBERED INSURED			26,212,312
UNIT COST OF DELIVERY			\$ 0.733

2. DEVELOPMENT OF UNIT COST BY TYPE OF INSURANCE TRANSACTION

2.1 TOTAL COMMON COSTS

NUMBERED TRANSACTIONS	26,212,312
UNIT COST DIFFERENCE	\$ 0.733
TOTAL COST DIFFERENCE	\$19,200,522

TEST YEAR CRA COSTS - TOTAL INSURED MAIL NET INDEMNITY \$59,172,000

COMMON COSTS FOR NUMBERED AND UNNUMBERED INSURANCE \$39,971,478 [total net costs less costs attributed to delivery]

2.2 TOTAL NET VOLUME VARIABLE COSTS

	NUMBERED	UNNUMBERED	COMBINED
DISTRIBUTION KEY (% OF TOTAL INSURED VOL.)	57.5%	42.5%	100.0%
PRORATED COMMON COSTS	\$22,971,769	\$16,999,709	\$39,971,478
TOTAL NET COST FOR DELIVERY	\$19,200,522	\$0	\$19,200,522
TOTAL NET VOLUME VARIABLE COSTS	\$42,172,291	\$16,999,709	\$59,172,000

2.3 NET VOLUME VARIABLE UNIT COST

TOTAL NUMBER OF TRANSACTIONS	26,212,312	19,397,795	45,610,107
NET VOLUME VARIABLE UNIT COST	\$1.61	\$0.88	\$1.30

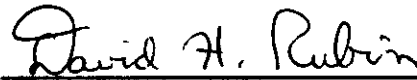
2.4 ADD: AVG. INDEMNITY PER TRANSACTION

VOLUME VARIABLE UNIT COST	\$1.79	\$0.95	\$1.68
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VOLUME VARIABLE UNIT COST DIFFERENTIAL \$0.84

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
David H. Rubin

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
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