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POSTAL RATE COMMISSION
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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 REVISION TO
THE TESTIMONY OF WITNESS MOELLER (USPS-T-35) [ERRATUM]**

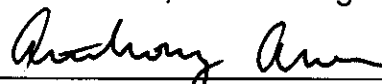
The United States Postal Service hereby provides notice that it is today filing a revision to the testimony of witness Moeller (USPS-T-35). This filing consists of narrative text to be appended at the end of witness Moeller's direct testimony (USPS-T-35). The substance of the revision filed today acknowledges the filing on March 1, 2000 of changes to cost data provided by witness Daniel (USPS-T-28) that are used in witness Moeller's rate design. Copies of the revision are attached to this notice.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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April 24, 2000

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VII. TEST YEAR 2001 FINANCIAL SUMMARY

The following table depicts the financial implications of Standard Mail (A) proposal.⁶¹ The revenue, cost, and contribution figures are in millions of dollars:

Test Year After Rates Financial Summary

	<u>Revenue</u>	<u>Cost</u>	<u>Contribution</u>	<u>Coverage</u>
Regular	\$9070.437	\$6823.933	\$2246.504	132.9%
ECR	5162.025	2471.864	2690.160	208.8%
Nonprofit	1543.086	1320.611	222.475	116.9%
Nonprofit ECR	264.218	208.577	55.641	126.7%

The coverages for Regular and ECR meet those proposed by witness Mayes (USPS-T-32). The coverage for Nonprofit meets the RFRA requirement that the markup for the subclass be one-half of the commercial markup.⁶² The markup for NECR is lower than one-half of the commercial markup due to the anticipated revision in the RFRA.

VIII. SUBSEQUENT COST REVISIONS

The testimony in the preceding sections reflects the data available at the time this proposal was filed. Some of these data changed pursuant to the filing of errata by witness Daniel on March 1, 2000. The following table depicts the passthroughs as proposed and described earlier in this testimony, as well as the

⁶¹ WP 1, page 25, and WP 2, page 25.
⁶² Actually, the markup for nonprofit is 51 percent of the commercial markup. In the rate design formula, the markup is 47.4 percent of the commercial markup; however, due to mail mix changes in the after rates volumes, the after rates coverage (and markup) increases. Such a slight variation is not unprecedented. As information, in Docket No. R97-1, the PRC recommended

1 implied passthroughs that result from comparing the revised costs to the
 2 proposed rates.⁶³ No rates are being revised, and the implied passthroughs are
 3 consistent with the objectives of the rate design as described throughout the
 4 testimony. The implicit passthroughs are all within three percentage points of
 5 those filed. Using the implicit passthroughs, and thereby maintaining the rates as
 6 proposed, is consistent with the criteria of the Act.

7

8 **Regular Subclass passthroughs:**

9

	<u>As filed</u>	<u>Implicit</u>
10 Letter/Nonletter		
11 Basic tier	77%	76%
12		
13 Automation		
14 Basic letter	110%	112%
15		
16		
17		

18 **Enhanced Carrier Route passthroughs:**

19

	<u>As filed</u>	<u>Implicit</u>
20 Letter/Nonletter		
21 Saturation tier	95%	97%
22		
23 Density – Nonletters		
24 High-Density/Saturation	84.0%	83.8%
25		
26		
27		

28 **Nonprofit Subclass passthroughs:**

29


	<u>As filed</u>	<u>Implicit</u>
30 Letter/Nonletter		
31 Basic tier	50%	49.5%
32		
33 Automation		
34 Basic letter	105%	106%
35 3-digit letter	106%	109%
36		

rates that reflected a 40 percent markup, when the target was 42 percent for Step 5 of the phasing process.

⁶³ These are the passthroughs that, if entered in the rate design workpapers, along with the revised cost data filed March 1, 2000, would generate the rates as proposed.

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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