

UNITED STATES OF AMERICA  
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

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Docket No. R2000-1

NOTICE OF THE OFFICE OF THE CONSUMER ADVOCATE  
CONCERNING ERRATA TO THE TESTIMONY OF OCA  
WITNESS: PAMELA A. THOMPSON OCA-RT-3  
(August 15, 2000)

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The Office of the Consumer Advocate hereby gives notice of the filing of the following revision to the testimony of Pamela A. Thompson (OCA-RT-3, Page 15), filed on August 14, 2000. The changes to the testimony are set forth below. The revised page is attached.

<u>Page</u>	<u>Line</u>	<u>Correction</u>
15	9	Change "that filed" to "the PRFF_OR.xls file submitted"

Respectfully submitted,



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1           The Postal Service may be overly pessimistic in its ability to achieve the full \$744  
2 million Breakthrough Productivity. As quoted above, the field is being challenged to  
3 achieve the full cost reduction.

4           The Postal Service also incorporated a change in a key wage rate assumption  
5 for FY 01. The change relates to the use of ECI versus the previous use of ECI-1.  
6 Using electronic files provided by the Postal Service in USPS-LR-I-421, one may  
7 estimate the impact of changing the USPS employment wage assumption from 4.63  
8 percent (ECI) to 3.63 percent (ECI-1). Comparing the data in OCA's updated  
9 ACC\_OR.xls file with the PRFF\_OR.xls file submitted by the Postal Service in USPS-  
10 LR-I-421 indicates that the cost difference is roughly \$230 million. In other words, the  
11 change to ECI increases test year after rate costs by \$230 million above the level that  
12 would result from using the historical ECI-1 calculation. However, in continuing to  
13 update the USPS-LR-I-421 data files, the file PRFF\_OR.xls, which is where the cost  
14 model roll-forward cost factors are calculated, indicates that the impact of using ECI-1  
15 versus ECI increases the cost difference to approximately \$245 million.<sup>26</sup> A copy of the  
16 files I used to prepare my estimation of the impact of changing from ECI to ECI-1 are  
17 provided in OCA-LR-I-5.

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<sup>26</sup> Originally, USPS-LR-I-421, file name PRFF\_OR.xls, cell I32 was \$48,423,495,000. To change the USPS assumption of ECI to ECI-1, I updated USPS-LR-I-421, file name UNCST\_EXT.xls, worksheet COLA-ECI, cell D53. I changed the USPS employment cost assumption from 4.63% to 3.63%. The change flows through to USPS-LR-I-421, file name UNCST\_OR.xls. Then, I manually updated the information in USPS-LR-I-421, file name INPUT\_OR.xls, worksheet PERS UNIT COST. The costs I manually updated were general pay increases as well as step increases in column F of INPUT\_OR.xls, thereby reflecting the wage changes. After I updated Input\_OR.xls for the ECI-1 change, I opened the USPS-LR-I-421, file name PRFF\_OR.xls, worksheet COST FACTOR CALC, and found that the changes had updated cell I32 to \$48,178,490,000. The difference in the USPS-LR-I-421 value filed and my calculation was approximately \$245 million. In OCA-LR-I-5, are copies of the files I updated. Since I did not include copies of all the electronic files in USPS-LR-I-421, ignore any requests to update links. I did not have time to examine other electronic files in USPS-LR-I-421 to determine what if any additional impacts the change to ECI-1 might have on the FY 01 after rate costs.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice.

  
STEPHANIE S. WALLACE

Washington, DC 20268-0001  
August 15, 2000