

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

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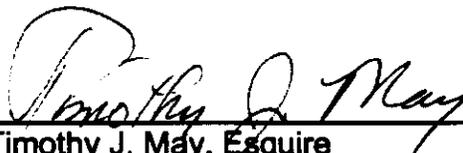
**POSTAL RATE AND FEE CHANGES, 2000**

**DOCKET NO. R2000-1**

**ERRATA TO REBUTTAL TESTIMONY OF SANDER A. GLICK (PSA-RT-1)  
ON BEHALF OF PARCEL SHIPPERS ASSOCIATION**

The attached errata provide corrections to page 27 of PSA-RT-1. A list of the corrections is attached, along with a copy of the relevant page with the highlighted corrections.

Respectfully submitted,

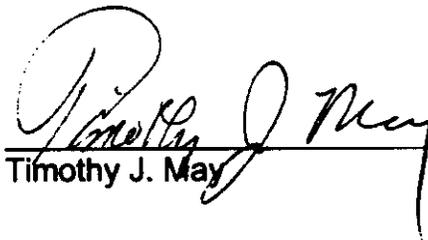


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**CERTIFICATE OF SERVICE**

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.



Timothy J. May

Dated: August 18, 2000

**Corrections to Rebuttal Testimony  
Of PSA Witness Sander A. Glick (PSA-RT-1)**

<u>Page</u>	<u>Line</u>	<u>Change</u>
27	23	"94 cents, two cents less than" to "97 cents, which is about the same as"

1 much less necessary. Therefore, Mr. Plunkett's logic would argue for passing  
2 through significantly more than 80 percent of the DDU cost avoidance should the  
3 Commission use the DBMC cost avoidance that I propose.

4 **8. Mr. Luciani's bottom-up model of DDU costs is incorrect. Therefore, his**  
5 **related criticism of the Postal Service's rate design approach is irrelevant.**

6 To assess whether the Postal Service's general rate design approach is  
7 reasonable, Mr. Luciani attempted to develop a bottom-up DDU cost estimate  
8 and then to compare this estimate with the DDU unit cost implicit in Mr. Plunkett's  
9 proposed DDU rate. Mr. Luciani apparently believes that if there is a discrepancy  
10 between the two estimates then some input into the Postal Service's rate design  
11 must be wrong. Tr. 25/11806-11807 (Luciani). While there is a discrepancy  
12 between the two estimates, the discrepancy is due to a flaw in Mr. Luciani's  
13 model.

14

15 The discrepancy identified by Mr. Luciani is that his bottom-up cost model  
16 produces a cost estimate of \$1.14 while he derives a DDU cost of 96 cents from  
17 Mr. Plunkett's rate design. Tr. 25/11806 (Luciani). As I discuss in testimony filed  
18 under seal, because it discusses evidence filed under seal, the discrepancy  
19 vanishes once Mr. Luciani's model is corrected to reflect a mistake he made in  
20 estimating rural carrier costs for DDU parcels.

21

22 Once this mistake in Mr. Luciani's model is corrected, the model produces a unit  
23 cost for a DDU parcel of approximately **97 cents, which is about the same as**  
24 the unit cost Mr. Luciani derived from Mr. Plunkett's analysis. Tr. 25B/11919-  
25 11921 (Luciani).