

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

RECEIVED  
JUL 17 4 37 PM '97  
POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

---

POSTAL RATE AND FEE CHANGES, 1997

---

Docket No. R97-1

**NOTICE OF REVISION TO USPS LIBRARY REFERENCE NO. H-106**

The purpose of this notice is to inform parties of a revision to a Library Reference filed by the Postal Service on July 10, 1997. The Library Reference in question is USPS-LR-106.

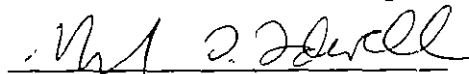
On page II-8, in the last paragraph, two figures inadvertently were not included in the original text. Those figures have been included in a revised page being filed today. As revised, line 7 of the final paragraph on that page begins "adjustment which are .9888659 and .011134 respectively." For the benefit of those parties who already may have reviewed or made copies of the Library Reference, a revised page is attached.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



Michael T. Tidwell

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
July 17, 1997

Explanations of the Calculations on Page II-7

Columns 1 and 2 are from LR-H-146, Part III.

Column 3 is  $C2/C1$ .

Column 4 is column 1 costs with worksheet adjustments. All costs in column 4 contain the product of the corresponding cost in column 1 and the Lump Sum Adjustment in Line No. 3 on PVI-1. The costs for all categories in all six BMC cost pools or rows are multiplied by the BMC Clocking In & Out ratio (Line 1 of PVI-1). Finally all costs in the last row, the Non-MODS cost pool are multiplied by the Non-MODS Clocking In & Out ratio (Line 2 of PVI-1).

Each row of column 5 is the product of the corresponding row of column 4 times the First-Class Presort Cards Premium Pay factor from LR-H-77, page 234 and the adjustment ratios for each cost pool from page VI-2.

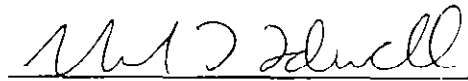
To get column 6, the costs in column 5 are multiplied by the ratio of test year mail processing labor costs for First-Class presort cards (see witness Patelunas, USPS-T-15, USPS-15A) to the column 5 total, to inflate these costs to the test year. This ratio is  $51799/36568=1.417$ .

Column 7 is column 6 times two factors. The first is the respective cost pool piggyback factor from page VI-2. The second is the reconciliation factor, calculated as follows. The test year mail processing cost of 51,799,000 is multiplied times the mail processing piggyback factor of 1.536 (LR-H-77, page 41) to obtain the reconciliation target. The reconciliation factor is the ratio of this amount to the column 7 total with the reconciliation factor set to 1.

Column 8 is  $1-C3$  times  $C7$  divided by the test year volumes times a Mail Volume Mix Adjustment.  $C9$  is  $C3$  times  $C7$  divided by test year volumes and also multiplied times the Mail Mix Volume Adjustment. Test year volumes are shown in the last row and are from witness Tolley, USPS-T-6, USPS-6A. The mail mix volume adjustment is calculated by using the shares of mail processing labor costs for non-carrier route presort and carrier presort, after the mail volume mix adjustment which are .9888659 and .011134 respectively. These are from LR-H-126, page II-6. Setting the mail mix volume adjustment equal to 1, the shares for non-carrier route presort and carrier route presort are computed. This is the share without the adjustment. The ratio of the adjustment factor for both  $C8$  and  $C9$  is the ratio of its mail mix share divided by the share without the mail mix adjustment.

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.

A handwritten signature in cursive script, appearing to read "M T Tidwell", written over a horizontal line.

Michael T. Tidwell

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
July 17, 1997