

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, 1997

Docket No. R97-1

UNITED STATES POSTAL SERVICE
NOTICE OF FILING ERRATA TO THE DIRECT TESTIMONY
OF WITNESS HATFIELD (USPS-T-16)
AND TO LIBRARY REFERENCE H-135

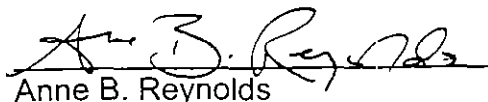
The United States Postal Service hereby provides notice that it is today filing errata to USPS-T-16, the testimony of witness Hatfield, and to Library Reference LR-H-135. In the course of responding to an interrogatory, witness Hatfield discovered a minor error in the program contained in LR-H-135. The correction of this error alters some of the numbers in witness Hatfield's testimony, but does not impact the rates proposed by the Postal Service. The revisions to Table III-3, at page 25 of witness Hatfield's testimony, are noted on the attached list, and a revised Table III-3 is included with this Notice. The corrections to LR-H-135 have been inserted into the Postal Service library's copies of the library reference; a copy of these changes is being filed today with the Postal Rate Commission.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
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August 11, 1997

The following is a catalogue of changes made to USPS-T-16. Page 25 of the direct testimony is the only page of the written document that contains changes, while four pages of the appendices have also been adjusted. Each of these five pages that required changes is listed in **BOLD**, and this page number is followed by the columns in which numbers were altered.

Page 25 of the Direct Testimony

Inter-BMC column

Zone 1 / 2	\$2.0558 became \$2.1019
Zone 3	\$2.5060 became \$2.5432
Zone 4	\$3.2502 became \$3.1933
Zone 5	\$4.3483 became \$4.2242
Zone 6	\$5.7406 became \$5.4423
Zone 7	\$7.4536 became \$7.1013
Zone 8	\$8.8578 became \$8.8441

DBMC (Non-DSCF) column

Zone 1 / 2	\$0.7006 became \$0.7135
Zone 3	\$1.5337 became \$1.5334
Zone 4	\$2.6943 became \$2.2764
Zone 5	\$4.5374 became \$4.4457

Exhibit USPS-16A, Page 1 of 1

Column [3]

1-2	\$0.2759 became \$0.3220
3	\$0.7261 became \$0.7634
4	\$1.4704 became \$1.4134
5	\$2.5684 became \$2.4443
6	\$3.9607 became \$3.6625
7	\$5.6738 became \$5.3214
8	\$7.0779 became \$8.0642

Column [5]

1-2	\$2.0558 became \$2.1019
3	\$2.5060 became \$2.5432
4	\$3.2502 became \$3.1933
5	\$4.3483 became \$4.2242
6	\$5.7406 became \$5.4423
7	\$7.4536 became \$7.1013
8	\$8.8578 became \$9.8441

Column [10]

1-2	\$0.3010 became \$0.3139
3	\$1.1340 became \$1.1337
4	\$2.2947 became \$1.8768
5	\$4.1378 became \$4.0461

Column [11]

1-2	\$0.7006 became \$0.7135
3	\$1.5337 became \$1.5334
4	\$2.6943 became \$2.2764
5	\$4.5374 became \$4.4457

Appendix II, Page 9 of 9

Column [5]

1-2	276,755,600 became	342,883,189
3	1,543,791,760 became	1,722,931,036
4	4,924,129,550 became	5,024,673,928
5	7,849,611,410 became	7,930,108,427
6	5,701,197,000 became	5,596,290,013
7	4,727,315,130 became	4,706,544,945
8	8,377,045,930 became	10,131,702,168
Total	33,399,846,380 became	35,455,133,706

Column [6]

1-2	841,369,000 became	829,466,916
-----	--------------------	-------------

3	529,488,250 became	500,216,933
4	206,061,460 became	183,773,705
5	17,915,540 became	11,121,556
Total	1,594,834,250 became	1,524,579,110

Column [7]

1-2	3,243,988,990 became	3,320,131,848
3	2,268,014,880 became	2,225,202,110
4	759,160,840 became	609,353,088
5	5,724,540 became	5,493,560
Total	6,276,889,250 became	6,160,180,606

Column [8]

1-2	4,362,113,590 became	4,492,481,953
3	4,341,294,890 became	4,448,350,079
4	5,889,351,850 became	5,817,800,721
5	7,873,251,490 became	7,946,723,543
6	5,701,197,000 became	5,596,290,013
7	4,727,315,130 became	4,706,544,945
8	8,377,045,930 became	10,131,702,168
Total	41,271,569,880 became	43,139,893,422

Appendix III, page 6 of 9

Column [2]

1-2	0.83% became	0.97%
3	4.62% became	4.86%
4	14.74% became	14.17%
5	23.50% became	22.37%
6	17.07% became	15.78%
7	14.15% became	13.27%
8	25.08% became	28.58%

Column [5]

1-2	\$ 734 became \$ 857
3	\$ 4,096 became \$ 4,306
4	\$13,065 became \$12,559
5	\$20,827 became \$19,821
6	\$15,127 became \$13,987
7	\$12,543 became \$11,764
8	\$22,226 became \$25,323

Column [9]

1-2	\$0.2759 became \$0.3220
3	\$0.7261 became \$0.7634
4	\$1.4704 became \$1.4134
5	\$2.5684 became \$2.4443
6	\$3.9607 became \$3.6625
7	\$5.6738 became \$5.3214
8	\$7.0779 became \$8.0642

Column [11]

1-2	\$2.0558 became \$2.1019
3	\$2.5060 became \$2.5432
4	\$3.2502 became \$3.1933
5	\$4.3483 became \$4.2242
6	\$5.7406 became \$5.4423
7	\$7.4536 became \$7.1013
8	\$8.8578 became \$9.8441

Column [12]

1-2	\$ 5,471 became \$ 5,594
3	\$14,136 became \$14,347
4	\$28,879 became \$28,373
5	\$35,259 became \$34,253
6	\$21,924 became \$20,785
7	\$16,477 became \$15,698
8	\$27,815 became \$30,912

Appendix III, page 8 of 9

Column [2]

1-2	51.68% became 53.90%
3	36.13% became 36.12%
4	12.09% became 9.89%
5	0.09% became 0.09%

Column [4]

1-2	\$22,853 became \$23,833
3	\$15,978 became \$15,973
4	\$ 5,348 became \$ 4,374
5	\$ 40 became \$ 39

Column [6]

1-2	\$0.3010 became \$0.3139
3	\$1.1340 became \$1.1337
4	\$2.2947 became \$1.8768
5	\$4.1378 became \$4.0461

Column [7]

1-2	\$0.7006 became \$0.7135
3	\$1.5337 became \$1.5334
4	\$2.6943 became \$2.2764
5	\$4.5374 became \$4.4457

Column [8]

1-2	\$56,026 became \$57,006
3	\$21,609 became \$21,604
4	\$ 6,280 became \$ 5,306
5	\$ 44 became \$ 43

TABLE III-3
 TEST YEAR UNIT TRANSPORTATION COSTS
 (ALL FIGURES ARE IN DOLLARS PER CUBIC FOOT)

	Inter-BMC	Intra-BMC	DBMC (Non-DSCF)	DBMC (DSCF)
Local	N/A	\$0.9402	N/A	N/A
Zone 1/2	\$2.1019	\$1.7527	\$0.7135	\$0.3997
Zone 3	\$2.5432	\$1.7527	\$1.5334	N/A
Zone 4	\$3.1933	\$1.7527	\$2.2764	N/A
Zone 5	\$4.2242	\$1.7527	\$4.4457	N/A
Zone 6	\$5.4423	N/A	N/A	N/A
Zone 7	\$7.1013	N/A	N/A	N/A
Zone 8	\$8.8441	N/A	N/A	N/A

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Summary of Parcel Post Unit Transportation Costs by Zone
Cost per Cubic Foot by Zone for Each Rate Category

Inter-BMC	[1]	[2]	[3]	[4]	[5]
Zone	Local costs	Intermediate costs	Long distance DR costs	Long distance NDR costs	Total inter-BMC costs
Local	N/A	N/A	N/A	N/A	N/A
1-2	\$0.7815	\$0.9361	\$0.3220	\$0.0623	\$2.1019
3	\$0.7815	\$0.9361	\$0.7634	\$0.0623	\$2.5432
4	\$0.7815	\$0.9361	\$1.4134	\$0.0623	\$3.1933
5	\$0.7815	\$0.9361	\$2.4443	\$0.0623	\$4.2242
6	\$0.7815	\$0.9361	\$3.6625	\$0.0623	\$5.4423
7	\$0.7815	\$0.9361	\$5.3214	\$0.0623	\$7.1013
8	\$0.7815	\$0.9361	\$8.0642	\$0.0623	\$9.8441

Intra-BMC	[6]	[7]	[8]
Zone	Local costs	Intermediate costs	Total intra-BMC costs
Local	\$0.4615	\$0.4788	\$0.9402
1-2	\$0.7952	\$0.9575	\$1.7527
3	\$0.7952	\$0.9575	\$1.7527
4	\$0.7952	\$0.9575	\$1.7527
5	\$0.7952	\$0.9575	\$1.7527
6	N/A	N/A	N/A
7	N/A	N/A	N/A
8	N/A	N/A	N/A

DBMC	[9]	[10]	[11]
Zone	Local / DSCF costs	Intermediate costs	DBMC (non-DSCF) costs
Local	N/A	N/A	N/A
1-2	\$0.3997	\$0.3139	\$0.7135
3	\$0.3997	\$1.1337	\$1.5334
4	\$0.3997	\$1.8768	\$2.2764
5	\$0.3997	\$4.0461	\$4.4457
6	N/A	N/A	N/A
7	N/A	N/A	N/A
8	N/A	N/A	N/A

DDU Cost Avoidance (DSCF costs less DDU costs in \$/cf) \$0.3337 1/

Column [1]: Appendix III, page 6, column 7.
Column [2]: Appendix III, page 6, column 8.
Column [3]: Appendix III, page 6, column 9.
Column [4]: Appendix III, page 6, column 10.
Column [5]: Column 1 + column 2 + column 3 + column 4.
Column [6]: Appendix III, page 7, column 5.
Column [7]: Appendix III, page 7, column 6.
Column [8]: Column 6 + column 7.
Column [9]: Appendix III, page 8, column 5.
Column [10]: Appendix III, page 8, column 6.
Column [11]: Column 9 + column 10.
Row 1/: Appendix III, page 9, row 12.

Parcel Post Cubic Foot and Cubic Foot Mile Input Data
Summary of Cubic Feet and Cubic Foot Miles by Rate Category and Zone

TY98 Cubic Feet by Zone

Zone	[1] Inter-BMC	[2] Intra-BMC	[3] DBMC	[4] Total
Local	0	1,460,249	0	1,460,249
1-2	2,661,211	18,685,824	83,000,009	104,347,043
3	5,641,102	2,383,554	14,089,492	22,114,149
4	8,885,254	482,631	2,330,668	11,698,554
5	8,108,805	20,861	9,746	8,139,412
6	3,819,149	0	0	3,819,149
7	2,210,617	0	0	2,210,617
8	3,140,208	0	0	3,140,208
Total	34,466,346	23,033,118	99,429,915	156,929,379
Total excluding local		21,572,869		

FY96 Cubic Foot Miles by Zone

Zone	[5] Inter-BMC	[6] Intra-BMC	[7] DBMC	[8] Total
Local	0	0	0	0
1-2	342,883,189	829,466,916	3,320,131,848	4,492,481,953
3	1,722,931,036	500,216,933	2,225,202,110	4,448,350,079
4	5,024,673,928	183,773,705	609,353,088	5,817,800,721
5	7,930,108,427	11,121,556	5,493,560	7,946,723,543
6	5,596,290,013	0	0	5,596,290,013
7	4,706,544,945	0	0	4,706,544,945
8	10,131,702,168	0	0	10,131,702,168
Total	35,455,133,706	1,524,579,110	6,160,180,606	43,139,893,422

DSCF Cubic Foot Calculations

Zone	[9] Total DBMC Cubic Feet	[10] DSCF Cubic Feet	[11] Regular DBMC Cubic Feet
Local	0	0	0
1-2	83,000,009	7,066,584	75,933,425
3	14,089,492	0	14,089,492
4	2,330,668	0	2,330,668
5	9,746	0	9,746
6	0	0	0
7	0	0	0
8	0	0	0
Total	99,429,915	7,066,584	92,363,332

Column [1]: Appendix II, page 6, total cubic feet for each zone.

Column [2]: Appendix II, page 4, total cubic feet for each zone.

Column [3]: Appendix II, page 8, total cubic feet for each zone.

Column [4]: Column 1 + column 2 + column 3.

Column [5]: USPS LR-H-135.

Column [6]: USPS LR-H-135

Column [7]: USPS LR-H-135

Column [8]: Column 5 + column 6 + column 7.

Column [9]: Column 3.

Column [10]: Appendix I, page 13, row 14, multiplied by total DBMC cubic feet.

Column [11]: Column 9 - column 10

Parcel Post Transportation Costs By Rate Category and Zone

Calculation of Inter-BMC Transportation Costs per Cubic Foot by Zone

Inter-BMC parcel transportation costs by function and distance relation

Local costs incurred by inter-BMC parcels (non-distance related)	\$26,934 <u>1/</u>
Intermediate costs incurred by inter-BMC parcels (non-distance related)	\$32,263 <u>2/</u>
Long distance costs incurred by inter-BMC parcels (distance related)	\$88,617 <u>3/</u>
Long distance costs incurred by inter-BMC parcels (non-distance related)	\$2,148 <u>4/</u>
Total inter-BMC parcel costs	\$149,962 <u>5/</u>

Zone	[1] Percentage of inter-BMC cubic feet	[2] Percentage of inter-BMC cubic foot miles	[3] Local costs (000)	[4] Intermediate costs (000)	[5] Long distance costs - DR (000)	[6] Long distance costs - NDR (000)
Local	0.00%	0.00%	\$0	\$0	\$0	\$0
1-2	7.72%	0.97%	\$2,080	\$2,491	\$857	\$166
3	16.37%	4.86%	\$4,408	\$5,281	\$4,306	\$352
4	25.78%	14.17%	\$6,943	\$8,317	\$12,559	\$554
5	23.53%	22.37%	\$6,337	\$7,590	\$19,821	\$505
6	11.08%	15.78%	\$2,985	\$3,575	\$13,987	\$238
7	6.41%	13.27%	\$1,728	\$2,069	\$11,764	\$138
8	9.11%	28.58%	\$2,454	\$2,939	\$25,323	\$196
Total	100.00%	100.00%	\$26,934	\$32,263	\$88,617	\$2,148

Zone	[7] Local unit costs (\$/CF)	[8] Intermediate unit costs (\$/CF)	[9] Long distance - DR unit costs (\$/CF)	[10] Long distance - NDR unit costs (\$/CF)	[11] Total unit costs (\$/CF)	[12] Reconcile to total costs (000)
Local	N/A	N/A	N/A	N/A	N/A	N/A
1-2	\$0.7815	\$0.9361	\$0.3220	\$0.0623	\$2.1019	\$5,594
3	\$0.7815	\$0.9361	\$0.7634	\$0.0623	\$2.5432	\$14,347
4	\$0.7815	\$0.9361	\$1.4134	\$0.0623	\$3.1933	\$28,373
5	\$0.7815	\$0.9361	\$2.4443	\$0.0623	\$4.2242	\$34,253
6	\$0.7815	\$0.9361	\$3.6625	\$0.0623	\$5.4423	\$20,785
7	\$0.7815	\$0.9361	\$5.3214	\$0.0623	\$7.1013	\$15,698
8	\$0.7815	\$0.9361	\$8.0642	\$0.0623	\$9.8441	\$30,912
Total						\$149,962

Row 1/: Appendix I, page 13, row 20

Row 2/: Appendix I, page 13, row 20.

Row 3/: Appendix I, page 12, row 13.

Row 4/: Appendix I, page 12, row 14.

Row 5/: Row 1 + row 2 + row 3 + row 4.

Column [1]: Appendix II, page 9, column 1, inter-BMC cubic feet in the given zone divided by total inter-BMC cubic feet.

Column [2]: Appendix II, page 9, column 5, inter-BMC cubic foot miles in the given zone divided by total inter-BMC cubic foot miles.

Column [3]: Row 1 * column 1.

Column [4]: Row 2 * column 1.

Column [5]: Row 3 * column 2.

Column [6]: Row 4 * column 1.

Column [7]: Column 3 * 1000 / Appendix II, page 9, column 1 (inter-BMC cubic feet by zone).

Column [8]: Column 4 * 1000 / Appendix II, page 9, column 1 (inter-BMC cubic feet by zone).

Column [9]: Column 5 * 1000 / Appendix II, page 9, column 1 (inter-BMC cubic feet by zone).

Column [10]: Column 6 * 1000 / Appendix II, page 9, column 1 (inter-BMC cubic feet by zone).

Column [11]: Column 7 + column 8 + column 9 + column 10.

Column [12]: Column 11 * Appendix II, page 9, column 1 (inter-BMC cubic feet by zone).

Parcel Post Transportation Costs By Rate Category and Zone
Calculation of DBMC Rated Parcel Costs per Cubic Foot by Zone

DBMC parcel transportation costs by distance relation

Local costs incurred by DBMC parcels (non-distance related)	\$39,739 ^{1/}
Intermediate costs incurred by DBMC parcels (distance related)	\$44,219 ^{2/}
Long distance costs incurred by DBMC parcels	\$0 ^{3/}
Total DBMC parcel costs	\$83,959 ^{4/}

	[1]	[2]	[3]	[4]
	Percentage of			
Zone	Percentage of DBMC cubic feet	DBMC cubic foot miles	Local costs (000)	Intermediate costs (000)
Local	0.00%	0.00%	\$0	\$0
1-2	83.48%	53.90%	\$33,173	\$23,833
3	14.17%	36.12%	\$5,631	\$15,973
4	2.34%	9.89%	\$932	\$4,374
5	0.01%	0.09%	\$4	\$39
6	0.00%	0.00%	\$0	\$0
7	0.00%	0.00%	\$0	\$0
	0.00%	0.00%	\$0	\$0
Total	100.00%	100.00%	\$39,739	\$44,219

	[5]	[6]	[7]	[8]
Zone	Local / DSCF Unit Costs (\$/CF)	Intermediate Unit Costs (\$/CF)	Total DBMC Unit Costs (\$/CF)	Reconcile to Total Costs (000)
Local	N/A	N/A	N/A	N/A
1-2	\$0.3997	\$0.3139	\$0.7135	\$57,006
3	\$0.3997	\$1.1337	\$1.5334	\$21,604
4	\$0.3997	\$1.8768	\$2.2764	\$5,306
5	\$0.3997	\$4.0461	\$4.4457	\$43
6	N/A	N/A	N/A	N/A
7	N/A	N/A	N/A	N/A
8	N/A	N/A	N/A	N/A
Total				\$83,959

Row ^{1/}: Appendix I, page 13, row 18.

Row ^{2/}: Appendix I, page 13, row 18.

Row ^{3/}: Appendix I, page 13, row 18

Row ^{4/}: Row 1 + row 2 + row 3.

Column [1]: Appendix II, page 9, column 3, DBMC cubic feet in the given zone divided by total DBMC cubic feet.

Column [2]: Appendix II, page 9, column 7, DBMC cubic foot miles in the given zone divided by total DBMC cubic foot miles.

Column [3]: Row 1 * column 1.

Column [4]: Row 2 * column 2.

Column [5]: Column 3 / Appendix II, page 9, column 3 (DBMC cubic feet by zone).

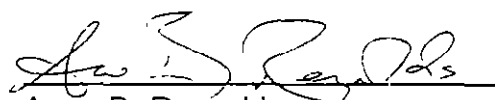
Column [6]: Column 4 / Appendix II, page 9, column 11 (regular DBMC cubic feet by zone).

Column [7]: Column 5 + column 6.

Column [8]: (Column 5 * Appendix II, page 9, column 10) + (column 7 * Appendix II, page 9, column 11).

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.


Anne B. Reynolds

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August 11, 1997