

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

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

NOTICE OF UNITED STATES POSTAL SERVICE
OF FILING OF ERRATA TO TESTIMONY OF WITNESS TAYMAN
(USPS-T-6)

The United States Postal Service hereby gives notice that it is filing errata to the testimony of witness Tayman, USPS-T-6. These errata consist of corrections to page 8 and page 23 that were described in the witness's responses to DMA/USPS-T6-27 and OCA/USPS-T6-34 and 35, respectively. In Table 6 on page 8, change "T.Q." to "FY 1976" and change the first "FY 1977" to "T.Q." On page 23, line 16, change "USSIM/Control 0601, and CISSIM/ Trendlong 0501" to "USSIM/Trendlong 0501, and CISSIM/Control 0601." Replacement pages containing these corrections are attached.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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need to borrow for operating purposes in FY 2000, the first such borrowing since 1976.

Table 6 displays the Postal Service's outstanding debt from 1972 through the test year.

Table 6
Outstanding Debt
Debt as a Percentage of Statutory Ceiling
FY 1972 - FY 2003
(\$ Millions)

Period	Total Debt	Debt Limit	Percent Of Statutory Limit
FY 1972	250.0	10,000	2.5%
FY 1973	250.0	10,000	2.5%
FY 1974	750.0	10,000	7.5%
FY 1975	1,750.0	10,000	17.5%
FY 1976	2,998.0	10,000	30.0%
T.Q.	3,498.0	10,000	35.0%
FY 1977	2,431.0	10,000	24.3%
FY 1978	2,364.0	10,000	23.7%
FY 1979	1,837.0	10,000	18.4%
FY 1980	1,770.0	10,000	17.7%
FY 1981	1,538.0	10,000	15.4%
FY 1982	1,471.0	10,000	14.7%
FY 1983	1,404.0	10,000	14.0%
FY 1984	1,337.0	10,000	13.4%
FY 1985	1,940.0	10,000	19.4%
FY 1986	3,104.2	10,000	31.0%
FY 1987	4,603.4	10,000	46.0%
FY 1988	5,842.2	10,000	58.4%
FY 1989	6,445.0	10,000	64.5%
FY 1990	6,947.8	10,000	69.5%
FY 1991	8,420.9	12,500	67.4%
FY 1992	9,903.4	15,000	66.0%
FY 1993	9,731.5	15,000	64.9%
FY 1994	8,973.1	15,000	59.8%
FY 1995	7,264.7	15,000	48.4%
FY 1996	5,906.3	15,000	39.4%
FY 1997	5,861.4	15,000	39.1%
FY 1998	6,413.1	15,000	42.8%
FY 1999	6,913.1	15,000	46.1%
FY 2000	9,313.0	15,000	62.1%
FY 2001	11,313.0	15,000	75.4%
FY 2002	12,913.0	15,000	86.1%
FY 2003 Before Rates*	16,772.6	15,000	111.8%

* Includes Contingency

In absolute terms and as a percentage of the statutory debt limit, the Postal Service's debt is steadily increasing and will be uncomfortably close to the statutory limit in FY 2002. On a test year before rates basis, the Postal Service could reach the statutory limit in FY 2003. The debt trend points to the

10.7 percent in January 2001. Premium increases of 10.0 percent are expected in January 2002 and January 2003. In addition, covered employees benefited from a change in the methodology for computing the employer share of health benefits expense. The new weighted average formula, required under the labor contracts, shifted about 2 percent of the insurance premium expense from employee to employer. This change was effective in January 2000 for bargaining unit employees except rural carriers. For rural carriers and non-bargaining employees, this shift was effective in January 2001. Cost level computations based on these assumptions are detailed in Chapter VII of Library Reference J-50.

3. General Price Increases

The Postal Service is a significant purchaser of supplies for operations and maintenance, and services such as transportation. Most cost level changes for these items are based upon projections contained in the DRI/WEFA¹⁹ USSIM/Control 0601, and CISSIM/ Trendlong 0501. CPI-W estimates from DRI/WEFA served as the basis for computation of cost of living adjustments (COLA) for Fiscal Year 2000 and Fiscal Year 2001 under the existing labor agreements affecting bargaining unit employees.

Major indices used in this case are summarized in the Table 16.

Table 16
Selected DRI-WEFA Forecast Factors
(Percent Change From Previous Year)

	FY 2000	FY 2001	FY 2002	Test Year
CPI-W ²⁰	3.30	3.31	2.65	2.40
ECI ²¹	3.22	4.12	4.16	4.25
Supplies & materials	4.50	2.35	(1.16)	0.19

A more detailed list of the indices used, along with the specific factors for FY 2000 through the Test Year, can be found in Chapter IV Library Reference J-50.

^{19/} DRI/WEFA is a leading economic forecasting service.

²⁰ CPI-W is the Consumer Price Index for all Urban Wage Earners & Clerical Workers

²¹ ECI is the Employment Cost Index for Wages and Salaries, Private Industry. The ECI growth factors used in this testimony reflect the September index over the previous September index.

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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