

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

NOTICE OF FILING OF ERRATUM TO TESTIMONY OF WITNESS MACDONALD

The United States Postal Service hereby files an erratum to the testimony of witness Macdonald. A revised page incorporated the change is attached. The single change is in line 12, changing "discount" to "inflation." See the witness's response to OCAT10-8, also filed today.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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1 value of estimated future payments. The Postal Service currently uses net
2 discount factors of 0.1 percent for medical claims and 3.0 percent for
3 compensation claims. The Postal Service conducts a review of these net
4 discount factors on an ongoing basis to validate their appropriateness. A
5 summary of all discount rate analyses over the last ten years is included as
6 Exhibit USPS-10A. Our most recent prospective and historical discount rate
7 analyses for medical and compensation claims are included as Exhibits USPS-
8 10B, USPS-10C, USPS-10D, USPS-10E, USPS-10F and USPS-10G. These
9 analyses are based on data published in DRI/McGraw-Hill's *Review of the U.S.*
10 *Economy, Long-Range Focus*. In the opinion of postal management, the
11 discount rates currently used for medical and compensation claims represent a
12 reasonable difference between medical and societal inflation rates and the rates
13 of return on government debt instruments of comparable terms to the
14 approximate likely lives of medical and compensation claims. It is our opinion
15 that the factors currently used reflect the value of the two individual liability
16 components and the value of the workers' compensation liability as a whole.

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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