

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

POSTAL RATE AND FEE CHANGES
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005-1

NOTICE OF THE UNITED STATES POSTAL SERVICE
OF FILING OF REVISIONS TO LIBRARY REFERENCE USPS-LR-K-67 -ERRATA
(May 6, 2005)

The Postal Service hereby gives notice of the filing of revisions to the following library reference:

USPS-LR-K-67 Development of Delivery Costs by Rate Category for
First-Class and Standard Mail (Kelley)

The revisions relate to the provision of additional documentation and files, as requested by item 11 of POIR No. 2, and correction of a minor error. Attached is a description of the revisions, which should be inserted into the library reference. Also attached are the revised pages. In addition, the Commission has been provided a new CD-ROM, which includes all revised and additional material, and entirely replaces the original CD-ROM.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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USPS-LR-K-67-Errata

The additional materials requested in POIR No. 2, Item 11 are in the workbook LR-K-67_Revised.xls, which is included in the revised version of USPS-LR-K-67, filed on May 6, 2005. The additional documentation is presented in footnotes at the bottom of the various worksheets. LR-K-67_Revised.xls also makes a minor correction to the segment 6 in-office costs by shape and rate subcategory. This correction adds TY 2006 Segment 6.2 CAG K costs, which the previous version excluded. Adding these CAG K costs changes a few of the worksheet 'Table 1' total TY 2006 unit costs, as shown in the following table.

Mail Subclass and Shape-Rate Subcategory	Previous TY06 Unit Cost	Revised TY06 Unit Cost
First-Class Single Piece, letter-shape pieces	7.188	7.189
First-Class Single Piece, nonletter pieces	14.423	14.424
First-Class Presort, flat-shape pieces	9.423	9.424
First-Class Auto AADC Cards	3.371	3.372
First-Class Auto 5-Digit Cards CSBCS/Manual Sites	5.798	5.799
First-Class Auto 5-Digit Cards Other Sites	2.306	2.307
First-Class Auto CR Cards	5.647	5.648
Standard Regular, Nonautomation – Nonmach Mixed ADC Letters	11.049	11.050
Standard Regular, Nonautomation –	11.049	11.050

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Nonmach ADC Letters		
Standard Regular, Nonautomation – Nonmach 3-Digit Letters	11.049	11.050
Standard Regular, Nonautomation – Nonmach 5-Digit Letters	11.049	11.050
Standard Regular, Nonletter Subtotal	10.093	10.094
Standard ECR, Saturation Flats - with DAL Costs Included in the Numerator of the ECR Saturation Flats Unit Cost	4.241	4.240

Also included in revised LR-K-67 is the workbook "CASING04.Recd.2.17.05.xls" which had not been filed with original USPS-LR-K-67.

Overall, the following changes have been made in USPS-LR-K-67. In the electronic files, workbook LR-K-67_Revised.xls replaces workbook LR-K-67.xls, and workbook CASING04.Recd.2.17.05.xls has been added. In the hard copy, Table 1 (page 16) and pages 13-15 of LR-K-67.doc have been revised and the new pages should be substituted for the old pages.

e) Shape_GFY_2004rV.Final.xls

Contains BY04 RPW volumes by subclass and shape. LR-K-67 worksheet 'RPW' references this workbook to obtain RPW volumes by shape for the First Class Single Piece, First Class Presort Letters, Standard ECR, and Standard Regular subclasses.

f) TY06RPW.xls

Calculates BY04 to TY06 percentage changes in RPW volumes by mail subclass. LR-K-67 worksheet 'summary TY' uses these percentage changes to compute test year volumes for each LR-K-67 combination of a mail subclass, rate category, and shape.

g) TYPigbackFactors.xls

The LR-K-67 worksheet 'summary TY' uses the test-year piggyback factors in "TYPigbackFactors.xls" to add piggybacked costs to the segment 6, 7, and 10 city and rural direct-delivery and support-activity costs.

2. Analysis Workbooks

a) CASING04.Recd.2.17.05.xls

i. '6.1 Casing'

Provides the city in-office direct-labor casing costs by mail subclass, rate, and shape that are listed in the LR-K-67 worksheet 'by shape'.

ii. 'ECR Breakout'

Provides the LR-K-67 worksheet 'ecr splits' with casing and non-casing costs by ECR rate and shape category.

b) CASING04.xls (this workbook also contains identical worksheets referenced in i. and ii. from CASING04.Recd.2.17.05.xls)

i. 'EstimatesOfCased.Sat.Ltrs.Flts'

Provides LR-K-67 worksheets 'CITYECRVOL' and 'DALsUsingECR%-NewEstOfRurlCovrs' estimates of cased ECR saturation letters, cased ECR saturation attached-label flats, plus unit casing costs for saturation attached-label flats, and for the DALs that are associated with the saturation-flat host pieces of DAL mailings.

c) city04.xls

Lists CCS volumes by activity code and stop type, and for total DPS ECR saturation mail, total non-DPS ECR saturation mail that bypasses casing - i.e., sequenced mail - and total cased saturation and non-saturation mail. Provides these cased and non-cased ECR volumes to LR-K-67 worksheets 'DALsUsingECR%-NewEstOfRurlCovrs', 'CityDelAct.ParcelCrosswalk', and 'ECR Unit Costs FY04'.

d) CS06&7.K67.xls

The worksheet 'Totl Costs by Shape, Class' in this workbook computes distributions of BY04 segment 6 and 7 costs by mail subclass and shape through aggregation over the CS06&7.xls worksheets '7.0.6.5' – '7.0.6.10'. The worksheet 'Outputs to CRA (2)' copies the columns from the 'Outputs to CRA' worksheet, and then adds the "in-office support overhead" and "cag k" columns, plus columns M through P and R through S. Several LR-K-67 worksheets obtain volumes and office and street-time costs from the CS06&7.K67.xls worksheets '6.0.2.1', '6.0.4', '7.0.6', '7.0.8', '7.0.6.10', 'Totl Costs by Shape, Class', and 'Outputs to CRA (2)'

e) CS10.K67.xls

CS10.K67.xls is the same as CS10.xls, with a few additional calculations. Worksheet '10.2.2' computes total segment 10 costs per RCS piece for "Evaluated" plus "Other" routes by mail subclass and evaluation category. This worksheet, along with sheets '10.1.2', 'Inputs DK', and 'Outputs to CRA' provide segment 10 costs and RCS volumes by mail subclass and evaluation category to several LR-K-67.xls worksheets.

f) FY04.CCS.RCS.RPW.Parcel.Volumes.xls

Calculates CCS and RCS parcel-volume crosswalks based on ratios of CCS and RCS parcels to RPW parcels. Also provides the LR-K-67 worksheets 'Parcel Crosswalk' and 'RrICwlk-RevSatBxhlds.Rev.Prcls' with estimates of CCS and RCS parcels that are to be moved to flats based on RPW shape definitions.

g) FY04.ECR.Volumes.Sat.NonSat.ByShape.xls

Divides total CCS ECR saturation letters into DPS and non-DPS, and total CCS non-DPS ECR saturation letters and flats into cased and non-cased. These cased and non-cased volumes are input into the LR-K-67 worksheet 'DALsUsingECR%-NewEstOfRurlCovrs'.

h) FY2004.DAL.MAILING.VOLUME.ESTIMATES.xls

Provides the LR-K-67 worksheet 'DALsUsingECR%-NewEstOfRurlCovrs' with estimates of aggregate annual BY04 saturation DAL mailings delivered to city and rural routes, and to all delivery points across all possible delivery modes.

Table 1: Test Year FY 2006 Unit Delivery Costs

First-Class Single Piece		FY06 Unit Costs	
Single-Piece Letters		7.189	
Single-Piece Flats		12.416	
Single-Piece Parcels		30.049	
Single-Piece Nonletters		14.424	
First-Class Presort			
Nonautomation -- Nonmach Mixed ADC		10.918	
Nonautomation -- Nonmach ADC		10.918	
Nonautomation -- Mach Mixed AADC		3.929	
Nonautomation -- Mach AADC		3.929	
Nonautomation -- Nonmach 3-Digit		10.918	
Nonautomation -- Nonmach 5-Digit		10.918	
Nonautomation -- Mach 3-Digit		3.737	
Nonautomation -- Mach 5-Digit		3.737	
Automation Mixed AADC		4.148	
Automation AADC		3.940	
Auto 3-Digit Letters		3.846	
Auto 5-Digit Letters CSBCS/Manual Sites		6.691	
Auto 5-Digit Letters Other Sites		2.732	
Auto 5-Digit Letters All		3.597	
Auto CR Letters		6.520	
Presort Flats		9.424	
Presort Parcels		20.636	
Presort Nonletters		9.527	
			Presort Letters (Avg) 3.954
First-Class Cards			
Single Piece Cards		8.888	
NonAuto Presort Cards		3.362	
Auto Mixed AADC Cards		3.555	
Auto AADC Cards		3.372	
Auto 3-Digit Cards		3.289	
Auto 5-Digit Cards CSBCS/Manual Sites		5.799	
Auto 5-Digit Cards Other Sites		2.307	
Auto 5-Digit Cards All		3.069	
Auto CR Cards		5.648	
			Presort Cards (Avg) 3.324
Standard Regular			
Nonautomation -- Nonmach Mixed ADC		11.050	
Nonautomation -- Nonmach ADC		11.050	
Nonautomation -- Mach Mixed AADC		3.879	
Nonautomation -- Mach AADC		3.879	
Nonautomation -- Nonmach 3-Digit		11.050	
Nonautomation -- Nonmach 5-Digit		11.050	
Nonautomation -- Mach 3-Digit		3.682	
Nonautomation -- Mach 5-Digit		3.682	
Automation Mixed AADC		4.104	
Automation AADC		3.890	
Automation 3-Digit Letters		3.794	
Automation 5-Digit Letters		3.538	
Regular Flat Subtotal		9.290	
Regular Parcel Subtotal		28.948	
Regular Nonletter Subtotal		10.094	
			Std. Reg. Ltrs. (Avg) 3.873
Standard ECR - with DAL Costs Included in the Numerator of the ECR Saturation Letters Unit Cost			
ECR Basic Auto Letters		2.902	
ECR Basic Letters		5.359	ECR Basic Flats 6.152
ECR High Density Letters		4.508	ECR High Density Flats 4.620
ECR Saturation Letters		6.666	ECR Saturation Flats 3.168
Standard ECR - with DAL Costs Included in the Numerator of the ECR Saturation Flats Unit Cost			
ECR Basic Auto Letters		2.902	
ECR Basic Letters		5.359	ECR Basic Flats 6.152
ECR High Density Letters		4.508	ECR High Density Flats 4.620
ECR Saturation Letters		3.876	ECR Saturation Flats 4.240

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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