

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

FURTHER REVISED RESPONSE OF POSTAL SERVICE WITNESS KELLEY
TO INTERROGATORY OF MMA (MMA/USPS-T16-13) -- ERRATA
(June 17, 2005)

The United States Postal Service hereby provides the further revised response of witness Kelley to the following interrogatory of MMA, filed on May 13, 2005:

MMA/USPS-T16-13. This further revision replaces the one filed on June 15, 2005.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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June 17, 2005

**RESPONSE OF POSTAL SERVICE WITNESS KELLEY
TO INTERROGATORY OF MMA**

MMA/USPS-T16-13

Are collection costs included in your nonpresorted unit delivery cost of 7.189 cents as shown in USPS-LR-K-67 (revised)? If yes, please provide the nonpresorted unit delivery cost excluding collection costs, and include all computations and sources.

Response

Collection costs are included in the Single Piece letter Test Year 2006 unit delivery cost of 7.189 cents. The Single Piece letter Test Year unit delivery cost without collection costs is **4.854** cents. The difference between the two unit costs is **2.335** cents. Multiplying this cost differential by the Test Year Single Piece letter volume of 38.962 billion pieces produces a Test Year total collection cost of **\$909.8** million, which consists of **\$842.1** million in city carrier cost, and **\$67.7** million in rural carrier cost. To reproduce these calculations, perform the following steps within library reference "**USPS-LR-K-67_2nd.revised.xls.**" Steps 1 and 2, as described below, remove the Single Piece letter cost of collections due to city carriers, and steps 3 and 4, as described below, take out the costs from rural carriers.

1. In workbook "CS06&7.K67.xls" worksheet '7.0.6' change the values in cells C11, H11, **K11**, and **T11** to zero.
2. In workbook "CS06&7.K67.xls" worksheets '7.0.6.5', '7.0.6.6', '7.0.6.7', '7.0.6.8', and '7.0.6.9' change the values in cell G11 to zero.
3. In workbook "**LR-K-67_2nd.revised.xls**", worksheet '8.RrICwIkRevSatBxds.Rev.Prcls', change the values in cells J6 and K6 to zero.
4. Step 3 results in a division by zero in cells I36 and J36 of worksheet '6.Rural cost' in "**LR-K-67_2nd.revised.xls**". To address that issue, values of \$0.0175 and \$1.441 are input into cells I36 and J36.

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5. Steps 1-4 remove the collection costs from the base year costs. In order to reflect the removal of the collection costs within test year costs, an additional factor must be added to the formulas for the column F, G, H, I, and K cells of row 7 of spreadsheet "2SummaryTY" in "**LR-K-67_2nd.revised.xls**". In each cell, the additional factor multiplies the results of the existing formula by the ratio of base year costs without collections for that cell (from the version of spreadsheet 11 generated by steps 1-4 above) to base year costs with collections for that cell (from the version of spreadsheet 11 that existed before steps 1-4 above were applied).

After completing steps 1 through 5, the Test Year 2006 nonpresorted unit delivery costs without collection costs will equal **4.854** cents.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

Eric P. Koetting

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