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-55 –ERRATA
(July 1, 2005)

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

library reference:

USPS-LR-K-55   MODS-Based Costing, Description of Spreadsheets and
                   SAS Programs (Van-Ty-Smith)

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 material, and entirely replaces the

both the original CD-ROM and the diskettes.

Respectfully submitted,
UNITED STATES POSTAL SERVICE

By its attorneys:

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USPS-LR-K-55 Errata

The changes to USPS-LR-K55 consist of the following:

1.   The cost pool titles for the BMC group on page I-6 are re-ordered to be consistent with Table I-3.

2.   In Table I-2B, page I-18, the truncated portion of the MODHRS for the 1FLATPRP pool has been restored, and the restored MODHRS number is now consistent with the POOLHRS number from the 1FLATPRP pool from Table I-2A, page I-11.

3.   On page III-2, DESCRIPTION OF SAS PROGRAM MODSHAPE, the variable used for Metered Mail is corrected to F136=D,E to be consistent with the SAS program.

4.   Tables VII-3- a-c of R2005 lr-k-55_pt7_revised.xls are substituted for Tables VII-3-a-c of R2005 lr-k-55_pt7 originally filed with USPS-LR-K55. The revisions to the tables transfer costs associated with IOCS activity code '6524' which were previously grouped with the 'OTHER' category into the 'EMPTY EQ' category. Program NONMODEL revised.rtf has been changed to reflect this category.

Table I -1: BY 04 Cost Segment 3 Clerk and Mailhandler Cost Pools

BMC GROUP

SAS name		Cost Pool Title	Pool Total Cost	
NMO	41	Non-Machinable Outside (NMO)	39,355	---> see Table I - 3 *POOLCOST*
OTHR	42	Allied Labor & all other Mail Processing	354,242	---> "
PLA	43	Platform	225,861	---> "
PSM	44	Parcel Sorting Machine	71,879	---> "
SPB	45	SPBS & Irregular Parcels (IPP & 115)	77,825	---> "
SSM	46	Sack Sorting Machine	30,307	---> "
		BMCs Subtotal 2/	799,469	
		Window Service	755	---> see Table I - 3D, *ytdamt*
		Claims & Inquiries	1,823	---> "
		Administrative Services 3/	72,677	---> "
		Total for BMC Facilities	874,723	---> see Table I - 1A, *YTDAMT*

POST-OFFICES, STATIONS/BRANCHES GROUP (include nonMODS & MODS 1&2 LDC41-44,48)

SAS name		Cost Pool Title	Pool Total Cost	
ALLIED	47	Allied	1,010,558	---> see Table I - 4 *POOLCOST*
AUTO/MECH	48	Automated/Mechanized	216,212	---> "
EXPRS IN	49	Express Mail - In-Office	39,832	---> "
EXPRSOUT		Express Mail - Out of Office	55,172	
MANF	50	Manual Flat	616,725	---> "
MANL	51	Manual Letter	871,315	---> "
MANP	52	Manual Parcel	354,397	---> "
REGISTRY	53	Registry	603,099	---> "
MISC	54	Miscellaneous	70,385	---> "
		Non-MODS Subtotal 2/	3,837,695	---> "
		Window Service	1,704,449	---> see Table I - 4D, *ytdamt*
		Claims & Inquiries	24,587	---> "
		Administrative Services 3/	687,999	---> "
		Total for Post-Offices, Stations/Branches	6,254,730	---> see Table I - 1A, *YTDAMT*

TOTAL CLERK / MAILHANDLER COSTS (C/S 3)   **18,371,122**

Cost Components for the group labeled " Post Offices, Stations/Branches"		
MODS Offices		
LDC 41 - Unit Distribution - Automated	23,466	---> see Table I - 2 *POOLCOST*
LDC 42 - Unit Distribution - Mechanized	435	---> "
LDC 43 - Unit Distribution - Manual	684,154	---> "
LDC 44 - Post-Office Box Distribution	156,310	---> "
LDC 48 - Customer Srvc, Adm./Miscellaneous	588,870	---> "
NonMODS Offices	4,801,496	---> see Table I - 1A, *YTDAMT*
TOTAL	6,254,731	

Footnotes 1/ These support costpools are combined into the piggyback cost pool 1SUPP_F1
   2/ The mail processing cost pools include their portion of the clocking in/out (actv=6522) costs
   3/ The non-mail processing portion of the clocking in/out costs are included in the Administrative Services

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Table I - 2B
MODS hours by LDC, Cost Pools and MODS Operation Codes
for Function 1, LDC 49 & LDC=79
Exclude BMC, ISC & PMPC Hours
Source : MODS file, BY 04

	MOD	NAME	MODHRS
315	015	ADVANCED FACER CANCELLER SYSTEM	1,653,764
316	016	FLAT CANCELLATIONS	333,956
317	017	CANCELLING OPERATIONS MISC	2,866,110
318	018	COLLECTION MAIL SEPARATION	1,966,676
319	019	TABBER	192,290
320	066	AFCS VIDEO FACING MODE	41,665
321	067	AFCS CANCELLED MODE	18,130
			============
			9,226,951

------------------ ldc=17 pool=1DSPATCH -

322	124	DISPATCH UNIT -OUTGOING	2,479,768
323	125	DISPATCH UNIT -OUTGOING	810,867
324	126	DISPATCH UNIT -INCOMING	1,604,715
325	127	DISPATCH UNIT -INCOMING	640,863
326	128	OPENING UNIT/DISPATCH UNIT - ADC	784,192
327	129	OPENING UNIT/DISPATCH UNIT - ADC	414,761
			============
			6,735,166

------------------ ldc=17 pool=1FLATPRP -

328	035	FLAT MAIL PREPARATION	8,722,446

------------------ ldc=17 pool=1MTRPREP -

329	020	METERED MIXED PREPARATION	830,553
330	021	METERED LETTER PREPARATION	154,231
331	022	METERED FLAT PREPARATION	10,527
			============
			995,311

------------------ ldc=17 pool=1OPBULK --

332	115	OPENING UNIT-OUTGOING,STANDARD	710,997
333	116	OPENING UNIT-OUTGOING,STANDARD	183,908
334	117	MANUAL TRAY SEPARATION-STANDARD	1,522,403
335	185	OPENING UNIT-INCOMING,STANDARD	3,639,120
336	186	OPENING UNIT-INCOMING,STANDARD	984,960
			============
			7,041,388

------------------ ldc=17 pool=1OPPREF --

337	084	PARS MAIL PREP	843
338	110	OPENING UNIT-OUTGOING,PREF	4,311,227
339	111	OPENING UNIT-OUTGOING,PREF	783,262
340	112	MANUAL TRAY SEPARATION-PREF	3,309,860
341	180	OPENING UNIT-INCOMING,PREF	6,558,813
342	181	OPENING UNIT-INCOMING,PREF	2,145,840
343	328	PRIORITY MAIL SHAPE SEP - ORIGIN	118,652
344	329	PRIORITY MAIL SHAPE SEP-DESTINATION	87,784
345	343	OPENING UNIT-INTERNATL EXPORT	7,211
346	344	OPENING UNIT-INTERNATL IMPORT	37,634
			============
			17,361,126

------------------ ldc=17 pool=1OPTRANS -

347	114	MANUAL TRANSPORT/WEIGH (IN-HOUSE)	4,035,666

------------------ ldc=17 pool=1PLATFRM -

348	188	AMC/AMF RAMP ACTIVITIES	368,248
349	210	PLATFORM INBOUND	9,854,051
350	211	PLATFORM INBOUND	2,968,139
351	212	PLATFORM OUTBOUND	4,123,774
352	213	PLATFORM OUTBOUND	964,675
353	214	MANUAL TRANSPORT/WEIGH	962,942
354	215	MECHANIZED DUMPING	5
355	225	PLATFORM-MAIL FLOW CONTROL	939,331
356	229	EQUIPMENT OPERATOR-TOW	10,031,400
357	230	EQUIPMENT OPERATOR-FORKLIFT	3,762,937
358	231	EXPEDITER	7,710,847

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A. DESCRIPTION OF SAS PROGRAM MODSHAPE:

Program Objective:

The program derives clerk/mailhandler MODS-based costs for selected BASE YEAR rate categories at a finer level of detail. The level of detail consists of :

> shapes for First-Class, Periodicals, Standard Mail and Package Services
> automation categories for presort First-Class and Standard Mail letter shape
> metered mail indicia for First Class, Single Piece.

Programming Processing Tasks:

The program consists of three subprograms, MODSHAPE, NMDSHAPE and BMCSHAPE which are executed in their respective facility group processing streams, using the data generated by Programs MOD4DIST, NONMOD4, BMC4. The processing tasks in these subprograms are similar, as described below.

The subprograms access the volume-variable costs by activity codes generated by Programs MOD4DIST, NONMOD4, and BMC4. A metered mail activity code for First Class Single Piece (X068) has been created in Program MOD1POOL, NONMOD1 and BMC1, using tallies with activity codes X060 and F136 = D,E.

The SHAPES module is executed to aggregate the volume-variable costs by automation and metered mail categories for each shape of the relevant rate categories. Each of the subprograms produces a report which is output to a file that can be downloaded to EXCEL for subsequent use (see LR K-53).

Methods and Procedures Employed :
Program is developed in SAS for processing on an IBM mainframe.

Input Data:
Data sets generated by MOD4DIST, NONMOD4, BMC4 containing the volume-variable costs by cost pools. The names of the data sets are ALLCOSTS for MOD4DIST, and MPKEY1 for NONMOD4 and BMC4

Output Data:
Hard Copy Reports:

Table III-A: Plants - BY 04 Mail Processing Subclass Volume-Variable Costs By Shape And Cost Pool For First Class, Periodicals, Standard Mail & Package Services. First Class Presort & Standard Mail Disaggregated Into Automation And Non-Automation Categories. First Class Single Piece Disaggregated By Metered Indicia.

Table III-B: Po/Sta/Brs - BY 04 Mail Processing Subclass Volume-Variable Costs By Shape And Cost Pool For First Class, Periodicals, Standard Mail & Package Services. First Class Presort & Standard Mail Disaggregated Into Automation And Non-Automation Categories. First Class Single Piece Disaggregated By Metered Indicia.

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Table VII -3- A revised
BY 04 Plant Volume-Variable Costs for Mail Processing Cost Pools
Percent of Overhead Volume-Variable Costs by Cost Pool

COSTGRP   CATGTYP E

	BREAKS	CLOCKG	EMPTYEQ	OTHER	Total
MODS 11 BCS/	21362	2473.5	11877	106850	142562
Row Pct	14.98	1.74	8.33	74.95	
MODS 11 BCS/DBCS	152715	27886	104823	796150	1081575
Row Pct	14.12	2.58	9.69	73.61	
MODS 11 OCR/	23805	3678.6	14640	122465	164589
Row Pct	14.46	2.24	8.89	74.41	
MODS 12 AFSM100	69906	12575	62533	401826	546840
Row Pct	12.78	2.3	11.44	73.48	
MODS 12 FSM/	512.77	78.248	633.46	2295.5	3520
Row Pct	14.57	2.22	18	65.21	
MODS 12 FSM/1000	20672	4620.8	16802	126492	168587
Row Pct	12.26	2.74	9.97	75.03	
MODS 13 MECPARC	842.54	102.63	601.48	4344.7	5891.3
Row Pct	14.3	1.74	10.21	73.75	
MODS 13 SPBS OTH	51568	8281.4	37373	231652	328875
Row Pct	15.68	2.52	11.36	70.44	
MODS 13 SPBSPRIO	10123	1418.2	8624.8	53100	73265
Row Pct	13.82	1.94	11.77	72.48	
MODS 13 1SACKS_M	4150.2	738.89	2703.3	17602	25195
Row Pct	16.47	2.93	10.73	69.87	
MODS 13 1TRAYSRT	21224	2504.4	15283	76900	115911
Row Pct	18.31	2.16	13.18	66.34	
MODS 14 MANF	34357	4931.4	14468	168452	222208
Row Pct	15.46	2.22	6.51	75.81	
MODS 14 MANL	129127	22117	36046	650385	837676
Row Pct	15.41	2.64	4.3	77.64	
MODS 14 MANP	10680	1066.4	8221.9	40752	60720
Row Pct	17.59	1.76	13.54	67.11	
MODS 14 PRIORITY	26634	4903.3	17953	127481	176971
Row Pct	15.05	2.77	10.14	72.03	
MODS 15 LD15	26765	7069.6	8931.9	135452	178218
Row Pct	15.02	3.97	5.01	76	
MODS 17 1CANCEL	20129	2374.8	11276	103802	137582
Row Pct	14.63	1.73	8.2	75.45	
MODS 17 1DSPATCH	30014	5030.1	27142	119021	181207
Row Pct	16.56	2.78	14.98	65.68	
MODS 17 1FLATPRP	34203	5235.4	20173	175062	234674
Row Pct	14.57	2.23	8.6	74.6	
MODS 17 1MTRPREP	4349.8	459.82	2833.3	19135	26778
Row Pct	16.24	1.72	10.58	71.46	
MODS 17 1OPBULK	32769	5565.5	24372	126739	189445
Row Pct	17.3	2.94	12.86	66.9	
MODS 17 1OPPREF	75103	11855	64303	315831	467092
Row Pct	16.08	2.54	13.77	67.62	
MODS 17 1OPTRANS	17459	2242	17795	71082	108577
Row Pct	16.08	2.06	16.39	65.47	
MODS 17 1PLATFRM	141109	27240	234403	719324	1122077
Row Pct	12.58	2.43	20.89	64.11	

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Table VII -3- A revised
BY 04 Plant Volume-Variable Costs for Mail Processing Cost Pools
Percent of Overhead Volume-Variable Costs by Cost Pool

COSTGRP   CATGTYP E

	BREAKS	CLOCKG	EMPTYEQ	OTHER	Total
MODS 17 1POUCHNG	17242	2949	17611	76961	114763
Row Pct	15.02	2.57	15.35	67.06	
MODS 17 1PRESORT	1177.3	352.69	621.3	8364	10515
Row Pct	11.2	3.35	5.91	79.54	
MODS 17 1SACKS_H	17564	3141.6	13640	72204	106549
Row Pct	16.48	2.95	12.8	67.77	
MODS 17 1SCAN	11465	2709.1	7351.9	47988	69515
Row Pct	16.49	3.9	10.58	69.03	
MODS 18 BUSREPLY	3035.4	675.86	821.15	25431	29964
Row Pct	10.13	2.26	2.74	84.87	
MODS 18 EXPRESS	11654	1773.4	2325	68007	83759
Row Pct	13.91	2.12	2.78	81.19	
MODS 18 MAILGRAM	545.95	44.061	5.814	2325.6	2921.4
Row Pct	18.69	1.51	0.2	79.6	
MODS 18 REGISTRY	6838.5	1008.7	2855.8	52815	63518
Row Pct	10.77	1.59	4.5	83.15	
MODS 18 REWRAP	3442.7	113.56	686.59	14202	18445
Row Pct	18.66	0.62	3.72	77	
MODS 18 1EEQMT	2394.2	366.09	17199	5644.4	25604
Row Pct	9.35	1.43	67.17	22.05	
MODS 18 1MISC	24160	5154.7	18760	144453	192527
Row Pct	12.55	2.68	9.74	75.03	
MODS 18 1SUPPORT	15522	3764.7	4469.2	206718	230474
Row Pct	6.73	1.63	1.94	89.69	
MODS 19 INTL ISC	17874	1410.5	12533	105266	137083
Row Pct	13.04	1.03	9.14	76.79	
MODS 19 PMPC	11635	1841.2	18481	82498	114455
Row Pct	10.17	1.61	16.15	72.08	
MODS 49 LD49	29770	4040.2	5195.5	204992	243997
Row Pct	12.2	1.66	2.13	84.01	
MODS 79 LD79	8134.7	2194.3	1400.5	141245	152975
Row Pct	5.32	1.43	0.92	92.33	
Total	1142033	195989	887769	5971309	8197099

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Table VII-3-B. revised
BY 04 BMC Volume-Variable Costs for Mail Processing Cost Pools
(include distributed break time and Clocking In and Out)
Percent of Overhead Volume-Variable Costs by Cost Pool

COSTGRP	other	breaks	clocking	emptyeqm	VCOSTS	pct_othr	pct_brks	pct_clck	pct_eeqm
BMCS NMO	24458.45	4347.31	889.73	2969.03	32664.51	0.74878	0.13309	0.027238	0.09089
BMCS OTHR	202630.16	39131.08	8008.64	44250.82	294020.71	0.68917	0.13309	0.027238	0.1505
BMCS PLA	127180.34	24949.62	5106.23	30228.69	187464.89	0.67842	0.13309	0.027238	0.16125
BMCS PSM	48326.97	7940.08	1625.03	1767.58	59659.65	0.81004	0.13309	0.027238	0.02963
BMCS SPB	49481.93	8596.89	1759.45	4756.51	64594.78	0.76604	0.13309	0.027238	0.07364
BMCS SSM	20494.02	3347.8	685.17	627.5	25154.48	0.81473	0.13309	0.027238	0.02495
	472571.87	88312.77	18074.24	84600.13	663559.02	0.71218	0.13309	0.027238	0.12749

Table VII-3-C. revised
BY 04 Volume-Variable Costs for Mail Processing Cost Pools at Post-Offices, Stations/Branches.
(include distributed break time and Clocking In and Out)
Percent of Overhead Volume-Variable Costs by Cost Pool

COSTGRP	other	breaks	clocking	emptyeqm	VCOSTS	pct_othr	pct_brks	pct_clck	pct_eeqm
NMOD ALLIED	630631.18	86755.03	15040.72	106335.8	838762.77	0.75186	0.10343	0.017932	0.12678
NMOD AUTO/MEC	143325.16	18561.52	3218.01	14351.31	179455.99	0.79866	0.10343	0.017932	0.07997
NMOD EXPRS IN	28838.31	3419.52	592.84	209.81	33060.48	0.87229	0.10343	0.017932	0.00635
NMOD EXPRSOUT	20844.57	2453.8	425.42		23723.79	0.87864	0.10343	0.017932	
NMOD MANF	417809.24	52945.02	9179.08	31948.34	511881.68	0.81622	0.10343	0.017932	0.06241
NMOD MANL	593354.19	74801.23	12968.29	42067.59	723191.3	0.82047	0.10343	0.017932	0.05817
NMOD MANP	222350.54	30424.5	5274.69	36099.6	294149.33	0.75591	0.10343	0.017932	0.12273
NMOD MISC	428686.61	51775.28	8976.28	11134.28	500572.46	0.85639	0.10343	0.017932	0.02224
NMOD REGISTRY	20986.7	2548.04	441.75	658.36	24634.85	0.85191	0.10343	0.017932	0.02672
	2506826.5	323683.9	56117.08	242805.1	3129432.65	0.80105	0.10343	0.017932	0.07759

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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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July 1, 2005