

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 THE TESTIMONY OF WITNESS VAN-TY-SMITH  
(USPS-T-11) –ERRATA  
(July 5, 2005)

The Postal Service hereby gives notice of the filing of revisions to the testimony of witness Van-Ty-Smith. On page 1, the name “Moser” has been changed to “Page.” On page 34, the numbers in Table 2 have been revised. Clocking in and out dollars were not included in the Not-Handling dollars for BMCs, Post-Offices, Stations, and Branches. The table has been revised to include the re-allocated dollars for clocking in and out. The attached pages replace the corresponding pages originally filed in the testimony.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:  
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July 5, 2005

## 1 A PURPOSE AND SCOPE OF TESTIMONY.

2 The purpose of my testimony is to summarize USPS LR-K-55, which is an  
3 updated version of USPS LR-J-55 in Docket No. R2001-1. LR-K-55 fulfills the  
4 same role in this docket as LR-J-55 did in Docket No. R2001-1. It documents the  
5 mechanics of the procedures by which the Postal Service proposes to create  
6 cost pools for mail processing operations, and distribute the costs in such pools  
7 to mail classes, subclasses and rate categories. It also documents additional  
8 analyses of IOCS data that were the sources of inputs for the Base Year CRA or  
9 for other cost studies.

10 The main inputs into the development of mail processing volume-variable  
11 costs are the econometric volume-variability factors derived by witness Bozzo  
12 (USPS-T-12, USPS-LR-K-56), and the IOCS SAS data file which appears as part  
13 of USPS-LR-K-9. The In Office Cost System (IOCS), the data system that  
14 generates the IOCS SAS data file, is described in the testimony of witness Shaw  
15 (USPS-T-2). Other inputs include the productive hourly rates for the Base year  
16 and the Test year from witness Tayman (USPS-T-6, USPS-LR-K-50).

17 The mail processing volume-variable costs by cost pool provided in  
18 LR-K-55 are the starting points for witness Kay's development of incremental  
19 costs (USPS-T-18). Aggregated at the CRA level, the mail processing volume-  
20 variable costs and the subclass distribution keys based on such costs are  
21 integrated into witness Meehan's base year costs (USPS-T-9) which are rolled-  
22 forward into the test year by witness Waterbury (USPS-T-10). Disaggregated by  
23 shape and rate categories for selected subclasses, the mail processing volume-  
24 variable costs are rolled forward into the test year by witness Smith (USPS-T-  
25 13). LR-K-55 also updates other types of information coming out of the  
26 methodology for mail processing costs which are used by witness Smith (USPS-  
27 T-13), witness Waterbury (USPS-T-10), and by the cost study witnesses, such  
28 as witnesses Mayes (USPS-T-25), Miller (USPS-T-19), Wesner (USPS-T-24),  
29 Hatcher (USPS-T-22), and Page (USPS-T-23), as the source of inputs for some  
30 of their cost studies. Details on how the cost study witnesses use my outputs can  
31 be found in their testimonies and supporting documentation.

Table 2: Proportion of Dollar-Weighted Tallies (Adjusted to the Cost Pool) by Handling ("direct" and "mixed") and Not-Handling Categories for Plants, Post-Offices, Stations, and Branches, and BMCs

Tally Category	Percentage of Dollar-Weighted Tallies			
	BMCs	Plants	Post-Offices STAs & BRs	Total
<b>Direct Tallies</b>				
Pieces	20.50%	26.62%	40.98%	30.07%
Items	11.18%	12.44%	10.68%	11.91%
Containers	1.17%	0.57%	0.26%	0.52%
Total Direct	32.85%	39.63%	51.92%	42.50%
<b>Mixed Tallies</b>				
<b>Mixed Item Tallies</b>				
Uncounted Item	0.99%	0.46%	0.18%	0.42%
Empty Item	2.61%	2.69%	1.75%	2.44%
Total Item	3.60%	3.15%	1.93%	2.86%
<b>Mixed Container Tallies</b>				
Identified Container				
Loose Pieces	2.61%	1.19%	1.36%	1.31%
Items	3.82%	4.86%	3.00%	4.31%
Subtotal	6.43%	6.05%	4.36%	5.62%
Unidentified Container	4.95%	1.05%	0.78%	1.19%
Empty Container	7.10%	4.84%	3.84%	4.70%
Total Container	18.48%	11.94%	8.98%	11.51%
Total Mixed	22.08%	15.09%	10.91%	14.37%
<b>Not-Handling Tallies</b>	45.07%	45.28%	37.17%	43.13%
<b>TOTAL</b>	100.00%	100.00%	100.00%	100.00%

## **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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