

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

UNITED STATES POSTAL SERVICE NOTICE OF FILING ERRATA TO  
DIRECT TESTIMONY OF DANIEL TALMO (USPS-T-27)(ERRATA)  
(June 8, 2006)

The United States Postal Service hereby provides notice that it is filing errata to the direct testimony of Daniel Talmo, USPS-T-27, due to the Postal Service's filing of a revised USPS-LR-L-85 and USPS-LR-L-108. The reasons for the filing of a revised L-85 and L-108 are explained in their respective errata notices. See Notice of the United States Postal Service of Filing a Revised Library Reference USPS-LR-L-85 (June 8, 2006); Notice of the United States Postal Service of Filing a Revised Library Reference USPS-LR-L-108 (June 8, 2006). The revisions to these library references have necessitated revisions to Table 3 on page 7 of USPS-T-27 and Table 9 on page 15 of USPS-T-27. In addition, the revision to page 7 caused some lines of text originally on that page to spill over to page 8. The revised pages are attached.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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1 **V. PERIODICALS CONTAINER COST ANALYSIS**

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3 In this testimony I sponsor USPS-LR-L-85, *Periodicals Container Cost*  
 4 *Analysis*, which estimates the test year mail processing cost difference between  
 5 palletized and sacked Periodicals flat-shaped mail. This library reference is not  
 6 related to any other analysis described above or below. The results of this library  
 7 reference are supplied to witness Tang (USPS-T-35).

8 This library reference updates the analysis done in library reference USPS-  
 9 LR-K-85/R2005-1, *Periodicals Pallet Cost Analysis*, which was sponsored by  
 10 witness Cutting (USPS-T-26/R2005-1). The methodology used in this library  
 11 reference is the same as that described in witness Cutting’s testimony. The  
 12 study was updated to incorporate new test year costs and volumes. The results  
 13 of this analysis are summarized in Table 3 below.

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**Table 3**  
**Periodicals Flats Container Handling Unit Cost**  
**of Palletized and Sacked Mailings**  
**Test Year 2008**

	Cost per Piece (cents)
Sacks	2.57
Pallets	1.19
Difference	1.38

Source: USPS-LR-L-85

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16 Table 3 demonstrates that Periodicals flat-shaped mail presented by mailers  
 17 in sacks is more costly to process than mail presented on pallets. The per-piece  
 18 cost difference is due to differences in productivities for platform and other allied  
 19 operations associated with unloading mail and moving mail to bundle sort  
 20 operations at the ‘destination’ facility. The destination facility refers to the facility

1 at which a pallet or sack is dumped or opened and the bundles or pieces therein  
2 are handled separately. The destination facility is determined by the container  
3 presort level (e.g., a 3-digit pallet is typically dumped at the destination SCF).

4 This library reference relies on other witnesses' library references and  
5 testimony in this docket and in previous dockets. The following sources are  
6 used:

- 7 • USPS-LR-L-52 (Smith) for test year piggyback factors by cost segment,  
8 premium pay factors and volume ratios by subclass, and clerk and mail  
9 handler labor rates
- 10 • USPS-LR-L-53 (Smith) for test year piggyback factors by mail processing  
11 cost pool, and unit costs by mail processing cost pool, subclass and shape
- 12 • USPS-LR-L-55 (Van-Ty-Smith) for base year mail processing volume-  
13 variability factors by cost pool
- 14 • USPS-LR-L-91 (Loetscher) for pieces per sack and pallet for flat-shaped  
15 Periodicals
- 16 • USPS-LR-H-111/R97-1 (Smith) for sacks per other wheeled container
- 17 • USPS-T-26/R2000-1 (Eggleston), USPS-T-27/R2000-1 (Crum), and the  
18 Planning Guidelines for operations productivities

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1 **C. CHANGES FOR CONTAINER COST ANALYSIS**

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3 The material changes between USPS-LR-L-85, *Periodicals Container Cost*  
 4 *Analysis*, and USPS-LR-L-108, *PRC Version of Periodicals Container Cost*  
 5 *Analysis*, are differences in the following inputs: volume-variability factors by cost  
 6 pool, test year piggyback factors, and test year premium pay factors. The  
 7 following table compares the test year cost estimates produced in USPS-LR-L-85  
 8 and the ones produced in the PRC version, USPS-LR-L-108.

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**Table 9**  
**Periodicals Flats Container Handling Unit Cost**  
**of Palletized and Sacked Mailings**  
**USPS Method versus PRC Method**  
**Test Year 2008**

	USPS Cost per Piece (cents)	PRC Cost per Piece (cents)	Difference (cents)
Sacks	2.57	2.74	-0.17
Pallets	1.19	1.28	-0.09
Difference	1.38	1.46	-0.08

Sources: USPS-LR-L-85, USPS-LR-L-108

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11 **D. CHANGES FOR BOUND PRINTED MATTER AND PARCEL POST COST**  
 12 **STUDIES**

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14 The material changes between USPS-LR-L-86, *Bound Printed Matter Mail*  
 15 *Processing Costs and Parcel Post Window Service Costs*, and USPS-LR-L-109,  
 16 *PRC Version of Bound Printed Matter Mail Processing Costs and Parcel Post*  
 17 *Window Service Costs*, are differences in mail processing cost distribution  
 18 methodologies, differences in window service cost distribution methodologies,  
 19 and differences in the following inputs: base year CRA costs by mail processing