

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

POSTAL RATE AND FEE CHANGES

Docket No. R2006-1

NOTICE OF THE UNITED STATES POSTAL SERVICE
REGARDING THE FILING OF ERRATA
TO LIBRARY REFERENCE L-129 [ERRATA]

The United States Postal Service hereby provides notice of the filing of errata to USPS Library Reference L-129. The changes are updates of inputs and adjustment and corrections to the First-Class Mail rate design worksheets of witness Taufique (USPS-T-32). There are also slight adjustments to revenue figures, as described in the following pages.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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When calculating FY2007 After-Rates revenue, the revenue from the letter-shaped pieces that do not meet the machinable criteria has been added to the calculation. In worksheet "FY2007 AR Rev", row 16 shows the addition of "NonMach. Ltrs Shift" (cell A16). The Figure 44,021 in cell B16 is the volume; \$0.200 in cell C16 is the differential between letter and flat-shaped rates. The product of cell B16 and cell C16, \$8,804, has been added to the total TYAR 2007 revenue. Row 23 in worksheet "FY2007 AR Rev" shows similar adjustment to the non-auto presort category. The piece volume of 4,994 in cell B23 times the rate differential of \$0.119 in cell C23, yielding \$594 in revenue (cell D23). Both volume and revenue figures are in thousands.

By the same token, when calculating FY2008 After-Rates revenue, the revenue from the letter-shaped pieces that do not meet the machinable criteria has been added to the calculation. In worksheet "Rev. FY08BR&FY08AR", row 20 shows the addition of "NonMach. Ltrs Shift" (cell A20). The Figure 112,530 in cell G20 is the volume; \$0.200 in cell H20 is the differential between letter and flat-shaped rates. The product of cell G20 and cell H20, \$22,506 in cell I20, has been added to the total TYAR 2008 revenue. Row 30 in worksheet "Rev. FY08BR&FY08AR" shows similar adjustment to the non-auto presort category. The piece volume of 11,492 in cell G30 times the rate differential of \$0.119 in cell H30, yielding \$1,367 in revenue (cell I30). Both volume and revenue figures are in thousands.

In worksheet "Rate Design Presort", cost avoidance savings for auto flats in cells [B][h], [B][i], and [B][j] have been updated to reflect the revised LR-L-43 data. The adjustments do not cause any material changes and the original ADC passthrough of

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45 percent in cell [C][h] has been adjusted to 44 percent to maintain the proposed rates. The mail processing costs in cells [H][w], [H][x], and [H][y] have been updated to reflect the data in attachment 14 in the testimony of witness Smith (USPS-T-13). As a result, the value in cell [B][s] has also been updated and accordingly, passthrough of 14.9 percent in cell [C][s] has been adjusted to 14.8 percent. Also, as a result, the passthrough in cell [C][o] has been adjusted to 39.7 percent, replacing the original 40 percent.

In the parcels presort category, cost savings in cells [B][l], [B][m], and [B][n] have been revised to reflect the changes in LR-L-43 data, and the corresponding passthroughs in cells [C][l], [C][m], and [C][n] have been adjusted to 33.5, 10, and 28.4 percent, respectively.

As explained in the response to POIR7, Question 2, part (b), the cost savings for parcels nonmachinable surcharge in cell [B][r] has been revised to \$0.325, replacing the previous \$0.492, the corresponding passthrough in cell [C][r] has been adjusted from 10.2 percent to 15.5 percent.

Three new worksheets have been added. The first one is "Prcl Presort Assump. Reverse". This worksheet has been added to reflect the change in assumption regarding the calculation of TYAR revenue relating to First-Class Mail Business or Presort parcels. For the purpose of calculating TYAR revenue all parcels are assumed to pay single-piece rates to be consistent with the TYAR volume variable costs. The adjusted revenue and volume is shown in lines 30 and 31 for both TYAR 07 and TYAR 08 and is linked to the worksheet "Revenue SP&Presort".

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The second worksheet "Calc. NonMach Letters" shows the calculation of letter shaped pieces that are expected to pay the rates for the next higher category of flat-shaped pieces. These volume numbers are reflected in the revenue calculations in worksheets "FY2007 AR Rev" and "Rev. FY08BR&FY08AR".

The third worksheet that has been added is "Parcel Cost" for ease of access per-unit cost of parcel shaped pieces as well as the calculation of cost estimate used for the non-machinable surcharge for parcel shaped pieces.