

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

ANNUAL COMPLIANCE REPORT, 2007

Docket No. ACR2007-1

THIRD NOTICE OF THE UNITED STATES POSTAL SERVICE
OF MINOR REVISIONS TO MATERIALS ACCOMPANYING ITS
FY 2007 ANNUAL COMPLIANCE REPORT -- ERRATA
(Items 3, 4)
(January 22, 2008)

The Postal Service filed its FY 2007 Annual Compliance Report on December 28, 2007, along with a large number of accompanying items. Minor revisions to some items were filed on January 16 and January 18, and today similar revisions are being made in two other items. This completes filing of all of the revisions of which the Postal Service is aware. For each item, the new CD-ROM provided completely replaces the original CD-ROM, as all files are included, even those which have not been revised. Since both of the items revised today included hard copy versions, replacement copies of the hard copy are also being provided to the Commission.

USPS-FY07-3

In USPS-FY07-3 (Workshare Discounts & Passthroughs), two types of changes have been made. First, revisions are necessary to reflect small changes in avoided costs estimates presented last week in revised versions of USPS-FY07-10 and USPS-FY07-11. Second, some minor errors were corrected, and additional documentation

was also provided. The changes are described below. All changed numbers are in red font and yellow highlight.

First Class Mail: Minor change as a result of revision to USPS-FY07-10 (rev. 1/18/08). Red font and highlighted in yellow. Footnote added to reflect the source of additional cost for Nonauto presort letters and cards.

Periodicals Outside County: Substantial change in this tab. Main table only includes mail-processing cost from the revised version of USPS-FY07-11 (rev. 1/18/08). The table below the footnote includes delivery costs from Standard Mail and takes into account the distinction between Carrier Route and non Carrier Route pieces. Also added automation letter cost differentials and discounts based on Standard Mail mail processing cost provided by USPS-FY07-10 and Delivery cost from USPS-FY07-19.

Periodicals Bundle/Container: In this tab, updated numbers based on the latest revision to USPS-FY07-11 (rev. 1/18/08).

Within County: Added the Within County tab as requested. All cost differentials are provided in the footnote because these numbers are not specifically calculated for Within County.

USPS-FY07-4

Two types of revisions were made to USPS-FY07-4 (Market Dominant Billing Determinants). The first type of revision reintroduces some internal links in the Excel formulae presented. (In the original filing, the data were displayed as “values only.”) This type of revision changes the presentation format, but causes no changes in the

underlying data. The second type of revision, however, is to correct actual data errors. These are described below.

First Class Mail Cards

Revised the value in Tab: A-5 Single-Piece Cards Cell: H15.

Bound Printed Matter

During the review of the BPM billing determinants, an error was discovered in the Presort Flats and Presort Parcels billing determinants. The revenues were calculated using the pre-May 14 Carrier Route Discount for the full year. The impact of the error was to slightly overstate the calculated revenues and slightly understate the revenue adjustment factors. The revised BPM billing determinants corrects this error.

Special Services

The Domestic Mail Fees and Miscellaneous Revenues sheet was changed to add the calculations that are used to divide the revenue by class. Also, a couple of small errors were corrected in the individual line items.

Periodicals

There were minor corrections made as formulas (internal) were added to this spreadsheet. All the numbers that changed are in red. No substantial changes in the new structure of the tabs except cosmetic (formatting and borders, etc.).

Regular Rate: Minor changes were made in the area where the old and new structures are combined in the totals for 4th Quarter and Fiscal Year Totals. A few other minor errors were also corrected.

Nonprofit and Classroom: Same as Regular Rate, plus correction of the formula

for preferred rate discounts, where two cells were inadvertently left out of the calculation.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

R. Andrew German
Managing Counsel, Legal Policy &
Ratemaking

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992, FAX -5402
January 22, 2008

**LIST OF MATERIALS
PROVIDED BY THE UNITED STATES POSTAL SERVICE
FOR PURPOSES OF THE
FISCAL YEAR 2007 ANNUAL COMPLIANCE REPORT**

Number

- USPS-FY07-1 FY 2007 Cost and Revenue Analysis (CRA) Report
(Hard copy & Excel)
- USPS-FY07-2 FY 2007 Cost Segments and Components Report (Hard
copy & Excel)
- USPS-FY07-3 FY 2007 Discounts and Passthroughs of Workshare
Items (Hard copy & electronic) (Revised 1/22/08)
- USPS-FY07-4 FY 2007 Market Dominant Billing Determinants
(Hard copy & electronic) (Revised 1/22/08)
- USPS-FY07-5 FY 2007 CRA Model (Model Files, Cost Matrices,
and Reports)
- USPS-FY07-6 FY 2007 CRA "B" Workpapers
- USPS-FY07-7 Cost Segment 3 Cost Pools & Other Related
Information (Revised 1/16/08)
- USPS-FY07-8 Equipment and Facility Related Costs
- USPS-FY07-9 Competitive Products Contribution Approximation
Materials
- USPS-FY07-10 FY 2007 Special Cost Studies Workpapers - Letter
Cost Models (First and Standard)(Revised 1/18/08)
- USPS-FY07-11 FY 2007 Special Cost Studies Workpapers - Flat
Cost Models (First and Standard) & Periodicals Cost
Model (Revised 1/18/08)

USPS-FY07-12 Standard Mail Hybrid/Parcel Cost Study

USPS-FY07-13 FY 2007 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail

USPS-FY07-14 Mail Characteristics Study

USPS-FY07-15 FY 2007 Special Cost Studies Workpapers - Parcels Cost Models (Revised 1/16/08)

USPS-FY07-16 FY 2007 Special Cost Studies Workpapers - Bound Printed Matter and Parcel Post Transportation Costs / Bulk Parcel Return Service Cost Study

USPS-FY07-17 FY 2007 Special Cost Studies Workpapers - Parcel Post Regression Analysis

USPS-FY07-18 FY 2007 ECR Mail Processing Saturation Savings

USPS-FY07-19 FY 2007 Delivery Costs By Shape

USPS-FY07-20 FY 2007 Window Service Cost by Shape

USPS-FY07-21 FY 2007 QBRM Costs

USPS-FY07-22 FY 2007 Bound Printed Matter Mail Processing Costs and Parcel Post Window Service Costs

USPS-FY07-23 MODS Productivity Data

USPS-FY07-24 FY 2007 Non-Operation Specific Piggyback Factors

USPS-FY07-25 FY 2007 Mail Processing Piggyback Factors (Operation Specific)

USPS-FY07-26 FY 2007 Mail Processing Costs by Shape

- USPS-FY07-27 In-Office Cost System (IOCS) Statistical and Computer Documentation (Source Code and Data on CD-ROM)
- USPS-FY07-28 City Carrier Cost System (CCCS) Statistical and Computer Documentation (Source Code and Data on CD-ROM)
- USPS-FY07-29 Rural Carrier Cost System (RCCS) Statistical and Computer Documentation (Source Code and Data on CD-ROM)
- USPS-FY07-30 Transportation Cost Systems (TRACS) Statistical and Computer Documentation (Source Code and Data on CD Rom)
- USPS-FY07-31 ACR Roadmap Document

BELOW ITEMS ARE DESIGNATED AS THE NONPUBLIC ANNEX:

- USPS-FY07-NP1 FY 2007 Competitive Product Billing Determinants

International Information

- USPS-FY07-NP2 FY 2007 International Cost and Revenue Analysis (ICRA) report (Hard Copy & Excel) (Revised 1/16/08)
- USPS-FY07-NP3 FY 2007 International Cost Segments and Components Report (Hard Copy & Excel) (Revised 1/16/08)
- USPS-FY07-NP4 FY 2007 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, & Changes) (Revised 1/16/08)
- USPS-FY07-NP5 FY 2007 ICRA Overview/Technical Description

USPS-FY07-NP6 FY 2007 International Cost Segment
Spreadsheets (Revised 1/16/08)

USPS-FY07-NP7 Cost Segment 3 International Subclass Costs by
Cost Pools (Volume Variable Cost Pools)
(Revised 1/16/08)

USPS-FY07-NP8 FY 2007 International Billing Determinants

USPS-FY07-NP9 FY 2007 Miscellaneous International Data

USPS-FY07-NP10 FY 2007 ICM Data

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

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992, FAX: -5402
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