

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

ANNUAL COMPLIANCE REPORT, 2007

Docket No. ACR2007

SEVENTH NOTICE OF THE UNITED STATES POSTAL SERVICE  
OF REVISIONS TO MATERIALS ACCOMPANYING ITS  
FY 2007 ANNUAL COMPLIANCE REPORT -- ERRATA  
(Items 1, 2, 5, and 6)  
(March 20, 2008)

The Postal Service filed its FY 2007 Annual Compliance Report on December 28, 2007, along with a large number of accompanying items. On March 17, 2008, an additional item was filed, USPS-FY07-32, which included materials relating to needed revisions in Cost Segment 14, Purchased Transportation. At that time, associated revisions involving international mail were filed with respect to USPS-FY07-NP2 and USPS-FY07-NP14. As explained in the notice accompanying USPS-FY07-32, the Cost Segment 14 revisions would also require revisions in the domestic CRA and associated materials, but those revisions were not yet available. Therefore, while USPS-FY07-32 included comparison information which showed what the impact of the revisions would be on the CRA, it was acknowledged in that notice that it would be necessary to file formal revisions to the CRA and the related materials at some later date. Accordingly, revisions are filed today in four items: USPS-FY07-1 (CRA), USPS-FY07-2 (Costs Segments and Components), USPS-FY07-5 (CRA Model), and USPS-FY07-6 (CRA "B" Workpapers). For all items, the new CD-ROM provided completely replaces the original CD-ROM, as all files are included, even those which have not been revised. Since the items revised today included hard copy, replacement copies of certain pages of the hard

copy are also being provided to the Commission. The nature of the underlying error involved a misunderstanding of whether certain FedEx accounts in the general ledger related to the Day Turn or the Night Turn. A more detailed explanation was provided in the Preface to USPS-FY07-32. The impact of the revisions with respect to each item is addressed below.

### **USPS-FY07-1**

As explained in USPS-FY07-32, the revisions (without making any change in total accrued costs) shifted roughly \$25 million in accrued costs from the Night Turn to the Day Turn. As also shown in USPS-FY07-32, the noticeable net effects of the shift were to reduce Express Mail costs by \$13 million and International Mail costs by \$11 million, and to increase First-Class Mail costs by \$9 million and Priority Mail costs by \$16 million. Therefore, today's formal revision in the CRA does nothing more than reproduce the revised product costs shown in USPS-FY07-32 (labeled therein as a revised D Report column) in the format of a revised CRA. No other changes are made in the CRA. The hard copy pages being replaced are the Preface, plus the cover sheet and pages 2 and 3 of the CRA Report.

### **USPS-FY07-2**

Naturally, the changes in Cost Segment 14 costs cause revisions in the Cost Segments and Components report in Cost Segment 14, but also in the total column. No other changes are made in the Cost Segments and Components Report. The hard copy pages being replaced are the Preface, plus pages C-3 and C-17 (and the cover sheet) of the Cost Segments and Components Report.

**USPS-FY07-5**

This item is titled as “CRA Model,” but it includes three subparts – CRA Model, Cost Files, and Reports. No files are revised in the CRA Model subpart. Flow through of the Cost Segment 14 changes, however, causes revisions in 3 of the 5 files in the Cost Files subpart, and 4 of the 6 files in the Reports subpart. Details can be found in the revised Preface to USPS-FY07-5. The only hard copy is the Preface, for which a revised version is provided.

**USPS-FY07-6**

Today’s revision in the CRA “B” Workpapers is *pro forma* in the sense that the revised version merely deletes the original Cost Segment 14 file and, in its place, substitutes the revised Cost Segment 14 file that was provided earlier this week as part of USPS-FY07-32. Nothing else changes in the “B” Workpapers. The only hard copy is the Preface, for which a revised version is provided.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

R. Andrew German  
Managing Counsel, Legal Policy &  
Ratemaking

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

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Eric P. Koetting

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2992, FAX: -5402  
March 20, 2008

## 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.

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Eric P. Koetting

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2992, FAX: -5402  
March 20, 2008