

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

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POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

**NOTICE OF THE UNITED STATES POSTAL SERVICE
CONCERNING SECOND ERRATA
TO THE REBUTTAL TESTIMONY OF WITNESS MILLER (USPS-RT-17)**

The United States Postal Service hereby files these errata to the rebuttal testimony of witness Miller (USPS-RT-17).

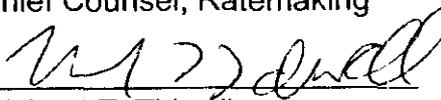
A list of each of the changes is attached, along with corrected testimony pages.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

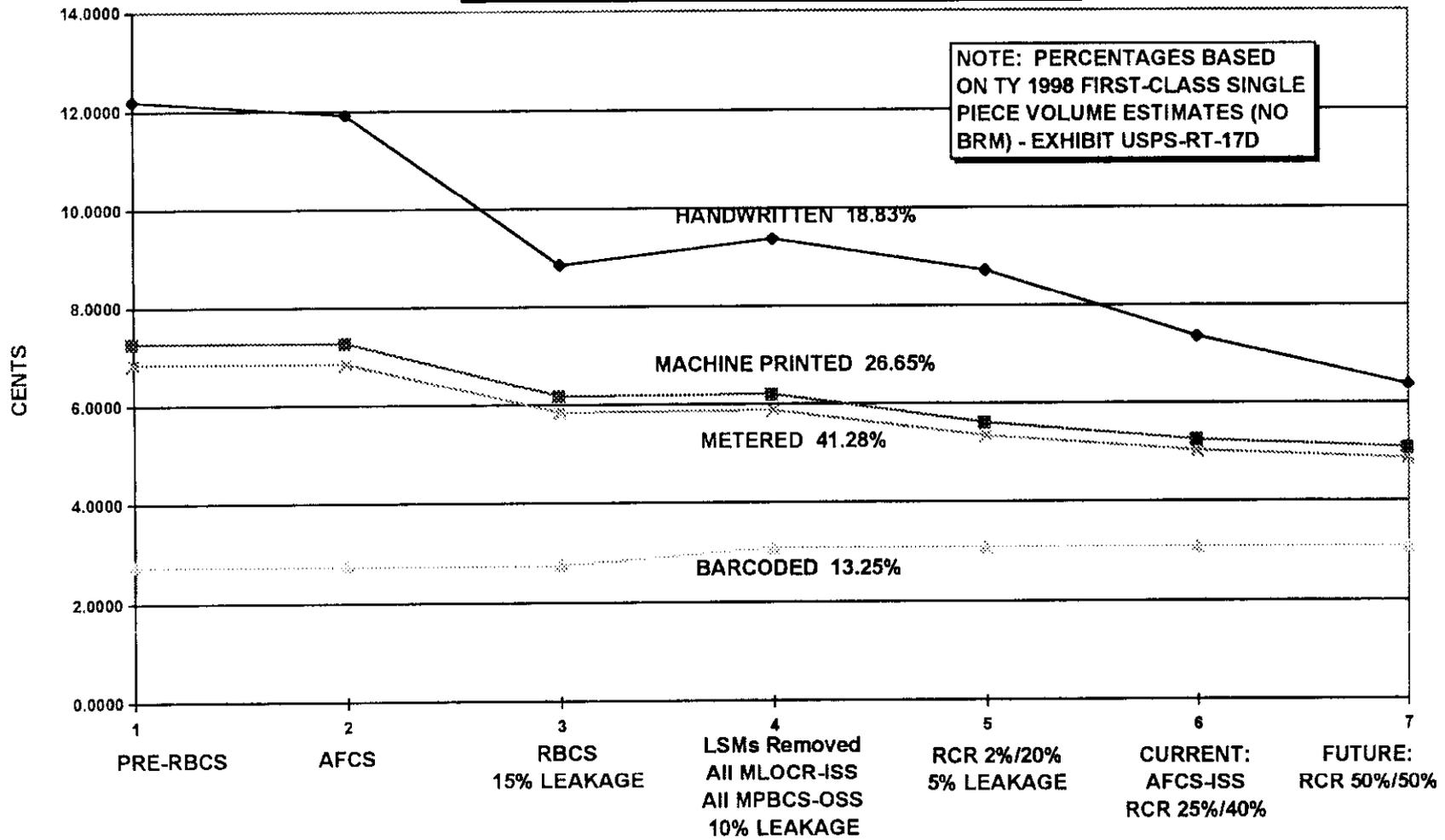
Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


Michael T. Tidwell

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March 16, 1998

<u>Page</u>	<u>Location</u>	<u>Change</u>
30	bottom center of table	"FIM 13.25%" to "BARCODED 13.25%"
32	line 25	"bode" to "go over"
Exhibit 17D pages 2-7	footnote 15	"page 5-30" to "page 5-37" "1/(0.0066+0.0078 pcs/hr)" to "1/(0.0066+0.0078 hrs/pc)"
Exhibit 17D pages 2-7	footnote 16	"1/(0.0079+0.0078 pcs/hr)" to "1/(0.0079+0.0078 hrs/pc)"
Exhibit 17F	page 1, bottom center of table	"FIM 13.25%" to "BARCODED 13.25%"

**EXHIBIT USPS-RT-17F:
MAIL PROCESSING COST CONVERGENCE
FIRST-CLASS SINGLE PIECE**



Revised-3/16/98

1 **VIII. CONCLUSION**

2

3 The Postal Service is not the only organization to be confronted with a "CEM"
4 experience. Other examples serve to illustrate what happens when proposals are
5 implemented without proper regard for consumers. In the first example, a recent front-
6 page article in The Washington Post stated that:

7

8 As the April 15 tax-filing deadline draws near, tax preparers and accountants
9 report that many Americans are confused, frustrated and irritated by the
10 complexity of many of the tax cuts passed with such fanfare last year.⁵⁰
11

12 The primary source of this confusion, frustration and irritation concerns the
13 recent tax changes made to Schedule D: Capital Gains and Losses. As part of the
14 Taxpayer Relief Act of 1997, Congress introduced a four-tiered capital gains tax, as a
15 means of cutting taxes and stimulating investment. As a result, the Internal Revenue
16 Service (IRS) had to revise Schedule D, expanding it from 23 to 54 lines to
17 accommodate a capital gains tax that can now be 10 percent, 20 percent, 25 percent,
18 or 28 percent, depending on the taxpayer's income, the type of asset, and when it was
19 sold. As the article stated, "Even one of the principal architects of the new tax law
20 agrees that it is too complex" (Congressman Bill Archer, R-Texas). The public and the
21 IRS are now having to deal with the aftermath of those complexities.

22 This example parallels the CEM proposal, which the OCA has offered without
23 properly considering the affect it would have on the public or the agency responsible
24 for implementing it.

25 In another example, policy makers enacted a change which also did not go over
26 well with the American public. In this instance, the United States Mint had to deal with
27 the consequences.

⁵⁰ Crenshaw, Albert "True To Form, Tax Time Gets Harder," The Washington Post, Saturday March 7, 1998.

EXHIBIT USPS-RT-17D: REVENUE PROTECTION COSTS

(1) 1.00% SHORT PAID

A. REVENUE PROTECTION CLERKS

(2) <u>No. Of Plants</u>	(3) <u>Average Clerks/Plant</u>	(4) <u>Wage Rate</u>	(5) <u>Piggyback Factor</u>	(6) <u>Annual Cost</u>
259	2	\$25.45	1.372	\$37,614,012

B. POSTAGE DUE COLLECTION

(7) FCSP Handwritten/Machine Printed Volume =	24,341,878,200
(8) Current % Short Paid (FCM < 1 Ounce) =	0.06%
(9) Total Additional Short Paid Single Piece Mail Volume =	228,813,655
(10) Sampling Productivity ≈	2,241
(11) Amount Sampled=	2,414,543,040
(12) Additional Short Paid Mail Pieces Identified=	22,696,705

<u>Operation Description</u>		(17) <u>Pieces Per Hour</u>	(17) <u>Wage Rate</u>	(18) <u>Cents Per Piece</u>	(19) <u>Piggyback Factor</u>	(20) <u>Cents Per Piece</u>	
Outgoing Postage Due Unit	(13)	244	\$25.45	10.4345	1.372	14.3161	
Outgoing Primary (Operation 030)	(14)	662	\$25.45	3.8444	1.372	5.2745	
Destinating Postage Due Unit	(15)	69	\$25.45	36.6480	1.372	50.2811	
Carrier Costs	(16)	64	\$26.08	40.9456	1.315	53.8435	
						\$1.2372	(21)
					Annual Cost	\$28,079,270	(22)

- (1) Estimated Short Paid Percentage
- (2) AFCS Plants
- (3) 1 Clerk to sample handwritten mail (AFCS Stackers 3,4)
1 Clerk to sample machine printed mail (AFCS Stackers 5,6)
- (4) LR-H-146
- (5) LR-H-77
- (6) (2) * (3) * (8 hrs/day) * (5 days/wk) * (52 wks/yr) * (4) * (5)
- (7) Handwritten/Machine Printed Volume [item (7)] from page 9
- (8) FY 96 RPW
- (9) (7) * [(1) - (8)]
- (10) MODS FY 97 Op. 029 (Riffle) Productivity
- (11) (2) * (3) * (8 hrs/day) * (5 days/wk) * (52 wks/yr) * (10)
- (12) (11) * [(1) - (8)]

- (13) Docket No. MC95-1, Library Reference MCR-76, page 5-30.
1/0.0041 hrs/pc = 244 pcs/hr (rating a letter postage due)
- (14) LR-H-113 (manual outgoing primary sortation)
- (15) Docket No. MC95-1, Library Reference MCR-76, page 5-37.
1/(0.0066+0.0078 hrs/pc) = 69 pcs/hr (prep, accept, and clear)
- (16) Docket No. MC95-1, Library Reference MCR-76, page 5-39.
1/(0.0079+0.0078 hrs/pc) = 64 pcs/hr (deliver, collect, and clear)
- (17) LR-H-146
- (18) (17) * 100 / (13-16)
- (19) LR-H-77
- (20) (18) * (19)
- (21) SUM [(20)]
- (22) (21) * (12)

EXHIBIT USPS-RT-17D: REVENUE PROTECTION COSTS

(1) 2.00% SHORT PAID

A. REVENUE PROTECTION CLERKS

(2) <u>No. Of Plants</u>	(3) <u>Average Clerks/Plant</u>	(4) <u>Wage Rate</u>	(5) <u>Piggyback Factor</u>	(6) <u>Annual Cost</u>
259	2	\$25.45	1.372	\$37,614,012

B. POSTAGE DUE COLLECTION

(7) FCSP Handwritten/Machine Printed Volume =	24,341,878,200
(8) Current % Short Paid (FCM < 1 Ounce) =	0.06%
(9) Total Additional Short Paid Single Piece Mail Volume =	472,232,437
(10) Sampling Productivity =	2,241
(11) Amount Sampled=	2,414,543,040
(12) Additional Short Paid Mail Pieces Identified=	46,842,135

<u>Operation Description</u>		(17) <u>Pieces Per Hour</u>	(17) <u>Wage Rate</u>	(18) <u>Cents Per Piece</u>	(19) <u>Piggyback Factor</u>	(20) <u>Cents Per Piece</u>	
Outgoing Postage Due Unit	(13)	244	\$25.45	10.4345	1.372	14.3161	
Outgoing Primary (Operation 030)	(14)	662	\$25.45	3.8444	1.372	5.2745	
Destinating Postage Due Unit	(15)	69	\$25.45	36.6480	1.372	50.2811	
Carrier Costs	(16)	64	\$26.08	40.9456	1.315	<u>53.8435</u>	
						\$1.2372	(21)
					Annual Cost	\$57,950,834	(22)

- (1) Estimated Short Paid Percentage
- (2) AFCS Plants
- (3) 1 Clerk to sample handwritten mail (AFCS Stackers 3,4)
1 Clerk to sample machine printed mail (AFCS Stackers 5,6)
- (4) LR-H-146
- (5) LR-H-77
- (6) (2) * (3) * (8 hrs/day) * (5 days/wk) * (52 wks/yr) * (4) * (5)
- (7) Handwritten/Machine Printed Volume [Item (7)] from page 9
- (8) FY 96 RPW
- (9) (7) * [(1) - (8)]
- (10) MODS FY 97 Op. 029 (Riffle) Productivity
- (11) (2) * (3) * (8 hrs/day) * (5 days/wk) * (52 wks/yr) * (10)
- (12) (11) * [(1) - (8)]

- (13) Docket No. MC95-1, Library Reference MCR-76, page 5-30.
1/0.0041 hrs/pc = 244 pcs/hr (rating a letter postage due)
- (14) LR-H-113 (manual outgoing primary sortation)
- (15) Docket No. MC95-1, Library Reference MCR-76, page 5-37.
1/(0.0066+0.0078 hrs/pc) = 69 pcs/hr (prep, accept, and clear)
- (16) Docket No. MC95-1, Library Reference MCR-76, page 5-39.
1/(0.0079+0.0078 hrs/pc) = 64 pcs/hr (deliver, collect, and clear)
- (17) LR-H-146
- (18) (17) * 100 / (13-16)
- (19) LR-H-77
- (20) (18) * (19)
- (21) SUM [(20)]
- (22) (21) * (12)

Revised-3/16/98

EXHIBIT USPS-RT-17D: REVENUE PROTECTION COSTS

(1) 3.00% SHORT PAID

A. REVENUE PROTECTION CLERKS

(2) <u>No. Of Plants</u>	(3) <u>Average Clerks/Plant</u>	(4) <u>Wage Rate</u>	(5) <u>Piggyback Factor</u>	(6) <u>Annual Cost</u>
259	2	\$25.45	1.372	\$37,614,012

B. POSTAGE DUE COLLECTION

(7) FCSP Handwritten/Machine Printed Volume =	24,341,878,200
(8) Current % Short Paid (FCM < 1 Ounce) =	0.06%
(9) Total Additional Short Paid Single Piece Mail Volume =	715,651,219
(10) Sampling Productivity =	2,241
(11) Amount Sampled=	2,414,543,040
(12) Additional Short Paid Mail Pieces Identified=	70,987,565

<u>Operation Description</u>		(17) <u>Pieces Per Hour</u>	(17) <u>Wage Rate</u>	(18) <u>Cents Per Piece</u>	(19) <u>Piggyback Factor</u>	(20) <u>Cents Per Piece</u>	
Outgoing Postage Due Unit	(13)	244	\$25.45	10.4345	1.372	14.3161	
Outgoing Primary (Operation 030)	(14)	662	\$25.45	3.8444	1.372	5.2745	
Destinating Postage Due Unit	(15)	69	\$25.45	36.6480	1.372	50.2811	
Carrier Costs	(16)	64	\$26.08	40.9456	1.315	<u>53.8435</u>	
						\$1.2372	(21)
					Annual Cost	\$87,822,398	(22)

- (1) Estimated Short Paid Percentage
- (2) AFCS Plants
- (3) 1 Clerk to sample handwritten mail (AFCS Stackers 3,4)
1 Clerk to sample machine printed mail (AFCS Stackers 5,6)
- (4) LR-H-146
- (5) LR-H-77
- (6) (2) * (3) * (8 hrs/day) * (5 days/wk) * (52 wks/yr) * (4) * (5)
- (7) Handwritten/Machine Printed Volume [item (7)] from page 9
- (8) FY 96 RPW
- (9) (7) * [(1) - (8)]
- (10) MODS FY 97 Op. 029 (Riffe) Productivity
- (11) (2) * (3) * (8 hrs/day) * (5 days/wk) * (52 wks/yr) * (10)
- (12) (11) * [(1) - (8)]

- (13) Docket No. MC95-1, Library Reference MCR-76, page 5-30.
1/0.0041 hrs/pc = 244 pcs/hr (rating a letter postage due)
- (14) LR-H-113 (manual outgoing primary sortation)
- (15) Docket No. MC95-1, Library Reference MCR-76, page 5-37.
1/(0.0066+0.0078 hrs/pc) = 69 pcs/hr (prep, accept, and clear)
- (16) Docket No. MC95-1, Library Reference MCR-76, page 5-39.
1/(0.0079+0.0078 hrs/pc) = 64 pcs/hr (deliver, collect, and clear)
- (17) LR-H-146
- (18) (17) * 100 / (13-16)
- (19) LR-H-77
- (20) (18) * (19)
- (21) SUM [(20)]
- (22) (21) * (12)

EXHIBIT USPS-RT-17D: REVENUE PROTECTION COSTS

(1) 4.00% SHORT PAID

A. REVENUE PROTECTION CLERKS

(2) <u>No. Of Plants</u>	(3) <u>Average Clerks/Plant</u>	(4) <u>Wage Rate</u>	(5) <u>Piggyback Factor</u>	(6) <u>Annual Cost</u>
259	2	\$25.45	1.372	\$37,614,012

B. POSTAGE DUE COLLECTION

(7) FCSP Handwritten/Machine Printed Volume =	24,341,878,200
(8) Current % Short Paid (FCM < 1 Ounce) =	0.06%
(9) Total Additional Short Paid Single Piece Mail Volume =	959,070,001
(10) Sampling Productivity =	2,241
(11) Amount Sampled=	2,414,543,040
(12) Additional Short Paid Mail Pieces Identified=	95,132,996

<u>Operation Description</u>	<u>Pieces Per Hour</u>	(17) <u>Wage Rate</u>	(18) <u>Cents Per Piece</u>	(19) <u>Piggyback Factor</u>	(20) <u>Cents Per Piece</u>	
Outgoing Postage Due Unit (13)	244	\$25.45	10.4345	1.372	14.3161	
Outgoing Primary (Operation 030) (14)	662	\$25.45	3.8444	1.372	5.2745	
Destinating Postage Due Unit (15)	69	\$25.45	36.6480	1.372	50.2811	
Carrier Costs (16)	64	\$26.08	40.9456	1.315	53.8435	
					\$1.2372	(21)
				Annual Cost	\$117,693,962	(22)

- (1) Estimated Short Paid Percentage
- (2) AFCS Plants
- (3) 1 Clerk to sample handwritten mail (AFCS Stackers 3,4)
1 Clerk to sample machine printed mail (AFCS Stackers 5,6)
- (4) LR-H-146
- (5) LR-H-77
- (6) (2) * (3) * (8 hrs/day) * (5 days/wk) * (52 wks/yr) * (4) * (5)
- (7) Handwritten/Machine Printed Volume [item (7)] from page 9
- (8) FY 96 RPW
- (9) (7) * [(1) - (8)]
- (10) MODS FY 97 Op. 029 (Riffle) Productivity
- (11) (2) * (3) * (8 hrs/day) * (5 days/wk) * (52 wks/yr) * (10)
- (12) (11) * [(1) - (8)]

- (13) Docket No. MC95-1, Library Reference MCR-76, page 5-30.
1/0.0041 hrs/pc = 244 pcs/hr (rating a letter postage due)
- (14) LR-H-113 (manual outgoing primary sortation)
- (15) Docket No. MC95-1, Library Reference MCR-76, page 5-37.
1/(0.0066+0.0078 hrs/pc) = 69 pcs/hr (prep, accept, and clear)
- (16) Docket No. MC95-1, Library Reference MCR-76, page 5-39.
1/(0.0079+0.0078 hrs/pc) = 64 pcs/hr (deliver, collect, and clear)
- (17) LR-H-146
- (18) (17) * 100 / (13-16)
- (19) LR-H-77
- (20) (18) * (19)
- (21) SUM [(20)]
- (22) (21) * (12)

EXHIBIT USPS-RT-17D: REVENUE PROTECTION COSTS

(1) 5.00% SHORT PAID

A. REVENUE PROTECTION CLERKS

(2) No. Of Plants	(3) Average Clerks/Plant	(4) Wage Rate	(5) Piggyback Factor	(6) Annual Cost
259	2	\$25.45	1.372	\$37,614,012

B. POSTAGE DUE COLLECTION

(7) FCSP Handwritten/Machine Printed Volume =	24,341,878,200
(8) Current % Short Paid (FCM < 1 Ounce) =	0.06%
(9) Total Additional Short Paid Single Piece Mail Volume =	1,202,488,783
(10) Sampling Productivity =	2,241
(11) Amount Sampled=	2,414,543,040
(12) Additional Short Paid Mail Pieces Identified=	119,278,426

Operation Description	Pieces Per Hour	(17) Wage Rate	(18) Cents Per Piece	(19) Piggyback Factor	(20) Cents Per Piece	(21)
Outgoing Postage Due Unit (13)	244	\$25.45	10.4345	1.372	14.3161	
Outgoing Primary (Operation 030) (14)	662	\$25.45	3.8444	1.372	5.2745	
Destinating Postage Due Unit (15)	69	\$25.45	36.6480	1.372	50.2811	
Carrier Costs (16)	64	\$26.08	40.9456	1.315	53.8435	
					\$1.2372	(21)
				Annual Cost	\$147,565,526	(22)

- (1) Estimated Short Paid Percentage
- (2) AFCS Plants
- (3) 1 Clerk to sample handwritten mail (AFCS Stackers 3,4)
1 Clerk to sample machine printed mail (AFCS Stackers 5,6)
- (4) LR-H-146
- (5) LR-H-77
- (6) (2) * (3) * (8 hrs/day) * (5 days/wk) * (52 wks/yr) * (4) * (5)
- (7) Handwritten/Machine Printed Volume [item (7)] from page 9
- (8) FY 96 RPW
- (9) (7) * [(1) - (8)]
- (10) MODS FY 97 Op. 029 (Riffle) Productivity
- (11) (2) * (3) * (8 hrs/day) * (5 days/wk) * (52 wks/yr) * (10)
- (12) (11) * [(1) - (8)]

- (13) Docket No. MC95-1, Library Reference MCR-76, page 5-30.
1/0.0041 hrs/pc = 244 pcs/hr (rating a letter postage due)
- (14) LR-H-113 (manual outgoing primary sortation)
- (15) Docket No. MC95-1, Library Reference MCR-76, page 5-37.
1/(0.0066+0.0078 hrs/pc) = 69 pcs/hr (prep, accept, and clear)
- (16) Docket No. MC95-1, Library Reference MCR-76, page 5-39.
1/(0.0079+0.0078 hrs/pc) = 64 pcs/hr (deliver, collect, and clear)
- (17) LR-H-146
- (18) (17) * 100 / (13-16)
- (19) LR-H-77
- (20) (18) * (19)
- (21) SUM [(20)]
- (22) (21) * (12)

EXHIBIT USPS-RT-17D: REVENUE PROTECTION COSTS

(1) 7.35% SHORT PAID

A. REVENUE PROTECTION CLERKS

(2) <u>No. Of Plants</u>	(3) <u>Average Clerks/Plant</u>	(4) <u>Wage Rate</u>	(5) <u>Piggyback Factor</u>	(6) <u>Annual Cost</u>
259	2	\$25.45	1.372	\$37,614,012

B. POSTAGE DUE COLLECTION

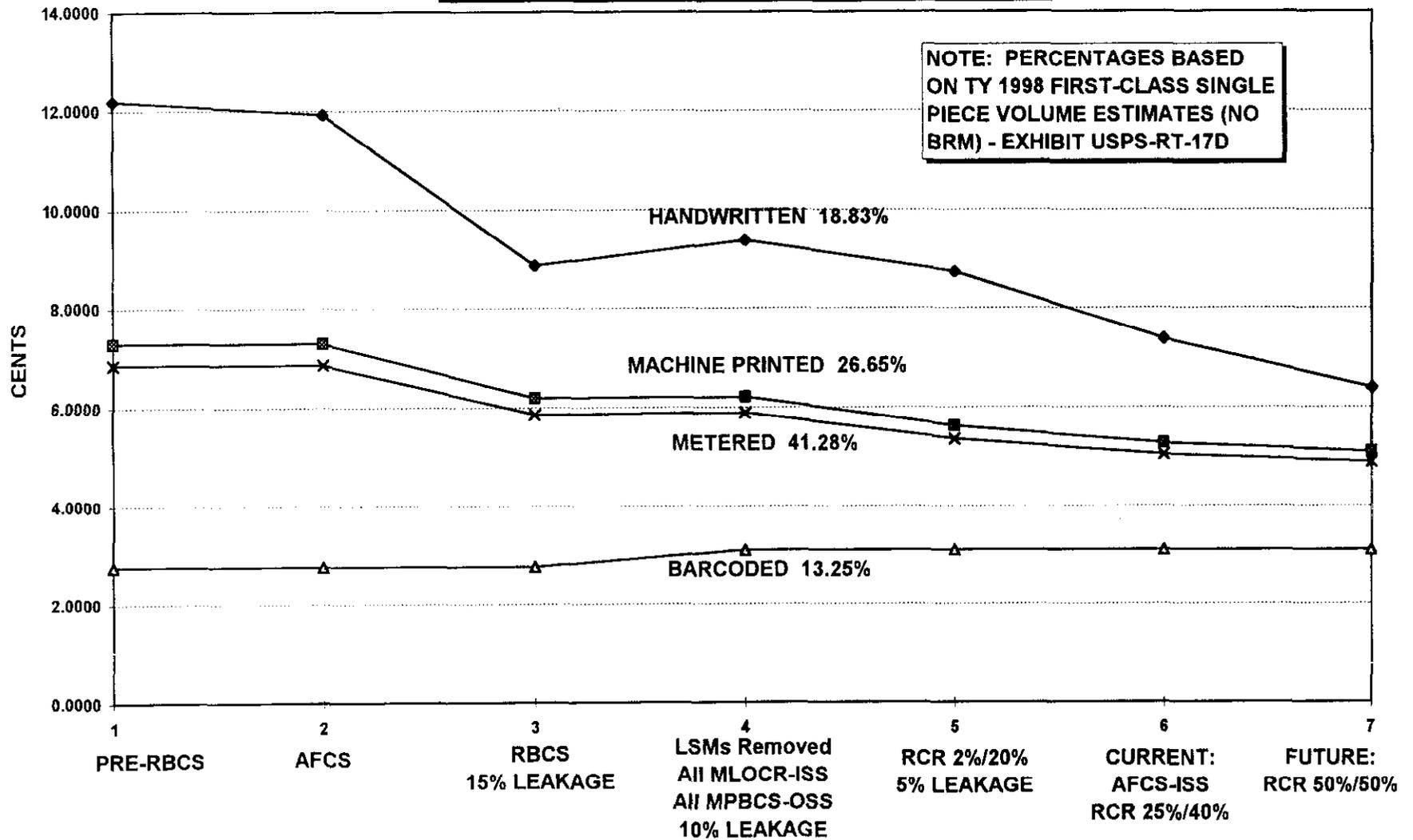
(7) FCSP Handwritten/Machine Printed Volume =	24,341,878,200
(8) Current % Short Paid (FCM < 1 Ounce) =	0.06%
(9) Total Additional Short Paid Single Piece Mail Volume =	1,774,522,921
(10) Sampling Productivity =	2,241
(11) Amount Sampled=	2,414,543,040
(12) Additional Short Paid Mail Pieces Identified=	176,020,188

<u>Operation Description</u>	<u>Pieces Per Hour</u>	(17) <u>Wage Rate</u>	(18) <u>Cents Per Piece</u>	(19) <u>Piggyback Factor</u>	(20) <u>Cents Per Piece</u>	
Outgoing Postage Due Unit (13)	244	\$25.45	10.4345	1.372	14.3161	
Outgoing Primary (Operation 030) (14)	662	\$25.45	3.8444	1.372	5.2745	
Destinating Postage Due Unit (15)	69	\$25.45	36.6480	1.372	50.2811	
Carrier Costs (16)	64	\$26.08	40.9456	1.315	53.8435	
					\$1.2372	(21)
				Annual Cost	\$217,763,702	(22)

- (1) Estimated Short Paid Percentage
- (2) AFCS Plants
- (3) 1 Clerk to sample handwritten mail (AFCS Stackers 3,4)
1 Clerk to sample machine printed mail (AFCS Stackers 5,6)
- (4) LR-H-146
- (5) LR-H-77
- (6) (2) * (3) * (8 hrs/day) * (5 days/wk) * (52 wks/yr) * (4) * (5)
- (7) Handwritten/Machine Printed Volume [item (7)] from page 9
- (8) FY 96 RPW
- (9) (7) * [(1) - (8)]
- (10) MODS FY 97 Op. 029 (Riffle) Productivity
- (11) (2) * (3) * (8 hrs/day) * (5 days/wk) * (52 wks/yr) * (10)
- (12) (11) * [(1) - (8)]

- (13) Docket No. MC95-1, Library Reference MCR-76, page 5-30.
1/0.0041 hrs/pc = 244 pcs/hr (rating a letter postage due)
- (14) LR-H-113 (manual outgoing primary sortation)
- (15) Docket No. MC95-1, Library Reference MCR-76, page 5-37.
1/(0.0066+0.0078 hrs/pc) = 69 pcs/hr (prep, accept, and clear)
- (16) Docket No. MC95-1, Library Reference MCR-76, page 5-39.
1/(0.0079+0.0078 hrs/pc) = 64 pcs/hr (deliver, collect, and clear)
- (17) LR-H-146
- (18) (17) * 100 / (13-16)
- (19) LR-H-77
- (20) (18) * (19)
- (21) SUM [(20)]
- (22) (21) * (12)

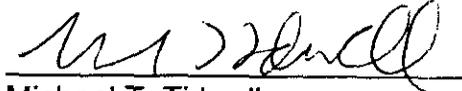
**EXHIBIT USPS-RT-17F:
MAIL PROCESSING COST CONVERGENCE
FIRST-CLASS SINGLE PIECE**



Revised-3/16/98

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.


Michael T. Tidwell

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
March 16, 1998