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PRESIDING OFFICER'S
RULING NO. MC98-1/24

UNITED STATES OF AMERICA
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

Mailing Online Service

Docket No. MC98-1

PRESIDING OFFICER'S RULING
CORRECTING TRANSCRIPT VOLUME 8

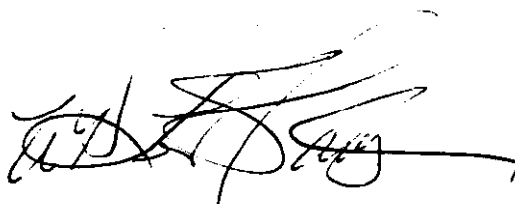
(March 5, 1998)

Motions to adopt transcript corrections to Volume 8 were filed by the Office of the Consumer Advocate and the Postal Service.¹ As no objections to these corrections were filed, the motions are granted.

The Postal Service motion indicated that pages 1767-68 were January 14, 1999 revisions to OCA/USPS-T5-10 and that the response to this interrogatory had been revised on February 4, 1999. The Postal Service provided copies of the revised response for use in correcting the transcript. Copies of these corrected pages are attached to this ruling.

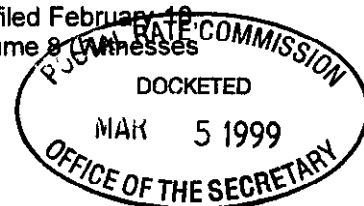
RULING

Transcript Volume 8 in docket No. MC98-1 is corrected as described in the body of this ruling.



W.H. "Trey" LeBlanc III
Presiding Officer

¹ Office of the Consumer Advocate Motion to Adopt Transcript Corrections, filed February 19, 1999; Motion of United States Postal Service to Adopt Transcript Corrections for Volume 8 (Witnesses Plunkett, Seckar, and Lim), filed February 19, 1999.



Revised February 4, 1999

Page 1

Revenues Including Variable Information Systems Costs

	Note	1999	2000	Total 1999-2000
Impression Costs				
Total Impression Costs	Attachment to witness Seckar's updated response to hearing question Tr. 7/1733-34, Worksheet 1 line 25	\$ 50,898,130	\$ 85,006,793	\$ 135,904,923
Fixed Info Systems Costs (BW, 8.5x11 & 8.5x14)	Attachment to witness Seckar's updated response to hearing question Tr. 7/1733-34, Worksheet 1 line 7	\$ 1,845,942	\$ 3,221,664	\$ 5,067,605
Fixed Info Systems Costs (BW, 11x17)	Attachment to witness Seckar's updated response to hearing question Tr. 7/1733-34, Worksheet 1 line 15	\$ 518,211	\$ 904,417	\$ 1,422,628
Fixed Info Systems Costs (Spot Color, 8.5x11 & 8.5x14)	Attachment to witness Seckar's updated response to hearing question Tr. 7/1733-34, Worksheet 1 line 23	\$ 1,686,464	\$ 2,943,333	\$ 4,629,797
Total Impression Costs excl. fixed info systems costs	=(a) - (b) - (c) - (d)	\$ 46,847,513	\$ 77,937,379	\$ 124,784,893
Paper Costs				
8.5x11 B&W pages	USPS T-2A page 9 line 45	541,001,192	944,192,341	1,485,193,533
8.5x11 Spot Color pages	USPS T-2A page 10 line 71	433,424,586	756,442,279	1,189,866,865
Pages printed on 8.5x11 paper	=(f) + (g)	974,425,778	1,700,634,620	2,675,060,398
8.5x11 paper - Price per piece	USPS T-2A page 28	\$ 0.0049	\$ 0.0050	
8.5x11 paper - Total cost	=(h) * (i)	\$ 4,762,993	\$ 8,578,708	\$ 13,341,702
8.5x14 B&W pages	USPS T-2A page 9 line 49	60,416,029	105,442,192	165,858,221
8.5x14 Spot Color pages	USPS T-2A page 10 line 75	48,402,467	84,475,301	132,877,768
Pages printed on 8.5x14 paper	=(k) + (l)	108,818,496	189,917,493	298,735,989
8.5x14 paper - Price per piece	USPS T-2A page 28	\$ 0.0053	\$ 0.0055	
8.5x14 paper - Total cost	=(m) * (n)	\$ 580,568	\$ 1,045,672	\$ 1,626,240
11x17 B&W pages	USPS T-2A page 9 line 53	84,417,856	147,331,826	231,749,682
11x17 Spot Color pages	USPS T-2A page 10 line 79	67,631,597	118,035,295	185,666,892
Pages printed on 11x17 paper	=(p) + (q)	152,049,453	265,367,121	417,416,574
11x17 paper - Price per piece	USPS T-2A page 28	\$ 0.0102	\$ 0.0105	
11x17 paper - Total cost	=(r) * (s)	\$ 1,552,851	\$ 2,796,866	\$ 4,349,717
Total Pages	=(h) + (m) + (r)	1,235,293,727	2,155,919,234	3,391,212,961
Total Paper Cost	=(j) + (o) + (t)	\$ 6,896,412	\$ 12,421,246	\$ 19,317,658
Envelope Costs				
First-Class Letters	USPS T-2A page 6 line 92	77,672,143	135,558,745	213,230,888
Standard Mail (A) Letters	USPS T-2A page 6 line 94	172,640,919	301,304,758	473,945,677
Total letter size pieces	=(w) + (x)	250,313,062	436,863,503	687,176,565
# 10 Envelope no window and logo - Price per piece	USPS T-2A page 28	\$ 0.0272	\$ 0.0281	
Envelope Costs - letter size pieces	=(y) * (z)	\$ 6,820,530	\$ 12,284,574	\$ 19,105,104
First-Class flats	USPS T-2A page 6 line 93	14,072,713	24,560,663	38,633,376
Standard Mail (A) flats	USPS T-2A page 6 line 95	31,279,247	54,590,685	85,869,932
Total flat size pieces	=(bb) + (cc)	45,351,960	79,151,348	124,503,308
Flat sized envelope no window and no logo - Price per piece	USPS T-2A page 28	\$ 0.0468	\$ 0.0483	
Envelope Costs - flat size pieces	=(dd) * (ee)	\$ 2,122,000	\$ 3,821,971	\$ 5,943,971
Total Envelopes	=(y) + (dd)	295,665,022	516,014,851	811,679,873
Total Envelope Cost	=(aa) + (ff)	\$ 8,942,530	\$ 16,106,544	\$ 25,049,075
Transportation Costs				
First-Class Letters	USPS T-2A page 6 line 92	77,672,143	135,558,745	213,230,888
First-Class Letters - Transportation cost per piece	USPS T-2A page 7 line 140	\$ 0.00055	\$ 0.00054	
Total First-Class letter transportation costs	=(ii) * (jj)	\$ 42,594	\$ 73,423	\$ 116,017
First-Class flats	USPS T-2A page 6 line 93	14,072,713	24,560,663	38,633,376
First-Class flats - Transportation cost per piece	USPS T-2A page 7 line 141	\$ 0.00083	\$ 0.00082	
Total First-Class flats letter transportation costs	=(ll) * (mm)	\$ 11,717	\$ 20,198	\$ 31,915
Standard Mail (A) Letters	USPS T-2A page 6 line 94	172,640,919	301,304,758	473,945,677
Standard Mail (A) Letters - Transportation cost per piece	USPS T-2A page 7 line 142	\$ 0.00120	\$ 0.00119	
Total Standard Mail (A) letter transportation costs	=(oo) * (pp)	\$ 207,925	\$ 358,421	\$ 566,347
Standard Mail (A) flats	USPS T-2A page 6 line 95	31,279,247	54,590,685	85,869,932
Standard Mail (A) flats - Transportation cost per piece	USPS T-2A page 7 line 143	\$ 0.01586	\$ 0.01567	
Total Standard Mail (A) flat transportation costs	=(rr) * (ss)	\$ 496,104	\$ 855,185	\$ 1,351,289
Total Transportation Costs	=(kk) + (nn) + (qq) + (tt)	\$ 758,340	\$ 1,307,227	\$ 2,065,567
Inserter Costs	Attachment to witness Seckar's updated response to hearing question Tr. 7/1733-34, Worksheet 3	\$ 8,593,250	\$ 14,882,676	\$ 23,475,926
Total Printing, Transportation, and Inserter Costs	=(e) + (v) + (hh) + (uu) + (vv)	\$ 72,038,046	\$ 122,655,073	\$ 194,693,119
25% Markup on printing and transportation costs	=(ww) * 25%	\$ 18,009,512	\$ 30,663,768	\$ 48,673,280
Total Revenue including Markup	=(ww) + (xx)	\$ 90,047,558	\$ 153,318,841	\$ 243,366,399
Net Contribution	=(yy)-(ww)	\$ 18,009,512	\$ 30,663,768	\$ 48,673,280

Revenues Excluding Variable Information Systems Costs

	Note	1999	2000	Total 1999-2000
Impression Costs				
(a) Total Impression Costs	Attachment to witness Seckar's updated response to hearing question Tr. 7/1733-34, Worksheet 1 line 25	\$ 50,898,130	\$ 85,006,793	\$ 135,904,923
(b) Fixed Info Systems Costs (BW, 8.5x11 & 8.5x14)	Attachment to witness Seckar's updated response to hearing question Tr. 7/1733-34, Worksheet 1 line 7 Rev 1/14/99	\$ 1,845,942	\$ 3,221,664	\$ 5,067,605
(c) Fixed Info Systems Costs (BW, 11x17)	Attachment to witness Seckar's updated response to hearing question Tr. 7/1733-34, Worksheet 1 line 15 Rev 1/14/99	\$ 518,211	\$ 904,417	\$ 1,422,628
(d) Fixed Info Systems Costs (Spot Color, 8.5x11 & 8.5x14)	Attachment to witness Seckar's updated response to hearing question Tr. 7/1733-34, Worksheet 1 line 23 Rev 1/14/99	\$ 1,686,464	\$ 2,943,333	\$ 4,629,797
(e) Variable Info Systems Costs (BW, 8.5x11 & 8.5x14)	Attachment to witness Seckar's updated response to hearing question Tr. 7/1733-34, Worksheet 1 line 6 Rev 1/14/99	\$ 2,473,456	\$ 2,738,253	\$ 5,211,709
(f) Variable Info Systems Costs (BW, 11x17)	Attachment to witness Seckar's updated response to hearing question Tr. 7/1733-34, Worksheet 1 line 14 Rev 1/14/99	\$ 694,373	\$ 768,709	\$ 1,463,082
(g) Variable Info Systems Costs (Spot Color, 8.5x11 & 8.5x14)	Attachment to witness Seckar's updated response to hearing question Tr. 7/1733-34, Worksheet 1 line 22 Rev 1/14/99	\$ 2,259,765	\$ 2,501,686	\$ 4,761,451
(h) Total Impression Costs excl. info systems costs	=(a) - (b) - (c) - (d) - (e) - (f) - (g)	\$ 41,419,919	\$ 71,928,731	\$ 113,348,651
Paper Costs				
(i) 8.5x11 B&W pages	USPS T-2A page 9 line 45	541,001,192	944,192,341	1,485,193,533
(j) 8.5x11 Spot Color pages	USPS T-2A page 10 line 71	433,424,586	756,442,279	1,189,866,865
(k) Pages printed on 8.5x11 paper	=(i) + (j)	974,425,778	1,700,634,620	2,675,060,398
(l) 8.5x11 paper - Price per piece	USPS T-2A page 28	\$ 0.0049	\$ 0.0050	\$ 0.0099
(m) 8.5x11 paper - Total cost	=(k) * (l)	\$ 4,762,993	\$ 8,578,708	\$ 13,341,702
(n) 8.5x14 B&W pages	USPS T-2A page 9 line 49	60,416,029	105,442,192	165,858,221
(o) 8.5x14 Spot Color pages	USPS T-2A page 10 line 75	48,402,467	84,475,301	132,877,768
(p) Pages printed on 8.5x14 paper	=(n) + (o)	108,818,496	189,917,493	298,735,989
(q) 8.5x14 paper - Price per piece	USPS T-2A page 28	\$ 0.0053	\$ 0.0055	\$ 0.0108
(r) 8.5x14 paper - Total cost	=(p) * (q)	\$ 580,568	\$ 1,045,672	\$ 1,626,240
(s) 11x17 B&W pages	USPS T-2A page 9 line 53	84,417,856	147,331,826	231,749,682
(t) 11x17 Spot Color pages	USPS T-2A page 10 line 79	67,631,597	118,035,295	185,666,892
(u) Pages printed on 11x17 paper	=(s) + (t)	152,049,453	265,367,121	417,416,574
(v) 11x17 paper - Price per piece	USPS T-2A page 28	\$ 0.0102	\$ 0.0105	\$ 0.0208
(w) 11x17 paper - Total cost	=(u) * (v)	\$ 1,552,851	\$ 2,796,866	\$ 4,349,717
(x) Total Pages	=(k) + (p) + (u)	1,235,293,727	2,155,919,234	3,391,212,961
(y) Total Paper Cost	=(m) + (r) + (w)	\$ 6,896,412	\$ 12,421,246	\$ 19,317,658
Envelope Costs				
(z) First-Class Letters	USPS T-2A page 6 line 92	77,672,143	135,558,745	213,230,888
(aa) Standard Mail (A) Letters	USPS T-2A page 6 line 94	172,640,919	301,304,758	473,945,677
(bb) Total letter size pieces	=(z) + (aa)	250,313,062	436,863,503	687,176,565
(cc) # 10 Envelope no window and logo - Price per piece	USPS T-2A page 28	\$ 0.0272	\$ 0.0281	\$ 0.0554
(dd) Envelope Costs - letter size pieces	=(bb) * (cc)	\$ 6,820,530	\$ 12,284,574	\$ 19,105,104
(ee) First-Class flats	USPS T-2A page 6 line 93	14,072,713	24,560,663	38,633,376
(ff) Standard Mail (A) flats	USPS T-2A page 6 line 95	31,279,247	54,590,685	85,869,932
(gg) Total flat size pieces	=(ee) + (ff)	45,351,960	79,151,348	124,503,308
(hh) Flat sized envelope no window and no logo - Price per piece	USPS T-2A page 28	\$ 0.0468	\$ 0.0483	\$ 0.0951
(ii) Envelope Costs - flat size pieces	=(gg) * (hh)	\$ 2,122,000	\$ 3,821,971	\$ 5,943,971
(jj) Total Envelopes	=(dd) + (ii)	295,665,022	516,014,851	811,679,873
(kk) Total Envelope Cost	=(dd) + (ii)	\$ 8,942,530	\$ 16,106,544	\$ 25,049,075
Transportation Costs				
(ll) First-Class Letters	USPS T-2A page 6 line 92	77,672,143	135,558,745	213,230,888
(mm) First-Class Letters - Transportation cost per piece	USPS T-2A page 7 line 140	\$ 0.00055	\$ 0.00054	\$ 0.00104
(nn) Total First-Class letter transportation costs	=(ll) * (mm)	\$ 42,594	\$ 73,423	\$ 116,017
(oo) First-Class flats	USPS T-2A page 6 line 93	14,072,713	24,560,663	38,633,376
(pp) First-Class flats - Transportation cost per piece	USPS T-2A page 7 line 141	\$ 0.00083	\$ 0.00082	\$ 0.00165
(qq) Total First-Class flats letter transportation costs	=(oo) * (pp)	\$ 11,717	\$ 20,198	\$ 31,915
(rr) Standard Mail (A) Letters	USPS T-2A page 6 line 94	172,640,919	301,304,758	473,945,677
(ss) Standard Mail (A) Letters - Transportation cost per piece	USPS T-2A page 7 line 142	\$ 0.00120	\$ 0.00119	\$ 0.00239
(tt) Total Standard Mail (A) letter transportation costs	=(rr) * (ss)	\$ 207,925	\$ 358,421	\$ 566,347
(uu) Standard Mail (A) flats	USPS T-2A page 6 line 95	31,279,247	54,590,685	85,869,932
(vv) Standard Mail (A) flats - Transportation cost per piece	USPS T-2A page 7 line 143	\$ 0.01586	\$ 0.01567	\$ 0.03176
(ww) Total Standard Mail (A) flat transportation costs	=(uu) * (vv)	\$ 496,104	\$ 855,185	\$ 1,351,289
(xx) Total Transportation Costs	=(nn) + (qq) + (tt) + (ww)	\$ 758,340	\$ 1,307,227	\$ 2,065,567
(yy) Insertor Costs	Attachment to witness Seckar's updated response to hearing question Tr. 7/1733-34, Worksheet 3	\$ 8,593,250	\$ 14,882,676	\$ 23,475,926
(zz) Total Printing, Transportation, and Insertor Costs	=(h) + (y) + (kk) + (yy)	\$ 66,810,452	\$ 116,646,425	\$ 183,256,877
(aaa) 25% Markup on printing and transportation costs	=(zz) * 25%	\$ 16,652,613	\$ 29,161,606	\$ 45,814,219
(bbb) Total Revenue Including Markup	=(zz) + (aaa)	\$ 83,263,065	\$ 145,808,031	\$ 229,071,097
(ccc) Net Contribution	=(bbb)-(zz)	\$ 16,652,613	\$ 29,161,606	\$ 45,814,219