

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

POSTAL RATE AND FEE CHANGES
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005-1

REVISED RESPONSE OF POSTAL SERVICE WITNESS KELLEY
TO INTERROGATORY OF MMA (MMA/USPS-T16-6) --ERRATA
(June 7, 2005)

The United States Postal Service hereby provides the revised response of witness Kelley to the following interrogatory of MMA, filed on April 22, 2005: MMA/USPS-T16-6. This response completely replaces the erroneous response filed on May 6, 2005. The revised response was essentially prepared for filing on May 24, but inadvertently slipped through the cracks.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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June 7, 2005

Response of Postal Service Witness John Kelley to Interrogatories Posed by
Major Mailers Association

MMA/USPS-T-16-6

Please refer to Library Reference USPS-LR-J-191 submitted by USPS witness Schenk in response to Interrogatory MMA/USPS-T-43-13 (Part A) in R2001-1. There, Dr. Schenk provided, for Base Year 2000 and Test Year 2003, unit delivery costs for First-Class single piece letters broken down by indicia, i.e., stamped letters, metered letters, and other letters. Please provide similar unit delivery costs, broken down by indicia, for Base Year 2004 and Test Year 2006 in R2005-1 using (1) the Postal Service's costing methodology and (2) the Commission's costing methodology.

Response

Please see the attached pages and the associated Excel spreadsheet.

PRC VERSION

BY04 City Carrier In-Office Costs (\$000)

Class Code	Class	Shape Code	Shape	Stamped	Metered	Other	Total
1	1st L&P	1	1Ltr	396,980,797	273,094,255	79,868,693	749,943,745

Adjust to CRA C/S 6.1 1st Single Piece - BY04

	Stamped	Metered	Other	Total
1Ltr	396,981	273,094	79,869	749,944

PRC VERSION

BY04 Costs

	6.1 unit cost	6.1 Costs (000)	6.2 Costs (000)	7.1 Costs (000)	7.2 Costs (000)	7.3 Costs (000)	7.4 Costs (000)	10 Costs (000)	Total piggybacked costs (000)	Permit Volume* (000)	City Carrier Unit Cost	Rural Carrier Unit Cost	Total Unit Cost
Single-Piece Letters Stamped	0.0163	396,981	89,934	5,212	133,205	108,174	12,420	155,663	1,131,715.69	24,344,365	0.0389	0.0076	0.0465
Single-Piece Letters Metered	0.0211	273,094	61,868	2,776	70,950	57,618	6,615	82,912	698,781.00	12,966,748	0.0463	0.0076	0.0539
Single-Piece Letters Other	0.0221	79,869	18,094	775	19,813	16,090	1,847	23,153	200,750.60	3,620,948	0.0478	0.0076	0.0554
First-Class Single-Piece Letters BY	0.0183	749,944	169,895	8,763	223,968	181,882	20,882	261,729	2,031,247	40,932,061	0.0420	0.0076	0.0496

TY06 Costs

	6.1 unit cost	6.1 Costs (000s)	6.2 Costs (000s)	7.1 Costs (000s)	7.2 Costs (000s)	7.3 Costs (000s)	7.4 Costs (000s)	10 Costs (000s)	Total piggybacked costs (000)	Permit Volume (000)	City Carrier Unit Cost	Rural Carrier Unit Cost	Total Unit Cost
Single-Piece Letters Stamped	0.0168	389,810	88,850	5,205	129,570	106,871	129,600	160,144	1,285,519.91	23,172,471.31	0.0472	0.0083	0.0555
Single-Piece Letters Metered	0.0217	268,161	61,123	2,772	69,014	56,924	69,030	85,299	780,424.81	12,342,552.66	0.0550	0.0083	0.0632
Single-Piece Letters Other	0.0228	78,426	17,876	774	19,272	15,896	19,277	23,820	223,533.25	3,446,641.95	0.0566	0.0083	0.0649
First-Class Single-Piece Letters TY	0.0189	736,397	167,849	8,752	217,856	179,691	217,906	269,262	2,289,478	38,961,666	0.0505	0.0083	0.0588

*Categories from tab 'SP Inicia' in USPS-LR-K-87 "First-Class Single Piece Indicia.xls" are broken down this way:

Stamped:

- Stamp
- Stamped Envelope (postage embossed envelope)
- Stamped card (postage embossed card)
- Precanceled Stamp
- Semi-postal Stamp

Metered:

- Meter (excluding IBI)
- Meter - PVI

Other:

- Permit imprint
- Franked Mail
- Armed Forces Free Mail
- Absentee Ballots
- Unauthorized Use of Penalty Indicia

USPS VERSION

BY04 Costs

	6.1 unit cost	6.1 Costs (000)	6.2 Costs (000)	7.1 Costs (000)	7.2 Costs (000)	10 Costs (000)	Total piggybacked costs (000)	Permit Volume* (000)	City Carrier Unit Cost	Rural Carrier Unit Cost	Total Unit Cost
Single-Piece Letters Stamped	0.0163	396,981	108,412	539,676	69,909	135,464	1,551,969.98	24,344,365	0.0572	0.0065	0.0638
Single-Piece Letters Metered	0.0211	273,094	74,580	287,452	37,236	72,153	924,674.75	12,966,748	0.0648	0.0065	0.0713
Single-Piece Letters Other	0.0221	79,869	21,811	80,271	10,398	20,149	263,951.11	3,620,948	0.0664	0.0065	0.0729
First-Class Single-Piece Letters BY	0.0183	749,944	204,803	907,399	117,544	227,766	2,740,596	40,932,061	0.0604	0.0065	0.0670

TY06 Costs

	6.1 unit cost	6.1 Costs (000s)	6.2 Costs (000s)	7.1 Costs (000s)	7.2 Costs (000s)	10 Costs (000s)	Total piggybacked costs (000)	Permit Volume (000)	City Carrier Unit Cost	Rural Carrier Unit Cost	Total Unit Cost
Single-Piece Letters Stamped	0.0168	390,071	107,131	534,509	69,066	139,450	1,558,877.74	23,172,471.31	0.0602	0.0071	0.0673
Single-Piece Letters Metered	0.0217	268,340	73,698	284,700	36,787	74,276	928,100.24	12,342,552.66	0.0681	0.0071	0.0752
Single-Piece Letters Other	0.0228	78,478	21,554	79,502	10,273	20,742	264,892.82	3,446,641.95	0.0697	0.0071	0.0769
First-Class Single-Piece Letters TY	0.0189	736,889	202,383	898,712	116,125	234,468	2,751,871	38,961,666	0.0635	0.0071	0.0706

*Categories from tab 'SP Inicia' in USPS-LR-K-87 "First-Class Single Piece Indicia.xls" are broken down this way:

Stamped:

Stamp

Stamped Envelope (postage embossed envelope)

Stamped card (postage embossed card)

Precanceled Stamp

Semi-postal Stamp

Metered:

Meter (excluding IBI)

Meter - PVI

Other:

Permit imprint

Franked Mail

Armed Forces Free Mail

Absentee Ballots

Unauthorized Use of Penalty Indicia

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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June 7, 2005