

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

NOTICE OF UNITED STATES POSTAL SERVICE OF FILING OF ERRATA TO
TESTIMONY OF WITNESS TAUFIQUE (USPS-T-28) [Errata]
(June 7, 2005)

The United States Postal Service hereby provides notice of the filing of errata to the testimony of witness Taufique (USPS-T-28). The errata correct a few references to other witnesses on page 1, and make some small changes to volumes and revenues in Tables 11 and 12 of Exhibit A, reflecting changes to LR-K-115 also being filed today.

A summary of the changes is attached, along with the revised pages. A complete, revised electronic copy of the Exhibit A spreadsheet is also being filed today.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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Summary of revisions to USPS-T-28 (witness Taufique):

Changes to Page 1

Replace lines 8-10 to remove references to witnesses Moser, Miller, and Cutting, and to state that: "Witness Virginia Mayes (USPS-T-25) uses the volumes associated with the NSAs. Witness James Page (USPS-T-23) uses the test year volumes for some of the Special Services, and witness Karl Wesner (USPS-T-24) uses some Special Services proposed fees."

Line 22: Change "," to ";

Changes to Exhibit USPS-28A

The changes to LR-K-115, also filed today, affect Exhibit USPS-28A, tables 11 and 12, since those tables are derived from the 2006 BR and 2006 AR tables in LR-K-115.

The Cells that were manually changed in Table 11 are:

E33, Express Mail, changed from 830,784 to 830,330

E64, Parcel Post, Non Destination Entry, changed from 725,741 to 725,735

E65, Parcel Post, Destination Entry, changed from 497,557 to 491,272

E89, Money Orders, changed from 233,841 to 233,589

The following cells in Table 11 automatically changed as a result: G33, H33, E66, G66, H66, E73, G73, H73, E79, G79, H79, G89, E95, G95, E98 and G98.

The Cells that were manually changed in Table 12 are:

E33, Express Mail, changed from 833,853 to 833,395

E64, Parcel Post, Non Destination Entry, changed from 756,309 to 756,303

- 2 -

E65, Package Services, Destination Entry, changed from 488,423 to 482,253

E89, Money Orders, changed from 240,841 to 240,572

The following cells automatically changed as a result: G33, H33, E66, G66, H66, E73, G73, H73, E79, G79, H79, G89, E95, G95, E98 and G98.

1 I. Purpose of Testimony

2 My testimony proposes the rates and fees for each subclass and special service
3 that result from the policy directive, described in the testimony of Postal Service witness
4 John Potter (USPS-T-1), to generally increase existing prices on an “across-the-board”
5 basis by 5.4 percent, subject to certain exceptions. I present the proposed rates and
6 fees, the percentage changes, and the before- and after-rates revenues for all domestic
7 mail subclasses and special services. Postal Service witness Maura Robinson (USPS-
8 T-27) uses these revenue calculations. Witness Virginia Mayes (USPS-T-25) uses the
9 volumes associated with the NSAs. Witness James Page (USPS-T-23) uses the test
10 year volumes for some of the Special Services, and witness Karl Wesner (USPS-T-24)
11 uses some Special Services proposed fees. I also provide charts showing the current
12 and proposed rates and fees, along with Test Year Before Rates (TYBR) and Test Year
13 After Rates (TYAR) summaries of volume and revenues for each subclass and special
14 service.¹ All of these charts are provided in Exhibit A attached to my testimony. Other
15 supporting calculations are provided in USPS Library Reference K-115 (Rate Design
16 Worksheets), which I am sponsoring. I use DMM 58, Section R for all of the current rates
17 to which the across-the-board increase was applied. I also use USPS-LR-K-77 (FY2004
18 Billing Determinants) and the TYBR and TYAR forecast estimates provided by witness
19 Thress (USPS-T-7) to estimate the revenues for the test year, both before and after the
20 application of proposed rates. I also discuss the methodology for estimating unit costs of
21 various size post office boxes below in Section IX.R. Given the across-the-board
22 methodology of this case, these unit costs are not used to estimate the proposed fees
23 for post office boxes; rather the application of 5.4 percent determines the proposed fees.

¹ “Before Rates” revenues and volumes are those that it is estimated would be generated by the *current prices* in the test year. After Rates revenues and volumes are those that it is estimated would be generated by the *proposed prices* in the test year.

Table 11.

**SUMMARY OF REVENUES
FISCAL YEAR 2006 BEFORE RATES
(thousands)**

MAIL SERVICE	Volume 1	Postage plus Unallocated Fees 2	Fees²	Postage Plus Allocated Fees²	Revenue per Piece
First-Class Mail					
Letters Subclass					
Single Piece Letters	42,987,742	\$ 19,494,386	\$ 242,385	\$19,736,771	0.459126
Non-Automation Presort	1,569,019	636,571		636,571	0.405713
Automated and Carrier Route	46,767,396	14,078,838		14,078,838	0.301040
NSA Adjustment ³	75,805	17,957		17,957	0.236884
Total Worksharing	48,412,219	14,733,366	36,064	14,769,430	0.305076
Total Letters Subclass	91,399,962	34,227,752	278,449	34,506,200	0.377530
Cards Subclass					
Post Cards - Single	2,516,372	599,407	13,410	612,817	0.243532
Non-Automated Presort Cards	303,206	64,260		64,260	0.211936
Automated and Carrier Route Post Car	2,724,778	494,901		494,901	0.181630
Total Worksharing Cards	3,027,984	559,161	2,248	561,409	0.185407
Total Cards Subclass	5,544,356	1,158,568	15,658	1,174,226	0.211788
Business Reply Fees		219,441	(219,441)	-	
Domestic Mail Fees		74,666	(74,666)	-	
Total First-Class Mail	96,944,318	35,680,426	-	35,680,426	0.368051
First-Class Mail postage =		35,386,320			
Priority Mail					
Priority Mail	842,705	4,388,942	1,653	4,390,595	5.210121
Domestic Mail Fees		1,653	(1,653)	-	
Total Priority Mail	842,705	4,390,595	-	4,390,595	5.210121
Express Mail	52,945	830,330	-	830,330	15.682881
Periodicals					
In-County	743,285	70,394	1,604	71,998	0.096865
Outside County					
Regular-Rate	6,438,348	1,758,714	13,897	1,772,611	0.275321
Nonprofit	1,831,804	328,800	3,954	332,754	0.181654
Classroom	65,183	16,786	141	16,926	0.259676
Total Outside County	8,335,335	2,104,299	17,992	2,122,291	0.254614
Domestic Mail Fees		19,596	(19,596)		
Total Periodicals	9,078,620	2,194,289	-	2,194,289	0.241699
Periodicals postage =		2,174,693			

Table 11.

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Exhibit USPS-28A

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**SUMMARY OF REVENUES
FISCAL YEAR 2006 BEFORE RATES
(thousands)**

MAIL SERVICE	Volume 1	Postage plus Unallocated Fees 2	Fees²	Postage Plus Allocated Fees²	Revenue per Piece
Standard Mail					
Regular and Nonprofit					
Regular	56,909,968	12,248,969	17,232	12,266,201	0.215537
Nonprofit	12,355,554	1,612,050	54,531	1,666,580	0.134885
Total Regular and Nonprofit	69,265,522	13,861,019	71,762	13,932,781	0.201150
Enhanced Carrier Route and NECR					
Enhanced Carrier Route	33,328,906	5,613,018	10,078	5,623,096	0.168715
Nonprofit Enhanced Carrier Route	3,147,175	294,933	13,890	308,822	0.098127
Total ECR and NECR	36,476,081	5,907,950	23,968	5,931,918	0.162625
Bulk Mailing Fees		65,815	(65,815)		
Domestic Mail Fees		29,916	(29,916)		
Total Standard Mail	105,741,603	19,864,699	-	19,864,699	0.187861
Package Services					
Parcel Post					
Non Destination Entry	116,209	725,735			
Destination Entry	237,852	491,272			
Total Parcel Post	354,061	1,217,006	865	1,217,872	3.439722
Bound Printed Matter	598,339	630,287	1,212	631,500	1.055422
Media Mail	192,642	360,713	554	361,267	1.875323
Library Rate	17,037	31,443	87	31,530	1.850724
Domestic Mail Fees		2,279	(2,279)	-	
Special Handling		423	(423)	-	
Parcel Airlift Fees		17	(17)	-	
Total Package Services	1,162,079	2,242,168	(0)	2,242,168	1.929446
US Postal Service Mail	666,538	-	-	-	-
Free Mail for the Blind and Handicapped	75,317	-	-	-	-
Total Domestic Mail	214,564,124	\$ 65,202,508	\$ (0)	\$ 65,202,508	0.303884

Table 11.

**SUMMARY OF REVENUES
FISCAL YEAR 2006 BEFORE RATES
(thousands)**

MAIL SERVICE	Volume 1	Postage plus Unallocated Fees 2	Fees²	Postage Plus Allocated Fees²	Revenue per Piece
Special Services					
Registry	3,990	\$ 42,109		\$ 42,109	10.553624
Insurance	35,903	85,296		85,296	2.375730
COD	1,693	9,985		9,985	5.897626
Certified Mail	282,145	648,934		648,934	2.300000
Delivery Confirmation	714,201	81,180		81,180	0.113665
Signature Confirmation	9,809	15,419		15,419	1.571919
Money Orders ⁴	181,567	233,589		233,589	1.286516
Return Receipts	250,973	471,957		471,957	1.880508
Stamped Cards	90,352	1,807		1,807	0.020000
Stamped Envelopes	400,000	15,770		15,770	0.039425
Box/Caller Service	16,100	832,629		832,629	51.716083
Other ⁵		20,462		20,462	n/a
Total Domestic Special Services	1,986,733	\$ 2,459,135		\$ 2,459,135	1.237778
Total Mail & Services	214,564,124	\$ 67,661,643	-	67,661,643	

Notes:

¹ Ex. USPS-7A, pages 1-10

² Library Reference K-115

³ Library Reference K-115, USPST28Aspreadsheets.xls, worksheets FCM5 to FCM11

⁴ Money order revenues include imputed interest of \$8,093,324.

⁵

<u>Other Special Services</u>	<u>Fees</u>
Address Changes to Election Board	144
Bulk Parcel Return Service	4,635
Correction of Mailing Lists	100
Meter Service	534
Permit Imprint Permits	7,241
Restricted Delivery	7,781
Shipper Paid Forwarding	4
ZIP Coding of Mailing Lists	23
Total	20,462

Table 12.

**SUMMARY OF REVENUES
FISCAL YEAR 2006 AFTER RATES
(thousands)**

MAIL SERVICE	Volume 1	Postage plus Unallocated Fees 2	Fees²	Postage Plus Allocated Fees²	Revenue per Piece
First-Class Mail					
Letters Subclass					
Single Piece Letters	42,459,296	\$ 20,262,320	\$256,414	\$20,518,734	0.483257
Non-Automation Presort	1,123,189	480,266		480,266	0.427591
Automated and Carrier Route	46,763,529	14,845,406		14,845,406	0.317457
NSA Adjustment ³	75,805	19,151		19,151	0.252632
Total Worksharing	47,962,523	15,344,822	38,008	15,382,831	0.320726
Total Letters Subclass	90,421,819	35,607,142	294,423	35,901,565	0.397045
Cards Subclass					
Post Cards - Single	2,482,529	617,711	14,173	631,885	0.254533
Non-Automated Presort Cards	294,933	65,750		65,750	0.222933
Automated and Carrier Route Post Car	2,686,433	514,672		514,672	0.191582
Total Worksharing Cards	2,981,366	580,423	2,355	582,778	0.195473
Total Cards Subclass	5,463,895	1,198,134	16,529	1,214,662	0.222307
Business Reply Fees		232,487	(232,487)	-	
Domestic Mail Fees		78,464	(78,464)	-	
Total First-Class Mail	95,885,714	37,116,227	(0)	37,116,227	0.387088
First-Class Mail postage =		36,805,276			
Priority Mail					
Priority Mail	799,324	4,387,922	1,699	4,389,621	5.491667
Domestic Mail Fees		1,699	(1,699)	-	
Total Priority Mail	799,324	4,389,621	-	4,389,621	5.491667
Express Mail	50,388	833,395	-	833,395	16.539555
Periodicals					
In-County	753,578	67,325	1,720	69,044	0.089340
Outside County					
Regular-Rate	6,416,651	1,847,528	14,650	1,862,177	0.287927
Nonprofit	1,814,995	343,543	4,144	347,687	0.189280
Classroom	64,598	17,523	147	17,670	0.271255
Total Outside County	8,296,244	2,208,593	18,941	2,227,534	0.266216
Domestic Mail Fees		20,662	(20,662)		
Total Periodicals	9,049,822	2,296,579	-	2,296,578	0.253770
Periodicals postage =		2,275,917			

Table 12.

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**SUMMARY OF REVENUES
FISCAL YEAR 2006 AFTER RATES
(thousands)**

MAIL SERVICE	Volume 1	Postage plus Unallocated Fees 2	Fees²	Postage Plus Allocated Fees²	Revenue per Piece
Standard Mail					
Regular and Nonprofit					
Regular	56,402,833	12,788,214	17,954	12,806,168	0.227048
Nonprofit	12,289,469	1,689,424	57,798	1,747,221	0.142172
Total Regular and Nonprofit	68,692,302	14,477,638	75,752	14,553,389	0.211863
Enhanced Carrier Route and NECR					
Enhanced Carrier Route	32,187,100	5,721,882	10,232	5,732,114	0.178087
Nonprofit Enhanced Carrier Route	3,128,857	310,599	14,715	325,314	0.103972
Total ECR and NECR	35,315,957	6,032,481	24,947	6,057,428	0.171521
Bulk Mailing Fees		69,796	(69,796)		
Domestic Mail Fees		30,902	(30,902)		
Total Standard Mail	104,008,259	20,610,817	-	20,610,817	0.198165
Package Services					
Parcel Post					
Non Destination Entry	114,911	756,303			
Destination Entry	221,536	482,253			
Total Parcel Post	336,448	1,238,556	870	1,239,426	3.683860
Bound Printed Matter	605,996	673,362	1,290	674,652	1.113295
Media Mail	191,440	377,944	581	378,525	1.977252
Library Rate	16,908	32,973	90	33,063	1.955460
Domestic Mail Fees		2,386	(2,386)	-	
Special Handling		428	(428)	-	
Parcel Airlift Fees		18	(18)	-	
Total Package Services	1,150,792	2,325,666	-	2,325,666	2.020927
US Postal Service Mail	666,538	-	-	-	-
Free Mail for the Blind and Handicapped	75,317	-	-	-	-
Total Domestic Mail	211,686,154	\$ 67,572,305	\$ (0)	\$67,572,304	0.319210

Table 12.

**SUMMARY OF REVENUES
 FISCAL YEAR 2006 AFTER RATES
 (thousands)**

MAIL SERVICE	Volume 1	Postage plus Unallocated Fees 2	Fees²	Postage Plus Allocated Fees²	Revenue per Piece
Special Services					
Registry	3,738	67,126		67,126	17.957864
Insurance	35,366	87,781		87,781	2.482085
COD	1,673	10,402		10,402	6.217451
Certified Mail	278,811	669,146		669,146	2.400000
Delivery Confirmation	686,017	85,467		85,467	0.124584
Signature Confirmation	9,422	15,538		15,538	1.649110
Money Orders ⁴	179,939	240,572		240,572	1.336969
Return Receipts	245,970	489,216		489,216	1.988926
Stamped Cards	89,429	1,789		1,789	0.020000
Stamped Envelopes	400,000	16,488		16,488	0.041219
Box/Caller Service	15,573	850,649		850,649	54.623341
Other ⁵		21,507		21,507	n/a
Total Domestic Special Services	1,945,938	2,555,683		2,555,683	1.313342
Total Mail & Services	211,686,154	\$ 70,127,988	\$ (1)	\$70,127,987	

Notes:

- ¹ Exhibit USPS-7A, pages 1-10
- ² Library Reference K-115
- ³ Library Reference K-115, USPST28Aspreadsheets.xls, worksheets FCM5 to FCM11
- ⁴ Money order revenues include imputed interest of \$8,020,757.
- ⁵

<u>Other Special Services</u>	<u>Fees</u>
Address Changes to Election Board	149
Bulk Parcel Return Service	4,812
Correction of Mailing Lists	100
Meter Service	565
Permit Imprint Permits	7,724
Restricted Delivery	8,129
Shipper Paid Forwarding	4
ZIP Coding of Mailing Lists	24
Total	21,507