

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 TAYMAN (USPS-T-6)
[Errata]

The United States Postal Service hereby provides notice of the filing of errata to the testimony of witness Tayman, USPS-T-6. The errata, which are attached, consist of replacements for Exhibits F and G, and two additional exhibits, A-1 and A-2. Calculations underlying the changes are shown in the errata to Library Reference K-50, also filed today.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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June 9, 2005

Summary of R 2005-1 Revenue Requirement Errata Impacts
Dollars in Thousands

| | FY 2005 | | | FY 2006 BR | | | FY 2006 AR | | |
|-----------------------------|------------|------------|----------------|------------|------------|----------------|------------|------------|----------------|
| | Revenue | Expense | Net Inc (Loss) | Revenue | Expense | Net Inc (Loss) | Revenue | Expense | Net Inc (Loss) |
| Totals As Filed | 70,111,052 | 68,467,597 | 1,643,455 | 70,195,210 | 73,237,070 | (3,041,860) | 72,723,174 | 72,611,152 | 112,022 |
| Revenue Corrections 1/ | (7,314) | | (7,314) | (6,999) | | (6,999) | (6,855) | | (6,855) |
| Correct InvInc/Int Exp | | | | | | | | | |
| Original Estimate | (28,373) | (262) | (28,111) | (5,796) | (42,630) | 36,834 | (12,520) | (5,270) | (7,250) |
| Revised Estimate | 72,213 | 262 | 71,951 | 151,652 | 175 | 151,477 | 213,921 | - | 213,921 |
| Net Change | 43,840 | - | 43,840 | 145,856 | (42,455) | 188,311 | 201,401 | (5,270) | 206,671 |
| Correct Capitalized Int 3/ | | | | | | | | | |
| Original Estimate | | | | | 18,200 | (18,200) | | 5,300 | (5,300) |
| Revised Estimate | | | | | (175) | 175 | | - | - |
| Net Change | | | | | 18,025 | (18,025) | | 5,300 | (5,300) |
| Correct Final Adj Errors 2/ | | 82 | (82) | | 1,279 | (1,279) | | 25,065 | (25,065) |
| Total Changes | 36,526 | 82 | 36,444 | 138,857 | (23,151) | 162,008 | 194,546 | 25,095 | 169,451 |
| Revised Totals | 70,147,578 | 68,467,679 | 1,679,899 | 70,334,067 | 73,213,919 | (2,879,852) | 72,917,720 | 72,636,247 | 281,473 |

1/ Exhibits USPS 27A, 27B and 27C original and revised.

2/ LR K 59 revised

3/ Results from changes to interest on debt

R 2005-1 Expense Errata by Cost Segment
\$ in Thousands

| Description | Segment | FY 05 | | FY 06 BR | | FY 06 AR | |
|------------------------|---------|-------|-----------|----------|-----------|----------|-----------|
| | | \$ | Workyears | \$ | Workyears | \$ | Workyears |
| Supervisors | 2 | 60 | 0.77 | 189 | 2.30 | 95 | 1.16 |
| Clerks/Mail Handlers | 3 | 472 | 7.82 | 761 | 12.17 | 951 | 15.19 |
| Vehicle Drivers | 8 | 175 | 2.75 | 1,571 | 23.90 | - | |
| Equipment Maintenance | 11 | 43 | 0.60 | 67 | 0.90 | 88 | 1.19 |
| Transportation | 14 | | | | | 25,022 | - |
| Other Not Assigned | | (668) | | (1,309) | | (1,090) | |
| Subtotal Final Adjs. | | 82 | 11.94 | 1,279 | 39.28 | 25,065 | 17.53 |
| | | | | | | | - |
| Interest - Notes | 20 | | | (42,455) | | (5,270) | |
| Capitalized Interest | 20 | | | 18,025 | | 5,300 | |
| Subtotal Debt Interest | | | | (24,430) | | 30 | |
| Total Expense Changes | | 82 | 11.94 | (23,151) | 39.28 | 25,095 | 17.53 |

U.S. Postal Service
Statement of Cash Flows
FY 2004 - FY 2006
(dollars in millions)

| | 2004 | 2005 | 2006 BR | 2006 AR |
|---|---------|---------|---------|---------|
| Net Income (Loss) | 3,065 | 1,680 | (2,880) | 281 |
| Adjustments to reconcile net income to to cash provided by operating activities: | | | | |
| Depreciation and amortization | 2,145 | 2,171 | 2,290 | 2,290 |
| All other differences (net) | 625 | 616 | 851 | 850 |
| Net cash provided by operating activities | 5,835 | 4,467 | 262 | 3,421 |
| Cash flows from investing activities: | | | | |
| Purchase of property and equipment* | (1,685) | (1,766) | (2,149) | (2,149) |
| All other (net) | 26 | - | (0) | - |
| Net cash provided by (used in) investing activities | (1,659) | (1,766) | (2,149) | (2,149) |
| Net cash provided by (used in) financing activities* | (5,565) | (718) | 527 | (1,255) |
| Net (decrease) increase in cash | (1,390) | 1,984 | (1,360) | 18 |
| Interest Expense | 14.004 | 0.262 | 0.176 | - |

* Impact of EPP capital outlays reflected in net cash provided by (used in) financing activities.

Investment Income
(Dollars in Thousands)

| | Item | FY 2004 | FY 2005 | FY 2006 BR | FY 2006 AR |
|-------------------------|------|---------|---------|------------|------------|
| Minority CD Program | (1) | 5,502 | 5,502 | 5,502 | 5,502 |
| CD Program Income | (2) | 131 | 165 | 198 | 198 |
| Rate | (3) | 2.39% | 3.00% | 3.60% | 3.60% |
| Investment Income | | | 72,048 | 151,454 | 213,723 |
| Total Investment Income | | | 72,213 | 151,652 | 213,921 |

(1) Minority Bank CD Program - Balance as September 30th 2004 from Auditor Balance Sheet, Account 12050 - Marketable Securities

(2) Actual investment income received in FY 2004

(3) The rate is assumed to be the same rate as the short term borrowing rate for FY2005 and FY2006, respectively

CERTIFICATE OF SERVICE

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

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