

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 THE UNITED STATES POSTAL SERVICE OF FILING OF **SECOND**
REVISION TO THE DIRECT TESTIMONY OF JATONA S. HATCHER (ERRATA)
(USPS-T-22)

The United States Postal Service hereby provides notice that it is filing a second revision to the Direct Testimony of Jatona S. Hatcher. The revision occurs on page 5 at line 13 and replaces the text “the incoming primary” with the text “the point that each piece receives its first barcoded sortation on the BCS.” The affected page is attached and replaces page 5 of the revised testimony filed on January 8, 2005.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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June 28, 2005

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B. BACKGROUND

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C. COST METHODOLOGY

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The QBRM discount was established in Docket No. R97-1 based on an analysis showing cost savings associated with a Postal Service-approved, prebarcoded reply mail piece. This cost savings, or cost avoidance, is calculated as the difference between the mail processing costs of a handwritten First-Class Mail reply mail piece and those of a preapproved, prebarcoded First-Class Mail single-piece reply mail piece. The costs avoided were defined as the costs incurred by the Postal Service applying a barcode to the handwritten reply mail piece.

In Docket No. R2001-1, witness Miller was responsible for updating the QBRM discount cost study.¹ Witness Miller refined and narrowed the scope of the model in order to only incorporate mail processing costs through the point that each piece receives its first barcoded sortation on the BCS. The methodology for the cost study I am presenting in this case is unchanged from the model presented by witness Miller. The cost avoidance underlying the discount is still defined as the difference between mail processing costs of a prebarcoded First-Class Mail reply mailpiece compared to those of a handwritten First-Class Mail reply mail piece. The model has been updated to include test year 2006 equipment changes, test year finalization factors, piggyback factors, volume variability factors, and wage rates.

¹ Docket No. R2001-1, USPS-T-22, at 26-27.

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.

Nan K. McKenzie

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