

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

NOTICE OF UNITED STATES POSTAL SERVICE OF  
FILING SECOND ERRATA TO THE TESTIMONY OF WITNESS PAGE (USPS-T-23)  
[ERRATA]  
August 18, 2006

The United States Postal Service hereby gives notice of the filing of errata to the testimony of witness Page (USPS-T-23). The errata filed on August 14, 2006, did not include the correct versions of Tables 13 and 17, on pages 27 and 33, respectively. The revisions accordingly incorporate the correct versions of these tables. The two revised pages are attached, with the cells that have changed from the August 14 version highlighted. The attached two pages are also incorporated in the complete, revised testimony of witness Page (USPS-T-23) filed separately today.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

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Kenneth N. Hollies  
Attorney

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-3083; Fax -3084  
[khollies@usps.gov](mailto:khollies@usps.gov)

C. Results

Table 13

Summary of Final Adjustments by Cost Segment (000s)

	2006	2007	BR2008	AR2007	AR2008
First-Class Presort	(18,323)	(19,277)	(17,075)	(13,165)	(699)
First-Class Presort Cards	(993)	(1,847)	(2,596)	(1,607)	(1,917)
Standard Regular	(85,756)	(153,371)	(181,914)	(117,821)	(99,356)
ECR	(789)	(275)	(177)	(62,965)	(161,173)
Parcel Post	32,087	40,410	37,281	53,160	84,395
Priority Mail	36,161	39,703	43,293	37,209	(12,112)
Other Special Services Delivery Con	(52,592)	(59,007)	(66,376)	(55,458)	(62,123)
Total For All Classes, Assigned to Cost Segment	(90,205)	(153,664)	(187,211)	(160,648)	(252,984)
Special Services					
Other Special Services Mail Mix Change	4,989	9,266	14,827	8,258	12,008
Special Services PFS	2,069	2,702	3,074	2,706	2,687
Special Service Insurance	0	0	0	(7,078)	(18,921)
<b>Total For All Classes</b>	<b>(83,147)</b>	<b>(141,696)</b>	<b>(169,310)</b>	<b>(156,762)</b>	<b>(257,210)</b>

XX. CONFIRM - SUMMARY OF COST COMPONENTS AND RESULTS

In this section of my testimony, I present an overview of Confirm<sup>®</sup> cost components and summarize them.

A. Cost Components

Confirm<sup>®</sup> has four main types of costs. These cost components – information technology, program support, field support, and marketing – are made up of sub-elements. The information technology component includes depreciation of software, hardware, and system development expenditures. The program support component includes dedicated program management and consulting contractor support. The field support component includes field technology chargebacks, helpdesk costs, and any attributable shared infrastructure costs in the field. The marketing component includes advertising expenditures and costs for various marketing services and promotional activities. I detail the nature of each cost component, respective cost categories, and the development of cost estimates for each of these in my testimony.

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Table 17: Summary of Final Adjustments by Cost Segment (000s)

	2006	2007	BR2008	AR2007	AR2008
First-Class Presort	(20,798)	(23,053)	(21,553)	(17,505)	(7,126)
First-Class Presort Cards	(1,134)	(2,106)	(2,953)	(1,836)	(2,183)
Standard Regular	(94,085)	(168,110)	(199,601)	(132,733)	(120,381)
ECR	(714)	(261)	(280)	(62,017)	(162,287)
Parcel Post	32,754	40,866	36,618	55,011	85,452
Priority Mail	37,690	40,859	45,278	39,210	(8,276)
Other Special Services Delivery Con	(53,650)	(59,387)	(66,853)	(57,929)	(62,522)
Total For All Classes, Assigned to Cost Segment	(99,936)	(171,192)	(208,782)	(177,799)	(277,322)
Special Services					
Other Special Services Mail Mix Change	4,029	7,183	11,852	6,416	9,523
Special Services PFS	2,069	2,702	3,074	2,706	2,687
Special Service Insurance	0	0	0	(7,125)	(19,046)
Total For All Classes	(93,838)	(161,307)	(193,856)	(175,802)	(284,158)

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To the extent that, in response to Commission Rule 53, I discuss and compare PRC versions of costing materials in this testimony, I do not sponsor those materials, or in any way endorse the methodologies used to prepare them. In its Order No. 1380 adopting the roadmap rule, the Commission included the following statements regarding the role played by Postal Service witnesses under these circumstances:

The comparison required by this exercise cannot be equated with sponsoring the preexisting methodology. It merely identifies and gives context to the proposed change, serving as a benchmark so that the impact can be assessed. ... [W]itnesses submitting testimony under Rule 53(c) sponsor the proposed methodological changes, not the preexisting methodology. That they may be compelled to reference the preexisting methodology does not mean that they are sponsoring it.

Order No. 1380 (August 7, 2003) at 7. Therefore, although I may be compelled to refer to the PRC methodologies and versions corresponding to the Postal Service analyses which are the subject of my testimony, my testimony does not sponsor those PRC materials.