

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

NOTICE OF THE UNITED STATES POSTAL SERVICE  
REGARDING THE FILING OF REVISED EXHIBITS  
ACCOMPANYING THE FINAL VERSION  
OF THE TESTIMONY OF WITNESS O'HARA  
(USPS-T-31) [ERRATA]  
(August 28, 2006)

The United States Postal Service hereby gives notice that attached revised copies of Exhibits USPS-31-A through USPS-31E were inadvertently not appended to the final version of the testimony of witness Donald O'Hara (USPS-T-31) filed with the Commission on August 25, 2006. The notice accompanying that filing explains the basis for the changes in the Exhibits. As indicated in the August 25, 2006 notice, to the greatest extent possible, changed cells in the spreadsheets and tables in the revised Exhibits have been shaded to highlight the revisions.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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**Summary of Estimated Test Year Before Rates Finances  
Revenue and Volume Variable Cost (\$000s)**

**Exhibit USPS-31A  
Revised 8-25-06**

	(1)	(2)	(3)	(4)
	TYBR Volume- Variable Costs	TYBR Revenue	Revenue as Percent of Cost	Revenue Minus Volume- Variable Cost
<b>First-Class Mail -- Letters Subclass</b>				
Letters - Single	10,680,873	18,430,378	172.6%	7,749,505
Letters - Presorted	5,245,071	15,522,755	295.9%	10,277,684
<b>Total Letters Subclass</b>	<b>15,925,944</b>	<b>33,953,133</b>	<b>213.2%</b>	<b>18,027,189</b>
<b>First-Class Mail -- Cards Subclass</b>				
Single-Piece Cards (incl. Stamped Cards)	559,314	631,513	112.9%	72,199
Cards - Presorted	252,940	662,226	261.8%	409,286
<b>Total Cards Subclass</b>	<b>812,254</b>	<b>1,293,739</b>	<b>159.3%</b>	<b>481,485</b>
Domestic Mail Fees		-		
<b>Total First Class Letters and Cards</b>	<b>16,738,198</b>	<b>35,246,872</b>	<b>210.6%</b>	<b>18,508,674</b>
<b>Priority Mail (including fees)</b>	<b>3,681,092</b>	<b>5,235,401</b>	<b>142.2%</b>	<b>1,554,309</b>
Express Mail	485,585	829,552	170.8%	343,967
<b>Periodicals</b>				
In-County	81,870	68,298	83.4%	(13,572)
Outside County	2,324,859	2,218,351	95.4%	(106,508)
Regular-Rate		1,868,341		
Nonprofit		333,374		
Classroom		16,636		
Domestic Mail Fees		-		
<b>Total Periodicals</b>	<b>2,406,730</b>	<b>2,286,649</b>	<b>95.0%</b>	<b>(120,080)</b>
<b>Standard Mail</b>				
Regular and Nonprofit	9,925,585	17,364,127	174.9%	7,438,541
Regular		15,521,094		
Nonprofit		1,843,032		
Enhanced Carrier Route -- ECR and NECR	3,128,398	6,189,363	197.8%	3,060,964
Enhanced Carrier Route		5,900,553		
Nonprofit Enhanced Carrier Route		288,810		
Domestic Mail Fees		-		
<b>Total Standard Mail</b>	<b>13,053,984</b>	<b>21,950,210</b>	<b>168.1%</b>	<b>8,896,226</b>
<b>Package Services</b>				
Parcel Post				
Non Destination Entry				
Destination Entry				
<b>Total Parcel Post</b>	<b>1,360,948</b>	<b>1,397,605</b>	<b>102.7%</b>	<b>36,657</b>
Bound Printed Matter	623,818	699,850	112.2%	76,032
Media Mail and Library Mail	416,790	386,375	92.7%	(30,416)
Media Mail		358,119		
Library Mail		28,256		
Domestic Mail Fees		-		
<b>Total Package Services</b>	<b>2,401,555</b>	<b>2,483,829</b>	<b>103.4%</b>	<b>82,274</b>
US Postal Service Mail	-	-		
Free Mail for the Blind and Handicapped	67,776	-		(67,776)
<b>Total Domestic Mail</b>	<b>38,834,920</b>	<b>68,032,513</b>	<b>175.2%</b>	<b>29,197,593</b>
Total International Mail	1,491,987	1,880,630	126.0%	388,643
<b>Total All Mail</b>	<b>40,326,907</b>	<b>69,861,114</b>	<b>173.2%</b>	<b>29,534,207</b>
<b>Domestic Special and Other Services:</b>				
Registry	64,287	43,606	67.8%	
Insurance	99,819	112,887	113.1%	
COD	8,383	8,550	102.0%	
Certified Mail	455,035	647,395	142.3%	
Money Orders (incl. MO interest)	151,186	215,027	142.2%	
Stamped Cards	1,755	2,373	135.2%	
Stamped Envelopes	10,134	12,350	121.9%	
Box/Caller Service	625,192	866,319	138.6%	
Other	383,377	648,428	169.1%	
<b>Total Special Services</b>	<b>1,799,168</b>	<b>2,556,935</b>	<b>142.1%</b>	<b>757,767</b>
<b>Total Mail &amp; Services</b>	<b>42,126,075</b>	<b>72,418,049</b>	<b>171.9%</b>	<b>30,291,974</b>
Institutional Costs	37,045,064			
Other Income		757,821		
Revenue Forgone Appropriation		101,593		
Investment Income *		302,671		
<b>Total, all items</b>	<b>79,171,139</b>	<b>73,580,134</b>		
Prior Year Loss Recovery	226,792			
Total Revenue Requirement	79,397,931			
Total Revenue		73,580,134		
<b>Net Income Before Rates</b>		<b>\$ (5,817,797)</b>		

\* Money order revenues include \$ 19,328 (000) in interest on money order float, removed from Investment Income.

**Summary of Estimated Test Year After Rates Finances  
Revenue and Volume Variable Cost (\$000s)**

**Exhibit USPS-31B  
Revised 8-25-06**

	(1)	(2)	(3)	(4)
	TYAR Volume- Variable Costs	TYAR Revenue	Revenue as Percent of Cost	Revenue Minus Volume- Variable Cost
<b>First-Class Mail -- Letters Subclass</b>				
Letters - Single	10,423,261	19,431,311	186%	9,008,050
Letters - Presorted	5,265,124	16,440,401	312%	11,175,277
<b>Total Letters Subclass</b>	<b>15,688,385</b>	<b>35,871,713</b>	<b>229%</b>	<b>20,183,328</b>
<b>First-Class Mail -- Cards Subclass</b>				
Single-Piece Cards (incl. Stamped Cards)	530,113	668,548	126%	138,434
Cards - Presorted	247,157	702,596	284%	455,439
<b>Total Cards Subclass</b>	<b>777,270</b>	<b>1,371,144</b>	<b>176%</b>	<b>593,873</b>
Domestic Mail Fees		-		
<b>Total First Class Letters and Cards</b>	<b>16,465,656</b>	<b>37,242,857</b>	<b>226%</b>	<b>20,777,201</b>
Priority Mail (including fees)	3,177,908	5,189,554	163%	2,011,645
Express Mail	416,962	796,283	191%	379,320
<b>Periodicals</b>				
In-County	79,517	82,354	104%	2,837
Outside County	2,250,111	2,394,326	106%	144,215
Regular-Rate		2,011,411		
Nonprofit		365,175		
Classroom		17,740		
Domestic Mail Fees		-		
<b>Total Periodicals</b>	<b>2,329,628</b>	<b>2,476,680</b>	<b>106%</b>	<b>147,052</b>
<b>Standard Mail</b>				
Regular and Nonprofit	9,836,572	17,357,928	176%	7,521,356
Regular		15,525,043		
Nonprofit		1,832,885		
Enhanced Carrier Route -- ECR and NECI	2,780,943	5,956,416	214%	3,175,473
Enhanced Carrier Route		5,663,345		
Nonprofit Enhanced Carrier Route		293,071		
Domestic Mail Fees		-		
<b>Total Standard Mail</b>	<b>12,617,515</b>	<b>23,314,343</b>	<b>185%</b>	<b>10,696,828</b>
<b>Package Services</b>				
Parcel Post				
Non Destination Entry				
Destination Entry				
Total Parcel Post	1,255,594	1,446,966	115%	191,372
Bound Printed Matter	631,455	788,890	125%	157,435
Media Mail and Library Mail	386,682	421,336	109%	34,653
Media Mail		390,534		
Library Mail		30,801		
Domestic Mail Fees		-		
<b>Total Package Services</b>	<b>2,273,732</b>	<b>2,657,192</b>	<b>117%</b>	<b>383,460</b>
US Postal Service Mail	-	-		
Free Mail for the Blind and Handicapped	67,971	-		(67,954)
<b>Total Domestic Mail</b>	<b>37,349,372</b>	<b>71,676,909</b>	<b>192%</b>	<b>34,327,536</b>
Total International Mail	1,411,125	1,880,630	133%	470,446
<b>Total All Mail</b>	<b>38,760,497</b>	<b>73,557,538</b>	<b>190%</b>	<b>34,797,041</b>
<b>Domestic Special and Other Services:</b>				
Registry	59,719	60,607	101%	888
Insurance	77,587	103,261	133%	25,674
COD	7,263	8,190	113%	927
Certified Mail	445,372	698,854	157%	253,483
Money Orders (incl. MO interest)	142,762	227,551	159%	84,788
Stamped Cards	1,656	2,239	135%	583
Stamped Envelopes	12,941	13,657	106%	716
Box/Caller Service	622,761	953,886	153%	331,125
Other	356,839	725,680	203%	368,841
Total Domestic Services:		2,793,923		
Total International Services		29,152		
<b>Total All Services</b>	<b>1,726,900</b>	<b>2,823,075</b>	<b>163%</b>	<b>1,096,175</b>
<b>Total Mail &amp; Services</b>	<b>40,487,397</b>	<b>76,380,614</b>	<b>189%</b>	<b>35,893,217</b>
Institutional Costs	37,023,210			
Other Income		755,735		
Revenue Forgone Appropriation		101,593		
Investment Income *		437,201		
<b>Total, all items</b>	<b>77,510,607</b>	<b>77,675,142</b>		
Prior Year Loss Recovery		0		
Total Revenue Requirement	77,510,607			
Total Revenue		77,675,142		
<b>Net Income After Rates</b>		<b>\$ 164,535</b>		

\* Money order revenues include \$ 18,241 (000) in interest on money order float, removed from Investment Income.

**Summary of Estimated Revenues**  
**Interim Fiscal Years 2007BR, and 2007AR**  
(Dollars in Thousands)

**Exhibit USPS-31C**  
**Revised 8-25-06**

	FY 2006 BR	FY 2007 BR	FY 2007 AR (New Rates 5-6-07)
First-Class Mail -- Letters Subclass			
Letters - Single	19,682,549	19,023,728	19,322,817
Letters - Presorted	15,447,667	15,518,388	15,978,779
Total Letters Subclass	35,130,216	34,542,117	35,301,596
First-Class Mail -- Cards Subclass			
Single-Piece Cards (incl. Stamped Cards)	623,293	625,696	645,041
Cards - Presorted	609,141	632,748	657,061
Total Cards Subclass	1,232,434	1,258,444	1,302,102
Domestic Mail Fees	-	-	-
Total First Class Letters and Cards	36,362,649	35,800,561	36,603,698
Priority Mail (including fees)	4,894,333	5,035,672	5,020,063
Express Mail	889,454	839,619	851,182
Mailgrams		175	175
Periodicals			
In-County	71,791	69,274	74,922
Outside County	2,174,205	2,180,336	2,258,451
Regular-Rate	1,823,817	1,832,935	1,897,101
Nonprofit	333,784	330,889	344,436
Classroom	16,604	16,513	16,914
Domestic Mail Fees	-	-	-
Total Periodicals	4,420,201	2,249,610	2,333,373
Standard Mail			
Regular and Nonprofit	14,221,299	15,050,187	15,691,870
Regular	12,602,883	13,387,618	13,965,856
Nonprofit	1,618,416	1,662,569	1,726,014
Enhanced Carrier Route -- ECR and NECR	5,979,226	6,043,817	6,015,509
Enhanced Carrier Route	5,691,845	5,729,260	5,696,524
Nonprofit Enhanced Carrier Route	287,381	314,557	318,984
Domestic Mail Fees	-	-	-
Total Standard Mail	20,200,525	21,094,004	21,707,379
Package Services			
Parcel Post			
Non Destination Entry			
Destination Entry			
Total Parcel Post	1,312,799	1,351,955	1,382,292
Bound Printed Matter	647,658	673,872	711,127
Media Mail and Library Mail	390,407	379,455	399,321
Media Mail	361,865	351,705	370,072
Library Mail	28,543	27,750	29,249
Domestic Mail Fees	-	-	-
Total Package Services	2,350,863	2,405,282	2,492,740
<b>Total Domestic Mail</b>	<b>69,118,757</b>	<b>67,424,923</b>	<b>69,008,610</b>
Total International Mail	1,790,014	1,794,559	1,847,073
<b>Total All Mail</b>	<b>70,908,771</b>	<b>69,219,483</b>	<b>70,855,683</b>
Domestic Special and Other Services:			
Registry	53,946	48,465	55,766
Insurance	123,481	116,052	113,459
COD	9,162	8,741	8,629
Certified Mail	624,668	631,368	655,486
Money Orders (incl. MO interest)	246,884	237,696	230,007
Stamped Cards	2,382	2,354	2,327
Stamped Envelopes	12,101	10,197	12,902
Box/Caller Service	821,212	856,694	871,206
Other	610,815	628,467	657,834
Total	2,504,651	2,540,034	2,607,616
<b>Total Mail &amp; Services</b>	<b>73,413,422</b>	<b>71,759,516</b>	<b>73,463,298</b>

**Summary of Percent Changes in Rates  
Proposed over Current Rates**

**Exhibit USPS-31D  
Revised 8-25-06**

	<b>Percentage Change</b>
<b>First-Class Mail</b>	
Letters and Sealed Parcels	7.1%
Cards	10.5%
<b>Priority Mail</b>	13.6%
<b>Express Mail</b>	12.5%
<b>Periodicals</b>	
Within-County	24.2%
Outside County	11.7%
<b>Standard Mail</b>	
Regular	9.6%
Nonprofit	8.9%
Enhanced Carrier Route	8.9%
Nonprofit Enhanced Carrier Route	8.8%
<b>Package Services</b>	
Parcel Post	13.2%
Bound Printed Matter	11.7%
Media Mail	17.9%
Library Rate	18.2%
<b>Total All Mail</b>	8.5%

**Summary of Estimated Test Year After Rates Finances  
Revenue and Incremental Cost  
(Dollars in Thousands)**

**Exhibit USPS-31E  
Revised 8-25-06**

	Incremental*	TYAR	Revenue Minus
	Costs	Revenue	Incremental Cost
First-Class Mail -- Letters Subclass			
Letters - Single	10,976,390	19,431,311	8,454,921
Letters - Presorted	5,455,917	16,440,401	10,984,484
Total Letters Subclass	16,906,889	35,871,713	18,964,824
First-Class Mail -- Cards Subclass			
Single-Piece Cards (incl. Stamped Cards)	533,990	668,548	134,558
Cards - Presorted	247,615	702,596	454,981
Total Cards Subclass	782,695	1,371,144	588,449
Domestic Mail Fees		-	
Total First Class Letters and Cards	17,910,033	37,242,857	19,332,823
Priority Mail (including fees)	3,433,890	5,189,554	1,755,663
Express Mail	526,429	796,283	269,854
Periodicals			
In-County	79,628	82,354	2,727
Outside County	2,290,303	2,394,326	104,023
Regular-Rate			
Nonprofit			
Classroom			
Domestic Mail Fees		-	
Total Periodicals	2,373,382	2,476,680	103,298
Standard Mail			
Regular and Nonprofit	10,186,117	17,357,928	7,171,811
Regular			
Nonprofit			
Enhanced Carrier Route -- ECR and NECR	2,862,079	5,956,416	3,094,337
Enhanced Carrier Route			
Nonprofit Enhanced Carrier Route			
Domestic Mail Fees		-	
Total Standard Mail	13,375,492	23,314,343	9,938,851
Package Services			
Parcel Post			
Non Destination Entry			
Destination Entry			
Total Parcel Post	1,273,444	1,446,966	173,522
Bound Printed Matter	636,681	788,890	152,209
Media Mail and Library Mail	388,558	421,336	32,778
Media Mail		390,534	
Library Mail		30,801	
Domestic Mail Fees		-	
Total Package Services	2,340,157	2,657,192	317,035
<b>Total Domestic Mail</b>			
Total International Mail			
<b>Total All Mail</b>			
Domestic Special and Other Services:			
Registry	59,706	60,607	901
Insurance	77,841	103,261	25,420
COD	7,259	8,190	930
Certified Mail	469,284	698,854	229,570
Money Orders (incl. MO interest)	212,610	227,551	14,940
Stamped Cards	1,656	2,239	583
Stamped Envelopes	12,952	13,657	705
Box/Caller Service	645,603	953,886	308,283
Other	356,020	725,680	369,660
Total Special Services:	1,921,795	2,793,923	872,128

\*NOTE: Incremental Costs were not recalculated after the most recent roll-forward, which generated small changes in volume-variable costs for almost all subclasses. However, I am informed that the redistribution of air transportation costs (which are almost 100% volume variable) would change incremental costs by roughly the same dollar amounts that volume-variable costs were changed. Thus, for Outside-County Periodicals, which had the biggest percentage change in volume-variable cost (-0.535%), the incremental cost shown above should be adjusted downward by about \$12 million.