

Before The  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

Postal Rate and Fee Changes, 2006

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Docket No. R2006-1

NOTICE OF OFFICE OF THE CONSUMER ADVOCATE  
CONCERNING ERRATA TO RESPONSE OF OCA WITNESS  
JAMES F. CALLOW TO USPS/OCA-T5-5(a)-(c)  
(October 17, 2006)

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The Office of the Consumer Advocate hereby gives notice of filing a revised response of James F. Callow to interrogatory USPS/OCA-T5-5(a)-(c), filed on September 28, 2006. The revised response removes references to scans per block of additional "units," i.e., 1 million, 60 million, 169 million, and 500 million. These "unit" figures are replaced with 1 million, 22 million, 50 million and 150 million "scans" since Confirm subscribers purchase additional scans, as proposed in the testimony of witness Callow, not "units." Using scans changes the number of mailpieces used in calculating each cost per mailpiece. The revised response is attached.

Respectfully submitted,

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RESPONSE OF OCA WITNESS JAMES F. CALLOW  
TO INTERROGATORIES USPS/OCA-T5-2-5

Revised 10-17-06

USPS/OCA-T5-5.

Please refer to your testimony at page 17, lines 17-20, where you state:

a \$9,500 fee increase relative to total postage costs in the millions or hundreds of millions of dollars annually is quite small when amortized over millions of mailpieces.

- (a) Please explain in more detail how this 95 percent increase is "quite small," including what you mean by the reference to "amortized over millions of pieces."
- (b) In the context of total postage costs, would a \$29,500 fee increase also be "quite small?"
- (c) How large could the fee increase for Platinum subscribers be before you would not consider it to be "quite small?"

RESPONSE TO USPS/OCA-T5-5

(a) - (c) I propose a Platinum fee increase of \$9,500, not a fee increase of \$29,500. The additional cost per mailpiece resulting from a Platinum subscription fee increase of \$9,500 would range from \$0.0225 per piece for 423,051 mailpieces to \$0.0001 per piece for 63,457,687 mailpieces. Using an average of 2.3638 (11,047,933,787 / 4,673,842,137) scans per Confirm mailpiece (Tr. 14/3949, OCA/USPS-T40-24(b)-(c)), the calculations are as follows:

\$0.0225 per piece for 423,051 mailpieces ( $\$9,500 / (1 \text{ million scans} / 2.3638 \text{ scans per mailpiece})$ );

\$0.0010 per piece for 9,307,127 mailpieces ( $\$9,500 / (22 \text{ million scans} / 2.3638 \text{ scans per mailpiece})$ );

\$0.0004 per piece for 21,152,562 mailpieces ( $\$9,500 / (50 \text{ million scans} / 2.3638 \text{ scans per mailpiece})$ ); and,

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\$0.0001 per piece for 63,457,687 mailpieces (\$9,500 / (150 million scans/  
2.3638 scans per mailpiece)).

For Platinum subscribers entering 9.3 million or more mailpieces, an additional cost of \$0.0010 (i.e., one-tenth of one cent) or less per mailpiece seems “quite small” to enhance the value of the host mailpiece in order to provide near real-time tracking information for mailers. These additional costs are also “quite small” in comparison to the millions of dollars spent for postage and other expenses mailers incur for materials, printing, and preparation of these mailpieces.