

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

RATE AND SERVICE CHANGES TO IMPLEMENT
FUNCTIONALLY EQUIVALENT NEGOTIATED
SERVICE AGREEMENT WITH BANK ONE
CORPORATION

Docket No. MC2004-3

UNITED STATES POSTAL SERVICE NOTICE OF SECOND ERRATA TO
DIRECT TESTIMONY OF MICHAEL K. PLUNKETT (SECOND ERRATA)
(September 1, 2004)

The United States Postal Service provides notice that it is filing a second errata to Appendix A to witness Plunkett's testimony. The revised pages are attached for inclusion in Appendix A to witness Plunkett's Testimony. An electronic version of Appendix A, incorporating all revisions, has also been provided. A number of the revisions were prompted by the Presiding Officer Information Requests, No. 4 and 5. Two of the revisions are to ensure that a contingency factor is applied consistently throughout the model.

First, on page 1, the contingency value has been changed from 1.025 to 1.03. Second, on pages 4 and 5 (Ops Unit Cost and Mktg Unit Cost, respectively), Bank One's unit costs are now based upon separate billing determinants for operations mail and for marketing mail. Third, on page 9, the contingency has been added to Standard Mail costs. Fourth, also on page 9, the model now uses Standard Mail ECR costs from the revised version of USPS-LR-J-58 in the Capital One case. Fifth, on page 11, the contingency has been added to cost savings in lines 2 and 3. Finally, on page 13,

column B, reference 7, the cost per piece from Table 5.2.2 of (USPS LR-J-69) had a transposition error and has been changed from .5831 to .5381.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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Bank One Model (REVISED 9/1/2004)

Negotiated Service Agreement

Appendix A, page 1

Return Forecast

| | Year 1 | (13) Year 2 | (14) Year 3 |
|-------------------------------------|--------|----------------|----------------|
| (1) Operational Mail (Ops) | 0.3% | 0.3% | 0.3% |
| (2) Marketing Mail - Letters (Mktg) | 9.0% | 9.0% | 9.0% |
| (3) Marketing Mail - Flats | 11.0% | 11.0% | 11.0% |
| (4) USPS FCM average return rates | 1.23% | 1.23% | 1.23% |

Unit cost assumptions

| | | | |
|---------------------------------------------------------------------|---------|---------|---------|
| (5) Inflation cost adjustment factor | 4.0% | 4.0% | 4.0% |
| (6) Manual Flat Returns Unit Cost | \$ 1.04 | \$ 1.09 | \$ 1.13 |
| (7) Manual Letter Returns Unit Cost | \$ 0.55 | \$ 0.57 | \$ 0.60 |
| (8) Electronic Flat Returns Unit Cost | \$ 0.45 | \$ 0.47 | \$ 0.48 |
| (9) Electronic Letter Returns Unit Cost | \$ 0.34 | \$ 0.36 | \$ 0.37 |
| (10) Address Change Service (ACS) Success Rate | 85.0% | 85.0% | 85.0% |
| (11) Percent of new marketing mail switched from Standard Mail (SM) | 100.0% | 100.0% | 100.0% |
| (12) Contingency Factor | 1.03 | | |

- (1) MC 2004-3 BOC T-1 at page 9
- (2) MC 2004-3 BOC T-1 at page 9
- (3) MC 2004-3 BOC T-1 at page 9
- (4) USPS-LR-1/MC2002-2
- (5) MC 2004-3 USPS T-1 at page 13
- (6) Manual Return Costs (\$1.0190) * (1 + (5))
- (7) USPS-LR-1/MC2002-2 * (1+ (5))
- (8) Electronic Returns Costs (\$0.4301) * (1+ (5))
- (9) USPS-LR-1/MC2002-2 * (1+ (5))
- (10) USPS witness Wilson, T4/MC2002-2
- (11) MC 2004-3 BOC T-1 at page
- (12) USPS-LR-1/MC2002-2
- (13) Year 1 * (5)
- (14) Year 2 * (5)

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| Rate Category | DOCKET NO. R2001-1 PRC FIGURES - NATIONWIDE MAIL MIX | | | | | | | | | DOCKET NO. R2001-1 PRC FIGURES - BANK ONE MAIL MIX | | | | | | |
|---------------------------------|------------------------------------------------------|--------------------------------------------------|-------------------------------------------------|----------------------------------------------|----------------------------------------------|------------------------------------------|---------------------------------------|---------------------------------------|----------------------------------------|----------------------------------------------------|---------------------------------------|----------------------------------------|------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) |
| | TYBR 2003 Total Unit Cost (Dollars) | TYBR 2003 Mail Proc Unit Cost (Dollars) | TYBR 2003 Delivery Unit Cost (Dollars) | TYBR 2003 Other Unit Cost (Dollars) | TYBR 2003 Total Unit Cost (Dollars) | FY 2004 Total Unit Cost Dollars | BY 2000 Mail Volume (Pieces) | FY 2003 Mail Volume (Pieces) | FY 2003 Mail Volume (Percent) | TY 2004 Total Unit Cost (Dollars) | FY 2003 Mail Volume (Pieces) | FY 2003 Mail Volume (Percent) | Current Returns Adjustment Unit Cost (Dollars) | Current w/Rets Adj Total Unit Cost (Dollars) | After Rates Returns Adjustment Unit Cost (Dollars) | After Rates w/Rets Adj Total Unit Cost (Dollars) |
| FIRST-CLASS MAIL LETTERS | | | | | | | | | | | | | | | | |
| Nonautomation Presort Letters | | 0.163 | 0.063 | 0.018 | 0.244 | 0.254 | 3,748,977,000 | 2,673,332,468 | 5.8% | 0.254 | 16,896,034 | 3.4% | | | | |
| Automation Presort Letters | | | | | | | | | | | | | | | | |
| Automation Mixed AADC | | 0.055 | 0.045 | 0.018 | 0.118 | 0.123 | 2,504,846,824 | 2,820,696,002 | 6.1% | 0.123 | 3,462,228 | 0.7% | | | | |
| Automation AADC | | 0.046 | 0.044 | 0.018 | 0.107 | 0.111 | 2,680,656,176 | 2,636,650,800 | 5.7% | 0.111 | 5,935,849 | 1.2% | | | | |
| Automation 3-Digit | | 0.042 | 0.043 | 0.018 | 0.104 | 0.108 | 21,832,339,000 | 22,571,247,888 | 48.6% | 0.108 | 321,218,301 | 64.4% | | | | |
| Automation 5-Digit | | 0.032 | 0.041 | 0.018 | 0.091 | 0.095 | 12,720,447,000 | 14,911,024,110 | 32.1% | 0.095 | 150,886,728 | 30.3% | | | | |
| Automation Carrier Route | | 0.021 | 0.064 | 0.018 | 0.103 | 0.107 | 1,075,333,000 | 802,292,628 | 1.7% | 0.107 | 115,591 | 0.0% | | | | |
| WEIGHTED AVERAGE / TOTAL | \$0.115 | 0.050 | 0.045 | 0.018 | 0.113 | 0.113 | 44,562,599,000 | 46,415,243,896 | 100.0% | 0.109 | 498,514,731 | 100.0% | \$ (0.0049) | 0.104 | \$ (0.0049) | 0.104 |
| | | | | | | | | | | | | | (17) | (18) | | |
| | | | | | | | | | | | | | | 0.107 | | 0.107 |

- (1) Docket No. R2001-1, PRC LR-2, Volume 4, "TYBR", page 3
- (2) Docket No. R2001-1, PRC LR-4, "FCLETPRCFA.XLS", page 1
- (3) Docket No. R2001-1, PRC LR-7, Page 2
- (4) MC2002-2/USPS-T-3, Attachment A, pg. 2
- (5) (2) + (3) + (4)
- (6) (5) * (1 + inflation cost adjustment factor)
- (7) Docket No. R2001, PRC, LR-4, FCM base year volumes from FCM letter model.
- (8) Revenue, Pieces, and Weight (RPW) Report.
- (9) (8) / [Sum (8)]
- (10) Line Item (6), Weighted Average weighted by percentages in (12).
- (11) CBCIS 2003 Bank One Volume Data
- (12) (11) / [Sum (11)]
- (13) (Manual Letter Returns Unit Cost * After Rates Statement Mail) * (Statement Mail Return Forecast - USPS FCM Avg. Return Rate) / After Rates Statement Mail (10) + (13)
- (14) ((ACS Success Rate * Electronic Letter Returns Unit Cost + (1 - ACS Success Rate) * Manual Letter Returns Unit Cost) * After Rates Statement Mail * (Statement Mail Return Forecast - USPS FCM Avg. Return Rate)) /
- (15) After Rates Statement Mail - USPS FCM Avg. Return Rate * (Manual Letter Returns Unit Cost - Electronics Letter Returns Unit Cost) * ACS Success Rate
- (16) (10) + (15)
- (17) (14) * Contingency Factor (Assumptions)
- (18) (16) * Contingency Factor (Assumptions)

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| Rate Category | DOCKET NO. R2001-1 PRC FIGURES - NATIONWIDE MAIL MIX | | | | | | | | | DOCKET NO. R2001-1 PRC FIGURES - BANK ONE MAIL MIX | | | | | | |
|-------------------------------|------------------------------------------------------|--------------------------------------------------|-------------------------------------------------|----------------------------------------------|----------------------------------------------|------------------------------------------|---------------------------------------|---------------------------------------|----------------------------------------|----------------------------------------------------|---------------------------------------|----------------------------------------|------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) |
| | TYBR 2003 Total Unit Cost (Dollars) | TYBR 2003 Mail Proc Unit Cost (Dollars) | TYBR 2003 Delivery Unit Cost (Dollars) | TYBR 2003 Other Unit Cost (Dollars) | TYBR 2003 Total Unit Cost (Dollars) | FY 2004 Total Unit Cost Dollars | BY 2000 Mail Volume (Pieces) | FY 2003 Mail Volume (Pieces) | FY 2003 Mail Volume (Percent) | TY 2004 Total Unit Cost (Dollars) | FY 2003 Mail Volume (Pieces) | FY 2003 Mail Volume (Percent) | Current Returns Adjustment Unit Cost (Dollars) | Current w/Rets Adj Total Unit Cost (Dollars) | After Rates Returns Adjustment Unit Cost (Dollars) | After Rates w/Rets Adj Total Unit Cost (Dollars) |
| FIRST-CLASS MAIL LETTERS | | | | | | | | | | | | | | | | |
| Nonautomation Presort Letters | | 0.163 | 0.063 | 0.018 | 0.244 | 0.254 | 3,748,977,000 | 2,673,332,468 | 5.8% | 0.254 | 5,469 | 0.0% | | | | |
| Automation Presort Letters | | | | | | | | | | | | | | | | |
| Automation Mixed AADC | | 0.055 | 0.045 | 0.018 | 0.118 | 0.123 | 2,504,846,824 | 2,820,696,002 | 6.1% | 0.123 | 159,789 | 0.3% | | | | |
| Automation AADC | | 0.046 | 0.044 | 0.018 | 0.107 | 0.111 | 2,680,656,176 | 2,636,650,800 | 5.7% | 0.111 | 157,854 | 0.3% | | | | |
| Automation 3-Digit | | 0.042 | 0.043 | 0.018 | 0.104 | 0.108 | 21,832,339,000 | 22,571,247,888 | 48.6% | 0.108 | 20,459,211 | 34.3% | | | | |
| Automation 5-Digit | | 0.032 | 0.041 | 0.018 | 0.091 | 0.095 | 12,720,447,000 | 14,911,024,110 | 32.1% | 0.095 | 38,358,545 | 64.4% | | | | |
| Automation Carrier Route | | 0.021 | 0.064 | 0.018 | 0.103 | 0.107 | 1,075,333,000 | 802,292,628 | 1.7% | 0.107 | 462,363 | 0.8% | | | | |
| WEIGHTED AVERAGE / TOTAL | \$0.115 | 0.050 | 0.045 | 0.018 | 0.113 | 0.113 | 44,562,599,000 | 46,415,243,896 | 100.0% | 0.099 | 59,603,231 | 100.0% | 0.0428 | 0.142 | 0.0269 | 0.126 |
| | | | | | | | | | | | | | (17) | | | (18) |
| | | | | | | | | | | | | | | 0.146 | | 0.130 |

- (1) Docket No. R2001-1, PRC LR-2, Volume 4, "TYBR", page 3.
- (2) Docket No. R2001-1, PRC LR-4, "FCLETPRCFA.XLS".
- (3) Docket No. R2001-1, PRC LR-7, Page 2.
- (4) MC2002-2/USPS-T-3, Attachment A, pg. 2
- (5) (2) + (3) + (4)
- (6) (5) * (1 + inflation cost adjustment factor)
- (7) Docket No. R2001, PRC, LR-4, FCM base year volumes from FCM letter model.
- (8) Revenue, Pieces, and Weight (RPW) Report.
- (9) (8) / [Sum (8)]
- (10) Line Item (6), Weighted Average weighted by percentages in (12).
- (11) CBCIS 2003 Bank One Volume Data
- (12) (11) / [Sum (11)]
- (13) (Manual Letter Returns Unit Cost * After Rates Statement Mail) * (Statement Mail Return Forecast - USPS FCM Avg. Return Rate) / After Rates Statement Mail
- (14) (10) + (13)
- (15) ((ACS Success Rate * Electronic Letter Returns Unit Cost + (1 - ACS Success Rate) * Manual Letter Returns Unit Cost) * After Rates Statement Mail * (Statement Mail Return Forecast - USPS FCM Avg. Return Rate)) / After Rates Statement Mail - USPS FCM Avg. Return Rate * (Manual Letter Returns Unit Cost - Electronics Letter Returns Unit Cost) * ACS Success Rate
- (16) (10) + (15)
- (17) (14) * Contingency Factor (Assumptions)
- (18) (16) * Contingency Factor (Assumptions)

Standard Regular Unit Cost

| | From Docket No. R2001-1 | | | | | | | | | BANK ONE | | |
|----------------------------------|-----------------------------------------------------|---------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|---------------------------------------------------|----------------------------------------------|----------------------------------------------|-----------------------------------------------|----------------------------------------------------|-----------------------------------------------|------------------------------------------------|
| | TYBR 2003 Total Unit Cost (Dollars) (1) | TYBR 2003 Mail Proc Unit Cost (Dollars) (2) | TYBR 2003 Delivery Unit Cost (Dollars) (3) | TYBR 2003 Other Unit Cost (Dollars) (4) | TYBR 2003 Total Unit Cost (Dollars) (5) | FY 2004 Total Unit Cost (Dollars) (6) | BY 2000 Mail Volume (Pieces) (7) | FY 2003 Mail Volume (Pieces) (8) | FY 2003 Mail Volume (Percent) (9) | TY 2004 Total Unit Cost (Dollars) (10) | FY 2003 Mail Volume (Pieces) (11) | FY 2003 Mail Volume (Percent) (12) |
| LETTERS | | | | | | | | | | | | |
| Nonauto Basic | | 0.130 | 0.042 | 0.01 | 0.18 | 0.19 | 1,322,401,662 | 1,411,242,831 | 3.2% | 0.19 | 4,056,643 | 0.9% |
| Nonauto 3/5-Digit | | 0.121 | 0.044 | 0.01 | 0.17 | 0.18 | 4,476,247,838 | 2,481,782,907 | 5.7% | 0.18 | 1,927,253 | 0.4% |
| Auto Mixed AADC | | 0.050 | 0.039 | 0.01 | 0.10 | 0.10 | 2,354,963,527 | 2,687,599,740 | 6.1% | 0.10 | 13,191,188 | 2.8% |
| Auto AADC | | 0.043 | 0.038 | 0.01 | 0.09 | 0.09 | 2,875,476,520 | 2,848,635,910 | 6.5% | 0.09 | 27,941,526 | 6.0% |
| Auto 3-digit | | 0.040 | 0.038 | 0.01 | 0.08 | 0.09 | 15,600,801,986 | 17,815,958,778 | 40.6% | 0.09 | 215,575,750 | 46.4% |
| Auto 5-digit | | 0.031 | 0.037 | 0.01 | 0.07 | 0.08 | 11,222,413,732 | 16,604,952,264 | 37.9% | 0.08 | 201,585,157 | 43.4% |
| Total/Average | 0.10 | 0.05 | 0.04 | 0.01 | 0.10 | 0.09 | 37,852,305,265 | 43,850,172,430 | 100.0% | 0.09 | 464,277,517 | 100.0% |
| Company average letter cost 2003 | \$ 0.09 | | | | | | | | | | | |

Standard ECR Unit Cost

| | TY 2004 Unit Costs (cents) | |
|-----------------------------------------------|------------------------------------------------------|-----------------------------------------------|
| Total ECR letter unit cost | 0.070 | (14) |
| Total ECR letter delivery unit cost | 0.052 | (15) |
| | TY 2004 Delivery Unit Costs (cents) (16) | FY 2003 Mail Volume (Pieces) (17) |
| ECR Basic Auto Letters | 0.048 | 25,001,012 |
| ECR Basic Letters | 0.066 | 1,008,992 |
| ECR High Density Letters | 0.049 | 12,771 |
| ECR Saturation Letters | 0.035 | 699,186 |
| Total | | 26,721,961 |
| Company Average letter ECR Unit Delivery Cost | | 0.048 (19) |
| Company Delivery Cost Adjustment | | -0.004 (20) |
| Company ECR total letter unit cost | | 0.066 |

(20) Average Cost per piece 0.087 (21)

- (1) Docket No. R2001-1, LR-J-58, LR58AREG.xls, total unit letter costs
- (2) Docket R2001-1, LR-J-60 Revised 11/15/01
- (3) Docket R2001-1, LR-J-60 Revised 11/15/01
- (4) (1) - average from (2) - average from (3)
- (5) (2) + (3) + (4)
- (6) (5) * (1 + inflation cost adjustment factor)
- (7) Docket No. R2001, PRC, LR-4, SM base year volumes from SM letter model.
- (8) Revenue, Pieces, and Weight (RPW) Report.
- (9) Each row in (8) divided by total in (8)
- (10) (6)
- (11) CBCIS 2003 Bank One Volume Data
- (12) Each row in column (11) divided by total in column (11)
- (13) Weighted average costs calculated by multiplying column (10) by column (12)
- (14) Docket No. R2001-1, LR-J-58, LR58AECR.xls, total TY2003 ECR unit letter costs
- (15) Docket No. R2001-1, LR-J-58, LR58AECR.xls, sum of TY2003 ECR unit letter delivery costs
(Cost segments 6, 7 and 10) * inflationary cost adjustment factor (Assumptions)
- (16) Docket No. R2001-1, LR-J-17, Revised 1/22/02, TY2003 unit delivery costs * inflationary cost adjustment factor (Assumptions)
- (17) CBCIS 2003 Bank One Volume Data
- (18) Percent of volume in each row of (17) divided by total in (17)
- (19) Weighted average of the unit costs in (16) weighted by the volume percents in (18)
- (20) (15) - (19)
- (21) ((18) + (20)) * Contingency
- (22) ((13 * 11) + (21 * 17)) / (11 + 17)

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| | (13) | (14) |
|--------|--------|--------|
| Year 1 | Year 2 | Year 3 |

First Class Letter

| | | | |
|--------------------------------------------------------------------------|--------------|--------------|--------------|
| (1) Avg Revenue First-Class Letters | 0.292 | 0.292 | 0.292 |
| (2) First-Class Operational Letter cost per Piece Before Rates | 0.107 | 0.111 | 0.116 |
| (3) First-Class Operational Letter cost per Piece After Rates | 0.107 | 0.111 | 0.116 |
| (4) First-Class Operational Letter avg. Contribution Before Rates | 0.185 | 0.181 | 0.176 |
| (5) First-Class Operational Letter avg. Contribution After Rates | 0.185 | 0.181 | 0.176 |
| (6) First-Class Marketing Letter cost per Piece Before Rates | 0.146 | 0.152 | 0.158 |
| (7) First-Class Marketing Letter cost per Piece After Rates | 0.130 | 0.135 | 0.141 |
| (8) First-Class Marketing Letter avg. Contribution Before Rates | 0.146 | 0.140 | 0.134 |
| (9) First-Class Marketing Letter avg. Contribution After Rates | 0.162 | 0.157 | 0.151 |

Standard Mail

| | | | |
|---------------------------------------------|--------------|--------------|--------------|
| (10) Standard Revenue per Piece | 0.177 | 0.177 | 0.177 |
| (11) Standard Cost per Piece | 0.087 | 0.090 | 0.094 |
| (12) Standard Letter Contribution per Piece | 0.090 | 0.087 | 0.083 |

- (1) Revenue per piece (FCM rev calc)
- (2) Current Total Unit Cost Estimates, Including Contingency (Ops unit cost)
- (3) After Rates Total Unit Cost Estimates, Including Contingency (Ops unit cost)
- (4) (1) - (2)
- (5) (1) - (3)
- (6) Current Total Unit Cost Estimates, Including Contingency (Mktg unit cost)
- (7) After Rates Total Unit Cost Estimates, Including Contingency (Mktg unit cost)
- (8) (1) - (6)
- (9) (1) - (7)
- (10) Average Revenue per Piece (SM rev calcs)
- (11) Average Cost per Piece (SM cost calcs)
- (12) (10) - (11)
- (13) Year 1 * Inflation cost adjustment factor Year 2 (Assumptions)
- (14) Year 2 * Inflation cost adjustment factor Year 3 (Assumptions)

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| | Year 1 | Year 2 | Year 3 | Total |
|----------------------------------------|---------------------|---------------------|---------------------|-------------------|
| ACS Savings | | | | |
| (1) Operational Mail | \$ - | \$ - | \$ - | - |
| (2) Marketing Mail Letter | \$ 481,634 | \$ 500,899 | \$ 520,935 | 1,503,469 |
| (3) Marketing Mail Flat | \$ 2,012,052 | \$ 2,092,534 | \$ 2,176,235 | 6,280,820 |
| Contribution from New Volume | | | | |
| (4) Operational Mail | \$ - | \$ - | \$ - | - |
| (5) Marketing Mail Letter | \$ 1,366,206 | \$ 6,930,782 | \$ 6,752,665 | 15,049,653 |
| (6) Total Exposure | \$ 957,400 | \$ 957,400 | \$ 957,400 | 2,872,200 |
| (7) Total Incremental Discounts | \$ 597,325 | \$ 3,823,675 | \$ 3,823,675 | 8,244,675 |
| (8) Total USPS Value | \$ 2,305,167 | \$ 4,743,140 | \$ 4,668,760 | 11,717,067 |

- (1) Operational Mail After Rates Return Costs (UAA calcs)
- (2) (Marketing Mail Letter Return Costs -Marketing Mail Letter After Rates Return Costs (UAA calcs))*Contingency
- (3) Marketing Mail Flats - Marketing Mail Flats After Rates Return Costs (UAA calcs)*Contingency
- (4) (Operational Mail After Rates - Operational Mail Before Rates) * FCM Operational Letter avg. Contribution After Rates
- (5) (Marketing Mail Letter After Rates - Marketing Mail Letter Before Rates) * FCM Marketing Letter avg. Contribution After Rates
- (6) Total Exposure (Disc&Leak)
- (7) Discount Earned - Total Exposure (Disc&Leak)
- (8) (1) + (2) + (3) + (4) + (5) - (6) - (7)

Bank One Model

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Physical Return Costs

Cost for UAA Mail Being Returned to Sender
Physical Flat Mailpieces Returned

| | A Annual Volume (Thousands) | | B Cost/Piece | | C Annual Cost (Thousands) | | D Frequency | | E Weighted Cost/Piece |
|-----------------|-----------------------------------|--|---------------------|--|---------------------------------|--|----------------|--|-----------------------------|
| 1. | 69,209 (1) | | \$0.0545 (2) | | \$3,771 | | 1.00 | | \$0.0545 |
| 2. | 33,866 (3) | | \$0.2711 (4) | | \$9,181 | | 0.49 (5) | | \$0.1327 |
| 3. | 24,021 (6) | | \$0.5381 (7) | | \$12,926 | | 0.35 (8) | | \$0.1868 |
| 4. | 69,209 (1) | | \$0.6295 (9) | | \$43,567 | | 1.00 | | \$0.6295 |
| 5. Total | | | | | | | | | \$1.0034 |

(1) Refer to Table 5.2.1.2, Row 3.a, Column D (USPS LR-J-69).

(2) Refer to Table 5.2.1.2, Row 3.a, Column G (USPS-LR-J-69).

(3) Refer to Table 5.2.1.3.1 (USPS-JR-J-69). This is the sum of Row 1, Column A and a portion of Row 3, Column A. Refer to Volume Section, Volume Profile, Table 4.3, "Disposition at CFS Unit", of the portion of mail that is returned to sender.

(4) This is the ratio of Table 5.2.1.3, Column H, and Table 5.2.1.3.1, Column A, Row 4 (USPS-LR-J-69).

(5) This is the portion of return to sender mail that is returned by the Nixie clerk at the delivery unit, along with the portion of ACS Nixie that is returned at the CFS unit. This is the ratio of Rows 2 and 1, Column A.

(6) Refer to Volume Section, Volume Profile, Table 4.3, "Disposition at CFS Unit", Total Returned.

(7) Refer to Table 5.2.2, Column G, (Non-ACS) Total. Non Mach terminal cost/piece is used.

(8) This is the portion of return to sender mail returned from the CFS unit, along with the portion of ACS Nixie that is returned from the CFS unit. This is the ratio of Rows 3 and 1, Column A, Table 5.2.2.

(9) Refer to Table 5.2.4.1, Row 2, Column F. This Number was calculated based on data obtained from USPS Cost Attribution

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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Washington, D.C. 20260-1137
September 1, 2004