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

Postal Rate and Fee Changes, 2000	Docket No. R2000-1

DIRECT TESTIMONY
OF
ELIANE VAN-TY-SMITH
ON BEHALF OF THE
UNITED STATES POSTAL SERVICE

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AUTOBIOGRAPHICAL SKETCH

1 **AUTOBIOGRAPHICAL SKETCH**

2   My name is Eliane Van-Ty-Smith. I am a Mathematical Statistician at the Postal

3 Service. My education includes a B.A. in Philosophy and Languages, and a M.Sc. in

4 Mathematical Statistics from Ohio State University. I have also taken coursework in

5 Administration and Economics. I have been with the Postal Service since the end of

6 1989.

7   Much of my work at the Postal Service has been in support of the CRA, and rate

8 cases, particularly for Mail Processing and IOCS-based analyses. During the Docket

9 No. R97-1 rate case, I provided support to witness Degen's testimony and

10 interrogatories. I also produced LR-H-146 in that docket.

1   **I. PURPOSE AND SCOPE OF TESTIMONY.**

2   The purpose of my testimony is to summarize LR-I-106, which documents the

3   mechanics of the procedures by which the Postal Service proposes to create cost pools

4   for mail processing operations, and distribute such costs to subclasses of mail.

5   USPS LR-I-106 is an updated version of USPS LR-H-146. USPS LR-H-146 was

6   introduced in Docket No. R97-1 as the focal point for documenting all procedures used

7   to generate the Postal Service's mail processing volume-variable costs based on the

8   testimonies of Witnesses Degen and Bradley. It also documented additional analysis of

9   IOCS data that were the sources of inputs for the Base Year CRA or for other cost

10   studies.

11   USPS LR-I-106 fulfills the same role in Docket No. R2000-1 as USPS LR-H-146

12   did in Docket No. R97-1. It provides similar information to that provided in LR-H-146, for

13   the base year in this case. It also incorporates modifications to the Postal Service's mail

14   processing method presented in the testimonies of witnesses Degen (USPS-T-16) and

15   Bozzo (USPS-T-15). The resulting mail processing volume-variable costs, which now

16   incorporate these changes, are aggregated at the CRA level. These costs are

17   integrated into witness Meehan's base year costs (USPS-T-11) and rolled-forward into

18   the test year by witness Kashani (USPS-T-14).

19   USPS LR-I-106 also updates other types of information coming out of the Docket

20   No. R2000-1 methodology for mail processing costs. Such information is used by other

21   witnesses, such as witnesses Smith (USPS-T-21), Daniel (USPS-T-28), Crum (USPS-

22   T-27), and Miller (USPS-T-24) as the source of inputs for some of their cost studies.

23   USPS LR-I-106 is subdivided into eight parts. The sections correspond to those

24   in LR-H-146 in Docket No. R97-1. Not included in this library reference is Part IX of LR-

25   H-146, *IOCS variance estimation,* the update of which is presented by witness Ramage

26   (USPS-T-2) in this case.

1   The purpose associated with each part of this library reference is summarized

2   below. The bulk of the library reference is concentrated in Parts I-III, which address the

3   development of mail processing subclass volume-variable costs. Parts IV-VIII focus on

4   the development of various base year inputs, which represent outcomes from the

5   application of the mail processing methodology described in Parts I-III. Methods

6   representing a change from the Postal Service proposed methodology in Docket No.

7   R97-1 are also itemized below. Additional information on how these changes are

8   specifically implemented can be obtained from the detailed description of the SAS

9   program objectives in each section of LR-I-106. Discussion of the rationale for the

10   modifications can be found in the testimonies of witnesses Degen and Bozzo in this

11   rate case (USPS-T-16 and USPS-T-15).

12   **II. DEVELOPMENT OF MAIL PROCESSING SUBCLASS VOLUME-VARIABLE**
13   **COSTS.**

14   **II.A.   DISAGGREGATION OF COST SEGMENT 3 (C/S 3) COSTS INTO COST**
15   **POOLS. (PART I OF LR-I-106)**

16   Part I of LR-I-106 documents the procedure used to partition C/S 3 clerk and

17   mailhandler costs into cost pools within each of three facility groups: BMCs, MODS and

18   non-MODS offices. The cost partition uses the same method proposed by the Postal

19   Service and recommended by the Commission in Docket No. R97-1. The cost pools fall

20   into four functions: mail processing, window services, claims and inquiries, and other

21   administrative/support services.

22   C/S 3 clerk and mailhandler expenses are reported by finance numbers and

23   LDCs (Labor Distribution Codes). For the MODS facilities, labor hours are clocked into

24   MODS operations, which are then mapped into LDCs.

25   C/S 3 costs are separated into the BMCs, the MODS and non-MODS offices,

26   based on finance numbers.

1   The aggregated cost for the MODS finance numbers is further subdivided into

2   LDC costs. Each LDC is identified with one of the above four functions. For the mail

3   processing function,[1] the LDC costs are partitioned into operation groupings or cost

4   pools, using the shares of MODS operation hours by LDC from the MODS file. Some

5   LDCs are not partitioned into cost pools: they each constitute a cost pool.[2] For

6   international-related operations, the pool costs are consolidated across LDCs into a

7   single cost pool.

8   For the BMCs and the non-MODS finance numbers, the aggregated cost for the

9   finance numbers in each facility group, obtained from the C/S 3 labor expenses, is

10 further partitioned into operations, based on the dollar-weighted tallies associated with

11 the IOCS Uniform Operation Codes. Each IOCS Uniform Operation code is identified

12 with one of the four functions. For the mail processing function,[3] the dollar-weighted

13 tallies are partitioned into cost pools, using the responses from IOCS questions 18 and

14 19.

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[1] The LDCs for the mail processing function are defined as follows: 11-14 (automated, mechanized and manual distributions at mail processing facilities); 15 (RBCS); 17-18 (allied and other at mail processing facilities); 41-43 (automated, mechanized and manual distributions at Customer Service Facilities); 44 (Post Office Box Distribution); 48 (Administrative or Miscellaneous activities at stations, branches and associate offices); 49 (Computerized Forwarding System); and 79 (Mailing Requirements and Business Mail Entry).

[2] The LDCs representing individual cost pools are: 15, 41-44, 49, 79.

[3] The IOCS Uniform Operation Codes for the mail processing function are: 01 (preparation of mail); 07-08 (platform work and mail acceptance); 02-05 (outgoing and incoming distributions); 11 and 20 (post office box distribution); 15-16 and 27-29 (distribution to carriers); and the miscellaneous operation codes 00 (business reply), 06 (nixie), 12-13 (caller service), 14 (central mail mark up), 18 (registry only), 21-23 (express mail and other accountable work).

1   A list of all the pools and their costs is provided in Table 1[4] in the Attachment.

2   The derived pool costs in Part I of LR-I-106 are the starting points for the development

3   of other costs in subsequent sections of the library reference. (see the testimonies of

4   witnesses Kingsley, USPS-T-10, and Degen, USPS-T-16, for an operational description

5   of the cost pools).

6   There are some variations to the Docket No. R97-1 procedures:

7   1.   The pool costs now include their share of the uniform allowance and the lump

8   sum costs. Thus the total cost for Cost Segment 3 is the same as in the Trial

9   Balance of LR-I-9 of this docket. In Docket No. R97-1, the total cost for Cost

10   Segment 3 excluded the uniform allowance and the lump sum.

11   2.   The non-MODS mail processing operations are now subdivided into eight mail

12   processing cost pools. In Docket No. R97-1, the non-MODS mail processing was

13   a single cost pool.

14   **II.B.   VOLUME-VARIABLE COSTS AND DISTRIBUTION KEYS FOR THE MAIL**
15   **PROCESSING COST POOLS (PART II OF LR-I-106).**

16   Part II of LR-I-106 describes the method used to distribute the volume-variable

17   mail processing pool costs, obtained in Part I, to the CRA subclasses. The volume-

18   variable subclass costs, generated in this section, are further increased by the mail

19   processing portions of the BMC and non-MODS clocking in/out costs in W/S 3.1.1a of

20   Witness Meehan's B Workpapers (USPS-T-11). The resulting W/S 3.1.1 costs are

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[4] Note that in Table 1, all the clocking in/out costs for the BMC and the non-MODS facilities are included in the administrative costs. The mail processing cost pools for the BMC and the non-MODS facilities do not include their shares of the clocking in/out costs. These costs are allocated by function in W/S 3.0.1 of Witness Meehan's B Workpapers. The clocking in/out costs thus obtained are subsequently distributed to the subclasses within each of the three facility groupings in W/S 3.1.1a and 3.1.1.

1 subsequently adjusted in the Cost Segments and Components Report to reflect the

2 redistribution of the volume-variable premium pay costs to the pref mail.

3 In Part II of LR-I-106, the total cost for each of the mail processing pools is

4 multiplied by a volume-variability factor to obtain the volume-variable cost for each cost

5 pool. A pool-specific distribution key is then applied to the volume-variable cost to

6 obtain costs in that pool for each subclass. The resulting subclass costs are summed

7 over all the cost pools to obtain subclass volume-variable mail processing costs (before

8 clocking in/out and premium adjustments – see preceding paragraph).

9 Table 3 in the attachment lists the subclass volume-variable costs (before

10 clocking in/out and premium adjustments) and distribution factors (Col Pct) for all mail

11 processing cost pools for the BMC, MODS 1&2 and non-MODS facilities.

12 The method used to derive mail processing volume-variable costs by subclasses

13 can be expressed by the following formula:

14 $$\textit{Mail Processing Subclass Volume-Variable Cost} =$$

15 $$\sum_{pool} \textit{Cost}_{pool} \; X \;\; \textit{Volume-Variability Factor}_{pool} \; X \;\; \textit{Subclass Distribution Key Factor}_{pool}$$

16 The first term in the formula comes from the pool costs in Part I of LR-I-106, over 70

17 percent of which are generated independently of IOCS, from labor expense and MODS

18 operational data. The second term in the formula comes from two sources: for certain

19 cost pools, the volume-variability factors are derived from Witness Bozzo's econometric

20 studies (USPS-T-15); for other cost pools, they are computed from IOCS activity data.

21 The third term in the formula relies totally on IOCS data: neither the MODS system nor

22 any other system has subclass information for these cost pools. By sampling points of

23 time of employees' activities and the mail they process, the IOCS provides more

24 detailed information about these cost pools.

25 The process used to generate the non-econometric volume-variability factors

26 and the distribution keys for the cost pools is summarized below. It is based on the

27 procedures described in LR-H-146 in Docket No. R97-1, but incorporates five

1 modifications to these procedures, one of which is the computation of the IOCS-based

2 volume-variability factors.

3 1.   In this docket, as in Docket No. R97-1, the IOCS sample cost pools are
4 constructed to be consistent with those in Part I of the library reference: the MODS and
5 BMC cost pools in this docket are similar to those in Docket No. R97-1; however, the
6 non-MODS mail processing activities, which were one single cost pool in Docket No.
7 R97-1, are further partitioned into eight cost pools in this docket.

8   A first step in generating the IOCS-based volume-variable cost factors and

9   distribution keys is to associate the tallies with the mail processing cost pools

10   implicit in the derivation of those two terms. The process used to assign the

11   IOCS tallies to the cost pools parallels the procedure outlined for Part I of LR-I-

12   106 (see the preceding section II.A).

13   The IOCS tallies are grouped into the BMCs, MODS and non-MODS facilities,

14   based on the finance numbers sampled in IOCS.

15   For the MODS sampled finance numbers, the tally contains information on the

16   MODS operation codes the sampled employee is clocked into at the time of the

17   IOCS reading.[5] The MODS operation code recorded with each IOCS tally is then

18   used to assign the tallies to the MODS cost pools. The tally assignment to the

19   MODS cost pools in IOCS[6] uses the mapping of MODS operation codes to cost

20   pools from Part I of LR-I-106. Each cost pool is assigned to an LDC. The LDCs

21   are grouped into the four C/S 3 functions: mail processing, window services,

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[5] The MODS operation codes are stored in Field F114 in the IOCS file.

[6] Less than one percent of the tallies from the sampled MODS offices in IOCS either
do not have MODS codes or have "invalid" MODS codes which are not listed in the
MODS manual. These tallies are then remapped into cost pools, based on the
responses to IOCS questions 18 and 19, the IOCS Uniform Operation code. The
remapping also uses a value stored in F1 which identifies if the finance number is a
mail processing or customer service facility: this information is used to assign the
responses to IOCS Question 19 to either a Function 1 or a Function 4 cost pool.

1   claims and inquiries, and other administrative/support services. It should be

2   noted that most RBCS (LDC 15) costs are incurred in remote encoding centers,

3   which are not sampled in IOCS. Therefore, the tallies in the LDC 15 cost pool

4   are not used to represent the activities in that cost pool.

5   For the BMC and non-MODS sampled finance numbers, the cost pool tally

6   mapping, which relies on the IOCS Uniform Operation codes and Questions 18

7   and 19 responses, is the basis for partitioning the total BMC and non-MODS

8   costs into cost pools in Part I of LR-I-106.

9   In Docket No. R97-1, there was only one non-MODS mail processing cost pool.

10   In this docket, the non-MODS mail processing activities are further partitioned

11   into eight cost pools, similarly to the BMCs and the MODS offices. The eight cost

12   pools consist of: one pool for the automated/mechanical operations, three

13   shape-related pools for the manual distribution operations, one pool for the allied

14   operations, a registry pool, an express mail pool, and a cost pool for all other

15   miscellaneous operations. Information from IOCS Questions 18 and 19 form the

16   basis for assigning the tallies to the various pools.[7]

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[7] IOCS Question 19 was used to assign the tallies to the automated/mechanical and to the manual operations. Both Questions 18 and 19 were used to assign the tallies to the allied, special service and miscellaneous operations. The automated/mechanical operations include the Mail Processing, Delivery, and Carrier Sequence BCS, the LSM, the FSM, the Parcel Sorting Machine, the SBPS, the NMO, and the RBCS. The manual distribution operations include the Letter Case, Flat Case and Parcel Piece distributions. The allied operations include all other manual non-distribution operations identified in Question 19: the Collection Mail Canceling and Meter Mail Preparation units, the Presort Mail, Opening, Pouch/Rack units, the Platform and other manual units. The remaining allied operations include any activities other than those enumerated above, which are associated with the Platform, the Collection and Preparation of Mail and the allied labor activities identified in Question 18. All other tallies (other than those assigned to the Registry and Express Mail operations based on the IOCS operation codes) are assigned to a Miscellaneous cost pool.

1   2.   In Docket No. R97-1, all the volume-variability factors presented by the Postal
2   Service were derived independently of IOCS. In this docket, except for twelve cost
3   pools, the volume-variable cost factors are based on the IOCS tally activities in the cost
4   pool.

5   The volume-variability factors determine what portions of the pool costs vary with

6   the mail volume, and therefore what portions of the pool costs are to be

7   distributed to the subclasses.

8   In Docket No. R97-1, all the volume-variability factors presented by the Postal

9   Service were derived independently of IOCS (See witness Bozzo's testimony for

10   further discussion - USPS-T-15).

11   In this docket, the volume-variability factors are derived econometrically by

12   Witness Bozzo for twelve MODS cost pools,[8] representing about 41 percent of

13   the total C/S 3 mail processing costs. In the remaining pools, which include the

14   remaining MODS cost pools, and all of the BMC and non-MODS cost pools, the

15   volume-variable fractions of the pool costs are generated from the IOCS tally

16   activities.

17   The procedure used to derive volume-variable cost fractions in this docket is

18   based on the Postal Service's pre-R97-1 method, but is applied by cost pool.

19   This method separates non-overhead tally activities into those that are non-

20   volume-variable and those that are 100 percent volume-variable. The percent of

21   the pool volume-variable cost is determined by the percent of the dollar-weighted

22   tallies associated with the activities in the cost pool which are classified as

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[8]   They include the following cost pools: automated (BCS, OCR), mechanical letter and flat (FSM, LSM), manual distributions for letter, flat, parcel and priority mail (MANF, MANL, MANP, PRIORITY), priority and non-priority SPBS (SPBSPRIO, SPBS OTH), and the 'Canceling and Meter Mail Preparation' cost pool (1CANCMPP). Dr. Bozzo proposes the use of the RBCS (LD 15) volume-variability factor presented in Docket No. R97-1.

1   volume-variable. Costs associated with 'overhead'[9] activities are considered

2   volume-variable to the same degree as non-overhead activities.

3   The volume-variability factors and the volume-variable costs for the mail

4   processing cost pools are listed in Table 1 in the attachment. The asterisks flag

5   the volume-variability factors based on econometric analyses.

6   3.   Apart from the MODS support cost pools and the RBCS operations[10], all

7   distribution keys are based on the combined direct tallies, distributed mixed-mail tallies,

8   and distributed not-handling tallies. The distribution keys are derived using the

9   procedures described by the Postal Service in Docket No. R97-1. The R97-1

10   procedures are however modified in this docket, to provide for a broadened basis for

11   the distribution of the not-handling tallies in the allied cost pools.

12   The mail processing distribution factors indicate the proportions of the volume-

13   variable costs associated with each cost pool to be assigned to each subclass.

14   The individual subclass percentages for any cost pool distribution key sum to

15   one. The distribution key for a cost pool represents the percentages of dollar-

16   weighted tallies by subclasses in that pool. These percentages are derived

17   through successive steps, as described below.

18   In this docket, as in Docket No. R97-1, the distribution factors are based entirely

19   on the IOCS tallies.[11] All tallies in a cost pool are used to form the cost pool

20   distribution key. The tallies are classified into three types of tallies: direct, mixed

21   and not-handling tallies. This classification is based on the type of information

22   observed and reported by the data collector when conducting a reading. The

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[9] 'Overhead' activities comprise IOCS activity codes 6521-6523, i.e., breaks/personal needs, clocking in/out, and empty equipment-related work. The handling portion of the IOCS empty equipment activity, however, is not included as 'overhead' here since the tallies are treated as mixed-mail tallies.

[10] The distribution key for the RBCS cost pool is based on direct tallies in the BCS-OSS operations 971-978.

[11] The term "tallies", throughout this testimony, refer to the dollar-weighted tallies, using the weight in IOCS field F9250 (see LR-I-12, section VII).

1 level of detail of the collected information varies with the observed activity. When

2 an IOCS data collector is asked to sample an employee at a specific time, the

3 employee may or may not be handling mail. When handling mail, the employee

4 may be observed to handle one or many pieces of mail, an "item" or a

5 "container". [12] An item or a container may have identical mail, many kinds of mail

6 in it or be empty at the instant of observation. When not handling mail, the

7 employee may be observed to be between handlings at the instant of

8 observation, monitoring the operation of the equipment, on the way to obtain

9 empty equipment, on break, or performing incidental administrative duties, to cite

10 a few examples.

11 The 'direct' tallies are piece, item, or container readings with recorded subclass

12 or mail class information. [13] The 'mixed' tallies are item or container handling

13 tallies with no recorded subclass or mail class information.[14] Mixed tallies contain

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[12] .The term "item" refers to the IOCS single item categories listed in Question 21B. Items are defined as bundles, trays, pallets, con-con and sacks of various colors. The term "container" refers to the IOCS container categories listed in Question 21C. Containers are defined as APCs, OTRs, hampers, nutting trucks/dollies, utility carts, wiretainers, postal paks, and multiple items handled by the sampled employee.

[13] A single subclass (and its shape) is recorded when the sampled employee is observed handling a single piece of mail, an item or a container with identical pieces of mail, an item where the top piece rule applies (i.e. a bundle, a letter or flat tray). A subclass is also recorded when mail is processed at piece-sorting equipment. Many subclasses are recorded for an item where the piece contents are counted by subclasses and shapes (i.e. a sack, a pallet, a small parcel tray, a concon). In subsequent processing of the IOCS data, each counted item tally is subdivided into as many tallies as there are subclasses by shape recorded for the item. The dollar weight for the item tally is then prorated over the subdivided tallies on the basis of the piece counts in the item.

[14] More specifically, these include tallies associated with uncounted mixed-mail items, mixed-mail containers, and empty items/containers. The content of a mixed-mail container is 'identified' by the percentages of volume occupied by shapes of loose mail pieces and/or types of items. A mixed-mail container is 'unidentified' if the volume contents are unknown or partially recorded. For subclass distributing purposes, uncounted items are grouped with empty items, and unidentified containers with empty

1 information, such as mail shapes or item types, that can be associated with

2 subclasses (see Witness Degen's testimony, USPS-T-16). Not-handling tallies

3 convey no such information. Mixed tallies and not-handling tallies are

4 subsequently *distributed* to subclasses or mail classes, using all available tally

5 information based on operational associations, from which the subclass or mail

6 class distribution mix can be reasonably inferred. That information includes, for

7 both mixed and not-handling tallies, the tally cost pool identification. For the

8 mixed tallies, it also includes the recorded piece shapes and item types being

9 processed in that cost pool. The distribution of mixed and not-handling tallies is

10 as follows.

11 a. Distribution of Mixed Tallies to Subclasses.

12 In this docket, as in Docket No. R97-1, mixed tallies are proposed by the Postal

13 Service to be distributed to subclasses by first partitioning the direct and mixed-

14 mail tally dollar weights into the same categories of piece shapes, item types,

15 and container types, recorded by the data collector. Mixed item tallies are

16 partitioned into item types. Mixed non-empty container tallies are further

17 partitioned into piece shapes and item types, using information based on the

18 data collector's recorded percentage of the container's volume (cube) occupied

19 by shapes of loose mail pieces and/or types of items. Mixed empty container

20 tallies are partitioned into container types.

21 Mixed item and non-empty container tallies are then distributed to subclasses by

22 'filling' the mixed/empty single items and the pieces/items in non-empty

23 containers in proportion to the direct tally subclasses from the same item types

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containers: only the type of containerization (either item type or container type), is
known for these tallies. See Table 2 in the attachment for the proportion of tallies in
these various categories.

1   and piece shapes.[15] Empty container tallies are distributed to subclasses by

2   'filling' the empty containers in proportion to the subclasses from the direct and

3   'filled' container tallies of the same container types.

4   Except for platform operations, the 'filling' of the mixed-mail items and non-empty

5   containers is with direct piece and item subclasses from the same cost pool. If

6   there are no direct items of the same type in the cost pool, the distribution of

7   direct-item tallies of the same type across all cost pools within a facility grouping

8   is employed. [16]

9   For platform operations, a broader across-pool subclass distribution key is used

10   for the mixed tallies. For the MODS platform pool, the 'filling' of non-empty

11   containers is with direct piece and item subclasses from all MODS allied labor

12   pools.[17] For the BMC platform pool, the 'filling' of items and non-empty containers

13   is with direct piece and item subclasses from all BMC cost pools. For the new

14   'Allied' cost pool in the non-MODS facilities, the 'filling' of non-empty containers

15   is with direct piece and item subclasses from all non-MODS cost pools,

16   excluding the 'Registry' and the 'Miscellaneous' pools.

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[15] The same direct item distribution keys are used, *by item types*, for uncounted item tallies, empty item tallies, or items in non-empty container tallies. In the same cost pool, for example, mail subclasses identified with direct yellow sack tallies are used to 'fill' the tally portions of containers occupied by yellow sacks, as well as the tally uncounted or empty yellow sacks not in containers.

[16] The percent of dollar-weighted item tallies distributed across all cost pools within a facility grouping is: *2.46 percent for MODS, 1.24 percent for BMCs, 4.90 percent for non-MODS.*

[17] Not all containers are 'worked' on the platform. Some are rolled directly to other allied operations where they are 'worked'. Therefore, the direct piece and item subclasses used to fill non-empty containers on the platform are extended to those in all allied operations.

1   b.   Distribution of Not-Handling Tallies to Subclasses.

2   In this docket, as in Docket No. R97-1, the not-handling tallies for *non-allied* cost

3   pools are proposed by the Postal Service to be distributed to subclasses using

4   the direct and distributed mixed tallies within the same cost pool. Consequently,

5   for non-allied cost pools, it is not necessary to include the not-handling tallies in

6   the pool-specific distribution key. The same volume-variable costs could be

7   obtained by multiplying the volume-variable cost fraction of the pool by a

8   distribution key based simply on handling tallies.

9   In this docket, however, as a departure from the within-pool distribution method

10   employed by the Postal Service in Docket R97-1, the not-handling tallies for the

11   *allied* cost pools are distributed to subclasses, based on the aggregated handling

12   tallies in all distribution and allied operations for each of the BMC, MODS and

13   non-MODS facility groupings.

14   For the MODS facilities, the broadened basis for the distribution key consists of

15   all handling tallies for the Function 1 (LDC 11-18) operations and the LDC 79

16   "Bulk Mail Acceptance" unit, excluding the Registry and Business Reply Units.

17   The Allied cost pools include the LDC 13 "Mechanical Sorting of Sacks and

18   Outsides" units and all LDC 17 operations, except for the "Cancellation/Metered

19   Mail Preparation" group.[18] The not-handling tallies in these allied cost pools

20   represent about 38 percent of all not-handling tallies for the mail processing non-

21   support cost pools in the MODS facilities.

22   For the BMCs, the same distribution key for the not-handling tallies on the

23   Platform is now extended to the "Allied Labor and Other Mail Processing" Cost

24   Pool. The not-handling tallies in the Platform and Allied cost pools represent

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[18] Under this method, the same distribution key is used for the not-handling costs in each of the affected allied cost pools.

1   about 49 percent of all not-handling tallies for the mail processing cost pools in

2   the BMCs.

3   For the non-MODS, the distribution key for the not-handling tallies in the new

4   Allied cost pool is based on all non-MODS mail processing handling tallies,

5   which exclude those in the "Registry" and the "Miscellaneous" cost pools. For the

6   Miscellaneous cost pool, it is based on all handling tallies in all non-MODS cost

7   pools. The not-handling tallies in the Allied and Miscellaneous cost pools

8   represent about 60 percent of all not-handling tallies for the mail processing cost

9   pools in the non-MODS facilities. In Docket R97-1, the Postal Service's

10   distribution of the not-handling tallies to subclasses paralleled the pre-R97-1

11   LIOCATT distribution method. Not-handling mail processing tallies were

12   distributed on handling tallies either by basic function or by IOCS operation code,

13   based on the tally activity codes.

14   4.   In Docket No. R97-1, the four MODS support cost pools had their own
15 distribution keys, based on the IOCS dollar-weighted tallies. In this docket, they are
16 consolidated into two "piggyback" cost pools. The volume-variable costs for the
17 "piggyback" cost pools are distributed to subclasses in proportion to the volume-variable
18 costs for subclasses in the cost pools they support.

19   The four MODS support cost pools are quasi-administrative pools characterized

20   by a high percentage of not-handling-mail activities.[19]

21   In Docket R97-1, the handling tallies, as well as the not-handling tallies were

22   included in the distribution keys for the four support cost pools by both the PRC

23   and the Postal Service. The PRC, however, excluded the "migrated" tallies from

24   the not-handling tallies. The mixed handling tallies were distributed on the direct

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[19] For the base year 1998, the percentage of not-handling-mail activities ranges from 95 percent for the Function 1 "Mail Processing Support" cost pool (1SUPPORT), to 85 percent for the Function 4 "LDC 48 Administrative" cost pool, to 76 percent for the Function 1 "Miscellaneous" cost pool, and 70 percent for the Function 4 "LDC 48 Other" cost pool.

1   handling tally subclasses in the support cost pools. The not-handling tallies,

2   however, were distributed in proportion to the handling tally subclasses in the

3   mail processing supported cost pools: the not-handling tallies for the 1SUPPORT

4   and 1MISC pools were distributed on Function 1 handling tally subclasses; the

5   not-handling tallies for the LD48 OTH and the LD48 ADM[20] pools were

6   distributed on Function 4 mail processing handling tally subclasses, excluding

7   the Window Service activities.

8   In this docket, the "Mail Processing Support" and "Miscellaneous" cost pools

9   (1SUPPORT and 1MISC) are now combined into a Function 1 support cost pool.

10   The "LDC 48 Administrative Support" and "LDC 48 Other" cost pools (LD48 ADM

11   and LD48 OTH) are now combined into a Function 4 support cost pool. The

12   volume-variable cost fraction for each of the pools is derived from IOCS data

13   (see Part II.2 above). However, the handling tallies in these pools are no longer

14   used in the distribution keys (see Witness Degen's testimony). Instead, the

15   distribution key shares for these cost pools are the subclass shares of volume-

16   variable costs in the supported operations. Thus, the volume-variable cost for the

17   Function 1 support pool is distributed in proportion to all Function 1 and LDC 79

18   volume-variable costs. The volume-variable cost for the Function 4 support pool

19   is distributed in proportion to all Function 4 volume-variable costs, including the

20   MODS window service costs.

21 5.   In this docket, the "encirclement" rules are modified to ensure appropriate

22 distribution of volume-variable costs to Special Services.

23   The "encirclement" rules examine the mail processing cost pool and the mail

24   subclass to determine when it is appropriate to assign a Special Service cost to

25   the piece of mail being processed.

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[20] In Docket No. R97-1, the Postal Service's proposed volume-variability factor for the LD48 ADM cost pool was 0. Thus, there were no volume-variable subclass costs associated with the LD48 ADM pool.

1   Special Service costs are now assigned when the mail pieces with paid special

2   services are processed by employees clocked into the Special Service-related

3   cost pools. [21] In the distribution and allied operations, the same mail pieces are

4   processed as ordinary mail pieces of the same subclasses; therefore they are

5   assigned the underlying subclass costs rather than the Special Service costs.

6   The exceptions are when the mail pieces are themselves detached Postal

7   Service forms used in the provision of special services. [22] With those forms,

8   Special Service costs are incurred in any cost pool in which the forms are

9   processed. Another exception is the Special Handling service cost which is

10   incurred in any cost pool, provided the underlying subclass is eligible to receive

11   the service, i.e. the subclass must be either Standard A Single Piece or Standard

12   B.

13   In the context of these new "encirclement" rules, the Special Service handling

14   tallies are treated like any other subclass handling tallies. They are now included

15   in the distribution keys for mixed-mail and not-handling tallies in all cost pools

16   where Special Service costs are incurred, the majority of which occurred by

17   definition, in the Special Service cost pools.

18   The resulting procedure streamlines the Docket No. R97-1 Postal Service

19   costing procedure, in particular for Registered Mail. It eliminates the need for the

20   Docket No. R97-1 W/S 3.1.1 'normal feature' adjustment; this RPW-based

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[21] .The special service-related cost pools for the MODS facilities are the special service cost pools in LDC 18, 48, 49. For non-MODS facilities, they consist of the Registry and Miscellaneous cost pools.

[22] The detached forms are:
- Form 3811 (Return Receipt),
- Form 3547 (Notice to Mailer of Correction in Address) in conjunction with Form 3579 (Undeliverable 2nd, 3rd or 4th Class Matter),
- Form 3804 (Merchandise Return),
- Form 3806 (Registry Receipt),
- Form 3849d (Undeliverable COD).

1   adjustment removed the mail processing costs from the costs attributed to the

2   Registered Mail Services in any cost pool. It also eliminates the need for the

3   "Registry adjustment" in W/S 3.1.1 to make the data consistent between the

4   Registry IOCS and RPW categories.

5   **II.C.   DEVELOPMENT OF SUBCLASS VOLUME-VARIABLE COSTS BY**
6   **AUTOMATION AND PRESORT CATEGORIES, BY COST POOL AND BY**
7   **SHAPE (PART III OF LR-I-106)**

8   In Part II of LR-I-106, the mail-processing volume-variable costs are generated at

9   the IOCS class activity code level, but aggregated at the CRA subclass level. In Part III

10   of LR-I-106, the costs are aggregated by shape and specific automation categories

11   within each cost pool, for specified classes.

12   The specified classes are First-Class, Periodicals, Standard A and Standard B.

13   The shapes are letter/card, flat and IPP/parcel. The automation and presort categories

14   are considered only for the letter/card shape. They include the Automation Carrier-

15   Route for Presort First Class, and the Automation Non-Carrier-Route, as well as the

16   Non-Automation Non-Carrier Route for both Presort First Class and Standard A,

17   Regular and Non-Profit. For First-Class, Single Piece, the mail processing volume-

18   variable costs are aggregated by metered and non-metered indicia.

19   The disaggregated subclass volume-variable costs are used by Witness Smith

20   (USPS-T-21) to develop test year costs by shape. These costs are then used by other

21   witnesses to reconcile model costs to the Base Year CRA.

22   **III.   DEVELOPMENT OF SPECIAL BASE YEAR INPUTS.**

23   **III.A.   SPECIAL BASE YEAR INPUTS FOR THE COST SEGMENT AND**
24   **COMPONENT REPORT.**

25   **III.A.1. C/S 3 Base Year Administrative And Window Service Cost Inputs (PART IV**
26   **OF LR-I-106).**

1   Part IV of LR-I-106 partitions the Administrative and Window Service costs into

2   activities based on IOCS data. These costs are inputs into W/S 3.2 and W/S 3.3 of

3   Witness Meehan's B Workpapers, and subsequently to the Cost Segments and

4   Components Report which generates Administrative and Window Service volume-

5   variable costs by subclasses.

6   In W/S 3.2, the inputs enable the Window Service activities to be classified into

7   various pools where respective volume-variability factors and distribution keys are

8   applied to the costs to obtain subclass volume-variable costs. The Window Service

9   inputs also include the Window Acceptance costs. In Docket No. R97-1, the Window

10 Acceptance costs were in Part V of USPS-LR-H146.

11 In W/S 3.3, the inputs enable the Administrative Service activities to be classified

12 with those directly associated with subclasses, or with other not-handling-mail activities,

13 some of which are determined to be non-volume variable. The Administrative costs are

14 thus partitioned into components in W/S 3.3 and uploaded to the COBOL CRA base

15 year model where they are applied to component-specific distribution keys to obtain

16 volume-variable mail class costs by cost segments and components.

17 **III.A.2. Base Year Premium Pay Factors and Other Distribution Key Inputs.**
18 **(PART V OF LR-I-106).**

19 Part V of LR-I-106 provides various base year inputs to complete the

20 development of the subclass volume-variable costs by cost segments and components.

21 They include:

22 1. The Sunday and Night Differential Pay factors and distribution keys to adjust the
23 mail processing subclass volume-variable costs for premium pay.

24 The Premium Pay factors are applied to the National Payroll Premium Costs to

25 obtain non-BMC mail processing premium costs for Platform and Non-Platform

26 operations (see W/S 3.0.13 of Witness Meehan's B Workpapers, USPS-T-11).

27 These costs are then applied to the distribution keys to back out the premium

1   costs from the mail processing volume-variable costs for non-preferred mail and

2   attribute them to the preferred mail.

3   2. The Platform distribution key to distribute the facility space and equipment costs in

4   Cost Segment 15.

5   The only change to the distribution key from Docket No. R97-1 lies with the

6   platform distribution key for the MODS offices in terms of the treatment of the

7   not-handling costs (see Part II.3 above).

8   3. The volume-variability factor and distribution key for the "Central Mail Mark-Up and

9   Computer Forwarding System" operations to distribute Cost Segment 2 supervisor and

10   technician costs associated with these operations.

11   The methodology incorporates whatever new procedures are implemented in

12   Parts I and II. It reflects the IOCS-based volume-variability factors and the non-

13   MODS cost pools.

14   **III.B.   SPECIAL BASE YEAR INPUTS FOR COSTING STUDIES.**

15   **III.B.1. Operation-Specific Crosswalk Matrix (PART VI OF LR-I-106).**

16   Part VI of LR-I-106 generates a matrix that distributes clerk and mailhandler mail

17   processing volume-variable costs for each of the MODS-based cost pools to the IOCS-

18   based space and equipment categories. The information is used to produce conversion

19   factors to crosswalk operation-specific piggyback factor categories to the MODS-based

20   cost pools. It is incorporated in Witness Smith's derivation of piggyback factors by major

21   functions (USPS-T-21).

22   **III.B.2. Cost Pool Overhead Factors For Modeled Costs (PART VII OF LR-I-106).**

23   Part VII of LR-I-106 develops pool-specific overhead factors to be applied to

24   modeled costs. In this section, the BMC and non-MODS volume-variable portions of the

25   clocking in/out costs, obtained from W/S 3.1.1of Witness Meehan's B Workpapers

1   (USPS-T-11), are distributed proportionately to the total pool volume-variable costs

2   obtained in Part II.

3   **III.B.3.Base Year C/S 3 Disaggregated Wage Rates (PART VIII OF LR-I-106).**

4   Part VIII of LR-I-106 provides disaggregated wage rates for Cost Segment 3.

5   The wage rates are based on the costs from Part I and the corresponding hours,

6   reconciled to the GFY hours. The wage rates for the Mail Processing and Other

7   categories include those for Cost Segment 9 Special Delivery Messengers. This

8   particular grouping is made to provide for consistency between the Base Year and the

9   Test Year after the Special Delivery Messengers are consolidated into Clerk

10   Messengers.

11   The basic methodologies for Parts III – VIII remain unchanged relative to those

12   parts of LR H-146, except to the extent that they incorporate whatever new procedures

13   are implemented in Parts I and II. Thus, modifications to these procedures are

14   automatically reflected in the data for Parts III – VIII.

Table 1: Cost Segment 3 Clerk and Mailhandler Cost Pools - Part 1 of 2

MODS 1 & 2 FACILITIES

SAS code	Cost Pool Title	Pool Total Cost	Pool Volume-Variable Factor	Pool Volume-Variable Cost
	Automated Equipment			
BCS/	BCS, BCS on OCR	1,043,841	.895*	934,238
OCR/	OCR	219,070	.751*	164,522
	Mechanized, Letters & Flats			
FSM/	SPFSM, FSM & FSM/BCR	1,042,369	.817*	851,615
LSM/	LSM,MPLSM & SPLSM W/BCR	78,765	.954*	75,142
	Mechanized, Other			
1SACKS_M	Mechanical Sort - Sack Outside	55,538	.941	52,261
MECPARC	Mechanized Parcels	8,743	.990	8,656
SPBS OTH	SPBS – Non Priority	283,275	.641*	181,579
SPBSPRIO	SPBS – Priority	82,447	.641*	52,848
	Manual Distribution Operations			
MANF	Manual Flats	459,933	.772*	355,068
MANL	Manual Letters	1,563,963	.735*	1,149,513
MANP	Manual Parcels	60,593	.522*	31,630
PRIORITY	Manual Priority	259,762	.522*	135,596
LD15	**LDC 15 – RBCS**	457,253	1.005*	459,539
	Allied Operations			
1SACN	Air Contract DCS and Incoming	50,434	.908	45,794
1BULK PR	Bulk Presort	13,309	.890	11,845
1CANCMPP	Cancellation & Mail Preparation – metered	295,957	.549*	162,480
1SACKS_H	Manual Sort - Sack Outside	176,003	.953	167,731
1OPPREF	Opening Unit - Preferred Mail	711,487	.960	683,028
1OPBULK	Opening Unit – BBM	305,417	.961	293,506
1PLATFRM	Platform	1,052,585	.896	943,116
1POUCHNG	Pouching Operations	446,331	.963	429,817
	Other Operations			
BUSREPLY	Business Reply / Postage Due	30,749	.968	29,765
REWRAP	Damaged Parcel Rewrap	14,865	.817	12,144
1EEQMT	Empty Equipment	59,757	.718	42,906
EXPRESS	Express Mail	81,409	.567	46,160
MAILGRAM	Mailgram	340	.969	329
1SUPPORT	Mail Processing Support[1]	184,031	.260	47,848
1MISC	Miscellaneous Activity[1]	136,953	.568	77,789
REGISTRY	Registry	125,176	.373	46,691
INTL	International	98,986	.846	83,742
LD41	LDC 41 – Unit Distribution – Automated	33,829	.960	32,476
LD42	LDC 42 – Unit Distribution – Mechanized	1,105	.967	1,069
LD43	LDC 43 – Unit Distribution – Manual	563,203	.932	524,905
LD44	LDC 44 – Post-Office Box Distribution	138,383	.944	130,634
LD48 EXP	LDC 48 – Customer Service / Express	3,322	.475	1,578
LD48_ADM	LDC 48 – Customer Service / Admin[2]	161,274	.534	86,120
LD48_SSV	LDC 48 – Customer Service / Spec.Servc.	104,961	.566	59,408
LD48 OTH	LDC 48 – Customer Service / Other [2].	140,154	.673	94,324
LD49	LDC 49 – Computerized Forwarding Syst.	264,671	.976	258,319
LD79	LDC 79 – Mailing Req' & Bus. Mail Entry	141,702	.299	42,369
	MODS 1 & 2 Subtotal	10,951,945	.804	8,808,098
	LDC 45 – Window Service	725,420		
	LDC 75 – Claims/Inquiries	21,204		
	All other LDCs: Administrative Services / Other	776,957		
	Total for MODS 1 & 2 Facilities	**12,475,526**		

Table 1: Cost Segment 3 Clerk and Mailhandler Cost Pools - Part 2 of 2

BMC GROUP

SAS Code	Cost Pool Title	Pool Total Cost	Pool Volume-Variable Factor	Pool Volume-Variable Cost
PLA	Platform	207,947	.946	196,718
OTHR	Allied Labor & all other Mail Processing	251,839	.987	248,565
PSM	Parcel Sorting Machine	92,698	1.000	92,698
SSM	Sack Sorting Machine	34,213	1.000	34,213
SPB	SPBS & Irregular Parcels (IPP & 115)	64,180	1.000	64,180
NMO	Non-Machinable Outside (NMO)	33,824	1.000	33,824
	BMCs Subtotal	684,702	.979	670,198
	Window Service	965		
	Claims & Inquiries	2,439		
	Administrative Services[3]	105,394		
	Total for BMC Facilities	**793,500**		

NON-MODS GROUP

SAS Code	Cost Pool Title	Pool Total Cost	Pool Volume-Variable Factor	Pool Volume-Variable Cost
AUTO/MEC	Automated/Mechanical Operations	154,792	.999	154,637
MANL	Manual Letters	763,214	.999	762,450
MANF	Manual Flats	516,567	.999	516,051
MANP	Manual Parcels	136,669	.997	136,259
ALLIED	Allied Operations	609,324	.917	558,750
EXPRESS	Express	20,657	.328	6,775
REGISTRY	Registry	32,050	.281	9,006
MISC	Miscellaneous	278,733	.699	194,834
	Non-MODS Subtotal	2,512,006	.931	2,338,764
	Window Service	1,300,146		
	Claims & Inquiries	13,059		
	Administrative Services[3/]	551,889		
	Total for non-MODS Facilities	**4,377,100**		
	Total C/S 3 (Clerk/Mailhandlers)	**17,646,126**		

Footnotes:
* Econometrically derived volume-variability factors.
1/ These support cost pools are combined into the piggyback cost pool 1SUPP_F1
2/ These support cost pools are combined into the piggyback cost pool 1SUPP_F4
3/ All Clocking in/out activities are included in the Administrative Services.

Table 2:   Proportion of Tallies by Handling ("Direct" and "Mixed") and Not-Handling Categories, and by Facility Groupings.

Percentage of Dollar-Weighted Tallies, by Handling Categories	BMCS	MODS 1&2	Non-MODS	Total
Direct Tallies				
Pieces	19.69%	31.70%	50.64%	34.40%
Items	9.69%	9.73%	10.95%	9.95%
Containers	0.72%	0.33%	0.23%	0.33%
Total Direct	30.10%	41.76%	61.82%	44.68%
Mixed Tallies				
Mixed Item Tallies				
Uncounted Item	1.20%	0.61%	0.33%	0.59%
Empty Item	3.69%	2.66%	1.58%	2.52%
Total Item	4.89%	3.27%	1.91%	3.11%
Mixed Container Tallies				
Identified Container				
Loose Pieces	4.63%	1.41%	1.64 %	1.61%
Items	2.50%	3.09%	1.27 %	2.74%
Subtotal	7.13%	4.50%	2.91%	4.35%
Unidentified Container	1.81%	0.19%	0.45%	0.31%
Empty Container	7.81%	4.20%	3.16%	4.20%
Total Container	16.75%	8.89%	6.52%	8.86%
Total Mixed	21.64%	12.16%	8.43%	11.97%
Not-Handling Tallies	48.26%	46.08%	29.75%	43.35%

TABLE 3: BY 98 MAIL PROCESSING VOLUME-VARIABLE COSTS - MODS 1 AND 2 COST POOLS

Mailclass	Costpool MODS 11 BCS/	MODS 11 OCR/	MODS 12 FSM/	MODS 12 LSM/	MODS 13 MECPARC	MODS 13 SPBS OTH	MODS 13 SPBSPRIO	MODS 13 1SACKS_M
1--LETTERS - SINGLE PIECE								
Vol-var costs	470011	105924	383769	52994	562.68	36878	6501.4	16958
Col Pct	50.31	64.38	45.06	70.53	6.5	20.31	12.3	32.45
2--LETTERS - PRESORT								
Vol-var costs	227480	23758	34530	8909.2	218.56	4399.4	918	5462.4
Col Pct	24.35	14.44	4.05	11.86	2.53	2.42	1.74	10.45
3--CARDS - SINGLE PIECE								
Vol-var costs	12826	4501.9	610.13	4463.7	3.0376	79.741	25.611	549.2
Col Pct	1.37	2.74	0.07	5.94	0.04	0.04	0.05	1.05
4--CARDS - PRESORT								
Vol-var costs	4276.7	659.17	76.808	381.37	0.5839	0	0.4643	95.988
Col Pct	0.46	0.4	0.01	0.51	0.01	0	0	0.18
5--PRIORITY MAIL								
Vol-var costs	481.54	126.11	15077	222.23	4343.2	14477	36091	4154.6
Col Pct	0.05	0.08	1.77	0.3	50.18	7.97	68.29	7.95
6--EXPRESS MAIL								
Vol-var costs	9.3731	6.3872	82.593	1.8336	21.332	131.55	389.06	300.76
Col Pct	0	0	0.01	0	0.25	0.07	0.74	0.58
7--MAILGRAM								
Vol-var costs	0	0	0	0.0001	0.0007	0	0	0.7514
Col Pct	0	0	0	0	0	0	0	0
8-1 PER. / IN-COUNTY								
Vol-var costs	0.263	0.3373	445.17	0.1983	0.905	14.284	0.9715	48.835
Col Pct	0	0	0.05	0	0.01	0.01	0	0.09
8-2 PER. / REGULAR								
Vol-var costs	600.46	22.906	63735	6.2592	502.34	17277	2195.9	5064.7
Col Pct	0.06	0.01	7.48	0.01	5.8	9.52	4.16	9.69
8-3 PER. / NONPROFIT								
Vol-var costs	569.16	172.89	10263	0.8785	77.394	3509.2	418.24	613.9
Col Pct	0.06	0.11	1.21	0	0.89	1.93	0.79	1.17
8-4 PER. / CLASSROOM								
Vol-var costs	0.0523	0.0745	768.91	0.027	1.5802	77.305	2.2773	88.98
Col Pct	0	0	0.09	0	0.02	0.04	0	0.17
9--(A) SINGLE PIECE								
Vol-var costs	4425.4	595.34	7685.7	65.072	144.37	2451.8	138.99	536.63
Col Pct	0.47	0.36	0.9	0.09	1.67	1.35	0.26	1.03
10--(A) REG / ENH. C_RT								
Vol-var costs	19571	3836.6	15944	3.6316	101.94	15156	706.01	1375.2
Col Pct	2.09	2.33	1.87	0	1.18	8.35	1.34	2.63
11--(A) REG / OTHER								
Vol-var costs	134430	15552	260487	4137.3	886.32	63358	2453.7	10144
Col Pct	14.39	9.45	30.59	5.51	10.24	34.89	4.64	19.41
12--(A) NPRF / ENH. C_RT								
Vol-var costs	5049.3	563.97	2643.2	0.3332	90.405	1116.6	129.14	318.79
Col Pct	0.54	0.34	0.31	0	1.04	0.61	0.24	0.61
13--(A) NPRF / OTHER								
Vol-var costs	41732	5192.1	34087	1916	17.028	9312.8	204.47	2029.8
Col Pct	4.47	3.16	4	2.55	0.2	5.13	0.39	3.88
14--(B) PARCELS ZONE R.								
Vol-var costs	6.7126	10.283	969.44	2.8397	587.93	2505.2	586.52	1639.2
Col Pct	0	0.01	0.11	0	6.79	1.38	1.11	3.14
15--(B) BOUND PRINT								
Vol-var costs	10.748	4.956	3766.3	0.8023	204.36	3601.7	99.545	512.91
Col Pct	0	0	0.44	0	2.36	1.98	0.19	0.98
16--(B) SPECIAL STANDARD								
Vol-var costs	26.104	0.2883	2846.4	0.4114	111.55	2507.3	91.603	100.21
Col Pct	0	0	0.33	0	1.29	1.38	0.17	0.19
17--(B) LIBRARY MAIL								
Vol-var costs	0	0	359.18	0.0853	0.3599	384.7	0	15.11
Col Pct	0	0	0.04	0	0	0.21	0	0.03

TABLE 3: BY 98 MAIL PROCESSING VOLUME-VARIABLE COSTS - MODS 1 AND 2 COST POOLS

Mailclass	Costpool							
	MODS 14 MANF	MODS 14 MANL	MODS 14 MANP	MODS 14 PRIORIT	MODS 15 Y LD15	MODS 17 1BULK P	MODS 17 R 1CANCMP	MODS 17 1OPBULK
1—LETTERS - SINGLE PIECE								
Vol-var costs	132536	694810	5042	6354.9	325321	4177.8	135901	92550
Col Pct	37.33	60.44	15.94	4.69	70.79	35.27	83.64	31.53
2—LETTERS - PRESORT								
Vol-var costs	14522	125749	886.47	374.35	60606	2901.6	7233.1	23516
Col Pct	4.09	10.94	2.8	0.28	13.19	24.5	4.45	8.01
3—CARDS - SINGLE PIECE								
Vol-var costs	313.82	56205	2.6611	4.3251	10451	123.07	3496.1	3395.4
Col Pct	0.09	4.89	0.01	0	2.27	1.04	2.15	1.16
4—CARDS - PRESORT								
Vol-var costs	120.24	8996.6	1.186	0.9156	424.35	22.068	100.53	452.49
Col Pct	0.03	0.78	0	0	0.09	0.19	0.06	0.15
5—PRIORITY MAIL								
Vol-var costs	8564.4	5040	8457.5	117061	458.64	565.23	5274.1	12709
Col Pct	2.41	0.44	26.74	86.33	0.1	4.77	3.25	4.33
6—EXPRESS MAIL								
Vol-var costs	86.656	927.79	156.31	1874.4	0	69.693	74.419	1719.1
Col Pct	0.02	0.08	0.49	1.38	0	0.59	0.05	0.59
7—MAILGRAM								
Vol-var costs	0	126.83	0.0015	0.0035	0	0.1685	0.0008	3.5583
Col Pct	0	0.01	0	0	0	0	0	0
8-1 PER. / IN-COUNTY								
Vol-var costs	1120.7	149.82	0.7748	2.725	0	6.0764	3.2837	704.74
Col Pct	0.32	0.01	0	0	0	0.05	0	0.24
8-2 PER. / REGULAR								
Vol-var costs	56927	9025.2	1337.9	538.76	0	542.01	640.98	18975
Col Pct	16.03	0.79	4.23	0.4	0	4.58	0.39	6.46
8-3 PER. / NONPROFIT								
Vol-var costs	8420.9	1948.4	181.73	110.07	0	63.367	149.07	2645.7
Col Pct	2.37	0.17	0.57	0.08	0	0.53	0.09	0.9
8-4 PER. / CLASSROOM								
Vol-var costs	405.95	1.5455	0.1324	2.0953	0	3.371	1.9248	55.093
Col Pct	0.11	0	0	0	0	0.03	0	0.02
9—(A) SINGLE PIECE								
Vol-var costs	3074.6	5339.2	270.43	277.68	857.47	121.9	666.1	2056.6
Col Pct	0.87	0.46	0.86	0.2	0.19	1.03	0.41	0.7
10—(A) REG / ENH. C_RT								
Vol-var costs	6409.9	11601	970.86	768.26	3703.9	661.28	313.32	15741
Col Pct	1.81	1.01	3.07	0.57	0.81	5.58	0.19	5.36
11—(A) REG / OTHER								
Vol-var costs	94565	140815	4490.7	1508.9	27877	1626.6	3768.2	86369
Col Pct	26.63	12.25	14.2	1.11	6.07	13.73	2.32	29.43
12—(A) NPRF / ENH. C_RT								
Vol-var costs	1479.8	3508.6	44.463	7.3849	2444.1	29.479	123.94	2488.1
Col Pct	0.42	0.31	0.14	0.01	0.53	0.25	0.08	0.85
13—(A) NPRF / OTHER								
Vol-var costs	17543	56848	100.94	201.07	10533	425.27	899.93	16515
Col Pct	4.94	4.95	0.32	0.15	2.29	3.59	0.55	5.63
14—(B) PARCELS ZONE R.								
Vol-var costs	409.76	585.52	5473.8	668.46	0	77.789	367.37	2976.5
Col Pct	0.12	0.05	17.31	0.49	0	0.66	0.23	1.01
15—(B) BOUND PRINT								
Vol-var costs	1652.1	611.09	1829.8	178.82	0	37.32	126.97	2496.1
Col Pct	0.47	0.05	5.79	0.13	0	0.32	0.08	0.85
16—(B) SPECIAL STANDARD								
Vol-var costs	1193.1	1.2392	1436.1	115.13	0	24.612	357.05	920.76
Col Pct	0.34	0	4.55	0.08	0	0.21	0.22	0.31
17—(B) LIBRARY MAIL								
Vol-var costs	289.57	0.0031	0.0493	0.1154	0	56.312	135.67	226.64
Col Pct	0.08	0	0	0	0	0.48	0.08	0.08

TABLE 3: BY 98 MAIL PROCESSING VOLUME-VARIABLE COSTS - MODS 1 AND 2 COST POOLS

Mailclass	Costpool							
	MODS 17 1OPPREF	MODS 17 1PLATFRM	MODS 17 1POUCHNG	MODS 17 1SACKS_H	MODS 17 1SCAN	MODS 18 BUSREPLY	MODS 18 EXPRESS	MODS 18 MAILGRAM
1--LETTERS - SINGLE PIECE								
Vol-var costs	297503	378428	190919	55945	18322	8335.9	3006.2	0
Col Pct	43.56	40.13	44.42	33.35	40.01	28.01	6.51	0
2--LETTERS - PRESORT								
Vol-var costs	71240	89125	47014	16421	5880	1055.6	72.812	0
Col Pct	10.43	9.45	10.94	9.79	12.84	3.55	0.16	0
3--CARDS - SINGLE PIECE								
Vol-var costs	8204.7	11990	5688.6	1785.7	496.85	292.3	89.084	0
Col Pct	1.2	1.27	1.32	1.06	1.08	0.98	0.19	0
4--CARDS - PRESORT								
Vol-var costs	1707	2451.6	1178.5	347.53	88.526	0.5951	74.299	0
Col Pct	0.25	0.26	0.27	0.21	0.19	0	0.16	0
5--PRIORITY MAIL								
Vol-var costs	52480	92815	33650	16635	7319.5	1066.9	702.61	0
Col Pct	7.68	9.84	7.83	9.92	15.98	3.58	1.52	0
6--EXPRESS MAIL								
Vol-var costs	4508.6	9835.3	3967.3	1849.3	2439.7	6.1343	33628	0
Col Pct	0.66	1.04	0.92	1.1	5.33	0.02	72.85	0
7--MAILGRAM								
Vol-var costs	8.1659	14.685	5.019	2.4336	0.698	0.0003	0.0003	0
Col Pct	0	0	0	0	0	0	0	0
8-1 PER. / IN-COUNTY								
Vol-var costs	701.38	940.09	294.7	390.61	26.535	0.5612	2.3783	0
Col Pct	0.1	0.1	0.07	0.23	0.06	0	0.01	0
8-2 PER. / REGULAR								
Vol-var costs	56500	58904	24970	15955	1675.6	56.189	164.01	0
Col Pct	8.27	6.25	5.81	9.51	3.66	0.19	0.36	0
8-3 PER. / NONPROFIT								
Vol-var costs	6985.1	9060.4	4100.4	2412.3	249.97	13.102	38.723	0
Col Pct	1.02	0.96	0.95	1.44	0.55	0.04	0.08	0
8-4 PER. / CLASSROOM								
Vol-var costs	317.39	494.1	159.18	140.87	11.653	1.1535	0.9938	0
Col Pct	0.05	0.05	0.04	0.08	0.03	0	0	0
9--(A) SINGLE PIECE								
Vol-var costs	5047.6	11174	3361.8	1118.4	213.22	455.19	29.932	0
Col Pct	0.74	1.18	0.78	0.67	0.47	1.53	0.06	0
10--(A) REG / ENH. C_RT								
Vol-var costs	18390	28554	9747.2	7954.1	1034.2	33.077	108.51	0
Col Pct	2.69	3.03	2.27	4.74	2.26	0.11	0.24	0
11--(A) REG / OTHER								
Vol-var costs	102477	150119	67912	28537	4979.7	315.49	935.65	329.46
Col Pct	15	15.92	15.8	17.01	10.87	1.06	2.03	100
12--(A) NPRF / ENH. C_RT								
Vol-var costs	2262.3	3812.3	1089.1	943.19	111.07	91.63	7.0659	0
Col Pct	0.33	0.4	0.25	0.56	0.24	0.31	0.02	0
13--(A) NPRF / OTHER								
Vol-var costs	21908	31349	12770	5694.7	1099.1	31.634	150.58	0
Col Pct	3.21	3.32	2.97	3.4	2.4	0.11	0.33	0
14--(B) PARCELS ZONE R.								
Vol-var costs	5695.2	20594	4302.3	3960.7	312.82	552.65	24.47	0
Col Pct	0.83	2.18	1	2.36	0.68	1.86	0.05	0
15--(B) BOUND PRINT								
Vol-var costs	4144.1	6104.6	1747.1	1450.6	130.19	22.694	9.2426	0
Col Pct	0.61	0.65	0.41	0.86	0.28	0.08	0.02	0
16--(B) SPECIAL STANDARD								
Vol-var costs	1675.8	3372.2	1112.3	499.9	136	505.67	8.9844	0
Col Pct	0.25	0.36	0.26	0.3	0.3	1.7	0.02	0
17--(B) LIBRARY MAIL								
Vol-var costs	415.04	792.71	321.43	139.9	14.034	0.2538	0.1832	0
Col Pct	0.06	0.08	0.07	0.08	0.03	0	0	0

TABLE 3: BY 98 MAIL PROCESSING VOLUME-VARIABLE COSTS - MODS 1 AND 2 COST POOLS

Mailclass	Costpool							
	MODS 18	**MODS 18**	**MODS 18**	**MODS 19**	**MODS 41**	**MODS 42**	**MODS 43**	**MODS 44**
	REGISTRY	**REWRAP**	**1EEQMT**	**INTL**	**LD41**	**LD42**	**LD43**	**LD44**
1--LETTERS - SINGLE PIECE								
Vol-var costs	4334.8	6560.2	16168	3927.1	14216	531.94	190701	69878
Col Pct	9.28	54.02	37.68	4.69	43.78	49.78	36.33	53.49
2--LETTERS - PRESORT								
Vol-var costs	439.24	744.65	4002.3	1523.5	10767	103.82	51905	22630
Col Pct	0.94	6.13	9.33	1.82	33.15	9.72	9.89	17.32
3--CARDS - SINGLE PIECE								
Vol-var costs	375.39	542.88	630.77	521.95	287.26	33.164	6150	983.28
Col Pct	0.8	4.47	1.47	0.62	0.88	3.1	1.17	0.75
4--CARDS - PRESORT								
Vol-var costs	3.3205	0.298	111.1	145.98	87.683	0.1024	1269.7	164.21
Col Pct	0.01	0	0.26	0.17	0.27	0.01	0.24	0.13
5--PRIORITY MAIL								
Vol-var costs	418.08	1362.4	2331.8	2061.6	171.66	27.911	49185	5982.3
Col Pct	0.9	11.22	5.43	2.46	0.53	2.61	9.37	4.58
6--EXPRESS MAIL								
Vol-var costs	1173.6	4.1239	489.11	1972.5	10.619	1.5266	3238.6	854.24
Col Pct	2.51	0.03	1.14	2.36	0.03	0.14	0.62	0.65
7--MAILGRAM								
Vol-var costs	0	0.0012	0.5446	0	0.0001	0.0003	0	0.0002
Col Pct	0	0	0	0	0	0	0	0
8-1 PER. / IN-COUNTY								
Vol-var costs	2.6362	0.4306	44.277	5.3903	0.3925	0.1129	1304	91.533
Col Pct	0.01	0	0.1	0.01	0	0.01	0.25	0.07
8-2 PER. / REGULAR								
Vol-var costs	101.7	115.37	2444.4	254.23	22.446	41.443	30222	4953.2
Col Pct	0.22	0.95	5.7	0.3	0.07	3.88	5.76	3.79
8-3 PER. / NONPROFIT								
Vol-var costs	18.054	4.8964	785.88	32.802	238.64	16.246	4627.5	692.16
Col Pct	0.04	0.04	1.83	0.04	0.73	1.52	0.88	0.53
8-4 PER. / CLASSROOM								
Vol-var costs	0.6841	0.0484	15.451	1.0984	0.0698	0.0162	176.46	101.93
Col Pct	0	0	0.04	0	0	0	0.03	0.08
9--(A) SINGLE PIECE								
Vol-var costs	538.85	104.03	401.27	20.901	8.9484	0.6142	3054.9	819.91
Col Pct	1.15	0.86	0.94	0.02	0.03	0.06	0.58	0.63
10--(A) REG / ENH. C_RT								
Vol-var costs	13.048	9.5378	1363.1	100.16	1360.1	31.746	29024	1722.9
Col Pct	0.03	0.08	3.18	0.12	4.19	2.97	5.53	1.32
11--(A) REG / OTHER								
Vol-var costs	68.072	1241.1	6284	1015.1	4239	235.66	99902	15400
Col Pct	0.15	10.22	14.65	1.21	13.05	22.05	19.03	11.79
12--(A) NPRF / ENH. C_RT								
Vol-var costs	1.1259	2.076	217.35	226.98	309.43	10.421	2556.4	140.26
Col Pct	0	0.02	0.51	0.27	0.95	0.98	0.49	0.11
13--(A) NPRF / OTHER								
Vol-var costs	58.84	117.3	1386.1	357.75	568.03	3.9226	16325	2725.5
Col Pct	0.13	0.97	3.23	0.43	1.75	0.37	3.11	2.09
14--(B) PARCELS ZONE R.								
Vol-var costs	594.63	512.93	370.03	1847.8	16.779	0.3892	13162	782.08
Col Pct	1.27	4.22	0.86	2.21	0.05	0.04	2.51	0.6
15--(B) BOUND PRINT								
Vol-var costs	5.3141	4.0581	220.43	162.59	10.622	0.4194	7141.3	579.94
Col Pct	0.01	0.03	0.51	0.19	0.03	0.04	1.36	0.44
16--(B) SPECIAL STANDARD								
Vol-var costs	80.355	221.54	3714.2	10.056	2.0711	0.3935	4308.3	185.4
Col Pct	0.17	1.82	8.66	0.01	0.01	0.04	0.82	0.14
17--(B) LIBRARY MAIL								
Vol-var costs	0.0019	0.1495	16.503	0.0005	0.4076	0.0448	1233	123.77
Col Pct	0	0	0.04	0	0	0	0.23	0.09

TABLE 3: BY 98 MAIL PROCESSING VOLUME-VARIABLE COSTS - MODS 1 AND 2 COST POOLS

Mailclass	Costpool MODS 48 LD48 EXP	MODS 48 LD48_SSV	MODS 49 LD49	MODS 79 LD79	MODS 99 1SUPP_F1	MODS 99 1SUPP_F4	Total
1--LETTERS - SINGLE PIECE							
Vol-var costs	446.72	20259	98223	6412.8	58012	77013	3989434
Col Pct	28.31	34.1	38.02	15.14	46.17	42.68	45.29
2--LETTERS - PRESORT							
Vol-var costs	0	2559	61401	6047.2	13162	20962	968519
Col Pct	0	4.31	23.77	14.27	10.48	11.62	11
3--CARDS - SINGLE PIECE							
Vol-var costs	0	889.34	6363.9	697.82	2152.2	3566.3	148792
Col Pct	0	1.5	2.46	1.65	1.71	1.98	1.69
4--CARDS - PRESORT							
Vol-var costs	0	1.55	2054.8	0.2893	364.13	514.84	26176
Col Pct	0	0	0.8	0	0.29	0.29	0.3
5--PRIORITY MAIL							
Vol-var costs	103.79	2121.5	2624.8	460.4	7450.9	10539	522614
Col Pct	6.58	3.57	1.02	1.09	5.93	5.84	5.93
6--EXPRESS MAIL							
Vol-var costs	806.75	5307.6	9.8777	29.128	1102.4	2642.8	79728
Col Pct	51.13	8.93	0	0.07	0.88	1.46	0.91
7--MAILGRAM							
Vol-var costs	0	0.005	0.0078	0	2.7305	0.0018	165.6
Col Pct	0	0	0	0	0	0	0
8-1 PER. / IN-COUNTY							
Vol-var costs	0	257.9	504.31	160.57	84.98	288.14	7600
Col Pct	0	0.43	0.2	0.38	0.07	0.16	0.09
8-2 PER. / REGULAR							
Vol-var costs	0	604.17	22481	587.65	5685.6	7886.8	411017
Col Pct	0	1.02	8.7	1.39	4.53	4.37	4.67
8-3 PER. / NONPROFIT							
Vol-var costs	0	24.472	7694.1	475.15	893.97	1779	69287
Col Pct	0	0.04	2.98	1.12	0.71	0.99	0.79
8-4 PER. / CLASSROOM							
Vol-var costs	0	1.6311	87.278	0.0049	42.786	49.049	3011.2
Col Pct	0	0	0.03	0	0.03	0.03	0.03
9--(A) SINGLE PIECE							
Vol-var costs	0	596.43	6725.9	23.076	858.34	1547.1	64808
Col Pct	0	1	2.6	0.05	0.68	0.86	0.74
10--(A) REG / ENH. C_RT							
Vol-var costs	0	1248.6	1512.7	2089.8	2787.5	5037	208984
Col Pct	0	2.1	0.59	4.93	2.22	2.79	2.37
11--(A) REG / OTHER							
Vol-var costs	0	2630.6	17235	12619	20610	19872	1409423
Col Pct	0	4.43	6.67	29.78	16.4	11.01	16
12--(A) NPRF / ENH. C_RT							
Vol-var costs	0	10.724	191.16	792.98	496.18	458.85	33768
Col Pct	0	0.02	0.07	1.87	0.39	0.25	0.38
13--(A) NPRF / OTHER							
Vol-var costs	0	569.14	4210.5	8497.4	4710.8	3679.5	313770
Col Pct	0	0.96	1.63	20.06	3.75	2.04	3.56
14--(B) PARCELS ZONE R.							
Vol-var costs	0	442.32	297.02	430.17	939.98	2314.8	74021
Col Pct	0	0.74	0.11	1.02	0.75	1.28	0.84
15--(B) BOUND PRINT							
Vol-var costs	0	719.89	1623.9	176.2	491.42	1452.4	41331
Col Pct	0	1.21	0.63	0.42	0.39	0.8	0.47
16--(B) SPECIAL STANDARD							
Vol-var costs	0	8.8054	597.41	9.8207	353.43	773.67	27310
Col Pct	0	0.01	0.23	0.02	0.28	0.43	0.31
17--(B) LIBRARY MAIL							
Vol-var costs	0	0.5506	0.5547	0	53.148	188.09	4769.6
Col Pct	0	0	0	0	0.04	0.1	0.05

TABLE 3: BY 98 MAIL PROCESSING VOLUME-VARIABLE COSTS - MODS 1 AND 2 COST POOLS

Mailclass	Costpool MODS 11 BCS/	MODS 11 OCR/	MODS 12 FSM/	MODS 12 LSM/	MODS 13 MECPARC	MODS 13 SPBS OTH	MODS 13 SPBSPRIO	MODS 13 1SACKS_M
18--US POSTAL SERVICE								
Vol-var costs	1973.7	569.99	5469.8	624.32	618.73	1594.6	850.54	286.34
Col Pct	0.21	0.35	0.64	0.83	7.15	0.88	1.61	0.55
19--FREE MAIL								
Vol-var costs	97.701	0	510.41	0.2334	1.816	1155.8	176.98	40.02
Col Pct	0.01	0	0.06	0	0.02	0.64	0.33	0.08
20--INTERNATIONAL MAIL								
Vol-var costs	9227.1	2974	7352.4	1409.8	154.44	1590.4	860.86	1841.9
Col Pct	0.99	1.81	0.86	1.88	1.78	0.88	1.63	3.52
21--REGISTRY								
Vol-var costs	2.1053	50.603	137.33	0.847	4.1816	0.1688	6.6036	59.908
Col Pct	0	0.03	0.02	0	0.05	0	0.01	0.11
22--CERTIFIED.								
Vol-var costs	0	0	0	0.0002	0.2796	0	0.0395	0.0319
Col Pct	0	0	0	0	0	0	0	0
23--INSURANCE								
Vol-var costs	0	0	0	0	0.013	0	0	0.0002
Col Pct	0	0	0	0	0	0	0	0
24--COD								
Vol-var costs	0	0	0	0	0.0175	0	0	0.0009
Col Pct	0	0	0	0	0	0	0	0
24-1MONEY ORDERS								
Vol-var costs	0	0	0	0	0	0	0	0
Col Pct	0	0	0	0	0	0	0	0
24-2STAMPED ENVELOPES								
Vol-var costs	0	0	0	0	0	0	0	0
Col Pct	0	0	0	0	0	0	0	0
25--SPECIAL HANDLING								
Vol-var costs	1.4004	0	0	0.0038	0.0489	0	0.2078	2.1572
Col Pct	0	0	0	0	0	0	0	0
25-1P.O. BOX								
Vol-var costs	0	0	0	0	0	0	0	0
Col Pct	0	0	0	0	0	0	0	0
26--OTHER SERVICES								
Vol-var costs	1429	0	0	0.5233	0.1635	0	0.303	20.798
Col Pct	0.15	0	0	0	0	0	0	0.04
Total								
Vol-var costs	934238	164522	851615	75141.8	8655.57	181579	52847.9	52261.3
Percent	10.61	1.87	9.67	0.85	0.1	2.06	0.6	0.59

TABLE 3: BY 98 MAIL PROCESSING VOLUME-VARIABLE COSTS - MODS 1 AND 2 COST POOLS

Mailclass	Costpool MODS 14 MANF	MODS 14 MANL	MODS 14 MANP	MODS 14 PRIORIT	MODS 15 Y LD15	MODS 17 1BULK P	MODS 17 R 1CANCMP	MODS 17 1OPBULK
18--US POSTAL SERVICE								
Vol-var costs	1908.2	10053	456.84	3046.9	1135	68.942	1099.1	1596.1
Col Pct	0.54	0.87	1.44	2.25	0.25	0.58	0.68	0.54
19--FREE MAIL								
Vol-var costs	62.847	797.01	126.6	5.22	0	10.555	56.759	550.68
Col Pct	0.02	0.07	0.4	0	0	0.09	0.03	0.19
20--INTERNATIONAL MAIL								
Vol-var costs	3398.9	14334	357.12	2486.9	15727	205.78	1613.5	4255.3
Col Pct	0.96	1.25	1.13	1.83	3.42	1.74	0.99	1.45
21--REGISTRY								
Vol-var costs	63.923	0.3915	1.9227	4.9923	0	18.541	25.674	164.37
Col Pct	0.02	0	0.01	0	0	0.16	0.02	0.06
22--CERTIFIED.								
Vol-var costs	0	0	0.1306	0.2989	0	0.3428	0	0.1511
Col Pct	0	0	0	0	0	0	0	0
23--INSURANCE								
Vol-var costs	0	0	0.0027	0.0062	0	0.0017	0	0.0007
Col Pct	0	0	0	0	0	0	0	0
24--COD								
Vol-var costs	0	0	0.016	0.0367	0	0.0139	0	0.0045
Col Pct	0	0	0	0	0	0	0	0
24-1MONEY ORDERS								
Vol-var costs	0	0	0	0	0	0	0	0
Col Pct	0	0	0	0	0	0	0	0
24-2STAMPED ENVELOPES								
Vol-var costs	0	0	0	0	0	0	0	0
Col Pct	0	0	0	0	0	0	0	0
25--SPECIAL HANDLING								
Vol-var costs	0	0	0	0	0	0.5613	1.1945	323.17
Col Pct	0	0	0	0	0	0	0	0.11
25-1P.O. BOX								
Vol-var costs	0	0	0	0	0	0	0	0
Col Pct	0	0	0	0	0	0	0	0
26--OTHER SERVICES								
Vol-var costs	0	2038.1	1.0369	2.3726	0	5.3071	51.466	98.488
Col Pct	0	0.18	0	0	0	0.04	0.03	0.03
Total								
Vol-var costs	355068	1149513	31629.5	135596	459539	11845	162480	293506
Percent	4.03	13.05	0.36	1.54	5.22	0.13	1.84	3.33

TABLE 3: BY 98 MAIL PROCESSING VOLUME-VARIABLE COSTS - MODS 1 AND 2 COST POOLS

Mailclass	Costpool							
	MODS 17 1OPPREF	MODS 17 1PLATFRM	MODS 17 1POUCHNG	MODS 17 1SACKS_H	MODS 17 1SCAN	MODS 18 BUSREPLY	MODS 18 EXPRESS	MODS 18 MAILGRAM
18--US POSTAL SERVICE								
Vol-var costs	5591	7966.7	3381.3	1213.2	337.73	2471.5	2620.2	0
Col Pct	0.82	0.84	0.79	0.72	0.74	8.3	5.68	0
19--FREE MAIL								
Vol-var costs	1303.2	1596.5	801.06	1065.3	37.247	5.4185	4.1544	0
Col Pct	0.19	0.17	0.19	0.64	0.08	0.02	0.01	0
20--INTERNATIONAL MAIL								
Vol-var costs	13579	22888	11086	3148.3	843.72	86.36	4366.6	0
Col Pct	1.99	2.43	2.58	1.88	1.84	0.29	9.46	0
21--REGISTRY								
Vol-var costs	135.12	242.99	84.574	46.16	13.233	1.7074	23.942	0
Col Pct	0.02	0.03	0.02	0.03	0.03	0.01	0.05	0
22--CERTIFIED.								
Vol-var costs	0.3468	0.6236	0.2131	0.1034	0.0296	0.3193	0.046	0
Col Pct	0	0	0	0	0	0	0	0
23--INSURANCE								
Vol-var costs	0.0016	0.0029	0.001	0.0005	0.0001	0.0149	0	0
Col Pct	0	0	0	0	0	0	0	0
24--COD								
Vol-var costs	0.0102	0.0184	0.0063	0.0031	0.0009	0.0199	0.0019	0
Col Pct	0	0	0	0	0	0	0	0
24-1MONEY ORDERS								
Vol-var costs	0	0	0	0	0	0	0	0
Col Pct	0	0	0	0	0	0	0	0
24-2STAMPED ENVELOPES								
Vol-var costs	0	0	0	0	0	0	0	0
Col Pct	0	0	0	0	0	0	0	0
25--SPECIAL HANDLING								
Vol-var costs	23.443	80.142	14.409	6.9865	2.0037	0	0.0219	0
Col Pct	0	0.01	0	0	0	0	0	0
25-1P.O. BOX								
Vol-var costs	0	0	0	0	0	0	0	0
Col Pct	0	0	0	0	0	0	0	0
26--OTHER SERVICES								
Vol-var costs	226.02	410.3	138.92	67.359	19.318	14363	90.91	0
Col Pct	0.03	0.04	0.03	0.04	0.04	48.25	0.2	0
Total								
Vol-var costs	683028	943116	429817	167731	45794.1	29785	46159.5	329.46
Percent	7.75	10.71	4.88	1.9	0.52	0.34	0.52	0

TABLE 3: BY 98 MAIL PROCESSING VOLUME-VARIABLE COSTS - MODS 1 AND 2 COST POOLS

Mailclass	Costpool							
	MODS 18 REGISTRY	MODS 18 REWRAP	MODS 18 1EEQMT	MODS 19 INTL	MODS 41 LD41	MODS 42 LD42	MODS 43 LD43	MODS 44 LD44
18--US POSTAL SERVICE								
Vol-var costs	7038.5	145.18	424.39	482.35	82.191	26.145	4167.1	1076.6
Col Pct	15.07	1.2	0.99	0.58	0.25	2.45	0.79	0.82
19--FREE MAIL								
Vol-var costs	1.5474	0.3628	48.881	32.983	0.6294	0.1018	709.59	0.6987
Col Pct	0	0	0.11	0.04	0	0.01	0.14	0
20--INTERNATIONAL MAIL								
Vol-var costs	5078.3	447.75	1282.9	67237	72.536	1.5895	4066.5	734.11
Col Pct	10.88	3.69	2.99	80.29	0.22	0.15	0.77	0.56
21--REGISTRY								
Vol-var costs	26345	1.4977	76.014	1802	2.0806	0.483	89.905	8.0489
Col Pct	56.42	0.01	0.18	2.15	0.01	0.05	0.02	0.01
22--CERTIFIED.								
Vol-var costs	0	0.0997	3.2991	0	0.0564	0.087	0	0.387
Col Pct	0	0	0.01	0	0	0.01	0	0
23--INSURANCE								
Vol-var costs	0	0.0021	0.0008	0	0.1444	0.0005	0	0.054
Col Pct	0	0	0	0	0	0	0	0
24--COD								
Vol-var costs	0	0.0122	0.0489	0	0.1023	0.003	0	0.0309
Col Pct	0	0	0	0	0	0	0	0
24-1MONEY ORDERS								
Vol-var costs	0	0	0	0	0	0	0	0
Col Pct	0	0	0	0	0	0	0	0
24-2STAMPED ENVELOPES								
Vol-var costs	0	0	0	0	0	0	0	0
Col Pct	0	0	0	0	0	0	0	0
25--SPECIAL HANDLING								
Vol-var costs	0	0	6.2943	0	0.0037	0	0	2.3897
Col Pct	0	0	0.01	0	0	0	0	0
25-1P.O. BOX								
Vol-var costs	0	0	0	0	0	0	0	0
Col Pct	0	0	0	0	0	0	0	0
26--OTHER SERVICES								
Vol-var costs	0	0.9249	66.813	0	0.6661	0.2439	386.24	0.1677
Col Pct	0	0.01	0.16	0	0	0.02	0.07	0
Total								
Vol-var costs	46690.6	12143.9	42905.5	83742.2	32475.8	1068.54	524905	130634
Percent	0.53	0.14	0.49	0.95	0.37	0.01	5.96	1.48

TABLE 3: BY 98 MAIL PROCESSING VOLUME-VARIABLE COSTS - MODS 1 AND 2 COST POOLS

Mailclass	Costpool						
	MODS 48 LD48 EXP	MODS 48 LD48_SSV	MODS 49 LD49	MODS 79 LD79	MODS 99 1SUPP_F1	MODS 99 1SUPP_F4	Total
18--US POSTAL SERVICE							
Vol-var costs	220.68	1898.8	13902	2734.2	1102.5	3753	91987
Col Pct	13.99	3.2	5.38	6.45	0.88	2.08	1.04
19--FREE MAIL							
Vol-var costs	0	2.5835	1.5429	0	142.33	95.478	9442.1
Col Pct	0	0	0	0	0.11	0.05	0.11
20--INTERNATIONAL MAIL							
Vol-var costs	0	3493.1	1071.6	27.615	3317.3	2024.8	212644
Col Pct	0	5.88	0.41	0.07	2.64	1.12	2.41
21--REGISTRY							
Vol-var costs	0	2320.2	26.486	19.397	491.79	705.98	32978
Col Pct	0	3.91	0.01	0.05	0.39	0.39	0.37
22--CERTIFIED.							
Vol-var costs	0	11279	0.6959	0	0.1066	3735.8	15022
Col Pct	0	18.99	0	0	0	2.07	0.17
23--INSURANCE							
Vol-var costs	0	243.33	0.0128	0	0.0008	976.78	1220.4
Col Pct	0	0.41	0	0	0	0.54	0.01
24--COD							
Vol-var costs	0	127.04	0.0771	0	0.0035	104.39	231.86
Col Pct	0	0.21	0	0	0	0.06	0
24-1MONEY ORDERS							
Vol-var costs	0	0	0	0	0	3655	3655
Col Pct	0	0	0	0	0	2.03	0.04
24-2STAMPED ENVELOPES							
Vol-var costs	0	0	0	0	0	121.83	121.83
Col Pct	0	0	0	0	0	0.07	0
25--SPECIAL HANDLING							
Vol-var costs	0	0.0003	0.0531	0	7.7465	12.328	484.56
Col Pct	0	0	0	0	0.01	0.01	0.01
25-1P.O. BOX							
Vol-var costs	0	0	0	0	0	2867.3	2867.3
Col Pct	0	0	0	0	0	1.59	0.03
26--OTHER SERVICES							
Vol-var costs	0	1791.1	9478.8	78.645	320.39	1827.3	32915
Col Pct	0	3.01	3.67	0.19	0.26	1.01	0.37
Total							
Vol-var costs	1577.95	59407.9	258319	42368.9	125637	180444	8808098
Percent	0.02	0.67	2.93	0.48	1.43	2.05	100

TABLE 3: BY 98 MAIL PROCESSING VOLUME-VARIABLE COSTS - NON-MODS COST POOLS

Mailclass Costpool	ALLIED	AUTO/MEC	EXPRESS	MANF	MANL	MANP	MISC	REGISTRY	Total
1--LETTERS - SINGLE PIECE									
Vol-var costs	219928	75713	0	154843	434609	14204	78012	2338.3	979647
Col Pct	39.36	48.96	0	30.01	57	10.42	40.04	25.96	41.89
2--LETTERS - PRESORT									
Vol-var costs	58944	38607	0	15073	118697	1094.1	24160	890.98	257466
Col Pct	10.55	24.97	0	2.92	15.57	0.8	12.4	9.89	11.01
3--CARDS - SINGLE PIECE									
Vol-var costs	4951.1	2108	0	0.3706	23169	4.8746	2587.5	1.3357	32822
Col Pct	0.89	1.36	0	0	3.04	0	1.33	0.01	1.4
4--CARDS - PRESORT									
Vol-var costs	1343.3	1536.6	0	0	7571.6	3.4635	1127.5	0.9016	11583
Col Pct	0.24	0.99	0	0	0.99	0	0.58	0.01	0.5
5--PRIORITY MAIL									
Vol-var costs	32907	272.27	0	23160	2361.6	51796	7447	315.19	118259
Col Pct	5.89	0.18	0	4.49	0.31	38.01	3.82	3.5	5.06
6--EXPRESS MAIL									
Vol-var costs	5324.3	8.7061	6434.4	685.91	142.29	143.14	1414	270.08	14423
Col Pct	0.95	0.01	94.97	0.13	0.02	0.11	0.73	3	0.62
8-1 PER. / IN-COUNTY									
Vol-var costs	1098.9	3.0337	0	3204.8	830.61	31.846	208.7	0.2052	5378.1
Col Pct	0.2	0	0	0.62	0.11	0.02	0.11	0	0.23
8-2 PER. / REGULAR									
Vol-var costs	35403	724.21	0	75276	6476	1760.4	7771.4	231.49	127642
Col Pct	6.34	0.47	0	14.59	0.85	1.29	3.99	2.57	5.46
8-3 PER. / NONPROFIT									
Vol-var costs	6629	169.9	0	11020	381.29	108.26	950.85	0.9079	19261
Col Pct	1.19	0.11	0	2.14	0.05	0.08	0.49	0.01	0.82
8-4 PER. / CLASSROOM									
Vol-var costs	356.56	3.1836	0	1064	4.1687	1.1579	59.474	0.1541	1488.7
Col Pct	0.06	0	0	0.21	0	0	0.03	0	0.06
9--(A) SINGLE PIECE									
Vol-var costs	3869.5	825.19	0	4749	2218.8	1738.9	2641.7	1.6485	16045
Col Pct	0.69	0.53	0	0.92	0.29	1.28	1.36	0.02	0.69
10--(A) REG / ENH. C_RT									
Vol-var costs	32322	4812.5	86.357	21765	14839	259.39	4180.4	174.61	78440
Col Pct	5.78	3.11	1.27	4.22	1.95	0.19	2.15	1.94	3.35
11--(A) REG / OTHER									
Vol-var costs	102988	23056	0	174800	103806	22344	24932	183.95	452110
Col Pct	18.43	14.91	0	33.87	13.61	16.4	12.8	2.04	19.33
12--(A) NPRF / ENH. C_RT									
Vol-var costs	2954	785.22	0	2644.8	1916.1	6.2315	403.09	1.0995	8710.5
Col Pct	0.53	0.51	0	0.51	0.25	0	0.21	0.01	0.37
13--(A) NPRF / OTHER									
Vol-var costs	17130	4986.5	0	19359	35448	1223.6	4042.1	110.77	82300
Col Pct	3.07	3.22	0	3.75	4.65	0.9	2.07	1.23	3.52
14--(B) PARCELS ZONE R.									
Vol-var costs	14992	185.38	0	610.7	914.64	20659	2511.5	58.14	39931
Col Pct	2.68	0.12	0	0.12	0.12	15.16	1.29	0.65	1.71
15--(B) BOUND PRINT									
Vol-var costs	5965	36.861	0	3293.1	74.251	8749.1	1196.5	6.3433	19321
Col Pct	1.07	0.02	0	0.64	0.01	6.42	0.61	0.07	0.83
16--(B) SPECIAL STANDARD									
Vol-var costs	2391.5	5.2061	0	1123.7	8.884	5464.7	551.06	2.8752	9548
Col Pct	0.43	0	0	0.22	0	4.01	0.28	0.03	0.41
17--(B) LIBRARY MAIL									
Vol-var costs	662.65	0.9705	0	208.74	1.943	1101.8	78.037	0.2885	2054.4
Col Pct	0.12	0	0	0.04	0	0.81	0.04	0	0.09
18--US POSTAL SERVICE									
Vol-var costs	5139	294.81	254.65	2004.2	4433.6	3719.3	3001.5	782.48	19630
Col Pct	0.92	0.19	3.76	0.39	0.58	2.73	1.54	8.69	0.84

TABLE 3: BY 98 MAIL PROCESSING VOLUME-VARIABLE COSTS - NON-MODS COST POOLS

Mailclass	Costpool ALLIED	AUTO/MEC	EXPRESS	MANF	MANL	MANP	MISC	REGISTRY	Total
19--FREE MAIL									
Vol-var costs	1332.4	150.36	0	34.191	476.62	941.63	122.08	1.2659	3058.5
Col Pct	0.24	0.1	0	0.01	0.06	0.69	0.06	0.01	0.13
20--INTERNATIONAL MAIL									
Vol-var costs	2119.2	338.3	0	1129.7	4066.2	904.25	844.17	840.11	10242
Col Pct	0.38	0.22	0	0.22	0.53	0.66	0.43	9.33	0.44
21--REGISTRY									
Vol-var costs	0.6416	8.5418	0	0	0	0	1186.5	2792.4	3988.1
Col Pct	0	0.01	0	0	0	0	0.61	31.01	0.17
22--CERTIFIED.									
Vol-var costs	0.5736	2.415	0	0	4.0191	0	16835	0.3009	16843
Col Pct	0	0	0	0	0	0	8.64	0	0.72
23--INSURANCE									
Vol-var costs	0.0223	0.2973	0	0	0	0	538.09	0.0261	538.44
Col Pct	0	0	0	0	0	0	0.28	0	0.02
24--COD									
Vol-var costs	0.0368	0.49	0	0	0	0	321.87	0.0162	322.41
Col Pct	0	0	0	0	0	0	0.17	0	0.01
26--OTHER SERVICES									
Vol-var costs	0.1335	1.7776	0	0	0	0	7709.7	0.1302	7711.8
Col Pct	0	0	0	0	0	0	3.96	0	0.33
Total									
Vol-var costs	558750	154637	6775.37	516051	762450	136259	194834	9005.97	2338764
Percent	23.89	6.61	0.29	22.07	32.6	5.83	8.33	0.39	100

TABLE 3: BY 98 MAIL PROCESSING VOLUME-VARIABLE COSTS - BMC COST POOLS

Mailclass	Costpool						
	NMO	OTHR	PLA	PSM	SPB	SSM	Total
1--LETTERS - SINGLE PIECE							
Vol-var costs	182.73	985.07	675.58	477.31	564.99	85.579	2971.2
Col Pct	0.54	0.4	0.34	0.51	0.88	0.25	0.44
2--LETTERS - PRESORT							
Vol-var costs	0.453	236.7	159.67	50.225	0.0442	0	447.09
Col Pct	0	0.1	0.08	0.05	0	0	0.07
3--CARDS - SINGLE PIECE							
Vol-var costs	2.1465	232.43	74.78	0	0.0612	0	309.42
Col Pct	0.01	0.09	0.04	0	0	0	0.05
5--PRIORITY MAIL							
Vol-var costs	642.43	1161.9	1319.8	978.45	364.38	103.26	4570.2
Col Pct	1.9	0.47	0.67	1.06	0.57	0.3	0.68
8-1 PER. / IN-COUNTY							
Vol-var costs	0.2601	58.326	56.459	0	20.459	12.029	147.53
Col Pct	0	0.02	0.03	0	0.03	0.04	0.02
8-2 PER. / REGULAR							
Vol-var costs	42.616	12731	8396.4	66.957	2979.6	3385.2	27602
Col Pct	0.13	5.12	4.27	0.07	4.64	9.89	4.12
8-3 PER. / NONPROFIT							
Vol-var costs	360.84	2464.9	2311.2	139.39	152.98	908.62	6337.9
Col Pct	1.07	0.99	1.17	0.15	0.24	2.66	0.95
8-4 PER. / CLASSROOM							
Vol-var costs	0.7191	98.828	179.32	0	81.814	316.62	677.3
Col Pct	0	0.04	0.09	0	0.13	0.93	0.1
9--(A) SINGLE PIECE							
Vol-var costs	850	4559.9	3472.1	1871.2	2238	541.6	13533
Col Pct	2.51	1.83	1.77	2.02	3.49	1.58	2.02
10--(A) REG / ENH. C_RT							
Vol-var costs	345.54	6037.6	5043.5	437.4	1593.8	2184.1	15642
Col Pct	1.02	2.43	2.56	0.47	2.48	6.38	2.33
11--(A) REG / OTHER							
Vol-var costs	7324.5	93322	69068	33053	34690	12581	250040
Col Pct	21.65	37.54	35.11	35.66	54.05	36.77	37.31
12--(A) NPRF / ENH. C_RT							
Vol-var costs	3.5376	1503.9	1349.7	557.3	357.66	363.05	4135.1
Col Pct	0.01	0.61	0.69	0.6	0.56	1.06	0.62
13--(A) NPRF / OTHER							
Vol-var costs	575.09	13684	8892.8	1842.3	4360.9	2233.3	31588
Col Pct	1.7	5.51	4.52	1.99	6.79	6.53	4.71
14--(B) PARCELS ZONE R.							
Vol-var costs	13973	47656	44902	15348	5821.1	5163.4	132863
Col Pct	41.31	19.17	22.83	16.56	9.07	15.09	19.82
15--(B) BOUND PRINT							
Vol-var costs	3089.9	23623	19998	16526	2412.1	2217.1	67866
Col Pct	9.14	9.5	10.17	17.83	3.76	6.48	10.13
16--(B) SPECIAL STANDARD							
Vol-var costs	1876.2	14592	13477	13331	1295.5	1460.5	46032
Col Pct	5.55	5.87	6.85	14.38	2.02	4.27	6.87
17--(B) LIBRARY MAIL							
Vol-var costs	883.57	1279.1	1294.1	1496.7	82.807	0	5036.2
Col Pct	2.61	0.51	0.66	1.61	0.13	0	0.75
18--US POSTAL SERVICE							
Vol-var costs	1892.1	8966.8	4762.6	661.71	1894.6	101.49	18279
Col Pct	5.59	3.61	2.42	0.71	2.95	0.3	2.73
19--FREE MAIL							
Vol-var costs	11.469	794	560.95	547.66	251.75	257.21	2423.1
Col Pct	0.03	0.32	0.29	0.59	0.39	0.75	0.36
20--INTERNATIONAL MAIL							
Vol-var costs	1765	14134	10555	5313.5	5017.3	2298.1	39083
Col Pct	5.22	5.69	5.37	5.73	7.82	6.72	5.83

TABLE 3: BY 98 MAIL PROCESSING VOLUME-VARIABLE COSTS - BMC COST POOLS

Mailclass	Costpool						
	NMO	OTHR	PLA	PSM	SPB	SSM	Total
26--OTHER SERVICES							
Vol-var costs	1.4506	443.65	169.35	0	0.0225	0	614.48
Col Pct	0	0.18	0.09	0	0	0	0.09
Total							
Vol-var costs	33823.7	248565	196718	92698.7	64180.4	34212.6	670198
Percent	5.05	37.09	29.35	13.83	9.58	5.1	100