USPS-T-24

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

POSTAL RATE AND FEE CHANGES, 2000	**Docket No. R2000-1**

DIRECT TESTIMONY
OF
MICHAEL W. MILLER
ON BEHALF OF
UNITED STATES POSTAL SERVICE

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DIRECT TESTIMONY
OF
MICHAEL W. MILLER

AUTOBIOGRAPHICAL SKETCH

My name is Michael W. Miller. I am an Economist in Special Studies at the United States Postal Service. Special Studies is a part of Activity Based Management (ABM) at Headquarters. Prior to joining the group in January 1997, I was an Industrial Engineer at the Margaret L. Sellers Processing and Distribution Center in San Diego, California.

I have worked on various field projects since joining the Postal Service in February 1991. I was the local coordinator for automation programs in San Diego such as the Remote Bar Coding System (RBCS) and the Delivery Bar Code Sorter (DBCS). I was also responsible for planning the operations for a new Processing and Distribution Center (P&DC) that was activated in 1993. In addition to field work, I have completed detail assignments within the Systems/Process Integration group in Engineering.

In Docket No. R97-1, I testified as a direct witness before the Postal Rate Commission concerning Prepaid Reply Mail (PRM) and Qualified Business Reply Mail (QBRM) mail processing cost avoidances. I also testified as a rebuttal witness concerning the Courtesy Envelope Mail (CEM) proposal presented by the Office of the Consumer Advocate (OCA).

Prior to joining the Postal Service, I worked as an Industrial Engineer at General Dynamics Space Systems Division, where I developed labor and material cost estimates for new business proposals. These estimates were submitted as part of the formal bidding process used to award government contracts.

I earned a Bachelor of Science degree in Industrial Engineering from Iowa State University in 1984 and a Master of Business Administration from San Diego State University in 1990.

I. PURPOSE AND SCOPE OF TESTIMONY

The purpose of this testimony is to develop the Test Year (TY) volume variable mail processing unit cost estimates for the First-Class Mail presort letters, First-Class Mail presort cards, Standard (A) Regular presort letters, and Standard (A) Nonprofit presort letters rate categories.[1] These estimates are referenced in the testimonies of witness Daniel (USPS-T-28) and witness Moeller (USPS-T-35).

The worksharing related portion of the mail processing unit cost estimates, in conjunction with the delivery unit cost estimates developed by witness Daniel, are then used to calculate the worksharing related savings for the First-Class presort and Standard (A) presort rate categories. These savings calculations, used in developing presort and automation discounts for letters and cards, are referenced in the testimonies of witness Fronk (USPS-T-33) and witness Moeller (USPS-T-35).

The First-Class Mail nonstandard surcharge cost study is also included in this testimony. This study estimates the additional costs required to process First-Class nonstandard single-piece and presort mail pieces weighing less than one ounce.[2] These costs are also referenced in the testimony of witness Fronk (USPS-T-33).

[1] These costs do not include data for the Standard (A) Regular Enhanced Carrier Route (ECR) and Nonprofit ECR rate categories. Those rate categories are included in witness Daniel's testimony (USPS-T-28).

[2] A non-standard mail piece is defined as a First-Class Mail piece, weighing less than one ounce, that does not meet one or more of the following specifications: length <= 11 ½", height <= 6 1/8", thickness <= ¼", and aspect ratio (length divided by width) between 1.3 and 2.5, inclusive.

II. DATA SOURCES

Numerous data sources have been used to calculate the cost estimates included in this testimony. I rely upon the following data sources from Docket Nos. MC95-1 and R97-1:

Docket No.	Data Description	Data Source
MC95-1	Bundle Sorting Productivity	USPS-T-10B
	Post Office Box Productivities	USPS-T-10F
	Post Office Box Coverage Factor	USPS-T-10I
	Bundle Sorting Information	USPS-T-10 (WP VII)
R97-1	Std (A) Regular Mail Characteristics	LR-H-105
	Coverage Factors	LR-H-128
	Accept and Upgrade Rates	LR-H-130
	First-Class Mail Characteristics	LR-H-185
	Std (A) Nonprofit Mail Characteristics	LR-H-195

I also rely upon the Docket No. R2000-1 volume variability factors found in Table 1 of witness Van Ty Smith's testimony (USPS-T-17) and the data contained in my own workpapers, Miller Workpapers 1. In addition, the following Docket No. R2000-1 library references are associated with my testimony:

Docket No.	Data Description	Data Source
R2000-1	Piggyback/Premium Pay Factors	LR-I-77
	CRA Mail Processing Unit Costs/ Cost Pool Piggyback Factors	LR-I-81
	Wage Rates	LR-I-106
	MODS Productivities/BCS Accept Rates	LR-I-107
	Base Year Mail Volumes	LR-I-125
	Equipment Handbooks	LR-I-154
	Electronic Spreadsheets and Workpaper	LR-I-162
	RCR 2000 Decision Analysis Request	LR-I-164

III. TOTAL MAIL PROCESSING UNIT COSTS

In Docket Nos. R90-1 and MC95-1, the Postal Rate Commission (PRC) employed a "hybrid" cost methodology that used both Cost and Revenue Analysis (CRA) mail processing unit costs and model-based mail processing unit costs to estimate the worksharing related savings.[3] In Docket No. R97-1, Postal Service witnesses Hatfield and Daniel also used a hybrid cost methodology that was subsequently relied upon, with some modifications, by the PRC.[4] In this docket, I have continued to use a hybrid cost methodology, but have included several improvements. I have separated nonautomation and automation presort CRA mail processing unit costs, created a new base cost model, improved the classification of CRA cost pools, and excluded non-worksharing related costs from the worksharing related savings calculations. These improvements will be discussed in further detail throughout this testimony. My estimates of total mail processing unit costs and worksharing related savings by rate category are summarized below in Table 1 on page 18.

A. CRA MAIL PROCESSING UNIT COSTS

My analysis relies upon shape-specific CRA mail processing unit costs, which are reported by cost pool in the In-Office Cost System (IOCS).[5] In some cases, the IOCS provides relevant mail processing unit costs at the rate category level. For example, it produces CRA mail processing unit costs for both the First-Class Mail nonautomation presort letters rate category and automation carrier route presort letters rate category.

These CRA mail processing unit costs are subdivided into 52 cost pools. Each cost pool represents a specific mail processing task performed at either Bulk Mail Centers (BMC), Management Operating Data System (MODS) plants, or non-MODS plants. The costs are "mapped" to each cost pool using the Productivity Information Reporting System (PIRS) or MODS operation number associated with each IOCS tally.

I have classified each cost pool into one of three categories: worksharing-related proportional, worksharing related fixed, or non-worksharing related.[6]

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[3] PRC Op. MC95-1, paragraph 4221.
[4] Docket No. R97-1, USPS-T-25 and USPS-T-29, respectively.
[5] The CRA mail processing unit costs by shape can be found in USPS LR-I-81.
[6] As an example, see the cost pool classifications for First-Class Mail nonautomation presort letters in Appendix I, page 8.

The "worksharing related proportional" cost pools contain the costs for piece distribution operations that are directly affected by the presorting and/or prebarcoding activities performed by mailers. These cost pools are "proportional" in that the magnitude of the costs, and therefore worksharing related savings, are directly related to the level of presorting and/or prebarcoding. The bar code sorter ("/bcs") cost pool is an example of a worksharing related proportional cost pool. This classification represents the largest percentage of CRA mail processing unit costs (typically 60-80%).

The "worksharing related fixed" cost pools contain costs for other activities that are also affected by worksharing. However, these costs do not vary as a direct result of the specific worksharing options chosen by a given mailer. The bulk mail entry and verification ("LD79") cost pool is an example of a worksharing related fixed cost pool. As an example, the acceptance and verification unit costs for automation 3-digit and automation 5-digit letter mail should be roughly the same. Had a proportional classification been used, the cost relationship between these two rate categories would have been artificially expanded after the model costs were tied back to the CRA. This classification represents the smallest percentage of CRA mail processing unit costs (typically less than 15%).

The "non-worksharing fixed" category consists of those remaining costs that are not affected at all by the types of worksharing activities covered in this testimony. The platform ("1platform") cost pool is an example of a worksharing related fixed cost pool.

B. MODEL-BASED MAIL PROCESSING UNIT COSTS

When it is not possible to isolate CRA mail processing unit costs at the rate category level, an alternative method of cost estimation is needed. In this testimony, I have used cost models to de-average an appropriate CRA mail processing unit cost benchmark. A cost model has been developed for each rate category. For example, I have developed cost models for the First-Class Mail letters automation basic, 3-digit, and 5-digit rate categories. These models are then used to de-average the CRA mail processing unit costs for "First-Class automation non-carrier route presort letters."

Each of my cost models consists of two spreadsheets: a mail flow spreadsheet and a cost spreadsheet.[7] These spreadsheets are used to calculate model costs. A weighted model cost for all the rate categories being de-averaged is then computed using base year mail volumes and tied back to the CRA using adjustment factors. These factors are used to estimate the total mail processing unit costs by rate category.

1. MAIL FLOW SPREADSHEET

My mail flow spreadsheets are included in Appendices I, II, and III. Each spreadsheet "flows" 10,000 mail pieces through the mail processing network.[8] This network is represented by a series of boxes (operations) and arrows on each spreadsheet that "flow" mail to other operations using the various inputs described below. Each box is separated into two parts. The Total Pieces Fed (TPF) section is shown on the right-hand side. This value refers to the actual number of mail pieces processed in a given operation. The Total Pieces Handled (TPH) section is shown on the left-hand side. This value reflects the fact that some pieces are processed in a given operation more than once. The TPH value is what is ultimately accessed by the cost sheet and used to calculate model costs.

a. ENTRY PROFILE

The 10,000 pieces are initially input into the "ENTERED" box at the top of the spreadsheet. Data from the "ENTRY PROFILE" spreadsheet then distribute these 10,000 pieces to the appropriate operation(s) in the "ENTRY POINTS" section based on their presort level. The entry profile data have been taken from the First-Class (USPS LR-H-185) and Standard (A) (USPS LR-H-105/195) mail characteristics studies conducted in Docket No. R97-1. Each operation then pulls the "ENTRY POINTS" mail volumes directly into the appropriate TPF cell.

b. COVERAGE FACTORS

In general, a coverage factor represents the amount of mail that has access to a specific type of equipment. Coverage factors are expressed in percentage terms and have historically been used in the letter mail processing cost models.

[7] The methodology for estimating First-Class cards costs is somewhat different. Card/letter cost ratios are applied to letter model costs using the Docket No. R97-1 methodology employed by witness Hatfield (USPS-T-25).
[8] As an example, see the mail flow spreadsheet for the First-Class Mail automation basic rate category in Appendix I, page 25.

From the early 1990's to the present, the Postal Service has invested significantly in letter automation technology. During past rate cases, much of this technology was in the process of being deployed and the application of coverage factors had a big impact on the cost model results. In today's environment, these projects have been fully implemented. As a result, equipment coverage factors are no longer required to accurately model letter mail processing operations. Therefore, I do not use them in the letter cost models in my testimony.

c. ACCEPT AND UPGRADE RATES

The accept and upgrade rates utilized in my spreadsheets reflect that, for a variety of reasons, some mail will not be accepted by the different types of automated letter mail processing equipment and will have to be diverted to manual operations for processing. These accept and upgrade rates come from two sources. The rates for the Input Sub Systems (ISS) and Output Sub Systems (OSS) have been taken from the USPS LR-H-130 field study that was conducted in Docket No. R97-1. The automation accept rates that are used for Bar Code Sorter (BCS) processing are taken from a recent study that used FY 98 data. This study can be found in USPS LR-I-107.

d. MAIL FLOW DENSITIES

A "sort plan" is a software program which designates the bin on mail processing equipment to which each mail piece is sorted based on ZIP Code information. The term "density" refers to the percentage of mail that is sorted to a given bin using a given sort plan. In my mail flow spreadsheets, density percentages are used to flow mail to succeeding operations. In this docket, the mail flow densities have been updated using the results from a recent field study conducted under my direction. A description of this study can be found in Appendix IV. The supporting data are in Miller Workpaper 1.

e. MISCELLANEOUS FACTORS

Several miscellaneous factors are also used to flow mail through the models. These factors include: the Automated Area Distribution Center (AADC) tray factor, the local originating factor, the Remote Computer Read (RCR) finalization rate, the RBCS leakage rate, the automated incoming secondary factors, the automation carrier route Carrier Sequence Bar Code Sorter (CSBCS) factor, the Carrier Route finalization rate for plants, and the Post Office box destination factor.

AADC Tray Factor: The AADC tray factor represents the percentage of letter mail that must first be processed through a Managed Mail Program (MMP) operation at an AADC before being routed to the destinating facility. For purposes of my testimony, I rely upon the coverage factor study submitted in Docket No. R97-1 (USPS LR-H-128). In the cost models, it is applied to the mail characteristics data in the entry profile spreadsheets.

Local Originating Factor: "Local originating" is a term that refers to mail that originates at the same facility where that mail also destinates. This factor is calculated on the basis of FY 98 ODIS data and is used in the models to flow mail that is not fully upgraded (to the finest-depth-of-sort bar code) by RBCS. The local originating mail that is not upgraded is routed directly to a "5-digit sort" operation so that the mail can be sorted to that ZIP Code level before being processed in manual operations. The non-local originating mail is first processed through the outgoing secondary, incoming MMP and/or incoming Sectional Center Facility (SCF)/Primary operations before being routed to the "5-digit sort" operation at the destinating facility.

RCR Finalization Rate: The Postal Service has continued to upgrade the RCR software that attempts to finalize mail before the RBCS images are routed to the Remote Encoding Center (REC). For purposes of my testimony, I rely upon the estimated test year finalization rate in the RCR 2000 Decision Analysis Request (DAR). The finalization rate can be found on the last page of USPS LR-I-164.

RBCS Leakage Rate: "Leakage" refers to the situation where a mail piece is finalized by the RCR or REC, but the result is never obtained from the Decision Storage Unit (DSU). In Docket No. R97-1, the operations leakage target of 5% was used. Over time, the actual RBCS leakage percentages have been decreasing and approaching that target value. Therefore, a leakage rate of 5% is also used in this docket.

Automated Incoming Secondary Factors: Mail can be finalized in a variety of incoming secondary operations (e.g., Delivery Point Sequence on a Delivery Bar Code Sorter) based on the depth-of-distribution commitment for a given ZIP Code. The percentage of mail processed in each type of incoming secondary operation is calculated using data from the Finalization on Automation Secondary Tracking (FAST) system. The FAST calculations can be found in Attachment USPS-T-24A.

Automation Carrier Route CSBCS Factor: The automation carrier route rate category can only be used for mail that destinates at ZIP Codes that use the CSBCS to finalize their mail in Delivery Point Sequence, or ZIP Codes for which an automated incoming secondary operation does not sort the mail beyond the carrier route level. Therefore, it is necessary to estimate the volume of mail that destinates at CSBCS facilities. The FAST data were once again used for this purpose. This factor was calculated by dividing the 3-Pass DPS (CSBCS) percentage by the sum of the 3-Pass DPS, Carrier Route, and Delivery Unit percentages.

Carrier Route Finalization Rate For Plants: This factor refers to the *percentage of manual incoming secondary mail that is finalized to the carrier route level* at plants. Because the incoming secondary productivity for plants is lower than the corresponding productivity for Delivery Units, it is necessary to separate this mail from *the mail that is finalized to the carrier route level at Delivery Units. Once again,* FAST data are used to perform this calculation. Even though this factor only affects manual operations, the automation data contained in FAST are used as a proxy, given the absence of any other data source. These calculations can also be found below in Attachment USPS-T-24A.

Post Office Box Destination Factor: After being finalized in either an automation incoming secondary or manual incoming secondary operation, mail for post office boxes is then routed to a box section where a clerk sorts the mail into the appropriate boxes. The factor that is used to estimate box section mail volumes has been taken from the coverage factor calculations performed in Docket No. R97-1, USPS LR-H-128.

The data inputs described above are used in my mail flow spreadsheets to "flow" 10,000 mail pieces through a modeled representation of the postal mail processing network. After the 10,000 mail pieces are finalized in either an automation or manual incoming secondary operation, the finalized mail volumes are totaled for each of those operations and the sum is entered in the "PROCESSED" box at the top of the page. This calculation is performed to ensure that all 10,000 pieces that are entered into the model are also processed through the model.

2. COST SPREADSHEET

My cost model spreadsheets are included in Appendices I, II, and III. Each cost spreadsheet accesses the TPH volumes from each operation in the corresponding mail flow spreadsheet.[9] This volume information, in conjunction with the other data inputs described below, is used to calculate a mail processing cost for the mail volumes flowing through each operation. Each operation cost is then divided by the 10,000 total pieces flowing through the entire model in order to determine the weighted operation cost. The sum of these weighted operation costs is the model cost.

a. MARGINAL (VOLUME VARIABLE) PRODUCTIVITIES

For my cost model spreadsheets, productivity values by operation have been calculated using FY 98 Management Operating Data System (MODS) data. The results from this productivity study can be found in USPS LR-I-107. The marginal productivity values are calculated by dividing the MODS productivity values for each operation by the volume variability factors found in USPS-T-17, Table 1.

b. WAGE RATES

Two separate wage rates are used to calculate model costs. The first wage rate reflects the wages for mail processing employees working at REC sites. The second wage rate refers to all other mail processing employees who do not work at REC sites. Details regarding these wage rates can be found in USPS LR-I-106.

c. "PIGGYBACK" (INDIRECT COST) FACTORS

"Piggyback" factors are used to estimate indirect costs. These factors are calculated in USPS LR-I-77 and USPS LR-I-81. Many automation operations are performed using a combination of both Mail Processing Bar Code Sorters (MPBCS) and Delivery Bar Code Sorters (DBCS). These machines have different piggyback factors. I used the AP 11 FY 99 mail volumes by machine type to calculate weighted piggyback factors for each operation. For example, 96.21% of the total automation outgoing primary mail volume is processed on the DBCS. The weighted piggyback is therefore calculated as follows (see Appendix I, page I-46):

0.9621 * (2.290 DBCS Piggyback) + (1-0.9621) * (1.573 MPBCS Piggyback) = 2.263

[9] See the cost sheet for the First-Class automation basic rate category in Appendix I, page 24.

d. PREMIUM PAY FACTORS

Premium pay factors are used to account for the fact that employees earn "premium pay" for evening and Sunday work hours. In general, First-Class Mail is processed during the premium pay time periods (Tours 3 and 1) while Standard (A) is processed during regular business hours (Tour 2).[10] Therefore, the First-Class factor is greater than the Standard (A) factors. These factors are developed in USPS LR-I-77.

e. PACKAGE SORTING COSTS

Packages (bundles) can be used to prepare letter mail in specific instances. For example, First-Class and Standard (A) "NON-OCR" trays can contain packages. My calculation of the costs related to package sorting follows the methodologies used in both Docket Nos. MC95-1 and R97-1, with one exception. For purposes of my Docket No. R2000-1 testimony, it is assumed that all package sorting is performed in trays. This assumption reflects the fact that letter mail processing is predominantly tray based.

f. DPS PERCENTAGES

The percentage of mail that is finalized in Delivery Point Sequence (DPS) operations is calculated on the cost spreadsheet for each respective rate category. These percentages are the sum of the mail volumes finalized on both the CSBCS and DBCS incoming secondary operations in the mail flow spreadsheet, divided by the total 10,000 mail pieces processed in that same mail flow spreadsheet. The DPS percentages are used to estimate delivery unit costs by witness Daniel (USPS-T-28).

3. CRA ADJUSTMENTS

The model costs for each rate category are weighted together using base year mail volumes.[11] The sum of the CRA worksharing related proportional cost pools is then divided by this weighted model cost in order to calculate the CRA proportional adjustment factor. The costs for the remaining two cost pool classifications are used as fixed adjustments. The total mail processing unit costs are calculated as follows:[12]

$$\left[\begin{array}{c}\text{Mail}\\ \text{Processing}\\ \text{Model Cost}\end{array}\right] * \left[\begin{array}{c}\text{Worksharing}\\ \text{Proportional}\\ \text{Adjustment}\end{array}\right] + \begin{array}{c}\text{Worksharing}\\ \text{Fixed}\\ \text{Adjustment}\end{array} + \begin{array}{c}\text{Nonworksharing}\\ \text{Fixed}\\ \text{Adjustment}\end{array}$$

[10] Some Standard (A) processing, like the second pass of DPS, does occur during Tours I and 3.
[11] See the adjustments for the First-Class automation non-carrier route rate categories in Appendix I, page 5.
[12] These calculations can be found in Appendices I (pages 1 and 2), II (page 1), and III (page 1).

IV. WORKSHARING RELATED SAVINGS

In Docket No. R97-1, the worksharing related savings were calculated to be the cost difference between (a) the total mail processing and delivery unit costs for a selected benchmark and (b) the total mail processing and delivery unit costs for a specific rate category. For First-Class Mail letters, this methodology contributed to a situation where some cost differentials appear to have been overstated because the fixed (non-worksharing related) cost pools were included in the calculations.

For example, the platform ("1platform") cost pool was classified as "fixed" (non-worksharing related) in Docket No. R97-1, yet it was included in the worksharing related savings calculations. The platform costs for Bulk Metered Mail (BMM) were 0.465 cents while those for First-Class non-carrier route presort were 0.253 cents. As a result, the savings appear to have been overstated by 0.212 cents (0.465 cents – 0.253 cents).[13]

In the current docket, I improve the Docket No. R97-1 approach by limiting the worksharing related savings calculations to that portion of the mail processing costs that are affected by the worksharing activities. In cases where the CRA mail processing unit costs are available and cost models are not required, the mail processing worksharing related unit costs are equivalent to the sum of the "worksharing related proportional" and "worksharing related fixed" cost pools. For those cases where model costs are used to de-average CRA mail processing unit costs, the mail processing worksharing related unit costs are calculated as follows.[14]

[Mail Processing	*	Worksharing	]	+	Worksharing
[Model Cost		Proportional Adjustment	]		Fixed Adjustment
[		Factor	]		Factor

A. FIRST-CLASS MAIL LETTERS

As explained above, the methodology that I use to calculate the First-Class letters worksharing related savings by rate category is similar to that used in Docket No. R97-1, with the exception that my calculation is limited to those mail processing costs that are affected by worksharing. The worksharing related mail processing unit cost for a given benchmark is compared to the worksharing related mail processing unit cost for a specific rate category.

[13] Docket No. R97-1, USPS LR-H-106.
[14] These calculations can be found in Appendices I (page 1 and 2), II (page 1), and III (page 1).

1. BENCHMARKS

As was the case in Docket No. R97-1, I use Bulk Metered Mail (BMM) letters as the benchmark for First-Class Mail nonautomation presort letters and automation basic presort letters.[15] As the Commission discussed in Docket No. R97-1, this is the mail most likely to convert to worksharing.[16] Using the IOCS system, it is possible to isolate the mail processing unit costs for metered letters from the mail processing unit costs for single-piece letters as a whole. In order to further isolate the costs for BMM letters from those for metered letters, the value of the cancellation and metered mail preparation cost pool ("1Cancmmp") is set to zero. This change is made to reflect the assumption (discussed above on page 10) that BMM letters are entered in full trays.

The Commission expressed concern in Docket No. R97-1 regarding the narrow cost difference that existed between single-piece letters as a whole and the BMM subset.[17] In this docket, the cost difference between single-piece letters and BMM letters is also relatively narrow (1.826 cents).[18] This phenomenon might be occurring due to the method used to estimate the benchmark mail processing unit costs.

The BMM benchmark mail processing unit costs are truly metered letter costs, with the costs for one cost pool set to zero. As a result, these BMM costs may be somewhat overstated. The costs for the Standard (A) bundle sorting cost pool ("Opbulk"), the First-Class bundle sorting cost pool ("Oppref"), and the pouch rack cost pool ("Pouching") can be used to illustrate this point. These cost pools contain costs for package sorting activities. The total benchmark value for these cost pools (1.036 cents) is nearly identical to the total value for First-Class nonautomation presort letters (1.051 cents). Nonautomation presort letters can contain packaging, but it is assumed that BMM letters are entered in full trays (i.e., there should be no packaging). These cost data seem to indicate that there might still be costs imbedded in some BMM cost pools that are related to package sorting. As a result, the mail processing unit costs and the worksharing related savings for BMM letters may be somewhat overstated.

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[15] The benchmarks for the other First-Class rate categories are other rate categories as shown below in Table 1.
[16] PRC Op., R97-1, paragraph 5097.
[17] PRC Op., R97-1, paragraph 5098.
[18] From USPS LR-I-81: 12.296 cents – 10.470 cents = 1.826 cents.

In Docket No. R97-1, Postal Service witness Hatfield (USPS-T-25), assumed that the delivery unit costs for Bulk Metered Mail letters were the same as the delivery unit costs for First-Class Mail nonautomation presort letters. The Commission subsequently employed that same methodology. In this docket, I have also assumed that the delivery unit costs for Bulk Metered Mail letters are the same as the delivery unit costs for First-Class nonautomation presort letters.

2. CRA MAIL PROCESSING UNIT COSTS

The CRA includes mail processing unit costs for two First-Class Mail letters rate categories: nonautomation presort letters and carrier route presort letters. Therefore, cost models are not required to determine the total mail processing unit costs for these rate categories. Models, however, have been developed in order to determine DPS percentages. This DPS information is used by witness Daniel (USPS-T-28) to de-average delivery unit costs. CRA mail processing unit costs are also obtained for First-Class automation non-carrier route presort letters. Models for the other rate categories (automation basic, 3-digit, and 5-digit presort) are used to de-average these costs.

3. COST MODELS

Four cost models have been created: automation basic, automation 3-digit, automation 5-digit CSBCS/manual sites, and automation 5-digit other. The aggregate costs for the two 5-digit models are used to calculate the total mail processing unit costs and worksharing related savings for that rate category.

The "automation 5-digit CSBCS/manual sites" results are used as the benchmark for First-Class automation carrier route presort because automation carrier route presort letters must be destined for either CSBCS or manual sites. The 5-digit presort mail that destinates at those same sites is therefore the appropriate benchmark.

4. WORKSHARING RELATED SAVINGS CALCULATIONS

The worksharing related savings are calculated as follows:[19]

Benchmark Worksharing Related Mail Proc Unit Costs + Delivery Unit Costs
- Rate Category Worksharing Related Mail Proc Unit Costs + Delivery Unit Costs
Worksharing Related Savings

[19] These calculations can be found in Appendix I, page 1.

B. FIRST-CLASS MAIL CARDS

The methodology that I used to calculate the First-Class Mail cards worksharing related savings is similar to that used for First-Class letters, with one exception.

1. BENCHMARKS

There is no cost benchmark for First-Class Mail cards similar to the Bulk Metered mail benchmark used for First-Class Mail letters. One might hypothesize that stamped cards would be an appropriate benchmark for calculating card worksharing discounts, but there are no cost data that separate the mail processing unit costs for stamped cards from those for postcards. As a result, there is no worksharing related savings calculated for nonautomation presort cards. The remaining card rate categories (automation basic, 3-digit, 5-digit, and carrier route presort) use other card rate categories as benchmarks.[20]

2. CRA MAIL PROCESSING UNIT COSTS

It is possible to obtain the same CRA mail processing unit costs for cards as it is for letters: nonautomation presort, automation carrier route presort, and automation non-carrier route presort. The first two are rate categories for which the CRA provides estimates. Accordingly, no cost models are required. Models for the remaining rate categories (automation basic, 3-digit, and 5-digit presort) are used to de-average the latter category.

3. COST MODELS

The letter models contain many data inputs that represent "average" data for both letters and cards. Since the mail volumes processed through the operations in my models are predominantly letters, these "average" data can be used to accurately model letters mail processing costs. These data, however, may not accurately reflect the costs for cards. As a result, a card/letter cost ratio is used to estimate the model costs for each card rate category. This ratio is calculated as shown below.[21]

Card/Letter Cost Ratio = (Card CRA Mail Proc Unit Costs / Presort Mix Adjustment Factor / Letters CRA Mail Proc Unit Costs)

[20] The First-Class card benchmarks are listed below in Table 1.
[21] A presort mix adjustment factor is used to reflect the fact that the presort mixes for letters and cards are slightly different (see Appendix I, page 3).

The model costs for each card rate category are then calculated using these ratios as follows:[22]

Card Rate Category Model Cost	=	Card/ Letter Cost Ratio	*	Corresponding Letter Rate Category Model Cost

Finally, a weighted card model cost is calculated using base year mail volumes. It is then tied back to the CRA mail processing unit costs for cards using the same adjustment factors and cost methodology that are applied to letters.

4. WORKSHARING RELATED SAVINGS

The worksharing related savings for the First-Class Mail automation presort cards rate categories are calculated as follows:[23]

Benchmark Worksharing Related Mail Proc Unit Costs + Delivery Unit Costs
\- Rate Category Worksharing Related Mail Proc Unit Costs + Delivery Unit Costs
Worksharing Related Savings

C. STANDARD (A) REGULAR AND NONPROFIT LETTERS

The methodology that I use to calculate the worksharing related savings for the Standard (A) Regular and Nonprofit subclasses is also similar to that used in Docket No. R97-1.

1. BENCHMARKS

The benchmarks for the Standard (A) rate categories are the appropriate Standard (A) rate categories within the same subclass as shown below in Table 1. Worksharing related savings estimates are calculated for all rate categories with the exception of the nonautomation basic rate category.[24]

[22] These calculations are performed in Appendix I, page 2.
[23] These calculations are performed in Appendix I, page 2.
[24] The rates for the nonautomation basic presort rate category are based upon the letter/flat cost differential that is discussed in witness Moeller's testimony (USPS-T-35).

2. CRA MAIL PROCESSING UNIT COSTS

Separate CRA mail processing unit costs have been obtained for the nonautomation and automation rate categories. Unlike the First-Class Mail rate structure, Standard (A) nonautomation presort has two rate categories: nonautomation basic and nonautomation 3/5-digit. Therefore, cost models must also be used to de-average the costs for Standard (A) nonautomation presort letters.

3. COST MODELS

For each of the two nonautomation rate categories, three cost models have been created: OCR upgradable mail in "UPGR" trays, OCR upgradable mail in "NON-OCR" trays, and non-upgradable mail in "NON-OCR" trays. All six models are used to de-average the nonautomation presort CRA mail processing unit costs. In addition, three cost models have been developed for the automation basic, automation 3-digit, and automation 5-digit rate categories. These three models are used to de-average the automation non-carrier route presort CRA mail processing unit costs.

4. WORKSHARING RELATED SAVINGS CALCULATIONS

The worksharing related savings for the Standard (A) Regular and Nonprofit letters rate categories are calculated as follows:[25]

Benchmark Worksharing Related Mail Proc Unit Costs + Delivery Unit Costs
- Rate Category Worksharing Related Mail Proc Unit Costs + Delivery Unit Costs
Worksharing Related Savings

V. LETTERS AND CARDS RESULTS

The total mail processing unit costs and the worksharing related savings results for First-Class letters and cards and Standard (A) Regular and Nonprofit letters are displayed below in Table 1.[26] From a cost standpoint, the worksharing related savings results for some rate categories have decreased from those found in Docket No. R97-1.[27] These decreases largely result from either (a) cost methodology enhancements or (b) technology improvements that have been made to mail processing operations.

[25] These calculations are performed in Appendix II (page 1) and Appendix III (page 1).
[26] See the "Summary Pages" in Appendix I (pages 1 and 2), Appendix II (page 1), and Appendix III (page 1).
[27] For example, the savings for First-Class nonautomation presort letters decreased from 3.382 cents (Docket No. R97-1, Exhibit USPS-T-29C) to 0.091 cents (Docket No. R2000-1, USPS-T-24, Appendix I, page 1), while the savings for First-Class automation basic letters decreased from 5.698 cents to 4.919 cents.

A. COST METHODOLOGY ENHANCEMENTS

In this docket, I have made enhancements to the cost methodology used by the Commission in Docket No. R97-1 to estimate total mail processing unit costs and worksharing related savings. One change that had an impact on the results concerned the CRA mail processing unit costs that were used.

In Docket No. R97-1, nonautomation and automation presort letter models were used to de-average one CRA mail processing unit cost category ("non-carrier route presort letters"). In this docket, the CRA mail processing unit costs for "nonautomation presort letters" were calculated separately from "automation non-carrier route presort letters." Therefore, cost models were not always required to estimate the mail processing unit costs for nonautomation presort letters.

For example, the total mail processing unit costs that were calculated for First-Class Mail nonautomation presort letters using this methodology (10.337 cents) were higher than those calculated using the Docket No. R97-1 methodology (7.199 cents).[28] As a result, the worksharing related savings calculated for First-Class nonautomation presort letters (0.091 cents) were lower than that calculated in Docket No. R97-1 (3.382 cents).[29]

B. TECHNOLOGY IMPROVEMENTS

Improvements in letter sorting technologies also affect mail processing unit costs. At the very least, they may be suppressing these costs. The RCR system can be used as an example. The First-Class letters Bulk Metered Mail benchmark can be processed through RCR. Improvements to the RCR finalization rate will therefore serve to suppress the processing costs for that mail. The RCR system, however, should not have an impact on the processing costs for the prebarcoded First-Class automation presort categories. As a result, it is expected that RCR improvements have "pinched" the worksharing related savings calculated for the First-Class automation presort rate categories.

[28] The Docket No. R2000-1 CRA mail processing unit costs can be found in USPS LR-I-81. The Docket No. R97-1 CRA mail processing unit costs can be found in Exhibit USPS-T-29C.

[29] The Docket No. R2000-1 worksharing related savings can be found in USPS-T-24 Appendices I (pages 1 and 2), II (page 1) and III (page 1). The Docket No. R97-1 worksharing related savings can be calculated using the data in Exhibit USPS-T-29C, including the revised Bulk Metered Mail costs.

TABLE 1:
TOTAL MAIL PROCESSING UNIT COSTS AND WORKSHARING RELATED SAVINGS SUMMARY

RATE CATEGORY	TOTAL MAIL PROCESSING UNIT COST (CENTS)	WORK SHARING RELATED SAVINGS (CENTS)*	RATE CATEGORY BENCHMARK
FIRST-CLASS MAIL LETTERS			
Nonautomation Letters	10.337	0.091	Bulk Meter Mail Letters
Automation Basic Letters	5.154	4.919	Bulk Meter Mail Letters
Automation 3-Digit Letters	4.264	0.986	Automation Basic Letters
Automation 5-Digit Letters	3.179	1.239	Automation 3-Digit Letters
Automation Carrier Route Letters	2.991	0.325	Automation 5-Digit Letters (CSBCS/Manual Sites)
FIRST-CLASS MAIL CARDS			
Nonautomation Cards	4.055	---	---
Automation Basic Cards	2.637	1.739	Nonautomation Cards
Automation 3-Digit Cards	2.166	0.543	Automation Basic Cards
Automation 5-Digit Cards	1.592	0.689	Automation 3-Digit Cards
Automation Carrier Route Cards	1.018	0.674	Automation 5-Digit Cards (CSBCS/Manual Sites)
STANDARD (A) REGULAR LETTERS			
Nonautomation Basic Letters	11.208	---	---
Nonautomation 3/5-Digit Letters	9.491	1.754	Nonautomation Basic Letters
Automation Basic Letters	6.234	3.779	Nonautomation Basic Letters
Automation 3-Digit Letters	5.262	3.042	Nonautomation 3/5-D Letters
Automation 5-Digit Letters	4.001	1.339	Automation 3-D Letters
STANDARD (A) NONPROFIT LETTERS			
Nonautomation Basic Letters	7.443	---	---
Nonautomation 3/5-Digit Letters	6.005	1.107	Nonautomation Basic Letters
Automation Basic Letters	4.882	2.863	Nonautomation Basic Letters
Automation 3-Digit Letters	4.084	2.608	Nonautomation 3/5-D Letters
Automation 5-Digit Letters	3.107	1.064	Automation 3-D Letters

* The worksharing related savings include both mail processing and delivery savings. For details regarding these calculations see the "Summary Pages" in Appendix I (pages 1 and 2), Appendix II (page 1), and Appendix III (page 1).

VI. NONSTANDARD SURCHARGE

In Docket No. R97-1, the Postal Service's nonstandard surcharge proposal and supporting cost study drew criticism from intervening parties. Three issues surfaced during that docket which are addressed in this testimony: the validity of the current nonstandard-size letter definition, the validity of the assumption that all nonstandard letters are processed manually, and the lack of specific supporting CRA cost data for mail pieces weighing less than one ounce.

A. NONSTANDARD-SIZE LETTER DEFINITION

The Postal Service first proposed a specific nonstandard surcharge rate for First-Class single-piece and presort mail pieces in Docket No. R78-1. The surcharge still exists today and applies to those mail pieces that weigh less than one ounce and do not meet one or more of the following criteria: (1) length less than or equal to 11.5", (2) height less than or equal to 6.125", (3) thickness less than or equal to 0.25", and (4) aspect ratio (length/height) between 1.3 and 2.5, inclusive.

The nonstandard-size letter definition is not an outdated remnant from the past; it is the cornerstone upon which today's automated letter mail processing network has been built. In fact, the current generation of letter mail processing equipment has been designed around these standards.

The Advanced Facer Canceler System (AFCS) can be used to illustrate this point. The AFCS is used to cancel First-Class Mail single-piece "collection" letters in Operation 015. The cancellation operation is one of the first operations through which many First-Class Mail pieces are processed in a mail processing plant. Given this fact, the AFCS has several features designed to cull out mail pieces that exceed the dimensions of a standard-size letter. The nonstandard mail pieces are culled from the remaining single-piece mail pieces because the AFCS and the other letter processing equipment have been designed to accommodate standard-size letter mail.

The "Advanced Facer/Canceler Operating System Guidelines" specifically show the maximum length (11.5"), height (6.125"), and thickness (0.25") dimensions that can be processed on the AFCS.[30] These guidelines also include a description of the culling mechanisms that isolate nonstandard mail pieces from the single piece mail stream.

[30] See USPS LR-I-154, Handbook PO-424, Figure 1.1-1.

1. THICKNESS

Conveyors that contain the Dual Pass Rough Cull (DPRC) system often feed the AFCS. The DPRC system uses two separate rollers to cull out mail that is over ½" thick. The two-roller system minimizes the chance that some mail pieces might be culled from the system in error (e.g., pieces stacked on top of each other). The AFCS system itself also has two "overthick separators" that are used to cull out thick mail. These separators remove mail that is over ¼" thick. Once again, a two-roller system is used to minimize the possibility that some mail pieces are erroneously culled from the system.

2. HEIGHT

Mail that meets the thickness requirement then moves on to an edging channel. The edging channel consists of a series of rollers and flaps that align each mail piece so that it rests on its long edge. This channel then feeds the flats extractor. The flats extractor consists of a pair of vertical rollers that grasp mail pieces taller than 6.125" and remove them from the system.

3. LENGTH

Mail pieces that have met both the height and thickness standards eventually pass by a series of light barriers in the "fine cull" mechanism. The first two light barriers measure the length of each mail piece. Any mail pieces that exceed 11.5" in length are removed from the system and directed to a reject hamper.

4. ASPECT RATIO

The AFCS does not have a mechanism that can completely cull out mail pieces that do not meet postal aspect ratio standards. Some mail pieces with nonstandard aspect ratios may be rejected on the AFCS because the flaps and rollers that are supposed to force each mail piece onto its "long edge" (i.e., the bottom or top of the mail piece) will have forced the mail piece onto its side instead. As a result, the sensors may not be able to locate the stamps, meter marks, or indica and the mail piece could be sorted to the reject bin. Other mail pieces with nonstandard aspect ratios will be processed correctly on the AFCS and will therefore be routed to downstream automation operations. However, these mail pieces could still be rejected by mail processing equipment at some later point because of their nonstandard aspect ratios.

Mail pieces with nonstandard aspect ratios are problematic because they can "tumble" on postal equipment, so that the address on the mail piece may not be aligned properly. In these situations, the equipment will not be able to read the address and/or barcode and the mail piece will be rejected. Even mail pieces that contain postal-applied bar codes can be rejected in subsequent operations after the bar code has been applied.

The definition of a nonstandard letter affects other mail processing equipment in addition to the AFCS. The handbooks for equipment such as the Multi-Line Optical Character Readers (MLOCR) and Mail Processing Bar Code Sorters (MPBCS) also explicitly state that these machines should not be used to process nonstandard mail pieces.[31] The requirements as to what constitutes a nonstandard letter are not a carryover from twenty years ago when Letter Sorting Machines (LSM) were the work horse for the Postal Service. These requirements are the focal point around which the current letter mail processing network has been designed.

B. MANUAL LETTER PROCESSING ASSUMPTION

One-ounce mail pieces that exceed the standard letter thickness, height, or length dimension requirements change "shape" status (i.e., they become flats or parcels). Therefore, nonstandard one-ounce mail pieces that are not flats or parcels are, by definition, letters that do not meet the aspect ratio requirement.

Mail pieces that do not meet aspect ratio requirements tend to cause problems when sorted on postal equipment. In some cases, nonstandard letters are successfully processed through one or more operations. The presence of a barcode on a delivered nonstandard letter shows that this letter has been successfully processed on either the Optical Character Reader (OCR) or the Output Sub System (OSS); it does not mean that the letter has been successfully processed on automation through the entire mail processing network.

In order to fully understand how the aspect ratio affects mail processing operations, it would be necessary to observe all nonstandard letter operations at both the originating and destinating facilities. In other words, the letters with nonstandard aspect ratios would have to be followed through the entire postal network. Such an

[31] See USPS LR-I-154, Handbooks PO-411 (Section 330) and PO-412 (Section 311), respectively.

undertaking would be costly. It is not likely that the benefits obtained from such a study would outweigh the costs. As a result, it is once again assumed that all nonstandard letters are processed manually, despite the fact that this may not always be true. This assumption, however, has little impact on the total results as nonstandard mail pieces are overwhelmingly flat shaped (75-85%, as shown in Attachment USPS-T-24B). In other words, nonstandard flat-shaped mail pieces are the primary cost driver.

C. CRA MAIL PROCESSING UNIT COSTS

In Docket No. R97-1, Postal Service witness Daniel used average CRA mail processing unit costs to calculate the nonstandard surcharge costs.[32] Her use of this average cost data as a proxy for mail pieces that should, by definition, weigh less than one ounce drew criticism.[33]

The Docket No. R2000-1 testimony of witness Daniel (USPS-T-28) responds to that criticism by reporting mail processing unit costs for mail pieces (including letters, flats, and parcels) that weigh less than one ounce.

However, my analysis of these data indicates that it may be difficult to precisely estimate CRA mail processing unit costs by both ounce increment and shape for low volume categories such as nonstandard First-Class Mail pieces. The use of one-ounce data (LR-I-91) would result in nonstandard costs that would be higher than those included in this testimony. Therefore, in order to be conservative, I use average mail processing unit costs.

D. COST STUDY RESULTS

The FY 98 volume percentages by shape are used to calculate a weighted nonstandard cost for both nonstandard single piece letters and nonstandard presort letters. The single-piece formula is shown below (See Attachment USPS-T-24B).

Single-Piece Nonstandard Cost Formula:

(Manual SP Letters Unit Cost – Avg SP Letters Unit Cost) * (% SP Letters)
+ (Avg SP Flats Unit Cost – Avg SP Letters Unit Cost) * (% SP Flats)
+ (Avg SP Flats Unit Cost – Avg SP Letters Unit Cost) * (% SP Parcels)

[32] Docket No. R97-1, Exhibit USPS-T-43C.
[33] Docket No. R97-1, NDMS-T-1, page 24.

In terms of the impact on the final cost result, the inputs used in this formula are conservative because the data for flats and parcels weighing less than one ounce are not used. The one element that is not conservative is the assumption that nonstandard letters are processed manually. This is not always true of letters with nonstandard aspect ratios. But, in order to ensure that the letters received by the Postal Service are best suited for the current equipment designs, it is important that the nonstandard surcharge also be applied to letters with nonstandard aspect ratios.

The majority of nonstandard mail pieces (75%-85%) are flats. Therefore, this component has the biggest impact on the cost results. The flats component relies on average CRA mail processing unit costs which are lower in value than those costs for flats mail pieces weighing less than one ounce. Therefore, the use of average mail processing unit cost data leads to conservative results.

I also use the flats CRA mail processing unit costs as a proxy in the parcel component of the formula. Parcel CRA mail processing unit costs are not used because of the relatively low mail volumes, and therefore tallies, for nonstandard First-Class single-piece parcels and presort parcels. Once again, the use of average flats data leads to conservative results.

The formula that is used to calculate the additional costs required to process First-Class presort nonstandard mail pieces is similar to that used for First-Class single-piece nonstandard mail pieces. This formula differs, however, in that it relies on a letter presort factor to estimate the impact that presorting has on flats and parcels costs (see Attachment USPS-T-24B).

Presort Factor =

(Avg Presort Letters Unit Cost / Avg Single-Piece Letters Unit Cost)

Presort Nonstandard Cost Formula:

(Manual Prst Letters Unit Cost – Avg Prst Letters Unit Cost) * (% Prst Letters)
+ (Avg SP Flats Unit Cost – Avg SP Letters Unit Cost) * (Prst Factor) * (% Prst Flats)
+ (Avg SP Flats Unit Cost – Avg SP Letters Unit Cost) * (Prst Factor) * (% Prst Parcels)

Once again, the inputs used in this formula lead to conservative results. Had the presort mail processing unit costs for flats and parcels been used, the result would have been higher.

The results from my cost study show that the additional costs required to process First-Class nonstandard single-piece and nonstandard presort mail pieces are 23.383 cents and 9.323 cents, respectively.

ATTACHMENT USPS-T-24A:

AP8 FY99 FINALIZATION ON AUTOMATION SECONDARY TRACKING (F.A.S.T.) DATA

ATTACHMENT USPS-T-24B:

FIRST-CLASS NONSTANDARD SURCHARGE COSTS

ATTACHMENT USPS-T-24A
AP 8 FY 99 FINALIZATION ON AUTOMATION SECONDARY TRACKING (FAST) DATA
Automation Incoming Secondary Factor Calculations

Area	DPS DBCS Volume	DPS CSBCS Volume	DPS Total Volume	SS Volume	Carrt Volume	DU Volume	Total Volume	Finalized At Plant
Allegheny	398,733	139,828	538,562	13,889	137,698	9,801	699,949	454,219
Capital Metro	187,490	7,670	195,160	3,821	9,204	704	208,889	200,290
Great Lakes	477,682	109,163	586,845	19,317	83,364	21,506	711,032	537,734
Mid-Atlantic	238,540	66,424	304,963	21,676	104,997	6,772	438,408	351,317
Midwest	320,946	163,556	484,502	14,071	107,892	8,305	614,771	415,074
New York Metro	349,455	42,103	391,557	58,787	63,312	2,536	516,192	365,777
Northeast	320,520	72,651	393,171	11,042	94,335	5,216	503,764	341,850
Pacific	561,382	78,205	639,587	40,049	99,239	10,795	789,670	678,216
Southeast	516,723	104,024	620,747	21,829	114,075	46,134	802,785	539,653
Southwest	369,150	109,609	478,758	23,428	104,924	6,405	613,515	445,195
Western	442,423	50,617	493,040	28,929	113,042	21,430	656,441	509,359
Total	4,183,044	943,849	5,126,893	256,837	1,032,082	139,604	6,555,416	4,838,685

Area	DPS DBCS Percent	DPS CSBCS Percent	DPS Total Percent	SS Percent	Carrt Percent	DU Percent	Total Percent	Finalized At Plant
Allegheny	56.97%	19.98%	76.94%	1.98%	19.67%	1.40%	100.00%	64.89%
Capital Metro	89.76%	3.67%	93.43%	1.83%	4.41%	0.34%	100.00%	95.88%
Great Lakes	67.18%	15.35%	82.53%	2.72%	11.72%	3.02%	100.00%	75.63%
Mid-Atlantic	54.41%	15.15%	69.56%	4.94%	23.95%	1.54%	100.00%	80.13%
Midwest	52.21%	26.60%	78.81%	2.29%	17.55%	1.35%	100.00%	67.52%
New York Metro	67.70%	8.16%	75.85%	11.39%	12.27%	0.49%	100.00%	70.86%
Northeast	63.63%	14.42%	78.05%	2.19%	18.73%	1.04%	100.00%	67.86%
Pacific	71.09%	9.90%	80.99%	5.07%	12.57%	1.37%	100.00%	85.89%
Southeast	64.37%	12.96%	77.32%	2.72%	14.21%	5.75%	100.00%	67.22%
Southwest	60.17%	17.87%	78.04%	3.82%	17.10%	1.04%	100.00%	72.56%
Western	67.40%	7.71%	75.11%	4.41%	17.22%	3.26%	100.00%	77.59%
Total	63.81%	14.40%	78.21%	3.92%	15.74%	2.13%	100.00%	73.81%

Summary

Delivery Unit (ZIP Code)	2.13%	
Carrier Route	15.74%	
3-Pass DPS (CSBCS)	14.40%	
2-Pass DPS (DBCS)	67.73%	**COMBINED DBCS DPS AND SS PERCENTAGES ABOVE**
	100.00%	

NOTE: PERCENTAGES ARE IN TERMS OF MAIL SUCCESSFULLY PROCESSED ON CORRECT AUTOMATION INCOMING SECONDARY OPERATIONS.

ATTACHMENT USPS-T-24B
FIRST-CLASS NONSTANDARD SURCHARGE COSTS

A. INPUTS

1. AVERAGE TEST YEAR MAIL PROCESSING UNIT COSTS (CRA)
Source: USPS LR-I-81

Shape	First-Class Single Piece (Cents)	First-Class Presort (Cents)
Letters	12.296	4.717
Flats	38.105	

2. VOLUMES BY SHAPE
Source: FY 98 RPW Data Source: FY 98 Mailing Statement (PERMIT) Data

Shape	First-Class Single Piece FY 98 Volume	First-Class Single Piece FY 98 Percent	First-Class Presort FY 98 Volume	First-Class Presort FY 98 Percent
Letters	64,552,853	17.13%	10,559,356	11.70%
Flats	290,771,388	77.16%	77,866,892	86.28%
Parcels	21,509,280	5.71%	1,824,404	2.02%
	376,833,521	100.00%	90,250,652	100.00%

3. MANUAL LETTER MAIL PROCESSING UNIT COSTS (MODELS)
Source: USPS-T-24, Appendix I, pages 34 and 36

Shape	First-Class Single Piece (Cents)	First-Class Presort (Cents)
Letters	23.941	9.675

B. RESULTS

Formula:	First-Class Single Piece (Cents)	% Total Cost
(Manual Model SP Letters - CRA SP Letters) * (% SP Letters)	1.995	8.53%
+ (CRA SP Flats - CRA SP Letters) * (% SP Flats)	19.915	85.17%
+ (CRA SP Flats - CRA SP Letters) * (% SP Parcels)	1.473	6.30%
Additional Nonstandard Single Piece Letter Costs	**23.383**	100.00%

Formula:	First-Class Presort (Cents)	% Total Cost
(Manual Model Prst Letters - CRA Prst Letters) * (% Prst Letters)	0.580	6.22%
+ (CRA SP Flats - CRA SP Letters) * (CRA Prst Letters / CRA SP Letters) * (% Prst Flats)	8.542	91.63%
+ (CRA SP Flats - CRA SP Letters) * (CRA Prst Letters / CRA SP Letters) * (% Prst Parcels)	0.200	2.15%
Additional Nonstandard Presort Letter Costs	**9.323**	100.00%

APPENDIX I:

FIRST-CLASS LETTER/CARD MAIL PROCESSING COST MODELS

FIRST-CLASS LETTERS SUMMARY

BENCHMARK RATE CATEGORY	(1) MAIL PROC TOTAL UNIT COST	(2) MAIL PROC WORK- SHARING RELATED UNIT COST	(3) DELIVERY WORK- SHARING RELATED UNIT COST	(4) TOTAL WORK- SHARING RELATED UNIT COST	(5) WORK- SHARING RELATED SAVINGS
Bulk Metered Mail Letters	10.470	8.330	5.229	13.559	---
Nonautomation Presort Letters	10.337	8.239	5.229	13.468	0.091
Bulk Metered Mail Letters	10.470	8.330	5.229	13.559	---
Automation Basic Presort Letters	5.154	4.311	4.328	8.639	4.919
Automation Basic Presort Letters	5.154	4.311	4.328	8.639	---
Automation 3-Digit Presort Letters	4.264	3.421	4.233	7.654	0.986
Automation 3-Digit Presort Letters	4.264	3.421	4.233	7.654	---
Automation 5-Digit Presort Letters	3.179	2.336	4.078	6.414	1.239
Other Sites	3.040	2.196	3.277	5.473	
CSBCS/Manual Sites	3.473	2.630	5.758	8.388	
Automation 5-Digit Presort Letters (CSBCS/Manual Sites)	3.473	2.630	5.758	8.388	---
Automation Carrier Route Presort Letters	2.991	2.383	5.680	8.063	0.325

(1) CRA Mail Processing Unit Costs:
Worksharing Proportional Cost Pools + Worksharing Fixed Cost Pools + Non-Worksharing Fixed Cost Pools
Model-Based Mail Processing Unit Costs:
(Model Cost * Worksharing Proportional Adjustment) + Worksharing Fixed Adjustment + Non-Worksharing Fixed Adjustment

(2) CRA Mail Processing Unit Costs:
Worksharing Proportional Cost Pools + Worksharing Fixed Cost Pools
Model-Based Mail Processing Unit Costs:
(Model Cost * Worksharing Proportional Adjustment) + Worksharing Fixed Adjustment

(3) USPS-T-28, Table 5

(4) (2) + (3)

(5) Benchmark (4) - Rate Category (4)

FIRST-CLASS CARDS SUMMARY

BENCHMARK RATE CATEGORY	(1) MAIL PROC TOTAL UNIT COST	(2) MAIL PROC WORK- SHARING RELATED UNIT COST	(3) DELIVERY WORK- SHARING RELATED UNIT COST	(4) TOTAL WORK- SHARING RELATED UNIT COST	(5) WORK- SHARING RELATED SAVINGS
Nonautomation Presort Cards	4.055	3.316	3.905	7.221	---
Nonautomation Presort Cards	4.055	3.316	3.905	7.221	---
Automation Basic Presort Cards	2.637	2.249	3.233	5.482	1.739
Automation Basic Presort Cards	2.637	2.249	3.233	5.482	---
Automation 3-Digit Presort Cards	2.166	1.777	3.162	4.939	0.543
Automation 3-Digit Presort Cards	2.166	1.777	3.162	4.939	---
Automation 5-Digit Presort Cards	1.592	1.203	3.047	4.250	0.689
Other Sites	1.518	1.129	2.451	3.580	
CSBCS/Manual Sites	1.747	1.359	4.299	5.658	
Automation 5-Digit Presort Cards (CSBCS/Manual Sites)	1.747	1.359	4.299	5.658	---
Automation Carrier Route Presort Cards	1.018	0.744	4.240	4.984	0.674

(1) CRA Mail Processing Unit Costs:
Worksharing Proportional Cost Pools + Worksharing Fixed Cost Pools + Non-Worksharing Fixed Cost Pools
Model-Based Mail Processing Unit Costs:
(Model Cost * Worksharing Proportional Adjustment) + Worksharing Fixed Adjustment + Non-Worksharing Fixed Adjustment

(2) CRA Mail Processing Unit Costs:
Worksharing Proportional Cost Pools + Worksharing Fixed Cost Pools
Model-Based Mail Processing Unit Costs:
(Model Cost * Worksharing Proportional Adjustment) + Worksharing Fixed Adjustment

(3) USPS-T-28, Table 5

(4) (2) + (3)

(5) Benchmark (4) - Rate Category (4)

FIRST-CLASS CARD/LETTER RATIO CALCULATIONS AND PRESORT MIX ADJUSTMENT

RATE CATEGORY	(1) LETTER MODEL COST	(2) LETTER BASE YR VOL (000)	(3) LETTER PRESORT MIX	(4) LETTER WEIGHTED COST	(5) CARD BASE YR VOL (000)	(6) CARD PRESORT MIX	(7) CARD WEIGHTED COST
Automation Basic	4.093	4,594,275	12.87%	0.527	410,404	22.87%	0.936
Automation 3-Digit	3.093	19,631,232	54.98%	1.701	801,212	44.64%	1.381
Automation 5-Digit	1.876	10,203,174	28.57%	0.536	433,960	24.18%	0.454
Automation Carrier Route	1.371	1,279,092	3.58%	0.049	149,125	8.31%	0.114
Total		35,707,773	100.00%	2.812	1,794,701	100.00%	2.884

Card/Letter Presort Mix Adjustment Factor	**1.026**	**(8)**

MAIL PROCESSING AUTOMATION NON-CARRIER ROUTE PRESORT

Card Worksharing-Related Prop. Unit Cost	1.364	**(9)**
Letter Worksharing-Related Prop. Unit Cost	2.553	**(10)**
Card/Letter Cost Ratio	**0.521**	**(11)**

(1) From "DEAVGD LTR UNIT COSTS" Spreadsheet
(2) USPS LR-I-125
(3) Rate Category (2) / Total (2)
(4) (1) * (3)
(5) USPS LR-I-125
(6) Rate Category (5) / Total (5)
(7) (1) * (6)
(8) Total (7) / Total (4)
(9) Worksharing Related Proportional Costs From "AUTO CARD CRA" Spreadsheet
(10) Worksharing Related Proportional Costs From "AUTO LTR CRA" Spreadsheet
(11) (9) / (8) / (10)

FIRST-CLASS LETTERS AND CARDS
DELIVERY POINT SEQUENCING (DPS) PERCENTAGES

CATEGORY	(1) VOLUME	(2) DPS %	(3) MODEL COST	
Bulk Metered Mail Letters		**70.39%**		
		(4)		
Nonautomation Presort Letters/Cards		**52.90%**	**6.296**	**(5)**
OCR Upgradable	3,152,997	70.22%	4.872	
Non-OCR Upgradable	505,318	69.50%	5.790	
Non-OCR Not Upgradable	2,874,842	30.99%	7.947	
	6,533,157			
Nonautomation CRA Proportional Adjustment			**1.223**	**(6)**
Automation Basic Presort Letters/Cards		**72.36%**		
Automation 3-Digit Presort Letters/Cards		**74.43%**		
Automation 5-Digit Presort Letters/Cards		**77.77%**		
Non-CSBCS Auto Sites	6,910,610	95.06%		
CSBCS/Manual Sites	3,292,564	41.48%		
	10,203,174			
Automation Carrier Route Presort Letters/Cards		**43.17%**		

(1) Nonautomation Volumes From "ENTRY PROFILE" Spreadsheet
Automation 5-Digit Volumes From "DEAVGD LTR UNIT COSTS" Spreadsheet
(2) DPS Percentages from Corresponding "COST SHEET" Spreadsheets
(3) Nonautomation Model Costs From "COST SHEET" Spreadsheets
(4) Weighted Average Nonautomation DPS Percentage
(5) Weighted Average Nonautomation Model Cost
(6) (Worksharing Related Proportional Costs from "NONAUTO LTR CRA" Spreadsheet) / (5)

FIRST-CLASS LETTER MAIL PROCESSING UNIT COST SUMMARY
AUTOMATION NON-CARRIER ROUTE PRESORT

CRA LETTER MAIL PROCESSING UNIT COSTS

Modeled Worksharing Related (Proportional) Cost Pools	2.553	(1)
Other Worksharing Related (Fixed) Cost Pools	0.665	(2)
Non-Worksharing Related (Fixed) Cost Pools	0.843	(3)
Total	**4.061**	**(4)**

CRA PROPORTIONAL ADJUSTMENT FACTOR

	(5)	(6)	(7)	
Base Model Costs	**Model Cost**	**Base Year Volume (000)**	**Base Year Volume %**	
Automation Basic	4.093	4,594,275	13.34%	
Automation 3-Digit	3.093	19,631,232	57.02%	
Automation 5-Digit Other	1.719	6,910,610	20.07%	
Automation 5-Digit CSBCS/Man	2.206	3,292,564	9.56%	
(8) Total Weighted Model Cost	**2.866**	**34,428,681**	**100.00%**	
CRA Proportional Adjustment			**0.891**	**(9)**

ADJUSTED LETTER MAIL PROCESSING UNIT COSTS

	(10)	(11)	(12)	(13)
	Model	Worksharing Related	Non Worksharing	Total Mail Proc
Rate Category	Unit Cost	Unit Cost	Unit Cost	Unit Cost
Automation Basic	4.093	4.311	0.843	5.154
Automation 3-Digit	3.093	3.421	0.843	4.264
Automation 5-Digit Other	1.719	2.196	0.843	3.040
Automation 5-Digit CSBCS/Man	2.206	2.630	0.843	3.473

(1) Sum of modeled worksharing related cost pools in "AUTO LTR CRA" spreadsheet
(2) Sum of other worksharing related cost pools in "AUTO LTR CRA" spreadsheet
(3) Sum of non-worksharing related cost pools in "AUTO LTR CRA" spreadsheet
(4) (1) + (2) + (3)
(5) Model costs from respective rate category "COST SHEET" spreadsheets
(6) USPS LR-I-125
(7) Rate Category (6) / Total (6)
(8) Sum [(5) * (7)]
(9) (1) / (8)
(10) Model costs from respective rate category "COST SHEET" spreadsheets
(11) (9) * (10) + (2)
(12) (3)
(13) (11) + (12)

FIRST-CLASS CARD MAIL PROCESSING UNIT COST SUMMARY
AUTOMATION NON-CARRIER ROUTE PRESORT

CRA CARD MAIL PROCESSING UNIT COSTS

Modeled Worksharing Related (Proportional) Cost Pools	1.364	(1)
Other Worksharing Related (Fixed) Cost Pools	0.319	(2)
Non-Worksharing Related (Fixed) Cost Pools	0.389	(3)
Total	**2.072**	(4)
Card/Letter Cost Ratio	**0.521**	(5)

CRA PROPORTIONAL ADJUSTMENT FACTOR

	(6)	(7)	(8)	
Base Model Costs	**Model Cost**	**Base Year Volume (000)**	**Base Year Volume %**	
Automation Basic	2.133	410,404	22.16%	
Automation 3-Digit	1.612	801,212	43.25%	
Automation 5-Digit Other	0.896	433,960	23.43%	
Automation 5-Digit CSBCS/Man	1.149	206,761	11.16%	
(9) **Total Weighted Model Cost**	**1.508**	**1,852,337**	**100.00%**	
CRA Proportional Adjustment			**0.905**	(10)

ADJUSTED CARD MAIL PROCESSING UNIT COSTS

	(11)	(12)	(13)	(14)
		Worksharing	Non	Total
	Model	Related	Worksharing	Mail Proc
Rate Category	Unit Cost	Unit Cost	Unit Cost	Unit Cost
Automation Basic	**2.133**	**2.249**	**0.389**	**2.637**
Automation 3-Digit	**1.612**	**1.777**	**0.389**	**2.166**
Automation 5-Digit Other	**0.896**	**1.129**	**0.389**	**1.518**
Automation 5-Digit CSBCS/Man	**1.149**	**1.359**	**0.389**	**1.747**

(1) Sum of modeled worksharing related cost pools in "AUTO CARD CRA" spreadsheet
(2) Sum of other worksharing related cost pools in "AUTO CARD CRA" spreadsheet
(3) Sum of non-worksharing related cost pools in "AUTO CARD CRA" spreadsheet
(4) (1) + (2) + (3)
(5) From "CARD LETTER RATIOS" spreadsheet
(6) (5) * Model cost for corresponding letter rate category
(7) USPS LR I-125
(8) Rate Category (7) / Total (7)
(9) Sum [(6) * (8)]
(10) (1) / (9)
(11) Corresponding Rate Category (6)
(12) (10) * (11) + (2)
(13) (3)
(14) (12) + (13)

CRA FIRST-CLASS LETTER MAIL PROCESSING UNIT COSTS
BULK METERED MAIL LETTERS
Source: USPS LR-I-81

Cost Pool No.	Source	Cost Pool Abbreviation	CRA Mail Process Unit Costs	Worksharing Related (Proportional) Mail Process Cost Pools	Other Worksharing Related (Fixed) Mail Process Cost Pools	Non-Worksharing Related (Fixed) Mail Process Cost Pools	Worksharing Related (Proportional) Mail Process Unit Costs	Other Worksharing Related (Fixed) Mail Process Unit Costs	Non-Worksharing Related (Fixed) Mail Process Unit Costs
1	BMCS	NMO	0.000			X			0.000
2	BMCS	OTHR	0.000			X			0.000
3	BMCS	PLA	0.000			X			0.000
4	BMCS	PSM	0.000			X			0.000
5	BMCS	SPB	0.000			X			0.000
6	BMCS	SSM	0.000			X			0.000
7	MODS	BCS/	1.973	X			1.973		
8	MODS	OCR/	0.580	X			0.580		
9	MODS	FSM/	0.040			X			0.040
10	MODS	LSM/	0.044	X			0.044		
11	MODS	MECPARC	0.001			X			0.001
12	MODS	SPBS OTH	0.016			X			0.016
13	MODS	SPBSPRIO	0.001			X			0.001
14	MODS	1SACKS M	0.035			X			0.035
15	MODS	MANF	0.020			X			0.020
16	MODS	MANL	1.681	X			1.681		
17	MODS	MANP	0.003			X			0.003
18	MODS	PRIORITY	0.004			X			0.004
19	MODS	LD15	0.628	X			0.628		
20	MODS	1BULKPR	0.009		X			0.009	
21	MODS	1CANCMMP	0.000			X			0.000
22	MODS	1OPBULK	0.172		X			0.172	
23	MODS	1OPPREF	0.514		X			0.514	
24	MODS	1PLATFRM	0.761			X			0.761
25	MODS	1POUCHING	0.350		X			0.350	
26	MODS	1SACKS H	0.103			X			0.103
27	MODS	1SCAN	0.041			X			0.041
28	MODS	BUSREPLY	0.007			X			0.007
29	MODS	EXPRESS	0.001			X			0.001
30	MODS	MAILGRAM	0.000			X			0.000
31	MODS	REGISTRY	0.014			X			0.014
32	MODS	REWRAP	0.008			X			0.008
33	MODS	1EEQMT	0.031			X			0.031
34	MODS	INTL	0.006			X			0.006
35	MODS	LD41	0.064	X			0.064		
36	MODS	LD42	0.001	X			0.001		
37	MODS	LD43	0.352	X			0.352		
38	MODS	LD44	0.181	X			0.181		
39	MODS	LD48 EXP	0.000			X			0.000
40	MODS	LD48 SSV	0.022			X			0.022
41	MODS	LD49	0.291		X			0.291	
42	MODS	LD79	0.015		X			0.015	
43	MODS	1SUPP F1	0.116			X			0.116
44	MODS	1SUPP F4	0.290			X			0.290
45	NONMODS	ALLIED	0.435			X			0.435
46	NONMODS	AUTO/MECH	0.393	X			0.393		
47	NONMODS	EXPRESS	0.000			X			0.000
48	NONMODS	MANF	0.006			X			0.006
49	NONMODS	MANL	1.081	X			1.081		
50	NONMODS	MANP	0.001			X			0.001
51	NONMODS	MISC	0.171			X			0.171
52	NONMODS	REGISTRY	0.008			X			0.008
			10.470				**6.979**	**1.351**	**2.141**
							66.66%	**12.90%**	**20.44%**

CRA FIRST-CLASS LETTER MAIL PROCESSING UNIT COSTS
NONAUTOMATION PRESORT
Source: USPS LR-I-81

Cost Pool No.	Source	Cost Pool Abbreviation	CRA Mail Process Unit Costs	Worksharing Related (Proportional) Mail Process Cost Pools	Other Worksharing Related (Fixed) Mail Process Cost Pools	Non-Worksharing Related (Fixed) Mail Process Cost Pools	Worksharing Related (Proportional) Mail Process Unit Costs	Other Worksharing Related (Fixed) Mail Process Unit Costs	Non-Worksharing Related (Fixed) Mail Process Unit Costs
1	BMCS	NMO	0.000			X			0.000
2	BMCS	OTHR	0.000			X			0.000
3	BMCS	PLA	0.000			X			0.000
4	BMCS	PSM	0.000			X			0.000
5	BMCS	SPB	0.000			X			0.000
6	BMCS	SSM	0.000			X			0.000
7	MODS	BCS/	1.874	X			1.874		
8	MODS	OCR/	0.471	X			0.471		
9	MODS	FSM/	0.049			X			0.049
10	MODS	LSM/	0.045	X			0.045		
11	MODS	MECPARC	0.004			X			0.004
12	MODS	SPBS OTH	0.003			X			0.003
13	MODS	SPBSPRIO	0.006			X			0.006
14	MODS	1SACKS M	0.046			X			0.046
15	MODS	MANF	0.008			X			0.008
16	MODS	MANL	1.751	X			1.751		
17	MODS	MANP	0.004			X			0.004
18	MODS	PRIORITY	0.000			X			0.000
19	MODS	LD15	0.566	X			0.566		
20	MODS	1BULKPR	0.024		X			0.024	
21	MODS	1CANCMMP	0.069			X			0.069
22	MODS	1OPBULK	0.168	X			0.168		
23	MODS	1OPPREF	0.533	X			0.533		
24	MODS	1PLATFRM	0.752			X			0.752
25	MODS	1POUCHING	0.350	X			0.350		
26	MODS	1SACKS H	0.118			X			0.118
27	MODS	1SCAN	0.043			X			0.043
28	MODS	BUSREPLY	0.000			X			0.000
29	MODS	EXPRESS	0.001			X			0.001
30	MODS	MAILGRAM	0.000			X			0.000
31	MODS	REGISTRY	0.005			X			0.005
32	MODS	REWRAP	0.004			X			0.004
33	MODS	1EEQMT	0.035			X			0.035
34	MODS	INTL	0.006			X			0.006
35	MODS	LD41	0.070	X			0.070		
36	MODS	LD42	0.002	X			0.002		
37	MODS	LD43	0.389	X			0.389		
38	MODS	LD44	0.158	X			0.158		
39	MODS	LD48 EXP	0.000			X			0.000
40	MODS	LD48 SSV	0.014			X			0.014
41	MODS	LD49	0.433		X			0.433	
42	MODS	LD79	0.083		X			0.083	
43	MODS	1SUPP F1	0.112			X			0.112
44	MODS	1SUPP F4	0.149			X			0.149
45	NONMODS	ALLIED	0.428			X			0.428
46	NONMODS	AUTO/MECH	0.275	X			0.275		
47	NONMODS	EXPRESS	0.000			X			0.000
48	NONMODS	MANF	0.010			X			0.010
49	NONMODS	MANL	1.050	X			1.050		
50	NONMODS	MANP	0.014			X			0.014
51	NONMODS	MISC	0.215			X			0.215
52	NONMODS	REGISTRY	0.004			X			0.004
			10.337				7.700	0.539	2.098
							74.49%	5.22%	20.29%

CRA FIRST-CLASS LETTER MAIL PROCESSING UNIT COSTS
AUTOMATION NON-CARRIER ROUTE PRESORT
Source: USPS LR-I-81

Cost Pool No.	Source	Cost Pool Abbreviation	CRA Mail Process Unit Costs	Worksharing Related (Proportional) Mail Process Cost Pools	Other Worksharing Related (Fixed) Mail Process Cost Pools	Non-Worksharing Related (Fixed) Mail Process Cost Pools	Worksharing Related (Proportional) Mail Process Unit Costs	Other Worksharing Related (Fixed) Mail Process Unit Costs	Non-Worksharing Related (Fixed) Mail Process Unit Costs
1	BMCS	NMO	0.000			X			0.000
2	BMCS	OTHR	0.001			X			0.001
3	BMCS	PLA	0.000			X			0.000
4	BMCS	PSM	0.000			X			0.000
5	BMCS	SPB	0.000			X			0.000
6	BMCS	SSM	0.000			X			0.000
7	MODS	BCS/	1.169	X			1.169		
8	MODS	OCR/	0.087	X			0.087		
9	MODS	FSM/	0.009			X			0.009
10	MODS	LSM/	0.007	X			0.007		
11	MODS	MECPARC	0.000			X			0.000
12	MODS	SPBS OTH	0.008			X			0.008
13	MODS	SPBSPRIO	0.001			X			0.001
14	MODS	1SACKS M	0.019			X			0.019
15	MODS	MANF	0.002			X			0.002
16	MODS	MANL	0.309	X			0.309		
17	MODS	MANP	0.002			X			0.002
18	MODS	PRIORITY	0.001			X			0.001
19	MODS	LD15	0.135	X			0.135		
20	MODS	1BULKPR	0.007		X			0.007	
21	MODS	1CANCMMP	0.025			X			0.025
22	MODS	1OPBULK	0.064		X			0.064	
23	MODS	1OPPREF	0.214		X			0.214	
24	MODS	1PLATFRM	0.293			X			0.293
25	MODS	1POUCHING	0.143		X			0.143	
26	MODS	1SACKS H	0.053			X			0.053
27	MODS	1SCAN	0.021			X			0.021
28	MODS	BUSREPLY	0.004			X			0.004
29	MODS	EXPRESS	0.000			X			0.000
30	MODS	MAILGRAM	0.000			X			0.000
31	MODS	REGISTRY	0.001			X			0.001
32	MODS	REWRAP	0.003			X			0.003
33	MODS	1EEQMT	0.012			X			0.012
34	MODS	INTL	0.002			X			0.002
35	MODS	LD41	0.057	X			0.057		
36	MODS	LD42	0.000	X			0.000		
37	MODS	LD43	0.141	X			0.141		
38	MODS	LD44	0.072	X			0.072		
39	MODS	LD48 EXP	0.000			X			0.000
40	MODS	LD48 SSV	0.009			X			0.009
41	MODS	LD49	0.220		X			0.220	
42	MODS	LD79	0.017		X			0.017	
43	MODS	1SUPP F1	0.039			X			0.039
44	MODS	1SUPP F4	0.070			X			0.070
45	NONMODS	ALLIED	0.185			X			0.185
46	NONMODS	AUTO/MECH	0.198	X			0.198		
47	NONMODS	EXPRESS	0.000			X			0.000
48	NONMODS	MANF	0.000			X			0.000
49	NONMODS	MANL	0.377	X			0.377		
50	NONMODS	MANP	0.000			X			0.000
51	NONMODS	MISC	0.079			X			0.079
52	NONMODS	REGISTRY	0.003			X			0.003
			4.061				**2.553**	**0.665**	**0.843**
							62.86%	**16.38%**	**20.76%**

CRA FIRST-CLASS LETTER MAIL PROCESSING UNIT COSTS
AUTOMATION CARRIER ROUTE PRESORT
Source: USPS LR-I-81

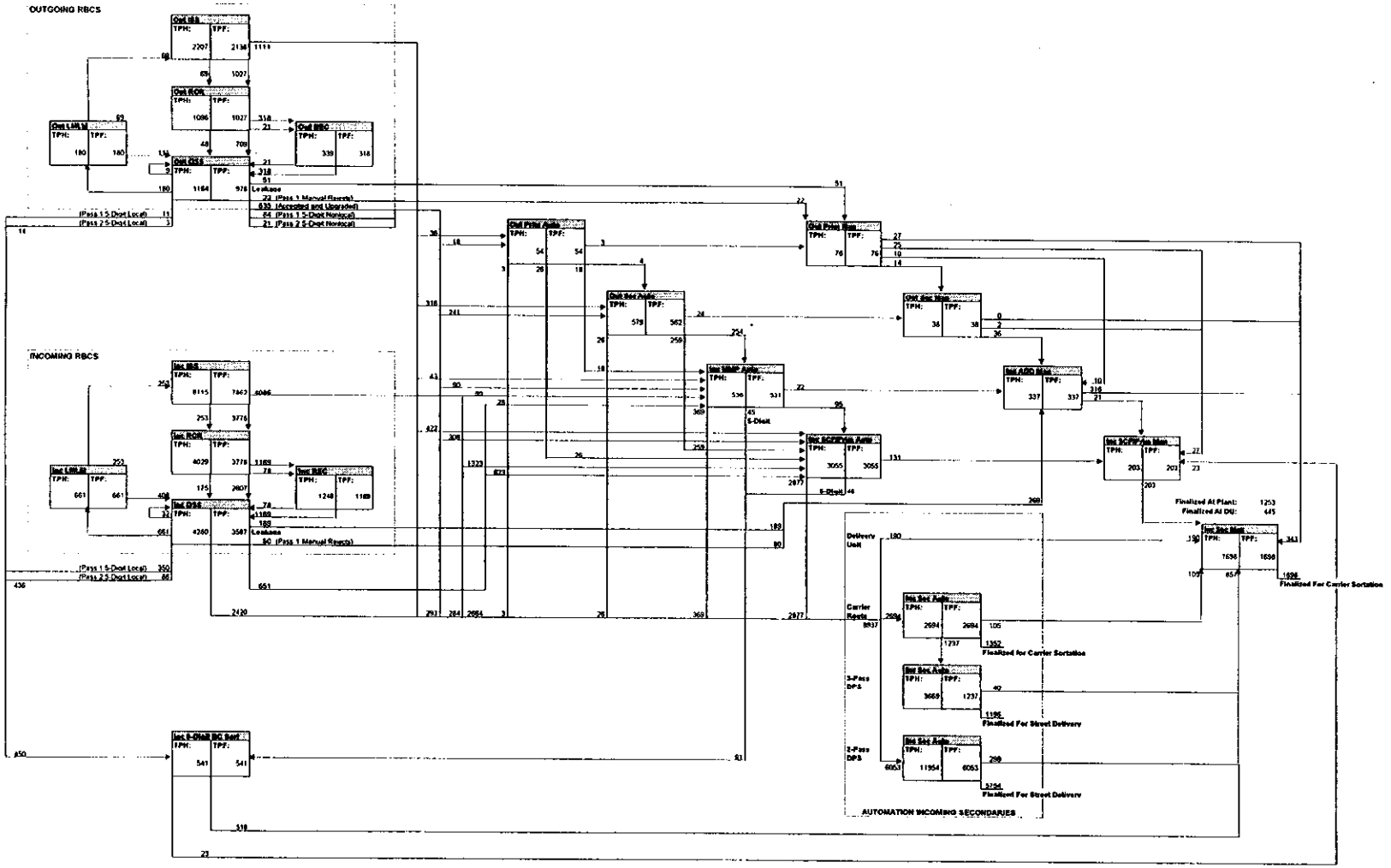
Cost Pool No.	Source	Cost Pool Abbreviation	CRA Mail Process Unit Costs	Worksharing Related (Proportional) Mail Process Cost Pools	Other Worksharing Related (Fixed) Mail Process Cost Pools	Non-Worksharing Related (Fixed) Mail Process Cost Pools	Worksharing Related (Proportional) Mail Process Unit Costs	Other Worksharing Related (Fixed) Mail Process Unit Costs	Non-Worksharing Related (Fixed) Mail Process Unit Costs
1	BMCS	NMO	0.000			X			0.000
2	BMCS	OTHR	0.000			X			0.000
3	BMCS	PLA	0.000			X			0.000
4	BMCS	PSM	0.000			X			0.000
5	BMCS	SPB	0.000			X			0.000
6	BMCS	SSM	0.000			X			0.000
7	MODS	BCS/	0.960	X			0.960		
8	MODS	OCR/	0.086	X			0.086		
9	MODS	FSM/	0.000			X			0.000
10	MODS	LSM/	0.003	X			0.003		
11	MODS	MECPARC	0.000			X			0.000
12	MODS	SPBS OTH	0.000			X			0.000
13	MODS	SPBSPRIO	0.000			X			0.000
14	MODS	1SACKS M	0.008			X			0.008
15	MODS	MANF	0.000			X			0.000
16	MODS	MANL	0.152	X			0.152		
17	MODS	MANP	0.000			X			0.000
18	*MODS*	*PRIORITY*	*0.000*			X			*0.000*
19	MODS	LD15	0.091	X			0.091		
20	MODS	1BULKPR	0.026		X			0.026	
21	MODS	1CANCMMP	0.024			X			0.024
22	MODS	1OPBULK	0.070		X			0.070	
23	MODS	1OPPREF	0.127		X			0.127	
24	MODS	1PLATFRM	0.237			X			0.237
25	MODS	1POUCHING	0.073		X			0.073	
26	*MODS*	*1SACKS H*	*0.082*			X			*0.082*
27	MODS	1SCAN	0.007			X			0.007
28	MODS	BUSREPLY	0.000			X			0.000
29	MODS	EXPRESS	0.000			X			0.000
30	MODS	MAILGRAM	0.000			X			0.000
31	MODS	REGISTRY	0.000			X			0.000
32	MODS	REWRAP	0.000			X			0.000
33	MODS	1EEQMT	0.009			X			0.009
34	MODS	*INTL*	*0.000*			X			*0.000*
35	MODS	LD41	0.082	X			0.082		
36	MODS	LD42	0.000	X			0.000		
37	MODS	LD43	0.111	X			0.111		
38	MODS	LD44	0.040	X			0.040		
39	MODS	LD48 EXP	0.000			X			0.000
40	MODS	LD48 SSV	0.000			X			0.000
41	MODS	LD49	0.116		X			0.116	
42	MODS	LD79	0.032		X			0.032	
43	MODS	1SUPP F1	0.029			X			0.029
44	MODS	1SUPP F4	0.047			X			0.047
45	NONMODS	ALLIED	0.109			X			0.109
46	NONMODS	AUTO/MECH	0.231	X			0.231		
47	NONMODS	EXPRESS	0.000			X			0.000
48	NONMODS	MANF	0.000			X			0.000
49	NONMODS	MANL	0.182	X			0.182		
50	NONMODS	MANP	0.000			X			0.000
51	NONMODS	MISC	0.044			X			0.044
52	NONMODS	REGISTRY	0.010			X			0.010
			2.991				**1.938**	**0.445**	**0.608**
							64.82%	**14.86%**	**20.32%**

FIRST-CLASS NONAUTOMATION NON-OCR UPGRADABLE
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	2136	Inc ISS	7862
Out RCR	0	Inc MMP Auto	0
Out Prim Auto	0	Inc SCF/Prim Auto	0
Out Sec Auto	0	Inc Sec Auto	0
Out Prim Man	0	Inc ADC Man	0
Out Sec Man	0	Inc SCF/Prim Man	0
		Inc Sec Man	0



CRA FIRST-CLASS CARD MAIL PROCESSING UNIT COSTS
NONAUTOMATION PRESORT
Source: USPS LR-I-81

Cost Pool No.	Source	Cost Pool Abbreviation	CRA Mail Process Unit Costs	Worksharing Related (Proportional) Mail Process Cost Pools	Other Worksharing Related (Fixed) Mail Process Cost Pools	Non-Worksharing Related (Fixed) Mail Process Cost Pools	Worksharing Related (Proportional) Mail Process Unit Costs	Other Worksharing Related (Fixed) Mail Process Unit Costs	Non-Worksharing Related (Fixed) Mail Process Unit Costs
1	BMCS	NMO	0.000			X			0.000
2	BMCS	OTHR	0.000			X			0.000
3	BMCS	PLA	0.000			X			0.000
4	BMCS	PSM	0.000			X			0.000
5	BMCS	SPB	0.000			X			0.000
6	BMCS	SSM	0.000			X			0.000
7	MODS	BCS/	0.270	X			0.270		
8	MODS	OCR/	0.168	X			0.168		
9	MODS	FSM/	0.001			X			0.001
10	MODS	LSM/	0.018	X			0.018		
11	MODS	MECPARC	0.000			X			0.000
12	MODS	SPBS OTH	0.000			X			0.000
13	MODS	SPBSPRIO	0.000			X			0.000
14	MODS	1SACKS M	0.012			X			0.012
15	MODS	MANF	0.000			X			0.000
16	MODS	MANL	1.148	X			1.148		
17	MODS	MANP	0.000			X			0.000
18	MODS	PRIORITY	0.000			X			0.000
19	MODS	LD15	0.092	X			0.092		
20	MODS	1BULKPR	0.002		X			0.002	
21	MODS	1CANCMMP	0.000			X			0.000
22	MODS	1OPBULK	0.047	X			0.047		
23	MODS	1OPPREF	0.128	X			0.128		
24	MODS	1PLATFRM	0.264			X			0.264
25	MODS	1POUCHING	0.109	X			0.109		
26	MODS	1SACKS H	0.046			X			0.046
27	MODS	1SCAN	0.011			X			0.011
28	MODS	BUSREPLY	0.000			X			0.000
29	MODS	EXPRESS	0.000			X			0.000
30	MODS	MAILGRAM	0.000			X			0.000
31	MODS	REGISTRY	0.001			X			0.001
32	MODS	REWRAP	0.000			X			0.000
33	MODS	1EEQMT	0.011			X			0.011
34	MODS	INTL	0.000			X			0.000
35	MODS	LD41	0.000	X			0.000		
36	MODS	LD42	0.000	X			0.000		
37	MODS	LD43	0.106	X			0.106		
38	MODS	LD44	0.022	X			0.022		
39	MODS	LD48 EXP	0.000			X			0.000
40	MODS	LD48 SSV	0.000			X			0.000
41	MODS	LD49	0.069		X			0.069	
42	MODS	LD79	0.000		X			0.000	
43	MODS	1SUPP F1	0.039			X			0.039
44	MODS	1SUPP F4	0.030			X			0.030
45	NONMODS	ALLIED	0.168			X			0.168
46	NONMODS	AUTO/MECH	0.004	X			0.004		
47	NONMODS	EXPRESS	0.000			X			0.000
48	NONMODS	MANF	0.000			X			0.000
49	NONMODS	MANL	1.133	X			1.133		
50	NONMODS	MANP	0.001			X			0.001
51	NONMODS	MISC	0.154			X			0.154
52	NONMODS	REGISTRY	0.000			X			0.000
			4.055				**3.245**	**0.072**	**0.739**
							80.01%	**1.77%**	**18.23%**

CRA FIRST-CLASS CARD MAIL PROCESSING UNIT COSTS
AUTOMATION NON-CARRIER ROUTE PRESORT
Source: USPS LR-I-81

Cost Pool No.	Source	Cost Pool Abbreviation	CRA Mail Process Unit Costs	Worksharing Related (Proportional) Mail Process Cost Pools	Other Worksharing Related (Fixed) Mail Process Cost Pools	Non-Worksharing Related (Fixed) Mail Process Cost Pools	Worksharing Related (Proportional) Mail Process Unit Costs	Other Worksharing Related (Fixed) Mail Process Unit Costs	Non-Worksharing Related (Fixed) Mail Process Unit Costs
1	BMCS	NMO	0.000			X			0.000
2	BMCS	OTHR	0.000			X			0.000
3	BMCS	PLA	0.000			X			0.000
4	BMCS	PSM	0.000			X			0.000
5	BMCS	SPB	0.000			X			0.000
6	BMCS	SSM	0.000			X			0.000
7	MODS	BCS/	0.425	X			0.425		
8	MODS	OCR/	0.028	X			0.028		
9	MODS	FSM/	0.008			X			0.008
10	MODS	LSM/	0.005	X			0.005		
11	MODS	MECPARC	0.000			X			0.000
12	MODS	SPBS OTH	0.000			X			0.000
13	MODS	SPBSPRIO	0.000			X			0.000
14	MODS	1SACKS M	0.006			X			0.006
15	MODS	MANF	0.007			X			0.007
16	MODS	MANL	0.369	X			0.369		
17	MODS	MANP	0.000			X			0.000
18	MODS	PRIORITY	0.000			X			0.000
19	MODS	LD15	0.000	X			0.000		
20	MODS	1BULKPR	0.001		X			0.001	
21	MODS	1CANCMMP	0.012			X			0.012
22	MODS	1OPBULK	0.022		X			0.022	
23	MODS	1OPPREF	0.088		X			0.088	
24	MODS	1PLATFRM	0.141			X			0.141
25	MODS	1POUCHING	0.042		X			0.042	
26	MODS	1SACKS H	0.016			X			0.016
27	MODS	1SCAN	0.005			X			0.005
28	MODS	BUSREPLY	0.000			X			0.000
29	MODS	EXPRESS	0.006			X			0.006
30	MODS	MAILGRAM	0.000			X			0.000
31	MODS	REGISTRY	0.000			X			0.000
32	MODS	REWRAP	0.000			X			0.000
33	MODS	1EEQMT	0.006			X			0.006
34	MODS	INTL	0.012			X			0.012
35	MODS	LD41	0.010	X			0.010		
36	MODS	LD42	0.000	X			0.000		
37	MODS	LD43	0.065	X			0.065		
38	MODS	LD44	0.007	X			0.007		
39	MODS	LD48 EXP	0.000			X			0.000
40	MODS	LD48 SSV	0.000			X			0.000
41	MODS	LD49	0.166		X			0.166	
42	MODS	LD79	0.000		X			0.000	
43	MODS	1SUPP F1	0.018			X			0.018
44	MODS	1SUPP F4	0.035			X			0.035
45	NONMODS	ALLIED	0.063			X			0.063
46	NONMODS	AUTO/MECH	0.179	X			0.179		
47	NONMODS	EXPRESS	0.000			X			0.000
48	NONMODS	MANF	0.000			X			0.000
49	NONMODS	MANL	0.276	X			0.276		
50	NONMODS	MANP	0.000			X			0.000
51	NONMODS	MISC	0.052			X			0.052
52	NONMODS	REGISTRY	0.000			X			0.000
			2.072				**1.364**	**0.319**	**0.389**
							65.85%	**15.39%**	**18.76%**

CRA FIRST-CLASS CARD MAIL PROCESSING UNIT COSTS
AUTOMATION CARRIER ROUTE PRESORT
Source: USPS LR-I-81

Cost Pool No.	Source	Cost Pool Abbreviation	CRA Mail Process Unit Costs	Worksharing Related (Proportional) Mail Process Cost Pools	Other Worksharing Related (Fixed) Mail Process Cost Pools	Non-Worksharing Related (Fixed) Mail Process Cost Pools	Worksharing Related (Proportional) Mail Process Unit Costs	Other Worksharing Related (Fixed) Mail Process Unit Costs	Non-Worksharing Related (Fixed) Mail Process Unit Costs
1	BMCS	NMO	0.000			X			0.000
2	BMCS	OTHR	0.000			X			0.000
3	BMCS	PLA	0.000			X			0.000
4	BMCS	PSM	0.000			X			0.000
5	BMCS	SPB	0.000			X			0.000
6	BMCS	SSM	0.000			X			0.000
7	MODS	BCS/	0.000	X			0.000		
8	MODS	OCR/	0.000	X			0.000		
9	MODS	FSM/	0.000			X			0.000
10	MODS	LSM/	0.000	X			0.000		
11	MODS	MECPARC	0.000			X			0.000
12	MODS	SPBS OTH	0.000			X			0.000
13	MODS	SPBSPRIO	0.000			X			0.000
14	MODS	1SACKS M	0.006			X			0.006
15	MODS	MANF	0.000			X			0.000
16	MODS	MANL	0.133	X			0.133		
17	MODS	MANP	0.000			X			0.000
18	MODS	PRIORITY	0.000			X			0.000
19	MODS	LD15	0.000	X			0.000		
20	MODS	1BULKPR	0.001		X			0.001	
21	MODS	1CANCMMP	0.000			X			0.000
22	MODS	1OPBULK	0.022		X			0.022	
23	MODS	1OPPREF	0.217		X			0.217	
24	MODS	1PLATFRM	0.221			X			0.221
25	MODS	1POUCHING	0.369		X			0.369	
26	MODS	1SACKS H	0.016			X			0.016
27	MODS	1SCAN	0.005			X			0.005
28	MODS	BUSREPLY	0.000			X			0.000
29	MODS	EXPRESS	0.000			X			0.000
30	MODS	MAILGRAM	0.000			X			0.000
31	MODS	REGISTRY	0.000			X			0.000
32	MODS	REWRAP	0.000			X			0.000
33	MODS	1EEQMT	0.007			X			0.007
34	MODS	INTL	0.000			X			0.000
35	MODS	LD41	0.000	X			0.000		
36	MODS	LD42	0.000	X			0.000		
37	MODS	LD43	0.000	X			0.000		
38	MODS	LD44	0.000	X			0.000		
39	MODS	LD48 EXP	0.000			X			0.000
40	MODS	LD48 SSV	0.000			X			0.000
41	MODS	LD49	0.000		X			0.000	
42	MODS	LD79	0.000		X			0.000	
43	MODS	1SUPP F1	0.016			X			0.016
44	MODS	1SUPP F4	0.002			X			0.002
45	NONMODS	ALLIED	0.000			X			0.000
46	NONMODS	AUTO/MECH	0.000	X			0.000		
47	NONMODS	EXPRESS	0.000			X			0.000
48	NONMODS	MANF	0.000			X			0.000
49	NONMODS	MANL	0.000	X			0.000		
50	NONMODS	MANP	0.000			X			0.000
51	NONMODS	MISC	0.000			X			0.000
52	NONMODS	REGISTRY	0.000			X			0.000
			1.018				**0.134**	**0.610**	**0.274**
							13.13%	**59.95%**	**26.92%**

CRA FIRST-CLASS CARD MAIL PROCESSING UNIT COSTS
AUTOMATION (ALL RATE CATEGORIES)
Source: USPS LR-I-81

Cost Pool No.	Source	Cost Pool Abbreviation	CRA Mail Process Unit Costs	Worksharing Related (Proportional) Mail Process Cost Pools	Other Worksharing Related (Fixed) Mail Process Cost Pools	Non-Worksharing Related (Fixed) Mail Process Cost Pools	Worksharing Related (Proportional) Mail Process Unit Costs	Other Worksharing Related (Fixed) Mail Process Unit Costs	Non-Worksharing Related (Fixed) Mail Process Unit Costs
1	BMCS	NMO	0.000			X			0.000
2	BMCS	OTHR	0.000			X			0.000
3	BMCS	PLA	0.000			X			0.000
4	BMCS	PSM	0.000			X			0.000
5	BMCS	SPB	0.000			X			0.000
6	BMCS	SSM	0.000			X			0.000
7	MODS	BCS/	0.393	X			0.393		
8	MODS	OCR/	0.025	X			0.025		
9	MODS	FSM/	0.007			X			0.007
10	MODS	LSM/	0.005	X			0.005		
11	MODS	MECPARC	0.000			X			0.000
12	MODS	SPBS OTH	0.000			X			0.000
13	MODS	SPBSPRIO	0.000			X			0.000
14	MODS	1SACKS M	0.006			X			0.006
15	MODS	MANF	0.007			X			0.007
16	MODS	MANL	0.352	X			0.352		
17	MODS	MANP	0.000			X			0.000
18	MODS	PRIORITY	0.000			X			0.000
19	MODS	LD15	0.000	X			0.000		
20	MODS	1BULKPR	0.001		X			0.001	
21	MODS	1CANCMMP	0.011			X			0.011
22	MODS	1OPBULK	0.022		X			0.022	
23	MODS	1OPPREF	0.097		X			0.097	
24	MODS	1PLATFRM	0.147			X			0.147
25	MODS	1POUCHING	0.066		X			0.066	
26	MODS	1SACKS H	0.016			X			0.016
27	MODS	1SCAN	0.005			X			0.005
28	MODS	BUSREPLY	0.000			X			0.000
29	MODS	EXPRESS	0.006			X			0.006
30	MODS	MAILGRAM	0.000			X			0.000
31	MODS	REGISTRY	0.000			X			0.000
32	MODS	REWRAP	0.000			X			0.000
33	MODS	1EEQMT	0.006			X			0.006
34	MODS	INTL	0.011			X			0.011
35	MODS	LD41	0.010	X			0.010		
36	MODS	LD42	0.000	X			0.000		
37	MODS	LD43	0.060	X			0.060		
38	MODS	LD44	0.006	X			0.006		
39	MODS	LD48 EXP	0.000			X			0.000
40	MODS	LD48 SSV	0.000			X			0.000
41	MODS	LD49	0.154		X			0.154	
42	MODS	LD79	0.000		X			0.000	
43	MODS	1SUPP F1	0.018			X			0.018
44	MODS	1SUPP F4	0.032			X			0.032
45	NONMODS	ALLIED	0.058			X			0.058
46	NONMODS	AUTO/MECH	0.166	X			0.166		
47	NONMODS	EXPRESS	0.000			X			0.000
48	NONMODS	MANF	0.000			X			0.000
49	NONMODS	MANL	0.256	X			0.256		
50	NONMODS	MANP	0.000			X			0.000
51	NONMODS	MISC	0.048			X			0.048
52	NONMODS	REGISTRY	0.000			X			0.000
			1.993				**1.273**	**0.341**	**0.380**
							63.85%	**17.09%**	**19.07%**

FIRST-CLASS METERED
COST SHEET

Entry Activities	(1) TPH	(2) Pieces Per Hour	(3) Wage Rate	(4) Direct Cents Per Piece	(5) Piggyback Factor	(6) Premium Pay Factor	(7) Premium Pay Adjust	(8) Total Cents Per Piece	(9) Weighted Cents Per Piece
Package Sorting	10,000	---	---	---	---	---	---	0.000	0.000
Outgoing RBCS									
ISS	10,224	9,117	$28.244	0.310	2.001	1.023	0.007	0.627	0.641
RCR	4,155							0.486	0.202
REC	1,287	670	$17.786	2.656	1.516	1.023	0.062	4.089	0.526
OSS	4,218	10,029	$28.244	0.282	1.757	1.023	0.007	0.501	0.211
LML/M	432	3,852	$28.244	0.733	2.623	1.023	0.017	1.940	0.084
Outgoing Primary									
Automation	267	6,401	$28.244	0.441	2.263	1.023	0.010	1.009	0.027
Manual	260	661	$28.244	4.271	1.360	1.023	0.100	5.907	0.154
Outgoing Secondary									
Automation	2,660	9,299	$28.244	0.304	2.236	1.023	0.007	0.686	0.183
Manual	157	649	$28.244	4.352	1.360	1.023	0.102	6.019	0.095
Incoming RBCS									
ISS	0	5,819	$28.244	0.485	2.001	1.023	0.011	0.982	0.000
RCR	0							0.486	0.000
REC	0	670	$17.786	2.656	1.516	1.023	0.062	4.089	0.000
OSS	0	9,070	$28.244	0.311	1.621	1.023	0.007	0.512	0.000
LML/M	0	3,852	$28.244	0.733	2.623	1.023	0.017	1.940	0.000
Incoming MMP									
Automation AADC	1,867	6,218	$28.244	0.454	2.151	1.023	0.011	0.988	0.184
Manual ADC	261	818	$28.244	3.454	1.396	1.023	0.081	4.902	0.128
Incoming SCF/Primary									
Automation	5,198	6,588	$28.244	0.429	2.024	1.023	0.010	0.878	0.456
Manual	346	868	$28.244	3.254	1.360	1.023	0.076	4.500	0.156
5-Digit Barcode Sort	279	6,588	$28.244	0.429	2.024	1.023	0.010	0.878	0.025
Incoming Secondaries									
Auto Carrier Route	2,728	5,826	$28.244	0.485	2.063	1.023	0.011	1.012	0.276
Auto 3-Pass DPS	3,716	14,898	$28.244	0.190	1.854	1.023	0.004	0.356	0.132
Auto 2-Pass DPS	12,107	9,762	$28.244	0.289	2.290	1.023	0.007	0.669	0.810
Man Inc Sec Final At Plant	1,175	695	$28.244	4.062	1.360	1.023	0.095	5.618	0.660
Man Inc Sec Final At DU	417	1,226	$28.244	2.303	1.360	1.023	0.054	3.185	0.133
Box Section Sort, DPS	626	2,480	$28.244	1.139	1.396	1.023	0.027	1.616	0.101
Box Section Sort, Other	264	1,240	$28.244	2.277	1.396	1.023	0.053	3.231	0.085

(10)
MODEL COST = 5.269

(11)
DPS % = 70.39%

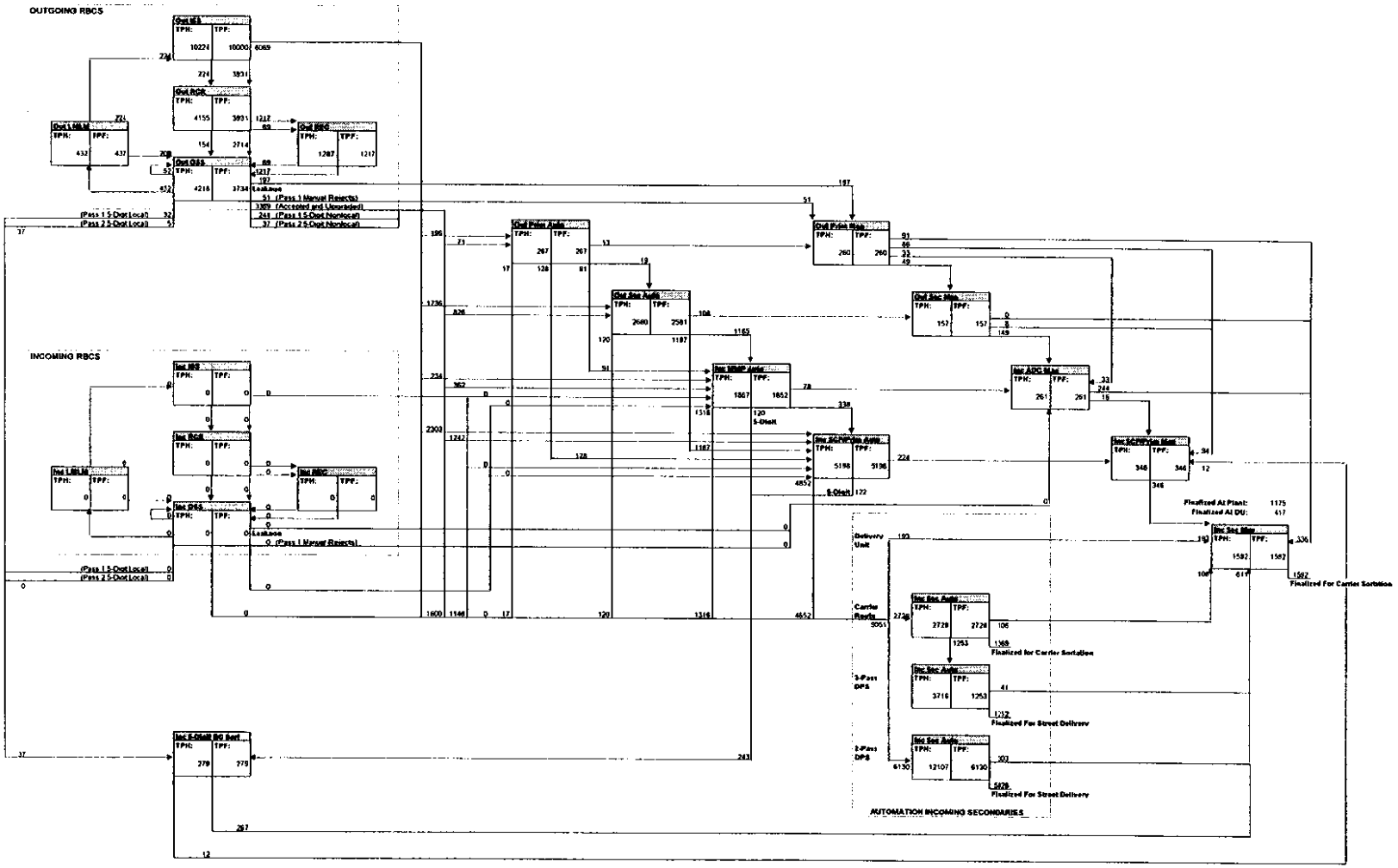
(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized in DPS Operations) / (10,000 Pieces)

FIRST-CLASS METERED
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out 1SS	10000	Inc 1SS	0
Out RCR	0	Inc MMP Auto	0
Out Prim Auto	0	Inc SCF/Prim Auto	0
Out Sec Auto	0	Inc Sec Auto	0
Out Prim Man	0	Inc ADC Man	0
Out Sec Man	0	Inc SCF/Prim Man	0
		Inc Sec Man	0



FIRST-CLASS NONAUTOMATION OCR UPGRADABLE
COST SHEET

Entry Activities	(1) TPH	(2) Pieces Per Hour	(3) Wage Rate	(4) Direct Cents Per Piece	(5) Piggyback Factor	(6) Premium Pay Factor	(7) Premium Pay Adjust	(8) Total Cents Per Piece	(9) Weighted Cents Per Piece
Package Sorting	10,000	---	---	---	---	---	---	0.000	0.000
Outgoing RBCS									
ISS	2,579	9,117	$28.244	0.310	2.001	1.023	0.007	0.627	0.162
RCR	1,055							0.486	0.051
REC	327	670	$17.786	2.656	1.516	1.023	0.062	4.089	0.134
OSS	1,094	10,029	$28.244	0.282	1.757	1.023	0.007	0.501	0.055
LMLM	108	3,852	$28.244	0.733	2.623	1.023	0.017	1.940	0.021
Outgoing Primary									
Automation	67	6,401	$28.244	0.441	2.263	1.023	0.010	1.009	0.007
Manual	67	661	$28.244	4.271	1.360	1.023	0.100	5.907	0.040
Outgoing Secondary									
Automation	716	9,299	$28.244	0.304	2.236	1.023	0.007	0.686	0.049
Manual	42	649	$28.244	4.352	1.360	1.023	0.102	6.019	0.025
Incoming RBCS									
ISS	7,559	5,819	$28.244	0.485	2.001	1.023	0.011	0.982	0.743
RCR	3,093							0.486	0.150
REC	958	670	$17.786	2.656	1.516	1.023	0.062	4.089	0.392
OSS	3,207	9,070	$28.244	0.311	1.621	1.023	0.007	0.512	0.164
LMLM	316	3,852	$28.244	0.733	2.623	1.023	0.017	1.940	0.061
Incoming MMP									
Automation AADC	618	6,218	$28.244	0.454	2.151	1.023	0.011	0.988	0.061
Manual ADC	261	818	$28.244	3.454	1.396	1.023	0.081	4.902	0.128
Incoming SCF/Primary									
Automation	3,275	6,588	$28.244	0.429	2.024	1.023	0.010	0.878	0.287
Manual	204	868	$28.244	3.254	1.360	1.023	0.076	4.500	0.092
5-Digit Barcode Sort	521	6,588	$28.244	0.429	2.024	1.023	0.010	0.878	0.046
Incoming Secondaries									
Auto Carrier Route	2,721	5,826	$28.244	0.485	2.063	1.023	0.011	1.012	0.275
Auto 3-Pass DPS	3,707	14,898	$28.244	0.190	1.854	1.023	0.004	0.356	0.132
Auto 2-Pass DPS	12,078	9,762	$28.244	0.289	2.290	1.023	0.007	0.669	0.808
Man Inc Sec Final At Plant	1,190	695	$28.244	4.062	1.360	1.023	0.095	5.618	0.669
Man Inc Sec Final At DU	422	1,226	$28.244	2.303	1.360	1.023	0.054	3.185	0.134
Box Section Sort, DPS	625	2,480	$28.244	1.139	1.396	1.023	0.027	1.616	0.101
Box Section Sort, Other	265	1,240	$28.244	2.277	1.396	1.023	0.053	3.231	0.086

	(10)
MODEL COST =	4.872

	(11)
DPS % =	70.22%

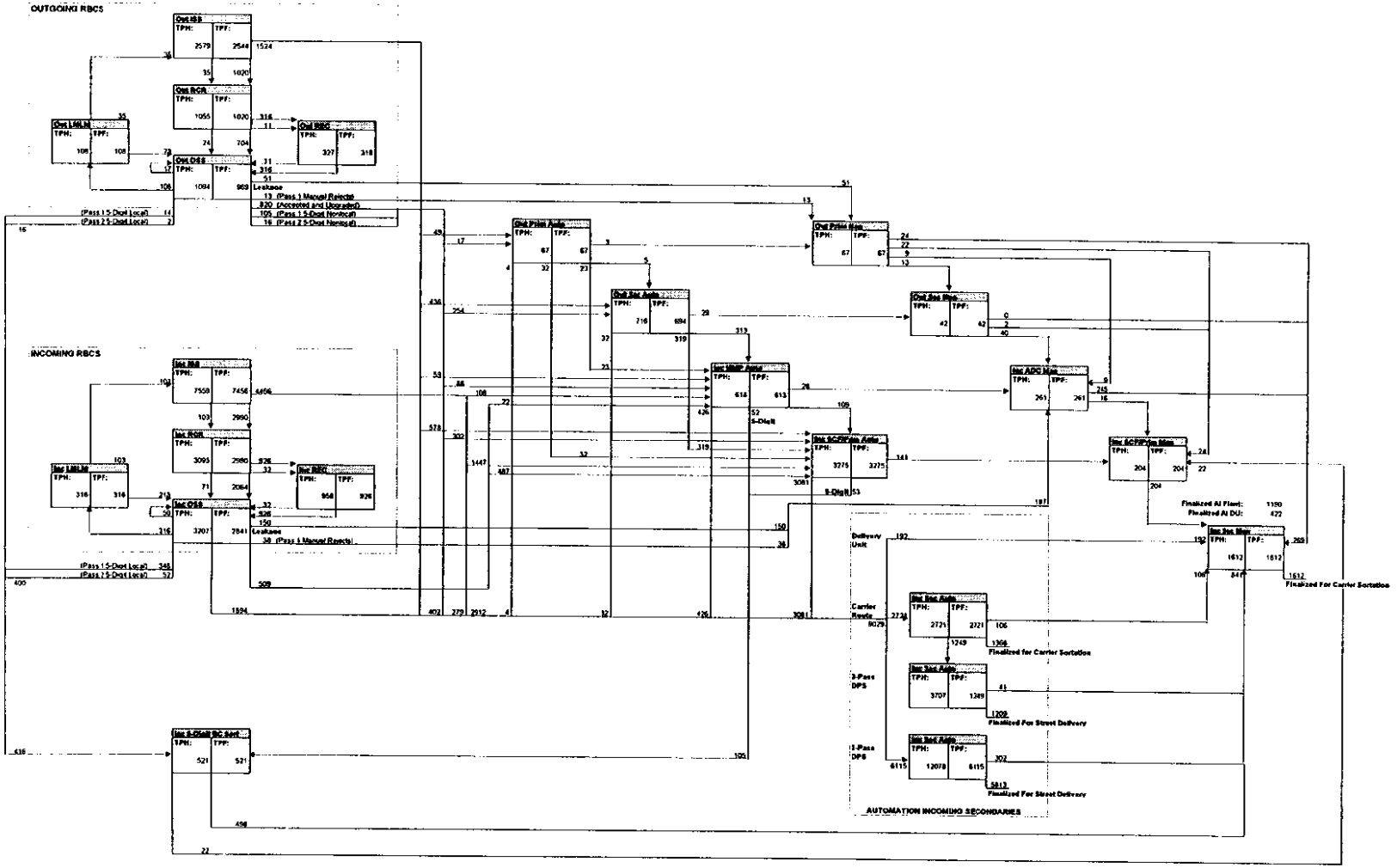
(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized in DPS Operations) / (10,000 Pieces)

FIRST-CLASS NONAUTOMATION OCR UPGRADABLE
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	2544	Inc ISS	7456
Out RCR	0	Inc MMP Auto	0
Out Prim Auto	0	Inc SCF/Prim Auto	0
Out Sec Auto	0	Inc Sec Auto	0
Out Prim Man	0	Inc ADC Man	0
Out Sec Man	0	Inc SCF/Prim Man	0
		Inc Sec Man	0



FIRST-CLASS NONAUTOMATION NON-OCR UPGRADABLE
COST SHEET

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Entry Activities	**TPH**	**Pieces Per Hour**	**Wage Rate**	**Direct Cents Per Piece**	**Piggyback Factor**	**Premium Pay Factor**	**Premium Pay Adjust**	**Total Cents Per Piece**	**Weighted Cents Per Piece**
Package Sorting	10,000	---	---	---	---	---	---	0.542	0.542
(From "PACKAGE SORT" Spreadsheet)									
Outgoing RBCS									
ISS	2,207	9,117	$28.244	0.310	2.001	1.023	0.007	0.627	0.138
RCR	1,096							0.486	0.053
REC	339	670	$17.786	2.656	1.516	1.023	0.062	4.089	0.139
OSS	1,164	10,029	$28.244	0.282	1.757	1.023	0.007	0.501	0.058
LMLM	180	3,852	$28.244	0.733	2.623	1.023	0.017	1.940	0.035
Outgoing Primary									
Automation	54	6,401	$28.244	0.441	2.263	1.023	0.010	1.009	0.005
Manual	76	661	$28.244	4.271	1.360	1.023	0.100	5.907	0.045
Outgoing Secondary									
Automation	579	9,299	$28.244	0.304	2.236	1.023	0.007	0.686	0.040
Manual	38	649	$28.244	4.352	1.360	1.023	0.102	6.019	0.023
Incoming RBCS									
ISS	8,115	5,819	$28.244	0.485	2.001	1.023	0.011	0.982	0.797
RCR	4,029							0.486	0.196
REC	1,248	670	$17.786	2.656	1.516	1.023	0.062	4.089	0.510
OSS	4,260	9,070	$28.244	0.311	1.621	1.023	0.007	0.512	0.219
LMLM	661	3,852	$28.244	0.733	2.623	1.023	0.017	1.940	0.128
Incoming MMP									
Automation AADC	536	6,218	$28.244	0.454	2.151	1.023	0.011	0.988	0.053
Manual ADC	337	818	$28.244	3.454	1.396	1.023	0.081	4.902	0.165
Incoming SCF/Primary									
Automation	3,055	6,588	$28.244	0.429	2.024	1.023	0.010	0.878	0.268
Manual	203	868	$28.244	3.254	1.360	1.023	0.076	4.500	0.091
5-Digit Barcode Sort	541	6,588	$28.244	0.429	2.024	1.023	0.010	0.878	0.048
Incoming Secondaries									
Auto Carrier Route	2,694	5,826	$28.244	0.485	2.063	1.023	0.011	1.012	0.272
Auto 3-Pass DPS	3,669	14,898	$28.244	0.190	1.854	1.023	0.004	0.356	0.131
Auto 2-Pass DPS	11,954	9,762	$28.244	0.289	2.290	1.023	0.007	0.669	0.800
Man Inc Sec Final At Plant	1,253	695	$28.244	4.062	1.360	1.023	0.095	5.618	0.704
Man Inc Sec Final At DU	445	1,226	$28.244	2.303	1.360	1.023	0.054	3.185	0.142
Box Section Sort, DPS	619	2,480	$28.244	1.139	1.396	1.023	0.027	1.616	0.100
Box Section Sort, Other	271	1,240	$28.244	2.277	1.396	1.023	0.053	3.231	0.088

	(10)
MODEL COST =	**5.790**

	(11)
DPS % =	**69.50%**

(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized In DPS Operations) / (10,000 Pieces)

CRA FIRST-CLASS LETTER MAIL PROCESSING UNIT COSTS
AUTOMATION PRESORT (ALL RATE CATEGORIES)
Source: USPS LR-I-81

Cost Pool No.	Source	Cost Pool Abbreviation	CRA Mail Process Unit Costs	Worksharing Related (Proportional) Mail Process Cost Pools	Other Worksharing Related (Fixed) Mail Process Cost Pools	Non-Worksharing Related (Fixed) Mail Process Cost Pools	Worksharing Related (Proportional) Mail Process Unit Costs	Other Worksharing Related (Fixed) Mail Process Unit Costs	Non-Worksharing Related (Fixed) Mail Process Unit Costs
1	BMCS	NMO	0.000			X			0.000
2	BMCS	OTHR	0.001			X			0.001
3	BMCS	PLA	0.000			X			0.000
4	BMCS	PSM	0.000			X			0.000
5	BMCS	SPB	0.000			X			0.000
6	BMCS	SSM	0.000			X			0.000
7	MODS	BCS/	1.162	X			1.162		
8	MODS	OCR/	0.087	X			0.087		
9	MODS	FSM/	0.009			X			0.009
10	MODS	LSM/	0.007	X			0.007		
11	MODS	MECPARC	0.000			X			0.000
12	MODS	SPBS OTH	0.008			X			0.008
13	MODS	SPBSPRIO	0.001			X			0.001
14	MODS	1SACKS M	0.019			X			0.019
15	MODS	MANF	0.002			X			0.002
16	MODS	MANL	0.304	X			0.304		
17	MODS	MANP	0.002			X			0.002
18	MODS	PRIORITY	0.001			X			0.001
19	MODS	LD15	0.133	X			0.133		
20	MODS	1BULKPR	0.008		X			0.008	
21	MODS	1CANCMMP	0.025			X			0.025
22	MODS	1OPBULK	0.064		X			0.064	
23	MODS	1OPPREF	0.211		X			0.211	
24	MODS	1PLATFRM	0.291			X			0.291
25	MODS	1POUCHING	0.140		X			0.140	
26	MODS	1SACKS H	0.054			X			0.054
27	MODS	1SCAN	0.021			X			0.021
28	MODS	BUSREPLY	0.004			X			0.004
29	MODS	EXPRESS	0.000			X			0.000
30	MODS	MAILGRAM	0.000			X			0.000
31	MODS	REGISTRY	0.001			X			0.001
32	MODS	REWRAP	0.003			X			0.003
33	MODS	1EEQMT	0.012			X			0.012
34	MODS	INTL	0.002			X			0.002
35	MODS	LD41	0.058	X			0.058		
36	MODS	LD42	0.000	X			0.000		
37	MODS	LD43	0.140	X			0.140		
38	MODS	LD44	0.071	X			0.071		
39	MODS	LD48 EXP	0.000			X			0.000
40	MODS	LD48 SSV	0.009			X			0.009
41	MODS	LD49	0.217		X			0.217	
42	MODS	LD79	0.018		X			0.018	
43	MODS	1SUPP F1	0.038			X			0.038
44	MODS	1SUPP F4	0.069			X			0.069
45	NONMODS	ALLIED	0.182			X			0.182
46	NONMODS	AUTO/MECH	0.199	X			0.199		
47	NONMODS	EXPRESS	0.000			X			0.000
48	NONMODS	MANF	0.000			X			0.000
49	NONMODS	MANL	0.370	X			0.370		
50	NONMODS	MANP	0.000			X			0.000
51	NONMODS	MISC	0.078			X			0.078
52	NONMODS	REGISTRY	0.003			X			0.003
			4.023				**2.531**	**0.657**	**0.835**
							62.91%	**16.34%**	**20.75%**

FIRST-CLASS NONAUTOMATION NON-OCR NOT UPGRADABLE
COST SHEET

Entry Activities	(1) TPH	(2) Pieces Per Hour	(3) Wage Rate	(4) Direct Cents Per Piece	(5) Piggyback Factor	(6) Premium Pay Factor	(7) Premium Pay Adjust	(8) Total Cents Per Piece	(9) Weighted Cents Per Piece
Package Sorting (From "PACKAGE SORT" Spreadsheet)	10,000	---	---	---	---	---	---	0.804	0.804
Outgoing RBCS									
ISS	425	9,117	$28.244	0.310	2.001	1.023	0.007	0.627	0.027
RCR	211							0.486	0.010
REC	65	670	$17.786	2.656	1.516	1.023	0.062	4.089	0.027
OSS	224	10,029	$28.244	0.282	1.757	1.023	0.007	0.501	0.011
LMLM	35	3,852	$28.244	0.733	2.623	1.023	0.017	1.940	0.007
Outgoing Primary									
Automation	10	6,401	$28.244	0.441	2.263	1.023	0.010	1.009	0.001
Manual	530	661	$28.244	4.271	1.360	1.023	0.100	5.907	0.313
Outgoing Secondary									
Automation	112	9,299	$28.244	0.304	2.236	1.023	0.007	0.686	0.008
Manual	104	649	$28.244	4.352	1.360	1.023	0.102	6.019	0.063
Incoming RBCS									
ISS	4,162	5,819	$28.244	0.485	2.001	1.023	0.011	0.982	0.409
RCR	2,066							0.486	0.100
REC	640	670	$17.786	2.656	1.516	1.023	0.062	4.089	0.262
OSS	2,195	9,070	$28.244	0.311	1.621	1.023	0.007	0.512	0.112
LMLM	339	3,852	$28.244	0.733	2.623	1.023	0.017	1.940	0.066
Incoming MMP									
Automation AADC	144	6,218	$28.244	0.454	2.151	1.023	0.011	0.988	0.014
Manual ADC	716	818	$28.244	3.454	1.396	1.023	0.081	4.902	0.351
Incoming SCF/Primary									
Automation	1,220	6,588	$28.244	0.429	2.024	1.023	0.010	0.878	0.107
Manual	2,928	868	$28.244	3.254	1.360	1.023	0.076	4.500	1.318
5-Digit Barcode Sort	244	6,588	$28.244	0.429	2.024	1.023	0.010	0.878	0.021
Incoming Secondaries									
Auto Carrier Route	1,201	5,826	$28.244	0.485	2.063	1.023	0.011	1.012	0.121
Auto 3-Pass DPS	1,636	14,898	$28.244	0.190	1.854	1.023	0.004	0.356	0.058
Auto 2-Pass DPS	5,330	9,762	$28.244	0.289	2.290	1.023	0.007	0.669	0.357
Man Inc Sec Final At Plant	4,649	695	$28.244	4.062	1.360	1.023	0.095	5.618	2.612
Man Inc Sec Final At DU	1,649	1,226	$28.244	2.303	1.360	1.023	0.054	3.185	0.525
Box Section Sort, DPS	276	2,480	$28.244	1.139	1.396	1.023	0.027	1.616	0.045
Box Section Sort, Other	614	1,240	$28.244	2.277	1.396	1.023	0.053	3.231	0.198

	(10)
MODEL COST =	7.947

	(11)
DPS % =	30.99%

(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized in DPS Operations) / (10,000 Pieces)

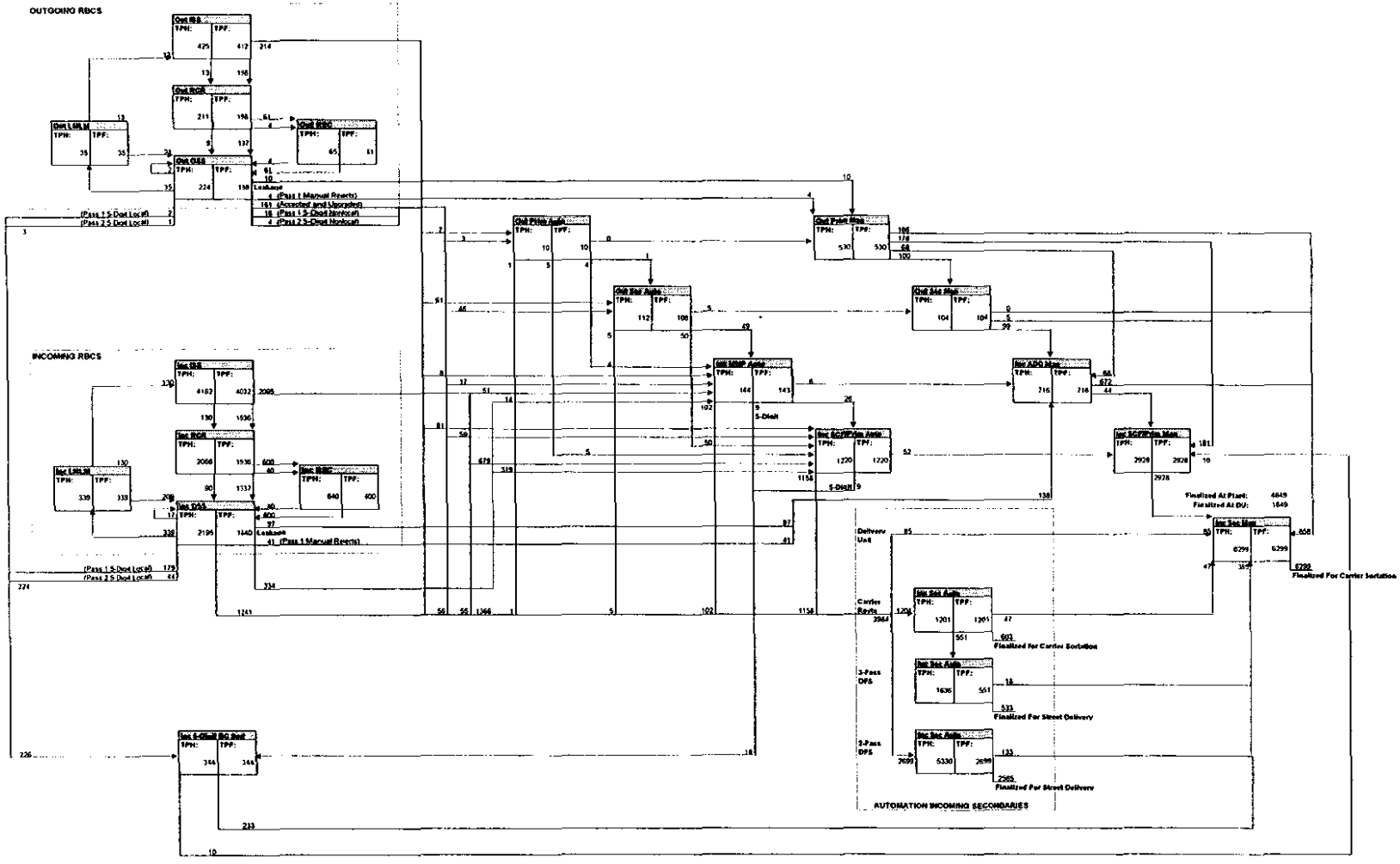
FIRST-CLASS NONAUTOMATION NON-OCR NOT UPGRADABLE

MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out LSS	412	Inc LSA	4032
Out RCR	0	Inc MMP Auto	0
Out Prim Auto	0	Inc SCF/Prim Auto	0
Out Sec Auto	0	Inc Sec Auto	0
Out Prim Man	515	Inc ADC Man	405
Out Sec Man	0	Inc SCF/Prim Man	2640
		Inc Sec Man	1906



FIRST-CLASS AUTOMATION BASIC
COST SHEET

Entry Activities	(1) TPH	(2) Pieces Per Hour	(3) Wage Rate	(4) Direct Cents Per Piece	(5) Piggyback Factor	(6) Premium Pay Factor	(7) Premium Pay Adjust	(8) Total Cents Per Piece	(9) Weighted Cents Per Piece	
Package Sorting	10,000	---	---	---	---	---	---	0.000	0.000	
Outgoing RBCS										
ISS	0	9,117	$28.244	0.310	2.001	1.023	0.007	0.627	0.000	
RCR	0							0.486	0.000	
REC	0	670	$17.786	2.656	1.516	1.023	0.062	4.089	0.000	
OSS	0	10,029	$28.244	0.282	1.757	1.023	0.007	0.501	0.000	
LMLM	0	3,852	$28.244	0.733	2.623	1.023	0.017	1.940	0.000	
Outgoing Primary										
Automation	4,833	6,401	$28.244	0.441	2.263	1.023	0.010	1.009	0.488	
Manual	232	661	$28.244	4.271	1.360	1.023	0.100	5.907	0.137	
Outgoing Secondary										
Automation	346	9,299	$28.244	0.304	2.236	1.023	0.007	0.686	0.024	
Manual	58	649	$28.244	4.352	1.360	1.023	0.102	6.019	0.035	
Incoming RBCS										
ISS	0	5,819	$28.244	0.485	2.001	1.023	0.011	0.982	0.000	
RCR	0							0.486	0.000	
REC	0	670	$17.786	2.656	1.516	1.023	0.062	4.089	0.000	
OSS	0	9,070	$28.244	0.311	1.621	1.023	0.007	0.512	0.000	
LMLM	0	3,852	$28.244	0.733	2.623	1.023	0.017	1.940	0.000	
Incoming MMP										
Automation AADC	5,957	6,218	$28.244	0.454	2.151	1.023	0.011	0.988	0.588	
Manual ADC	333	818	$28.244	3.454	1.396	1.023	0.081	4.902	0.163	
Incoming SCF/Primary										
Automation	4,682	6,588	$28.244	0.429	2.024	1.023	0.010	0.878	0.411	
Manual	302	868	$28.244	3.254	1.360	1.023	0.076	4.500	0.136	
5-Digit Barcode Sort	0	6,588	$28.244	0.429	2.024	1.023	0.010	0.878	0.000	
Incoming Secondaries										
Auto Carrier Route	2,804	5,826	$28.244	0.485	2.063	1.023	0.011	1.012	0.284	
Auto 3-Pass DPS	3,820	14,898	$28.244	0.190	1.854	1.023	0.004	0.356	0.136	
Auto 2-Pass DPS	12,446	9,762	$28.244	0.289	2.290	1.023	0.007	0.669	0.833	
Man Inc Sec Final At Plant	1,001	695	$28.244	4.062	1.360	1.023	0.095	5.618	0.562	2.112
Man Inc Sec Final At DU	355	1,226	$28.244	2.303	1.360	1.023	0.054	3.185	0.113	
Box Section Sort, DPS	644	2,480	$28.244	1.139	1.396	1.023	0.027	1.616	0.104	
Box Section Sort, Other	246	1,240	$28.244	2.277	1.396	1.023	0.053	3.231	0.079	

	(10)
MODEL COST =	4.093

	(11)
DPS % =	72.36%

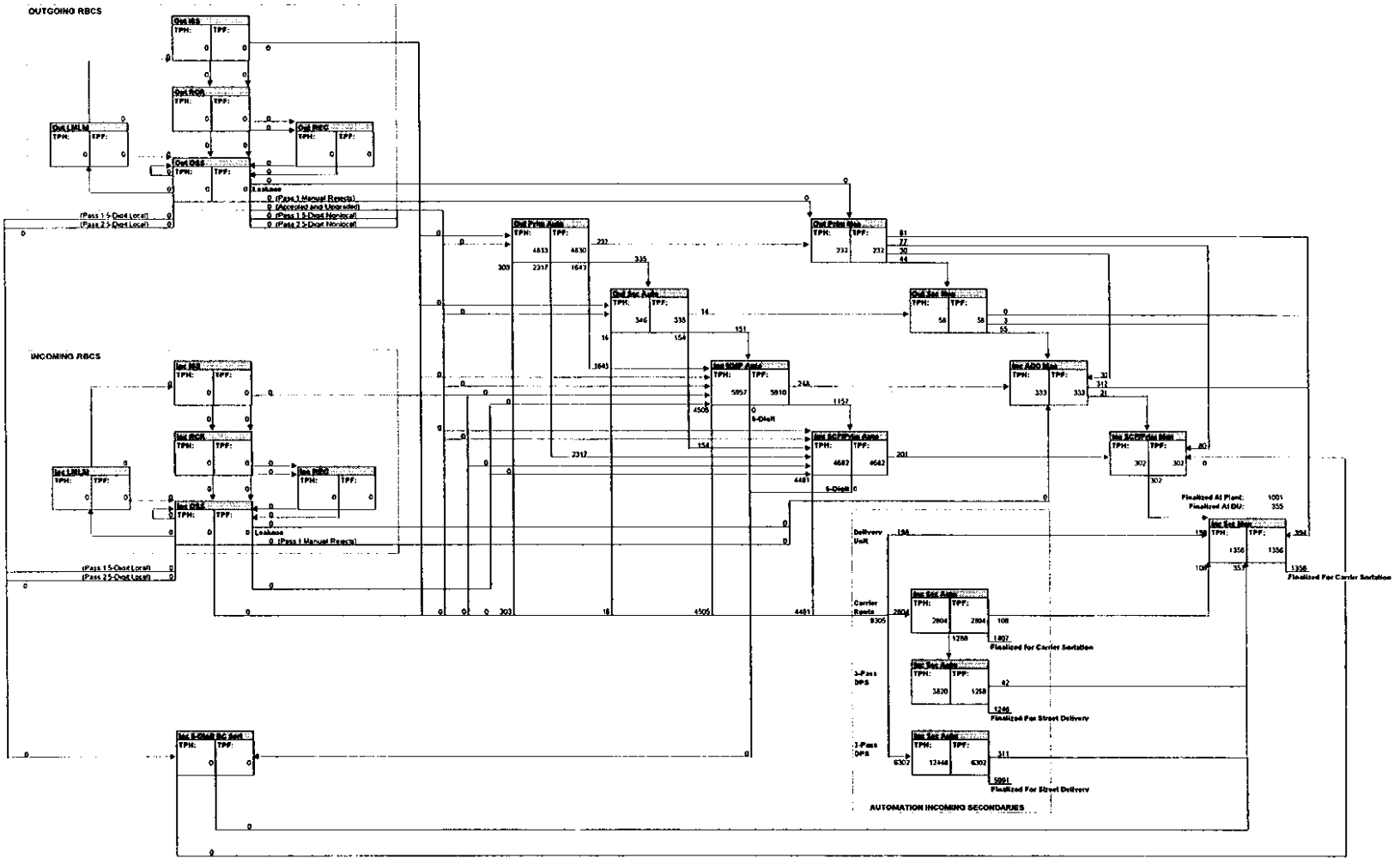
(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized in DPS Operations) / (10,000 Pieces)

FIRST-CLASS AUTOMATION BASIC
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	0	Inc ISS	0
Out RCR	0	Inc MMP Auto	4115
Out Prim Auto	4830	Inc SCF/Prim Auto	1055
Out Sec Auto	0	Inc Sec Auto	0
Out Prim Man	0	Inc ADC Man	0
Out Sec Man	0	Inc SCF/Prim Man	0
		Inc Sec Man	0



FIRST-CLASS AUTOMATION 3-DIGIT
COST SHEET

Entry Activities	(1) TPH	(2) Pieces Per Hour	(3) Wage Rate	(4) Direct Cents Per Piece	(5) Piggyback Factor	(6) Premium Pay Factor	(7) Premium Pay Adjust	(8) Total Cents Per Piece	(9) Weighted Cents Per Piece
Package Sorting	10,000	---	---	---	---	---	---	0.000	0.000
Outgoing RBCS									
ISS	0	9,117	$28.244	0.310	2.001	1.023	0.007	0.627	0.000
RCR	0							0.486	0.000
REC	0	670	$17.786	2.656	1.516	1.023	0.062	4.089	0.000
OSS	0	10,029	$28.244	0.282	1.757	1.023	0.007	0.501	0.000
LMLM	0	3,852	$28.244	0.733	2.623	1.023	0.017	1.940	0.000
Outgoing Primary									
Automation	0	6,401	$28.244	0.441	2.263	1.023	0.010	1.009	0.000
Manual	0	661	$28.244	4.271	1.360	1.023	0.100	5.907	0.000
Outgoing Secondary									
Automation	0	9,299	$28.244	0.304	2.236	1.023	0.007	0.686	0.000
Manual	0	649	$28.244	4.352	1.360	1.023	0.102	6.019	0.000
Incoming RBCS									
ISS	0	5,819	$28.244	0.485	2.001	1.023	0.011	0.982	0.000
RCR	0							0.486	0.000
REC	0	670	$17.786	2.656	1.516	1.023	0.062	4.089	0.000
OSS	0	9,070	$28.244	0.311	1.621	1.023	0.007	0.512	0.000
LMLM	0	3,852	$28.244	0.733	2.623	1.023	0.017	1.940	0.000
Incoming MMP									
Automation AADC	0	6,218	$28.244	0.454	2.151	1.023	0.011	0.988	0.000
Manual ADC	0	818	$28.244	3.454	1.396	1.023	0.081	4.902	0.000
Incoming SCF/Primary									
Automation	10,000	6,588	$28.244	0.429	2.024	1.023	0.010	0.878	0.878
Manual	430	868	$28.244	3.254	1.360	1.023	0.076	4.500	0.194
5-Digit Barcode Sort	0	6,588	$28.244	0.429	2.024	1.023	0.010	0.878	0.000
Incoming Secondaries									
Auto Carrier Route	2,884	5,826	$28.244	0.485	2.063	1.023	0.011	1.012	0.292
Auto 3-Pass DPS	3,929	14,898	$28.244	0.190	1.854	1.023	0.004	0.356	0.140
Auto 2-Pass DPS	12,801	9,762	$28.244	0.289	2.290	1.023	0.007	0.669	0.857
Man Inc Sec Final At Plant	819	695	$28.244	4.062	1.360	1.023	0.095	5.618	0.460
Man Inc Sec Final At DU	291	1,226	$28.244	2.303	1.360	1.023	0.054	3.185	0.093
Box Section Sort, DPS	662	2,480	$28.244	1.139	1.396	1.023	0.027	1.616	0.107
Box Section Sort, Other	228	1,240	$28.244	2.277	1.396	1.023	0.053	3.231	0.074

(10)
MODEL COST = 3.093

(11)
DPS % = 74.43%

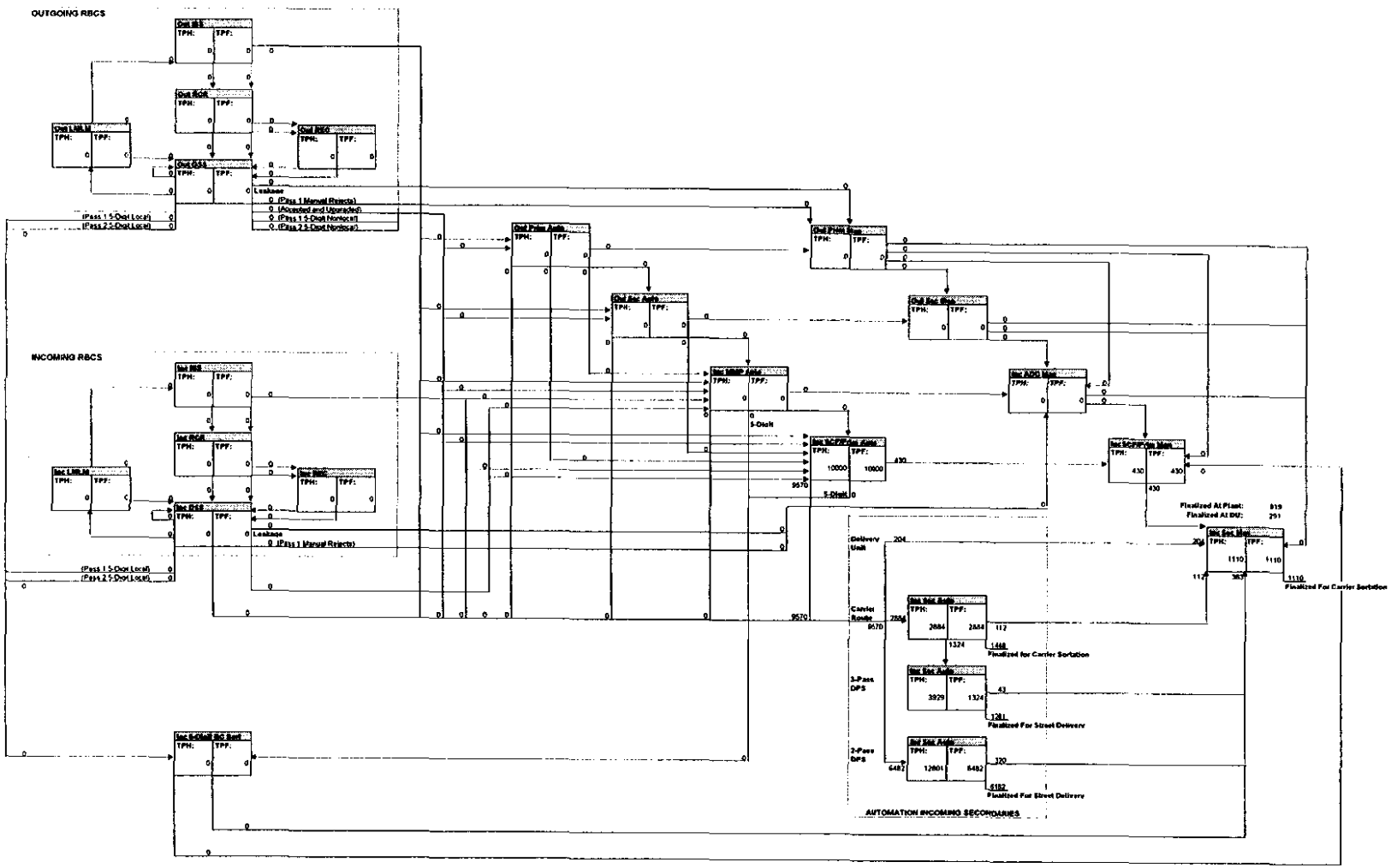
(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized In DPS Operations) / (10,000 Pieces)

FIRST-CLASS AUTOMATION 3-DIGIT
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	0	Inc ISS	0
Out RCR	0	Inc MMP Auto	0
Out Prim Auto	0	Inc SCF/Prim Auto	10000
Out Sec Auto	0	Inc Sec Auto	0
Out Prim Man	0	Inc ADC Man	0
Out Sec Man	0	Inc SCF/Prim Man	0
		Inc Sec Man	0



FIRST-CLASS AUTOMATION 5-DIGIT OTHER
COST SHEET

Entry Activities	(1) TPH	(2) Pieces Per Hour	(3) Wage Rate	(4) Direct Cents Per Piece	(5) Piggyback Factor	(6) Premium Pay Factor	(7) Premium Pay Adjust	(8) Total Cents Per Piece	(9) Weighted Cents Per Piece
Package Sorting	10,000	---	---	---	---	---	---	0.000	0.000
Outgoing RBCS									
ISS	0	9,117	$28.244	0.310	2.001	1.023	0.007	0.627	0.000
RCR	0							0.486	0.000
REC	0	670	$17.786	2.656	1.516	1.023	0.062	4.089	0.000
OSS	0	10,029	$28.244	0.282	1.757	1.023	0.007	0.501	0.000
LMLM	0	3,852	$28.244	0.733	2.623	1.023	0.017	1.940	0.000
Outgoing Primary									
Automation	0	6,401	$28.244	0.441	2.263	1.023	0.010	1.009	0.000
Manual	0	661	$28.244	4.271	1.360	1.023	0.100	5.907	0.000
Outgoing Secondary									
Automation	0	9,299	$28.244	0.304	2.236	1.023	0.007	0.686	0.000
Manual	0	649	$28.244	4.352	1.360	1.023	0.102	6.019	0.000
Incoming RBCS									
ISS	0	5,819	$28.244	0.485	2.001	1.023	0.011	0.982	0.000
RCR	0							0.486	0.000
REC	0	670	$17.786	2.656	1.516	1.023	0.062	4.089	0.000
OSS	0	9,070	$28.244	0.311	1.621	1.023	0.007	0.512	0.000
LMLM	0	3,852	$28.244	0.733	2.623	1.023	0.017	1.940	0.000
Incoming MMP									
Automation AADC	0	6,218	$28.244	0.454	2.151	1.023	0.011	0.988	0.000
Manual ADC	0	818	$28.244	3.454	1.396	1.023	0.081	4.902	0.000
Incoming SCF/Primary									
Automation	0	6,588	$28.244	0.429	2.024	1.023	0.010	0.878	0.000
Manual	0	868	$28.244	3.254	1.360	1.023	0.076	4.500	0.000
5-Digit Barcode Sort	0	6,588	$28.244	0.429	2.024	1.023	0.010	0.878	0.000
Incoming Secondaries									
Auto Carrier Route	0	5,826	$28.244	0.485	2.063	1.023	0.011	1.012	0.000
Auto 3-Pass DPS	0	14,898	$28.244	0.190	1.854	1.023	0.004	0.356	0.000
Auto 2-Pass DPS	19,750	9,762	$28.244	0.289	2.290	1.023	0.007	0.669	1.322
Man Inc Sec Final At Plant	364	695	$28.244	4.062	1.360	1.023	0.095	5.618	0.205
Man Inc Sec Final At DU	129	1,226	$28.244	2.303	1.360	1.023	0.054	3.185	0.041
Box Section Sort, DPS	846	2,480	$28.244	1.139	1.396	1.023	0.027	1.616	0.137
Box Section Sort, Other	44	1,240	$28.244	2.277	1.396	1.023	0.053	3.231	0.014

(10)
MODEL COST = 1.719

(11)
DPS % = 95.06%

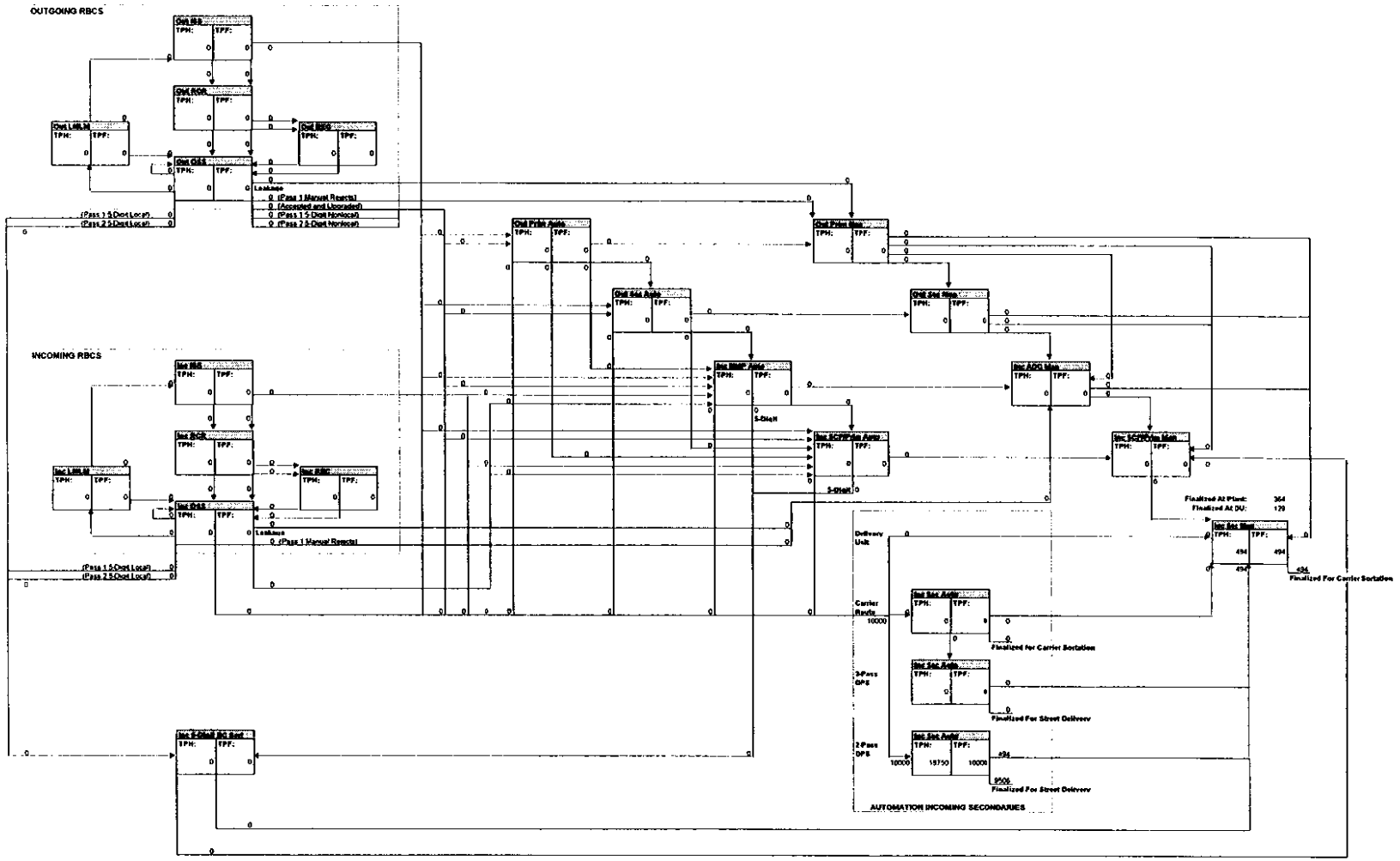
(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized in DPS Operations) / (10,000 Pieces)

FIRST-CLASS AUTOMATION 5-DIGIT OTHER
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	0	Inc ISS	0
Out RCR	0	Inc MMP Auto	0
Out Prim Auto	0	Inc SCF/Prim Auto	0
Out Sec Auto	0	Inc Sec Auto	10000
Out Prim Man	0	Inc ADC Man	0
Out Sec Man	0	Inc SCF/Prim Man	0
		Inc Sec Man	0



FIRST-CLASS AUTOMATION 5-DIGIT CSBCS/MANUAL SITES
COST SHEET

Entry Activities	(1) TPH	(2) Pieces Per Hour	(3) Wage Rate	(4) Direct Cents Per Piece	(5) Piggyback Factor	(6) Premium Pay Factor	(7) Premium Pay Adjust	(8) Total Cents Per Piece	(9) Weighted Cents Per Piece
Package Sorting	10,000	---	---	---	---	---	---	0.000	0.000
Outgoing RBCS									
ISS	0	9,117	$28.244	0.310	2.001	1.023	0.007	0.627	0.000
RCR	0							0.486	0.000
REC	0	670	$17.786	2.656	1.516	1.023	0.062	4.089	0.000
OSS	0	10,029	$28.244	0.282	1.757	1.023	0.007	0.501	0.000
LMLM	0	3,852	$28.244	0.733	2.623	1.023	0.017	1.940	0.000
Outgoing Primary									
Automation	0	6,401	$28.244	0.441	2.263	1.023	0.010	1.009	0.000
Manual	0	661	$28.244	4.271	1.360	1.023	0.100	5.907	0.000
Outgoing Secondary									
Automation	0	9,299	$28.244	0.304	2.236	1.023	0.007	0.686	0.000
Manual	0	649	$28.244	4.352	1.360	1.023	0.102	6.019	0.000
Incoming RBCS									
ISS	0	5,819	$28.244	0.485	2.001	1.023	0.011	0.982	0.000
RCR	0							0.486	0.000
REC	0	670	$17.786	2.656	1.516	1.023	0.062	4.089	0.000
OSS	0	9,070	$28.244	0.311	1.621	1.023	0.007	0.512	0.000
LMLM	0	3,852	$28.244	0.733	2.623	1.023	0.017	1.940	0.000
Incoming MMP									
Automation AADC	0	6,218	$28.244	0.454	2.151	1.023	0.011	0.988	0.000
Manual ADC	0	818	$28.244	3.454	1.396	1.023	0.081	4.902	0.000
Incoming SCF/Primary									
Automation	0	6,588	$28.244	0.429	2.024	1.023	0.010	0.878	0.000
Manual	0	868	$28.244	3.254	1.360	1.023	0.076	4.500	0.000
5-Digit Barcode Sort	0	6,588	$28.244	0.429	2.024	1.023	0.010	0.878	0.000
Incoming Secondaries									
Auto Carrier Route	9,340	5,826	$28.244	0.485	2.063	1.023	0.011	1.012	0.945
Auto 3-Pass DPS	12,724	14,698	$28.244	0.190	1.854	1.023	0.004	0.356	0.453
Auto 2-Pass DPS	0	9,762	$28.244	0.289	2.290	1.023	0.007	0.669	0.000
Man Inc Sec Final At Plant	859	695	$28.244	4.062	1.360	1.023	0.095	5.618	0.483
Man Inc Sec Final At DU	305	1,226	$28.244	2.303	1.360	1.023	0.054	3.185	0.097
Box Section Sort, DPS	369	2,480	$28.244	1.139	1.396	1.023	0.027	1.616	0.060
Box Section Sort, Other	521	1,240	$28.244	2.277	1.396	1.023	0.053	3.231	0.168

	(10)
MODEL COST =	2.206

	(11)
DPS % =	41.48%

(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet

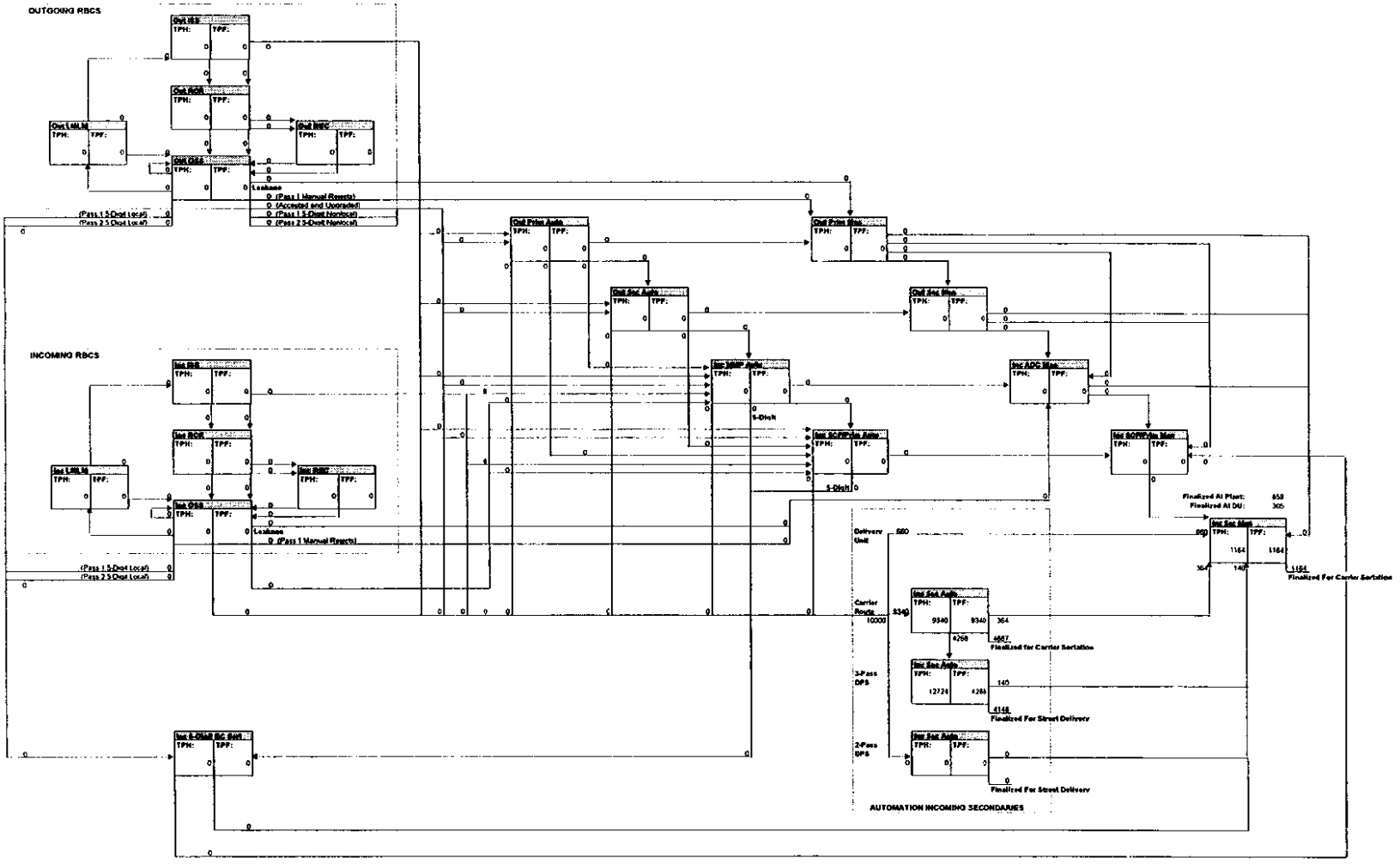
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized in DPS Operations) / (10,000 Pieces)

FIRST-CLASS AUTOMATION 5-DIGIT CSBCS/MANUAL SITES
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	0	Inc ISS	0
Out RCR	0	Inc MMP Auto	0
Out Prim Auto	0	Inc SCF/Prim Auto	0
Out Sec Auto	0	Inc Sec Auto	10000
Out Prim Man	0	Inc ADC Man	0
Out Sec Man	0	Inc SCF/Prim Man	0
		Inc Sec Man	0



FIRST-CLASS AUTOMATION CARRIER ROUTE
COST SHEET

Entry Activities	(1) TPH	(2) Pieces Per Hour	(3) Wage Rate	(4) Direct Cents Per Piece	(5) Piggyback Factor	(6) Premium Pay Factor	(7) Premium Pay Adjust	(8) Total Cents Per Piece	(9) Weighted Cents Per Piece
Package Sorting	10,000	---	---	---	---	---	---	0.242	0.418
Outgoing RBCS									
ISS	0	9,117	$28.244	0.310	2.001	1.023	0.007	0.627	0.000
RCR	0							0.486	0.000
REC	0	670	$17.786	2.656	1.516	1.023	0.062	4.089	0.000
OSS	0	10,029	$28.244	0.282	1.757	1.023	0.007	0.501	0.000
LMLM	0	3,852	$28.244	0.733	2.623	1.023	0.017	1.940	0.000
Outgoing Primary									
Automation	0	6,401	$28.244	0.441	2.263	1.023	0.010	1.009	0.000
Manual	0	661	$28.244	4.271	1.360	1.023	0.100	5.907	0.000
Outgoing Secondary									
Automation	0	9,299	$28.244	0.304	2.236	1.023	0.007	0.686	0.000
Manual	0	649	$28.244	4.352	1.360	1.023	0.102	6.019	0.000
Incoming RBCS									
ISS	0	5,819	$28.244	0.485	2.001	1.023	0.011	0.982	0.000
RCR	0							0.486	0.000
REC	0	670	$17.786	2.656	1.516	1.023	0.062	4.089	0.000
OSS	0	9,070	$28.244	0.311	1.621	1.023	0.007	0.512	0.000
LMLM	0	3,852	$28.244	0.733	2.623	1.023	0.017	1.940	0.000
Incoming MMP									
Automation AADC	0	6,218	$28.244	0.454	2.151	1.023	0.011	0.988	0.000
Manual ADC	0	818	$28.244	3.454	1.396	1.023	0.081	4.902	0.000
Incoming SCF/Primary									
Automation	0	6,588	$28.244	0.429	2.024	1.023	0.010	0.878	0.000
Manual	0	868	$28.244	3.254	1.360	1.023	0.076	4.500	0.000
5-Digit Barcode Sort	0	6,588	$28.244	0.429	2.024	1.023	0.010	0.878	0.000
Incoming Secondaries									
Auto Carrier Route	0	5,826	$28.244	0.485	2.063	1.023	0.011	1.012	0.000
Auto 3-Pass DPS	13,240	14,898	$28.244	0.190	1.854	1.023	0.004	0.356	0.471
Auto 2-Pass DPS	0	9,762	$28.244	0.289	2.290	1.023	0.007	0.669	0.000
Man Inc Sec Final At Plant	0	695	$28.244	4.062	1.360	1.023	0.095	5.618	0.000
Man Inc Sec Final At DU	806	1,226	$28.244	2.303	1.360	1.023	0.054	3.185	0.257
Box Section Sort, DPS	384	2,480	$28.244	1.139	1.396	1.023	0.027	1.616	0.062
Box Section Sort, Other	506	1,240	$28.244	2.277	1.396	1.023	0.053	3.231	0.163

	(10)
MODEL COST =	1.371

	(11)
DPS % =	43.17%

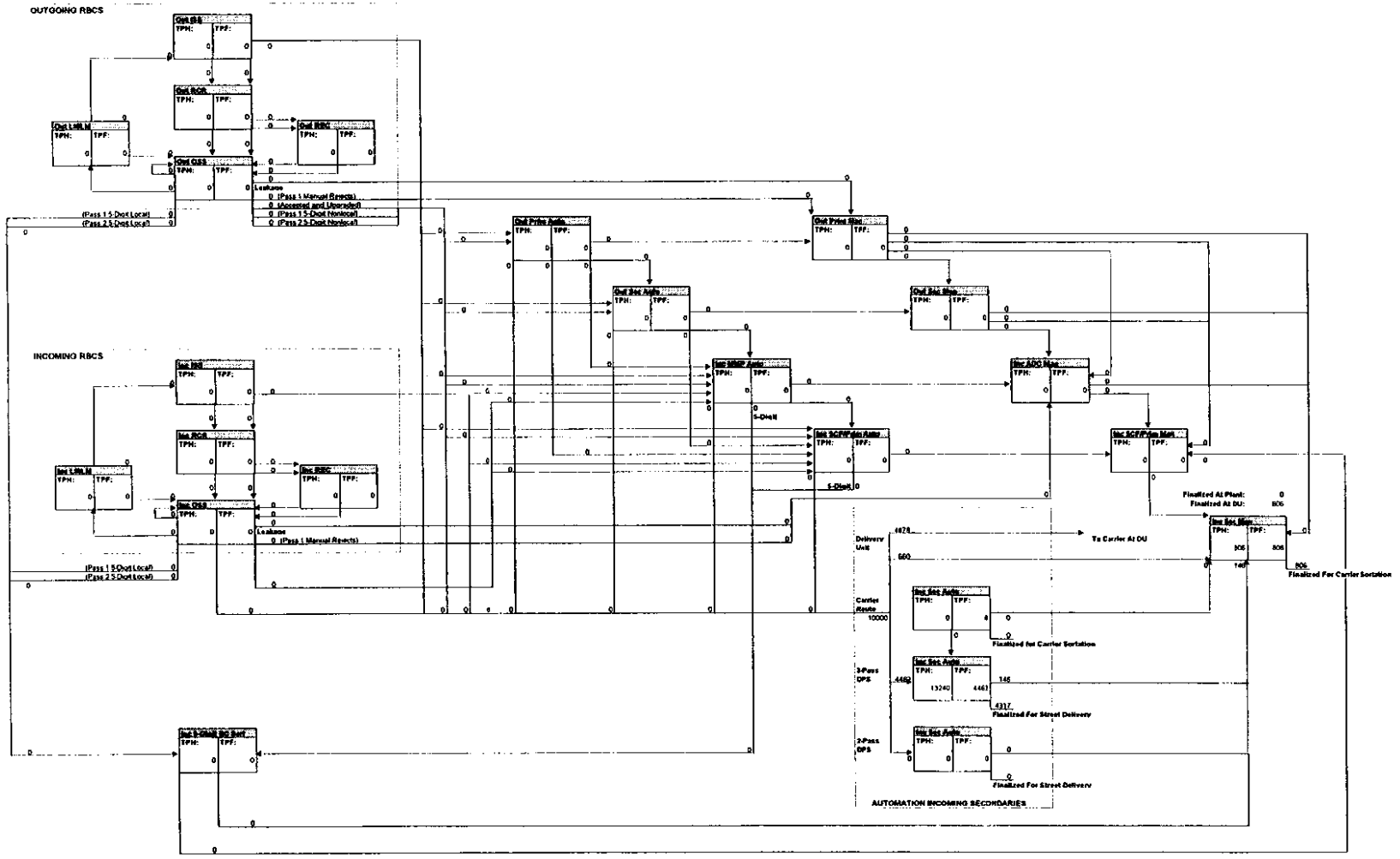
(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized in DPS Operations) / (10,000 Pieces)

FIRST-CLASS AUTOMATION CARRIER ROUTE
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	0	Inc ISS	0
Out RCR	0	Inc MMP Auto	0
Out Prim Auto	0	Inc SCF/Prim Auto	0
Out Sec Auto	0	Inc Sec Auto	10000
Out Prim Man	0	Inc ADC Man	0
Out Sec Man	0	Inc SCF/Prim Man	0
		Inc Sec Man	0



FIRST-CLASS MANUAL NONSTANDARD SINGLE PIECE
COST SHEET

Entry Activities	(1) TPH	(2) Pieces Per Hour	(3) Wage Rate	(4) Direct Cents Per Piece	(5) Piggyback Factor	(6) Premium Pay Factor	(7) Premium Pay Adjust	(8) Total Cents Per Piece	(9) Weighted Cents Per Piece
Package Sorting	10,000	---	---	---	---	---	---	0.000	0.000
Outgoing RBCS									
ISS	0	9,117	$28.244	0.310	2.001	1.023	0.007	0.627	0.000
RCR	0							0.486	0.000
REC	0	670	$17.786	2.656	1.516	1.023	0.062	4.089	0.000
OSS	0	10,029	$28.244	0.282	1.757	1.023	0.007	0.501	0.000
LMLM	0	3,852	$28.244	0.733	2.623	1.023	0.017	1.940	0.000
Outgoing Primary									
Automation	*0*	*6,401*	*$28.244*	*0.441*	*2.263*	*1.023*	*0.010*	*1.009*	*0.000*
Manual	10,000	661	$28.244	4.271	1.360	1.023	0.100	5.907	5.907
Outgoing Secondary									
Automation	0	9,299	$28.244	0.304	2.236	1.023	0.007	0.686	0.000
Manual	1,886	649	$28.244	4.352	1.360	1.023	0.102	6.019	1.135
Incoming RBCS									
ISS	*0*	*5,819*	*$28.244*	*0.485*	*2.001*	*1.023*	*0.011*	*0.982*	*0.000*
RCR	0							0.486	0.000
REC	0	670	$17.786	2.656	1.516	1.023	0.062	4.089	0.000
OSS	0	9,070	$28.244	0.311	1.621	1.023	0.007	0.512	0.000
LMLM	0	3,852	$28.244	0.733	2.623	1.023	0.017	1.940	0.000
Incoming MMP									
Automation AADC	0	6,218	$28.244	0.454	2.151	1.023	0.011	0.988	0.000
Manual ADC	3,072	*818*	*$28.244*	*3.454*	*1.396*	*1.023*	*0.081*	*4.902*	*1.506*
Incoming SCF/Primary									
Automation	0	6,588	$28.244	0.429	2.024	1.023	0.010	0.878	0.000
Manual	3,603	868	$28.244	3.254	1.360	1.023	0.076	4.500	1.622
5-Digit Barcode Sort	0	6,588	$28.244	0.429	2.024	1.023	0.010	0.878	0.000
Incoming Secondaries									
Auto Carrier Route	0	5,826	$28.244	0.485	2.063	1.023	0.011	1.012	0.000
Auto 3-Pass DPS	0	14,898	$28.244	0.190	1.854	1.023	0.004	0.356	0.000
Auto 2-Pass DPS	0	9,782	$28.244	0.289	2.290	1.023	0.007	0.669	0.000
Man Inc Sec Final At Plant	7,381	695	$28.244	4.062	1.360	1.023	0.095	5.618	4.147
Man Inc Sec Final At DU	2,619	1,226	$28.244	2.303	1.360	1.023	0.054	3.185	0.834
Box Section Sort, DPS	0	2,480	$28.244	1.139	1.396	1.023	0.027	1.616	0.000
Box Section Sort, Other	890	1,240	$28.244	2.277	1.396	1.023	0.053	3.231	0.288

MODEL COST =	15.438	(10)
BMM CRA WORKSHARING RELATED PROPORTIONAL ADJUSTMENT FACTOR =	1.325	(11)
BMM CRA WORKSHARING RELATED FIXED ADJUSTMENT FACTOR =	1.351	(12)
BMM CRA NONWORKSHARING RELATED FIXED ADJUSTMENT FACTOR =	2.141	(13)
BMM CRA ADJUSTED TOTAL COST =	23.941	(14)

	(11)	
DPS % =	0.00%	(15)

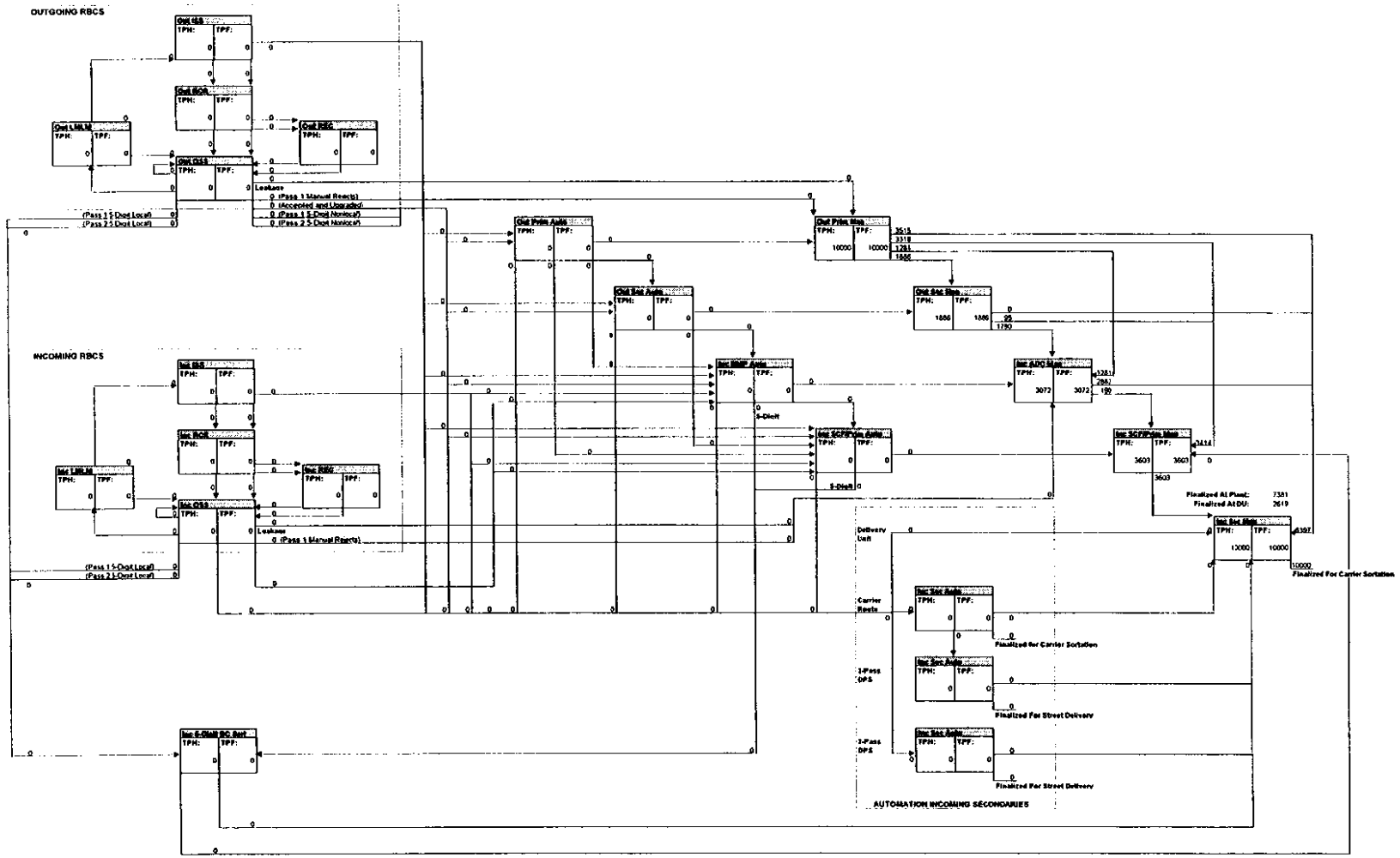
(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (BMM Worksharing Related Proportional Cost Pools) / (10)
(12) BMM Worksharing Related Fixed Cost Pools
(13) BMM Nonworksharing Related Fixed Cost Pools
(14) [(10) * (11)] +12 +13
(15) (Pieces Finalized In DPS Operations) / 10,000 Pieces

FIRST-CLASS MANUAL NONSTANDARD SINGLE PIECE
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	0	Inc ISS	0
Out RCR	0	Inc MMP Auto	0
Out Prim Auto	0	Inc SCF/Prim Auto	0
Out Sec Auto	0	Inc Sec Auto	0
Out Prim Man	10000	Inc ADC Man	0
Out Sec Man	0	Inc SCF/Prim Man	0
		Inc Sec Man	0



FIRST-CLASS MANUAL NONSTANDARD PRESORT
COST SHEET

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Entry Activities	TPH	Pieces Per Hour	Wage Rate	Direct Cents Per Piece	Piggyback Factor	Premium Pay Factor	Premium Pay Adjust	Total Cents Per Piece	Weighted Cents Per Piece
Package Sorting	10,000	---	---	---	---	---	---	0.000	0.000
Outgoing RBCS									
ISS	0	9,117	$28.244	0.310	2.001	1.023	0.007	0.627	0.000
RCR	0							0.486	0.000
REC	0	670	$17.786	2.656	1.516	1.023	0.062	4.089	0.000
OSS	0	10,029	$28.244	0.282	1.757	1.023	0.007	0.501	0.000
LMLM	0	3,852	$28.244	0.733	2.623	1.023	0.017	1.940	0.000
Outgoing Primary									
Automation	0	6,401	$28.244	0.441	2.263	1.023	0.010	1.009	0.000
Manual	0	661	$28.244	4.271	1.360	1.023	0.100	5.907	0.000
Outgoing Secondary									
Automation	0	9,299	$28.244	0.304	2.236	1.023	0.007	0.686	0.000
Manual	826	649	$28.244	4.352	1.360	1.023	0.102	6.019	0.497
Incoming RBCS									
ISS	0	5,819	$28.244	0.485	2.001	1.023	0.011	0.982	0.000
RCR	0							0.486	0.000
REC	0	670	$17.786	2.656	1.516	1.023	0.062	4.089	0.000
OSS	0	9,070	$28.244	0.311	1.621	1.023	0.007	0.512	0.000
LMLM	0	3,852	$28.244	0.733	2.623	1.023	0.017	1.940	0.000
Incoming MMP									
Automation AADC	0	6,218	$28.244	0.454	2.151	1.023	0.011	0.988	0.000
Manual ADC	1,548	818	$28.244	3.454	1.396	1.023	0.081	4.902	0.759
Incoming SCF/Primary									
Automation	0	6,588	$28.244	0.429	2.024	1.023	0.010	0.878	0.000
Manual	5,874	868	$28.244	3.254	1.360	1.023	0.076	4.500	2.644
5-Digit Barcode Sort	0	6,588	$28.244	0.429	2.024	1.023	0.010	0.878	0.000
Incoming Secondaries									
Auto Carrier Route	0	5,826	$28.244	0.485	2.063	1.023	0.011	1.012	0.000
Auto 3-Pass DPS	0	14,898	$28.244	0.190	1.854	1.023	0.004	0.356	0.000
Auto 2-Pass DPS	0	9,762	$28.244	0.289	2.290	1.023	0.007	0.669	0.000
Man Inc Sec Final At Plant	7,381	695	$28.244	4.062	1.360	1.023	0.095	5.618	4.147
Man Inc Sec Final At DU	2,619	1,226	$28.244	2.303	1.360	1.023	0.054	3.185	0.834
Box Section Sort, DPS	0	2,480	$28.244	1.139	1.396	1.023	0.027	1.616	0.000
Box Section Sort, Other	890	1,240	$28.244	2.277	1.396	1.023	0.053	3.231	0.288

MODEL COST =	9.168	(10)
CRA WORKSHARING RELATED PROPORTIONAL ADJUSTMENT FACTOR =	0.891	(11)
CRA WORKSHARING RELATED FIXED ADJUSTMENT FACTOR =	0.665	(12)
CRA NONWORKSHARING RELATED FIXED ADJUSTMENT FACTOR =	0.843	(13)
CRA ADJUSTED TOTAL COST =	9.675	(14)

	(11)	
DPS % =	0.00%	(15)

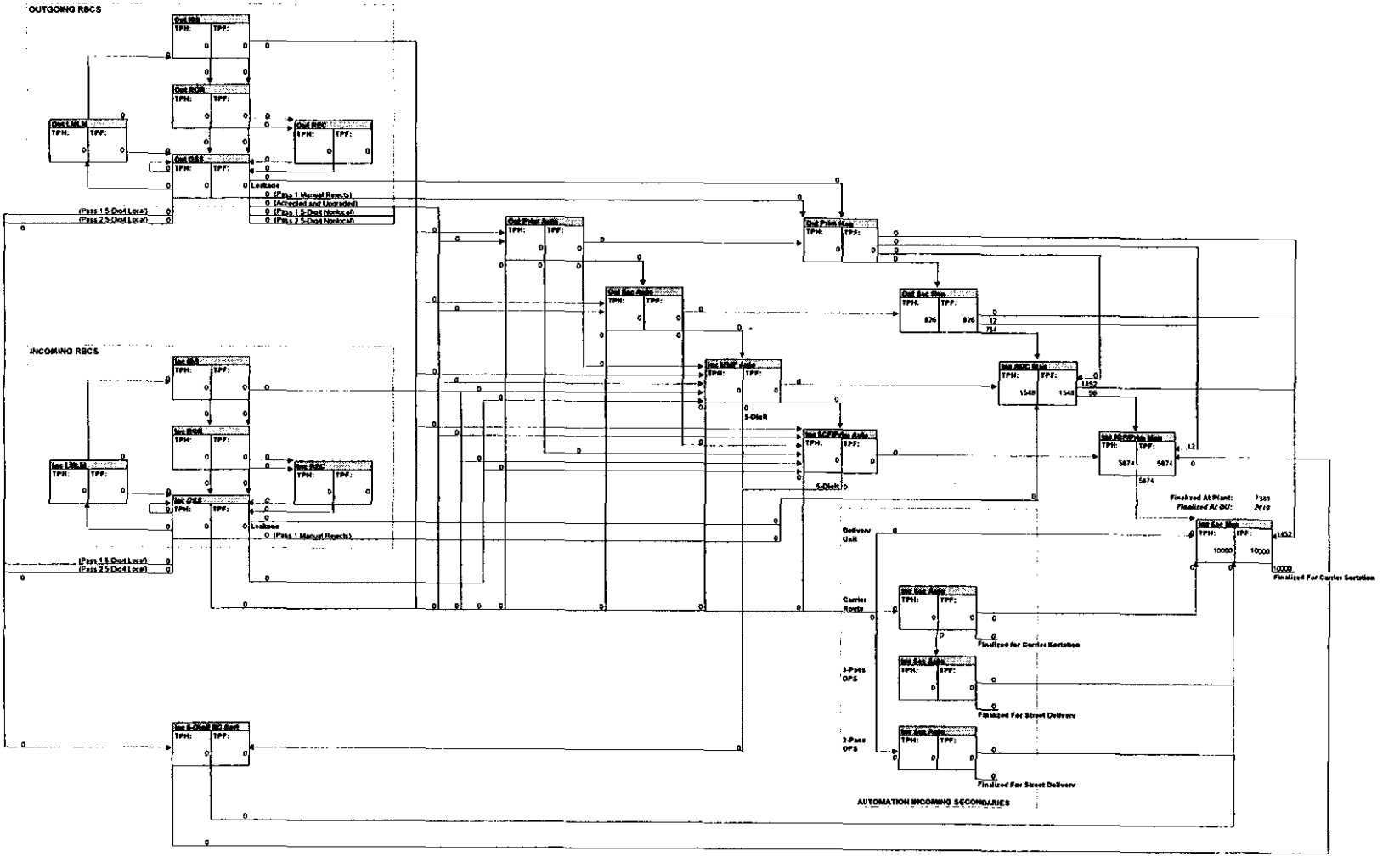
(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) From "DEAVGD LTR UNIT COSTS" Spreadsheet
(12) From "DEAVGD LTR UNIT COSTS" Spreadsheet
(13) From "DEAVGD LTR UNIT COSTS" Spreadsheet
(14) [(10) * (11)] +12 +13
(15) (Pieces Finalized in DPS Operations) / 10,000 Pieces

FIRST-CLASS MANUAL NONSTANDARD PRESORT
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	0	Inc ISS	0
Out RCR	0	Inc MMP Auto	0
Out Prim Auto	0	Inc SCF/Prim Auto	0
Out Sec Auto	0	Inc Sec Auto	0
Out Prim Man	0	Inc ADC Man	764
Out Sec Man	826	Inc SCF/Prim Man	5737
		Inc Sec Man	2673



FIRST-CLASS MAIL ENTRY PROFILE

Rate Category
Tray Presort Level

Entry Point	Source		Volume		Percent	
Nonautomation OCR Upgradable		**3,152,997**		**100.00%**		
5-Digit	Docket No. R97-1, LR-H-185		281,478		8.93%	
Inc ISS				281,478		8.93%
3-Digit	Docket No. R97-1, LR-H-185		1,565,393		49.65%	
Inc ISS				1,565,393		49.65%
AADC Trays	Docket No. R97-1, LR-H-185		504,094		15.99%	
Inc ISS				401,259		12.73%
Inc ISS				102,835		3.26%
Mixed AADC Trays	Docket No. R97-1, LR-H-185		802,032		25.44%	
Out ISS				802,032		25.44%
Nonautomation Non-OCR Upgradable		**505,318**		**100.00%**		
5-Digit	Docket No. R97-1, LR-H-185		183,056		36.23%	
Inc Iss				183,056		36.23%
3-Digit	Docket No. R97-1, LR-H-185		193,752		38.34%	
Inc ISS				193,752		38.34%
ADC Trays	Docket No. R97-1, LR-H-185		20,468		4.05%	
Inc ISS				16,293		3.22%
Inc ISS				4,175		0.83%
Mixed ADC Trays	Docket No. R97-1, LR-H-185		108,042		21.38%	
Out ISS				108,042		21.38%
Nonautomation Non-OCR Not Upgradable		**2,874,842**		**100.00%**		
55.56% = % nonmachinable						
5-Digit	Docket No. R97-1, LR-H-185		1,032,992		35.93%	
Inc Iss				459,033		15.97%
Inc Sec Man				573,959		19.96%
3-Digit	Docket No. R97-1, LR-H-185		1,312,026		45.64%	
Inc ISS				583,029		20.28%
Inc SCF/Prim Man				728,997		25.36%
ADC Trays	Docket No. R97-1, LR-H-185		263,273		9.16%	
Inc ISS				93,125		3.24%
Inc ISS				23,866		0.83%
Inc ADC Man				116,440		4.05%
Inc SCF/Prim Man				29,841		1.04%
Mixed ADC Trays	Docket No. R97-1, LR-H-185		266,551		9.27%	
Out ISS				118,448		4.12%
Out Prim Man				148,103		5.15%
Automation Basic	Docket No. R97-1, LR-H-185	**4,259,378**		**100.00%**		
AADC Trays	Docket No. R97-1, LR-H-185		2,201,894		51.70%	
Inc MMP Auto				1,752,708		41.15%
Inc SCF/Prim Auto				449,186		10.55%
Mixed AADC Trays	Docket No. R97-1, LR-H-185		2,057,484		48.30%	
Out Prim Auto				2,057,484		48.30%
Automation 3-Digit	Docket No. R97-1, LR-H-185	**19,388,008**				
Automation 5-Digit	Docket No. R97-1, LR-H-185	**8,967,204**				
Total Nonautomation and Automation Presort		**39,147,747**				

ACCEPT/UPGRADE RATES

Description	Source	FCM Sing Pc Meter	FCM Sing Pc Mach Prnt	FCM Sing Pc Hand	FCM Nonauto Upgr	FCM Nonauto Non-OCR	STD(A) Nonauto 3/5 Upgr	STD(A) Nonauto 3/5 NO	STD(A) Nonauto Basic Upgr	STD(A) Nonauto Basic NO
MLOCR Accept	Docket No. R97-1, USPS LR-H-130	74.88%	70.24%	8.36%	83.64%	67.98%	79.71%	64.48%	76.41%	61.15%
MLOCR Upgrade	Docket No. R97-1, USPS LR-H-130	81.05%	79.95%	57.42%	71.61%	76.45%	77.35%	80.87%	73.40%	75.82%
MPBCS OSS Accept	Docket No. R97-1, USPS LR-H-130	85.68%	83.04%	87.35%	85.79%	78.44%	85.52%	70.12%	83.47%	72.86%
MPBCS OSS Upgrade	Docket No. R97-1, USPS LR-H-130	91.46%	92.70%	92.99%	85.74%	87.57%	89.65%	91.19%	85.64%	87.65%
MPBCS OSS Errors:										
OSS Refeeds	Docket No. R97-1, USPS LR-H-130	1.38%	1.19%	0.96%	1.76%	0.90%	1.72%	1.33%	2.67%	2.54%
LMLM - ID Tag	Docket No. R97-1, USPS LR-H-130	5.99%	6.49%	3.95%	3.63%	7.06%	5.07%	8.06%	4.79%	7.28%
LMLM - Postnet Barcode	Docket No. R97-1, USPS LR-H-130	5.59%	7.48%	6.79%	7.49%	11.36%	6.51%	17.97%	7.86%	14.44%
Manual	Docket No. R97-1, USPS LR-H-130	1.36%	1.80%	0.95%	1.33%	2.24%	1.18%	2.52%	1.21%	2.88%

Other Accept Rates

Outgoing BCS Primary	USPS LR-I-107	95.20%
Outgoing BCS Secondary	USPS LR-I-107	95.80%
Incoming BCS MMP	USPS LR-I-107	95.80%
Incoming BCS SCF/Primary	USPS LR-I-107	95.70%
Incoming BCS Secondary Carrier Route	USPS LR-I-107	96.10%
Incoming BCS Secondary DPS Pass 1	USPS LR-I-107	97.50%
Incoming BCS Secondary DPS Pass 2	USPS LR-I-107	97.50%
Incoming CSBCS Secondary Pass1	USPS LR-I-107	98.90%
Incoming CSBCS Secondary Pass2,3	USPS LR-I-107	98.90%

MAIL FLOW DENSITIES
Source: Miller Workpapers 1

		---------OUTGOING--------		----------INCOMING----------			
From Operation	Refeeds	Primary	Secondary	Mgd Mail Program	SCF/ Primary	Inc Sec	Total
Out ISS Auto		3.22%	28.61%	3.86%	37.94%	26.36%	100.00%
Out OSS Auto		2.12%	16.26%	10.74%	36.88%	34.00%	100.00%
Out Prim Auto	0.05%		7.29%	35.74%	50.38%	6.59%	100.00%
Out Sec Auto	3.08%			47.12%	48.01%	4.87%	100.00%
Inc ISS Auto				2.41%	32.39%	65.19%	100.00%
Inc OSS Auto				0.92%	20.28%	78.81%	100.00%
Inc MMP Auto	0.79%				20.43%	79.57%	100.00%
Out Prim Man			18.86%	12.81%	33.18%	35.15%	100.00%
Out Sec Man				94.94%	5.06%	0.00%	100.00%
Inc ADC Man					6.18%	93.82%	100.00%

FY 99 REMOTE BAR CODE SYSTEM (RBCS) STATISTICS

Source: Corporate Information System (CIS)

AP	LEAKAGE PERCENT	RCR FINAL PERCENT
1	5.7%	39.0%
2	5.8%	41.1%
3	5.7%	44.1%
4	4.9%	47.5%
5	5.8%	49.9%
6	5.6%	50.3%
7	5.5%	50.4%
8	5.5%	50.9%
9	5.5%	51.3%
10	5.7%	51.4%
11	6.1%	50.3%
12	6.2%	50.0%
13		

MISCELLANEOUS FACTORS

Description	Source	Value
AADC Trays Entered At MMP Operation	Docket No. R97-1, LR-H-128	79.60%
Local Originating	FY 98 ODIS	11.65%
RCR Finalization Rate	RCR 2000 D.A.R.	69.03%
RBCS Leakage Rate	Operations Leakage Target	5.00%
Automation Incoming Secondaries		
Delivery Unit (ZIP Code)	USPS-T-24A	2.13% **(1)**
Carrier Route	USPS-T-24A	15.74% **(2)**
3-Pass DPS (CSBCS)	USPS-T-24A	14.40% **(3)**
2-Pass DPS (DBCS)	USPS-T-24A	67.73%
		100.00%
Auto Carrier Route Presort % To CSBCS Site	(3) / [(1) + (2) + (3)]	44.62%
Finalized At Least To Carrier Route At Plant	USPS-T-24A	73.81%
Post Office Box Destination	Docket No. MC95-1, USPS-T-10I	8.90%

MARGINAL (VOLUME VARIABLE) PRODUCTIVITIES

Description	(1) Variability Factor	(2) MODS Productivity	Productivity Source	(3) Marginal Productivity	(4) RCR Cents/ Piece
Outgoing ISS	0.751	6,847	USPS LR-I-107	9,117	
Incoming ISS	0.751	4,370	USPS LR-I-107	5,819	
RCR	---	---	---	---	0.486
REC	1.005	673	USPS LR-I-107	670	
LMLM	1.005	3,871	USPS LR-I-107	3,852	
Outgoing OSS	0.895	8,976	USPS LR-I-107	10,029	
Incoming OSS	0.895	8,118	USPS LR-I-107	9,070	
Outgoing BCS Primary	0.895	5,729	USPS LR-I-107	6,401	
Outgoing BCS Secondary	0.895	8,323	USPS LR-I-107	9,299	
Incoming BCS MMP	0.895	5,565	USPS LR-I-107	6,218	
Incoming BCS SCF/Primary	0.895	5,896	USPS LR-I-107	6,588	
Incoming BCS Secondary Carrier Route	0.895	5,214	USPS LR-I-107	5,826	
Incoming BCS Secondary DPS (2 Pass)	0.895	8,737	USPS LR-I-107	9,762	
Incoming CSBCS Secondary DPS (3 Pass)	0.895	13,334	USPS LR-I-107	14,898	
Manual Outgoing Primary	0.735	486	USPS LR-I-107	661	
Manual Outgoing Secondary	0.735	477	USPS LR-I-107	649	
Manual MMP	0.735	601	USPS LR-I-107	818	
Manual Incoming SCF/Primary	0.735	638	USPS LR-I-107	868	
Manual Incoming Secondary, MODS Site	0.735	511	USPS LR-I-107	695	
Manual Incoming Secondary Non MODS Sites	0.932	1,143	Docket No. MC95-1, Exhibit USPS-T-10F	1,226	
P.O. Box Sort DPS	0.944	2,341	Docket No. MC95-1, Exhibit USPS-T-10F	2,480	
P.O. Box Sort Other	0.944	1,171	Docket No. MC95-1, Exhibit USPS-T-10F	1,240	
Tray Opening Unit Bundle Sorting	0.960	160	Docket No. MC95-1, Exhibit USPS-T-10B	167	

(1) USPS-T-17, Table 1
(2) Data Sources As Indicated
(3) (2) / (1)
(4) (FY 98 RCR Cost From USPS LR-I-77) / (FY 98 RCR Volume From Corporate Information System)

TEST YEAR WAGE RATES

Description	Source	Wage Rate
Remote Encoding Centers (REC)	USPS LR-I-106	17.786
Other Mail Processing	USPS LR-I-106	28.244
Premium Pay Adjustment Factor	USPS LR-I-106	1.023

FY 99 AP 11 MODS VOLUMES
Source: Corporate Information System

OPER NO.	DESCRIPTION	MODS VOLUME	% VOL	
971	Outgoing Primary OSS - MPBCS	1,165,065,900	66.64%	74.35%
972	Outgoing Secondary OSS - MPBCS	134,827,300	7.71%	
271	Outgoing Primary OSS - DBCS	437,523,900	25.03%	25.65%
272	Outgoing Secondary OSS - DBCS	10,881,900	0.62%	
		1,748,299,000	100.00%	
871	Outgoing Primary - MPBCS	44,560,100	3.79%	
891	Outgoing Primary - DBCS	1,132,472,500	96.21%	
		1,177,032,600	100.00%	
872	Outgoing Secondary - MPBCS	78,226,000	7.57%	
892	Outgoing Secondary - DBCS	954,707,700	92.43%	
		1,032,933,700	100.00%	
973	Incoming MMP OSS - MPBCS	214,099,200	49.72%	
974	Incoming SCF OSS - MPBCS	108,182,800	25.12%	93.36%
975	Incoming Primary OSS - MPBCS	79,754,100	18.52%	
273	Incoming MMP OSS - DBCS	11,669,200	2.71%	
274	Incoming SCF OSS - DBCS	14,820,100	3.44%	6.64%
275	Incoming Primary OSS - DBCS	2,109,100	0.49%	
		430,634,500	100.00%	
873	Incoming MMP - MPBCS	401,941,100	19.34%	
893	Incoming MMP - DBCS	1,675,940,800	80.66%	
		2,077,881,900	100.00%	
874	Incoming SCF - MPBCS	878,379,200	25.56%	37.06%
875	Incoming Primary - MPBCS	395,607,400	11.51%	
894	Incoming SCF - DBCS	1,411,489,600	41.07%	62.94%
895	Incoiming Primary DBCS	751,728,200	21.87%	
		3,437,204,400	100.00%	
876	Incoming Secondary Carrier Route - MPBCS	562,735,000	31.65%	
896	Incoming Secondary Carrier Route - DBCS	1,215,011,900	68.35%	
		1,777,746,900	100.00%	

PIGGYBACK FACTORS

EQUIPMENT DESCRIPTION	SOURCE	VALUE
MLOCR	USPS LR-I-81	2.001
REC	USPS LR-I-77	1.516
LMLM	USPS LR-I-77	2.623
MPBCS	USPS LR-I-77	1.573
DBCS	USPS LR-I-77	2.290
CSBCS	USPS LR-I-77	1.854
Manual	USPS LR-I-81	1.360
Manual P.O. Box	USPS LR-I-81	1.396
Tray Opening Unit Bundle Sorting	USPS LR-I-81	1.542

OPERATION DESCRIPTION	(1) VALUE
Outgoing ISS	2.001
Outgoing REC	1.516
Outgoing OSS	1.757
Outgoing LMLM	2.623
Outgoing Prim Auto	2.263
Outgoing Prim Man	1.360
Outgoing Sec Auto	2.236
Outgoing State Dist Man	1.360
Incoming ISS	2.001
Incoming REC	1.516
Incoming OSS	1.621
Incoming LMLM	2.623
Incoming MMP Auto	2.151
Incoming ADC Man	1.396
Incoming SCF/Prim Auto	2.024
Incoming SCF/Prim Man	1.360
Incoming 5-Digit Barcode Sort	2.024
Incoming Sec Auto Carrier Route	2.063
Incoming Sec Auto 3-Pass DPS	1.854
Incoming Sec Auto 2-Pass DPS	2.290
Man Inc Sec Final At Plant	1.360
Man Inc Sec Final At DU	1.360
Box Section Sort, DPS	1.396
Box Section Sort, Other	1.396
Tray Opening Unit Bundle Sorting	1.542

(1) For automation operations, these factors are the weighted average of MPBCS and DBCS piggyback factors using volume percentages in "FY 99 AP 11 MODS VOL" spreadsheet

FIRST-CLASS NONAUTOMATION PACKAGE SORTING COSTS

Test Year Wage Rate	=	$28.244	(1)
Productivity	=	167	(2)
Piggyback Factor	=	1.542	(3)
Premium Pay Factor	=	1.02342	(4)
Cost (Cents) Per Package	=	26.520	(5)

Package Type		Mix ADC to ADC	ADC to SCF/3-Dig	SCF/3-Dig to 5-Dig	Final Operation
5-Digit Packages					
No. of Operations	(6)	0.5	0.8	1.3	
Cost Per Sort	(7)	13.260	21.216	34.476	
3-Digit Packages					
No. of Operations	(6)	0.5	1.0		0.5
Cost Per Sort	(7)	13.260	26.520		13.260
ADC Packages					
No. of Operations	(6)	1.0			1.0
Cost Per Sort	(7)	26.520			26.520
Mixed ADC Packages					
No. of Operations	(6)				1.0
Cost Per Sort	(7)				26.520

Packages/Container Type	(8) Mix ADC to ADC	(8) ADC to SCF/3-Dig	(8) SCF/3-Dig to 5-Dig	(8) Final Operation	(9) Total Cost	(10) Non-OCR Upgradable Volume	(11) % Vol	(12) % Used	(13) Pieces Per Package	(14) Cost Per Piece	(15) Non-OCR Non-OCR Volume	(16) % Vol	(17) % Used	(18) Pieces Per Package	(19) Cost Per Piece
Full 5-Digit Trays	0.000	0.000	0.000	0.000	0.000	183,056	36.23%	100.00%	0.0	0.000	1,032,992	35.93%	100.00%	0.0	0.000
Full 3-Digit Trays	0.000	0.000	0.000	0.000	0.000	0	0.00%	100.00%	0.0	0.000	0	0.00%	100.00%	0.0	0.000
5-Digit Packages In 3-Digit Trays	0.000	0.000	34.476	0.000	34.476	179,285	35.48%	69.11%	35.0	0.242	1,103,615	38.39%	100.00%	31.7	0.418
3-Digit Packages in 3 Digit Trays	0.000	0.000	0.000	13.260	13.260	14,467	2.86%	69.11%	38.9	0.007	208,411	7.25%	100.00%	39.1	0.025
5-Digit Packages In ADC Trays	0.000	21.216	34.476	0.000	55.692	4,263	0.84%	54.50%	16.9	0.015	86,157	3.00%	100.00%	18.5	0.090
3-Digit Packages In ADC Trays	0.000	26.520	0.000	13.260	39.780	14,567	2.88%	54.50%	27.1	0.023	174,265	6.06%	100.00%	32.4	0.074
ADC Packages In ADC Trays	0.000	0.000	0.000	26.520	26.520	1,638	0.32%	54.50%	24.1	0.002	2,851	0.10%	100.00%	24.5	0.001
5-Digit Packages In Mix ADC Trays	13.260	21.216	34.476	0.000	68.952	16,795	3.32%	54.50%	18.6	0.067	55,888	1.94%	100.00%	27.6	0.049
3-Digit Packages In Mix ADC Trays	13.260	26.520	0.000	13.260	53.040	43,040	8.52%	54.50%	32.3	0.076	144,881	5.04%	100.00%	25.1	0.106
ADC Packages In Mix ADC Trays	26.520	0.000	0.000	26.520	53.040	33,671	6.66%	54.50%	18.7	0.103	36,528	1.27%	100.00%	19.0	0.035
Mix ADC Packages In Mix ADC Trays	0.000	0.000	0.000	26.520	26.520	14,536	2.88%	54.50%	58.8	0.007	29,253	1.02%	100.00%	51.1	0.005
						505,318	100.00%			0.542 (20)	2,874,841	100.00%			0.804 (21)

(1) From "WAGE RATES" spreadsheet
(2) From "PRODUCTIVITIES" spreadsheet
(3) From "PIGGYBACKS" spreadsheet
(4) From "WAGE RATES" spreadsheet
(5) [[(1) * 100 / (2)] * [(3) + ((4) - 1)]
(6) Number of Operations from Docket No. MC95-1, USPS-T-10B
(7) (6) * (5)
(8) Package costs from (7) based on container type
(9) Sum (8) for all containers
(10) Docket No. R97-1, USPS LR-H-185
(11) [(10) for each package and container type] /[total (10)]
(12) Docket No. MC95-1, Smith Workpaper Part VII
(13) Docket No. R97-1, USPS LR-H-185
(14) (9) * (11) * (12) / (13)
(15) Docket No. R97-1, USPS LR-H-185
(16) [(10) for each package and container type] /[total (10)]
(17) Docket No. MC95-1, Smith Workpaper Part VII
(18) Docket No. R97-1, USPS LR-H-185
(19) (9) * (16) * (17) / (18)
(20) Sum (14)
(21) Sum (19)

APPENDIX II:

STANDARD (A) REGULAR LETTER MAIL PROCESSING COST MODELS

STANDARD (A) REGULAR LETTERS SUMMARY

BENCHMARK RATE CATEGORY	(1) MAIL PROC TOTAL UNIT COST	(2) MAIL PROC WORK- SHARING RELATED UNIT COST	(3) DELIVERY WORK- SHARING RELATED UNIT COST	(4) TOTAL WORK- SHARING RELATED UNIT COST	(5) WORK- SHARING RELATED SAVINGS
Nonautomation Basic Presort Letters	11.208	8.259	5.157	13.416	---
Nonautomation 3-/5-Digit Presort Letters	9.491	6.541	5.120	11.661	1.754
Nonautomation Basic Presort Letters	11.208	8.259	5.157	13.416	---
Automation Basic Presort Letters	6.234	4.962	4.674	9.636	3.779
Nonautomation 3-/5-Digit Presort Letters	9.491	6.541	5.120	11.661	---
Automation 3-Digit Presort Letters	5.262	3.990	4.629	8.619	3.042
Automation 3-Digit Presort Letters	5.262	3.990	4.629	8.619	---
Automation 5-Digit Presort Letters	4.001	2.729	4.551	7.280	1.339

(1) CRA Mail Processing Unit Costs:
Worksharing Proportional Cost Pools + Worksharing Fixed Cost Pools + Non-Worksharing Fixed Cost Pools
Model-Based Mail Processing Unit Costs:
(Model Cost * Worksharing Proportional Adjustment) + Worksharing Fixed Adjustment + Non-Worksharing Fixed Adjustment

(2) CRA Mail Processing Unit Costs:
Worksharing Proportional Cost Pools + Worksharing Fixed Cost Pools
Model-Based Mail Processing Unit Costs:
(Model Cost * Worksharing Proportional Adjustment) + Worksharing Fixed Adjustment

(3) USPS-T-28, Table 5

(4) (2) + (3)

(5) Benchmark (4) - Rate Category (4)

STANDARD (A) REGULAR LETTERS
DELIVERY POINT SEQUENCING (DPS) PERCENTAGES

CATEGORY	(1) VOLUME	(2) DPS %	
Nonautomation Basic Presort Letters		**51.88%**	(3)
OCR Upgradable	227,035	71.21%	
Non-OCR Upgradable	680,142	70.09%	
Non-OCR Not Upgradable	820,744	31.45%	
	1,727,921		
Nonautomation 3-/5-Digit Presort Letters		**53.47%**	(4)
OCR Upgradable	470,032	72.09%	
Non-OCR Upgradable	994,261	71.08%	
Non-OCR Not Upgradable	1,199,797	31.59%	
	2,664,090		
Automation Basic Presort Letters		**72.51%**	
Automation 3-Digit Presort Letters		**74.43%**	
Automation 5-Digit Presort Letters		**77.77%**	

(1) Nonautomation Volumes From "ENTRY PROFILE" Spreadsheet
(2) DPS Percentages from Corresponding "COST SHEET" Spreadsheets
(3) Weighted Average Nonautomation DPS Percentage
(4) Weighted Average Nonautomation DPS Percentage

STANDARD (A) REGULAR LETTER MAIL PROCESSING UNIT COST SUMMARY
NONAUTOMATION PRESORT

CRA LETTER MAIL PROCESSING UNIT COSTS

Modeled Worksharing Related (Proportional) Cost Pools	7.025	(1)
Other Worksharing Related (Fixed) Cost Pools	0.192	(2)
Non-Worksharing Related (Fixed) Cost Pools	2.949	(3)
Total	10.166	(4)

CRA PROPORTIONAL ADJUSTMENT FACTOR

Base Model Costs	(5) Model Cost	(6) Docket R97-1 USPS LR H-105 Volume %	(7) Weighted Cost	
OCR Upgradable Basic	4.721	5.17%	0.244	
Non-OCR Upgradable Basic	5.666	15.49%	0.877	
Non-OCR Not Upgradable Basic	9.533	18.69%	1.782	
OCR Upgradable 3/5	4.440	10.70%	0.475	
Non-OCR Upgradable 3/5	5.527	22.64%	1.251	
Non-OCR Not Upgradable 3/5	6.577	27.32%	1.797	
Total Weighted Model Cost		100.00%	6.426	(8)
CRA Proportional Adjustment			1.093	(9)

ADJUSTED LETTER MAIL PROCESSING UNIT COSTS

Rate Category		(10) Model Unit Cost	(11) Worksharing Related Unit Cost	(12) Non Worksharing Unit Cost	(13) Total Mail Proc Unit Cost
OCR Upgradable Basic		4.721	5.353	2.949	8.302
Non-OCR Upgradable Basic		5.666	6.386	2.949	9.335
Non-OCR Not Upgradable Basic		9.533	10.614	2.949	13.564
Nonautomation Basic	(14)	7.379	8.259	2.949	11.208
OCR Upgradable 3/5		4.440	5.046	2.949	7.995
Non-OCR Upgradable 3/5		5.527	6.234	2.949	9.183
Non-OCR Not Upgradable 3/5		6.577	7.382	2.949	10.331
Nonautomation 3/5	(15)	5.808	6.541	2.949	9.491

(1) Sum of modeled worksharing related cost pools in "NONAUTO LTR CRA" spreadsheet
(2) Sum of other worksharing related cost pools in "NONAUTO LTR CRA" spreadsheet
(3) Sum of non-worksharing related cost pools in "NONAUTO LTR CRA" spreadsheet
(4) (1) + (2) + (3)
(5) Model costs from respective rate category "COST SHEET" spreadsheets
(6) Docket No. R97-1, USPS LR-H-105
(7) (5) * (6)
(8) Sum (7)
(9) (1) / (8)
(10) Model costs from respective rate category "COST SHEET" spreadsheets
(11) (9) * (10) + (2)
(12) (3)
(13) (11) + (12)
(14) Weighted average model cost for rate category using percentages from (6)
(15) Weighted average model cost for rate category using percentages from (6)

STANDARD (A) REGULAR LETTER MAIL PROCESSING UNIT COST SUMMARY
AUTOMATION NON-CARRIER ROUTE PRESORT

CRA LETTER MAIL PROCESSING UNIT COSTS

Modeled Worksharing Related (Proportional) Cost Pools	3.114	(1)
Other Worksharing Related (Fixed) Cost Pools	0.780	(2)
Non-Worksharing Related (Fixed) Cost Pools	1.272	(3)
Total	*5.166*	*(4)*

CRA PROPORTIONAL ADJUSTMENT FACTOR

	(5)	(6)	(7)	
Base Model Costs	Model Cost	Base Year Volume (000)	Test Year Costs (000)	
Automation Basic	3.894	3,388,914	19.35%	
Automation 3-Digit	2.988	10,187,183	58.15%	
Automation 5-Digit	1.814	3,941,743	22.50%	
(8) Total Weighted Model Cost	2.899	17,517,840	100.00%	
CRA Proportional Adjustment			1.074	(9)

ADJUSTED LETTER MAIL PROCESSING UNIT COSTS

	(10)	(11)	(12)	(13)
Rate Category	Model Unit Cost	Worksharing Related Unit Cost	Non Worksharing Unit Cost	Total Mail Proc Unit Cost
Automation Basic	3.894	4.962	1.272	6.234
Automation 3-Digit	2.988	3.990	1.272	5.262
Automation 5-Digit	1.814	2.729	1.272	4.001

(1) Sum of modeled worksharing related cost pools in "AUTO LTR CRA" spreadsheet
(2) Sum of other worksharing related cost pools in "AUTO LTR CRA" spreadsheet
(3) Sum of non-worksharing related cost pools in "AUTO LTR CRA" spreadsheet
(4) (1) + (2) + (3)
(5) Model costs from respective rate category "COST SHEET" spreadsheets
(6) USPS LR I-125
(7) Rate Category (6) / Total (6)
(8) Sum [(5) * (7)]
(9) (1) / (8)
(10) Model costs from respective rate category "COST SHEET" spreadsheets
(11) (9) * (10) + (2)
(12) (3)
(13) (11) + (12)

CRA STANDARD (A) REGULAR LETTER MAIL PROCESSING UNIT COSTS
NONAUTOMATION PRESORT
Source: USPS LR-I-81

Cost Pool No.	Source	Cost Pool Abbreviation	CRA Mail Process Unit Costs	Worksharing Related (Proportional) Mail Process Cost Pools	Other Worksharing Related (Fixed) Mail Process Cost Pools	Non-Worksharing Related (Fixed) Mail Process Cost Pools	Worksharing Related (Proportional) Mail Process Unit Costs	Other Worksharing Related (Fixed) Mail Process Unit Costs	Non-Worksharing Related (Fixed) Mail Process Unit Costs
1	BMCS	NMO	0.018			X			0.018
2	BMCS	OTHR	0.329			X			0.329
3	BMCS	PLA	0.310			X			0.310
4	BMCS	PSM	0.001			X			0.001
5	BMCS	SPB	0.145	X			0.145		
6	BMCS	SSM	0.129			X			0.129
7	MODS	BCS/	0.805	X			0.805		
8	MODS	OCR/	0.314	X			0.314		
9	MODS	FSM/	0.053			X			0.053
10	MODS	LSM/	0.020	X			0.020		
11	MODS	MECPARC	0.000			X			0.000
12	MODS	SPBS OTH	0.192	X			0.192		
13	MODS	SPBSPRIO	0.005			X			0.005
14	MODS	1SACKS M	0.062			X			0.062
15	MODS	MANF	0.035			X			0.035
16	MODS	MANL	2.046	X			2.046		
17	MODS	MANP	0.000			X			0.000
18	MODS	PRIORITY	0.001			X			0.001
19	MODS	LD15	0.171	X			0.171		
20	MODS	1BULKPR	0.008		X			0.008	
21	MODS	1CANCMMP	0.043			X			0.043
22	MODS	1OPBULK	0.486	X			0.486		
23	MODS	1OPPREF	0.523	X			0.523		
24	MODS	1PLATFRM	0.847			X			0.847
25	MODS	1POUCHING	0.362	X			0.362		
26	MODS	1SACKS H	0.108			X			0.108
27	MODS	1SCAN	0.029			X			0.029
28	MODS	BUSREPLY	0.004			X			0.004
29	MODS	EXPRESS	0.000			X			0.000
30	MODS	MAILGRAM	0.000			X			0.000
31	MODS	REGISTRY	0.000			X			0.000
32	MODS	REWRAP	0.013			X			0.013
33	MODS	1EEQMT	0.034			X			0.034
34	MODS	INTL	0.003			X			0.003
35	MODS	LD41	0.048	X			0.048		
36	MODS	LD42	0.000	X			0.000		
37	MODS	LD43	0.366	X			0.366		
38	MODS	LD44	0.072	X			0.072		
39	MODS	LD48 EXP	0.000			X			0.000
40	MODS	LD48 SSV	0.006			X			0.006
41	MODS	LD49	0.063			X			0.063
42	MODS	LD79	0.184		X			0.184	
43	MODS	1SUPP F1	0.103			X			0.103
44	MODS	1SUPP F4	0.086			X			0.086
45	NONMODS	ALLIED	0.504			X			0.504
46	NONMODS	AUTO/MECH	0.131	X			0.131		
47	NONMODS	EXPRESS	0.000			X			0.000
48	NONMODS	MANF	0.014			X			0.014
49	NONMODS	MANL	1.342	X			1.342		
50	NONMODS	MANP	0.003			X			0.003
51	NONMODS	MISC	0.144			X			0.144
52	NONMODS	REGISTRY	0.001			X			0.001
			10.166				**7.025**	**0.192**	**2.949**
							69.10%	**1.89%**	**29.01%**

CRA STANDARD (A) REGULAR LETTER MAIL PROCESSING UNIT COSTS
AUTOMATION NON-CARRIER ROUTE PRESORT
Source: USPS LR-I-81

Cost Pool No.	Source	Cost Pool Abbreviation	CRA Mail Process Unit Costs	Worksharing Related (Proportional) Mail Process Cost Pools	Other Worksharing Related (Fixed) Mail Process Cost Pools	Non-Worksharing Related (Fixed) Mail Process Cost Pools	Worksharing Related (Proportional) Mail Process Unit Costs	Other Worksharing Related (Fixed) Mail Process Unit Costs	Non-Worksharing Related (Fixed) Mail Process Unit Costs
1	BMCS	NMO	0.018			X			0.018
2	BMCS	OTHR	0.121			X			0.121
3	BMCS	PLA	0.101			X			0.101
4	BMCS	PSM	0.003			X			0.003
5	BMCS	SPB	0.026		X			0.026	
6	BMCS	SSM	0.029			X			0.029
7	MODS	BCS/	1.367	X			1.367		
8	MODS	OCR/	0.113	X			0.113		
9	MODS	FSM/	0.037			X			0.037
10	MODS	LSM/	0.006	X			0.006		
11	MODS	MECPARC	0.001			X			0.001
12	MODS	SPBS OTH	0.054		X			0.054	
13	MODS	SPBSPRIO	0.000			X			0.000
14	MODS	1SACKS M	0.026			X			0.026
15	MODS	MANF	0.007			X			0.007
16	MODS	MANL	0.581	X			0.581		
17	MODS	MANP	0.002			X			0.002
18	MODS	PRIORITY	0.002			X			0.002
19	MODS	LD15	0.142	X			0.142		
20	MODS	1BULKPR	0.004		X			0.004	
21	MODS	1CANCMMP	0.013			X			0.013
22	MODS	1OPBULK	0.209		X			0.209	
23	MODS	1OPPREF	0.255		X			0.255	
24	MODS	1PLATFRM	0.411			X			0.411
25	MODS	1POUCHING	0.190		X			0.190	
26	MODS	1SACKS H	0.064			X			0.064
27	MODS	1SCAN	0.014			X			0.014
28	MODS	BUSREPLY	0.000			X			0.000
29	MODS	EXPRESS	0.000			X			0.000
30	MODS	MAILGRAM	0.000			X			0.000
31	MODS	REGISTRY	0.000			X			0.000
32	MODS	REWRAP	0.003			X			0.003
33	MODS	1EEQMT	0.016			X			0.016
34	MODS	INTL	0.001			X			0.001
35	MODS	LD41	0.039	X			0.039		
36	MODS	LD42	0.000	X			0.000		
37	MODS	LD43	0.142	X			0.142		
38	MODS	LD44	0.030	X			0.030		
39	MODS	LD48 EXP	0.000			X			0.000
40	MODS	LD48 SSV	0.008			X			0.008
41	MODS	LD49	0.045			X			0.045
42	MODS	LD79	0.041		X			0.041	
43	MODS	1SUPP F1	0.053			X			0.053
44	MODS	1SUPP F4	0.041			X			0.041
45	NONMODS	ALLIED	0.196			X			0.196
46	NONMODS	AUTO/MECH	0.215	X			0.215		
47	NONMODS	EXPRESS	0.000			X			0.000
48	NONMODS	MANF	0.004			X			0.004
49	NONMODS	MANL	0.478	X			0.478		
50	NONMODS	MANP	0.000			X			0.000
51	NONMODS	MISC	0.056			X			0.056
52	NONMODS	REGISTRY	0.000			X			0.000
			5.166				**3.114**	**0.780**	**1.272**
							60.28%	**15.11%**	**24.62%**

STANDARD (A) REGULAR NONAUTOMATION OCR UPGRADABLE BASIC
COST SHEET

Entry Activities	(1) TPH	(2) Pieces Per Hour	(3) Wage Rate	(4) Direct Cents Per Piece	(5) Piggyback Factor	(6) Premium Pay Factor	(7) Premium Pay Adjust	(8) Total Cents Per Piece	(9) Weighted Cents Per Piece
Package Sorting	10,000	---	---	---	---	---	---	0.000	0.000
Outgoing RBCS									
ISS	4,472	9,117	$28.24	0.310	2.001	0.961	-0.012	0.608	0.272
RCR	1,765							0.486	0.086
REC	547	670	$17.79	2.656	1.516	0.961	-0.103	3.924	0.214
OSS	1,812	10,029	$28.24	0.282	1.757	0.961	-0.011	0.484	0.088
LMLM	185	3,852	$28.24	0.733	2.623	0.961	-0.029	1.895	0.035
Outgoing Primary									
Automation	117	6,401	$28.24	0.441	2.263	0.961	-0.017	0.981	0.012
Manual	109	661	$28.24	4.271	1.360	0.961	-0.166	5.641	0.061
Outgoing Secondary									
Automation	1,207	9,299	$28.24	0.304	2.236	0.961	-0.012	0.667	0.081
Manual	70	649	$28.24	4.352	1.360	0.961	-0.169	5.748	0.040
Incoming RBCS									
ISS	5,713	5,819	$28.24	0.485	2.001	0.961	-0.019	0.952	0.544
RCR	2,254							0.486	0.110
REC	698	670	$17.79	2.656	1.516	0.961	-0.103	3.924	0.274
OSS	2,315	9,070	$28.24	0.311	1.621	0.961	-0.012	0.492	0.114
LMLM	237	3,852	$28.24	0.733	2.623	0.961	-0.029	1.895	0.045
Incoming MMP									
Automation AADC	933	6,218	$28.24	0.454	2.151	0.961	-0.018	0.960	0.090
Manual ADC	251	818	$28.24	3.454	1.396	0.961	-0.134	4.687	0.117
Incoming SCF/Primary									
Automation	3,799	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.323
Manual	234	868	$28.24	3.254	1.360	0.961	-0.127	4.297	0.100
5-Digit Barcode Sort	352	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.030
Incoming Secondaries									
Auto Carrier Route	2,760	5,826	$28.24	0.485	2.063	0.961	-0.019	0.981	0.271
Auto 3-Pass DPS	3,759	14,898	$28.24	0.190	1.854	0.961	-0.007	0.344	0.129
Auto 2-Pass DPS	12,247	9,762	$28.24	0.289	2.290	0.961	-0.011	0.651	0.798
Man Inc Sec Final At Plant	1,103	695	$28.24	4.062	1.360	0.961	-0.158	5.365	0.592
Man Inc Sec Final At DU	391	1,226	$28.24	2.303	1.360	0.961	-0.090	3.042	0.119
Box Section Sort, DPS	634	2,480	$28.24	1.139	1.396	0.961	-0.044	1.545	0.098
Box Section Sort, Other	256	1,240	$28.24	2.277	1.396	0.961	-0.089	3.089	0.079

	(10)
MODEL COST =	4.721

	(11)
DPS % =	71.21%

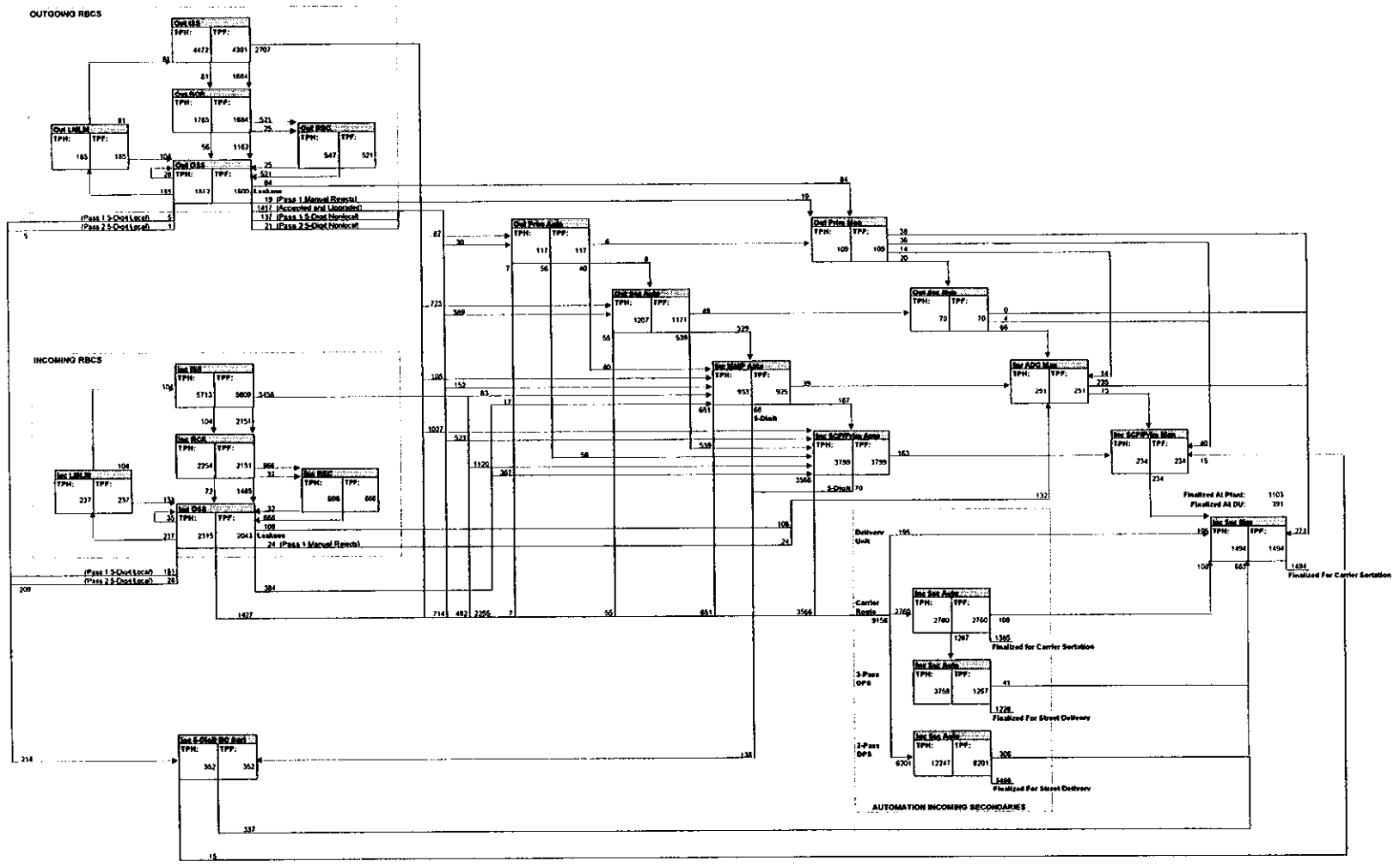
(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized in DPS Operations) / (10,000 Pieces)

STANDARD (A) REGULAR NONAUTOMATION OCR UPGRADABLE BASIC
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	4391	Inc ISS	5609
Out RCR	0	Inc MMP Auto	0
Out Prim Auto	0	Inc SCF/Prim Auto	0
Out Sec Auto	0	Inc Sec Auto	0
Out Prim Man	0	Inc ADC Man	0
Out Sec Man	0	Inc SCF/Prim Man	0
		Inc Sec Man	0



STANDARD (A) REGULAR NONAUTOMATION NON-OCR UPGRADABLE BASIC
COST SHEET

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Entry Activities	**TPH**	**Pieces Per Hour**	**Wage Rate**	**Direct Cents Per Piece**	**Piggyback Factor**	**Premium Pay Factor**	**Premium Pay Adjust**	**Total Cents Per Piece**	**Weighted Cents Per Piece**
Package Sorting	10,000	---	---	---	---	---	---	0.363	0.363
(From "PACKAGE SORT BAS" Spreadsheet)									
Outgoing RBCS									
ISS	5,258	9,117	$28.24	0.310	2.001	0.961	-0.012	0.608	0.320
RCR	2,613							0.486	0.127
REC	809	670	$17.79	2.656	1.516	0.961	-0.103	3.924	0.318
OSS	2,937	10,029	$28.24	0.282	1.757	0.961	-0.011	0.484	0.142
LMLM	600	3,852	$28.24	0.733	2.623	0.961	-0.029	1.895	0.114
Outgoing Primary									
Automation	129	6,401	$28.24	0.441	2.263	0.961	-0.017	0.981	0.013
Manual	186	661	$28.24	4.271	1.360	0.961	-0.166	5.641	0.105
Outgoing Secondary									
Automation	1,330	9,299	$28.24	0.304	2.236	0.961	-0.012	0.667	0.089
Manual	89	649	$28.24	4.352	1.360	0.961	-0.169	5.748	0.051
Incoming RBCS									
ISS	5,109	5,819	$28.24	0.485	2.001	0.961	-0.019	0.952	0.486
RCR	2,539							0.486	0.123
REC	786	670	$17.79	2.656	1.516	0.961	-0.103	3.924	0.309
OSS	2,853	9,070	$28.24	0.311	1.621	0.961	-0.012	0.492	0.141
LMLM	583	3,852	$28.24	0.733	2.623	0.961	-0.029	1.895	0.110
Incoming MMP									
Automation AADC	1,037	6,218	$28.24	0.454	2.151	0.961	-0.018	0.960	0.099
Manual ADC	326	818	$28.24	3.454	1.396	0.961	-0.134	4.687	0.153
Incoming SCF/Primary									
Automation	3,835	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.326
Manual	267	868	$28.24	3.254	1.360	0.961	-0.127	4.297	0.115
5-Digit Barcode Sort	366	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.031
Incoming Secondaries									
Auto Carrier Route	2,716	5,826	$28.24	0.485	2.063	0.961	-0.019	0.981	0.267
Auto 3-Pass DPS	3,700	14,898	$28.24	0.190	1.854	0.961	-0.007	0.344	0.127
Auto 2-Pass DPS	12,055	9,762	$28.24	0.289	2.290	0.961	-0.011	0.651	0.785
Man Inc Sec Final At Plant	1,202	695	$28.24	4.062	1.360	0.961	-0.158	5.365	0.645
Man Inc Sec Final At DU	426	1,226	$28.24	2.303	1.360	0.961	-0.090	3.042	0.130
Box Section Sort, DPS	624	2,480	$28.24	1.139	1.396	0.961	-0.044	1.545	0.096
Box Section Sort, Other	266	1,240	$28.24	2.277	1.396	0.961	-0.089	3.089	0.082

	(10)
MODEL COST =	**5.666**

	(11)
DPS % =	**70.09%**

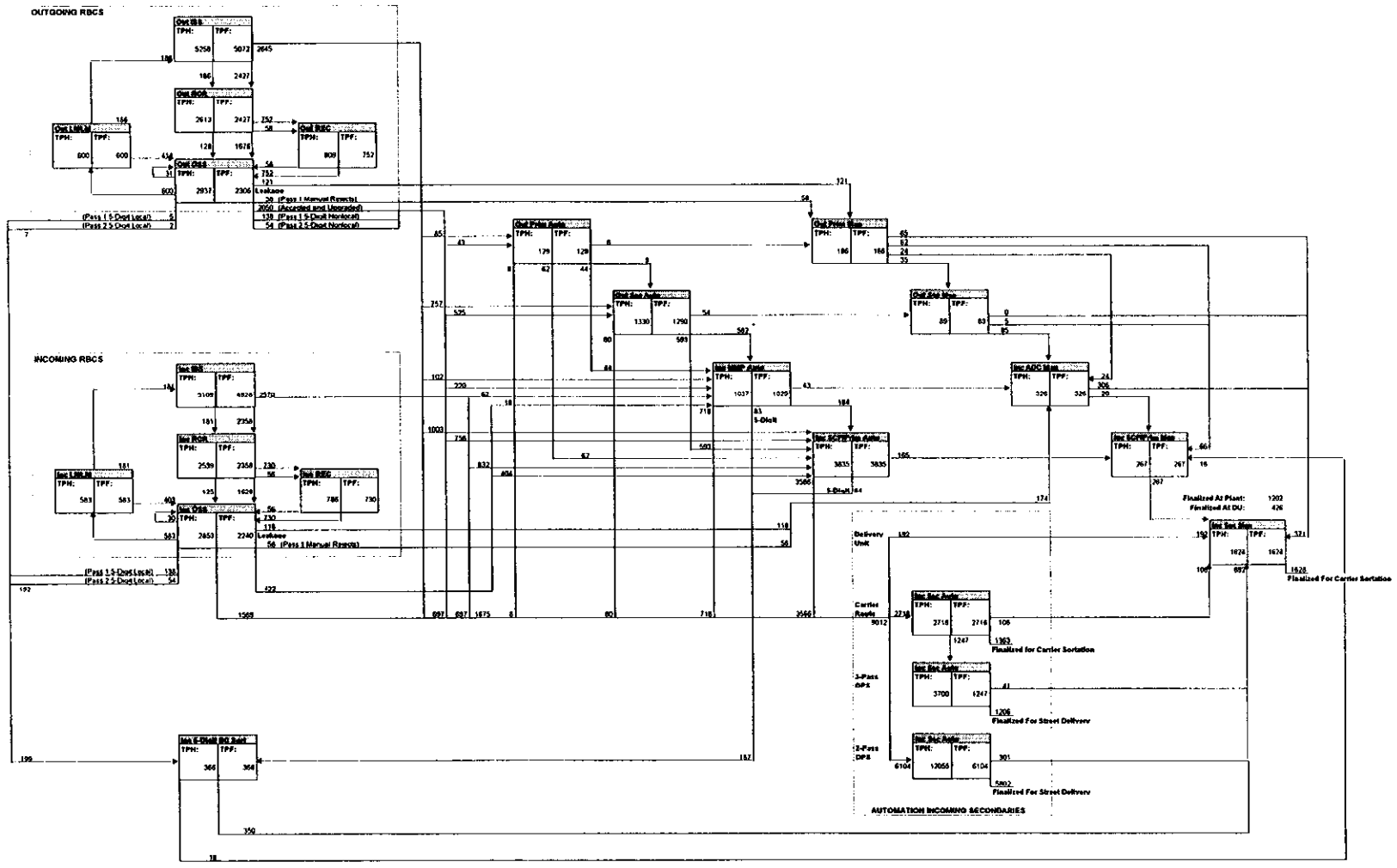
(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized In DPS Operations) / (10,000 Pieces)

STANDARD (A) REGULAR NONAUTOMATION NON-OCR UPGRADABLE BASIC
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	5072	Inc ISS	4928
Out RCR	0	Inc MMP Auto	0
Out Prim Auto	0	Inc SCF/Prim Auto	0
Out Sec Auto	0	Inc Sec Auto	0
Out Prim Man	0	Inc ADC Man	0
Out Sec Man	0	Inc SCF/Prim Man	0
		Inc Sec Man	0



STANDARD (A) REGULAR NONAUTOMATION NON-OCR NOT UPGRADABLE BASIC
COST SHEET

Entry Activities	(1) TPH	(2) Pieces Per Hour	(3) Wage Rate	(4) Direct Cents Per Piece	(5) Piggyback Factor	(6) Premium Pay Factor	(7) Premium Pay Adjust	(8) Total Cents Per Piece	(9) Weighted Cents Per Piece
Package Sorting	10,000	---	---	---	---	---	---	1.918	1.918
(From "PACKAGE SORT BAS" Spreadsheet)									
Outgoing RBCS									
ISS	737	9,117	$28.24	0.310	2.001	0.961	-0.012	0.608	0.045
RCR	366							0.486	0.018
REC	113	670	$17.79	2.656	1.516	0.961	-0.103	3.924	0.045
OSS	412	10,029	$28.24	0.282	1.757	0.961	-0.011	0.484	0.020
LMLM	84	3,852	$28.24	0.733	2.623	0.961	-0.029	1.895	0.016
Outgoing Primary									
Automation	18	6,401	$28.24	0.441	2.263	0.961	-0.017	0.981	0.002
Manual	915	661	$28.24	4.271	1.360	0.961	-0.166	5.641	0.516
Outgoing Secondary									
Automation	186	9,299	$28.24	0.304	2.236	0.961	-0.012	0.667	0.012
Manual	180	649	$28.24	4.352	1.360	0.961	-0.169	5.748	0.104
Incoming RBCS									
ISS	3,870	5,819	$28.24	0.485	2.001	0.961	-0.019	0.952	0.368
RCR	1,923							0.486	0.093
REC	596	670	$17.79	2.656	1.516	0.961	-0.103	3.924	0.234
OSS	2,161	9,070	$28.24	0.311	1.621	0.961	-0.012	0.492	0.106
LMLM	442	3,852	$28.24	0.733	2.623	0.961	-0.029	1.895	0.084
Incoming MMP									
Automation AADC	195	6,218	$28.24	0.454	2.151	0.961	-0.018	0.960	0.019
Manual ADC	1,399	818	$28.24	3.454	1.396	0.961	-0.134	4.687	0.656
Incoming SCF/Primary									
Automation	1,310	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.112
Manual	3,309	868	$28.24	3.254	1.360	0.961	-0.127	4.297	1.422
5-Digit Barcode Sort	170	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.014
Incoming Secondaries									
Auto Carrier Route	1,219	5,826	$28.24	0.485	2.063	0.961	-0.019	0.981	0.120
Auto 3-Pass DPS	1,660	14,898	$28.24	0.190	1.854	0.961	-0.007	0.344	0.057
Auto 2-Pass DPS	5,409	9,762	$28.24	0.289	2.290	0.961	-0.011	0.651	0.352
Man Inc Sec Final At Plant	4,609	695	$28.24	4.062	1.360	0.961	-0.158	5.365	2.473
Man Inc Sec Final At DU	1,635	1,226	$28.24	2.303	1.360	0.961	-0.090	3.042	0.497
Box Section Sort, DPS	280	2,480	$28.24	1.139	1.396	0.961	-0.044	1.545	0.043
Box Section Sort, Other	610	1,240	$28.24	2.277	1.396	0.961	-0.089	3.089	0.188

	(10)
MODEL COST =	9.533

	(11)
DPS % =	31.45%

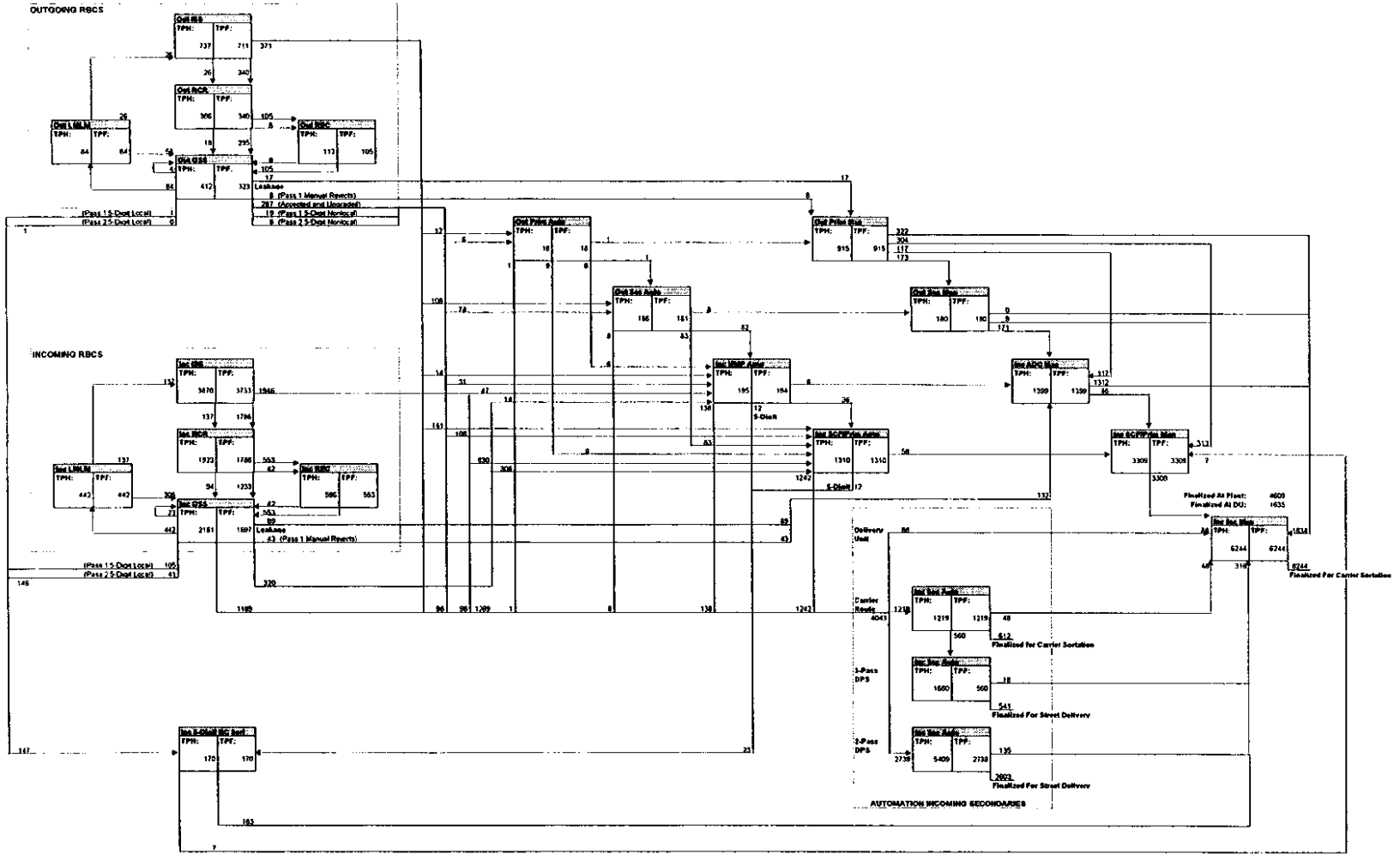
(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized in DPS Operations) / (10,000 Pieces)

STANDARD (A) REGULAR NONAUTOMATION NON-OCR NOT UPGRADABLE BASIC
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	711	Inc ISS	3733
Out RCR	0	Inc MMP Auto	0
Out Prim Auto	0	Inc SCF/Prim Auto	0
Out Sec Auto	0	Inc Sec Auto	0
Out Prim Man	669	Inc ADC Man	970
Out Sec Man	0	Inc SCF/Prim Man	2846
		Inc Sec Man	851



STANDARD (A) REGULAR NONAUTOMATION OCR UPGRADABLE 3-/5-DIGIT
COST SHEET

Entry Activities	(1) TPH	(2) Pieces Per Hour	(3) Wage Rate	(4) Direct Cents Per Piece	(5) Piggyback Factor	(6) Premium Pay Factor	(7) Premium Pay Adjust	(8) Total Cents Per Piece	(9) Weighted Cents Per Piece
Package Sorting	10,000	---	---	---	---	---	---	0.000	0.000
Outgoing RBCS									
ISS	0	9,117	$28.24	0.310	2.001	0.961	-0.012	0.608	0.000
RCR	0							0.486	0.000
REC	0	670	$17.79	2.656	1.516	0.961	-0.103	3.924	0.000
OSS	0	10,029	$28.24	0.282	1.757	0.961	-0.011	0.484	0.000
LMLM	0	3,852	$28.24	0.733	2.623	0.961	-0.029	1.895	0.000
Outgoing Primary									
Automation	0	6,401	$28.24	0.441	2.263	0.961	-0.017	0.981	0.000
Manual	0	661	$28.24	4.271	1.360	0.961	-0.166	5.641	0.000
Outgoing Secondary									
Automation	0	9,299	$28.24	0.304	2.236	0.961	-0.012	0.667	0.000
Manual	0	649	$28.24	4.352	1.360	0.961	-0.169	5.748	0.000
Incoming RBCS									
ISS	10,185	5,819	$28.24	0.485	2.001	0.961	-0.019	0.952	0.970
RCR	4,019							0.486	0.195
REC	1,245	670	$17.79	2.656	1.516	0.961	-0.103	3.924	0.488
OSS	4,127	9,070	$28.24	0.311	1.621	0.961	-0.012	0.492	0.203
LMLM	422	3,852	$28.24	0.733	2.623	0.961	-0.029	1.895	0.080
Incoming MMP									
Automation AADC	180	6,218	$28.24	0.454	2.151	0.961	-0.018	0.960	0.017
Manual ADC	242	818	$28.24	3.454	1.396	0.961	-0.134	4.687	0.114
Incoming SCF/Primary									
Automation	2,686	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.229
Manual	147	868	$28.24	3.254	1.360	0.961	-0.127	4.297	0.063
5-Digit Barcode Sort	373	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.032
Incoming Secondaries									
Auto Carrier Route	2,794	5,826	$28.24	0.485	2.063	0.961	-0.019	0.981	0.274
Auto 3-Pass DPS	3,806	14,898	$28.24	0.190	1.854	0.961	-0.007	0.344	0.131
Auto 2-Pass DPS	12,400	9,762	$28.24	0.289	2.290	0.961	-0.011	0.651	0.808
Man Inc Sec Final At Plant	1,025	695	$28.24	4.062	1.360	0.961	-0.158	5.365	0.550
Man Inc Sec Final At DU	364	1,226	$28.24	2.303	1.360	0.961	-0.090	3.042	0.111
Box Section Sort, DPS	642	2,480	$28.24	1.139	1.396	0.961	-0.044	1.545	0.099
Box Section Sort, Other	248	1,240	$28.24	2.277	1.396	0.961	-0.089	3.089	0.077

(10)
MODEL COST = 4.440

(11)
DPS % = 72.09%

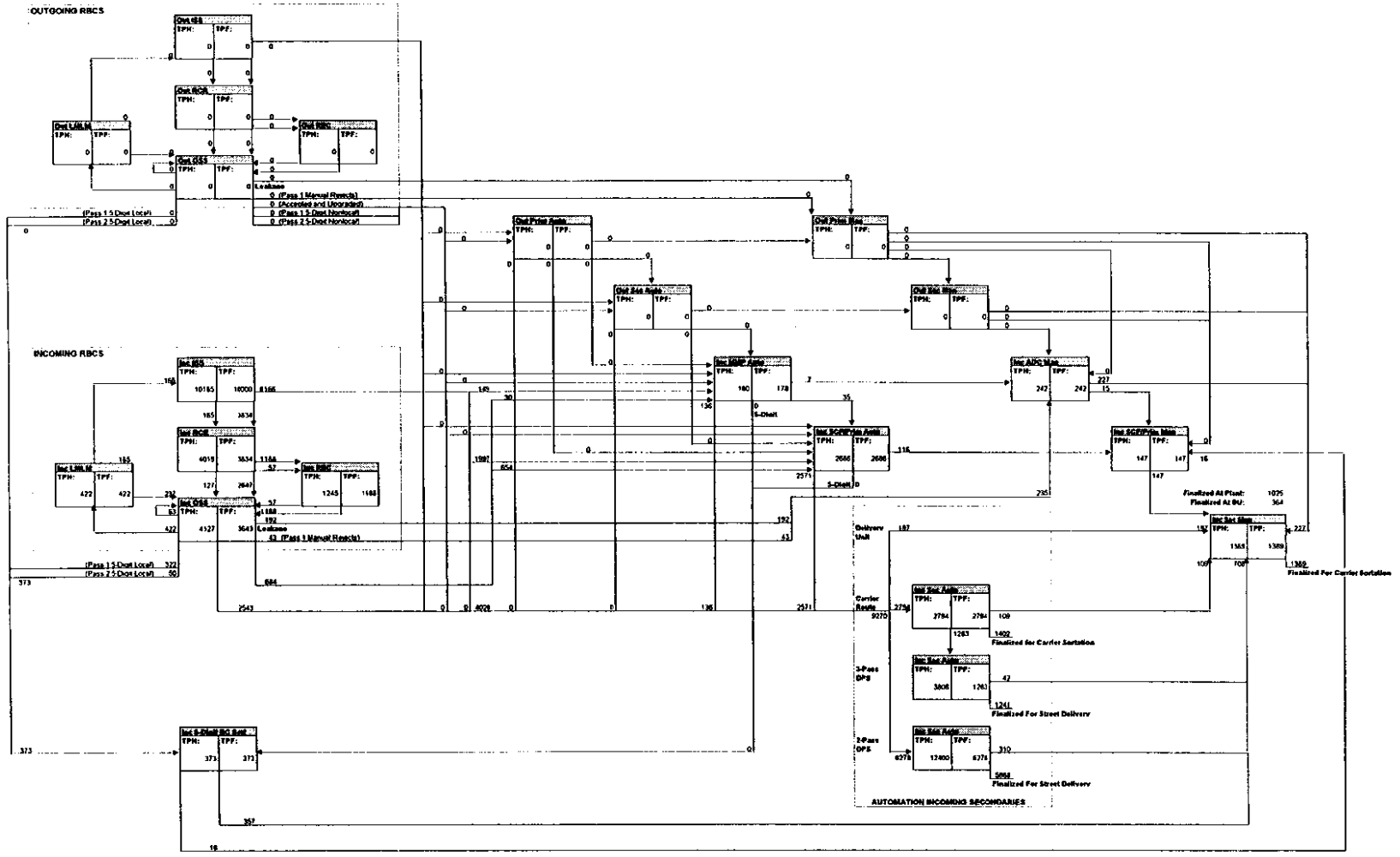
(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized in DPS Operations) / (10,000 Pieces)

STANDARD (A) REGULAR NONAUTOMATION OCR UPGRADABLE 3-/5-DIGIT
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	0	Inc ISS	10000
Out RCR	0	Inc MMP Auto	0
Out Prim Auto	0	Inc SCF/Prim Auto	0
Out Sec Auto	0	Inc Sec Auto	0
Out Prim Man	0	Inc ADC Man	0
Out Sec Man	0	Inc SCF/Prim Man	0
		Inc Sec Man	0



STANDARD (A) REGULAR NONAUTOMATION NON-OCR UPGRADABLE 3-/5-DIGIT
COST SHEET

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Entry Activities	TPH	Pieces Per Hour	Wage Rate	Direct Cents Per Piece	Piggyback Factor	Premium Pay Factor	Premium Pay Adjust	Total Cents Per Piece	Weighted Cents Per Piece
Package Sorting	10,000	---	---	---	---	---	---	0.565	0.565
(From "PACKAGE SORT 35" Spreadsheet)									
Outgoing RBCS									
ISS	0	9,117	$28.24	0.310	2.001	0.961	-0.012	0.608	0.000
RCR	0							0.486	0.000
REC	0	670	$17.79	2.656	1.516	0.961	-0.103	3.924	0.000
OSS	0	10,029	$28.24	0.282	1.757	0.961	-0.011	0.484	0.000
LMLM	0	3,852	$28.24	0.733	2.623	0.961	-0.029	1.895	0.000
Outgoing Primary									
Automation	0	6,401	$28.24	0.441	2.263	0.961	-0.017	0.981	0.000
Manual	0	661	$28.24	4.271	1.360	0.961	-0.166	5.641	0.000
Outgoing Secondary									
Automation	0	9,299	$28.24	0.304	2.236	0.961	-0.012	0.667	0.000
Manual	0	649	$28.24	4.352	1.360	0.961	-0.169	5.748	0.000
Incoming RBCS									
ISS	10,366	5,819	$28.24	0.485	2.001	0.961	-0.019	0.952	0.987
RCR	5,152							0.486	0.250
REC	1,596	670	$17.79	2.656	1.516	0.961	-0.103	3.924	0.626
OSS	5,790	9,070	$28.24	0.311	1.621	0.961	-0.012	0.492	0.285
LMLM	1,183	3,852	$28.24	0.733	2.623	0.961	-0.029	1.895	0.224
Incoming MMP									
Automation AADC	164	6,218	$28.24	0.454	2.151	0.961	-0.018	0.960	0.016
Manual ADC	361	818	$28.24	3.454	1.396	0.961	-0.134	4.687	0.169
Incoming SCF/Primary									
Automation	2,540	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.216
Manual	148	868	$28.24	3.254	1.360	0.961	-0.127	4.297	0.064
5-Digit Barcode Sort	390	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.033
Incoming Secondaries									
Auto Carrier Route	2,755	5,826	$28.24	0.485	2.063	0.961	-0.019	0.981	0.270
Auto 3-Pass DPS	3,753	14,898	$28.24	0.190	1.854	0.961	-0.007	0.344	0.129
Auto 2-Pass DPS	12,226	9,762	$28.24	0.289	2.290	0.961	-0.011	0.651	0.796
Man Inc Sec Final At Plant	1,114	695	$28.24	4.062	1.360	0.961	-0.158	5.365	0.598
Man Inc Sec Final At DU	395	1,226	$28.24	2.303	1.360	0.961	-0.090	3.042	0.120
Box Section Sort, DPS	633	2,480	$28.24	1.139	1.396	0.961	-0.044	1.545	0.098
Box Section Sort, Other	257	1,240	$28.24	2.277	1.396	0.961	-0.089	3.089	0.080

	(10)
MODEL COST =	5.527

	(11)
DPS % =	71.08%

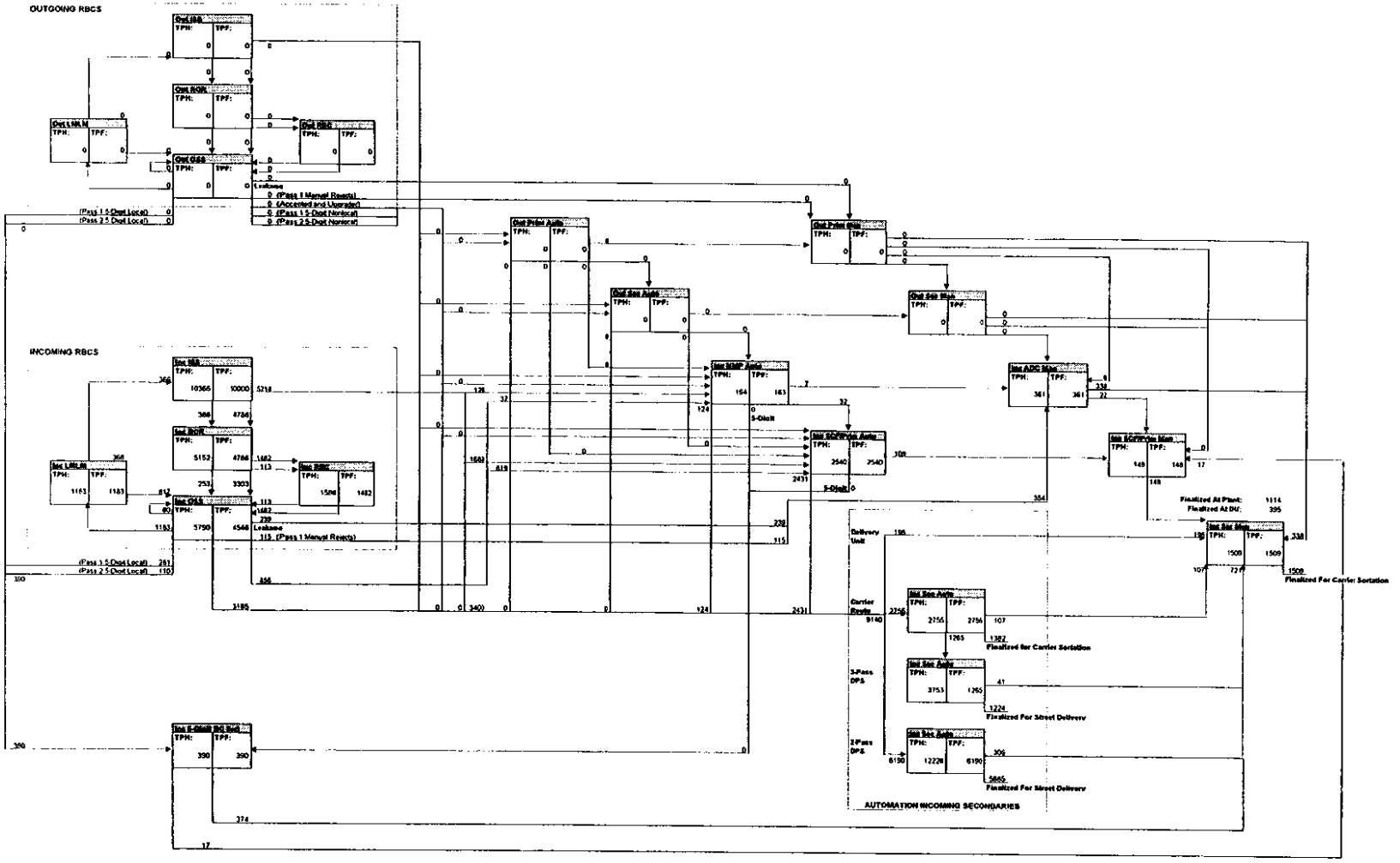
(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized in DPS Operations) / (10,000 Pieces)

STANDARD (A) REGULAR NONAUTOMATION NON-OCR UPGRADABLE 3-/5-DIGIT
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	0	Inc ISS	10000
Out RCR	0	Inc MMP Auto	0
Out Prim Auto	0	Inc SCF/Prim Auto	0
Out Sec Auto	0	Inc Sec Auto	0
Out Prim Man	0	Inc ADC Man	0
Out Sec Man	0	Inc SCF/Prim Man	0
		Inc Sec Man	0



STANDARD (A) REGULAR NONAUTOMATION NON-OCR NOT UPGRADABLE 3-5-/DIGIT
COST SHEET

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Entry Activities	TPH	Pieces Per Hour	Wage Rate	Direct Cents Per Piece	Piggyback Factor	Premium Pay Factor	Premium Pay Adjust	Total Cents Per Piece	Weighted Cents Per Piece
Package Sorting (From "PACKAGE SORT 35" Spreadsheet)	10,000	---	---	---	---	---	---	0.835	0.835
Outgoing RBCS									
ISS	0	9,117	$28.24	0.310	2.001	0.961	-0.012	0.606	0.000
RCR	0							0.486	0.000
REC	0	670	$17.79	2.656	1.516	0.961	-0.103	3.924	0.000
OSS	0	10,029	$28.24	0.282	1.757	0.961	-0.011	0.484	0.000
LMLM	0	3,852	$28.24	0.733	2.623	0.961	-0.029	1.895	0.000
Outgoing Primary									
Automation	0	6,401	$28.24	0.441	2.263	0.961	-0.017	0.981	0.000
Manual	0	661	$28.24	4.271	1.360	0.961	-0.166	5.641	0.000
Outgoing Secondary									
Automation	0	9,299	$28.24	0.304	2.236	0.961	-0.012	0.667	0.000
Manual	0	649	$28.24	4.352	1.360	0.961	-0.169	5.748	0.000
Incoming RBCS									
ISS	4,607	5,819	$28.24	0.485	2.001	0.961	-0.019	0.952	0.439
RCR	2,289							0.486	0.111
REC	709	670	$17.79	2.656	1.516	0.961	-0.103	3.924	0.278
OSS	2,573	9,070	$28.24	0.311	1.621	0.961	-0.012	0.492	0.127
LMLM	526	3,852	$28.24	0.733	2.623	0.961	-0.029	1.895	0.100
Incoming MMP									
Automation AADC	73	6,218	$28.24	0.454	2.151	0.961	-0.018	0.960	0.007
Manual ADC	160	818	$28.24	3.454	1.396	0.961	-0.134	4.687	0.075
Incoming SCF/Primary									
Automation	1,129	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.096
Manual	1,791	868	$28.24	3.254	1.360	0.961	-0.127	4.297	0.769
5-Digit Barcode Sort	173	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.015
Incoming Secondaries									
Auto Carrier Route	1,224	5,826	$28.24	0.485	2.063	0.961	-0.019	0.981	0.120
Auto 3-Pass DPS	1,668	14,898	$28.24	0.190	1.854	0.961	-0.007	0.344	0.057
Auto 2-Pass DPS	5,433	9,762	$28.24	0.289	2.290	0.961	-0.011	0.651	0.354
Man Inc Sec Final At Plant	4,596	695	$28.24	4.062	1.360	0.961	-0.158	5.365	2.466
Man Inc Sec Final At DU	1,631	1,226	$28.24	2.303	1.360	0.961	-0.090	3.042	0.496
Box Section Sort, DPS	281	2,480	$28.24	1.139	1.396	0.961	-0.044	1.545	0.043
Box Section Sort, Other	609	1,240	$28.24	2.277	1.396	0.961	-0.089	3.089	0.188

(10)
MODEL COST = 6.577

(11)
DPS % = 31.59%

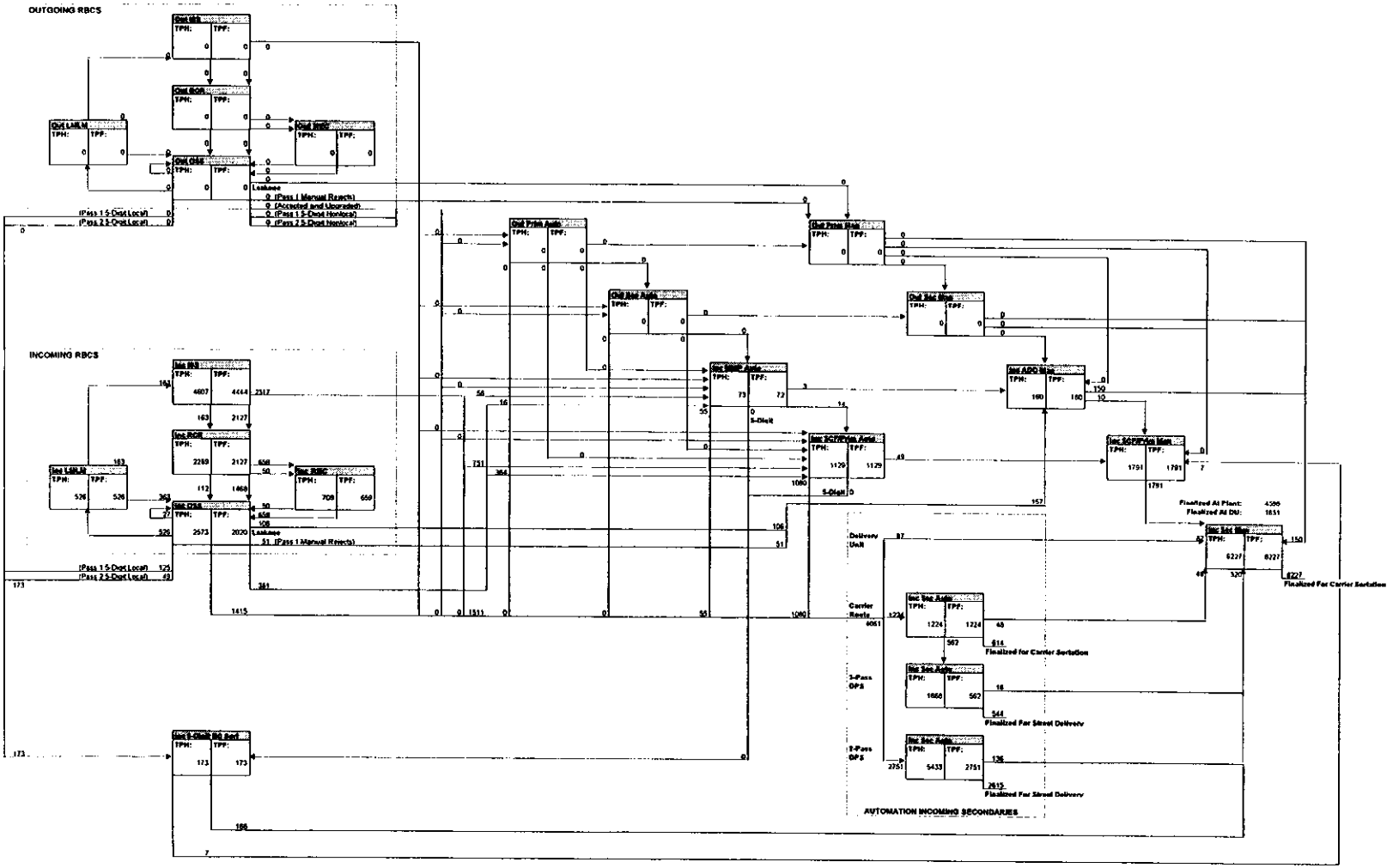
(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet
(7) [(6) - 1] * (4)
(8) (4) * (6) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized in DPS Operations) / (10,000 Pieces)

STANDARD (A) REGULAR NONAUTOMATION NON-OCR NOT UPGRADABLE 3-5-/DIGIT
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	0	Inc ISS	4444
Out RCR	0	Inc MMP Auto	0
Out Prim Auto	0	Inc SCF/Prim Auto	0
Out Sec Auto	0	Inc Sec Auto	0
Out Prim Man	0	Inc ADC Man	0
Out Sec Man	0	Inc SCF/Prim Man	1725
		Inc Sec Man	3932



STANDARD (A) REGULAR AUTOMATION BASIC
COST SHEET

Entry Activities	(1) TPH	(2) Pieces Per Hour	(3) Wage Rate	(4) Direct Cents Per Piece	(5) Piggyback Factor	(6) Premium Pay Factor	(7) Premium Pay Adjust	(8) Total Cents Per Piece	(9) Weighted Cents Per Piece
Package Sorting	10,000	---	---	---	---	---	---	0.000	0.000
Outgoing RBCS									
ISS	0	9,117	$28.24	0.310	2.001	0.961	-0.012	0.608	0.000
RCR	0							0.486	0.000
REC	0	670	$17.79	2.656	1.516	0.961	-0.103	3.924	0.000
OSS	0	10,029	$28.24	0.282	1.757	0.961	-0.011	0.484	0.000
LMLM	0	3,852	$28.24	0.733	2.623	0.961	-0.029	1.895	0.000
Outgoing Primary									
Automation	4,393	6,401	$28.24	0.441	2.263	0.961	-0.017	0.981	0.431
Manual	211	661	$28.24	4.271	1.360	0.961	-0.166	5.641	0.119
Outgoing Secondary									
Automation	314	9,299	$28.24	0.304	2.236	0.961	-0.012	0.667	0.021
Manual	53	649	$28.24	4.352	1.360	0.961	-0.169	5.748	0.030
Incoming RBCS									
ISS	0	5,819	$28.24	0.485	2.001	0.961	-0.019	0.952	0.000
RCR	0							0.486	0.000
REC	0	670	$17.79	2.656	1.516	0.961	-0.103	3.924	0.000
OSS	0	9,070	$28.24	0.311	1.621	0.961	-0.012	0.492	0.000
LMLM	0	3,852	$28.24	0.733	2.623	0.961	-0.029	1.895	0.000
Incoming MMP									
Automation AADC	6,144	6,218	$28.24	0.454	2.151	0.961	-0.018	0.960	0.590
Manual ADC	333	818	$28.24	3.454	1.396	0.961	-0.134	4.687	0.156
Incoming SCF/Primary									
Automation	4,583	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.390
Manual	290	868	$28.24	3.254	1.360	0.961	-0.127	4.297	0.125
5-Digit Barcode Sort	0	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.000
Incoming Secondaries									
Auto Carrier Route	2,810	5,826	$28.24	0.485	2.063	0.961	-0.019	0.981	0.276
Auto 3-Pass DPS	3,828	14,698	$28.24	0.190	1.854	0.961	-0.007	0.344	0.132
Auto 2-Pass DPS	12,471	9,762	$28.24	0.289	2.290	0.961	-0.011	0.651	0.812
Man Inc Sec Final At Plant	988	695	$28.24	4.062	1.360	0.961	-0.158	5.365	0.530
Man Inc Sec Final At DU	351	1,226	$28.24	2.303	1.360	0.961	-0.090	3.042	0.107
Box Section Sort, DPS	645	2,480	$28.24	1.139	1.396	0.961	-0.044	1.545	0.100
Box Section Sort, Other	245	1,240	$28.24	2.277	1.396	0.961	-0.089	3.089	0.076

	(10)
MODEL COST =	3.894

	(11)
DPS % =	72.51%

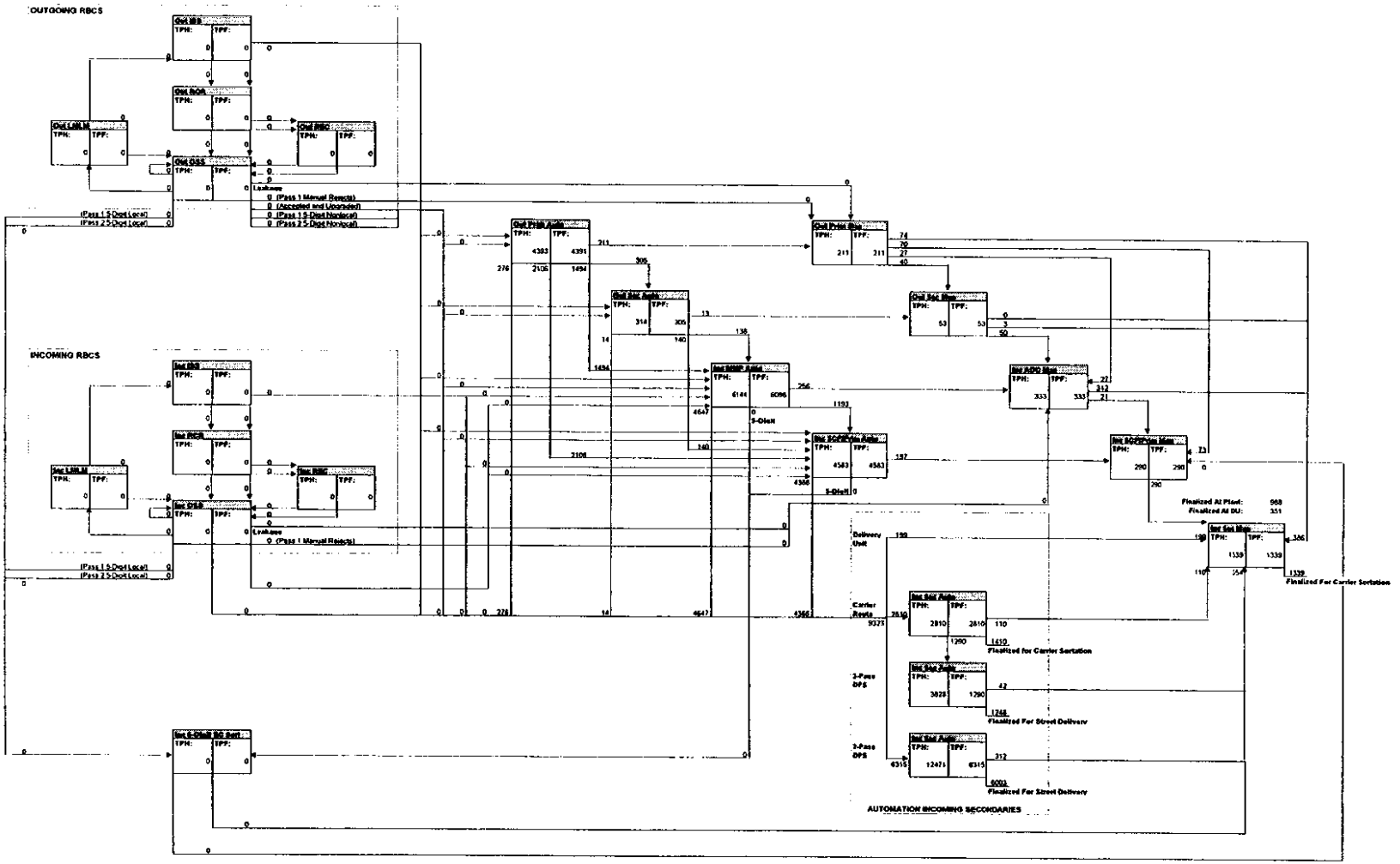
(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized in DPS Operations) / (10,000 Pieces)

STANDARD (A) REGULAR AUTOMATION BASIC
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	0	Inc ISS	0
Out RCR	0	Inc MMP Auto	4465
Out Prim Auto	4391	Inc SCF/Prim Auto	6144
Out Sec Auto	0	Inc Sec Auto	0
Out Prim Man	0	Inc ADC Man	0
Out Sec Man	0	Inc SCF/Prim Man	0
		Inc Sec Man	0



STANDARD (A) REGULAR AUTOMATION 3-DIGIT
COST SHEET

Entry Activities	(1) TPH	(2) Pieces Per Hour	(3) Wage Rate	(4) Direct Cents Per Piece	(5) Piggyback Factor	(6) Premium Pay Factor	(7) Premium Pay Adjust	(8) Total Cents Per Piece	(9) Weighted Cents Per Piece
Package Sorting	10,000	---	---	---	---	---	---	0.000	0.000
Outgoing RBCS									
ISS	0	9,117	$28.24	0.310	2.001	0.961	-0.012	0.608	0.000
RCR	0							0.486	0.000
REC	0	670	$17.79	2.656	1.516	0.961	-0.103	3.924	0.000
OSS	0	10,029	$28.24	0.282	1.757	0.961	-0.011	0.484	0.000
LMLM	0	3,852	$28.24	0.733	2.623	0.961	-0.029	1.895	0.000
Outgoing Primary									
Automation	0	6,401	$28.24	0.441	2.263	0.961	-0.017	0.981	0.000
Manual	0	661	$28.24	4.271	1.360	0.961	-0.166	5.641	0.000
Outgoing Secondary									
Automation	0	9,299	$28.24	0.304	2.236	0.961	-0.012	0.667	0.000
Manual	0	649	$28.24	4.352	1.360	0.961	-0.169	5.748	0.000
Incoming RBCS									
ISS	0	5,819	$28.24	0.485	2.001	0.961	-0.019	0.952	0.000
RCR	0							0.486	0.000
REC	0	670	$17.79	2.656	1.516	0.961	-0.103	3.924	0.000
OSS	0	9,070	$28.24	0.311	1.621	0.961	-0.012	0.492	0.000
LMLM	0	3,852	$28.24	0.733	2.623	0.961	-0.029	1.895	0.000
Incoming MMP									
Automation AADC	0	6,218	$28.24	0.454	2.151	0.961	-0.018	0.960	0.000
Manual ADC	0	818	$28.24	3.454	1.396	0.961	-0.134	4.687	0.000
Incoming SCF/Primary									
Automation	10,000	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.851
Manual	430	868	$28.24	3.254	1.360	0.961	-0.127	4.297	0.185
5-Digit Barcode Sort	0	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.000
Incoming Secondaries									
Auto Carrier Route	2,884	5,826	$28.24	0.485	2.063	0.961	-0.019	0.981	0.283
Auto 3-Pass DPS	3,929	14,898	$28.24	0.190	1.854	0.961	-0.007	0.344	0.135
Auto 2-Pass DPS	12,801	9,762	$28.24	0.289	2.290	0.961	-0.011	0.651	0.834
Man Inc Sec Final At Plant	819	695	$28.24	4.062	1.360	0.961	-0.158	5.365	0.439
Man Inc Sec Final At DU	291	1,226	$28.24	2.303	1.360	0.961	-0.090	3.042	0.088
Box Section Sort, DPS	662	2,480	$28.24	1.139	1.396	0.961	-0.044	1.545	0.102
Box Section Sort, Other	228	1,240	$28.24	2.277	1.396	0.961	-0.089	3.089	0.070

MODEL COST = (10) **2.988**

DPS % = (11) **74.43%**

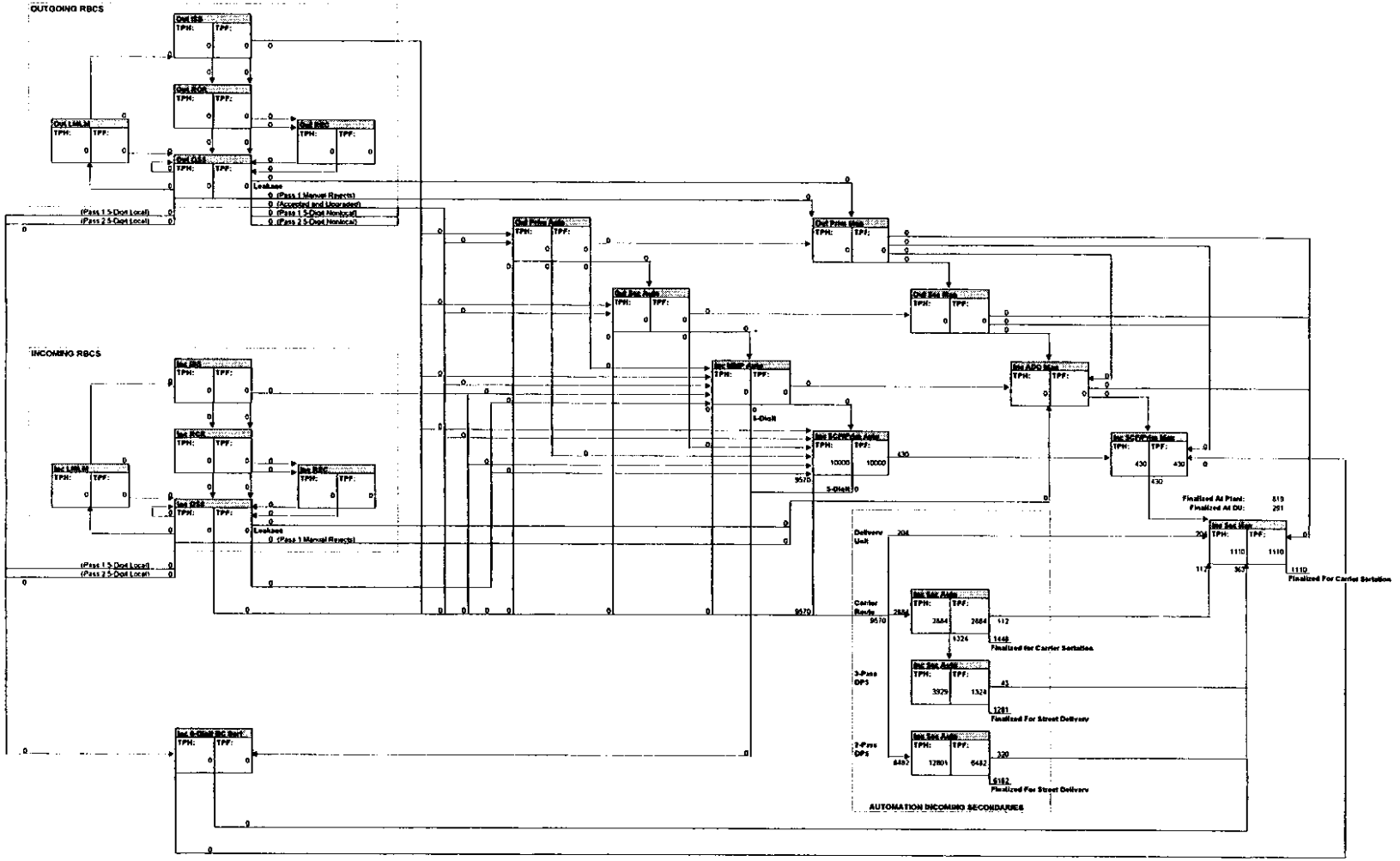
(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized in DPS Operations) / (10,000 Pieces)

STANDARD (A) REGULAR AUTOMATION 3-DIGIT
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	0	Inc ISS	0
Out RCR	0	Inc NMP Auto	0
Out Prim Auto	0	Inc SCF/Prim Auto	10000
Out Sec Auto	0	Inc Sec Auto	0
Out Prim Man	0	Inc ADC Man	0
Out Sec Man	0	Inc SCF/Prim Man	0
		Inc Rej Man	0



STANDARD (A) REGULAR AUTOMATION 5-DIGIT
COST SHEET

Entry Activities	(1) TPH	(2) Pieces Per Hour	(3) Wage Rate	(4) Direct Cents Per Piece	(5) Piggyback Factor	(6) Premium Pay Factor	(7) Premium Pay Adjust	(8) Total Cents Per Piece	(9) Weighted Cents Per Piece
Package Sorting	10,000	---	---	---	---	---	---	0.000	0.000
Outgoing RBCS									
ISS	0	9,117	$28.24	0.310	2.001	0.961	-0.012	0.608	0.000
RCR	0							0.486	0.000
REC	0	670	$17.79	2.656	1.516	0.961	-0.103	3.924	0.000
OSS	0	10,029	$28.24	0.282	1.757	0.961	-0.011	0.484	0.000
LMLM	0	3,852	$28.24	0.733	2.623	0.961	-0.029	1.895	0.000
Outgoing Primary									
Automation	0	6,401	$28.24	0.441	2.263	0.961	-0.017	0.981	0.000
Manual	0	661	$28.24	4.271	1.360	0.961	-0.166	5.641	0.000
Outgoing Secondary									
Automation	0	9,299	$28.24	0.304	2.236	0.961	-0.012	0.667	0.000
Manual	0	649	$28.24	4.352	1.360	0.961	-0.169	5.748	0.000
Incoming RBCS									
ISS	0	5,819	$28.24	0.485	2.001	0.961	-0.019	0.952	0.000
RCR	0							0.486	0.000
REC	0	670	$17.79	2.656	1.516	0.961	-0.103	3.924	0.000
OSS	0	9,070	$28.24	0.311	1.621	0.961	-0.012	0.492	0.000
LMLM	0	3,852	$28.24	0.733	2.623	0.961	-0.029	1.895	0.000
Incoming MMP									
Automation AADC	0	6,218	$28.24	0.454	2.151	0.961	-0.018	0.960	0.000
Manual ADC	0	818	$28.24	3.454	1.396	0.961	-0.134	4.687	0.000
Incoming SCF/Primary									
Automation	0	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.000
Manual	0	868	$28.24	3.254	1.360	0.961	-0.127	4.297	0.000
5-Digit Barcode Sort	0	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.000
Incoming Secondaries									
Auto Carrier Route	3,014	5,826	$28.24	0.485	2.063	0.961	-0.019	0.981	0.296
Auto 3-Pass DPS	4,106	14,898	$28.24	0.190	1.854	0.961	-0.007	0.344	0.141
Auto 2-Pass DPS	13,377	9,762	$28.24	0.289	2.290	0.961	-0.011	0.651	0.871
Man Inc Sec Final At Plant	524	695	$28.24	4.062	1.360	0.961	-0.158	5.365	0.281
Man Inc Sec Final At DU	186	1,226	$28.24	2.303	1.360	0.961	-0.090	3.042	0.057
Box Section Sort, DPS	692	2,480	$28.24	1.139	1.396	0.961	-0.044	1.545	0.107
Box Section Sort, Other	198	1,240	$28.24	2.277	1.396	0.961	-0.089	3.089	0.061

	(10)
MODEL COST =	1.814

	(11)
DPS % =	77.77%

(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet

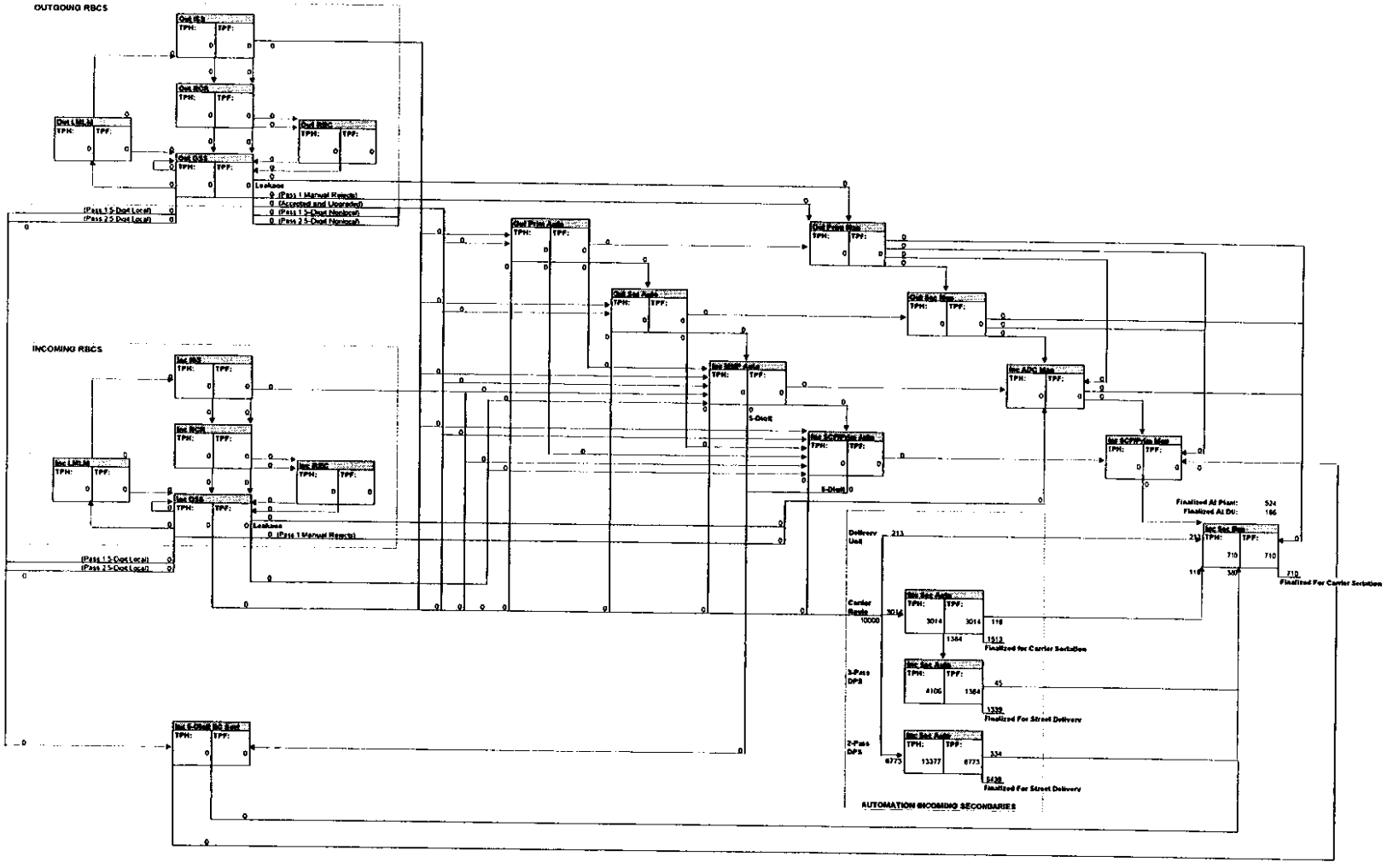
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized in DPS Operations) / (10,000 Pieces)

STANDARD (A) REGULAR AUTOMATION 5-DIGIT
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	0	Inc ISS	0
Out RCR	0	Inc MMP Auto	0
Out Prim Auto	0	Inc SCF/Prim Auto	0
Out Sec Auto	0	Inc Sec Auto	10000
Out Prim Man	0	Inc ADC Man	0
Out Sec Man	0	Inc SCF/Prim Man	0
		Inc Sec Man	0



STANDARD (A) REGULAR MAIL ENTRY PROFILE

Rate Category / Tray Presort Level / Entry Point	Source		Volume		Percent		
		4,392,011					
Nonautomation OCR Upgradable		697,067		100.00%			
3/5-Digit						100.00%	
5-Digit	Docket No. R97-1, USPS-T-29, App. I, p. 37		206,579		29.64%		
Inc ISS				206,579		29.64%	43.95%
3-Digit	Docket No. R97-1, USPS-T-29, App. I, p. 37		263,453		37.79%		
Inc ISS				263,453		37.79%	56.05%
Basic						100.00%	
AADC Trays	Docket No. R97-1, USPS-T-29, App. I, p. 37		127,344		18.27%		
Inc ISS				101,366		14.54%	44.65%
Inc ISS				25,978		3.73%	11.44%
Mixed AADC Trays	Docket No. R97-1, USPS-T-29, App. I, p. 37		99,691		14.30%		
Out ISS				99,691		14.30%	43.91%
Nonautomation Non-OCR Upgradable		1,674,403		100.00%			
3/5-Digit							
5-Digit	Docket No. R97-1, USPS-T-29, App. I, p. 37		512,840		30.63%	100.00%	
Inc ISS				512,840		30.63%	51.58%
3-Digit	Docket No. R97-1, USPS-T-29, App. I, p. 37		481,421		28.75%		
Inc ISS				481,421		28.75%	48.42%
Basic							
5-Digit	Docket No. R97-1, USPS-T-29, App. I, p. 37		31,899		1.91%	100.00%	
Inc ISS				31,899		1.91%	4.69%
3-Digit/SCF	Docket No. R97-1, USPS-T-29, App. I, p. 37		131,676		7.86%		
Inc ISS				131,676		7.86%	19.36%
ADC Trays	Docket No. R97-1, USPS-T-29, App. I, p. 37		171,600		10.25%		
Inc ISS				171,600		10.25%	25.23%
Mixed ADC Trays	Docket No. R97-1, USPS-T-29, App. I, p. 37	-	344,968		20.60%		
Out ISS				344,968		20.60%	50.72%
Nonautomation Non OCR Not Upgradable		2,020,541		100.00%			
55.56% = % nonmachinable	Docket No. R97-1, USPS-T-29, App. I, p. 37						
3/5-Digit							
5-Digit	Docket No. R97-1, USPS-T-29, App. I, p. 37		827,380		40.95%	100.00%	
Inc ISS				367,665		18.20%	30.64%
Inc Sec Man				459,715		22.75%	38.32%
3-Digit	Docket No. R97-1, USPS-T-29, App. I, p. 37		372,417		18.43%		
Inc ISS				165,492		8.19%	13.79%
Inc SCF/Prim Man				206,925		10.24%	17.25%
Basic							
5-Digit			125,656		6.22%	100.00%	
Inc ISS				55,838		2.76%	6.80%
Inc Sec Man				69,818		3.46%	6.51%
3-Digit/SCF			420,467		20.81%		
Inc ISS				186,844		9.25%	22.77%
Inc SCF/Prim Man				233,623		11.56%	28.46%
ADC Trays	Docket No. R97-1, USPS-T-29, App. I, p. 37		143,302		7.09%		
Inc ISS				63,679		3.15%	7.76%
Inc ADC Man				79,622		3.94%	9.70%
Mixed ADC Trays	Docket No. R97-1, USPS-T-29, App. I, p. 37		131,319		6.50%		
Out ISS				58,355		2.89%	7.11%
Out Prim Man				72,964		3.61%	8.89%
Automation Basic		2,901,090		100.00%			
AADC Trays	Docket No. R97-1, USPS-T-29, App. I, p. 37		1,627,187		56.09%		
Inc MMP Auto				1,295,241		44.65%	
Inc SCF/Prim Auto				331,946		11.44%	
Mixed AADC Trays	Docket No. R97-1, USPS-T-29, App. I, p. 37		1,273,903		43.91%		
Out Prim Auto				1,273,903		43.91%	

ACCEPT/UPGRADE RATES

Description	Source	FCM Sing Pc Meter	FCM Sing Pc Mach Prnt	FCM Sing Pc Hand	FCM Nonauto Upgr	FCM Nonauto Non-OCR	STD(A) Nonauto 3/5 Upgr	STD(A) Nonauto 3/5 NO	STD(A) Nonauto Basic Upgr	STD(A) Nonauto Basic NO
MLOCR Accept	Docket No. R97-1, USPS LR-H-130	74.88%	70.24%	8.36%	83.64%	67.98%	79.71%	64.48%	76.41%	61.15%
MLOCR Upgrade	Docket No. R97-1, USPS LR-H-130	81.05%	79.95%	57.42%	71.61%	76.45%	77.35%	80.87%	73.40%	75.82%
MPBCS OSS Accept	Docket No. R97-1, USPS LR-H-130	85.68%	83.04%	87.35%	85.79%	78.44%	85.52%	70.12%	83.47%	72.86%
MPBCS OSS Upgrade	Docket No. R97-1, USPS LR-H-130	91.46%	92.70%	92.99%	85.74%	87.57%	89.65%	91.19%	85.64%	87.65%
MPBCS OSS Errors:										
OSS Refeeds	Docket No. R97-1, USPS LR-H-130	1.38%	1.19%	0.96%	1.76%	0.90%	1.72%	1.33%	2.67%	2.54%
LMLM - ID Tag	Docket No. R97-1, USPS LR-H-130	5.99%	6.49%	3.95%	3.63%	7.06%	5.07%	8.06%	4.79%	7.28%
LMLM - Postnet Barcode	Docket No. R97-1, USPS LR-H-130	5.59%	7.48%	6.79%	7.49%	11.36%	6.51%	17.97%	7.86%	14.44%
Manual	Docket No. R97-1, USPS LR-H-130	1.36%	1.80%	0.95%	1.33%	2.24%	1.18%	2.52%	1.21%	2.88%

Other Accept Rates		
Outgoing BCS Primary	USPS LR-I-107	95.20%
Outgoing BCS Secondary	USPS LR-I-107	95.80%
Incoming BCS MMP	USPS LR-I-107	95.80%
Incoming BCS SCF/Primary	USPS LR-I-107	95.70%
Incoming BCS Secondary Carrier Route	USPS LR-I-107	96.10%
Incoming BCS Secondary DPS Pass 1	USPS LR-I-107	97.50%
Incoming BCS Secondary DPS Pass 2	USPS LR-I-107	97.50%
Incoming CSBCS Secondary Pass1	USPS LR-I-107	98.90%
Incoming CSBCS Secondary Pass2,3	USPS LR-I-107	98.90%

MAIL FLOW DENSITIES
Source: Miller Workpapers 1

	--------OUTGOING--------			----------INCOMING----------			
From Operation	Refeeds	Primary	Secondary	Mgd Mail Program	SCF/ Primary	Inc Sec	Total
Out ISS Auto		3.22%	28.61%	3.86%	37.94%	26.36%	100.00%
Out OSS Auto		2.12%	16.26%	10.74%	36.88%	34.00%	100.00%
Out Prim Auto	0.05%		7.29%	35.74%	50.38%	6.59%	100.00%
Out Sec Auto	3.08%			47.12%	48.01%	4.87%	100.00%
Inc ISS Auto				2.41%	32.39%	65.19%	100.00%
Inc OSS Auto				0.92%	20.28%	78.81%	100.00%
Inc MMP Auto	0.79%				20.43%	79.57%	100.00%
Out Prim Man			18.86%	12.81%	33.18%	35.15%	100.00%
Out Sec Man				94.94%	5.06%	0.00%	100.00%
Inc ADC Man					6.18%	93.82%	100.00%

FY 99 REMOTE BAR CODE SYSTEM (RBCS) STATISTICS

Source: Corporate Information System (CIS)

AP	LEAKAGE PERCENT	RCR FINAL PERCENT
1	5.7%	39.0%
2	5.8%	41.1%
3	5.7%	44.1%
4	4.9%	47.5%
5	5.8%	49.9%
6	5.6%	50.3%
7	5.5%	50.4%
8	5.5%	50.9%
9	5.5%	51.3%
10	5.7%	51.4%
11	6.1%	50.3%
12	6.2%	50.0%
13		

MISCELLANEOUS FACTORS

Description	Source	Value
AADC Trays Entered At MMP Operation	Docket No. R97-1, LR-H-128	79.60%
Local Originating	FY 98 ODIS	3.35%
RCR Finalization Rate	RCR 2000 D.A.R.	69.03%
RBCS Leakage Rate	Operations Leakage Target	5.00%
Automation Incoming Secondaries		
Delivery Unit (ZIP Code)	USPS-T-24A	2.13% **(1)**
Carrier Route	USPS-T-24A	15.74% **(2)**
3-Pass DPS (CSBCS)	USPS-T-24A	14.40% **(3)**
2-Pass DPS (DBCS)	USPS-T-24A	67.73%
		100.00%
Auto Carrier Route Presort % To CSBCS Site	(3) / [(1) + (2) + (3)]	44.62%
Finalized At Least To Carrier Route At Plant	USPS-T-24A	73.81%
Post Office Box Destination	Docket No. MC95-1, USPS-T-10I	8.90%

MARGINAL (VOLUME VARIABLE) PRODUCTIVITIES

Description	(1) Variability Factor	(2) MODS Productivity	Productivity Source	(3) Marginal Productivity	(4) RCR Cents/ Piece
Outgoing ISS	0.751	6,847	USPS LR-I-107	9,117	
Incoming ISS	0.751	4,370	USPS LR-I-107	5,819	
RCR	---	---	---	---	0.486
REC	1.005	673	USPS LR-I-107	670	
LMLM	1.005	3,871	USPS LR-I-107	3,852	
Outgoing OSS	0.895	8,976	USPS LR-I-107	10,029	
Incoming OSS	0.895	8,118	USPS LR-I-107	9,070	
Outgoing BCS Primary	0.895	5,729	USPS LR-I-107	6,401	
Outgoing BCS Secondary	0.895	8,323	USPS LR-I-107	9,299	
Incoming BCS MMP	0.895	5,565	USPS LR-I-107	6,218	
Incoming BCS SCF/Primary	0.895	5,896	USPS LR-I-107	6,588	
Incoming BCS Secondary Carrier Route	0.895	5,214	USPS LR-I-107	5,826	
Incoming BCS Secondary DPS (2 Pass)	0.895	8,737	USPS LR-I-107	9,762	
Incoming CSBCS Secondary DPS (3 Pass)	0.895	13,334	USPS LR-I-107	14,898	
Manual Outgoing Primary	0.735	486	USPS LR-I-107	661	
Manual Outgoing Secondary	0.735	477	USPS LR-I-107	649	
Manual MMP	0.735	601	USPS LR-I-107	818	
Manual Incoming SCF/Primary	0.735	638	USPS LR-I-107	868	
Manual Incoming Secondary, MODS Site	0.735	511	USPS LR-I-107	695	
Manual Incoming Secondary Non MODS Sites	0.932	1,143	Docket No. MC95-1, Exhibit USPS-T-10F	1,226	
P.O. Box Sort DPS	0.944	2,341	Docket No. MC95-1, Exhibit USPS-T-10F	2,480	
P.O. Box Sort Other	0.944	1,171	Docket No. MC95-1, Exhibit USPS-T-10F	1,240	
Tray Opening Unit Bundle Sorting	0.961	160	Docket No. MC95-1, Exhibit USPS-T-10B	166	

(1) USPS-T-17, Table 1
(2) Data Sources As Indicated
(3) (2) / (1)
(4) (FY 98 RCR Cost From USPS LR-I-77) / (FY 98 RCR Volume From Corporate Information System)

TEST YEAR WAGE RATES

Description	Source	Wage Rate
Remote Encoding Centers (REC)	USPS LR-I-106	17.786
Other Mail Processing	USPS LR-I-106	28.244
Premium Pay Adjustment Factor	USPS LR-I-106	0.961

FY 99 AP 11 MODS VOLUMES
Source: Corporate Information System

OPER NO.	DESCRIPTION	MODS VOLUME	% VOL	
971	Outgoing Primary OSS - MPBCS	1,165,065,900	66.64%	74.35%
972	Outgoing Secondary OSS - MPBCS	134,827,300	7.71%	
271	Outgoing Primary OSS - DBCS	437,523,900	25.03%	25.65%
272	Outgoing Secondary OSS - DBCS	10,881,900	0.62%	
		1,748,299,000	100.00%	
871	Outgoing Primary - MPBCS	44,560,100	3.79%	
891	Outgoing Primary - DBCS	1,132,472,500	96.21%	
		1,177,032,600	100.00%	
872	Outgoing Secondary - MPBCS	78,226,000	7.57%	
892	Outgoing Secondary - DBCS	954,707,700	92.43%	
		1,032,933,700	100.00%	
973	Incoming MMP OSS - MPBCS	214,099,200	49.72%	
974	Incoming SCF OSS - MPBCS	108,182,800	25.12%	93.36%
975	Incoming Primary OSS - MPBCS	79,754,100	18.52%	
273	Incoming MMP OSS - DBCS	11,669,200	2.71%	
274	Incoming SCF OSS - DBCS	14,820,100	3.44%	6.64%
275	Incoming Primary OSS - DBCS	2,109,100	0.49%	
		430,634,500	100.00%	
873	Incoming MMP - MPBCS	401,941,100	19.34%	
893	Incoming MMP - DBCS	1,675,940,800	80.66%	
		2,077,881,900	100.00%	
874	Incoming SCF - MPBCS	878,379,200	25.56%	37.06%
875	Incoming Primary - MPBCS	395,607,400	11.51%	
894	Incoming SCF - DBCS	1,411,489,600	41.07%	62.94%
895	Incoiming Primary DBCS	751,728,200	21.87%	
		3,437,204,400	100.00%	
876	Incoming Secondary Carrier Route - MPBCS	562,735,000	31.65%	
896	Incoming Secondary Carrier Route - DBCS	1,215,011,900	68.35%	
		1,777,746,900	100.00%	

PIGGYBACK FACTORS

EQUIPMENT DESCRIPTION	SOURCE	VALUE
MLOCR	USPS LR-I-81	2.001
REC	USPS LR-I-77	1.516
LMLM	USPS LR-I-77	2.623
MPBCS	USPS LR-I-77	1.573
DBCS	USPS LR-I-77	2.290
CSBCS	USPS LR-I-77	1.854
Manual	USPS LR-I-81	1.360
Manual P.O. Box	USPS LR-I-81	1.396
Tray Opening Unit Bundle Sorting	USPS LR-I-81	1.528

OPERATION DESCRIPTION	(1) VALUE
Outgoing ISS	2.001
Outgoing REC	1.516
Outgoing OSS	1.757
Outgoing LMLM	2.623
Outgoing Prim Auto	2.263
Outgoing Prim Man	1.360
Outgoing Sec Auto	2.236
Outgoing State Dist Man	1.360
Incoming ISS	2.001
Incoming REC	1.516
Incoming OSS	1.621
Incoming LMLM	2.623
Incoming MMP Auto	2.151
Incoming ADC Man	1.396
Incoming SCF/Prim Auto	2.024
Incoming SCF/Prim Man	1.360
Incoming 5-Digit Barcode Sort	2.024
Incoming Sec Auto Carrier Route	2.063
Incoming Sec Auto 3-Pass DPS	1.854
Incoming Sec Auto 2-Pass DPS	2.290
Man Inc Sec Final At Plant	1.360
Man Inc Sec Final At DU	1.360
Box Section Sort, DPS	1.396
Box Section Sort, Other	1.396
Tray Opening Unit Bundle Sorting	1.528

(1) For automation operations, these factors are the weighted average of MPBCS and DBCS piggyback factors using volume percentages in "FY 99 AP 11 MODS VOL" spreadsheet

STANDARD (A) NONAUTOMATION BASIC PACKAGE SORTING COSTS

Test Year Wage Rate	=	$28.244	(1)
Productivity	=	166	(2)
Piggyback Factor	=	1.528	(3)
Premium Pay Factor	=	0.961	(4)
Cost (Cents) Per Package	=	25.261	(5)

Package Type		Mix ADC to ADC	ADC to SCF/3-Dig	SCF/3-Dig to 5-Dig	Final Operation
5-Digit Packages					
No. of Operations	(6)	0.5	0.8	1.3	
Cost Per Sort	(7)	12.630	20.209	32.839	
3-Digit Packages					
No. of Operations	(6)	0.5	1.0		0.5
Cost Per Sort	(7)	12.630	25.261		12.630
ADC Packages					
No. of Operations	(6)	1.0			1.0
Cost Per Sort	(7)	25.261			25.261
Mixed ADC Packages					
No. of Operations	(6)				1.0
Cost Per Sort	(7)				25.261

Packages/Container Type	(8) Mix ADC to ADC	(8) ADC to SCF/3-Dig	(8) SCF/3-Dig to 5-Dig	(8) Final Operation	(9) Total Cost	(10) Non-OCR Upgradable Volume	(11) % Vol	(12) % Used	(13) Pieces Per Package	(14) Cost Per Piece	(15) Non-OCR Non-OCR Volume	(16) % Vol	(17) % Used	(18) Pieces Per Package	(19) Cost Per Piece
Full 5-Digit Trays	0.000	0.000	0.000	0.000	0.000	0	0.00%	0.00%	0.0	0.000	0	0.00%	0.00%	0.0	0.000
Full 3-Digit Trays	0.000	0.000	0.000	0.000	0.000	0	0.00%	0.00%	0.0	0.000	0	0.00%	0.00%	0.0	0.000
5-Digit Packages In 3-Digit Trays	0.000	0.000	32.839	0.000	32.839	0	0.00%	0.00%	0.0	0.000	0	0.00%	0.00%	0.0	0.000
3-Digit Packages in 3 Digit Trays	0.000	0.000	0.000	12.630	12.630	0	0.00%	0.00%	0.0	0.000	0	0.00%	0.00%	0.0	0.000
5-Digit Packages In ADC Trays	0.000	20.209	32.839	0.000	53.048	102,793,792	12.68%	38.20%	14.5	0.177	110,195,087	12.30%	100.00%	14.0	0.466
3-Digit Packages In ADC Trays	0.000	25.261	0.000	12.630	37.891	207,064,947	25.54%	38.20%	21.9	0.169	302,709,524	33.78%	100.00%	26.9	0.476
ADC Packages In ADC Trays	0.000	0.000	0.000	25.261	25.261	27,192,746	3.35%	38.20%	19.5	0.017	28,691,355	3.20%	100.00%	25.0	0.032
5-Digit Packages In Mix ADC Trays	12.630	20.209	32.839	0.000	65.678	21,305,565	2.63%	0.00%	15.6	0.000	67,365,353	7.52%	100.00%	19.9	0.248
3-Digit Packages In Mix ADC Trays	12.630	25.261	0.000	12.630	50.522	171,973,920	21.21%	0.00%	18.2	0.000	146,662,081	16.37%	100.00%	25.2	0.328
ADC Packages In Mix ADC Trays	25.261	0.000	0.000	25.261	50.522	150,671,657	18.59%	0.00%	19.6	0.000	104,431,572	11.65%	100.00%	23.5	0.251
Mix ADC Packages In Mix ADC Trays	0.000	0.000	0.000	25.261	25.261	129,712,954	16.00%	0.00%	21.0	0.000	136,027,685	15.18%	100.00%	32.8	0.117
						810,715,581	100.00%			0.363 (20)	896,082,657	100.00%			1.918 (21)

(1) From "WAGE RATES" spreadsheet
(2) From "PRODUCTIVITIES" spreadsheet
(3) From "PIGGYBACKS" spreadsheet
(4) From "WAGE RATES" spreadsheet
(5) [(1) * 100 / (2)] * [(3) + ((4) - 1)]
(6) Number of Operations from Docket No. MC95-1, USPS-T-10B
(7) (6) * (5)
(8) Package costs from (7) based on container type
(9) Sum (8) for all containers
(10) Docket No. R97-1, USPS LR-H-105
(11) [(10) for each package and container type] /[total (10)]
(12) Docket No. MC95-1, Smith Workpaper Part VII
(13) Docket No. R97-1, USPS LR-H-105
(14) (9) * (11) * (12) / (13)
(15) Docket No. R97-1, USPS LR-H-105
(16) [(10) for each package and container type] /[total (10)]
(17) Docket No. MC95-1, Smith Workpaper Part VII
(18) Docket No. R97-1, USPS LR-H-105
(19) (9) * (16) * (17) / (18)
(20) Sum (14)
(21) Sum (19)

STANDARD (A) NONAUTOMATION 3-/5-DIGIT PACKAGE SORTING COSTS

Test Year Wage Rate	=	$28.244	(1)
Productivity	=	166	(2)
Piggyback Factor	=	1.528	(3)
Premium Pay Factor	=	0.961	(4)
Cost (Cents) Per Package	=	25.261	(5)

Package Type		Mix ADC to ADC	ADC to SCF/3-Dig	SCF/3-Dig to 5-Dig	Final Operation
5-Digit Packages					
No. of Operations	(6)	0.5	0.8	1.3	
Cost Per Sort	(7)	12.630	20.209	32.839	
3-Digit Packages					
No. of Operations	(6)	0.5	1.0		0.5
Cost Per Sort	(7)	12.630	25.261		12.630
ADC Packages					
No. of Operations	(6)	1.0			1.0
Cost Per Sort	(7)	25.261			25.261
Mixed ADC Packages					
No. of Operations	(6)				1.0
Cost Per Sort	(7)				25.261

Packages/Container Type	(8) Mix ADC to ADC	(8) ADC to SCF/3-Dig	(8) SCF/3-Dig to 5-Dig	(8) Final Operation	(9) Total Cost	(10) Non-OCR Upgradable Volume	(11) % Vol	(12) % Used	(13) Pieces Per Package	(14) Cost Per Piece	(15) Non-OCR Non-OCR Volume	(16) % Vol	(17) % Used	(18) Pieces Per Package	(19) Cost Per Piece
Full 5-Digit Trays	0.000	0.000	0.000	0.000	0.000	0	0.00%	0.00%	0.0	0.000	0	0.00%	0.00%	0.0	0.000
Full 3-Digit Trays	0.000	0.000	0.000	0.000	0.000	0	0.00%	0.00%	0.0	0.000	0	0.00%	0.00%	0.0	0.000
5-Digit Packages In 3-Digit Trays	0.000	0.000	32.839	0.000	32.839	383,875,478	58.88%	48.80%	19.8	0.477	523,994,861	65.48%	100.00%	30.2	0.712
3-Digit Packages in 3 Digit Trays	0.000	0.000	0.000	12.630	12.630	268,080,897	41.12%	48.80%	28.7	0.088	276,198,519	34.52%	100.00%	35.4	0.123
5-Digit Packages In ADC Trays	0.000	20.209	32.839	0.000	53.048	0	0.00%	0.00%	0.0	0.000	0	0.00%	0.00%	0.0	0.000
3-Digit Packages In ADC Trays	0.000	25.261	0.000	12.630	37.891	0	0.00%	0.00%	0.0	0.000	0	0.00%	0.00%	0.0	0.000
ADC Packages In ADC Trays	0.000	0.000	0.000	25.261	25.261	0	0.00%	0.00%	0.0	0.000	0	0.00%	0.00%	0.0	0.000
5-Digit Packages In Mix ADC Trays	12.630	20.209	32.839	0.000	65.678	0	0.00%	0.00%	0.0	0.000	0	0.00%	0.00%	0.0	0.000
3-Digit Packages In Mix ADC Trays	12.630	25.261	0.000	12.630	50.522	0	0.00%	0.00%	0.0	0.000	0	0.00%	0.00%	0.0	0.000
ADC Packages In Mix ADC Trays	25.261	0.000	0.000	25.261	50.522	0	0.00%	0.00%	0.0	0.000	0	0.00%	0.00%	0.0	0.000
Mix ADC Packages In Mix ADC Trays	0.000	0.000	0.000	25.261	25.261	0	0.00%	0.00%	0.0	0.000	0	0.00%	0.00%	0.0	0.000
						651,956,375	100.00%			0.565 (20)	800,193,380	100.00%			0.835 (21)

(1) From "WAGE RATES" spreadsheet
(2) From "PRODUCTIVITIES" spreadsheet
(3) From "PIGGYBACKS" spreadsheet
(4) From "WAGE RATES" spreadsheet
(5) [(1) * 100 / (2)] * [(3) + ((4) - 1)]
(6) Number of Operations from Docket No. MC95-1, USPS-T-10B
(7) (6) * (5)
(8) Package costs from (7) based on container type
(9) Sum (8) for all containers
(10) Docket No. R97-1, USPS LR-H-105
(11) [(10) for each package and container type] /[total (10)]
(12) Docket No. MC95-1, Smith Workpaper Part VII
(13) Docket No. R97-1, USPS LR-H-105
(14) (9) * (11) * (12) / (13)
(15) Docket No. R97-1, USPS LR-H-105
(16) [(10) for each package and container type] /[total (10)]
(17) Docket No. MC95-1, Smith Workpaper Part VII
(18) Docket No. R97-1, USPS LR-H-105
(19) (9) * (16) * (17) / (18)
(20) Sum (14)
(21) Sum (19)

APPENDIX III:

STANDARD (A) NONPROFIT LETTER MAIL PROCESSING COST MODELS

STANDARD (A) NONPROFIT LETTERS SUMMARY

BENCHMARK RATE CATEGORY	(1) MAIL PROC TOTAL UNIT COST	(2) MAIL PROC WORK- SHARING RELATED UNIT COST	(3) DELIVERY WORK- SHARING RELATED UNIT COST	(4) TOTAL WORK- SHARING RELATED UNIT COST	(5) WORK- SHARING RELATED SAVINGS
Nonautomation Basic Presort Letters	7.443	5.954	4.122	10.076	---
Nonautomation 3-/5-Digit Presort Letters	6.005	4.516	4.453	8.969	1.107
Nonautomation Basic Presort Letters	7.443	5.954	4.122	10.076	---
Automation Basic Presort Letters	4.882	3.837	3.376	7.213	2.863
Nonautomation 3-/5-Digit Presort Letters	6.005	4.516	4.453	8.969	---
Automation 3-Digit Presort Letters	4.084	3.039	3.323	6.362	2.608
Automation 3-Digit Presort Letters	4.084	3.039	3.323	6.362	---
Automation 5-Digit Presort Letters	3.107	2.062	3.236	5.298	1.064

(1) CRA Mail Processing Unit Costs:
Worksharing Proportional Cost Pools + Worksharing Fixed Cost Pools + Non-Worksharing Fixed Cost Pools
Model-Based Mail Processing Unit Costs:
(Model Cost * Worksharing Proportional Adjustment) + Worksharing Fixed Adjustment + Non-Worksharing Fixed Adjustment

(2) CRA Mail Processing Unit Costs:
Worksharing Proportional Cost Pools + Worksharing Fixed Cost Pools
Model-Based Mail Processing Unit Costs:
(Model Cost * Worksharing Proportional Adjustment) + Worksharing Fixed Adjustment

(3) USPS-T-28, Table 5

(4) (2) + (3)

(5) Benchmark (4) - Rate Category (4)

STANDARD (A) NONPROFIT LETTERS
DELIVERY POINT SEQUENCING (DPS) PERCENTAGES

CATEGORY	(1) VOLUME	(2) DPS %	
Nonautomation Basic Presort Letters		**43.82%**	**(3)**
OCR Upgradable	264,710	71.21%	
Non-OCR Upgradable	369,790	69.78%	
Non-OCR Not Upgradable	892,699	24.94%	
	1,527,200		
Nonautomation 3-/5-Digit Presort Letters		**42.40%**	**(4)**
OCR Upgradable	235,404	72.09%	
Non-OCR Upgradable	533,459	71.08%	
Non-OCR Not Upgradable	1,287,807	25.09%	
	2,056,669		
Automation Basic Presort Letters		**72.38%**	
Automation 3-Digit Presort Letters		**74.43%**	
Automation 5-Digit Presort Letters		**77.77%**	

(1) Nonautomation Volumes From "ENTRY PROFILE" Spreadsheet
(2) DPS Percentages from Corresponding "COST SHEET" Spreadsheets
(3) Weighted Average Nonautomation DPS Percentage
(4) Weighted Average Nonautomation DPS Percentage

STANDARD (A) NONPROFIT LETTER MAIL PROCESSING UNIT COST SUMMARY
NONAUTOMATION PRESORT

CRA LETTER MAIL PROCESSING UNIT COSTS

Modeled Worksharing Related (Proportional) Cost Pools	4.814	(1)
Other Worksharing Related (Fixed) Cost Pools	0.315	(2)
Non-Worksharing Related (Fixed) Cost Pools	1.489	(3)
Total	6.618	(4)

CRA PROPORTIONAL ADJUSTMENT FACTOR

	(5)	(6) Docket R97-1 USPS LR H-195	(7)	
Base Model Costs	Model Cost	Volume %	Weighted Cost	
OCR Upgradable Basic	4.719	7.39%	0.349	
Non-OCR Upgradable Basic	5.529	10.32%	0.570	
Non-OCR Not Upgradable Basic	10.349	24.91%	2.578	
OCR Upgradable 3/5	4.439	6.57%	0.292	
Non-OCR Upgradable 3/5	5.399	14.88%	0.804	
Non-OCR Not Upgradable 3/5	6.716	35.93%	2.413	
Total Weighted Model Cost		100.00%	7.005	(8)
CRA Proportional Adjustment			0.687	(9)

ADJUSTED LETTER MAIL PROCESSING UNIT COSTS

Rate Category		(10) Model Unit Cost	(11) Worksharing Related Unit Cost	(12) Non Worksharing Unit Cost	(13) Total Mail Proc Unit Cost
OCR Upgradable Basic		4.719	3.558	1.489	5.047
Non-OCR Upgradable Basic		5.529	4.115	1.489	5.603
Non-OCR Not Upgradable Basic		10.349	7.426	1.489	8.915
Nonautomation Basic	(14)	8.206	5.954	1.489	7.443
OCR Upgradable 3/5		4.439	3.365	1.489	4.854
Non-OCR Upgradable 3/5		5.399	4.026	1.489	5.514
Non-OCR Not Upgradable 3/5		6.716	4.930	1.489	6.419
Nonautomation 3/5	(15)	6.114	4.516	1.489	6.005

(1) Sum of modeled worksharing related cost pools in "NONAUTO LTR CRA" spreadsheet
(2) Sum of other worksharing related cost pools in "NONAUTO LTR CRA" spreadsheet
(3) Sum of non-worksharing related cost pools in "NONAUTO LTR CRA" spreadsheet
(4) (1) + (2) + (3)
(5) Model costs from respective rate category "COST SHEET" spreadsheets
(6) Docket No. R97-1, USPS LR-H-195
(7) (5) * (6)
(8) Sum (7)
(9) (1) / (8)
(10) Model costs from respective rate category "COST SHEET" spreadsheets
(11) (9) * (10) + (2)
(12) (3)
(13) (11) + (12)
(14) Weighted average model cost for rate category using percentages from (6)
(15) Weighted average model cost for rate category using percentages from (6)

STANDARD (A) NONPROFIT LETTER MAIL PROCESSING UNIT COST SUMMARY
AUTOMATION NON-CARRIER ROUTE PRESORT

CRA LETTER MAIL PROCESSING UNIT COSTS

Modeled Worksharing Related (Proportional) Cost Pools	2.411	(1)
Other Worksharing Related (Fixed) Cost Pools	0.553	(2)
Non-Worksharing Related (Fixed) Cost Pools	1.045	(3)
Total	**4.009**	**(4)**

CRA PROPORTIONAL ADJUSTMENT FACTOR

	(5)	(6)	(7)
Base Model Costs	**Model Cost**	**Base Year Volume (000)**	**Base Year Volume %**
Automation Basic	3.947	1,284,325	21.99%
Automation 3-Digit	2.988	3,059,469	52.38%
Automation 5-Digit	1.814	1,497,313	25.63%
(8) *Total Weighted Model Cost*	**2.898**	**5,841,107**	**100.00%**

CRA Proportional Adjustment	**0.832**	**(9)**

ADJUSTED LETTER MAIL PROCESSING UNIT COSTS

	(10)	(11)	(12)	(13)
	Model	Worksharing Related	Non Worksharing	Total Mail Proc
Rate Category	Unit Cost	Unit Cost	Unit Cost	Unit Cost
Automation Basic	3.947	3.837	1.045	4.882
Automation 3-Digit	2.988	3.039	1.045	4.084
Automation 5-Digit	1.814	2.062	1.045	3.107

(1) Sum of modeled worksharing related cost pools in "AUTO LTR CRA" spreadsheet
(2) Sum of other worksharing related cost pools in "AUTO LTR CRA" spreadsheet
(3) Sum of non-worksharing related cost pools in "AUTO LTR CRA" spreadsheet
(4) (1) + (2) + (3)
(5) *Model costs from respective rate category "COST SHEET" spreadsheets*
(6) USPS LR I-125
(7) Rate Category (6) / Total (6)
(8) Sum[(5) * (7)]
(9) (1) / (8)
(10) Model costs from respective rate category "COST SHEET" spreadsheets
(11) (9) * (10) + (2)
(12) (3)
(13) (11) + (12)

CRA STANDARD (A) NONPROFIT LETTER MAIL PROCESSING UNIT COSTS
NONAUTOMATION PRESORT
Source: USPS LR-I-81

Cost Pool No.	Source	Cost Pool Abbreviation	CRA Mail Process Unit Costs	Worksharing Related (Proportional) Mail Process Cost Pools	Other Worksharing Related (Fixed) Mail Process Cost Pools	Non-Worksharing Related (Fixed) Mail Process Cost Pools	Worksharing Related (Proportional) Mail Process Unit Costs	Other Worksharing Related (Fixed) Mail Process Unit Costs	Non-Worksharing Related (Fixed) Mail Process Unit Costs
1	BMCS	NMO	0.000			X			0.000
2	BMCS	OTHR	0.146			X			0.146
3	BMCS	PLA	0.101			X			0.101
4	BMCS	PSM	0.000			X			0.000
5	BMCS	SPB	0.050	X			0.050		
6	BMCS	SSM	0.049			X			0.049
7	MODS	BCS/	0.559	X			0.559		
8	MODS	OCR/	0.200	X			0.200		
9	MODS	FSM/	0.012			X			0.012
10	MODS	LSM/	0.015	X			0.015		
11	MODS	MECPARC	0.000			X			0.000
12	MODS	SPBS OTH	0.129	X			0.129		
13	MODS	SPBSPRIO	0.001			X			0.001
14	MODS	1SACKS M	0.043			X			0.043
15	MODS	MANF	0.025			X			0.025
16	MODS	MANL	1.728	X			1.728		
17	MODS	MANP	0.000			X			0.000
18	MODS	PRIORITY	0.000			X			0.000
19	MODS	LD15	0.155	X			0.155		
20	MODS	1BULKPR	0.011		X			0.011	
21	MODS	1CANCMMP	0.017			X			0.017
22	MODS	1OPBULK	0.178	X			0.178		
23	MODS	1OPPREF	0.320	X			0.320		
24	MODS	1PLATFRM	0.480			X			0.480
25	MODS	1POUCHING	0.195	X			0.195		
26	MODS	1SACKS H	0.064			X			0.064
27	MODS	1SCAN	0.020			X			0.020
28	MODS	BUSREPLY	0.000			X			0.000
29	MODS	EXPRESS	0.000			X			0.000
30	MODS	MAILGRAM	0.000			X			0.000
31	MODS	REGISTRY	0.000			X			0.000
32	MODS	REWRAP	0.005			X			0.005
33	MODS	1EEQMT	0.022			X			0.022
34	MODS	INTL	0.000			X			0.000
35	MODS	LD41	0.006	X			0.006		
36	MODS	LD42	0.000	X			0.000		
37	MODS	LD43	0.269	X			0.269		
38	MODS	LD44	0.023	X			0.023		
39	MODS	LD48 EXP	0.000			X			0.000
40	MODS	LD48 SSV	0.001			X			0.001
41	MODS	LD49	0.035			X			0.035
42	MODS	LD79	0.304		X			0.304	
43	MODS	1SUPP F1	0.073			X			0.073
44	MODS	1SUPP F4	0.055			X			0.055
45	NONMODS	ALLIED	0.279			X			0.279
46	NONMODS	AUTO/MECH	0.104	X			0.104		
47	NONMODS	EXPRESS	0.000			X			0.000
48	NONMODS	MANF	0.000			X			0.000
49	NONMODS	MANL	0.882	X			0.882		
50	NONMODS	MANP	0.001			X			0.001
51	NONMODS	MISC	0.058			X			0.058
52	NONMODS	REGISTRY	0.000			X			0.000
			6.618				**4.814**	**0.315**	**1.489**
							72.74%	**4.77%**	**22.50%**

CRA STANDARD (A) NONPROFIT LETTER MAIL PROCESSING UNIT COSTS

AUTOMATION NON-CARRIER ROUTE PRESORT

Source: USPS LR-I-81

Cost Pool No.	Source	Cost Pool Abbreviation	CRA Mail Process Unit Costs	Worksharing Related (Proportional) Mail Process Cost Pools	Other Worksharing Related (Fixed) Mail Process Cost Pools	Non-Worksharing Related (Fixed) Mail Process Cost Pools	Worksharing Related (Proportional) Mail Process Unit Costs	Other Worksharing Related (Fixed) Mail Process Unit Costs	Non-Worksharing Related (Fixed) Mail Process Unit Costs
1	BMCS	NMO	0.001			X			0.001
2	BMCS	OTHR	0.133			X			0.133
3	BMCS	PLA	0.078			X			0.078
4	BMCS	PSM	0.000			X			0.000
5	BMCS	SPB	0.007		X			0.007	
6	BMCS	SSM	0.021			X			0.021
7	MODS	BCS/	1.180	X			1.180		
8	MODS	OCR/	0.079	X			0.079		
9	MODS	FSM/	0.033			X			0.033
10	MODS	LSM/	0.007	X			0.007		
11	MODS	MECPARC	0.000			X			0.000
12	MODS	SPBS OTH	0.032		X			0.032	
13	MODS	SPBSPRIO	0.003			X			0.003
14	MODS	1SACKS M	0.027			X			0.027
15	MODS	MANF	0.006			X			0.006
16	MODS	MANL	0.411	X			0.411		
17	MODS	MANP	0.000			X			0.000
18	MODS	PRIORITY	0.000			X			0.000
19	MODS	LD15	0.123	X			0.123		
20	MODS	1BULKPR	0.002		X			0.002	
21	MODS	1CANCMMP	0.013			X			0.013
22	MODS	1OPBULK	0.158		X			0.158	
23	MODS	1OPPREF	0.207		X			0.207	
24	MODS	1PLATFRM	0.342			X			0.342
25	MODS	1POUCHING	0.119		X			0.119	
26	MODS	1SACKS H	0.055			X			0.055
27	MODS	1SCAN	0.011			X			0.011
28	MODS	BUSREPLY	0.000			X			0.000
29	MODS	EXPRESS	0.003			X			0.003
30	MODS	MAILGRAM	0.000			X			0.000
31	MODS	REGISTRY	0.000			X			0.000
32	MODS	REWRAP	0.000			X			0.000
33	MODS	1EEQMT	0.012			X			0.012
34	MODS	INTL	0.004			X			0.004
35	MODS	LD41	0.017	X			0.017		
36	MODS	LD42	0.000	X			0.000		
37	MODS	LD43	0.073	X			0.073		
38	MODS	LD44	0.029	X			0.029		
39	MODS	LD48 EXP	0.000			X			0.000
40	MODS	LD48 SSV	0.013			X			0.013
41	MODS	LD49	0.039			X			0.039
42	MODS	LD79	0.027		X			0.027	
43	MODS	1SUPP F1	0.043			X			0.043
44	MODS	1SUPP F4	0.028			X			0.028
45	NONMODS	ALLIED	0.136			X			0.136
46	NONMODS	AUTO/MECH	0.112	X			0.112		
47	NONMODS	EXPRESS	0.000			X			0.000
48	NONMODS	MANF	0.000			X			0.000
49	NONMODS	MANL	0.379	X			0.379		
50	NONMODS	MANP	0.000			X			0.000
51	NONMODS	MISC	0.041			X			0.041
52	NONMODS	REGISTRY	0.003			X			0.003
			4.009				**2.411**	**0.553**	**1.045**
							60.13%	**13.80%**	**26.07%**

STANDARD (A) NONPROFIT NONAUTOMATION OCR UPGRADABLE BASIC
COST SHEET

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Entry Activities	TPH	Pieces Per Hour	Wage Rate	Direct Cents Per Piece	Piggyback Factor	Premium Pay Factor	Premium Pay Adjust	Total Cents Per Piece	Weighted Cents Per Piece
Package Sorting	10,000	---	---	---	---	---	---	0.000	0.000
Outgoing RBCS									
ISS	4,472	9,117	$28.24	0.310	2.001	0.961	-0.012	0.608	0.272
RCR	1,765							0.486	0.086
REC	547	670	$17.79	2.656	1.516	0.961	-0.104	3.922	0.214
OSS	1,812	10,029	$28.24	0.282	1.757	0.961	-0.011	0.484	0.088
LMLM	185	3,852	$28.24	0.733	2.623	0.961	-0.029	1.894	0.035
Outgoing Primary									
Automation	117	6,401	$28.24	0.441	2.263	0.961	-0.017	0.981	0.012
Manual	109	661	$28.24	4.271	1.360	0.961	-0.168	5.639	0.061
Outgoing Secondary									
Automation	1,204	9,299	$28.24	0.304	2.236	0.961	-0.012	0.667	0.080
Manual	70	649	$28.24	4.352	1.360	0.961	-0.171	5.746	0.040
Incoming RBCS									
ISS	5,713	5,819	$28.24	0.485	2.001	0.961	-0.019	0.952	0.544
RCR	2,254							0.486	0.110
REC	698	670	$17.79	2.656	1.516	0.961	-0.104	3.922	0.274
OSS	2,315	9,070	$28.24	0.311	1.621	0.961	-0.012	0.492	0.114
LMLM	237	3,852	$28.24	0.733	2.623	0.961	-0.029	1.894	0.045
Incoming MMP									
Automation AADC	931	6,218	$28.24	0.454	2.151	0.961	-0.018	0.959	0.089
Manual ADC	250	818	$28.24	3.454	1.396	0.961	-0.136	4.685	0.117
Incoming SCF/Primary									
Automation	3,798	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.323
Manual	234	868	$28.24	3.254	1.360	0.961	-0.128	4.296	0.100
5-Digit Barcode Sort	353	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.030
Incoming Secondaries									
Auto Carrier Route	2,760	5,826	$28.24	0.485	2.063	0.961	-0.019	0.981	0.271
Auto 3-Pass DPS	3,759	14,898	$28.24	0.190	1.854	0.961	-0.007	0.344	0.129
Auto 2-Pass DPS	12,247	9,762	$28.24	0.289	2.290	0.961	-0.011	0.651	0.798
Man Inc Sec Final At Plant	1,103	695	$28.24	4.062	1.360	0.961	-0.160	5.363	0.592
Man Inc Sec Final At DU	391	1,226	$28.24	2.303	1.360	0.961	-0.091	3.041	0.119
Box Section Sort, DPS	634	2,480	$28.24	1.139	1.396	0.961	-0.045	1.545	0.098
Box Section Sort, Other	256	1,240	$28.24	2.277	1.396	0.961	-0.090	3.088	0.079

	(10)
MODEL COST =	4.719

	(11)
DPS % =	71.21%

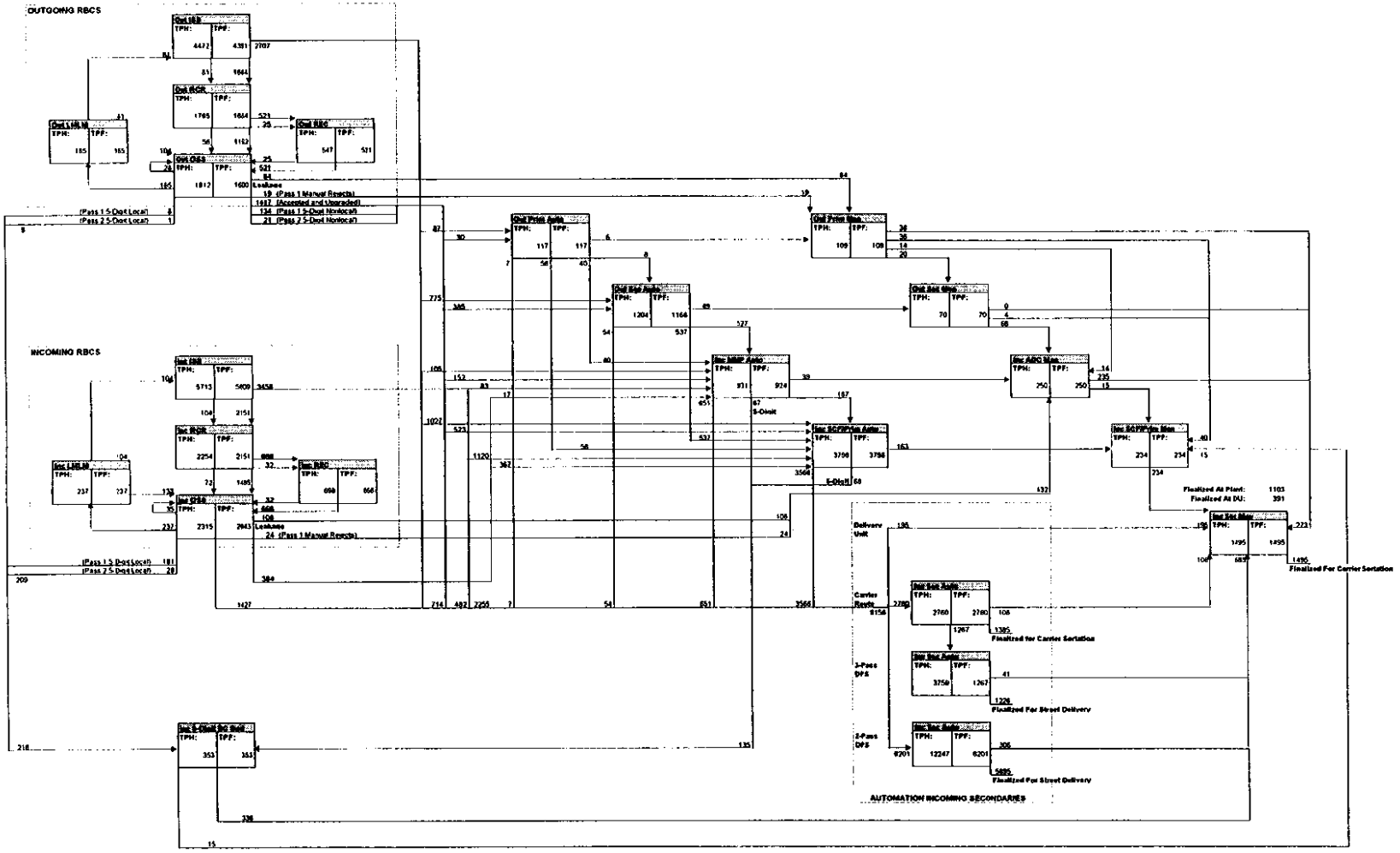
(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet
(7) [(6) - 1] * (4)
(8) (4) * (5) ÷ (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized in DPS Operations) / (10,000 Pieces)

STANDARD (A) NONPROFIT NONAUTOMATION OCR UPGRADABLE BASIC
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	4381	Inc ISS	5609
Out RCR	0	Inc MMP Auto	0
Out Prim Auto	0	Inc SCF/Prim Auto	0
Out Sec Auto	0	Inc Sec Auto	0
Out Prim Man	0	Inc ADC Man	0
Out Sec Man	0	Inc SCF/Prim Man	0
		Inc Sec Man	0



STANDARD (A) NONPROFIT NONAUTOMATION NON-OCR UPGRADABLE BASIC
COST SHEET

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Entry Activities	**TPH**	**Pieces Per Hour**	**Wage Rate**	**Direct Cents Per Piece**	**Piggyback Factor**	**Premium Pay Factor**	**Premium Pay Adjust**	**Total Cents Per Piece**	**Weighted Cents Per Piece**
Package Sorting	10,000	---	---	---	---	---	---	0.125	0.125
(From "PACKAGE SORT BAS" Spreadsheet)									
Outgoing RBCS									
ISS	6,852	9,117	$28.24	0.310	2.001	0.961	-0.012	0.608	0.416
RCR	3,405							0.486	0.165
REC	1,055	670	$17.79	2.656	1.516	0.961	-0.104	3.922	0.414
OSS	3,827	10,029	$28.24	0.282	1.757	0.961	-0.011	0.484	0.185
LMLM	782	3,852	$28.24	0.733	2.623	0.961	-0.029	1.894	0.148
Outgoing Primary									
Automation	168	6,401	$28.24	0.441	2.263	0.961	-0.017	0.981	0.016
Manual	242	661	$28.24	4.271	1.360	0.961	-0.168	5.639	0.136
Outgoing Secondary									
Automation	1,728	9,299	$28.24	0.304	2.236	0.961	-0.012	0.667	0.115
Manual	116	649	$28.24	4.352	1.360	0.961	-0.171	5.746	0.067
Incoming RBCS									
ISS	3,514	5,819	$28.24	0.485	2.001	0.961	-0.019	0.952	0.335
RCR	1,747							0.486	0.085
REC	541	670	$17.79	2.656	1.516	0.961	-0.104	3.922	0.212
OSS	1,963	9,070	$28.24	0.311	1.621	0.961	-0.012	0.492	0.097
LMLM	401	3,852	$28.24	0.733	2.623	0.961	-0.029	1.894	0.076
Incoming MMP									
Automation AADC	1,299	6,218	$28.24	0.454	2.151	0.961	-0.018	0.959	0.125
Manual ADC	315	818	$28.24	3.454	1.396	0.961	-0.136	4.685	0.148
Incoming SCF/Primary									
Automation	4,225	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.360
Manual	303	868	$28.24	3.254	1.360	0.961	-0.128	4.296	0.130
5-Digit Barcode Sort	359	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.031
Incoming Secondaries									
Auto Carrier Route	2,704	5,826	$28.24	0.485	2.063	0.961	-0.019	0.981	0.265
Auto 3-Pass DPS	3,684	14,898	$28.24	0.190	1.854	0.961	-0.007	0.344	0.127
Auto 2-Pass DPS	12,002	9,762	$28.24	0.289	2.290	0.961	-0.011	0.651	0.782
Man Inc Sec Final At Plant	1,229	695	$28.24	4.062	1.360	0.961	-0.160	5.363	0.659
Man Inc Sec Final At DU	436	1,226	$28.24	2.303	1.360	0.961	-0.091	3.041	0.133
Box Section Sort, DPS	621	2,480	$28.24	1.139	1.396	0.961	-0.045	1.545	0.096
Box Section Sort, Other	269	1,240	$28.24	2.277	1.396	0.961	-0.090	3.088	0.083

	(10)
MODEL COST =	**5.529**

	(11)
DPS % =	**69.78%**

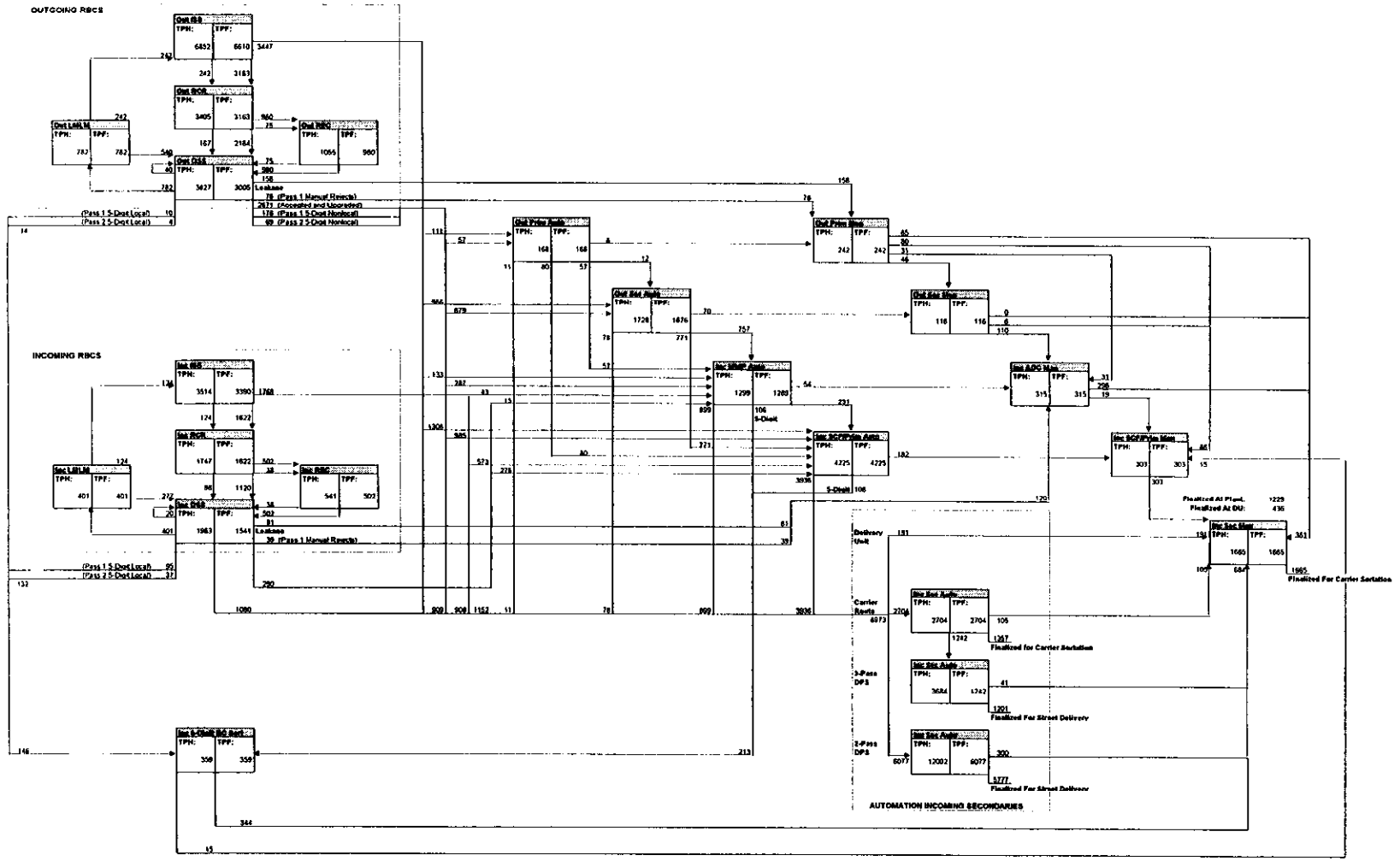
(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized In DPS Operations) / (10,000 Pieces)

STANDARD (A) NONPROFIT NONAUTOMATION NON-OCR UPGRADABLE BASIC
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	6610	Inc ISS	3390
Out RCR	0	Inc MMP Auto	0
Out Prim Auto	0	Inc SCF/Prim Auto	0
Out Sec Auto	0	Inc Sec Auto	0
Out Prim Man	0	Inc ADC Man	0
Out Sec Man	0	Inc SCF/Prim Man	0
		Inc Sec Man	0



STANDARD (A) NONPROFIT NONAUTOMATION NON-OCR NOT UPGRADABLE BASIC
COST SHEET

Entry Activities	(1) TPH	(2) Pieces Per Hour	(3) Wage Rate	(4) Direct Cents Per Piece	(5) Piggyback Factor	(6) Premium Pay Factor	(7) Premium Pay Adjust	(8) Total Cents Per Piece	(9) Weighted Cents Per Piece
Package Sorting	10,000	---	---	---	---	---	---	1.830	1.830
(From "PACKAGE SORT BAS" Spreadsheet)									
Outgoing RBCS									
ISS	797	9,117	$28.24	0.310	2.001	0.961	-0.012	0.608	0.048
RCR	396							0.486	0.019
REC	123	670	$17.79	2.656	1.516	0.961	-0.104	3.922	0.048
OSS	445	10,029	$28.24	0.282	1.757	0.961	-0.011	0.484	0.022
LMLM	91	3,852	$28.24	0.733	2.623	0.961	-0.029	1.894	0.017
Outgoing Primary									
Automation	20	6,401	$28.24	0.441	2.263	0.961	-0.017	0.981	0.002
Manual	1,437	661	$28.24	4.271	1.360	0.961	-0.168	5.639	0.810
Outgoing Secondary									
Automation	201	9,299	$28.24	0.304	2.236	0.961	-0.012	0.667	0.013
Manual	279	649	$28.24	4.352	1.360	0.961	-0.171	5.746	0.160
Incoming RBCS									
ISS	2,863	5,819	$28.24	0.485	2.001	0.961	-0.019	0.952	0.273
RCR	1,423							0.486	0.069
REC	441	670	$17.79	2.656	1.516	0.961	-0.104	3.922	0.173
OSS	1,599	9,070	$28.24	0.311	1.621	0.961	-0.012	0.492	0.079
LMLM	327	3,852	$28.24	0.733	2.623	0.961	-0.029	1.894	0.062
Incoming MMP									
Automation AADC	190	6,218	$28.24	0.454	2.151	0.961	-0.018	0.959	0.018
Manual ADC	2,301	818	$28.24	3.454	1.396	0.961	-0.136	4.685	1.078
Incoming SCF/Primary									
Automation	1,093	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.093
Manual	3,549	868	$28.24	3.254	1.360	0.961	-0.128	4.296	1.524
5-Digit Barcode Sort	134	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.011
Incoming Secondaries									
Auto Carrier Route	967	5,826	$28.24	0.485	2.063	0.961	-0.019	0.981	0.095
Auto 3-Pass DPS	1,317	14,898	$28.24	0.190	1.854	0.961	-0.007	0.344	0.045
Auto 2-Pass DPS	4,290	9,762	$28.24	0.289	2.290	0.961	-0.011	0.651	0.279
Man Inc Sec Final At Plant	5,182	695	$28.24	4.062	1.360	0.961	-0.160	5.363	2.779
Man Inc Sec Final At DU	1,839	1,226	$28.24	2.303	1.360	0.961	-0.091	3.041	0.559
Box Section Sort, DPS	222	2,480	$28.24	1.139	1.396	0.961	-0.045	1.545	0.034
Box Section Sort, Other	668	1,240	$28.24	2.277	1.396	0.961	-0.090	3.088	0.206

(10)
MODEL COST = 10.349

(11)
DPS % = 24.94%

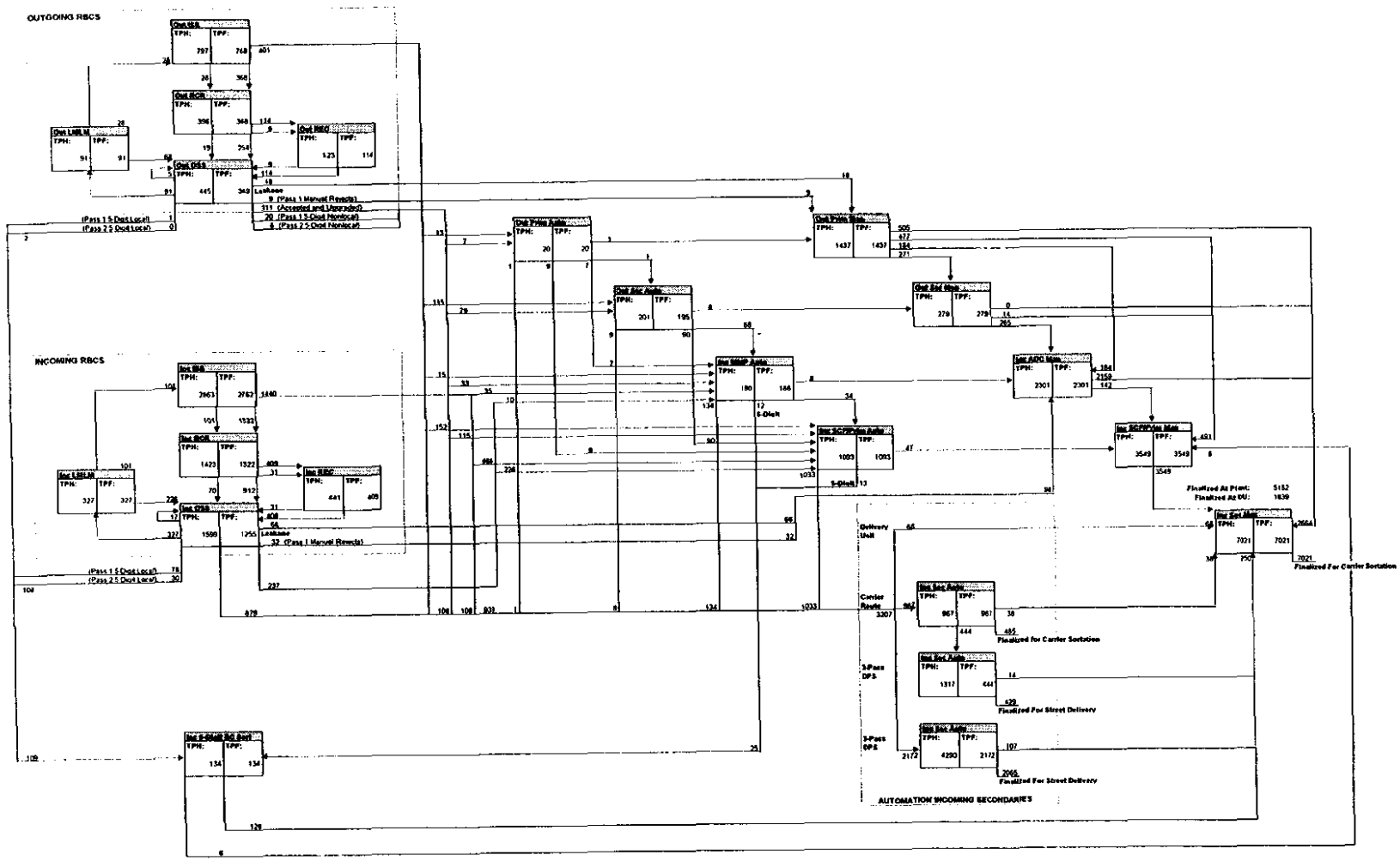
(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized in DPS Operations) / (10,000 Pieces)

STANDARD (A) NONPROFIT NONAUTOMATION NON-OCR NOT UPGRADABLE BASIC
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	768	Inc ISS	2762
Out RCR	0	Inc BMP Auto	0
Out Prim Auto	0	Inc SCF/Prim Auto	0
Out Sec Auto	0	Inc Sec Auto	0
Out Prim Man	1400	Inc ADC Man	1746
Out Sec Man	0	Inc SCF/Prim Man	2863
		Inc Sec Man	452



APPENDIX IV:

AP 11 FY 99 LETTERS/CARDS DENSITY STUDY

I. PURPOSE

The purpose of this study is to update the "density" tables that are used to "flow" mail through the mail processing cost models.

II. BACKGROUND

Mail processing uses sort plans to control mail flows. A "sort plan" is a software program that determines the bin number to which each mail piece should be sorted based on ZIP Code information. The term "density" refers to the percentage of mail that is sorted to a bin, or group of bins, representing a specific destination (e.g., a Sectional Center Facility). In the context of this study, "density" refers to the percentage of mail that is routed from a given operation to each succeeding operation. Density data are regularly analyzed using the Density Analysis System (DAS) to ensure that the sort plans are constructed as efficiently as possible.

III. STUDY PLAN

A field study was conducted the week of July 19 – July 23, 1999, in order to minimize the disruption to the In-Plant Support personnel that collected the data.

A. SAMPLE UNIVERSE

The sample universe was limited to the 269 Processing and Distribution Centers (P&DC) and Processing and Distribution Facilities (P&DF). As in Docket No. MC95-1 (USPS LR-MCR-3), the study was conducted at 40 plants.

B. SAMPLE DESIGN

Total mail volume data were obtained for FY 98. The plants were then ranked in descending order (using the "Total Pieces Handled" mail volumes from the MODS system) and divided into three strata: small, medium, and large. The total mail volume percentages for the strata as a whole were then calculated and multiplied by the sample size of 40 in order to determine how many plants to sample from each strata. The results showed that 21 large plants, 13 medium plants, and 6 small plants should participate in the study. Each plant within each strata was assigned a random number using the random number function in EXCEL. The random numbers were then sorted in ascending order. The first 21, 13, and 6 plants on the lists for the large, medium, and small strata, respectively, were selected to participate in the study.

IV. DATA COLLECTION

A pilot study was conducted at one of the 40 sites selected. Instructions were then developed using the data from this pilot study. These instructions were sent to each plant a week before the data collection period.[1] Two types of data were collected: manual densities and automation densities.

Each plant was asked to submit all available manual density information they had for a given list of operation numbers. In addition, automation density data were collected from all plants. Each plant was asked to submit AP 11 FY 99 End-Of-Run reports for a specific list of automation operation numbers.[2] Once the manual (if available) and automation density data had been collected, the study coordinators were asked to mail the data to Postal Service headquarters.

V. DATA PROCESSING

Data were received from all 40 plants. Two plants submitted data for the incorrect time period. In addition, one of these two plants also used a sort plan coding system that was difficult to interpret. This was not discovered until one month after the data had been collected. Due to time constraints and the fact that sort plans are changed over time, the decision was made to exclude these plants from the study.

The data for the remaining 38 plants were aggregated by strata.[3] Density percentages were calculated for each operation using piece counts from the EOR reports. The nationwide AP11 FY99 MODS volumes were then distributed by operation for each strata as follows:

(Oper. Density %) * (AP11 FY99 Oper. Volume) * (FY 98 Strata TPH/FY 98 Total TPH)

The volumes for all three strata were totaled for each operation. The final density table percentages were calculated using these total volumes. This same methodology was used to calculate both manual and automation density tables.

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[1] See pages 5 to 12 below.
[2] The End-Of-Run (EOR) software is stored on the Local Area Networks (LAN) at plants and contains bin volumes for each sort plant processed on the various letter sorting equipment.
[3] The data are contained in EXCEL spreadsheets that can be found in Miller Workpapers 1.

VI. ASSUMPTIONS

In order to calculate density tables, some assumptions were made:

1. Rejects and non-upgraded mail were ignored because those mail volumes were accommodated using other model inputs.

2. Courtesy Reply Mail (CRM) and Business Reply Mail (BRM) volumes were ignored because the models are not used to develop single-piece cost estimates.

3. All firm direct holdout mail volumes were ignored, despite the fact that a small percentage of presort mail is destinated for 5-digit unique firm ZIP Codes (e.g., corporate credit cards sent to business mailing addresses).

4. "Circular" mail volumes were ignored. This term refers to situations where mail volumes flow from one operation to another and then back to the previous operation. Overall, these volumes were relatively small. In order to avoid the problems associated with accommodating circular mail flows, these mail volumes were ignored.

5. In a very few cases, the mail volumes for entire sort plans were ignored. Some plants used operation numbers for a purpose that did not adhere to the MODS definition. An example would be a non-AADC plant that used a Managed Mail Program operation number to process Computer Forwarding System (CFS) mail. In these situations, the study coordinators were contacted for more information. If necessary, the data were ultimately ignored.

6. Mail destined for AADC facilities that were only an AADC for their service areas was assumed to flow to the "Incoming SCF/Primary" operation. The mail for the remaining AADC facilities was flowed to the "Incoming MMP" operation.

VII. RESULTS

The density tables did not change significantly compared to those that were calculated in Docket No. MC95-1.[4] The biggest change occurred in the manual outgoing secondary operation. The manual data used in previous rate cases were estimates that were calculated using proxy automation data. In this update, actual manual data were collected. This data showed that the manual outgoing secondary operation is primarily used to sort outgoing mail to the Area Distribution Center (ADC) level. The percentage of mail that is processed to a finer depth of sort than the ADC is much smaller than the previous table indicated.

[4] The updated manual and automation density tables can be found in Appendix I (page 40), Appendix II (page 27), Appendix III (page 27), and Miller Workpapers 1 (page 2).

1999 LETTERS/CARDS MAIL FLOW DENSITIES STUDY

Mike Miller
(202) 268-3405

Special Studies
Activity Based Management
Finance
USPS Headquarters

I. PURPOSE:

The 1999 Letters/Cards Mail Flow Densities Study is an update to a study that was last conducted in 1994. The 1994 study was performed at a time when Delivery Bar Code Sorters (DBCS) had not been fully deployed to the field. Today, however, the DBCS has been fully deployed. And the DBCS is now being used to perform many automation primary operations, especially during the outgoing processing window. Since the DBCS affords greater bin capacity than older machines, mail flow densities would have changed and the amount of mail requiring additional processing would have been reduced. Therefore, this study is now being updated.

This density information is used as an input to cost models that will be presented, in the form of testimony, before the Postal Rate Commission. The results from these cost models serve as the basis for the discounts that are offered to mailers who presort and/or prebarcode their mail.

II. GENERAL INSTRUCTIONS:

A. Site Coordinator

Upon receiving this package, please designate a site coordinator from the In-Plant Support group. The coordinator should be familiar with the End-Of-Run (EOR) system that is stored on your Local Area Network (LAN) and should also have an understanding of mail flows/sort plans.

The coordinator should complete the attached Site Coordinator Designation Form (Attachment I) and fax it to Mike Miller at (202) 268-3480.

B. Study Overview

This study will be conducted the week of July 19th – July 23rd and consists of two parts: 1. Manual Densities, and 2. Automation Densities. The manual and automation operation numbers that affect your specific plant should be listed in "Attachment II: Selected Operations." These are the only operation numbers for which you need to provide density information. In terms of time requirements, it took roughly four hours to complete a pilot study that was conducted at the Minneapolis P&DC.

III. MANUAL DENSITIES

Many plants maintain manual density information that is updated on a periodic basis. If your plant maintains this information for any of the operation numbers listed in Attachment II, please submit a copy of this data, regardless of the age of the densities. Fasten the data for the individual manual operations together using a paper clip or binder clip. A sample manual density submittal for operation 030 can be found in Attachment III.

IV. AUTOMATION DENSITIES

Automation density information will be collected for operations that are performed on the Multi-Line Optical Character Reader – Input Sub System (MLOCR-ISS), the Mail Processing Bar Code Sorter – Output Sub System (MPBCS-OSS), and the Delivery Bar Code Sorter (DBCS).

A. MLOCR-ISS

In the End-of-Run (EOR) system, print a copy of the AP 11 "SORTPLAN AREA SUMMARY REPORT" for the MLOCR-ISS. This document will be used to ensure that EOR data have been obtained for all the applicable sort plans.

Print a copy of the AP 11 FY 99 "END OF RUN BIN ANALYSIS REPORT" for each of the MLOCR-ISS sort plans that have operation numbers that are found in Attachment II. (In many cases, multiple sort plans will be used for one operation number.) Staple a copy of the most recent version of each "SORT PROGRAM LISTING" to the front of the corresponding "END OF RUN BIN ANALYSIS REPORT."

After the data have been collected, place the "SORTPLAN AREA SUMMARY REPORT" on top and fasten the data together using a paper clip or binder clip.

B. MPBCS-OSS

In the End-of-Run (EOR) system, print a copy of the AP 11 "SORTPLAN AREA SUMMARY REPORT" for the MPBCS-OSS. This document will be used to ensure that EOR data have been obtained for all the applicable sort plans.

Print a copy of the AP 11 FY 99 "END OF RUN BIN ANALYSIS REPORT" for each of the MPBCS-OSS sort plans that have operation numbers that are found in Attachment II. (In many cases, multiple sort plans will be used for one operation number.) Staple a copy of the most recent version of each "SORT PROGRAM LISTING" to the front of the corresponding "END OF RUN BIN ANALYSIS REPORT."

After the data have been collected, place the "SORTPLAN AREA SUMMARY REPORT" on top and fasten the data together using a paper clip or binder clip.

C. DBCS

In the End-of-Run (EOR) system, print a copy of the AP 11 "SORTPLAN AREA SUMMARY REPORT" for the DBCS. This document will be used to ensure that EOR data have been obtained for all the applicable sort plans.

Print a copy of the AP 11 FY 99 "END OF RUN BIN ANALYSIS REPORT" for each of the DBCS sort plans that have operation numbers that are found in Attachment II. (In many cases, multiple sort plans will be used for one operation number.) Staple a copy of the most recent version of each "SORT PROGRAM LISTING" to the front of the corresponding "END OF RUN BIN ANALYSIS REPORT."

After the data have been collected, place the "SORTPLAN AREA SUMMARY REPORT" on top and fasten the data together using a paper clip or binder clip.

A sample automation density submittal for MPBCS-OSS operations can be found in Attachment IV.

V. MAILING ADDRESS

Once the manual and automation density data have been collected, the data should be sent to the address below in the enclosed envelope by C.O.B. July 23rd.

Mike Miller
475 L'Enfant Plaza SW, Rm. 1520
Washington, DC 20260-5300

If you have any comments or questions regarding this study, please contact Mike Miller at (202) 268-3405.

ATTACHMENT I:

SITE COORDINATOR DESIGNATION FORM

Site Coordinator Name: _____

Title: _____

Mailing Address: _____

_____

_____

_____

_____

Telephone Number: _____

FAX Number: _____

PLEASE FAX WHEN COMPLETED TO:

MIKE MILLER

(202) 268-3480

ATTACHMENT II:

SELECTED OPERATIONS

A. MANUAL OPERATIONS

Equipment	Op No.	Description
LETTER CASE	030	Outgoing Primary
LETTER CASE	040	Outgoing Secondary
LETTER CASE	043	State Distribution
LETTER CASE	044	Incoming Sectional Center Facility (SCF)
LETTER CASE	150	Incoming Primary

B. AUTOMATION OPERATIONS

Equipment	Op. No.	Description
MLOCR-ISS	881	Outgoing Primary
MLOCR-ISS	882	Outgoing Secondary
MLOCR-ISS	883	Managed Mail Program (MMP)
MLOCR-ISS	884	Incoming Sectional Center Facility (SCF)
MLOCR-ISS	885	Incoming Primary
MPBCS-OSS	871	Outgoing Primary
MPBCS-OSS	872	Outgoing Secondary
MPBCS-OSS	873	Managed Mail Program (MMP)
MPBCS-OSS	874	Incoming Sectional Center Facility (SCF)
MPBCS-OSS	875	Incoming Primary
MPBCS-OSS	971	OSS Outgoing Primary
MPBCS-OSS	972	OSS Outgoing Secondary
MPBCS-OSS	973	OSS Managed Mail Program (MMP)
MPBCS-OSS	974	OSS Incoming Sectional Center Facility (SCF)
MPBCS-OSS	975	OSS Incoming Primary
DBCS	271	OSS Outgoing Primary
DBCS	272	OSS Outgoing Secondary
DBCS	273	OSS Managed Mail Program (MMP)
DBCS	274	OSS Incoming Sectional Center Facility (SCF)
DBCS	275	OSS Incoming Primary
DBCS	891	Outgoing Primary
DBCS	892	Outgoing Secondary
DBCS	893	Managed Mail Program (MMP)
DBCS	894	Incoming Sectional Center Facility (SCF)
DBCS	895	Incoming Primary

ATTACHMENT III:

SAMPLE MANUAL DENSITY SUBMITTAL

ATTACHMENT IV:

SAMPLE AUTOMATION MPBCS-OSS DENSITY SUBMITTAL

STANDARD (A) NONPROFIT NONAUTOMATION OCR UPGRADABLE 3-/5-DIGIT
COST SHEET

Entry Activities	(1) TPH	(2) Pieces Per Hour	(3) Wage Rate	(4) Direct Cents Per Piece	(5) Piggyback Factor	(6) Premium Pay Factor	(7) Premium Pay Adjust	(8) Total Cents Per Piece	(9) Weighted Cents Per Piece
Package Sorting	10,000	---	---	---	---	---	---	0.000	0.000
Outgoing RBCS									
ISS	0	9,117	$28.24	0.310	2.001	0.961	-0.012	0.608	0.000
RCR	0							0.486	0.000
REC	0	670	$17.79	2.656	1.516	0.961	-0.104	3.922	0.000
OSS	0	10,029	$28.24	0.282	1.757	0.961	-0.011	0.484	0.000
LMLM	0	3,852	$28.24	0.733	2.623	0.961	-0.029	1.894	0.000
Outgoing Primary									
Automation	0	6,401	$28.24	0.441	2.263	0.961	-0.017	0.981	0.000
Manual	0	661	$28.24	4.271	1.360	0.961	-0.168	5.639	0.000
Outgoing Secondary									
Automation	0	9,299	$28.24	0.304	2.236	0.961	-0.012	0.667	0.000
Manual	0	649	$28.24	4.352	1.360	0.961	-0.171	5.746	0.000
Incoming RBCS									
ISS	10,185	5,819	$28.24	0.485	2.001	0.961	-0.019	0.952	0.970
RCR	4,019							0.486	0.195
REC	1,245	670	$17.79	2.656	1.516	0.961	-0.104	3.922	0.488
OSS	4,127	9,070	$28.24	0.311	1.621	0.961	-0.012	0.492	0.203
LMLM	422	3,852	$28.24	0.733	2.623	0.961	-0.029	1.894	0.080
Incoming MMP									
Automation AADC	180	6,218	$28.24	0.454	2.151	0.961	-0.018	0.959	0.017
Manual ADC	242	818	$28.24	3.454	1.396	0.961	-0.136	4.685	0.113
Incoming SCF/Primary									
Automation	2,686	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.229
Manual	147	868	$28.24	3.254	1.360	0.961	-0.128	4.296	0.063
5-Digit Barcode Sort	373	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.032
Incoming Secondaries									
Auto Carrier Route	2,794	5,826	$28.24	0.485	2.063	0.961	-0.019	0.981	0.274
Auto 3-Pass DPS	3,806	14,898	$28.24	0.190	1.854	0.961	-0.007	0.344	0.131
Auto 2-Pass DPS	12,400	9,762	$28.24	0.289	2.290	0.961	-0.011	0.651	0.807
Man Inc Sec Final At Plant	1,025	695	$28.24	4.062	1.360	0.961	-0.160	5.363	0.550
Man Inc Sec Final At DU	364	1,226	$28.24	2.303	1.360	0.961	-0.091	3.041	0.111
Box Section Sort, DPS	642	2,480	$28.24	1.139	1.396	0.961	-0.045	1.545	0.099
Box Section Sort, Other	248	1,240	$28.24	2.277	1.396	0.961	-0.090	3.088	0.077

(10)
MODEL COST = 4.439

(11)
DPS % = 72.09%

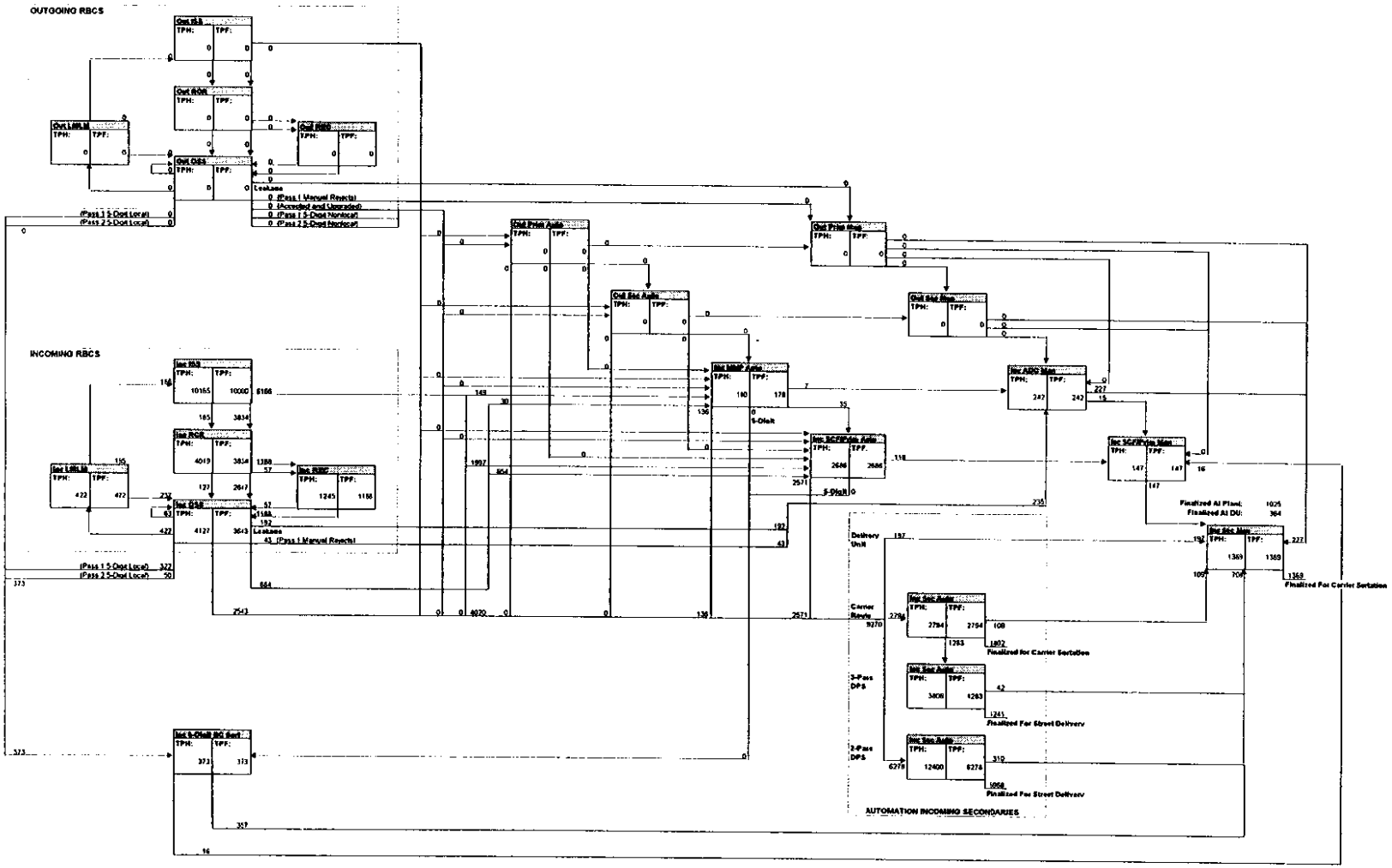
(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized in DPS Operations) / (10,000 Pieces)

STANDARD (A) NONPROFIT NONAUTOMATION OCR UPGRADABLE 3-/5-DIGIT
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	0	Inc ISS	10000
Out RCR	0	Inc MMP Auto	0
Out Prim Auto	0	Inc SCF/Prim Auto	0
Out Sec Auto	0	Inc Sec Auto	0
Out Prim Man	0	Inc ADC Man	0
Out Sec Man	0	Inc SCF/Prim Man	0
		Inc Sec Man	0



STANDARD (A) NONPROFIT NONAUTOMATION NON-OCR UPGRADABLE 3-/5-DIGIT
COST SHEET

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Entry Activities	TPH	Pieces Per Hour	Wage Rate	Direct Cents Per Piece	Piggyback Factor	Premium Pay Factor	Premium Pay Adjust	Total Cents Per Piece	Weighted Cents Per Piece
Package Sorting	10,000	---	---	---	---	---	---	0.439	0.439
(From "PACKAGE SORT 3S" Spreadsheet)									
Outgoing RBCS									
ISS	0	9,117	$28.24	0.310	2.001	0.961	-0.012	0.608	0.000
RCR	0							0.486	0.000
REC	0	670	$17.79	2.656	1.516	0.961	-0.104	3.922	0.000
OSS	0	10,029	$28.24	0.282	1.757	0.961	-0.011	0.484	0.000
LMLM	0	3,852	$28.24	0.733	2.623	0.961	-0.029	1.894	0.000
Outgoing Primary									
Automation	0	6,401	$28.24	0.441	2.263	0.961	-0.017	0.981	0.000
Manual	0	661	$28.24	4.271	1.360	0.961	-0.168	5.639	0.000
Outgoing Secondary									
Automation	0	9,299	$28.24	0.304	2.236	0.961	-0.012	0.667	0.000
Manual	0	649	$28.24	4.352	1.360	0.961	-0.171	5.746	0.000
Incoming RBCS									
ISS	10,366	5,819	$28.24	0.485	2.001	0.961	-0.019	0.952	0.987
RCR	5,152							0.486	0.250
REC	1,596	670	$17.79	2.656	1.516	0.961	-0.104	3.922	0.626
OSS	5,790	9,070	$28.24	0.311	1.621	0.961	-0.012	0.492	0.285
LMLM	1,183	3,852	$28.24	0.733	2.623	0.961	-0.029	1.894	0.224
Incoming MMP									
Automation AADC	164	6,218	$28.24	0.454	2.151	0.961	-0.018	0.959	0.016
Manual ADC	361	818	$28.24	3.454	1.396	0.961	-0.136	4.685	0.169
Incoming SCF/Primary									
Automation	2,540	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.216
Manual	148	868	$28.24	3.254	1.360	0.961	-0.128	4.296	0.064
5-Digit Barcode Sort	390	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.033
Incoming Secondaries									
Auto Carrier Route	2,755	5,826	$28.24	0.485	2.063	0.961	-0.019	0.981	0.270
Auto 3-Pass DPS	3,753	14,898	$28.24	0.190	1.854	0.961	-0.007	0.344	0.129
Auto 2-Pass DPS	12,226	9,762	$28.24	0.289	2.290	0.961	-0.011	0.651	0.796
Man Inc Sec Final At Plant	1,114	695	$28.24	4.062	1.360	0.961	-0.160	5.363	0.598
Man Inc Sec Final At DU	395	1,226	$28.24	2.303	1.360	0.961	-0.091	3.041	0.120
Box Section Sort, DPS	633	2,460	$28.24	1.139	1.396	0.961	-0.045	1.545	0.098
Box Section Sort, Other	257	1,240	$28.24	2.277	1.396	0.961	-0.090	3.088	0.079

	(10)
MODEL COST =	**6.399**

	(11)
DPS % =	**71.08%**

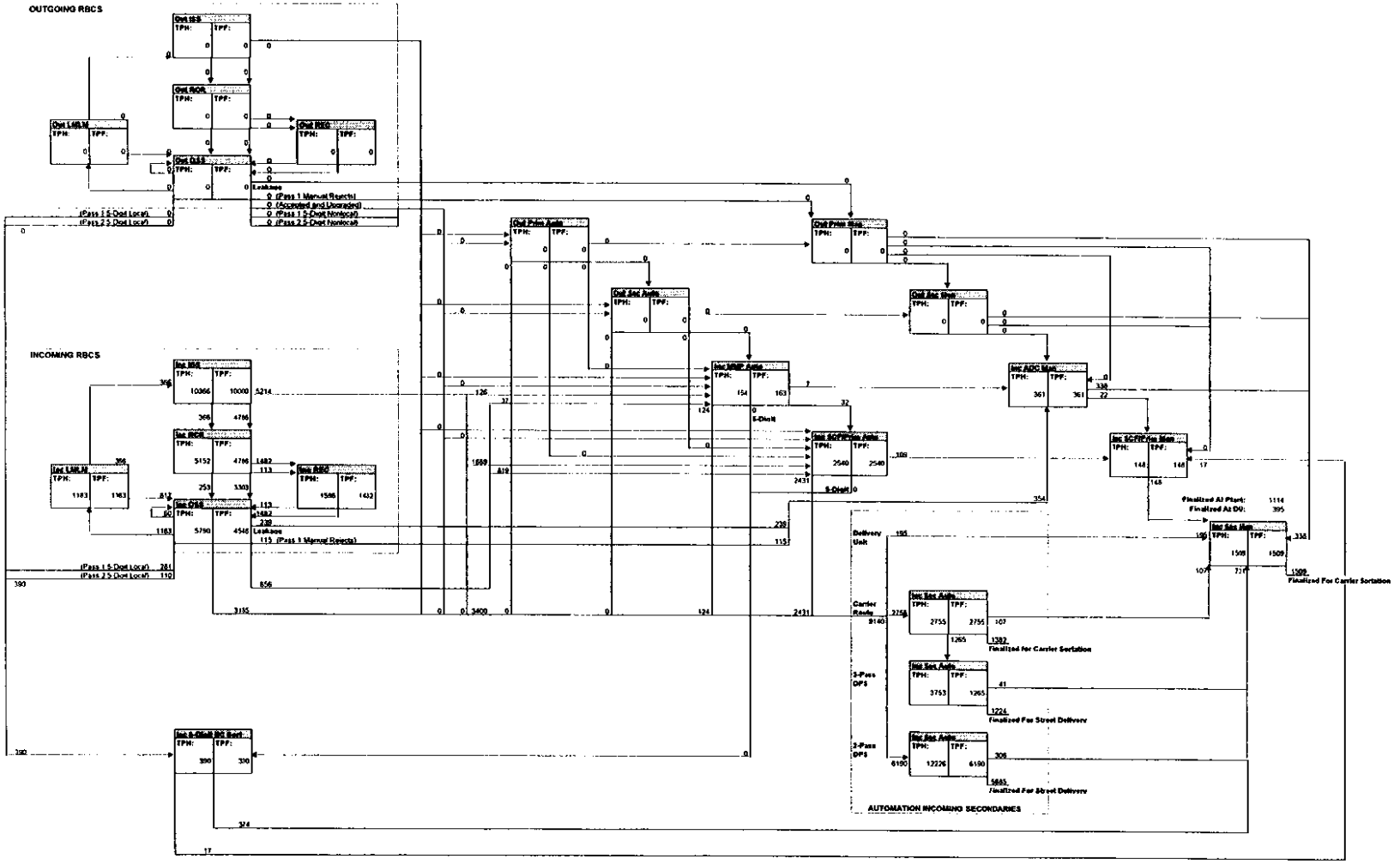
(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized in DPS Operations) / (10,000 Pieces)

STANDARD (A) NONPROFIT NONAUTOMATION NON-OCR UPGRADABLE 3-/5-DIGIT
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	0	Inc ISS	10000
Out RCR	0	Inc MMP Auto	0
Out Prim Auto	0	Inc SCF/Prim Auto	0
Out Sec Auto	0	Inc Sec Auto	0
Out Prim Man	0	Inc ADC Man	0
Out Sec Man	0	Inc SCF/Prim Man	0
		Inc Sec Man	0



STANDARD (A) NONPROFIT NONAUTOMATION NON-OCR NOT UPGRADABLE 3-5-/DIGIT
COST SHEET

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Entry Activities	TPH	Pieces Per Hour	Wage Rate	Direct Cents Per Piece	Piggyback Factor	Premium Pay Factor	Premium Pay Adjust	Total Cents Per Piece	Weighted Cents Per Piece
Package Sorting	10,000	---	---	---	---	---	---	0.861	0.861
(From "PACKAGE SORT 35" Spreadsheet)									
Outgoing RBCS									
ISS	0	9,117	$28.24	0.310	2.001	0.961	-0.012	0.608	0.000
RCR	0							0.486	0.000
REC	0	670	$17.79	2.656	1.516	0.961	-0.104	3.922	0.000
OSS	0	10,029	$28.24	0.282	1.757	0.961	-0.011	0.484	0.000
LMLM	0	3,852	$28.24	0.733	2.623	0.961	-0.029	1.894	0.000
Outgoing Primary									
Automation	0	6,401	$28.24	0.441	2.263	0.961	-0.017	0.981	0.000
Manual	0	661	$28.24	4.271	1.360	0.961	-0.168	5.639	0.000
Outgoing Secondary									
Automation	0	9,299	$28.24	0.304	2.236	0.961	-0.012	0.667	0.000
Manual	0	649	$28.24	4.352	1.360	0.961	-0.171	5.746	0.000
Incoming RBCS									
ISS	3,659	5,819	$28.24	0.485	2.001	0.961	-0.019	0.952	0.348
RCR	1,819							0.486	0.088
REC	563	670	$17.79	2.656	1.516	0.961	-0.104	3.922	0.221
OSS	2,044	9,070	$28.24	0.311	1.621	0.961	-0.012	0.492	0.101
LMLM	418	3,852	$28.24	0.733	2.623	0.961	-0.029	1.894	0.079
Incoming MMP									
Automation AADC	58	6,218	$28.24	0.454	2.151	0.961	-0.018	0.959	0.006
Manual ADC	127	818	$28.24	3.454	1.396	0.961	-0.136	4.685	0.060
Incoming SCF/Primary									
Automation	897	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.076
Manual	2,031	868	$28.24	3.254	1.360	0.961	-0.128	4.296	0.872
5-Digit Barcode Sort	138	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.012
Incoming Secondaries									
Auto Carrier Route	972	5,826	$28.24	0.485	2.063	0.961	-0.019	0.981	0.095
Auto 3-Pass DPS	1,325	14,898	$28.24	0.190	1.854	0.961	-0.007	0.344	0.046
Auto 2-Pass DPS	4,316	9,762	$28.24	0.289	2.290	0.961	-0.011	0.651	0.281
Man Inc Sec Final At Plant	5,169	695	$28.24	4.062	1.360	0.961	-0.160	5.363	2.772
Man Inc Sec Final At DU	1,834	1,226	$28.24	2.303	1.360	0.961	-0.091	3.041	0.558
Box Section Sort, DPS	223	2,480	$28.24	1.139	1.396	0.961	-0.045	1.545	0.035
Box Section Sort, Other	667	1,240	$28.24	2.277	1.396	0.961	-0.090	3.088	0.206

	(10)
MODEL COST =	6.716

	(11)
DPS % =	25.09%

(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet

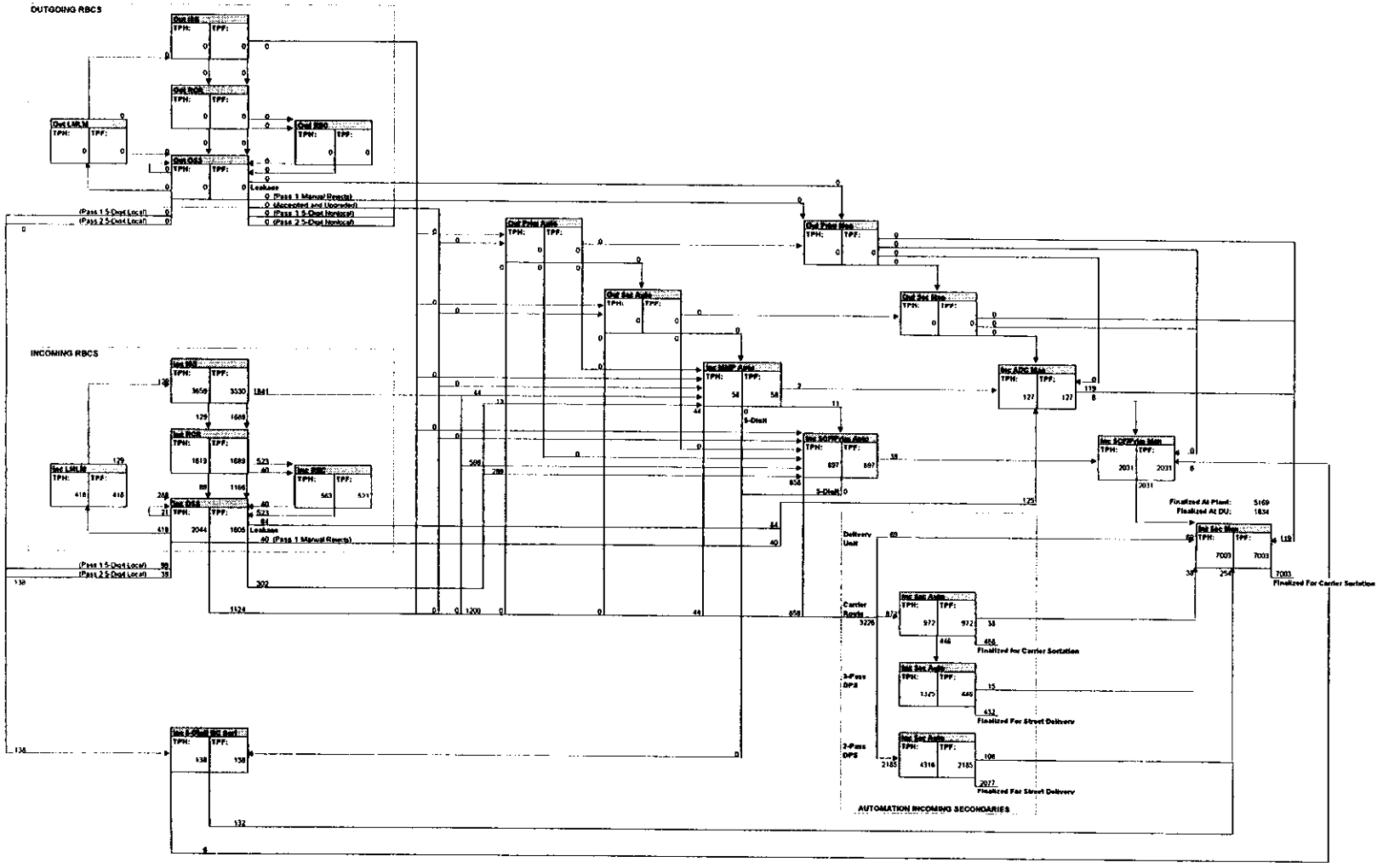
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized in DPS Operations) / (10,000 Pieces)

STANDARD (A) NONPROFIT NONAUTOMATION NON-OCR NOT UPGRADABLE 3-5-/DIGIT
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	0	Inc ISS	3530
Out RCR	0	Inc MMP Auto	0
Out Prim Auto	0	Inc SCF/Prim Auto	0
Out Sec Auto	0	Inc Sec Auto	0
Out Prim Man	0	Inc ADC Man	0
Out Sec Man	0	Inc SCF/Prim Man	1979
		Inc Sec Man	4491



STANDARD (A) NONPROFIT AUTOMATION BASIC
COST SHEET

Entry Activities	(1) TPH	(2) Pieces Per Hour	(3) Wage Rate	(4) Direct Cents Per Piece	(5) Piggyback Factor	(6) Premium Pay Factor	(7) Premium Pay Adjust	(8) Total Cents Per Piece	(9) Weighted Cents Per Piece
Package Sorting	10,000	---	---	---	---	---	---	0.000	0.000
Outgoing RBCS									
ISS	0	9,117	$28.24	0.310	2.001	0.961	-0.012	0.608	0.000
RCR	0							0.486	0.000
REC	0	670	$17.79	2.656	1.516	0.961	-0.104	3.922	0.000
OSS	0	10,029	$28.24	0.282	1.757	0.961	-0.011	0.484	0.000
LMLM	0	3,852	$28.24	0.733	2.623	0.961	-0.029	1.894	0.000
Outgoing Primary									
Automation	4,785	6,401	$28.24	0.441	2.263	0.961	-0.017	0.981	0.469
Manual	230	661	$28.24	4.271	1.360	0.961	-0.168	5.639	0.129
Outgoing Secondary									
Automation	342	9,299	$28.24	0.304	2.236	0.961	-0.012	0.667	0.023
Manual	57	649	$28.24	4.352	1.360	0.961	-0.171	5.746	0.033
Incoming RBCS									
ISS	0	5,819	$28.24	0.485	2.001	0.961	-0.019	0.952	0.000
RCR	0							0.486	0.000
REC	0	670	$17.79	2.656	1.516	0.961	-0.104	3.922	0.000
OSS	0	9,070	$28.24	0.311	1.621	0.961	-0.012	0.492	0.000
LMLM	0	3,852	$28.24	0.733	2.623	0.961	-0.029	1.894	0.000
Incoming MMP									
Automation AADC	5,977	6,218	$28.24	0.454	2.151	0.961	-0.018	0.959	0.573
Manual ADC	333	818	$28.24	3.454	1.396	0.961	-0.136	4.685	0.156
Incoming SCF/Primary									
Automation	4,671	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.398
Manual	301	868	$28.24	3.254	1.360	0.961	-0.128	4.296	0.129
5-Digit Barcode Sort	0	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.000
Incoming Secondaries									
Auto Carrier Route	2,805	5,826	$28.24	0.485	2.063	0.961	-0.019	0.981	0.275
Auto 3-Pass DPS	3,821	14,898	$28.24	0.190	1.854	0.961	-0.007	0.344	0.131
Auto 2-Pass DPS	12,449	9,762	$28.24	0.289	2.290	0.961	-0.011	0.651	0.811
Man Inc Sec Final At Plant	1,000	695	$28.24	4.062	1.360	0.961	-0.160	5.363	0.536
Man Inc Sec Final At DU	355	1,226	$28.24	2.303	1.360	0.961	-0.091	3.041	0.108
Box Section Sort, DPS	644	2,480	$28.24	1.139	1.396	0.961	-0.045	1.545	0.100
Box Section Sort, Other	246	1,240	$28.24	2.277	1.396	0.961	-0.090	3.088	0.076

	(10)
MODEL COST =	3.947

	(11)
DPS % =	72.38%

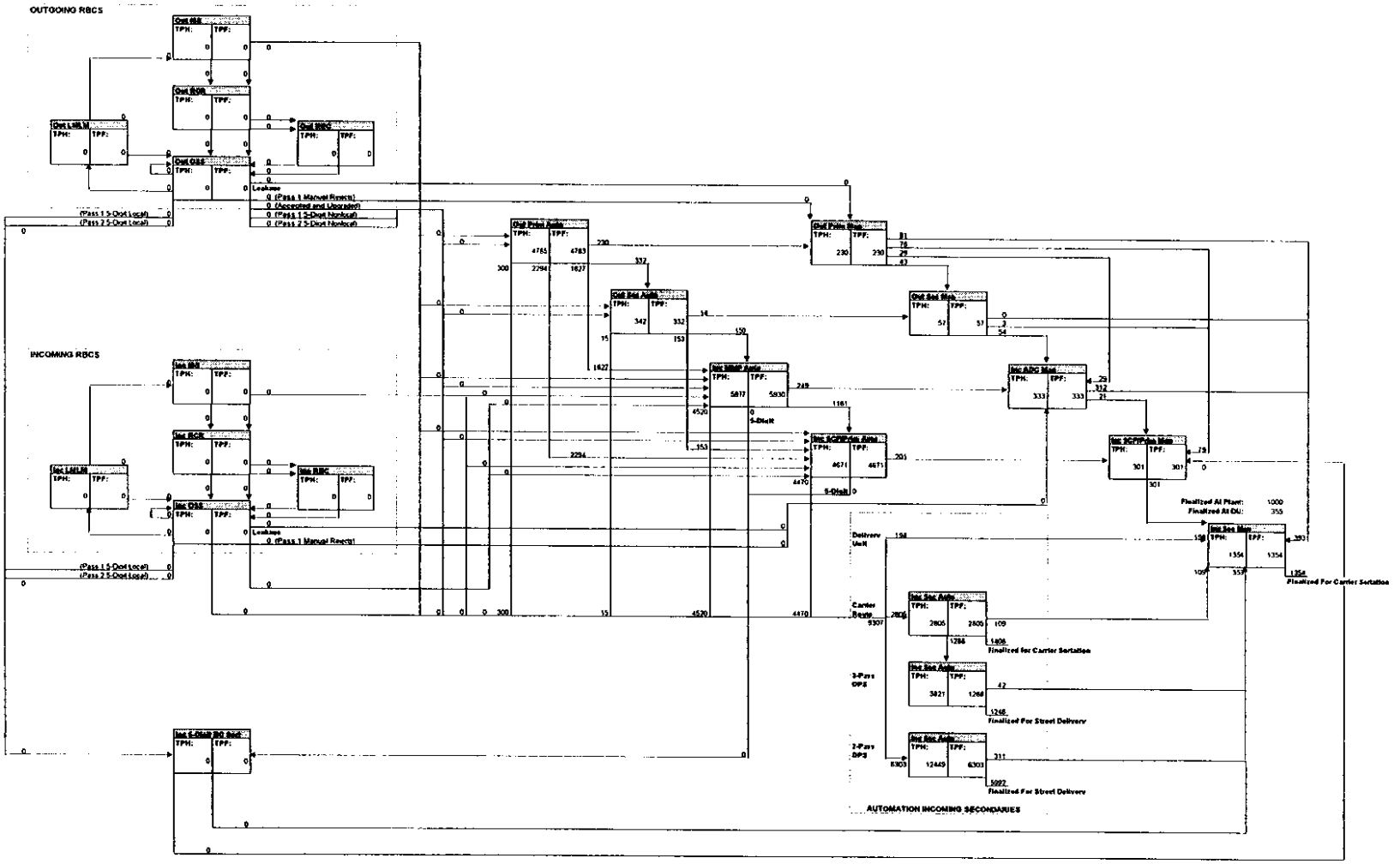
(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized in DPS Operations) / (10,000 Pieces)

STANDARD (A) NONPROFIT AUTOMATION BASIC
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	0	Inc ISS	0
Out RCR	0	Inc MMP Auto	4153
Out Prim Auto	4765	Inc SCF/Prim Auto	1064
Out Sec Auto	0	Inc Sec Auto	0
Out Prim Man	0	Inc ADC Man	0
Out Sec Man	0	Inc SCF/Prim Man	0
		Inc Sec Man	0



STANDARD (A) NONPROFIT AUTOMATION 3-DIGIT
COST SHEET

Entry Activities	(1) TPH	(2) Pieces Per Hour	(3) Wage Rate	(4) Direct Cents Per Piece	(5) Piggyback Factor	(6) Premium Pay Factor	(7) Premium Pay Adjust	(8) Total Cents Per Piece	(9) Weighted Cents Per Piece
Package Sorting	10,000	---	---	---	---	---	---	0.000	0.000
Outgoing RBCS									
ISS	0	9,117	$28.24	0.310	2.001	0.961	-0.012	0.608	0.000
RCR	0							0.486	0.000
REC	0	670	$17.79	2.656	1.516	0.961	-0.104	3.922	0.000
OSS	0	10,029	$28.24	0.282	1.757	0.961	-0.011	0.484	0.000
LMLM	0	3,852	$28.24	0.733	2.623	0.961	-0.029	1.894	0.000
Outgoing Primary									
Automation	0	6,401	$28.24	0.441	2.263	0.961	-0.017	0.981	0.000
Manual	0	661	$28.24	4.271	1.360	0.961	-0.168	5.639	0.000
Outgoing Secondary									
Automation	0	9,299	$28.24	0.304	2.236	0.961	-0.012	0.667	0.000
Manual	0	649	$28.24	4.352	1.360	0.961	-0.171	5.746	0.000
Incoming RBCS									
ISS	0	5,819	$28.24	0.485	2.001	0.961	-0.019	0.952	0.000
RCR	0							0.486	0.000
REC	0	670	$17.79	2.656	1.516	0.961	-0.104	3.922	0.000
OSS	0	9,070	$28.24	0.311	1.621	0.961	-0.012	0.492	0.000
LMLM	0	3,852	$28.24	0.733	2.623	0.961	-0.029	1.894	0.000
Incoming MMP									
Automation AADC	0	6,218	$28.24	0.454	2.151	0.961	-0.018	0.959	0.000
Manual ADC	0	818	$28.24	3.454	1.396	0.961	-0.136	4.685	0.000
Incoming SCF/Primary									
Automation	10,000	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.851
Manual	430	868	$28.24	3.254	1.360	0.961	-0.128	4.296	0.185
5-Digit Barcode Sort	0	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.000
Incoming Secondaries									
Auto Carrier Route	2,884	5,826	$28.24	0.485	2.063	0.961	-0.019	0.981	0.283
Auto 3-Pass DPS	3,929	14,898	$28.24	0.190	1.854	0.961	-0.007	0.344	0.135
Auto 2-Pass DPS	12,801	9,762	$28.24	0.289	2.290	0.961	-0.011	0.651	0.834
Man Inc Sec Final At Plant	819	695	$28.24	4.062	1.360	0.961	-0.160	5.363	0.439
Man Inc Sec Final At DU	291	1,226	$28.24	2.303	1.360	0.961	-0.091	3.041	0.088
Box Section Sort, DPS	662	2,480	$28.24	1.139	1.396	0.961	-0.045	1.545	0.102
Box Section Sort, Other	228	1,240	$28.24	2.277	1.396	0.961	-0.090	3.088	0.070

	(10)
MODEL COST =	2.988

	(11)
DPS % =	74.43%

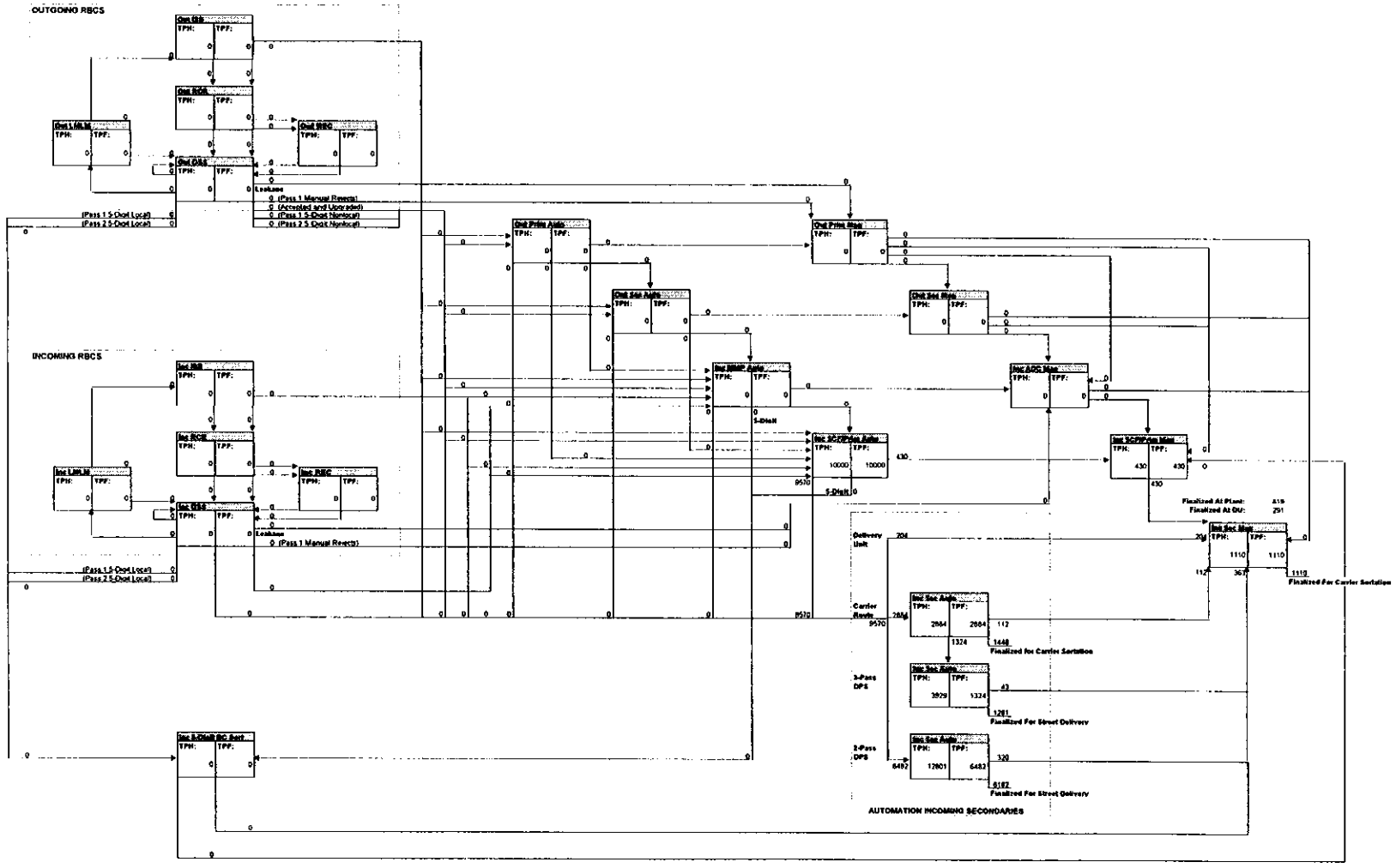
(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized In DPS Operations) / (10,000 Pieces)

STANDARD (A) NONPROFIT AUTOMATION 3-DIGIT
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	0	Inc ISS	0
Out RCR	0	Inc MMP Auto	0
Out Prim Auto	0	Inc SCF/Prim Auto	10000
Out Sec Auto	0	Inc Sec Auto	0
Out Prim Man	0	Inc ADC Man	0
Out Sec Man	0	Inc SCF/Prim Man	0
		Inc Sec Man	0



STANDARD (A) NONPROFIT AUTOMATION 5-DIGIT
COST SHEET

Entry Activities	(1) TPH	(2) Pieces Per Hour	(3) Wage Rate	(4) Direct Cents Per Piece	(5) Piggyback Factor	(6) Premium Pay Factor	(7) Premium Pay Adjust	(8) Total Cents Per Piece	(9) Weighted Cents Per Piece
Package Sorting	10,000	---	---	---	---	---	---	0.000	0.000
Outgoing RBCS									
ISS	0	9,117	$28.24	0.310	2.001	0.961	-0.012	0.608	0.000
RCR	0							0.486	0.000
REC	0	670	$17.79	2.656	1.516	0.961	-0.104	3.922	0.000
OSS	0	10,029	$28.24	0.282	1.757	0.961	-0.011	0.484	0.000
LMLM	0	3,852	$28.24	0.733	2.623	0.961	-0.029	1.894	0.000
Outgoing Primary									
Automation	0	6,401	$28.24	0.441	2.263	0.961	-0.017	0.981	0.000
Manual	0	661	$28.24	4.271	1.360	0.961	-0.168	5.639	0.000
Outgoing Secondary									
Automation	0	9,299	$28.24	0.304	2.236	0.961	-0.012	0.667	0.000
Manual	0	649	$28.24	4.352	1.360	0.961	-0.171	5.746	0.000
Incoming RBCS									
ISS	0	5,819	$28.24	0.485	2.001	0.961	-0.019	0.952	0.000
RCR	0							0.486	0.000
REC	0	670	$17.79	2.656	1.516	0.961	-0.104	3.922	0.000
OSS	0	9,070	$28.24	0.311	1.621	0.961	-0.012	0.492	0.000
LMLM	0	3,852	$28.24	0.733	2.623	0.961	-0.029	1.894	0.000
Incoming MMP									
Automation AADC	0	6,218	$28.24	0.454	2.151	0.961	-0.018	0.959	0.000
Manual ADC	0	818	$28.24	3.454	1.396	0.961	-0.136	4.685	0.000
Incoming SCF/Primary									
Automation	0	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.000
Manual	0	868	$28.24	3.254	1.360	0.961	-0.128	4.296	0.000
5-Digit Barcode Sort	0	6,588	$28.24	0.429	2.024	0.961	-0.017	0.851	0.000
Incoming Secondaries									
Auto Carrier Route	3,014	5,826	$28.24	0.485	2.063	0.961	-0.019	0.981	0.296
Auto 3-Pass DPS	4,106	14,898	$28.24	0.190	1.854	0.961	-0.007	0.344	0.141
Auto 2-Pass DPS	13,377	9,762	$28.24	0.289	2.290	0.961	-0.011	0.651	0.871
Man Inc Sec Final At Plant	524	695	$28.24	4.062	1.360	0.961	-0.160	5.363	0.281
Man Inc Sec Final At DU	186	1,226	$28.24	2.303	1.360	0.961	-0.091	3.041	0.057
Box Section Sort, DPS	692	2,480	$28.24	1.139	1.396	0.961	-0.045	1.545	0.107
Box Section Sort, Other	198	1,240	$28.24	2.277	1.396	0.961	-0.090	3.088	0.061

(10)
MODEL COST = 1.814

(11)
DPS % = 77.77%

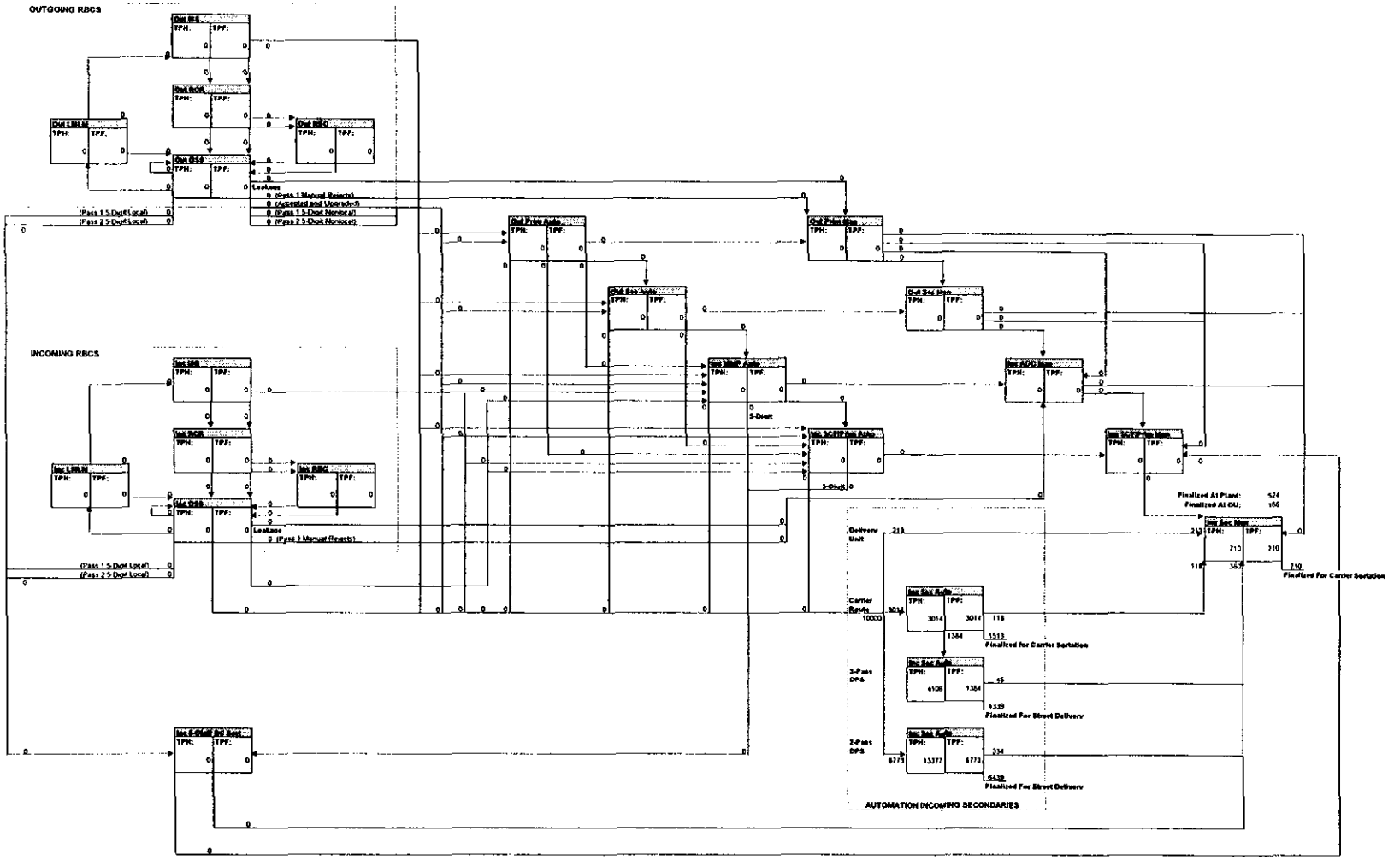
(1) Values From "MAIL FLOW MODEL" Spreadsheet
(2) Values From "PRODUCTIVITIES" Spreadsheet
(3) Values From "WAGE RATES" Spreadsheet
(4) [(3) * (100 cents/dollar)] / (2)
(5) Values From "PIGGYBACKS" Spreadsheet
(6) Values From "WAGE RATES" Spreadsheet
(7) [(6) - 1] * (4)
(8) (4) * (5) + (7)
(9) (1) * (8) / 10,000 Pieces
(10) Sum (9)
(11) (Pieces Finalized in DPS Operations) / (10,000 Pieces)

STANDARD (A) NONPROFIT AUTOMATION 5-DIGIT
MAIL FLOW MODEL

ENTERED = 10000 PROCESSED = 10000

ENTRY POINTS:

Out ISS	0	Inc ISS	0
Out RCR	0	Inc MMP Auto	0
Out Prim Auto	0	Inc SCF/Prim Auto	0
Out Sec Auto	0	Inc Sec Auto	10000
Out Prim Man	0	Inc ADC Man	0
Out Sec Man	0	Inc SCF/Prim Man	0
		Inc Sec Man	0



STANDARD (A) NONPROFIT MAIL ENTRY PROFILE

Rate Category / Tray Presort Level / Entry Point	Source	Volume		Percent		
Nonautomation OCR Upgradable		500,114		100.00%		
3/5-Digit					100.00%	
5-Digit	Docket No. R97-1, USPS-T-29, App. III, p. 37	167,678		33.53%		
Inc ISS			167,678		33.53%	71.23%
3-Digit	Docket No. R97-1, USPS-T-29, App. III, p. 37	67,726		13.54%		
Inc ISS			67,726		13.54%	28.77%
Basic					100.00%	
AADC Trays	Docket No. R97-1, USPS-T-29, App. III, p. 37	148,476		29.69%		
Inc ISS			118,187		23.63%	44.65%
Inc ISS			30,289		6.06%	11.44%
Mixed AADC Trays	Docket No. R97-1, USPS-T-29, App. III, p. 37	116,234		23.24%		
Out ISS			116,234		23.24%	43.91%
Nonautomation Non-OCR Upgradable		903,249		100.00%		
3/5-Digit						
5-Digit	Docket No. R97-1, USPS-T-29, App. III, p. 37	265,983		29.45%	100.00%	
Inc ISS			265,983		29.45%	49.88%
3-Digit	Docket No. R97-1, USPS-T-29, App. III, p. 37	267,476		29.61%		
Inc ISS			267,476		29.61%	50.14%
Basic						
5-Digit	Docket No. R97-1, USPS-T-29, App. III, p. 37	7,987		0.88%	100.00%	
Inc ISS			7,987		0.88%	2.16%
3-Digit/SCF	Docket No. R97-1, USPS-T-29, App. III, p. 37	46,520		5.15%		
Inc ISS			46,520		5.15%	12.58%
ADC Trays	Docket No. R97-1, USPS-T-29, App. III, p. 37	70,852		7.84%		
Inc ISS			70,852		7.84%	19.16%
Mixed ADC Trays	Docket No. R97-1, USPS-T-29, App. III, p. 37	244,431		27.06%		
Out ISS			244,431		27.06%	66.10%
Nonautomation Non-OCR Not Upgradable		2,180,506		100.00%		
64.70% = % nonmachinable	Docket No. R97-1, USPS-T-29, App. III, p. 37					
3/5-Digit						
5-Digit	Docket No. R97-1, USPS-T-29, App. III, p. 37	893,996		41.00%	100.00%	
Inc ISS			315,580		14.47%	24.51%
Inc Sec Man			578,415		26.53%	44.91%
3-Digit	Docket No. R97-1, USPS-T-29, App. III, p. 37	393,811		18.06%		
Inc ISS			139,015		6.38%	10.79%
Inc SCF/Prim Man			254,796		11.69%	19.79%
Basic						
5-Digit		62,400		2.86%	100.00%	
Inc ISS			22,027		1.01%	2.47%
Inc Sec Man			40,373		1.85%	4.52%
3-Digit/SCF		395,019		18.12%		
Inc ISS			139,442		6.39%	15.62%
Inc SCF/Prim Man			255,578		11.72%	28.63%
ADC Trays	Docket No. R97-1, USPS-T-29, App. III, p. 37	240,940		11.05%		
Inc ISS			85,052		3.90%	9.53%
Inc ADC Man			155,888		7.15%	17.46%
Mixed ADC Trays	Docket No. R97-1, USPS-T-29, App. III, p. 37	194,341		8.91%		
Out ISS			68,602		3.15%	7.68%
Out Prim Man			125,738		5.77%	14.09%
Automation Basic		1,188,514		100.00%		
AADC Trays	Docket No. R97-1, USPS-T-29, App. III, p. 37	620,059		52.17%		
Inc MMP Auto			493,567		41.53%	
Inc SCF/Prim Auto			126,492		10.64%	
Mixed AADC Trays	Docket No. R97-1, USPS-T-29, App. III, p. 37	568,455		47.83%		
Out Prim Auto			568,455		47.83%	

ACCEPT/UPGRADE RATES

Description	Source	FCM Sing Pc Meter	FCM Sing Pc Mach Prnt	FCM Sing Pc Hand	FCM Nonauto Upgr	FCM Nonauto Non-OCR	STD(A) Nonauto 3/5 Upgr	STD(A) Nonauto 3/5 NO	STD(A) Nonauto Basic Upgr	STD(A) Nonauto Basic NO
MLOCR Accept	Docket No. R97-1, USPS LR-H-130	74.88%	70.24%	8.36%	83.64%	67.98%	79.71%	64.48%	76.41%	61.15%
MLOCR Upgrade	Docket No. R97-1, USPS LR-H-130	81.05%	79.95%	57.42%	71.61%	76.45%	77.35%	80.87%	73.40%	75.82%
MPBCS OSS Accept	Docket No. R97-1, USPS LR-H-130	85.68%	83.04%	87.35%	85.79%	78.44%	85.52%	70.12%	83.47%	72.86%
MPBCS OSS Upgrade	Docket No. R97-1, USPS LR-H-130	91.46%	92.70%	92.99%	85.74%	87.57%	89.65%	91.19%	85.64%	87.65%
MPBCS OSS Errors:										
OSS Refeeds	Docket No. R97-1, USPS LR-H-130	1.38%	1.19%	0.96%	1.76%	0.90%	1.72%	1.33%	2.67%	2.54%
LMLM - ID Tag	Docket No. R97-1, USPS LR-H-130	5.99%	6.49%	3.95%	3.63%	7.06%	5.07%	8.06%	4.79%	7.28%
LMLM - Postnet Barcode	Docket No. R97-1, USPS LR-H-130	5.59%	7.48%	6.79%	7.49%	11.36%	6.51%	17.97%	7.86%	14.44%
Manual	Docket No. R97-1, USPS LR-H-130	1.36%	1.80%	0.95%	1.33%	2.24%	1.18%	2.52%	1.21%	2.88%

Other Accept Rates		
Outgoing BCS Primary	USPS LR-I-107	95.20%
Outgoing BCS Secondary	USPS LR-I-107	95.80%
Incoming BCS MMP	USPS LR-I-107	95.80%
Incoming BCS SCF/Primary	USPS LR-I-107	95.70%
Incoming BCS Secondary Carrier Route	USPS LR-I-107	96.10%
Incoming BCS Secondary DPS Pass 1	USPS LR-I-107	97.50%
Incoming BCS Secondary DPS Pass 2	USPS LR-I-107	97.50%
Incoming CSBCS Secondary Pass1	USPS LR-I-107	98.90%
Incoming CSBCS Secondary Pass2,3	USPS LR-I-107	98.90%

MAIL FLOW DENSITIES
Source: Miller Workpapers 1

	---------OUTGOING--------			----------INCOMING----------			
From Operation	Refeeds	Primary	Secondary	Mgd Mail Program	SCF/ Primary	Inc Sec	Total
Out ISS Auto		3.22%	28.61%	3.86%	37.94%	26.36%	100.00%
Out OSS Auto		2.12%	16.26%	10.74%	36.88%	34.00%	100.00%
Out Prim Auto	0.05%		7.29%	35.74%	50.38%	6.59%	100.00%
Out Sec Auto	3.08%			47.12%	48.01%	4.87%	100.00%
Inc ISS Auto				2.41%	32.39%	65.19%	100.00%
Inc OSS Auto				0.92%	20.28%	78.81%	100.00%
Inc MMP Auto	0.79%				20.43%	79.57%	100.00%
Out Prim Man			18.86%	12.81%	33.18%	35.15%	100.00%
Out Sec Man				94.94%	5.06%	0.00%	100.00%
Inc ADC Man					6.18%	93.82%	100.00%

FY 99 REMOTE BAR CODE SYSTEM (RBCS) STATISTICS

Source: Corporate Information System (CIS)

AP	LEAKAGE PERCENT	RCR FINAL PERCENT
1	5.7%	39.0%
2	5.8%	41.1%
3	5.7%	44.1%
4	4.9%	47.5%
5	5.8%	49.9%
6	5.6%	50.3%
7	5.5%	50.4%
8	5.5%	50.9%
9	5.5%	51.3%
10	5.7%	51.4%
11	6.1%	50.3%
12	6.2%	50.0%
13		

MISCELLANEOUS FACTORS

Description	Source	Value
AADC Trays Entered At MMP Operation	Docket No. R97-1, LR-H-128	79.60%
Local Originating	FY 98 ODIS	5.35%
RCR Finalization Rate	RCR 2000 D.A.R.	69.03%
RBCS Leakage Rate	Operations Leakage Target	5.00%
Automation Incoming Secondaries		
Delivery Unit (ZIP Code)	USPS-T-24A	2.13% **(1)**
Carrier Route	USPS-T-24A	15.74% **(2)**
3-Pass DPS (CSBCS)	USPS-T-24A	14.40% **(3)**
2-Pass DPS (DBCS)	USPS-T-24A	67.73%
		100.00%
Auto Carrier Route Presort % To CSBCS Site	(3) / [(1) + (2) + (3)]	44.62%
Finalized At Least To Carrier Route At Plant	USPS-T-24A	73.81%
Post Office Box Destination	Docket No. MC95-1, USPS-T-10I	8.90%

MARGINAL (VOLUME VARIABLE) PRODUCTIVITIES

Description	(1) Variability Factor	Productivity Source	(2) MODS Productivity	(3) Marginal Productivity	(4) RCR Cents/ Piece
Outgoing ISS	0.751	USPS LR-I-107	6,847	9,117	
Incoming ISS	0.751	USPS LR-I-107	4,370	5,819	
RCR	---	---	---	---	0.486
REC	1.005	USPS LR-I-107	673	670	
LMLM	1.005	USPS LR-I-107	3,871	3,852	
Outgoing OSS	0.895	USPS LR-I-107	8,976	10,029	
Incoming OSS	0.895	USPS LR-I-107	8,118	9,070	
Outgoing BCS Primary	0.895	USPS LR-I-107	5,729	6,401	
Outgoing BCS Secondary	0.895	USPS LR-I-107	8,323	9,299	
Incoming BCS MMP	0.895	USPS LR-I-107	5,565	6,218	
Incoming BCS SCF/Primary	0.895	USPS LR-I-107	5,896	6,588	
Incoming BCS Secondary Carrier Route	0.895	USPS LR-I-107	5,214	5,826	
Incoming BCS Secondary DPS (2 Pass)	0.895	USPS LR-I-107	8,737	9,762	
Incoming CSBCS Secondary DPS (3 Pass)	0.895	USPS LR-I-107	13,334	14,898	
Manual Outgoing Primary	0.735	USPS LR-I-107	486	661	
Manual Outgoing Secondary	0.735	USPS LR-I-107	477	649	
Manual MMP	0.735	USPS LR-I-107	601	818	
Manual Incoming SCF/Primary	0.735	USPS LR-I-107	638	868	
Manual Incoming Secondary, MODS Site	0.735	USPS LR-I-107	511	695	
Manual Incoming Secondary Non MODS Sites	0.932	Docket No. MC95-1, Exhibit USPS-T-10F	1,143	1,226	
P.O. Box Sort DPS	0.944	Docket No. MC95-1, Exhibit USPS-T-10F	2,341	2,480	
P.O. Box Sort Other	0.944	Docket No. MC95-1, Exhibit USPS-T-10F	1,171	1,240	
Tray Opening Unit Bundle Sorting	0.961	Docket No. MC95-1, Exhibit USPS-T-10B	160	166	

(1) USPS-T-17, Table 1
(2) Data Sources As Indicated
(3) (2) / (1)
(4) (FY 98 RCR Cost From USPS LR-I-77) / (FY 98 RCR Volume From Corporate Information System)

TEST YEAR WAGE RATES

Description	Source	Wage Rate
Remote Encoding Centers (REC)	USPS LR-I-106	17.786
Other Mail Processing	USPS LR-I-106	28.244
Premium Pay Adjustment Factor	USPS LR-I-106	0.961

FY 99 AP 11 MODS VOLUMES
Source: Corporate Information System

OPER NO.	DESCRIPTION	MODS VOLUME	% VOL	
971	Outgoing Primary OSS - MPBCS	1,165,065,900	66.64%	74.35%
972	Outgoing Secondary OSS - MPBCS	134,827,300	7.71%	
271	Outgoing Primary OSS - DBCS	437,523,900	25.03%	25.65%
272	Outgoing Secondary OSS - DBCS	10,881,900	0.62%	
		1,748,299,000	100.00%	
871	Outgoing Primary - MPBCS	44,560,100	3.79%	
891	Outgoing Primary - DBCS	1,132,472,500	96.21%	
		1,177,032,600	100.00%	
872	Outgoing Secondary - MPBCS	78,226,000	7.57%	
892	Outgoing Secondary - DBCS	954,707,700	92.43%	
		1,032,933,700	100.00%	
973	Incoming MMP OSS - MPBCS	214,099,200	49.72%	
974	Incoming SCF OSS - MPBCS	108,182,800	25.12%	93.36%
975	Incoming Primary OSS - MPBCS	79,754,100	18.52%	
273	Incoming MMP OSS - DBCS	11,669,200	2.71%	
274	Incoming SCF OSS - DBCS	14,820,100	3.44%	6.64%
275	Incoming Primary OSS - DBCS	2,109,100	0.49%	
		430,634,500	100.00%	
873	Incoming MMP - MPBCS	401,941,100	19.34%	
893	Incoming MMP - DBCS	1,675,940,800	80.66%	
		2,077,881,900	100.00%	
874	Incoming SCF - MPBCS	878,379,200	25.56%	37.06%
875	Incoming Primary - MPBCS	395,607,400	11.51%	
894	Incoming SCF - DBCS	1,411,489,600	41.07%	62.94%
895	Incoiming Primary DBCS	751,728,200	21.87%	
		3,437,204,400	100.00%	
876	Incoming Secondary Carrier Route - MPBCS	562,735,000	31.65%	
896	Incoming Secondary Carrier Route - DBCS	1,215,011,900	68.35%	
		1,777,746,900	100.00%	

PIGGYBACK FACTORS

EQUIPMENT DESCRIPTION	SOURCE	VALUE
MLOCR	USPS LR-I-81	2.001
REC	USPS LR-I-77	1.516
LMLM	USPS LR-I-77	2.623
MPBCS	USPS LR-I-77	1.573
DBCS	USPS LR-I-77	2.290
CSBCS	USPS LR-I-77	1.854
Manual	USPS LR-I-81	1.360
Manual P.O. Box	USPS LR-I-81	1.396
Tray Opening Unit Bundle Sorting	USPS LR-I-81	1.528

OPERATION DESCRIPTION	(1) VALUE
Outgoing ISS	2.001
Outgoing REC	1.516
Outgoing OSS	1.757
Outgoing LMLM	2.623
Outgoing Prim Auto	2.263
Outgoing Prim Man	1.360
Outgoing Sec Auto	2.236
Outgoing State Dist Man	1.360
Incoming ISS	2.001
Incoming REC	1.516
Incoming OSS	1.621
Incoming LMLM	2.623
Incoming MMP Auto	2.151
Incoming ADC Man	1.396
Incoming SCF/Prim Auto	2.024
Incoming SCF/Prim Man	1.360
Incoming 5-Digit Barcode Sort	2.024
Incoming Sec Auto Carrier Route	2.063
Incoming Sec Auto 3-Pass DPS	1.854
Incoming Sec Auto 2-Pass DPS	2.290
Man Inc Sec Final At Plant	1.360
Man Inc Sec Final At DU	1.360
Box Section Sort, DPS	1.396
Box Section Sort, Other	1.396
Tray Opening Unit Bundle Sorting	1.528

(1) For automation operations, these factors are the weighted average of MPBCS and DBCS piggyback factors using volume percentages in "FY 99 AP 11 MODS VOL" spreadsheet

STANDARD (A) NONPROFIT BASIC PACKAGE SORTING COSTS

Test Year Wage Rate	=	$28.244	(1)
Productivity	=	166	(2)
Piggyback Factor	=	1.528	(3)
Premium Pay Factor	=	0.961	(4)
Cost (Cents) Per Package	=	25.253	(5)

Package Type		Mix ADC to ADC	ADC to SCF/3-Dig	SCF/3-Dig to 5-Dig	Final Operation
5-Digit Packages					
No. of Operations	(6)	0.5	0.8	1.3	
Cost Per Sort	(7)	12.627	20.203	32.829	
3-Digit Packages					
No. of Operations	(6)	0.5	1.0		0.5
Cost Per Sort	(7)	12.627	25.253		12.627
ADC Packages					
No. of Operations	(6)	1.0			1.0
Cost Per Sort	(7)	25.253			25.253
Mixed ADC Packages					
No. of Operations	(6)				1.0
Cost Per Sort	(7)				25.253

Packages/Container Type	(8) Mix ADC to ADC	(8) ADC to SCF/3-Dig	(8) SCF/3-Dig to 5-Dig	(8) Final Operation	(9) Total Cost	(10) Non-OCR Upgradable Volume	(11) % Vol	(12) % Used	(13) Pieces Per Package	(14) Cost Per Piece	(15) Non-OCR Non-OCR Volume	(16) % Vol	(17) % Used	(18) Pieces Per Package	(19) Cost Per Piece
Full 5-Digit Trays	0.000	0.000	0.000	0.000	0.000	0	0.00%	0.00%	0.0	0.000	0	0.00%	0.00%	0.0	0.000
Full 3-Digit Trays	0.000	0.000	0.000	0.000	0.000	0	0.00%	0.00%	0.0	0.000	0	0.00%	0.00%	0.0	0.000
5-Digit Packages In 3-Digit Trays	0.000	0.000	32.829	0.000	32.829	0	0.00%	0.00%	0.0	0.000	0	0.00%	0.00%	0.0	0.000
3-Digit Packages in 3 Digit Trays	0.000	0.000	0.000	12.627	12.627	0	0.00%	0.00%	0.0	0.000	0	0.00%	0.00%	0.0	0.000
5-Digit Packages In ADC Trays	0.000	20.203	32.829	0.000	53.032	8,851,907	2.80%	38.20%	16.9	0.034	38,097,777	5.67%	100.00%	17.6	0.171
3-Digit Packages In ADC Trays	0.000	25.253	0.000	12.627	37.880	37,522,582	11.88%	38.20%	24.1	0.071	134,897,224	20.09%	100.00%	28.5	0.267
ADC Packages In ADC Trays	0.000	0.000	0.000	25.253	25.253	22,759,687	7.21%	38.20%	35.5	0.020	54,632,740	8.14%	100.00%	25.9	0.079
5-Digit Packages In Mix ADC Trays	12.627	20.203	32.829	0.000	65.659	13,242,394	4.19%	0.00%	15.9	0.000	44,048,757	6.56%	100.00%	23.0	0.187
3-Digit Packages In Mix ADC Trays	12.627	25.253	0.000	12.627	50.507	80,365,749	25.45%	0.00%	20.4	0.000	130,100,503	19.38%	100.00%	21.5	0.455
ADC Packages In Mix ADC Trays	25.253	0.000	0.000	25.253	50.507	84,339,223	26.70%	0.00%	18.9	0.000	105,783,103	15.76%	100.00%	18.1	0.440
Mix ADC Packages In Mix ADC Trays	0.000	0.000	0.000	25.253	25.253	68,752,875	21.77%	0.00%	29.8	0.000	163,783,766	24.40%	100.00%	26.8	0.230
						315,834,417	100.00%			0.125 (20)	671,343,870	100.00%			1.830 (21)

(1) From "WAGE RATES" spreadsheet
(2) From "PRODUCTIVITIES" spreadsheet
(3) From "PIGGYBACKS" spreadsheet
(4) From "WAGE RATES" spreadsheet
(5) [(1) * 100 / (2)] * [(3) + ((4) - 1)]
(6) Number of Operations from Docket No. MC95-1, USPS-T-10B
(7) (6) * (5)
(8) Package costs from (7) based on container type
(9) Sum (8) for all containers
(10) Docket No. R97-1, USPS LR-H-195
(11) [(10) for each package and container type] /[total (10)]
(12) Docket No. MC95-1, Smith Workpaper Part VII
(13) Docket No. R97-1, USPS LR-H-195
(14) (9) * (11) * (12) / (13)
(15) Docket No. R97-1, USPS LR-H-195
(16) [(10) for each package and container type] /[total (10)]
(17) Docket No. MC95-1, Smith Workpaper Part VII
(18) Docket No. R97-1, USPS LR-H-195
(19) (9) * (16) * (17) / (18)
(20) Sum (14)
(21) Sum (19)

STANDARD (A) NONPROFIT 3-/5-DIGIT PACKAGE SORTING COSTS

Test Year Wage Rate	=	$28.244	(1)
Productivity	=	166	(2)
Piggyback Factor	=	1.528	(3)
Premium Pay Factor	=	0.961	(4)
Cost (Cents) Per Package	=	25.253	(5)

Package Type		Mix ADC to ADC	ADC to SCF/3-Dig	SCF/3-Dig to 5-Dig	Final Operation
5-Digit Packages					
No. of Operations	(6)	0.5	0.8	1.3	
Cost Per Sort	(7)	12.627	20.203	32.829	
3-Digit Packages					
No. of Operations	(6)	0.5	1.0		0.5
Cost Per Sort	(7)	12.627	25.253		12.627
ADC Packages					
No. of Operations	(6)	1.0			1.0
Cost Per Sort	(7)	25.253			25.253
Mixed ADC Packages					
No. of Operations	(6)				1.0
Cost Per Sort	(7)				25.253

Packages/Container Type	(8) Mix ADC to ADC	(8) ADC to SCF/3-Dig	(8) SCF/3-Dig to 5-Dig	(8) Final Operation	(9) Total Cost	(10) Non-OCR Upgradable Volume	(11) % Vol	(12) % Used	(13) Pieces Per Package	(14) Cost Per Piece	(15) Non-OCR Non-OCR Volume	(16) % Vol	(17) % Used	(18) Pieces Per Package	(19) Cost Per Piece
Full 5-Digit Trays	0.000	0.000	0.000	0.000	0.000	0	0.00%	0.00%	0.0	0.000	0	0.00%	0.00%	0.0	0.000
Full 3-Digit Trays	0.000	0.000	0.000	0.000	0.000	0	0.00%	0.00%	0.0	0.000	0	0.00%	0.00%	0.0	0.000
5-Digit Packages In 3-Digit Trays	0.000	0.000	32.829	0.000	32.829	243,326,712	57.53%	48.80%	26.7	0.345	703,123,845	64.17%	100.00%	30.9	0.682
3-Digit Packages in 3 Digit Trays	0.000	0.000	0.000	12.627	12.627	179,606,535	42.47%	48.80%	27.9	0.094	392,582,523	35.83%	100.00%	25.3	0.179
5-Digit Packages In ADC Trays	0.000	20.203	32.829	0.000	53.032	0	0.00%	0.00%	0.0	0.000	0	0.00%	0.00%	0.0	0.000
3-Digit Packages In ADC Trays	0.000	25.253	0.000	12.627	37.880	0	0.00%	0.00%	0.0	0.000	0	0.00%	0.00%	0.0	0.000
ADC Packages In ADC Trays	0.000	0.000	0.000	25.253	25.253	0	0.00%	0.00%	0.0	0.000	0	0.00%	0.00%	0.0	0.000
5-Digit Packages In Mix ADC Trays	12.627	20.203	32.829	0.000	65.659	0	0.00%	0.00%	0.0	0.000	0	0.00%	0.00%	0.0	0.000
3-Digit Packages In Mix ADC Trays	12.627	25.253	0.000	12.627	50.507	0	0.00%	0.00%	0.0	0.000	0	0.00%	0.00%	0.0	0.000
ADC Packages In Mix ADC Trays	25.253	0.000	0.000	25.253	50.507	0	0.00%	0.00%	0.0	0.000	0	0.00%	0.00%	0.0	0.000
Mix ADC Packages In Mix ADC Trays	0.000	0.000	0.000	25.253	25.253	0	0.00%	0.00%	0.0	0.000	0	0.00%	0.00%	0.0	0.000
						422,933,247	100.00%			0.439 (20)	1,095,706,368	100.00%			0.861 (21)

(1) From "WAGE RATES" spreadsheet
(2) From "PRODUCTIVITIES" spreadsheet
(3) From "PIGGYBACKS" spreadsheet
(4) From "WAGE RATES" spreadsheet
(5) [(1) * 100 / (2)] * [(3) + ((4) - 1)]
(6) Number of Operations from Docket No. MC95-1, USPS-T-10B
(7) (6) * (5)
(8) Package costs from (7) based on container type
(9) Sum (8) for all containers
(10) Docket No. R97-1, USPS LR-H-195
(11) [(10) for each package and container type] /[total (10)]
(12) Docket No. MC95-1, Smith Workpaper Part VII
(13) Docket No. R97-1, USPS LR-H-195
(14) (9) * (11) * (12) / (13)
(15) Docket No. R97-1, USPS LR-H-195
(16) [(10) for each package and container type] /[total (10)]
(17) Docket No. MC95-1, Smith Workpaper Part VII
(18) Docket No. R97-1, USPS LR-H-195
(19) (9) * (16) * (17) / (18)
(20) Sum (14)
(21) Sum (19)