

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

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

NOTICE OF UNITED STATES POSTAL SERVICE OF FILING  
SECOND SET OF ERRATA TO TESTIMONY OF WITNESS CRUM  
ERRATUM  
(April 14, 2000)

The United States Postal Service hereby files additional errata to the testimony and attachments of witness Crum (USPS-T-27). These errata were occasioned in part by recent interrogatories to the witness, and in part by his review of his testimony prior to appearing on the witness stand. Most of the changes are typographical in nature. The only substantive changes are to Attachments H and I. Some of the numbers in these Attachments change to reflect a corrected interpretation of the raw study results. Whereas Mr. Crum intended to apply the Mail Processing Version logic described in his response to AAP/USPS-T27-35 only to plant loaded pieces, he actually applied it to all entry types. The corrected pages show the intended application only to plant loaded pieces. The impact on the results and conclusions of his testimony is minimal.

The revisions are as follows:

<u>Page</u>	<u>Line#</u>	<u>Change</u>
2	21	Change "105" to "102"
9	15	Change "Degen" to "Van-Ty-Smith"
9	16	Change "16" to "17"
20	16-17	Change "by SCF rate and delivery unit rate Periodicals for both Regular and Nonprofit." to "if pieces are deposited at the SCF and delivery unit for both Regular and Nonprofit Periodicals."

<u>Page</u>	<u>Line#</u>	<u>Change</u>
Attachment H, Tables 2 and 2.1		Change "DDU - Destinating 3-Digit" to "DU - Destinating 3-Digit" and "DDU - Destinating BMC" to "DU - Destinating BMC"
Attachment H, Table 1		Make DDU to DU changes as in Tables 2 and 2.1. Also, input volumes change.
Attachment I, Table 2		Highlighted numbers all change.
Attachment I, Table 3		Change "55.80%" to "56.22%". Change "29.17%" to "29.16%". Change "\$0.384" to "\$0.385".
Attachment J, Table 2		Change "Exhibit J, Table 2" to "Attachment J, Table 2"
Attachment K, Table 2.1 Footnote [3]		Change "TY BPM volume" to "TY BPM pounds"

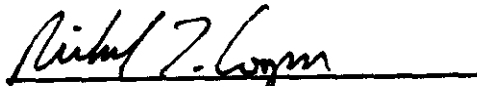
Revised pages reflecting these changes are attached hereto.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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1           B.    Transportation Savings

2           In aggregate, my analysis of transportation costs uses the same equation first  
3 presented by witness Acheson in Docket No. R90-1. The equation says that the total  
4 cost per pound of transporting all Standard Mail (A) to the destination delivery unit is  
5 comprised of: (1) the cost of transporting the pounds entered at the destination SCF to  
6 the destination delivery unit times the proportion of pounds entered at the destination  
7 SCF plus (2) the cost of transporting the pounds entered at the destination BMC to the  
8 destination delivery unit times the proportion of pounds entered at the destination BMC  
9 plus (3) the cost of transporting the pounds plantloaded or entered at origin facilities to  
10 the destination delivery unit times that proportion.

11           Some of these transportation costs are incurred based on weight. Most are  
12 actually incurred in the Highway and Railroad segments where the cost driver is cubic  
13 feet and not weight. In those instances where cubic feet is the true cost driver, weight  
14 can generally be considered a good proxy because the majority of volume in bulk  
15 Standard Mail (A) consists of the same material (paper) and has a relatively similar  
16 density (pounds per cubic feet). I continue to express estimated cost savings on a per  
17 pound basis.

18           The starting point for this analysis is the entry profile listed in Attachment A,  
19 Table 1 which shows the estimated point of entry for Standard Mail (A) pounds in the  
20 Test Year. Table 1 is developed from Tables 4.1 through 4.3. These tables pull data  
21 from Library Reference LR-I-102 First-Class, Standard Mail (A), and Periodicals  
22 volumes by Shape and Weight Increment. Tables 2 and 3 of Attachment A remain  
23 basically unchanged from the analysis presented in Docket No. R97-1 and show the

1 Docket No. MC97-2. I have chosen to use the average density for all Standard Mail (A)  
2 parcels from that study as opposed to separating the densities by subclass because I  
3 believe that represents the most reasonable estimate available for Standard Mail (A)  
4 parcels overall. I also use a new analysis of Window Service costs to develop those  
5 costs by shape.

6 Shape specific costs are estimated explicitly for seven cost components within  
7 the CRA: mail processing, window service, city delivery carriers (in-office and street),  
8 vehicle service drivers, rural delivery carriers, and transportation. The other cost  
9 segments are accounted for by the use of piggyback factors and a final control to CRA  
10 totals that allocates the remaining costs based on mail volume.

11 Total Base Year mail processing costs are developed by shape from the cost by  
12 segment analysis in the testimony of witness Smith (USPS-T-21). These costs include  
13 worksheet adjustments, premium pay adjustments, and piggyback factors.

14 Window service costs by shape were developed from a new analysis presented in the  
15 testimony of witness Van-Ty-Smith and taken from the testimony of witness Daniel.

16 Please refer to USPS-T-17 and USPS-T-28.

17 City carrier in-office costs from the CRA (Cost Segment 6) are allocated based  
18 on the key shown at the bottom of Attachment F, Tables 3.1 through 3.4. That key is  
19 based on the LIOCATT System Summary for carrier costs presented in Report  
20 ALA860P13 in the workpapers of witness Meehan (USPS-T-11). City carrier street  
21 costs from CRA cost segment 7.1 (Route time) and 7.2 (Access time) are allocated  
22 based on mail volume. Cost segment 7.3 (Elemental Load) is allocated based on the  
23 key developed in the testimony of witness Daniel (USPS-T-28) and presented at the

1 cost savings of depositing pieces at destinating SCFs and delivery units. As previously  
2 discussed, this analysis assumes that all non-destination SCF zone 1 and 2 Periodicals  
3 will incur one handling through a transfer hub before being dispatched to a destination  
4 SCF while 20 percent will also incur an SCF cross-docking. Therefore, the estimated  
5 avoided costs for DSCF entered Periodicals are calculated as 100 percent of the BMC  
6 handling costs plus 20 percent of the SCF handling costs. The estimated avoided  
7 costs for DDU entered Periodicals are the DSCF costs avoided plus an additional  
8 96.86 percent of the handling costs through an SCF. This is calculated by using the  
9 estimate that 96.86 percent of Periodicals travel from destinating BMCs to destinating  
10 delivery units via destinating SCFs while 3.14 percent travel directly from DBMCs to  
11 DDUs. DDU entered Periodicals do not avoid an SCF for the 3.14 percent of the time  
12 when there is direct transportation between the destinating BMC and destinating  
13 delivery unit.

14 C. Summary

15 Appendices L and M of this testimony show the inputs and equations used to  
16 calculate the cross-docking costs avoided if pieces are deposited at the SCF and  
17 delivery unit for both Regular and Nonprofit Periodicals. The chart below summarizes  
18 the cost savings results, reflected in dollars per piece:

19

**Attachment H, Table 2**  
**BOUND PRINTED MATTER SURVEY RESULTS: VOLUMES BY ENTRY PROFILE AND ZONE DISTRIBUTION**  
**TRANSPORTATION VERSION**

Revised 04/14/2000

Container Type	(All)
Presort Rate	(All)
Entry Practice	(All)
CR	(All)

Sum of Places <sup>2</sup> Entry Profile	Zone:										Grand Total
	Local	1	2	3	4	5	6	7	8		
DDU	32,916,229	139,688	10	20							33,055,947
DU - Destinating 3-Digit ZIP Area	3,221,991	2,752,929	30	1,712							5,976,662
DU - Destinating BMC Service Area	285,953	2,854,121	3,793,285	403,578	50,036	13,934					7,400,906
Origin AO		1,072,277	4,417,711	8,331,698	31,020,172	22,369,456	2,162,310	2,491,127	1,951,257		73,816,007
SCF	29,733,340	43,810,700	880,202								74,424,242
SCF - Destinating BMC Service Area	148	6,305,088	7,889,265	4,273,346	902,601	5,001					19,375,449
Origin SCF		40,279	2,794,213	6,985,342	10,067,456	11,474,830	8,545,111	4,002,710	2,464,894		46,374,835
Destinating BMC	787,464	89,544,472	59,963,227	25,757,512	7,714,895	121,745					183,889,315
Origin BMC		210,384	850,832	4,052,666	4,829,723	1,217,634	155,248	1,028,125	1,411,419		13,756,030
Destinating ASF		327,020	716,300	486,521	54,285						1,584,126
Origin ASF			252	25,237	51,331	32,391	9,089	2,413	16,396		139,108
<b>Grand Total</b>	<b>66,945,123</b>	<b>147,056,958</b>	<b>81,305,327</b>	<b>50,317,631</b>	<b>54,690,499</b>	<b>35,234,991</b>	<b>10,871,757</b>	<b>7,524,375</b>	<b>5,845,965</b>	<b>459,792,628</b>	

Entry Profile Distribution by Zone Entry Profile:	Zones										Grand Total
	Local	1	2	3	4	5	6	7	8		
DDU	49.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.2%
DU - Destinating 3-Digit ZIP Area	4.8%	1.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.3%
DU - Destinating BMC Service Area	0.4%	1.9%	4.7%	0.8%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	1.6%
Origin AO	0.0%	0.7%	5.4%	16.6%	56.7%	63.5%	19.9%	33.1%	33.4%		16.1%
Destinating SCF	44.4%	29.8%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		16.2%
SCF - BMC Service Area	0.0%	4.3%	9.7%	8.5%	1.7%	0.0%	0.0%	0.0%	0.0%		4.2%
Origin SCF	0.0%	0.0%	3.4%	13.9%	18.4%	32.6%	78.6%	53.2%	42.2%		10.1%
Destinating BMC	1.2%	60.9%	73.8%	51.2%	14.1%	0.3%	0.0%	0.0%	0.0%		40.0%
Origin BMC	0.0%	0.1%	1.0%	8.1%	8.8%	3.5%	1.4%	13.7%	24.1%		3.0%
Destinating ASF	0.0%	0.2%	0.9%	1.0%	0.1%	0.0%	0.0%	0.0%	0.0%		0.3%
Origin ASF	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%		0.3%
<b>Grand Total</b>	<b>66,945,123</b>	<b>147,056,958</b>	<b>81,305,327</b>	<b>50,317,631</b>	<b>54,690,499</b>	<b>35,234,991</b>	<b>10,871,757</b>	<b>7,524,375</b>	<b>5,845,965</b>	<b>459,792,628</b>	

Zone Distribution by Entry Type Entry Profile:	Zones										Grand Total
	Local	1	2	3	4	5	6	7	8		
DDU	99.6%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	33,055,947
DU - Destinating 3-Digit ZIP Area	53.9%	46.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5,976,662
DU - Destinating BMC Service Area	3.9%	38.6%	51.3%	5.5%	0.7%	0.2%	0.0%	0.0%	0.0%	0.0%	7,400,906
Origin AO	0.0%	1.5%	6.0%	11.3%	42.0%	30.3%	2.9%	3.4%	2.6%		73,816,007
Destinating SCF	40.0%	58.9%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		74,424,242
SCF - BMC Service Area	0.0%	32.5%	40.7%	22.1%	4.7%	0.0%	0.0%	0.0%	0.0%		19,375,449
Origin SCF	0.0%	0.1%	6.0%	15.1%	21.7%	24.7%	18.4%	8.6%	5.3%		46,374,835
Destinating BMC	0.4%	48.7%	32.6%	14.0%	4.2%	0.1%	0.0%	0.0%	0.0%		183,889,315
Origin BMC	0.0%	1.5%	8.2%	29.5%	35.1%	8.9%	1.1%	7.5%	10.3%		13,756,030
Destinating ASF	0.0%	20.6%	45.2%	30.7%	3.4%	0.0%	0.0%	0.0%	0.0%		1,584,126
Origin ASF	0.0%	0.0%	0.2%	18.1%	36.9%	23.3%	6.5%	1.7%	13.2%		139,108
<b>Grand Total</b>	<b>14.6%</b>	<b>32.0%</b>	<b>17.7%</b>	<b>10.9%</b>	<b>11.9%</b>	<b>7.7%</b>	<b>2.4%</b>	<b>1.6%</b>	<b>1.3%</b>	<b>459,792,628</b>	

**Container Types:**  
1=MBMC Pallets      6=MADC Sacks      11=5-D CR Sacks  
2=BMC Pallets      7=ADC Sacks      12=CR Sacks  
3=SCF Pallets      8=SCF Sacks      13=BMC Sacks  
4=3-Digit Pallets      9=3-Digit Sacks      14=Bedloaded Bundles  
5=5-Digit Pallets      10=5-Digit Sacks

**Presort Rate:**  
1=Basic Packages  
2=Carrier Route Packages  
3=Machinable Parcels

**Entry Practice:**  
1=BMEU Entry      3=Plant Verified Drop Shipment  
2=BMEU Verified Drop Shipment      4=Plant Load



**BOUND PRINTED MATTER SURVEY RESULTS: MAIL VOLUME BY ENTRY PROFILE AND ZONE DISTRIBUTION  
MAIL PROCESSING VERSION**

Container Type	(All)
Presort Rate	(All)
Entry Practice	(All)

Mail Volume	Zone:	Local	1	2	3	4	5	6	7	8	Grand Total
Entry Profile:	Local										
DDU		32,916,229	139,688	10	20						33,055,947
DU - Destinating 3-Digit ZIP Area		3,221,991	2,516,970	30	1,712						5,740,703
DU - Destinating BMC Service Area		285,953	1,823,226	2,445,871	124,918	7,030	8,736				4,695,733
Origin AO			393,119	661,142	2,056,684	5,330,461	1,708,274	1,152,563	522,236	623,335	12,446,814
Destinating SCF		29,733,340	42,963,212	880,202							73,576,754
SCF - Destinating BMC Service Area		148	4,589,565	7,181,890	3,846,822	902,601	5,001				16,526,027
Origin SCF			37,291	1,079,180	2,933,267	8,444,346	4,176,524	4,819,329	2,449,156	1,637,767	26,576,860
Destinating BMC		787,464	93,374,337	62,018,017	26,462,695	7,757,901	126,943				190,527,357
Origin BMC			892,530	6,322,434	14,380,754	32,142,544	29,177,122	4,890,777	4,550,570	3,566,466	95,923,198
Destinating ASF			327,020	716,300	486,521	54,285					1,584,126
Origin ASF				252	25,237	51,331	32,391	9,089	2,413	18,396	139,108
Grand Total		66,945,123	147,056,958	81,305,327	50,317,631	54,690,499	35,234,991	10,871,757	7,524,375	5,845,965	459,792,628

Entry Profile Distribution by Zone	Zone:	Local	1	2	3	4	5	6	7	8	All Zones
Entry Profile:	Local										
DDU		49.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.2%
DU - Destinating 3-Digit ZIP Area		4.8%	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.2%
DU - Destinating BMC Service Area		0.4%	1.2%	3.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%
Origin AO		0.0%	0.3%	0.8%	4.1%	9.7%	4.8%	10.6%	6.9%	10.7%	2.7%
Destinating SCF		44.4%	29.2%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	16.0%
SCF - Destinating BMC Service Area		0.0%	3.1%	8.8%	7.6%	1.7%	0.0%	0.0%	0.0%	0.0%	3.6%
Origin SCF		0.0%	0.0%	1.3%	5.8%	15.4%	11.9%	44.3%	32.5%	28.0%	5.6%
Destinating BMC		1.2%	63.5%	76.3%	52.6%	14.2%	0.4%	0.0%	0.0%	0.0%	41.4%
Origin BMC		0.0%	0.8%	7.8%	28.6%	58.8%	82.8%	45.0%	60.5%	61.0%	20.9%
Destinating ASF		0.0%	0.2%	0.9%	1.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.3%
Origin ASF		0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.0%	0.3%	0.0%
Total Pieces		66,945,123	147,056,958	81,305,327	50,317,631	54,690,499	35,234,991	10,871,757	7,524,375	5,845,965	459,792,628

Zone Distribution by Entry Type	Zone:	Local	1	2	3	4	5	6	7	8	Total Pieces
Entry Profile:	Local										
DDU		99.6%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	33,055,947
DU - Destinating 3-Digit ZIP Area		56.1%	43.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5,740,703
DU - Destinating BMC Service Area		6.1%	38.8%	52.1%	2.7%	0.1%	0.2%	0.0%	0.0%	0.0%	4,695,733
Origin AO		0.0%	3.2%	5.3%	16.5%	42.8%	13.7%	9.3%	4.2%	5.0%	12,446,814
Destinating SCF		40.4%	58.4%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	73,576,754
SCF - Destinating BMC Service Area		0.0%	27.8%	43.5%	23.3%	5.5%	0.0%	0.0%	0.0%	0.0%	16,526,027
Origin SCF		0.0%	0.1%	4.2%	11.5%	33.0%	16.3%	18.8%	9.6%	6.4%	26,576,860
Destinating BMC		0.4%	49.0%	32.6%	13.9%	4.1%	0.1%	0.0%	0.0%	0.0%	190,527,357
Origin BMC		0.0%	0.9%	6.6%	15.0%	33.5%	30.4%	5.1%	4.7%	3.7%	95,923,198
Destinating ASF		0.0%	20.6%	45.2%	30.7%	3.4%	0.0%	0.0%	0.0%	0.0%	1,584,126
Origin ASF		0.0%	0.0%	0.2%	18.1%	36.9%	23.3%	6.5%	1.7%	13.2%	139,108
All Entry Types		14.6%	32.0%	17.7%	10.9%	11.9%	7.7%	2.4%	1.6%	1.3%	459,792,628

Container Types:		
1=MBMC Pallets	6=MADC Sacks	11=5-D CR Sacks
2=BMC Pallets	7=ADC Sacks	12=CR Sacks
3=SCF Pallets	8=SCF Sacks	13=BMC Sacks
4=3-Digit Pallets	9=3-Digit Sacks	14=Bedloaded Bundles
5=5-Digit Pallets	10=5-Digit Sacks	

Presort Rate:		
1=Basic Packages		
2=Carrier Route Packages		
3=Machinable Parcels		

Entry Practice:		
1=BMEU Entry	3=Plant Verified Drop Shipment	
2=BMEU Verified Drop Shipment	4=Plant Load	



**Attachment I, Table 2**

Revised April 14, 2000

BPM pieces going through origin BMC (Exhibit H, Table 1)

Origin AO =	2.71%
Origin SCF =	5.56%
Origin BMC/ASF =	20.89%
<b>Total</b>	<b>29.16%</b>

BPM pieces entered at the destination BMC/ASF =	41.78%
Entered in the BMC service area =	3.59%
<b>Total pieces through destinating BMC only =</b>	<b>45.37%</b>

Pieces processed through a BMC go through two stages. The first involves acceptance, unloading, preparation and the primary sort. The second involves the secondary sort, preparation, and loading. Both of these stages at the origin BMC are classified as outgoing costs. For intra-BMC and DBMC pieces at the destinating BMC, the first of these stages would be classified as outgoing (1) while the second would be classified as incoming. For inter-BMC pieces, all costs at the destinating BMC would be classified as incoming.

Therefore, outgoing costs are comprised of all costs at the origin BMC plus intra-BMC and DBMC pieces at the destinating BMC. All costs at the origin BMC are avoided by DBMC entered pieces, but the outgoing costs at the destinating BMC may not be avoided.

From the numbers above the proportion of pieces going through BMCs:

**$29.16 / (29.16 + 45.37) = 39.1\% = \text{Inter-BMC pieces}$**   
 **$45.37 / (29.16 + 45.37) = 60.9\% = \text{Intra-BMC and DBMC}$**

The Inter-BMC pieces go through two "outgoing" stages at the origin BMC while the Intra/DBMC pieces go through one "outgoing" stage at the destinating BMC. Thus, of these three stage-legs, two are avoided by DBMC pieces while one is not.

**$(39.1 + 39.1) / (39.1 + 39.1 + 60.9) = 56.2\%$**

We can therefore estimate that 56.2 percent of outgoing costs at BMCs are avoided by DBMC entered pieces.

(1) Handbook F-45, Appendix B, page 2.

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**Attachment I, Table 3**

A.	Proportion of outgoing BMC costs avoided by DBMC	56.22% (Table 2)
B.	BMC Outgoing costs	\$44,774 (Table 1)
C.	Non-BMC Outgoing costs	\$23,650 (Table 1)
D.	FY 1998 BPM volume (000)	488,413 (FY 1998 RPW)
E.	Proportion of volume deposited upstream of the DBMC	29.16% (Attachment H, Table 1)
F.	TY/BY wage rate adjustment factor	1.124 USPS-LR-I-146
G.	Total Base Year costs avoided by DBMC entered BPM = A * B + C	\$48,822
H.	Total Base Year volume of pieces deposited upstream of DBMC = D * E	142,470
I.	Total estimated Test Year DBMC cost savings	\$0.385

**Attachment J, Table 2  
DSCF Model Cost Summary**

Revised 04/14/2000

	[1] # handlings	[2] units/hr	[3] conversion	[4] piggyback	[5] \$ per oper.	[6] \$ per facility
<b>MACHINABLE</b>						
<b>Destination BMC</b>						<b>\$0.0063</b>
Unload Pallets	0.1164	12.3	262.0	1.74	\$0.0147	\$0.0017
Cross dock pallets	0.1164	7.1	262.0	1.74	\$0.0255	\$0.0030
Load Pallets	0.1164	13.4	262.0	1.74	\$0.0135	\$0.0016
<b>Destination SCF</b>						<b>\$0.1080</b>
Unload Pallet	0.8300	12.3	262.0	1.65	\$0.0139	\$0.0116
Unload Bedloaded Sacks to IHC	0.0536	154.1	31.1	1.65	\$0.0093	\$0.0005
Move Pallet	0.6392	14.2	262.0	1.65	\$0.0121	\$0.0077
Move IHC	0.0112	14.2	251.9	1.65	\$0.0126	\$0.0001
Dump Sacks	0.0112	110.9	31.1	1.65	\$0.0130	\$0.0001
Sort to 5-digit	0.6504	433.0	1.0	1.50	\$0.0943	\$0.0613
Move Pallet	0.6504	14.2	262.0	1.65	\$0.0121	\$0.0079
Crossdock Pallets	0.1908	7.1	262.0	1.65	\$0.0241	\$0.0046
Crossdock bedloaded sacks	0.0424	7.1	251.9	1.65	\$0.0251	\$0.0011
Load Pallets	0.8412	13.4	262.0	1.65	\$0.0127	\$0.0107
Bedload Sacks	0.0424	182.6	31.1	1.65	\$0.0079	\$0.0003
<b>Destination Delivery Unit</b>						<b>\$0.0143</b>
Unload Pallets	0.9576	12.3	262.0	1.65	\$0.0139	\$0.0134
Unload Bedloaded Sacks	0.0424	154.1	31.1	1.65	\$0.0093	\$0.0004
Dump Sacks	0.0424	110.9	31.1	1.65	\$0.0130	\$0.0006
<b>TOTAL</b>						<b>\$0.1265</b>

**\$0.1265**

**Sources:**

Column [1]: Table 2.2

Column [2]: Table 2.1

Column [3]: Table 2.2

Column [4]: Table 2.1

Column [5]: (Adjusted Wage Rate \* Piggyback Factor[4]) Divided by (Units per Workhour (2)\*Conversion Factor[3])

Column [6]: (# of Handlings [1]) \*(\$ per Operation [5])

**Attachment K, Table 2.1**  
**Calculation of Local and Intermediate Costs/Piece**

Local transportation legs = 1.118 [1]  
Intermediate transpo. legs = 0.950 [2]

Local costs/piece = \$ 0.024 [3]  
Intermed. costs/pc. = \$ 0.026 [4]

[1]: OAO to OSCF (entered at Origin AO) + DSCF to DDU (mail ending up at destinating SCF) + DBMC to DDU (12.3% of mail goes directly from destinating BMC to destinating delivery unit). Refer to Attachment H, Tables 2 & 3.

[2]: OSCF to OBMC (Origin AO + Origin SCF entered mail) + DBMC to DSCF (mail ending up at the destinating BMC \* 87.7% that goes to destinating SCF). Refer to Attachment H, Tables 2 & 3.

[3]: Local costs / (TY BPM pounds \* Local transportation legs).

[4]: Intermediate costs / (TY BPM volume \* Intermediate transportation legs).

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

  
Richard T. Cooper

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April 14, 2000