BEFORE THE

POSTAL RATE COMMISSION

DOCKET NO. R2000-1

Postal Rate and Fee Changes, 2000

TESTIMONY

OF

JOSEPH E. BALL

In Behalf of

FLORIDA GIFT FRUIT SHIPPERS ASSOCIATION

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DIRECT TESTIMONY OF JOSEPH E. BALL

I. IDENTIFICATION OF WITNESS

My name is Joseph E. Ball and I am the Executive President of Florida Gift Fruit Shippers Association, 521 North Kirkman Road, Orlando, Florida 32808-7645.

I received my Bachelor's Degree in zoology (pre-med) University of Arkansas in 1964 and a MBA in Personnel ministration from George Washington University in 1969.

I am a retired Captain, United States Naval Reserve.

From 1970 to 1982 I was employed with the Housing Division, University of Florida, Gainesville, Florida, and served as its Business Manager from 1976.

I have worked with the Florida Gift Fruit Shippers Association since 1982, serving as Associate Vice President until 1988, at which time I was elected as Executive Vice President of the Association I have served in that capacity to the present time.

I am a member of the Board of Directors of Parcel Shippers Association. I served as Chairman of the Parcel Sub Group of the Competitive Services Task Force and presently serve as a member of the parcels sub-committee of the Mailers Technical Advisory Committee, both of which were organized by the Postal Service. I previously appeared before the Postal Rate Commission as a witness in Dockets R90-1, MC93-1, and R97-1.

My duties and responsibilities have involved all aspects of transportation matters pertaining to gift fruit shipments and my work has included development of charges and rates for pickup, handling, line haul and delivery at destination. I participated with officials of the Postal Service, Canada Post and United Parcel Service in the

development of rates and charges for use in connection with the truck program administered by the Association (the truck program is described hereinafter) My duties include the general supervision and direction of the entire truck program of the Association.

The truck program presently administered by the Association was initiated in 1968 under the direction and supervision of William A. Stubbs, who was Executive Vice President of the Association from 1951-1988 and who now serves as Transportation Consultant to the Association.

II. IDENTIFICATION OF INTERVENORS

Florida Gift Fruit Shippers Association is a cooperative, the members of which are shippers of fresh citrus from Florida in gift packages.There are approximately 112 shipper members. The Association represents the industry in all matters dealing with transportation in the conduct of the gift fruit business. The Association also maintains and operates a transportation program to handle products for members of the Association. This transportation program is hereinafter referred to as the "truck program."

III. DESCRIPTION OF INDUSTRY

The gift fruit industry is a part of the Florida citrus industry and approximately 3,000,000 gift fruit packages are shipped from Florida during each fruit season, which runs from November to May. Gift fruit shipments essentially provide for delivery of quality fruit direct from the grove to the consumer. Sales result from mail orders,

tourists and vacationers in Florida, regular shipments by gift or purchase, Christmas gifts by businesses and individuals, and other similar occasions. Marketing methods and practices are varied, with no uniformity among all shippers. Marketing will differ according to the sales method, location of point of sale, type of customer, and many other factors.

Shipments of gift fruit are made in many different types of packages. These depend on the type of fruit -- variety, straight or mixed, or size -- type of package -- carton, basket, wrapped or tray -- and type of content -- plain fruit, fancy or deluxe combination. For shipment, however, all packages are standardized in rectangular cartons of corrugated or fiberboard.

Generally, the shipment of fresh fruit may be separated into eight size categories: 7 lbs., 10 lbs., 13 lbs., 15-18 lbs., 20 lbs., 26 lbs., 35 lbs., and 44 lbs.

The average weight per package of shipments of Florida gift fruit is approximately 25 lbs. About 50% of the packages are over 20 lbs., with the 26 lb .package accounting for approximately 22% of the total.

IV. TRANSPORTATION OF GIFT FRUIT PACKAGES

Florida gift fruit packages are shipped from Florida to destinations throughout the United States and Canada with some shipments to European destinations. Pricing by each shipper is varied with no uniformity.

For many years, gift fruit packages were shipped from Florida direct to the consumer via Railway Express and the successor R.E.A. Agency. The service provided by rail deteriorated with the result that delivery time worsened and damage claims increased, with a higher degree of customer dissatisfaction. The deterioration in service was coupled with continuing increase in rates. These factors contributed substantially to the necessity for the development of a substitute method of transportation. From this, the Association sponsored and developed what has become a very efficient truck program.

The truck program carried on by the Association for the benefit of its members may be divided into essentially four components; the pickup, classification and sorting, the line haul, and destination delivery.

The Association provides pickup service as a part of the truck program for ninety-eight of the members of the Association. Pickup service is provided throughout the citrus-growing areas of Florida, which essentially include all of Central and South Florida. Pickup service is provided by over-the-road tractor-trailer units or trucks, which are routed to each member as required. The shipper marks each package with a route number designated by the Association. After pickup, all packages are delivered to the terminal facility maintained by the Association in Orlando.

At the Orlando terminal facility, all packages are unloaded on a conveyer and

sorted by route number in approximately twenty-two bays in the building. Packages for a particular route number may be accumulated within a bay until a sufficient number of packages are received or they may be direct loaded onto a trailer for the line haul portion of the movement.

As each parcel is sorted into a bay, it is placed on a scale to determine weight. While on the scale, the operator keys in the zip code from the parcel address and electronically scans the bar code on the parcel reflecting the member number. The computer calculates the appropriate rate for the parcel based on the zip code and weight. This would include rating for intra-BMC, inter-BMC or DBMC. This process includes an automatic classification between non-machinable and machinable parcels. The computer then generates a label to be affixed to the parcel, which would include a bar code for the parcel identification number and identification as to whether the parcel is a DBMC rate or a schedule 400 rate. A second label is affixed to each parcel destined for delivery in Arizona, California or Texas to show that the parcel was processed in accordance with agricultural requirements concerning fumigation.

From the scale, each parcel is either loaded directly into an out-bound trailer or placed on the floor in a bay for later loading into the trailer. For the parcels loaded on each trailer, a postal Form 8125 is prepared, along with a bill of lading.

Since the 1992-1993 season, the Association has participated with the Postal Service in a program for the determination of postage, which is referred to as the plant verified drop ship program. The Postal Service sends a team of inspectors to the Association's office to inspect, review and approve the system utilized by the Association in the determination of postage for the parcels handled through the

terminal. This inspection includes the computer hardware and software programs, the rate schedule, and the quality control program designed to assure a correct determination of postage. This entire system was reviewed and approved prior to the beginning of the season and has been spot-checked by postal inspectors periodically to verify the operation and the sufficiency of the quality control verification.

In lieu of a printed manifest, the Association provides to the Orlando SCF a computer-generated floppy disk which reflects a manifest for each truck which has been loaded that day. The disk includes: the manifest number, the date and the truck number, and for each parcel, the parcel identification number, zip code, weight and postage. The total amount of postage is paid by check which accompanies the floppy disk.

Line haul transportation from the Orlando terminal to the point of destination delivery is provided by over-the-road tractor-trailer units. Transportation from Orlando to final destination city is a flat rate per trailer regardless of weight. Trailer loading usually approximates 41,200 lbs. with an average of 1,603 packages per trailer. For the 1999-00 season, typical flat rates per trailer to destinations in various post office zones are: Zone 5-$1,060 to $1,663; Zone 8-$3,034 to $3,922. In addition, there is a stopoff charge of $30.00 for stops for partial unloading enroute. Partial unloadings may be as many as six on a trip, but the average is less than three. As a general rule, the minimum number of packages to establish a stopoff for partial unloading is seventy-five.

Some of the larger shippers (members of the Association) have sufficient volume to certain destinations, mainly during December, to enable them to ship direct to

destination delivery facilities. The procedure used by the individual shipper is similar to that described for the Association. Direct shipment is desirable since it reduces the costs of delivery, time in transit and the number of handlings.

Destination delivery in the U.S.A. is accomplished by USPS using fourth class parcel post. For destinations outside of continental U.S.A., delivery is by priority mail, except in Canada, where destination delivery is by Canada Post. European delivery is made by various carriers.

Factors taken into consideration of the selection of destination delivery points are to use the respective local zone rate, if possible, to avoid higher zone rates, to avoid the additional handling involved in an inter-BMC movement and to expedite delivery time, and to meet the operational requests of the Postal Service. Parcel post lowest zone is the preferred objective in selecting destination distribution points, primarily as a result of the level of rates and charges compared to alternative modes of delivery.

If Zone 1 and 2 rates apply, selection of the delivery carrier is determined by several factors, including - service, unloading and rates.

During the season 1999-00, the total packages handled by the Association terminal exceeded 1.12 million, including Canada.

Currently, the Association tenders parcels to a total of thirty-two postal facilities, including all 21 BMC's. The Association cooperates with USPS by making drop shipments at entry points designated by USPS, even though the cost to the Association may be increased as a result. Parcels delivered to an SCF are for distribution to AO's serviced by the SCF or to other SCF's having a direct link. These

parcels generally are not processed through a BMC_1 and avoid BMC handling cost and transportation cost from the BMC to the SCF. The BMC's, rather than SCF's, are used at the request of the Postal Service, because of diverse three digit zips served over a wide area. Parcels tendered to the BMC rather than the SCF avoid handling at the SCF and transportation to the BMC.

The rather complex system for delivery of parcels to the Postal Service at SCF's has been undertaken to expedite handling and delivery and to qualify for the lowest available rate.

Analysis of the gift fruit parcels handled by the Association for the 1999-00 season reveals volume by weight category as follows:

Size Package (lbs)	No. Pkgs. Shipped 99-00 Season (1)	Percentage
Under 8	93,622	10.01
8 - 10	64,431	6.89
11 - 15	202,015	21.61
16 - 18	35,910	3.84
19 - 21	76,536	8.19
22 - 29	202,545	21.67
30 - 37	72,854	7.79
38 and over	186,929	20.00
Totals:	934,842	100.00

(1) Excludes Canada

Each delivery of parcels to a postal facility will include a mix of packages representing various weight categories. When given to the Postal Service at an SCF, all parcels are handled in the same manner with no distinguishment as to machinability. Actually, machinability is not a factor for most parcels, since at most SCF's sorting and

handling is manual rather than mechanical.

V. DISTRIBUTION OF PURCHASED HIGHWAY TRANSPORTATION COSTS

TRACS is the sampling system used by the Postal Service to develop the quarterly distribution keys for the costs of purchased highway transportation, C.S. 14. The distribution keys are based on the calculated cubic foot miles for each of the mail categories.

The TRACS system has been modified since the last rate case in several areas, including the selection of the samples for Intra-BMC transportation. Previously, the samples taken were heavily weighted, 68%, on the in-bound trip to the BMC This has now been changed so that only 51% of the samples are taken on the in-bound trip and 49% are taken on the out-bound trip. This change still does not cure the bias which exists in the selection of the samples. The mail volume out-bound from the BMC is considerably greater than the mail volume on the in-bound trip. This is evidenced by the utilization of the vehicles - 71.25% on the out-bound trip, but only 39.25% on the in-bound trip. (Response of Witness Xie to interrogatory, TR 6760) This selection of the TRACS samples does not reflect the relative mail volumes, and makes the sampling non-representative and biased.

The sampling system should measure the use of the transportation vehicles by each of the mail categories. However, TRACS continues to "expand" the sample for the empty space in the container and in the vehicle. The consequence of this "expansion" is to penalize the mail on the in-bound trip, which has a lower vehicle utilization and also has a lower volume of mail in the containers which are being

returned to the BMC.

As the Commission noted in the decision in Docket No. R97-1, paragraph 3391"

> It appears to the Commission that TRACS would better serve the purpose of supplying information for a rate proceeding if the data collection and reporting were kept separate from the imputation that is made when the contents of trucks and containers are "expanded" to full unused capacity.

The Commission went on the recommend modification of TRACS "so that the data collection and reporting omit the expansion calculation." Unfortunately, the Postal Service has not followed that recommendation

The TRACS samples are randomly selected, and the data produced by each sample should have equal weight in the development of the distribution key. The distribution key is applied against the total transportation cost, and should be a measure of the use by each mail category of the transportation system. The "expansion" procedure improperly alters data from each sample, and causes some samples to be more heavily weighted in the determination of the distribution key.

TRACS has other problems which make the results unreliable.

For example, the data for the Inter-BMC samples reflect a distribution key of 3.375% for DBMC parcels. By definition, a DBMC parcel does not use Inter-BMC transportation.

Similarly, the data for the Intra-BMC samples reflect a significant number of DBMC parcels on the in-bound trip. A DBMC parcel originates at the destination BMC for distribution to SCF and other postal facilities served by the BMC. The DBMC parcels cannot properly be found on the in-bound trip back to the BMC. These data can be attributed only to mis-reading of the postage indicia or a mis-direction of the

original sort of the DBMC parcel which requires it to be returned to the BMC for re-processing. Such Postal Service errors should not provide any support for the distribution of costs.

For Intra-BMC transportation, the TRACS developed distribution key shows a key of 20.477 for parcel post (which would include the final leg of the transportation of Inter-BMC trips), but only 11.533 for DBMC parcels. Since the volume of DBMC parcels, 209,409,172, is more than twice as much as Intra-BMC and Inter-BMC combined, a total of 103,250,331, (see USPS-T-26, Attachment E) the distribution key developed from the TRACS data is clearly wrong, and cannot be relied on for the distribution of transportation costs.

The TRACS developed distribution keys for Standard A mail, Standard B – Parcel Post mail and Standard B – DBMC mail are, averaged for the four quarters:

	Intra- BMC	Inter-BMC
Standard A	25.150	33.924
Parcel Post	20.477	19.924
DBMC	11.533	03.375

However, the record reflects that the estimated volume and cubic feet of each is materially different from these distribution keys. The cubic feet for each is:

	Intra-BMC	Inter-BMC
Standard A (a)	304,977	125,035
Parcel Post (b)	14,153	34,214
DBMC (b)	207,674	-0-

(a) Weight per USPS-T-27, attachment B, with density factor from

TRACS

(b) USPS-T-26, Attachment L

The distribution keys developed by TRACS for Standard A, parcel post and DBMC mail do not reflect the actual mail volumes and should be adjusted to conform with the known volumes and cubic feet of each of these mail categories. Cubic foot miles for Standard A does not seem to be available from the record, so I have shown only the cubic feet.

I recommend to the Commission that the purchased highway transportation cost distributed to these three mail categories be redistributed according to the cubic feet of each category.

I do not have the data to make similar analyses of the other mail categories.

VI. ATTRIBUTION OF PURCHASED HIGHWAY TRANSPORTATION COSTS

It has been well established that attribution of costs for postal rate-making is to be founded on a causal relationship with a class or subclass of mail For there to be attribution of costs, there first must be shown that the costs are variable. Variability is the changes in costs with changes in mail volume.

USPS witness Bradley, USPS-T-18, estimates the variability of the costs of Intra-BMC purchased highway transportation to be 98.3% and of Inter-BMC purchased highway transportation to be 97.9%. However, his estimate is made from an analysis of the cost of highway contract with the capacity being purchased.

He did not take into account mail volumes being transported or any changes in

the mail volumes. Vehicle capacity cannot properly be used as a proxy for mail volumes. Actual or estimated mail volumes, and changes in those mail volumes, are essential elements in the determination of variability or attribution of costs.

Without use of changes in mail volumes transported, there is no reasonable method of measuring the variability of the costs of purchased highway transportation.

USPS witness Bradley outlined the various factors which are taken into consideration in purchasing highway transportation, such as service commitments, requirements of receiving postal facilities, numbers of containers normally transported. Volume of mail is not known, and is not a factor taken into account in negotiating for a transportation contract, new or renewal. There is no data available to evaluate the considerations taken into account in negotiating new or renewal contracts.

It is known that 13% of the TRACS samples in Inter-BMC transportation, and 24% of the samples in Intra-BMC transportation reflect that there was no mail on the vehicle at the time of the TRACS sample. These percentage of empty vehicles refute the contention that the variabilities determined by Witness Bradley can be accurate.

In addition, the utilization of vehicles for transporting mail has been low for several years, and continues to diminish. The vehicle utilization has continue to decline from FY 98 to FY 99. (TR 6760) Attached is Table A for vehicle utilization for BY98 and FY99.

I recommend that the variability and attribution of purchased highway transportation cost be based on the vehicle utilization for Intra-BMC and Inter-BMC transportation, as shown in Table A, rather than on the unsupportable estimates of USPS witness Bradley.

VII WEIGHT RELATED NONTRANSPORTATION HANDLING COSTS

The proposed rate structure for parcel post includes a two cents per pound factor to cover weight related nontransportation handling costs.

However, notwithstanding repeated recommendation from the Commission for further study of this issue, there are no studies to identify or quantify to effect of weight on handling costs, and no one has been able to identify any such costs. In the absence of any study or knowledge, there can be no justification of the use of this factor in the rate structure. Except as noted below for size/cube related costs, all nontransportation handling costs should be recovered by the per piece element of the rate.

This per pound element of the rate structure results in rates for a 30# parcel to include 60 cents for unidentified, unquantified costs, whereas a 10# parcel would include only 20 cents for such costs. There is not shown, or known, to be any justification for this difference, based solely on the weight of the parcel.

There may be some costs, such as floor space and number of parcels in a container or sack, which differ according to the size, or cube, of the parcels. Such costs are determined by the size, or cube, of the parcel, rather than the weight of the parcel. The relationship between weight and cube has been established for transportation costs, as shown in attached Table B, and that same curvilinear relationship should be applied to apportion the weight related nontransportation costs.

I recommend to the Commission that the unidentified additional weight related

nontransportation handling costs be apportioned using the Table B cube/weight relationships. The amount to be recovered from this size/cube relationship can be the same arbitrary amount which has been used for the weight related cost allocation. Failure to use this weight/cube relationship will result in discriminatory treatment of the heavier parcels, charging those parcels with a greater portion of the costs than can be justified.

An alternative, since there has not been any study, and since the amount of weight related nontransportation handling cost has not been identified or determined, I propose that the rate factor be reduced from 2 cents per pound to only 1 cent per pound. This would serve to moderate the injustice and lack of any data in support of the rate element. I urge the Commission to again recommend that the Postal Service undertake a study to determine such weight related handling costs.

VIII. ASSIGNMENT OF INSTITUTIONAL COSTS

For postal ratemaking purposes, institutional costs are those for which there is no established causal relationship with any particular class or subclass of mail and which are not variable with volume. These are in the nature of overhead expenses which are incurred to maintain and operate the system.

Every piece of mail benefits from the system and the postage rate for every piece of mail should include some amount in excess of its attributable cost as payment for the benefit of participating in the system.

All mail does not equally benefit from the system, since some mail receives varying degrees of preferred or expedited service, and other mail is subject to a

deferred or slower level of service. Fourth class parcel post is in the latter category.

Value of service, both to the mailer and the addressee, should be taken into account, necessarily on a judgmental basis, in determining the amount to be paid by each piece of mail toward the total of institutional costs.

The amount to be added to attributable cost to establish the rate may be referred to as the "mark-up" for institutional costs. The total mark-up for all mail must be sufficient, in total amount, to cover all such costs.

An appropriate starting point for the determination of the mark-up is a uniform amount for each piece of mail. From there, appropriate adjustments should be made to reflect the relative benefits from participating in the system, the value of service, and the ratemaking criteria of the Postal Reorganization Act.

Since parcel post, and other fourth class mail, is subject to deferral in delivery and also is handled by surface transportation, which is slower than air transportation, each piece of such mail should have a mark-up of less than a piece of first class mail.

However, the Docket No. R97-1 contribution to institutional cost per piece is 25.303 cents for parcel post and only 14.670 cents for first class letters. Except for the expedited classes, such as priority mail and express mail, no other class of mail has a higher per piece contribution to institutional costs than does parcel post. That does not result in a reasonable allocation of the institutional costs.

Weight should not be a factor in determining the mark-up or the amount to be paid toward institutional costs. A 30 lb. parcel receives no greater benefit from the system than does a 5 lb. parcel, and there should be no difference in the amount of the mark-up.

In the past, assignment of institutional costs has been made by the application of a mark-up percentage to attributable costs. Differences in the cost of handling and processing each piece of mail are reflected in the amount of attributable cost for that piece. Those differences should not be compounded by the application of a mark-up percentage for institutional cost. There is no relevant relationship between attributable costs and institutional costs.

Continued application of this methodology means that, if the Postal Service becomes more efficient in handling and processing a particular type of mail, with the resultant lower costs, then, due to the improved service, that type of mail will make a lower contribution to institutional costs.

Such a consequence is inconsistent with reasonable assignment of the institutional costs, which brought about the improved efficiencies and cost reductions.

For all mail, the amount of attributable transportation cost increases with distance. However, only for zone-related mail is the difference separately attributed based on zone destination. I find no justification for a piece of mail destined to Zone 8 having a larger mark-up amount than a piece of mail destined to Zone 4. The only difference between the two is the transportation cost. Transportation costs are not a part of the system of operating the Postal Service, but rather are services purchased from independent providers outside of the Postal Service. Attributable costs resulting from purchased transportation should not be included in the base against which the mark-up is applied.

Preservation of parcel post as an integral part of the postal system is vital to all parcel mailers.

The steady decline of parcel post volume was curtailed by the creation of the DBMC rate in Docket No. R90-1. That has enabled the Postal Service to regain some of the volume of parcels from business mailers, who had previously diverted parcel volume to competitive delivery services. The recovery of volume, enabled by the DBMC rate, has been gradual, but is essential to assist in restoring volume which is necessary for efficient operation of the bulk mail system.

I recommend to the Commission a change in the process of allocating institutional cost, and begin with a uniform per piece allocation, to be adjusted upward or downward to reflect to ratemaking criteria of the Act.

The factors which have justified low cost coverage for parcel post in prior rate cases continue to apply. We urge the Commission to moderate the cost coverage for parcel post in this case so that the recovery of volume, principally through utilization of the DBMC, DSCF and DDU rates, can have the opportunity for success.

FGFSA – T – 1 TABLE A

T-1-22

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS XIE
TO INTERROGATORIES OF FLORIDA GIFT FRUIT SHIPPERS ASSOCIATION

CONTRACT TYPE	VEHICLE UTILIZATION				
BY98	FACCAT	PQ 1, 98	PQ 2, 98	PQ 3, 98	PQ 4, 98
INTER-BMC	1	65	62	64	63
INTER-BMC	2	74	64	68	60
INTER-BMC	3	66	74	68	53
INTRA-BMC	1	38	44	38	40
INTRA-BMC	2	76	61	56	47
INTRA-BMC	3	55	39	41	53
INTRA-BMC	4	76	74	75	73
INTRA-BMC	5	55	58	63	59
FY99	FACCAT	PQ 1, 99	PQ 2, 99	PQ 3, 99	PQ 4, 99
INTER-BMC	1	66	65	61	57
INTER-BMC	2	63	62	57	56
INTER-BMC	3	45	44	37	63
INTRA-BMC	1	36	45	39	37
INTRA-BMC	2	49	53	58	48
INTRA-BMC	3	41	69	36	57
INTRA-BMC	4	75	69	70	71
INTRA-BMC	5	62	50	58	49

Summary of Cube-Weight Relationship Results

Parcel Post Cube-Weight Relationship by Rate Category

Model Specification: $LN(CF/PC) = a + b(LN(Lbs)) + c(LN(Lbs))^2$

	[1] Intra-BMC		[2] Inter-BMC		[3] DBMC
a=	-2.40267	a=	-2.095821	a=	-1.982081
b=	1.37654	b=	1.202857	b=	1.203941
c=	-0.14155	c=	-0.101297	c=	-0.092312

LBS	[4] Estimated CF/PC	[5] Estimated CF/PC	[6] Estimated CF/PC
2	0.21947	0.26962	0.30364
3	0.34603	0.40795	0.46263
4	0.46468	0.53634	0.61234
5	0.57473	0.65555	0.75312
6	0.67661	0.76660	0.88580
7	0.77103	0.87046	1.01120
8	0.85873	0.96796	1.13007
9	0.94039	1.05980	1.24307
10	1.01660	1.14659	1.35076
11	1.08789	1.22882	1.45362
12	1.15475	1.30693	1.55208
13	1.21756	1.38129	1.64650
14	1.27669	1.45222	1.73719
15	1.33246	1.52000	1.82445
16	1.38513	1.58488	1.90852
17	1.43497	1.64709	1.98962
18	1.48218	1.70680	2.06795
19	1.52697	1.76421	2.14369
20	1.56952	1.81945	2.21701
21	1.60997	1.87268	2.28804
22	1.64847	1.92402	2.35691
23	1.68516	1.97357	2.42376
24	1.72015	2.02146	2.48869
25	1.75355	2.06777	2.55179
26	1.78545	2.11259	2.61317
27	1.81596	2.15600	2.67291
28	1.84514	2.19808	2.73109
29	1.87307	2.23889	2.78779
30	1.89984	2.27849	2.84306
31	1.92549	2.31695	2.89698
32	1.95009	2.35432	2.94960
33	1.97370	2.39065	3.00099
34	1.99636	2.42598	3.05118
35	2.01813	2.46036	3.10024

Column [1]: Intra-BMC parameter estimates are from USPS LRI-104.

Column [2]: Inter-BMC parameter estimates are from USPS LR-I-104.

Column [3]: DBMC parameter estimates are from USPS LR-I-104.

Column [4]: Exp (a + b * (LN(LBS)) + c * $(LN(LBS))^2$), using column 1 parameters.

Column [5]: Exp (a + b * (LN(LBS)) + c * $(LN(LBS))^2$), using column 2 parameters.

Column [6]: Exp (a + b * (LN(LBS)) + c * $(LN(LBS))^2$), using column 3 parameters.

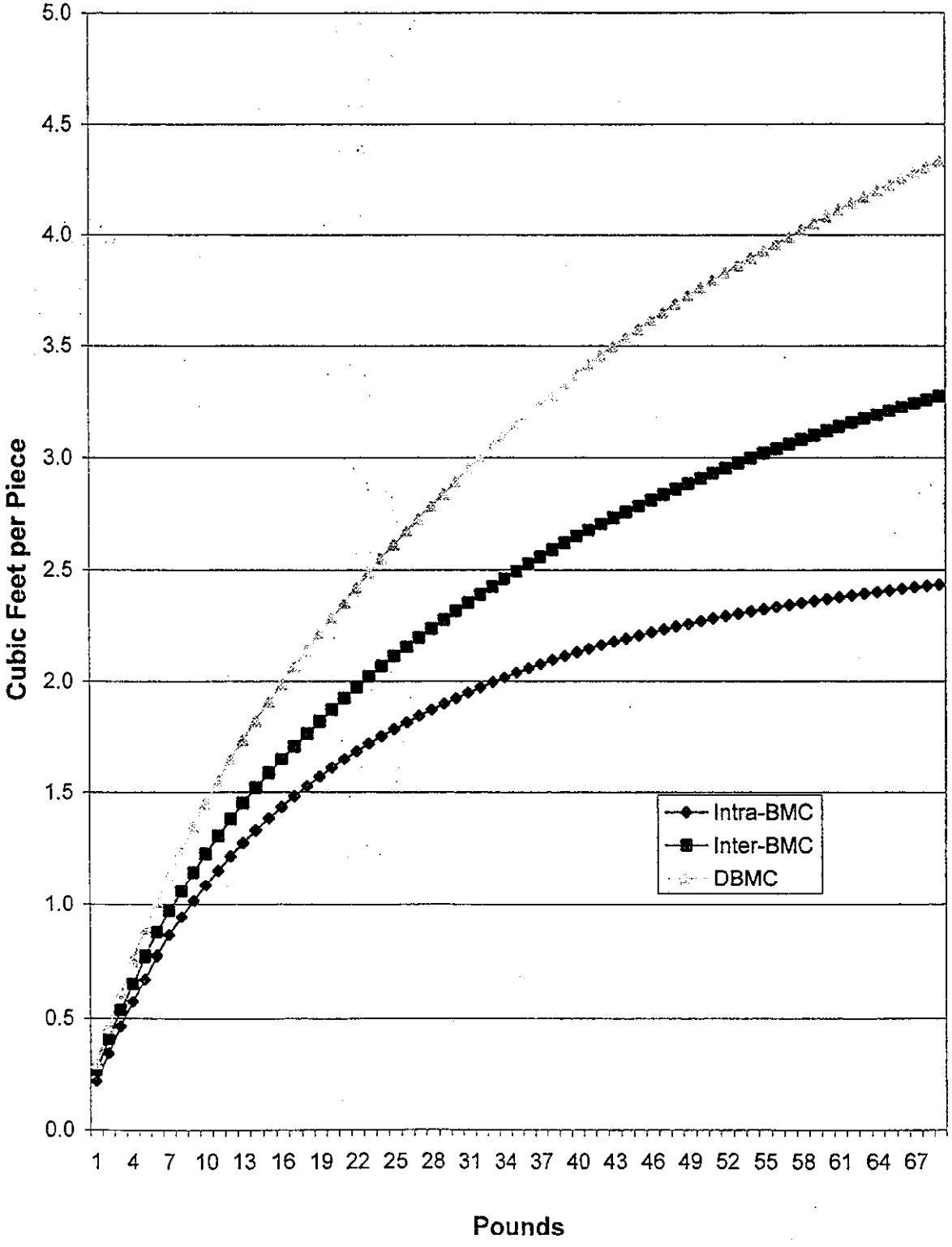
Summary of Cube-Weight Relationship Results

Parcel Post Cube-Weight Relationship by Rate Category (Continued)

LBS	[1] Intra-BMC Estimated CF/PC	[2] Inter-BMC Estimated CF/PC	[3] DBMC Estimated CF/PC
36	2.03905	2.49384	3.14820
37	2.05916	2.52644	3.19511
38	2.07850	2.55821	3.24100
39	2.09710	2.58919	3.28593
40	2.11501	2.61939	3.32991
41	2.13225	2.64885	3.37300
42	2.14885	2.67761	3.41521
43	2.16484	2.70568	3.45658
44	2.18025	2.73310	3.49713
45	2.19510	2.75988	3.53691
46	2.20941	2.78605	3.57592
47	2.22322	2.81163	3.61420
48	2.23653	2.83665	3.65177
49	2.24937	2.86111	3.68864
50	2.26177	2.88505	3.72486
51	2.27372	2.90847	3.76042
52	2.28526	2.93139	3.79536
53	2.29640	2.95384	3.82968
54	2.30715	2.97582	3.86342
55	2.31753	2.99735	3.89658
56	2.32756	3.01844	3.92918
57	2.33724	3.03911	3.96124
58	2.34659	3.05937	3.99278
59	2.35561	3.07923	4.02379
60	2.36433	3.09870	4.05431
61	2.37275	3.11779	4.08435
62	2.38089	3.13653	4.11391
63	2.38874	3.15490	4.14300
64	2.39633	3.17293	4.17165
65	2.40366	3.19063	4.19986
66	2.41074	3.20800	4.22764
67	2.41758	3.22505	4.25501
68	2.42418	3.24179	4.28196
69	2.43056	3.25824	4.30852
70	2.43672	3.27438	4.33470

Column [1]: Exp (a + b * (LN(LBS)) + c * (LN(LBS))^2), using column 1 parameters from page 1.
Column [2]: Exp (a + b * (LN(LBS)) + c * (LN(LBS))^2), using column 2 parameters from page 1.
Column [3]: Exp (a + b * (LN(LBS)) + c * (LN(LBS))^2), using column 3 parameters from page 1.

Parcel Post Cube-Weight Relationship
Average Cube/Piece vs. Weight Increment



CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing has been mailed this date to all parties of record in accordance with the Rules of Practice.

Dated this 22nd day of May, 2000.

M. W. Wells, Jr, Attorney