

Tye Workpapers

Contents

Standard (A) Regular cost coverage "test" results (Tye Testimony (NAA-T-1), page 19)

Page 1 is the summary.

Pages 2-4 contain the calculations.

Pages 5-7 are copies of the pages from Moeller WP 1 referenced on pages 2-4.

First Class Single Piece cost coverage "test" results (Tye Testimony (NAA-T-1), page 20)

Page 8 is the summary.

Page 9 contains the calculations.

Page 10 is a copy of witness Fronk workpaper [Revised 4/17/00], page 4, referenced on page 9.

Page 11 is a copy of USPS-T-28 Table 1 [Revised 3/1/00], referenced on page 9.

**Cost Coverages for Piece-rated vs. Pound-rated
Standard A Regular**

	Before Rates			After Rates		
	Unit Revenue	Daniel's Unit Cost	Implicit Coverage	Unit Revenue	Daniel's Unit Cost	Implicit Coverage
Using costs with a 3.0 ounce dividing line						
Piece-rated	0.17833	0.1431	124.6%	0.19566	0.1431	136.7%
Pound-rated	0.30322	0.2547	119.0%	0.32519	0.2547	127.7%
Difference			5.6%			9.1%
Using costs with a 3.5 ounce dividing line						
Piece-rated	0.17833	0.1452	122.8%	0.19566	0.1452	134.8%
Pound-rated	0.30322	0.2816	107.7%	0.32519	0.2816	115.5%
Difference			15.1%			19.3%

Source: Daniel Testimony (USPS-T-28) Table 3 for unit costs; Page 2, Cols. (4) and (6) for unit revenues.

Regular Subclass

Calculation of Revenue per Piece for Specific Subcategories

	pieces (1)	lb-rated pounds (2)	Before Rates		After Rates	
			Net Rev. (3)	Rev/pc (4)	Net Rev. (5)	Rev/pc (6)
Automation Category						
Letters						
Basic	4,357		792	0.181845	866	0.198774
3-Digit	14,091		2,385	0.169288	2,619	0.185886
5-Digit	6,373		956	0.150042	1,029	0.161486
Flats-Piece rated						
Basic	201		49	0.244384	54	0.266347
3/5 Digit	6,264		1,206	0.192557	1,378	0.219960
Flats-Pound rated						
Basic	206	84	78	0.380217	82	0.399630
3/5 Digit	5,771	1,919	1,543	0.267356	1,689	0.292656
Total Automation	37,263	2,003				
subtotal - letters	24,821		4,134	0.166550	4,515	0.181883
subtotal - lb. rated flats	5,977		1,621	0.271239	1,771	0.296336
subtotal - pc. rated flats	6,465		1,255	0.194171	1,431	0.221404
Presort Category						
Letters						
Basic	957		223	0.232920	229	0.239798
3/5 digit	1,703		338	0.198536	368	0.216100
Non-letters-Piece rated						
Basic	463		140	0.302549	143	0.309466
3/5 digit	886		204	0.229821	219	0.247281
Non-letters-Pound rated						
Basic	552	255	261	0.473749	263	0.477205
3/5 digit	960	458	388	0.404325	401	0.417486
Total Presort	5,521	713				
subtotal - letters	2,660		561	0.210905	597	0.224625
subtotal - lb. rated pcs.	1,512		649	0.429661	664	0.439280
subtotal - pc. rated NL	1,349		344	0.254779	362	0.268621
Total Regular Subclass	42,784					
subtotal - lb. rated pcs.	7,489		2,271	0.303216	2,435	0.325189
subtotal - pc. rated L+NL	35,295		6,294	0.178325	6,906	0.195659

Notes:

- Col. (1) Page 6, Col (1)
 (2) Page 6, Col (2)
 (3) Page 3, Col. (21)
 (4) Col (3) / Col (1)
 (5) Page 4, Col. (21)
 (6) Col (5) / Col (1)

FY01 Volume Forecast - Before Rates

Calculation of Revenue per piece by rate category

USING CURRENT RATES

	pieces (1)	pounds (2)	Pieces (pc-rt) dropshipped:			Pounds (lbs-rt) dropshipped:			Rate/pc (12)	Rate/lb (13)	Rev (14)	Piece Discount			Pound discount			Net Revenue (21)
			BMC	SCF	DDU	BMC	SCF	DDU				BMC	SCF	DDU				
			0.016	0.021		0.079	0.100											
Regular Subclass			(6)	(7)	(8)	(9)	(10)	(11)				(15)	(16)	(17)	(18)	(19)	(20)	
Automation Category																		
Letters																		
Basic	4356.933		280.293	26.136	0.000				0.183		797.319	4.485	0.549	0.000				792.285
3-Digit	14090.741		4869.070	793.755	0.000				0.176		2479.970	77.905	16.669	0.000				2385.396
5-Digit	6373.435		2191.225	1352.682	0.000				0.160		1019.750	35.060	28.406	0.000				956.284
Flats-Piece rated																		
Basic	201.347		6.446	0.993	0.000				0.245		49.330	0.103	0.021	0.000				49.206
3/5 Digit	6263.590		2632.146	1109.340	0.000				0.203		1271.509	42.114	23.296	0.000				1206.098
Flats-Pound rated																		
Basic	205.634	83.912				2.254	0.366	0.000	0.105	0.677	78.400				0.178	0.037	0.000	78.186
3/5 Digit	5771.368	1919.252				703.615	643.343	0.000	0.063	0.677	1662.930				55.586	64.334	0.000	1543.010
Total Automation subtotal - letters	24821.109		9979.180	3282.906	0.000	705.869	643.709	0.000										
subtotal - lb. rated flats	5977.002																	
subtotal - pc. rated flats	6464.938																	
Presort Category																		
Letters																		
Basic	956.832		93.149	23.784	0.000				0.235		224.855	1.490	0.499	0.000				222.866
3/5 digit	1703.055		235.094	507.279	0.000				0.207		352.532	3.762	10.653	0.000				338.118
Non-letters-Piece rated																		
Basic	463.033		27.613	10.957	0.000				0.304		140.762	0.442	0.230	0.000				140.090
3/5 digit	886.263		206.298	272.386	0.000				0.240		212.703	3.301	5.720	0.000				203.682
Non-letters-Pound rated																		
Basic	551.637	254.581				13.111	4.468	0.000	0.164	0.677	262.820				1.036	0.447	0.000	261.337
3/5 digit	959.906	457.952				118.876	85.192	0.000	0.100	0.677	406.024				9.391	8.519	0.000	388.114
Total Presort subtotal - letters	2659.887		562.154	814.405	0.000	131.987	89.661	0.000										
subtotal - lb. rated pcs.	1511.543																	
subtotal - pc. rated NL	1349.296																	
Total Regular Subclass	42783.773	2715.698	10541.334	4097.311	0.000	837.856	733.369	0.000										

- Col (1) Page 6, Col (1)
- (2) Page 6, Col (2)
- (3) Hidden in spreadsheet to conserve space, this is the percentage of pieces, or pounds as applicable, dropshipped to BMC, from Page 5, Col (7) and (12)
- (4) Hidden in spreadsheet to conserve space, this is the percentage of pieces, or pounds as applicable, dropshipped to SCF, from Page 5, Col (8) and (13)
- (5) Hidden in spreadsheet to conserve space, this is the percentage of pieces, or pounds as applicable, dropshipped to DDU, from Page 5, Col (9) and (14)
- (6) Col (1) * Col (3)
- (7) Col (1) * Col (4)
- (8) Col (1) * Col (5)
- (9) Col (2) * Col (3)
- (10) Col (2) * Col (4)
- (11) Col (2) * Col (5)
- (12) Page 7, "current" column
- (13) Page 7, "current" column
- (14) For piece-rated pieces, Col (1) * Col (12); For pound-rated pieces, [Col (1) * Col (12)] + [Col (2) * Col (13)]
- (15) Col (6) * BMC piece discount (from Page 7, "current" column.)
- (16) Col (7) * SCF piece discount (from Page 7, "current" column.)
- (17) Col (8) * DDU piece discount (not applicable)
- (18) Col (9) * BMC pound discount (from Page 7, "current" column.)
- (19) Col (10) * SCF pound discount (from Page 7, "current" column.)
- (20) Col (11) * DDU pound discount (not applicable)
- (21) Col (14) - (Col (15) through 20))

FY01 Volume Forecast - Before Rates

Calculation of Revenue per piece by rate category

USING PROPOSED RATES

	pieces (1)	pounds (2)	Pieces (pc-rt) dropshipped:			Pounds (lbs-rt) dropshipped:			Rate/pc (12)	Rate/lb (13)	Rev (14)	Piece Discount			Pound discount			Net Revenue (21)
			BMC	SCF	DDU	BMC	SCF	DDU				BMC	SCF	DDU				
			0.017	0.022		0.083	0.108											
Regular Subclass																		
Automation Category																		
Letters																		
Basic	4356.933		280.293	26.136	0.000				0.200		871.387	4.765	0.575	0.000				866.047
3-Digit	14090.741		4869.070	793.755	0.000				0.193		2719.513	82.774	17.463	0.000				2619.276
5-Digit	6373.435		2191.225	1352.682	0.000				0.172		1096.231	37.251	29.759	0.000				1029.221
Flats-Piece rated																		
Basic	201.347		6.446	0.993	0.000				0.267		53.760	0.110	0.022	0.000				53.628
3/5 Digit	6263.590		2632.146	1109.340	0.000				0.231		1446.889	44.746	24.405	0.000				1377.737
Flats-Pound rated																		
Basic	205.634	83.912				2.254	0.366	0.000	0.131	0.661	82.404				0.187	0.040	0.000	82.177
3/5 Digit	5771.368	1919.252				703.615	643.343	0.000	0.095	0.661	1816.906				58.400	69.481	0.000	1689.025
Total Automation subtotal - letters	24821.109																	
subtotal - lb. rated flats	5977.002																	
subtotal - pc. rated flats	6464.938																	
Presort Category																		
Letters																		
Basic	956.832		93.149	23.784	0.000				0.242		231.553	1.584	0.523	0.000				229.446
3/5 digit	1703.055		235.094	507.279	0.000				0.225		383.187	3.997	11.160	0.000				368.031
Non-letters-Piece rated																		
Basic	463.033		27.613	10.957	0.000				0.311		144.003	0.469	0.241	0.000				143.293
3/5 digit	886.263		206.298	272.386	0.000				0.258		228.656	3.507	5.992	0.000				219.156
Non-letters-Pound rated																		
Basic	551.637	254.581				13.111	4.468	0.000	0.175	0.661	264.815				1.088	0.483	0.000	263.244
3/5 digit	959.906	457.952				118.876	85.192	0.000	0.122	0.661	419.815				9.867	9.201	0.000	400.747
Total Presort subtotal - letters	2659.887																	
subtotal - lb. rated pcs.	1511.543																	
subtotal - pc. rated NL	1349.296																	
Total Regular Subclass	42783.773	2715.698	10541.334	4097.311	0.000	837.856	733.369	0.000										

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- (5) Hidden in spreadsheet to conserve space, this is the percentage of pieces, or pounds as applicable, dropshipped to DDU, from Page 5, Col (9) and (14)
- (6) Col (1) * Col (3)
- (7) Col (1) * Col (4)
- (8) Col (1) * Col (5)
- (9) Col (2) * Col (3)
- (10) Col (2) * Col (4)
- (11) Col (2) * Col (5)
- (12) Page 7, "proposed" column
- (13) Page 7, "proposed" column
- (14) For piece-rated pieces, Col (1) * Col (12); For pound-rated pieces, [Col (1) * Col (12)] + [Col (2) * Col (13)]
- (15) Col (6) * BMC piece discount (from Page 7, "proposed" column.)
- (16) Col (7) * SCF piece discount (from Page 7, "proposed" column.)
- (17) Col (8) * DDU piece discount (not applicable)
- (18) Col (9) * BMC pound discount (from Page 7, "proposed" column.)
- (19) Col (10) * SCF pound discount (from Page 7, "proposed" column.)
- (20) Col (11) * DDU pound discount (not applicable)
- (21) Col (14) - (Col (15) through 20))

FY98 Billing Determinants (percentages) - Standard (A) - Commercial															
	pc-rated pieces (1)	lb-rated pieces (2)	percent lb-rated (3)	lb-rated pounds (4)	lb/pc for lb-rated (5)	% Piece-rated pieces dropshipped to:				total (10)	% of Pound-rated pounds dropshipped to:				total (15)
						None (6)	BMC (7)	SCF (8)	DDU (9)		None (11)	BMC (12)	SCF (13)	DDU (14)	
Automation															
Letters															
Basic	3,388,914,256					92.97%	6.43%	0.60%	0.00%	100.00%					
3-digit	10,187,182,599					59.81%	34.56%	5.63%	0.00%	100.00%					
5-digit	3,941,742,936					44.40%	34.38%	21.22%	0.00%	100.00%					
total letter	17,517,839,791														
Flats															
Basic	144,805,984	147,888,875	50.53%	60,348,422	0.408	96.31%	3.20%	0.49%	0.00%	100.00%	96.88%	2.69%	0.44%	0.00%	100.00%
3/5-digit	5,372,882,540	4,950,655,916	47.96%	1,646,326,826	0.333	40.27%	42.02%	17.71%	0.00%	100.00%	29.82%	36.66%	33.52%	0.00%	100.00%
total flat	5,517,688,524	5,098,544,791	48.03%	1,706,675,248	0.335										
	23,035,528,315	5,098,544,791													
Total Auto	28,134,073,106														
Presort															
Letters															
Basic	1,368,172,901					87.78%	9.74%	2.49%	0.00%	100.00%					
3/5-digit	2,266,708,515					56.41%	13.80%	29.79%	0.00%	100.00%					
total letter	3,634,881,416														
Non-letters															
Basic	506,545,555	603,475,976	54.37%	278,505,337	0.462	91.67%	5.96%	2.37%	0.00%	100.00%	93.09%	5.15%	1.76%	0.00%	100.00%
3/5-digit	1,059,980,287	1,148,057,923	51.99%	547,715,312	0.477	45.99%	23.28%	30.73%	0.00%	100.00%	55.44%	25.96%	18.60%	0.00%	100.00%
total NL	1,566,525,842	1,751,533,899													
	5,201,407,258	1,751,533,899													
Total Presort	6,952,941,157														
Total Regular	35,087,014,263														
Enhanced Carrier Route															
Letters															
Basic	7,168,511,777					25.75%	29.18%	41.93%	3.14%	100.00%					
Auto	2,475,483,928					28.60%	39.92%	29.77%	1.71%	100.00%					
High-D	360,891,946					10.56%	6.80%	70.37%	12.27%	100.00%					
Saturation	2,939,039,144					10.78%	5.57%	68.90%	14.75%	100.00%					
	12,943,926,795														
Non-letters															
Basic	5,984,324,508	4,889,090,534	44.96%	1,556,656,664	0.318	9.41%	25.59%	61.44%	3.55%	100.00%	4.83%	18.96%	74.57%	1.63%	100.00%
High-D	781,108,958	519,919,857	39.96%	178,084,312	0.343	3.66%	3.81%	63.64%	28.89%	100.00%	1.57%	0.90%	37.85%	59.68%	100.00%
Saturation	6,184,030,069	2,756,725,986	30.83%	838,898,132	0.304	3.46%	4.94%	37.15%	54.45%	100.00%	2.03%	0.25%	16.15%	81.57%	100.00%
	12,949,463,535	8,165,736,377													
	25,893,390,330	8,165,736,377													
Total ECR	34,059,126,707														
(1,2)	Page 1, Col (1,2)		(7) Page 1, Col (5) / Col (1)			(12) Page 1, Col (13) / Col (4)									
(3)	Col (2) / [Col (1) + Col (2)]		(8) Page 1, Col (6) / Col (1)			(13) Page 1, Col (14) / Col (4)									
(4)	Page 1, Col (3)		(9) Page 1, Col (7) / Col (1)			(14) Page 1, Col (15) / Col (4)									
(5)	Col (4) / Col (2)		(10) Sum Cols (6 to 9)			(15) Sum of Cols (11 to 14)									
(6)	Page 1, Col (4) / Col (1)		(11) Page 1, Col (12) / Col (4)												

FY01 Volume Forecast - Before Rates

			% dropship to:			Pieces (pc-rt) dropshipped:			Pounds (lbs-rt) dropshipped:		
	pieces (1)	pounds (2)	BMC (3)	SCF (4)	DDU (5)	BMC (6)	SCF (7)	DDU (8)	BMC (9)	SCF (10)	DDU (11)
Automation Category											
Letters											
Basic	4356.933		6.43%	0.60%	0.00%	280.293	26.136	0.000			
3-Digit	14090.741		34.56%	5.63%	0.00%	4869.070	793.755	0.000			
5-Digit	6373.435		34.38%	21.22%	0.00%	2191.225	1352.682	0.000			
Flats-Piece rated											
Basic	201.347		3.20%	0.49%	0.00%	6.446	0.993	0.000			
3/5 Digit	6263.590		42.02%	17.71%	0.00%	2632.146	1109.340	0.000			
Flats-Pound rated											
Basic	205.634	83.912	2.69%	0.44%	0.00%				2.254	0.366	0.000
3/5 Digit	5771.368	1919.252	36.66%	33.52%	0.00%				703.615	643.343	0.000
Total Automation	37263.048	2003.164				9979.180	3282.906	0.000	705.869	643.709	0.000
subtotal - letters	24821.109										
subtotal - lb. rated flats	5977.002										
subtotal - pc. rated flats	6464.938										
Presort Category											
Letters											
Basic	956.832		9.74%	2.49%	0.00%	93.149	23.784	0.000			
3/5 digit	1703.055		13.80%	29.79%	0.00%	235.094	507.279	0.000			
Non-letters-Piece rated											
Basic	463.033		5.96%	2.37%	0.00%	27.613	10.957	0.000			
3/5 digit	886.263		23.28%	30.73%	0.00%	206.298	272.386	0.000			
Non-letters-Pound rated											
Basic	551.637	254.581	5.15%	1.76%	0.00%				13.111	4.468	0.000
3/5 digit	959.906	457.952	25.96%	18.60%	0.00%				118.876	85.192	0.000
Total Presort	5520.725	712.533				562.154	814.405	0.000	131.987	89.661	0.000
subtotal - letters	2659.887										
subtotal - lb. rated pcs.	1511.543										
subtotal - pc. rated NL	1349.296										
Total Regular Subclass	42783.773					10541.334	4097.311	0.000	837.856	733.369	0.000
Enhanced Carrier Route Subclass											
Letters											
Basic	5665.732		29.18%	41.93%	3.14%	1653.114	2375.486	178.150			
Auto	1891.225		39.92%	29.77%	1.71%	755.004	563.069	32.355			
High-D	411.860		6.80%	70.37%	12.27%	27.990	289.838	50.529			
Saturation	2830.582		5.57%	68.90%	14.75%	157.606	1950.374	417.578			
Non-letters-Piece rated											
Basic	6636.358		25.59%	61.44%	3.55%	1698.428	4077.585	235.745			
High-D	880.537		3.81%	63.64%	28.89%	33.561	560.330	254.409			
Saturation	6436.887		4.94%	37.15%	54.45%	318.133	2391.017	3504.947			
Non-letters-Pound rated											
Basic	5421.791	1726.265	18.96%	74.57%	1.63%				327.355	1287.248	28.203
High-D	586.101	200.753	0.90%	37.85%	59.68%				1.814	75.992	119.800
Saturation	2869.445	873.200	0.25%	16.15%	81.57%				2.161	140.992	712.288
Total ECR	33630.517	2800.217				4643.835	12207.700	4673.712	331.330	1504.232	860.292
subtotal - letters	10799.400										
subtotal - pc. rated	24753.181										
subtotal - lb. rated NL	8877.336										
subtotal - pc. rated NL	13953.781										

(1) For letters, Col (1), page 3.
 For pc.-rated nonletters, (Col (1), p.3) * (1- Col(3),p. 2)
 For lb.-rated nonletters, (Col (1), p.3) * (Col(3),p. 2)
 (2) Col (1) * Col (5), p.2
 (3) Col (7), p.2 for piece rated pieces
 Col (12), p.2 for pound rated pieces
 (4) Col (8), p.2 for piece rated pieces
 Col (13), p.2 for pound rated pieces
 (5) Col (9), p.2 for piece rated pieces
 Col (14), p.2 for pound rated pieces
 (6) Col (1) * Col (3)
 (7) Col (1) * Col (4)
 (8) Col (1) * Col (5)
 (9) Col (2) * Col (3)
 (10) Col (2) * Col (4)
 (11) Col (2) * Col (5)

Standard Mail (A) - Regular Subclass

Proposed Rates (\$)

Overall **9.4%**

Minimum per piece rates

Category	Shape	Presort	current	proposed	%chg
Presort	Nonletter	Basic	0.304	0.311	2.3%
		3/5	0.240	0.258	7.5%
Presort	Letter	Basic	0.235	0.242	3.0%
		3/5	0.207	0.225	8.7%
Automation	Flat	Basic	0.245	0.267	9.0%
		3/5	0.203	0.231	13.8%
Automation	Letter	Basic	0.183	0.200	9.3%
		3-digit	0.176	0.193	9.7%
		5-digit	0.160	0.172	7.5%

Pound-rated pieces

Category		Presort	current	proposed	
Presort	per piece	Basic	0.164	0.175	
		3/5	0.100	0.122	
	plus per pound		0.677	0.661	
	example: 8 ounce piece	Basic	0.503	0.506	0.6%
		3/5	0.439	0.453	3.2%
Automation	per piece	Basic	0.105	0.131	
		3/5	0.063	0.095	
	plus per pound		0.677	0.661	
	example: 8 ounce piece	Basic	0.444	0.462	4.1%
		3/5	0.402	0.426	6.0%

Destination Entry Discounts

Piece-rated pieces	DBMC	current	proposed
		per piece	per piece
		0.016	0.017
Piece-rated pieces	DSCF	current	proposed
		per piece	per piece
		0.021	0.022
Pound-rated pieces	DBMC	current	proposed
		per pound	per pound
		0.079	0.083
Pound-rated pieces	DSCF	current	proposed
		per pound	per pound
		0.100	0.108

	current	proposed
Residual Shape Surcharge	0.100	0.180
Parcel Barcode Discount	n/a	0.030

**Cost Coverages for Piece-rated vs. Pound-rated
First Class Single Piece**

	Before Rates			After Rates		
	Unit Revenue	Daniel's Unit Cost	Implicit Coverage	Unit Revenue	Daniel's Unit Cost	Implicit Coverage
Piece-rated	0.33342	0.2024	164.7%	0.34350	0.2024	169.7%
Pound-rated	0.94007	0.5082	185.0%	0.97556	0.5082	192.0%
Difference			-20.2%			-22.3%

Daniel Data (page 11)		
Cost (\$000s)	Volume (000s)	Unit Cost (\$)
9,295,092	45,916,892	0.2024
3,708,159	7,296,937	0.5082

Notes:

- [1] Piece-rated consists of pieces weighing one ounce or less.
- [2] Pound-rated consists of pieces weighing more than one ounce.
- [3] Single-Piece Nonstandard Pieces are assumed to be less than or equal to ounce.
- [4] QBRM pieces are assumed to be less than or equal to ounce.
- [5] Unit revenue is from Page 9, Cols. (5) and (6).

First Class Single Piece

Line Description	Source	Volume (000)		Rates		Revenues (000)	
		Current	Proposed	Current	Proposed	Current	Proposed
		(1)	(2)	(3)	(4)	(5)	(6)
<u>Pieces weighing less than or equal to one ounce</u>							
First Ounce, except QBRM	[a] p.11,[1], 0-1 oz./1000 - [b]	45,557,096	45,268,943	0.330	0.340	\$15,033,842	\$15,391,440
First Ounce, QBRM	[b] p.10,[b]	359,796	357,932	0.300	0.310	\$107,939	\$110,959
Additional Ounces	[c] By definition	0	0	0.220	0.230	\$0	\$0
Nonstandard Pieces	[d] p.10,[d]	362,544	360,307	0.110	0.110	\$39,880	\$39,634
Total Pieces (or Rates Revenue)	[e] [a] + [b]	45,916,892	45,626,875			\$15,181,660	\$15,542,033
Revenue x Adjustment Factor	[f] [e] * p.10,[f] / p.10,[e]					\$15,309,505	\$15,672,913
Revenue from Rates, Per Piece	[g] (5)[f] / (1)[e]; (6)[f] / (2)[e]					\$0.333418	\$0.343502
<u>Pieces weighing more than one ounce</u>							
First Ounce, except QBRM	[h] p.11,[1], 1-11+ oz./1000	7,296,937	7,250,783	0.330	0.340	\$2,407,989	\$2,465,266
First Ounce, QBRM	[i] Assumed	0	0	0.300	0.310	\$0	\$0
Additional Ounces	[j] p.10,[c]	19,974,221	19,779,450	0.220	0.230	\$4,394,329	\$4,549,273
Nonstandard Pieces	[k] Assumed	0	0	0.110	0.110	\$0	\$0
Total Pieces (or Rates Revenue)	[l] [h] + [i]	7,296,937	7,250,783			\$6,802,318	\$7,014,540
Revenue x Adjustment Factor	[m] [l] * p.10,[f] / p.10,[e]					\$6,859,600	\$7,073,609
Revenue from Rates, Per Piece	[n] (5)[m] / (1)[l]; (6)[m] / (2)[l]					\$0.940066	\$0.975565

Notes:
 Nonstandard Pieces are assumed to be less than or equal to one ounce.
 QBRM pieces are assumed to be less than or equal to one ounce.
 Proposed volumes, Col (2) = Current volumes, Col (1) * Page 10, Col (2) / Page 10, Col (1).

First-Class TY Billing Determinants
 Letters, Flats and Sealed Parcels Subclass
 FY 2001 TEST YEAR: BEFORE RATES AND AFTER RATES

Line Description	Volume (000)		Rates		Revenues (000)	
	Current (1)	Proposed (2)	Current (3)	Proposed (4)	Current (5)	Proposed (6)
<u>Single-Piece</u>						
[a] First Ounce, except QBRM	52,854,032	52,519,725	0.330	0.340	\$17,441,831	\$17,856,707
[b] First Ounce, QBRM	359,796	357,932	0.300	0.310	\$107,939	\$110,959
[c] Additional Ounces	19,974,221	19,779,450	0.220	0.230	\$4,394,329	\$4,549,273
[d] Nonstandard Pieces	362,544	360,307	0.110	0.110	\$39,880	\$39,634
[e] Total Pieces* (or Rates Revenue)	53,213,828	52,877,658			\$21,983,978	\$22,556,573
[f] Revenue x Adjustment Factor					\$22,169,105	\$22,746,522
[g] Revenue from Rates, Per Piece					\$0.416604	\$0.430173
<u>Nonautomation, Presorted</u>						
First Ounce*	2,930,521	2,586,288	0.305	0.320	\$893,809	\$827,612
Heavy-Piece Discount	134,498	118,699	-0.046	-0.046	(\$6,187)	(\$5,460)
Additional Ounces	509,536	449,683	0.220	0.230	\$112,098	\$103,427
Nonstandard Pieces	21,329	18,823	0.050	0.050	\$1,066	\$941
Total Pieces (or Rates Revenue)	2,930,521	2,586,288			\$1,000,786	\$926,520
Revenue x Adjustment Factor					\$999,609	\$925,431
Revenue from Rates, Per Piece					\$0.341103	\$0.357822
<u>Automation, Presorted</u>						
Letters:						
Basic Automation, First Oz.*	5,587,538	5,620,726	0.270	0.280	\$1,508,635	\$1,573,803
3-Digit, First Oz.*	24,358,882	24,508,201	0.261	0.271	\$6,357,668	\$6,641,722
5-Digit, First Oz.*	12,283,788	12,362,727	0.243	0.253	\$2,984,960	\$3,127,770
Heavy-Piece Discount	84,155	84,676	-0.046	-0.046	(\$3,871)	(\$3,895)
Additional Ounces	1,059,030	1,065,587	0.220	0.230	\$232,987	\$245,085
Flats:						
Basic Automation, First Oz.*	51,973	52,293	0.300	0.310	\$15,592	\$16,211
3-Digit Flats, First Oz.* **	299,532	33,211	0.270	0.295	\$80,874	\$9,797
5-Digit Flats, First Oz.	N/A	271,480	N/A	0.275	N/A	\$74,657
Heavy-Piece Discount	170,589	173,248	-0.046	-0.046	(\$7,847)	(\$7,969)
Additional Ounces	857,506	870,873	0.220	0.230	\$188,651	\$200,301
Nonstandard Pieces	51,173	51,971	0.050	0.050	\$2,559	\$2,599
Total Pieces (or Rates Revenue)	42,581,713	42,848,638			\$11,360,208	\$11,880,081
Revenue x Adjustment Factor					\$11,386,030	\$11,907,084
Revenue from Rates, Per Piece					\$0.267392	\$0.277887
<u>Carrier Route</u>						
First Ounce*	1,535,664	1,544,810	0.238	0.248	\$365,488	\$383,113
Heavy-Piece Discount	4,646	4,674	-0.046	-0.046	(\$214)	(\$215)
Additional Ounces	62,187	62,557	0.220	0.230	\$13,681	\$14,388
Total Pieces (or Rates Revenue)	1,535,664	1,544,810			\$378,955	\$397,286
Revenue x Adjustment Factor					\$378,983	\$397,315
Revenue from Rates, Per Piece					\$0.246788	\$0.257193
Total Pieces or Rates Revenue, All	100,261,726	99,857,394			\$34,933,727	\$35,976,352
Revenue from Rates Per Piece, All					\$0.348425	\$0.360277

NOTES: Rate categories marked with an asterisk are from RCF forecast per p. 8 of this workpaper, except 3/5-Digit Flats split according to 1997 mail characteristics data per note ** below. Other categories from billing determinant proportions per page 7, with additional ounces, heavy pieces, and nonstandard surcharge volumes adjusted per pages 9 and 10 of this workpaper. Rates from page 6 of this workpaper. Columns (5) and (6): Columns (1) and (2), times Columns (3) and (4), respectively.
 ** Currently a combined 3/5-Digit rate; volume split based on Table 9, USPS LR-H-185 from Docket No. R97-1, which indicates 89.1% is 5-Digit (224,574+3,375 / 224,574+3,375+138+27,809) and 10.9% is 3-Digit (27,809+138 / 224,574+3,375+138+27,809).

USPS-T-28 Table 1:
Costs by Ounce Increment for First-Class Single-Piece
 (from USPS LR-I-91 detailed costs)

	0 to 1	1 to 2	2 to 3	3 to 4	4 to 5	5 to 6	6 to 7	7 to 8	8 to 9	9 to 10	10 to 11+	Total
[1] volume	45,916,891,588	3,537,561,922	1,411,655,462	760,369,038	495,995,087	335,279,116	239,491,425	180,013,025	142,120,261	113,135,720	81,315,727	53,213,828,371
[2] pounds	1,199,693,891	319,644,452	218,606,963	166,452,703	140,079,051	115,654,251	97,681,167	84,755,922	75,817,970	67,425,946	53,505,549	2,539,317,868
[3] cubic feet (weight/density)	53,844,510	17,344,475	13,526,668	11,015,252	9,736,229	8,211,615	7,121,765	6,320,067	5,835,586	5,236,389	4,251,242	142,443,798
[4] all mp (3.1) tally	5,688,966	1,046,407	506,122	357,547	143,170	94,341	65,956	65,005	42,948	42,304	23,260	8,076,026
[5] window service (3.2) tally	723,068	44,005	19,030	14,966	7,639	4,845	3,062	2,379	2,116	1,776	2,372	825,257
[6] delivery in-office (6.1) tally	1,071,699	115,867	40,767	27,972	12,610	7,091	4,231	4,781	3,189	1,949	1,751	1,291,907
[7] delivery in-office (6.2) 6.1	264,956	28,646	10,079	6,916	3,118	1,753	1,046	1,182	788	482	433	319,398
[8] del. route (7.1) piece	17,591	1,355	541	291	190	128	92	69	54	43	31	20,386
[9] del. access (7.2) piece	85,486	6,586	2,628	1,416	923	624	446	335	265	211	151	99,072
[10] elem. load (7.3)shape&wt	320,417	54,713	25,684	16,051	13,277	10,757	9,594	8,704	8,625	7,856	6,627	482,303
[11] del. support (7.4) sum6&7	325,920	38,914	15,176	9,968	5,886	4,055	3,131	3,028	2,645	2,193	1,866	412,779
[12] vehicle service (8) cube	18,253	5,880	4,585	3,734	3,301	2,784	2,414	2,142	1,978	1,775	1,441	48,288
[13] delivery rural (10)shape&pc	316,579	33,029	15,881	9,274	6,333	4,370	3,182	2,433	1,960	1,570	1,146	395,757
[14] air/water trans. (14) weight	127,790	34,048	23,286	17,730	14,921	12,319	10,405	9,028	8,076	7,182	5,699	270,486
[15] hwy/rail trans. (14)cube	101,851	32,808	25,587	20,836	18,417	15,533	13,471	11,955	11,038	9,905	8,042	269,443
[16] Other weight	232,515	61,951	42,369	32,261	27,149	22,415	18,932	16,427	14,694	13,068	10,370	492,150
[17] Total Cost	9,295,092	1,504,209	731,734	518,961	256,932	181,016	135,962	127,468	98,376	90,313	63,188	13,003,251
[18] Total Unit Cost	\$ 0.202	\$ 0.425	\$ 0.518	\$ 0.683	\$ 0.518	\$ 0.540	\$ 0.568	\$ 0.708	\$ 0.692	\$ 0.798	\$ 0.777	\$ 0.244
[19] number of additional ounces purchased		1	2	3	4	5	6	7	8	9	10	
[20] total number of additional ounces purchased		3,537,561,922	2,823,310,924	2,281,107,113	1,983,980,348	1,676,395,580	1,436,948,548	1,260,091,173	1,136,962,091	1,018,221,481	813,157,274	17,967,736,454
[21] cost of pieces in excess of first ounce cost		\$ 788,089,374	\$ 445,968,679	\$ 365,037,549	\$ 156,526,387	\$ 113,144,129	\$ 87,480,728	\$ 91,027,610	\$ 69,606,339	\$ 67,410,566	\$ 46,726,883	\$ 2,231,018,245

Marginal Cost Difference \$ 0.223 \$ 0.093 \$ 0.164 \$ (0.164) \$ 0.022 \$ 0.028 \$ 0.140 \$ (0.016) \$ 0.106 \$ (0.021)

