

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

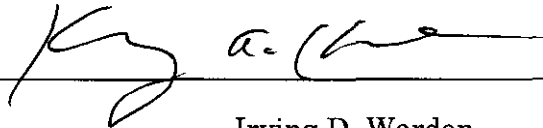
**AMERICAN BANKERS ASSOCIATION AND NATIONAL ASSOCIATION OF
PRESORT MAILERS MOTION TO ACCEPT FILING OF TECHNICAL
APPENDICES A.1, A.2, A.3, A.4 AND A.5 AS APPENDICES TO DIRECT
TESTIMONY OF JAMES A. CLIFTON ON BEHALF OF ABA&NAPM**

(May 31, 2000)

American Bankers Association ("ABA"), and National Association of Presort Mailers, Inc. ("NAPM"), hereby move for leave to file as part of the Direct Testimony of James A. Clifton on behalf of ABA&NAPM, the attached Technical Appendices A.1, A.2, A.3, A.4 and A.5, which Appendices consist of the output for various models run by Dr. Clifton and referenced in his Direct Testimony on behalf of ABA&NAPM. Counsel for ABA&NAPM inadvertently filed such Technical Appendices A.1, A.2, A.3, A.4 and A.5 with the Commission on May 22, 2000 as part of the Workpapers of Dr. Clifton, whereas such Technical Appendices should have been filed as part of Dr. Clifton's Direct Testimony. We do not believe that any prejudice will accrue to any of the parties by the granting of this motion, since the Technical Appendices were filed as part of the Workpapers with the Commission on May 22, 2000, and are being served today on all parties as an attachment to this motion.

Respectfully submitted,

AMERICAN BANKERS ASSOCIATION
NATIONAL ASSOCIATION OF PRESORT MAILERS

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May 31, 2000

Washington, D.C.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the instant document on all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice.


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Cost Coverage			
	<u>Proposed R2000-1</u>	<u>Alternate Proposal</u>	<u>Alternate Proposal Compared to Proposed R2000-1 Difference</u>
First-Class Letters and Flats - Single Piece	171.2%	171.2%	0.02%
First-Class Letters and Flats - Presort	263.5%	256.5%	-7.05%
First-Class Cards - Single Piece	111.9%	111.9%	0.00%
First-Class Cards - Private Presort	265.6%	265.6%	0.02%
Total First Class	194.5%	193.3%	-1.27%
Total Periodical	101.3%	101.3%	0.00%
Standard Single Piece			
Standard Regular	132.9%	132.9%	0.00%
Standard Regular Enhanced Carrier Route	208.8%	208.8%	0.00%
Standard Regular and Enhanced Carrier Route	153.1%	153.1%	0.03%
Standard Nonprofit	116.8%	116.8%	0.00%
Standard Nonprofit Enhanced Carrier Route	126.7%	126.7%	0.00%
Total Standard A	148.2%	148.2%	0.02%
Total Standard B	114.5%	114.5%	0.00%
Priority Mail, Express Mail and Mailgrams	186.5%	186.5%	0.00%
Postal Penalty and Free-for-the Blind	0.0%	0.0%	0.00%
International Mail	122.2%	122.2%	0.00%
Special Services	153.3%	153.3%	0.00%
Attributable Costs	168.9%	168.3%	-0.63%
Total	100.0%	99.5%	-0.45%

Cost coverage for a mail type is the ratio of revenue (p. 9) to volume variable cost (p. 11) for the mail type.

Key Rate per Piece (Dollars per Piece)				
	<u>Proposed</u> <u>R2000-1</u>	<u>Alternate</u> <u>Proposal</u>	Alternate Proposal Compared to Proposed R2000-1 <u>Difference</u>	<u>Percent</u> <u>Difference</u>
First-Class Letters and Flats - Single Piece	0.340	0.340	0.000	0.0%
First-Class Letters and Flats - Single Piece Additional Ounces	0.230	0.230	0.000	0.0%
First-Class PRM and QBRM Letters	0.310	0.310	0.000	0.0%
First-Class Letters and Flats - Workshared per Piece Rate				
Nonautomated Presort	0.320	0.320	0.000	0.0%
Automated Basic Letters	0.280	0.274	-0.006	-2.1%
Automated Basic Flats	0.310	0.310	0.000	0.0%
Automated 3-Digit Letters	0.271	0.262	-0.009	-3.3%
Automated 5-Digit Letters	0.253	0.245	-0.008	-3.2%
Automated 3/5-Digit Flats	0.277	0.277	0.000	0.0%
Automated Carrier-Route Letters	0.248	0.248	0.000	0.0%
First-Class Letters and Flats - Workshared per Pound Rate				
Nonautomated Presort	0.000	0.000	0.000	---
Automated Basic Letters	0.000	0.000	0.000	---
Automated Basic Flats	0.000	0.000	0.000	---
Automated 3-Digit Letters	0.000	0.000	0.000	---
Automated 5-Digit Letters	0.000	0.000	0.000	---
Automated 3/5-Digit Flats	0.000	0.000	0.000	---
Automated Carrier-Route Letters	0.000	0.000	0.000	---
First-Class Letters and Flats - Workshared Second Ounce	0.230	0.230	0.000	0.0%
First-Class Letters and Flats - Workshared Third Ounce	0.184	0.184	0.000	0.0%
First-Class Letters and Flats - Workshared Ounces Above Third	0.230	0.230	0.000	0.0%
First-Class Stamped Cards	0.230	0.230	0.000	0.0%
First-Class PRM and QBRM Cards	0.180	0.180	0.000	0.0%
First-Class Private Cards				
Single Piece Cards	0.210	0.210	0.000	0.0%
Single Piece Cards at Letter Rates	0.340	0.340	0.000	0.0%
Nonautomated Presort Cards	0.190	0.190	0.000	0.0%
Automated Basic Cards	0.174	0.174	0.000	0.0%
Automated 3-Digit Cards	0.167	0.167	0.000	0.0%
Automated 5-Digit Cards	0.154	0.154	0.000	0.0%
Automated Carrier-Route Cards	0.149	0.149	0.000	0.0%
Standard Single Piece				
Standard Regular				
Nonautomated Basic Letters	0.242	0.242	0.000	0.0%
Nonautomated Basic Nonletters	0.311	0.311	0.000	0.0%
Nonautomated Presort Letters	0.225	0.225	0.000	0.0%
Nonautomated Presort Nonletters	0.258	0.258	0.000	0.0%
Automated Basic Letters	0.200	0.200	0.000	0.0%
Automated Basic Flats	0.267	0.267	0.000	0.0%
Automated 3-Digit Letters	0.193	0.193	0.000	0.0%
Automated 5-Digit Letters	0.172	0.172	0.000	0.0%
Automated 3/5-Digit Flats	0.231	0.231	0.000	0.0%
Standard Regular - Second Ounce	0.000	0.000	0.000	---
Standard Regular - Third Ounce	0.000	0.000	0.000	---
Standard Regular - Ounces Above Third	0.041	0.041	0.000	0.0%
Standard Regular Enhanced Carrier Route				
Automated	0.163	0.163	0.000	0.0%
Basic Letters	0.175	0.175	0.000	0.0%
Basic Nonletters	0.175	0.175	0.000	0.0%
High-Density Letters	0.152	0.152	0.000	0.0%
High-Density Nonletters	0.154	0.154	0.000	0.0%
Saturation Letters	0.143	0.143	0.000	0.0%
Saturation Nonletters	0.148	0.148	0.000	0.0%

Key Rate per Piece (Dollars per Piece) continued				
	<u>Proposed</u> <u>R2000-1</u>	<u>Alternate</u> <u>Proposal</u>	Alternate Proposal Compared to Proposed R2000-1 <u>Difference</u>	<u>Percent</u> <u>Difference</u>
Standard Regular Enhanced Carrier Route - Second Ounce	0.000	0.000	0.000	---
Standard Regular Enhanced Carrier Route - Third Ounce	0.000	0.000	0.000	---
Standard Regular Enhanced Carrier Route - Ounces Above Third	0.037	0.037	0.000	0.0%

Key rates are inputs to the model and are the rate for one specific type of mail. The key rates for Proposed R2000-1 are obtained from Request of the United States Postal Service for a Recommended Decision on Changes in Rates of Postage and Fees for Postal Services, Docket No. R2000-1. Key rates for an alternative proposal are set by the model user by changing each key rate or each discount and the mail type to which the discount is relative. Discounts are shown on p. 12.

Additional Ounce and Pound Rates (Dollars per Piece or per Ounce)				
	<u>Proposed</u> <u>R2000-1</u>	<u>Alternate</u> <u>Proposal</u>	<u>Alternate</u> <u>Proposal</u> <u>Compared to</u> <u>Proposed</u> <u>R2000-1</u>	<u>Percent</u> <u>Difference</u>
First-Class Single Piece Additional Ounces	0.230	0.230	0.000	0.0%
First-Class Letters - Workshared per Pound Rate				
Nonautomated Presort	0.000	0.000	0.000	---
Automated Basic Letters	0.000	0.000	0.000	---
Automated 3-Digit Letters	0.000	0.000	0.000	---
Automated 5-Digit Letters	0.000	0.000	0.000	---
Automated Carrier-Route Letters	0.000	0.000	0.000	---
First-Class Workshared				
Second Ounce	0.230	0.230	0.000	0.0%
Third Ounce	0.184	0.184	0.000	0.0%
Above Third Ounce	0.230	0.230	0.000	0.0%
Standard Regular Addition for Pound Rate		0.000	0.000	---
Standard Regular Additional Ounces				
Second Ounce	0.000	0.000	0.000	---
Third Ounce	0.000	0.000	0.000	---
Above Third Ounce	0.041	0.041	0.000	---
Standard Enhanced Carrier Route Addition for Pound Rate		0.000	0.000	---
Standard Enhanced Carrier Route				
Second Ounce	0.000	0.000	0.000	---
Third Ounce	0.000	0.000	0.000	---
Above Third Ounce	0.037	0.037	0.000	---

Additional ounce and pound rates are inputs to the model. The additional ounce and pound rates for Proposed R2000-1 are obtained from Request of the United States Postal Service for a Recommended Decision on Changes in Rates of Postage and Fees for Postal Services, Docket No. R2000-1

-1. Additional ounce and pound rates for an alternative proposal are set by the model user by changing each rate.

Revenue Requirement (Million Dollars)				
	<u>Proposed</u> R2000-1	<u>Alternate</u> Proposal	<u>Difference</u>	<u>Percent</u> <u>Difference</u>
Total Revenues	69,116.8	68,726.5	-390.288	-0.6%
Total Revenue Requirement (Equals Total Costs)	69,138.7	69,058.9	-79.724	-0.1%
Net Surplus (Deficiency)	(21.83)	(332.40)	(310.6)	1422.5%

Total Revenue is obtained from the Revenue Table on p. 6. Total Revenue Requirement (Total Costs) is obtained from the Cost Table on p. 11. Net Surplus(Deficiency) is Total Revenues minus Total Revenue Requirement.

	<u>Volume (Million Pieces)</u>		Alternate Proposal Compared to Proposed R2000-1	Percent Difference
	<u>Proposed R2000-1</u>	<u>Alternate Proposal</u>	<u>Difference</u>	
First-Class Letters and Flats - Single Piece Including QBRM	52,877.658	52,176.148	-701.510	-1.3%
First-Class Letters and Flats - Single Piece Additional Ounces	21,001.839	20,723.214	-278.624	-1.3%
First-Class PRM and QBRM Letters	357.932	353.184	-4.749	-1.3%
First-Class Letters and Flats - Workshared	46,979.736	48,006.640	1,026.904	2.2%
Nonautomated Presort	2,586.288	2,626.650	40.362	1.6%
Automated Basic Letters	5,620.726	5,735.201	114.475	2.0%
Automated Basic Flats	52.293	53.124	0.830	1.6%
Automated 3-Digit Letters	24,508.201	25,113.453	605.253	2.5%
Automated 5-Digit Letters	12,362.727	12,599.302	236.575	1.9%
Automated 3/5-Digit Flats	304.691	309.518	4.826	1.6%
Automated Carrier-Route Letters	1,544.810	1,569.393	24.583	1.6%
First-Class Letters and Flats - Workshared Ounces One to Two	1,681.963	1,718.728	36.765	2.2%
First-Class Letters and Flats - Workshared Ounces Two to Three	471.274	481.575	10.301	2.2%
First-Class Letters and Flats - Workshared Ounces Over Three	295.463	301.921	6.458	2.2%
First-Class Stamped Cards	415.873	415.873	0.000	0.0%
First-Class PRM and QBRM Cards	103.678	103.678	0.000	0.0%
First-Class Private Cards	5,025.078	5,017.125	-7.953	-0.2%
Single-Piece Cards including QBRM & Stamped	2,354.910	2,354.910	0.000	0.0%
Nonautomated Presort Cards	383.715	383.715	0.000	0.0%
Automated Basic Cards	548.060	546.440	-1.620	-0.3%
Automated 3-Digit Cards	939.713	935.713	-4.000	-0.4%
Automated 5-Digit Cards	661.035	658.702	-2.333	-0.4%
Automated Carrier-Route Cards	137.645	137.645	0.000	0.0%
Total First Class	105,759.955	106,072.648	312.692	0.3%
Total Periodical	10,321.166	10,321.166	0.000	0.0%
Standard Single Piece				
Standard Regular	40,998.656	40,934.546	-64.111	-0.2%
Nonautomated Basic Letters	1,011.823	1,010.253	-1.570	-0.2%
Nonautomated Basic Nonletters	1,045.493	1,043.862	-1.631	-0.2%
Nonautomated Presort Letters	1,455.143	1,452.887	-2.257	-0.2%
Nonautomated Presort Nonletters	1,791.588	1,788.789	-2.798	-0.2%
Automated Basic Letters	4,120.244	4,113.790	-6.453	-0.2%
Automated Basic Flats	347.480	346.933	-0.547	-0.2%
Automated 3-Digit Letters	13,450.018	13,428.976	-21.042	-0.2%
Automated 5-Digit Letters	6,378.638	6,368.654	-9.984	-0.2%
Automated 3/5-Digit Flats	11,398.229	11,380.401	-17.828	-0.2%
Standard Regular - Second Ounce	21,688.159	21,654.244	-33.914	-0.2%
Standard Regular - Third Ounce	14,231.318	14,209.065	-22.254	-0.2%
Standard Regular - Ounces Above Third	41,537.326	41,472.373	-64.953	-0.2%
Standard Regular Enhanced Carrier Route	32,828.212	32,828.212	0.000	0.0%
Automated	1,851.903	1,851.903	0.000	0.0%
Basic Letters	5,449.490	5,449.490	0.000	0.0%
Basic Nonletters	11,794.849	11,794.849	0.000	0.0%
High-Density Letters	393.109	393.109	0.000	0.0%
High-Density Nonletters	1,479.259	1,479.259	0.000	0.0%
Saturation Letters	2,692.107	2,692.107	0.000	0.0%
Saturation Nonletters	9,167.496	9,167.496	0.000	0.0%
Standard Enhanced Carrier Route - Second Ounce	20,981.342	20,981.342	0.000	0.0%
Standard Enhanced Carrier Route - Third Ounce	15,424.743	15,424.743	0.000	0.0%
Standard Enhanced Carrier Route - Ounces Above Third	44,019.581	44,019.581	0.000	0.0%
Standard Regular and Enhanced Carrier Route	73,826.868	73,762.757	-64.111	-0.1%
Standard Nonprofit	11,425.579	11,425.579	0.000	0.0%
Standard Nonprofit Enhanced Carrier Route	2,851.875	2,851.875	0.000	0.0%
Total Standard A	88,104.322	88,040.212	-64.111	-0.1%

Volume (Million Pieces) - continued				
	<u>Proposed</u>	<u>Alternate</u>	Alternate Proposal Compared to Proposed R2000-1	<u>Percent</u>
	<u>R2000-1</u>	<u>Proposal</u>	<u>Difference</u>	<u>Difference</u>
<i>Total Standard B</i>	1,133.060	1,133.060	0.000	0.0%
<i>Priority Mail, Express Mail and Mailgrams</i>	1,381.313	1,381.313	0.000	0.0%
<i>Postal Penalty and Free-for-the Blind</i>	405.217	405.217	0.000	0.0%
Total Domestic Mail	207,105.033	207,353.614	248.582	0.1%
International Mail	1,032.013	1,032.013	0.000	0.0%
Total Domestic and International Mail	208,137.046	208,385.627	248.582	0.1%

Proposed R2000-1 volumes are obtained from the direct testimony of George S. Tolley USPS-T-6. The Alternate volumes are estimated based on the inputs given to the Tolley's forecasting model accompanying his testimony

Revenue (Million Dollars)				
	<u>Proposed</u> R2000-1	<u>Alternate</u> Proposal	Alternate Proposal Compared to Proposed R2000-1 Difference	Percent Difference
First-Class Letters and Flats - Single Piece Per Piece Except QBRM	17,856.707	17,619.808	-236.899	-1.3%
First-Class Letters and Flats - Single Piece Additional Ounces	4,830.423	4,766.339	-64.084	-1.3%
First-Class PRM and QBRM Letters	110.959	109.487	-1.472	-1.3%
First-Class Single-Piece Letter Fees	167.072	167.072	0.000	0.0%
Nonstandard Pieces	39.634	39.634		
First-Class Letters and Flats - Workshared Total	13,226.407	13,153.875	-72.532	-0.5%
First-Class Letters and Flats - Workshared Per Piece	12,640.686	12,555.843	-84.843	-0.7%
Nonautomated Presort	823.093	835.938	12.845	1.6%
Automated Basic Letters	1,569.908	1,567.556	-2.353	-0.1%
Automated Basic Flats	10.841	11.013	0.172	1.6%
Automated 3-Digit Letters	6,641.722	6,579.725	-61.998	-0.9%
Automated 5-Digit Letters	3,127.770	3,086.829	-40.941	-1.3%
Automated 3/5-Digit Flats	84.454	85.792	1.338	1.6%
Automated Carrier-Route Letters	382.898	388.991	6.093	1.6%
First-Class Letters and Flats - Workshared Ounces One to Two	386.851	395.307	8.456	2.2%
First-Class Letters and Flats - Workshared Ounces Two to Three	108.393	110.762	2.369	2.2%
First-Class Letters and Flats - Workshared Ounces Over Three	67.956	69.442	1.485	2.2%
First-Class Letters and Flats - Workshared Fees	22.520	22.520	0.000	0.0%
First-Class Stamped Cards	87.333	87.333	0.000	0.0%
First-Class PRM and QBRM Cards	18.662	18.662	0.000	0.0%
First-Class Private Cards	937.780	936.470	-1.309	-0.1%
Single-Piece Cards at Cards Rates	444.470	444.470	0.000	0.0%
Single-Piece Cards at Letter Rates	45.800	45.800		
Nonautomated Presort Cards	72.906	72.906	0.000	0.0%
Automated Basic Cards	95.362	95.081	-0.282	-0.3%
Automated 3-Digit Cards	156.932	156.264	-0.668	-0.4%
Automated 5-Digit Cards	101.799	101.440	-0.359	-0.4%
Automated Carrier-Route Cards	20.509	20.509	0.000	0.0%
First-Class Single Piece Cards Fees	7.636	7.636	0.000	0.0%
First-Class Workshared Cards Fees	1.278	1.278	0.000	0.0%
Total First Class	37,283.890	36,907.594	-376.296	-1.0%
Total Periodical	2,498.774	2,498.774	0.000	0.0%
Standard Single Piece				
Standard Regular	9,070.437	9,056.445	-13.992	-0.2%
Nonautomated Basic Letters	244.861	244.481	-0.380	-0.2%
Nonautomated Basic Nonletters	247.847	247.460	-0.387	-0.2%
Nonautomated Presort Letters	311.613	311.130	-0.483	-0.2%
Nonautomated Presort Nonletters	306.085	305.607	-0.478	-0.2%
Automated Basic Letters	824.049	822.758	-1.291	-0.2%
Automated Basic Flats	68.900	68.791	-0.108	-0.2%
Automated 3-Digit Letters	2,473.993	2,470.123	-3.870	-0.2%
Automated 5-Digit Letters	1,039.334	1,037.707	-1.627	-0.2%
Automated 3/5-Digit Flats	1,714.556	1,711.874	-2.682	-0.2%
Standard Regular - Second Ounce	0.000	0.000	0.000	---
Standard Regular - Third Ounce	0.000	0.000	0.000	---
Standard Regular - Ounces Above Third	1,716.011	1,713.327	-2.683	-0.2%
Fees, Residual Shape, and Adjustments	121.918	121.918	0.000	0.0%
Standard Regular Enhanced Carrier Route	5,162.025	5,162.025	0.000	0.0%
Automated	301.860	301.860	0.000	0.0%
Basic Letters	953.661	953.661	0.000	0.0%
Basic Nonletters	1,427.690	1,427.690	0.000	0.0%
High-Density Letters	41.972	41.972	0.000	0.0%
High-Density Nonletters	64.797	64.797	0.000	0.0%
Saturation Letters	263.208	263.208	0.000	0.0%
Saturation Nonletters	482.618	482.618	0.000	0.0%
Standard Enhanced Carrier Route - Second Ounce	0.000	0.000	0.000	---
Standard Enhanced Carrier Route - Third Ounce	0.000	0.000	0.000	---
Standard Enhanced Carrier Route - Ounces Above Third	1,606.715	1,606.715	0.000	0.0%
Fees, Residual Shape, and Adjustments	19.764	19.764	0.000	0.0%
Standard Regular and Enhanced Carrier Route	14,232.462	14,218.470	-13.992	-0.1%

Revenue (Million Dollars) - continued				
	<u>Proposed</u> <u>R2000-1</u>	<u>Alternate</u> <u>Proposal</u>	Alternate Proposal Compared to Proposed R2000-1 <u>Difference</u>	<u>Perce</u> <u>Difference</u>
Standard Nonprofit	1,543.086	1,543.086	0.000	0.0%
Standard Nonprofit Enhanced Carrier Route	264.218	264.218	0.000	0.0%
<i>Total Standard A</i>	16,039.766	16,025.774	-13.992	-0.1%
<i>Total Standard B</i>	2,152.241	2,152.241	0.000	0.0%
<i>Priority Mail, Express Mail and Mailgrams</i>	6,611.961	6,611.961	0.000	0.0%
<i>Postal Penalty and Free-for-the Blind</i>	0.000	0.000	0.000	---
Total Domestic Mail	64,586.633	64,196.345	-390.288	-0.6%
<i>International Mail</i>	1,747.558	1,747.558	0.000	0.0%
<i>Special Services</i>	2,359.312	2,359.312	0.000	0.0%
<i>Other Income</i>	383.847	383.847	0.000	0.0%
Attributable Revenue	69,077.349	68,687.062	-390.288	-0.6%
<i>Continuing Appropriations</i>	67.093	67.093	0.000	0.0%
<i>Investment Income</i>	-27.621	-27.621	0.000	0.0%
Total Revenue	69,116.821	68,726.534	-390.288	-0.6%

Revenue is revenue per piece or key rate multiplied by volume for First-Class and Standard A. For other types of mails and other types of revenues (e.g. special services, other income) revenue is set at the levels shown in the Direct Testimony of Virginia J. Mayes in Docket No. R2000-1, USPS-T-32, Exhibit USPS-32B

Costs (Million Dollars)				
	<u>Proposed</u> <u>R2000-1</u>	<u>Alternate</u> <u>Proposal</u>	Alternate Proposal Compared to Proposed R2000-1 <u>Difference</u>	<u>Percent</u> <u>Difference</u>
First-Class Letters and Flats - Single Piece	13,437.357	13,259.088	-178.269	-1.3%
First-Class Letters and Flats - Presort	5,019.464	5,129.182	109.718	2.2%
First-Class Cards - Single Piece	539.919	539.919	0.000	0.0%
First-Class Cards - Private Presort	168.958	168.455	-0.503	-0.3%
Total First Class	19,165.698	19,096.644	-69.054	-0.4%
Total Periodical	2,465.588	2,465.588	0.000	0.0%
Standard Single Piece				
Standard Regular	6,823.933	6,813.263	-10.670	-0.2%
Standard Regular Enhanced Carrier Route	2,471.864	2,471.864	0.000	0.0%
Standard Regular and Enhanced Carrier Route	9,295.797	9,285.127	-10.670	
Standard Nonprofit	1,320.611	1,320.611	0.000	0.0%
Standard Nonprofit Enhanced Carrier Route	208.577	208.577	0.000	0.0%
Total Standard A	10,824.985	10,814.315	-10.670	-0.1%
Total Standard B	1,880.001	1,880.001	0.000	0.0%
Priority Mail, Express Mail and Mailgrams	3,546.046	3,546.046	0.000	0.0%
Postal Penalty and Free-for-the Blind	40.348	40.348	0.000	0.0%
Total Domestic Mail	37,922.666	37,842.942	-79.724	-0.2%
International Mail	1,429.916	1,429.916	0.000	0.0%
Special Services	1,539.113	1,539.113	0.000	0.0%
Other Variable Costs	0.000	0.000	0.000	#DIV/0!
Attributable Costs	40,891.695	40,811.971	-79.724	-0.2%
Total Other Costs	27,978.701	27,978.701	0.000	0.0%
Prior Years Loss Recovery	268.257	268.257	0.000	0.0%
Total Costs	69,138.653	69,058.929	-79.724	-0.1%
Volume Variable Cost per Piece (Dollars per Piece)				
	Proposed R2000-1	Alternate <u>Proposal</u>		
First-Class Letters and Flats - Single P	0.2541	0.2541		
First-Class Letters and Flats - Presort	0.1068	0.1068		
First-Class Cards - Single Piece	0.2293	0.2293		
First-Class Cards - Private Presort	0.0633	0.0633		
Standard Regular	0.1664	0.1664		
Standard Regular Enhanced Carrier R	0.0753	0.0753		
			Mail Processing Cost	0.00000
			Forwarding Cost	0.00000

Costs are cost per piece multiplied by volume for First-Class and standard (A) commercial mail. For other types of mail and other types of revenue (e.g., special services, other variable costs), costs are set at the levels expected by the Postal Service in R2000-1 Proposed).

Discounts (Dollars per Piece)				
	<u>Proposed R2000-1</u>	<u>Alternate Proposal</u>	<u>Alternate Proposal Compared to Proposed R2000-1 Difference</u>	<u>Percent Difference</u>
First-Class Single Piece Letters Rate	0.340	0.340	0.000	0.0%
First-Class Letters and Flats - Workshared Discounts for:				
Nonautomated Presort	0.020	0.020	0.000	0.0%
Automated Basic Letters	0.060	0.066	0.006	10.0%
Automated Basic Flats	0.030	0.030	0.000	0.0%
Automated 3-Digit Letters	0.069	0.078	0.009	13.0%
Automated 5-Digit Letters	0.087	0.095	0.008	9.2%
Automated 3/5-Digit Flats	0.063	0.063	0.000	0.0%
Automated Carrier-Route Letters	0.092	0.092	0.000	0.0%
Workshared Discount on Second Ounce	0.000	0.000	0.000	
Workshared Discount on Third Ounce	0.046	0.046	0.000	0.0%
First-Class Single Piece Cards Rate	0.210	0.210	0.000	0.0%
First-Class Private Cards - Workshared Discounts for:				
Nonautomated Presort Cards	0.020	0.020	0.000	0.0%
Automated Basic Cards	0.036	0.036	0.000	0.0%
Automated 3-Digit Cards	0.043	0.043	0.000	0.0%
Automated 5-Digit Cards	0.056	0.056	0.000	0.0%
Automated Carrier-Route Cards	0.061	0.061	0.000	0.0%
Standard Regular Discount Decrease and Enhanced Carrier Route Rate Increase from Proposed R2000-1			0.00000	
Standard Regular Nonautomated Basic Letters Rate	0.242	0.242	0.000	0.0%
Standard Regular Letters Discounts for:				
Nonautomated Presort Letters	0.017	0.017	0.000	0.0%
Automated Basic Letters	0.042	0.042	0.000	0.0%
Automated 3-Digit Letters	0.032	0.032	0.000	0.0%
Automated 5-Digit Letters	0.053	0.053	0.000	0.0%
Standard Regular Nonautomated Basic Nonletters Rate	0.311	0.311	0.000	0.0%
Standard Regular Nonletters Discounts for:				
Nonautomated Presort Nonletters	0.053	0.053	0.000	0.0%
Automated Basic Flats	0.044	0.044	0.000	0.0%
Automated 3/5-Digit Flats	0.027	0.027	0.000	0.0%
Standard Regular Enhanced Carrier Route Basic Letters Rate	0.175	0.175	0.000	0.0%
Standard Regular Enhanced Carrier Route Letters Discounts for:				
Automated	0.012	0.012	0.000	0.0%
High-Density Letters	0.023	0.023	0.000	0.0%
Saturation Letters	0.032	0.032	0.000	0.0%
Standard Regular Enhanced Carrier Route Basic Nonletters	0.175	0.175	0.000	0.0%
Standard Regular Enhanced Carrier Route Nonletters Discount for:				
High-Density Nonletters	0.021	0.021	0.000	0.0%
Saturation Nonletters	0.027	0.027	0.000	0.0%
Standard Regular				
BMC Destination Entry	0.017	0.017	0.000	0.0%
SCF Destination Entry	0.022	0.022	0.000	0.0%
DDU Destination Entry	0.028	0.028	0.000	0.0%

Discounts are inputs to the model and are the discount for one specific type of mail. The discounts for Proposed R2000-1 are obtained from Request of the United States Postal Service for a Recommended Decision on Changes in Rates of Postage and Fees for Postal Services, Docket No. R2000-1. Discounts for an alternative proposal are set by the model user by changing each key rate or each discount and the mail type to which the discount is relative. Key rates are shown on p. 3.

Revenue per Piece (Dollars per Piece)			
	Proposed R2000-1	Alternate Proposal	Alternate Proposal Compared to Proposed R2000-1 Difference
First-Class Letters and Flats - Single Piece	0.3408	0.3408	0.000
First-Class Letters and Flats - Single Piece Additional Ounces	0.2300	0.2300	0.000
First-Class PRM and QBRM Letters	0.3100	0.3100	0.000
First-Class Letters and Flats - Workshared per Piece Rate			
Nonautomated Presort	0.3183	0.3183	0.000
Automated Basic Letters	0.2793	0.2733	-0.006
Automated Basic Flats	0.2073	0.2073	0.000
Automated 3-Digit Letters	0.2710	0.2620	-0.009
Automated 5-Digit Letters	0.2530	0.2450	-0.008
Automated 3/5-Digit Flats	0.2772	0.2772	0.000
Automated Carrier-Route Letters	0.2479	0.2479	0.000
First-Class Letters and Flats - Workshared per Pound Rate			
Nonautomated Presort	0.0000	0.0000	0.000
Automated Basic Letters	0.0000	0.0000	0.000
Automated Basic Flats	0.0000	0.0000	0.000
Automated 3-Digit Letters	0.0000	0.0000	0.000
Automated 5-Digit Letters	0.0000	0.0000	0.000
Automated 3/5-Digit Flats	0.0000	0.0000	0.000
Automated Carrier-Route Letters	0.0000	0.0000	0.000
First-Class Letters and Flats - Workshared Ounces One to Two	0.2300	0.2300	0.000
First-Class Letters and Flats - Workshared Ounces Two to Three	0.2300	0.2300	0.000
First-Class Letters and Flats - Workshared Ounces Over Three	0.2300	0.2300	0.000
First-Class Stamped Cards	0.2100	0.2100	0.000
First-Class PRM and QBRM Cards	0.1800	0.1800	0.000
First-Class Private Cards			
Single Piece Cards at Cards Rates	0.2100	0.2100	0.000
Single Piece Cards at Letter Rates	0.3400	0.3400	0.000
Nonautomated Presort Cards	0.1900	0.1900	0.000
Automated Basic Cards	0.1740	0.1740	0.000
Automated 3-Digit Cards	0.1670	0.1670	0.000
Automated 5-Digit Cards	0.1540	0.1540	0.000
Automated Carrier-Route Cards	0.1490	0.1490	0.000
Standard Single Piece			
Standard Regular			
Nonautomated Basic Letters	0.2420	0.2420	0.000
Nonautomated Basic Nonletters	0.2371	0.2371	0.000
Nonautomated Presort Letters	0.2141	0.2141	0.000
Nonautomated Presort Nonletters	0.1708	0.1708	0.000
Automated Basic Letters	0.2000	0.2000	0.000
Automated Basic Flats	0.1983	0.1983	0.000
Automated 3-Digit Letters	0.1839	0.1839	0.000
Automated 5-Digit Letters	0.1629	0.1629	0.000
Automated 3/5-Digit Flats	0.1504	0.1504	0.000
Standard Regular - Second Ounce	0.0000	0.0000	0.000
Standard Regular - Third Ounce	0.0000	0.0000	0.000
Standard Regular - Ounces Above Third	0.0413	0.0413	0.000
Standard Regular Enhanced Carrier Route			
Automated	0.1630	0.1630	0.000
Basic Letters	0.1750	0.1750	0.000
Basic Nonletters	0.1210	0.1210	0.000
High-Density Letters	0.1068	0.1068	0.000
High-Density Nonletters	0.0438	0.0438	0.000
Saturation Letters	0.0978	0.0978	0.000
Saturation Nonletters	0.0526	0.0526	0.000
Standard Enhanced Carrier Route - Second Ounce	0.0000	0.0000	0.000
Standard Enhanced Carrier Route - Third Ounce	0.0000	0.0000	0.000
Standard Enhanced Carrier Route - Ounces Above Third	0.0365	0.0365	0.000
Standard Nonprofit	0.1351	0.1351	0.000
Standard Nonprofit Enhanced Carrier Route	0.0926	0.0926	0.000

Revenue per piece for Proposed R2000-1 is taken from Direct Testimony of David R. Fronk in Docket No. R2000-1, USPS-T-33, Workpaper 1 and Direct Testimony of Joseph D. Moeller in Docket No. R2000-1, USPS-T-36, Workpaper 1. Revenue per piece in the Alternative Proposal is the key rate per piece (p. 3) multiplied by the key rate to revenue per piece adjustment (p. 15).

	Proposed R2000-	Alternate
	1	Proposal
First-Class Single Piece	39.72%	39.72%
First-Class Workshared		
Second Ounce	3.58%	3.58%
Third Ounce	1.00%	1.00%
Ounces Above Third Ounce	0.63%	0.63%
Standard Regular		
Second Ounce	52.90%	52.90%
Third Ounce	34.71%	34.71%
Ounces Above Third Ounce	101.31%	101.31%
Standard Enhanced Carrier Route		
Second Ounce	63.91%	63.91%
Third Ounce	46.99%	46.99%
Ounces Above Third Ounce	134.09%	134.09%

Additional ounces charged for as a percentage of first ounces is obtained from Sharon Daniel's R2000-1 LR-1-91 and LR-1-92

<u>Key Rate to Revenue per Piece Adjustments</u>			
	<u>Proposed R2000-1</u>	<u>Alternate Proposal</u>	<u>Alternate Proposal Compared to Proposed R2000-1 Difference</u>
First-Class Single Piece	1.002	1.002	0.000
First-Class Letters and Flats - Single Piece Additional Ounces	1.000	1.000	0.000
First-Class PRM and QBRM Letters	1.000	1.000	0.000
First-Class Letters and Flats - Workshared per Piece Rate			
Nonautomated Presort	0.995	0.995	0.000
Automated Basic Letters	0.998	0.998	0.000
Automated Basic Flats	0.669	0.669	0.000
Automated 3-Digit Letters	1.000	1.000	0.000
Automated 5-Digit Letters	1.000	1.000	0.000
Automated 3/5-Digit Flats	1.000	1.000	0.000
Automated Carrier-Route Letters	0.999	0.999	0.000
First-Class Letters and Flats - Workshared per Pound Rate			
Nonautomated Presort	0.000	1.000	1.000
Automated Basic Letters	0.000	1.000	1.000
Automated Basic Flats	0.000	0.669	0.669
Automated 3-Digit Letters	0.000	1.000	1.000
Automated 5-Digit Letters	0.000	1.000	1.000
Automated 3/5-Digit Flats	0.000	1.000	1.000
Automated Carrier-Route Letters	0.000	1.000	1.000
First-Class Letters and Flats - Workshared Second Ounce	1.000	1.000	0.000
First-Class Letters and Flats - Workshared Third Ounce	1.250	1.250	0.000
First-Class Letters and Flats - Workshared Ounces Above 3	1.000	1.000	0.000
First-Class Stamped Cards	0.913	0.913	0.000
First-Class PRM and QBRM Cards	1.000	1.000	0.000
First-Class Private Cards			
Single Piece Cards	1.000	1.000	0.000
Nonautomated Presort	1.000	1.000	0.000
Automated Basic	1.000	1.000	0.000
Automated 3-Digit	1.000	1.000	0.000
Automated 5-Digit	1.000	1.000	0.000
Automated Carrier-Route	1.000	1.000	0.000
Standard Single Piece			
Standard Regular			
Nonautomated Basic Letters	1.000	1.000	0.000
Nonautomated Basic Nonletters	0.762	0.762	0.000
Nonautomated Presort Letters	0.952	0.952	0.000
Nonautomated Presort Nonletters	0.662	0.662	0.000
Automated Basic Letters	1.000	1.000	0.000
Automated Basic Flats	0.743	0.743	0.000
Automated 3-Digit Letters	0.953	0.953	0.000
Automated 5-Digit Letters	0.947	0.947	0.000
Automated 3/5-Digit Flats	0.651	0.651	0.000
Standard Regular - Second Ounce	1.000	1.000	0.000
Standard Regular - Third Ounce	1.000	1.000	0.000
Standard Regular - Ounces Above Third	1.000	1.000	0.000
Standard Regular Enhanced Carrier Route			
Automated	1.000	1.000	0.000
Basic Letters	1.000	1.000	0.000
Basic Nonletters	0.692	0.692	0.000
High-Density Letters	0.702	0.702	0.000
High-Density Nonletters	0.284	0.284	0.000
Saturation Letters	0.684	0.684	0.000
Saturation Nonletters	0.356	0.356	0.000
Standard Enhanced Carrier Route - Second Ounce	1.000	1.000	0.000
Standard Enhanced Carrier Route - Third Ounce	1.000	1.000	0.000
Standard Enhanced Carrier Route - Ounces Above Third	1.000	1.000	0.000

The key rate to revenue adjustment is the ratio of the key rate per piece (p. 3) to revenue per piece (p. 13).

<u>Discounts For Share Calculations</u>			
	<u>Proposed R2000-1</u>	<u>Alternate Proposal</u>	<u>Alternate Proposal Compared to Proposed R2000-1 Difference</u>
First-Class			
Nonautomated Presort	0.020	0.020	0.000
Automated Basic Letters	0.060	0.066	0.006
Automated Basic Flats	0.030	0.030	0.000
Automated 3-Digit Letters	0.069	0.078	0.009
Automated 5-Digit Letters	0.087	0.095	0.008
Automated 3/5-Digit Flats	0.063	0.063	0.000
Automated Carrier-Route Letters	0.092	0.092	0.000
Second Ounce	0.000	0.000	0.000
Third Ounce	0.046	0.046	0.000
First Class Cards			
Nonautomated Presort	0.020	0.020	0.000
Automated Basic	0.036	0.036	0.000
Automated 3-Digit	0.043	0.043	0.000
Automated 5-Digit	0.056	0.056	0.000
Automated Carrier-Route	0.061	0.061	0.000
Standard Regular			
Nonautomated Presort Letters	0.017	0.017	0.000
Nonautomated Presort Nonletters	0.053	0.053	0.000
Automated Basic Letters	0.042	0.042	0.000
Automated Basic Flats	0.044	0.044	0.000
Automated 3-Digit Letters	0.032	0.032	0.000
Automated 5-Digit Letters	0.053	0.053	0.000
Automated 3/5-Digit Flats	0.027	0.027	0.000
BMC Destination Entry Discount	0.017	0.017	0.000
SCF Destination Entry Discount	0.022	0.022	0.000
DDU Destination Entry	0.028	0.028	0.000

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Cost Coverage			
	<u>Proposed R2000-1</u>	<u>Alternate Proposal</u>	<u>Alternate Proposal Compared to Proposed R2000-1 Difference</u>
First-Class Letters and Flats - Single Piece	171.2%	169.6%	-1.57%
First-Class Letters and Flats - Presort	263.5%	263.0%	-0.51%
First-Class Cards - Single Piece	111.9%	111.9%	0.02%
First-Class Cards - Private Presort	265.6%	265.6%	0.00%
Total First Class	194.5%	193.3%	-1.26%
Total Periodical	101.3%	101.3%	0.00%
Standard Single Piece			
Standard Regular	132.9%	132.9%	0.00%
Standard Regular Enhanced Carrier Route	208.8%	208.8%	0.00%
Standard Regular and Enhanced Carrier Route	153.1%	153.1%	0.00%
Standard Nonprofit	116.8%	116.8%	0.00%
Standard Nonprofit Enhanced Carrier Route	126.7%	126.7%	0.00%
Total Standard A	148.2%	148.2%	0.00%
Total Standard B	114.5%	114.5%	0.00%
Priority Mail, Express Mail and Mailgrams	186.5%	186.5%	0.00%
Postal Penalty and Free-for-the Blind	0.0%	0.0%	0.00%
International Mail	122.2%	122.2%	0.00%
Special Services	153.3%	153.3%	0.00%
Attributable Costs	168.9%	168.4%	-0.57%
Total	100.0%	99.7%	-0.31%

Cost coverage for a mail type is the ratio of revenue (p. 9) to volume variable cost (p. 11) for the mail type.

Key Rate per Piece (Dollars per Piece)				
	<u>Proposed</u> <u>R2000-1</u>	<u>Alternate</u> <u>Proposal</u>	<u>Alternate</u> <u>Proposal</u> Compared to Proposed R2000-1 <u>Difference</u>	<u>Percent</u> <u>Difference</u>
First-Class Letters and Flats - Single Piece	0.340	0.340	0.000	0.0%
First-Class Letters and Flats - Single Piece Additional Ounces	0.230	0.220	-0.010	-4.3%
First-Class PRM and QBRM Letters	0.310	0.310	0.000	0.0%
First-Class Letters and Flats - Workshared per Piece Rate				
Nonautomated Presort	0.320	0.320	0.000	0.0%
Automated Basic Letters	0.280	0.280	0.000	0.0%
Automated Basic Flats	0.310	0.310	0.000	0.0%
Automated 3-Digit Letters	0.271	0.271	0.000	0.0%
Automated 5-Digit Letters	0.253	0.253	0.000	0.0%
Automated 3/5-Digit Flats	0.277	0.277	0.000	0.0%
Automated Carrier-Route Letters	0.248	0.248	0.000	0.0%
First-Class Letters and Flats - Workshared per Pound Rate				
Nonautomated Presort	0.000	0.000	0.000	---
Automated Basic Letters	0.000	0.000	0.000	---
Automated Basic Flats	0.000	0.000	0.000	---
Automated 3-Digit Letters	0.000	0.000	0.000	---
Automated 5-Digit Letters	0.000	0.000	0.000	---
Automated 3/5-Digit Flats	0.000	0.000	0.000	---
Automated Carrier-Route Letters	0.000	0.000	0.000	---
First-Class Letters and Flats - Workshared Second Ounce	0.230	0.220	-0.010	-4.3%
First-Class Letters and Flats - Workshared Third Ounce	0.184	0.174	-0.010	-5.4%
First-Class Letters and Flats - Workshared Ounces Above Third	0.230	0.220	-0.010	-4.3%
First-Class Stamped Cards	0.230	0.230	0.000	0.0%
First-Class PRM and QBRM Cards	0.180	0.180	0.000	0.0%
First-Class Private Cards				
Single Piece Cards	0.210	0.210	0.000	0.0%
Single Piece Cards at Letter Rates	0.340	0.340	0.000	0.0%
Nonautomated Presort Cards	0.190	0.190	0.000	0.0%
Automated Basic Cards	0.174	0.174	0.000	0.0%
Automated 3-Digit Cards	0.167	0.167	0.000	0.0%
Automated 5-Digit Cards	0.154	0.154	0.000	0.0%
Automated Carrier-Route Cards	0.149	0.149	0.000	0.0%
Standard Single Piece				
Standard Regular				
Nonautomated Basic Letters	0.242	0.242	0.000	0.0%
Nonautomated Basic Nonletters	0.311	0.311	0.000	0.0%
Nonautomated Presort Letters	0.225	0.225	0.000	0.0%
Nonautomated Presort Nonletters	0.258	0.258	0.000	0.0%
Automated Basic Letters	0.200	0.200	0.000	0.0%
Automated Basic Flats	0.267	0.267	0.000	0.0%
Automated 3-Digit Letters	0.193	0.193	0.000	0.0%
Automated 5-Digit Letters	0.172	0.172	0.000	0.0%
Automated 3/5-Digit Flats	0.231	0.231	0.000	0.0%
Standard Regular - Second Ounce	0.000	0.000	0.000	---
Standard Regular - Third Ounce	0.000	0.000	0.000	---
Standard Regular - Ounces Above Third	0.041	0.041	0.000	0.0%
Standard Regular Enhanced Carrier Route				
Automated	0.163	0.163	0.000	0.0%
Basic Letters	0.175	0.175	0.000	0.0%
Basic Nonletters	0.175	0.175	0.000	0.0%
High-Density Letters	0.152	0.152	0.000	0.0%
High-Density Nonletters	0.154	0.154	0.000	0.0%
Saturation Letters	0.143	0.143	0.000	0.0%
Saturation Nonletters	0.148	0.148	0.000	0.0%

	Key Rate per Piece (Dollars per Piece) continued		Alternate Proposal Compared to Proposed R2000-1	Percent Difference
	Proposed R2000-1	Alternate Proposal	Difference	Difference
Standard Regular Enhanced Carrier Route - Second Ounce	0.000	0.000	0.000	---
Standard Regular Enhanced Carrier Route - Third Ounce	0.000	0.000	0.000	---
Standard Regular Enhanced Carrier Route - Ounces Above Third	0.037	0.037	0.000	0.0%

Key rates are inputs to the model and are the rate for one specific type of mail. The key rates for Proposed R2000-1 are obtained from Request of the United States Postal Service for a Recommended Decision, Changes in Rates of Passage and Fees for Postal Services, Docket No. R2000-1. Key rates for an alternative proposal are set by the model user by changing each key rate of each discount and the mail type to which the discount is relative. Discounts are shown on p. 12.

Additional Ounce and Pound Rates (Dollars per Piece or per Ounce)				
	<u>Proposed</u> R2000-1	<u>Alternate</u> Proposal	Alternate Proposal Compared to Proposed R2000-1 <u>Difference</u>	<u>Percent</u> <u>Difference</u>
First-Class Single Piece Additional Ounces	0.230	0.220	-0.010	-4.3%
First-Class Letters - Workshared per Pound Rate				
Nonautomated Presort	0.000	0.000	0.000	---
Automated Basic Letters	0.000	0.000	0.000	---
Automated 3-Digit Letters	0.000	0.000	0.000	---
Automated 5-Digit Letters	0.000	0.000	0.000	---
Automated Carrier-Route Letters	0.000	0.000	0.000	---
First-Class Workshared				
Second Ounce	0.230	0.220	-0.010	-4.3%
Third Ounce	0.184	0.174	-0.010	-5.4%
Above Third Ounce	0.230	0.220	-0.010	-4.3%
Standard Regular Addition for Pound Rate		0.000	0.000	---
Standard Regular Additional Ounces				
Second Ounce	0.000	0.000	0.000	---
Third Ounce	0.000	0.000	0.000	---
Above Third Ounce	0.041	0.041	0.000	---
Standard Enhanced Carrier Route Addition for Pound Rate		0.000	0.000	---
Standard Enhanced Carrier Route				
Second Ounce	0.000	0.000	0.000	---
Third Ounce	0.000	0.000	0.000	---
Above Third Ounce	0.037	0.037	0.000	---

Additional ounce and pound rates are inputs to the model. The additional ounce and pound rates for Proposed R2000-1 are obtained from Request of the United States Postal Service for a Recommended Decision on Changes in Rates of Postage and Fees for Postal Services, Docket No. R2000-1.

-1. Additional ounce and pound rates for an alternative proposal are set by the model user by changing each rate.

Revenue Requirement (Million Dollars)				
	Proposed R2000-1	Alternate Proposal	Difference	Percent Difference
Total Revenues	69,116.8	68,923.9	-192.963	-0.3%
Total Revenue Requirement (Equals Total Costs)	69,138.7	69,163.2	24.509	0.0%
Net Surplus (Deficiency)	(21.83)	(239.30)	(217.5)	996.1%

Total Revenue is obtained from the Revenue Table on p. 6. Total Revenue Requirement (Total Costs) is obtained from the Cost Table on p. 11. Net Surplus(Deficiency) is Total Revenues minus Total Revenue Requirement.

	Volume (Million Pieces)		Alternate Proposal Compared to Proposed R2000-1	
	Proposed R2000-1	Alternate Proposal	Difference	Percent Difference
First-Class Letters and Flats - Single Piece Including QBRM	52,877.658	52,976.718	99.060	0.2%
First-Class Letters and Flats - Single Piece Additional Ounces	21,001.839	21,041.183	39.345	0.2%
First-Class PRM and QBRM Letters	357.932	358.603	0.671	0.2%
First-Class Letters and Flats - Workshared	46,979.736	46,987.255	7.519	0.0%
Nonautomated Presort	2,586.288	2,587.749	1.461	0.1%
Automated Basic Letters	5,620.726	5,621.500	0.773	0.0%
Automated Basic Flats	52.293	52.494	0.201	0.4%
Automated 3-Digit Letters	24,508.201	24,510.366	2.165	0.0%
Automated 5-Digit Letters	12,362.727	12,364.300	1.574	0.0%
Automated 3/5 Digit Flats	304.691	305.736	1.045	0.3%
Automated Carrier-Route Letters	1,544.810	1,545.110	0.300	0.0%
First-Class Letters and Flats - Workshared Ounces One to Two	1,681.963	1,682.233	0.269	0.0%
First-Class Letters and Flats - Workshared Ounces Two to Three	471.274	471.349	0.075	0.0%
First-Class Letters and Flats - Workshared Ounces Over Three	295.463	295.510	0.047	0.0%
First-Class Stamped Cards	415.873	415.873	0.000	0.0%
First-Class PRM and QBRM Cards	103.678	103.562	-0.116	-0.1%
First-Class Private Cards	5,025.078	5,021.902	-3.176	-0.1%
Single-Piece Cards including QBRM & Stamped	2,354.910	2,352.271	-2.639	-0.1%
Nonautomated Presort Cards	383.715	383.477	-0.238	-0.1%
Automated Basic Cards	548.060	547.974	-0.086	0.0%
Automated 3-Digit Cards	939.713	939.621	-0.092	0.0%
Automated 5-Digit Cards	661.035	660.943	-0.093	0.0%
Automated Carrier-Route Cards	137.645	137.615	-0.029	0.0%
Total First Class	105,759.955	105,863.913	103.958	0.1%
Total Periodical	10,321.166	10,321.166	0.000	0.0%
Standard Single Piece				
Standard Regular	40,998.656	40,993.671	-4.986	0.0%
Nonautomated Basic Letters	1,011.823	1,011.701	-0.122	0.0%
Nonautomated Basic Nonletters	1,045.493	1,045.366	-0.127	0.0%
Nonautomated Presort Letters	1,455.143	1,454.968	-0.176	0.0%
Nonautomated Presort Nonletters	1,791.588	1,791.370	-0.218	0.0%
Automated Basic Letters	4,120.244	4,119.742	-0.502	0.0%
Automated Basic Flats	347.480	347.438	-0.043	0.0%
Automated 3-Digit Letters	13,450.018	13,448.382	-1.636	0.0%
Automated 5-Digit Letters	6,378.638	6,377.862	-0.776	0.0%
Automated 3/5-Digit Flats	11,398.229	11,396.842	-1.386	0.0%
Standard Regular - Second Ounce	21,688.159	21,685.521	-2.637	0.0%
Standard Regular - Third Ounce	14,231.318	14,229.588	-1.731	0.0%
Standard Regular - Ounces Above Third	41,537.326	41,532.275	-5.051	0.0%
Standard Regular Enhanced Carrier Route	32,828.212	32,828.212	0.000	0.0%
Automated	1,851.903	1,851.903	0.000	0.0%
Basic Letters	5,449.490	5,449.490	0.000	0.0%
Basic Nonletters	11,794.849	11,794.849	0.000	0.0%
High-Density Letters	393.109	393.109	0.000	0.0%
High-Density Nonletters	1,479.259	1,479.259	0.000	0.0%
Saturation Letters	2,692.107	2,692.107	0.000	0.0%
Saturation Nonletters	9,167.496	9,167.496	0.000	0.0%
Standard Enhanced Carrier Route - Second Ounce	20,981.342	20,981.342	0.000	0.0%
Standard Enhanced Carrier Route - Third Ounce	15,424.743	15,424.743	0.000	0.0%
Standard Enhanced Carrier Route - Ounces Above Third	44,019.581	44,019.581	0.000	0.0%
Standard Regular and Enhanced Carrier Route	73,826.868	73,821.882	-4.986	0.0%
Standard Nonprofit	11,425.579	11,425.579	0.000	0.0%
Standard Nonprofit Enhanced Carrier Route	2,851.875	2,851.875	0.000	0.0%
Total Standard A	88,104.322	88,099.337	-4.986	0.0%

Volume (Million Pieces) - continued				
	<u>Proposed</u> <u>R2000-1</u>	<u>Alternate</u> <u>Proposal</u>	Alternate Proposal Compared to Proposed R2000-1 <u>Difference</u>	<u>Percent</u> <u>Difference</u>
<i>Total Standard B</i>	1,133.060	1,133.060	0.000	0.0%
<i>Priority Mail, Express Mail and Mailgrams</i>	1,381.313	1,381.313	0.000	0.0%
<i>Postal Penalty and Free-for-the Blind</i>	405.217	405.217	0.000	0.0%
Total Domestic Mail	207,105.033	207,204.005	98.972	0.0%
International Mail	1,032.013	1,032.013	0.000	0.0%
Total Domestic and International Mail	208,137.046	208,236.018	98.972	0.0%

Proposed R2000-1 volumes are obtained from the direct testimony of George S. Tolley USPS-T-6. The Alternate volumes are estimated based on the inputs given to the Tolley's forecasting model accompanying his testimony

<u>Revenue (Million Dollars)</u>				
	<u>Proposed</u>	<u>Alternate</u>	<u>Alternate</u>	<u>Percent</u>
	<u>R2000-1</u>	<u>Proposal</u>	<u>Proposed</u>	<u>Difference</u>
			<u>Compared to</u>	<u>Difference</u>
			<u>Proposed</u>	
			<u>R2000-1</u>	
			<u>Difference</u>	<u>Difference</u>
First-Class Letters and Flats - Single Piece Per Piece Except QBRM	17,856.707	17,890.159	33.452	0.2%
First-Class Letters and Flats - Single Piece Additional Ounces	4,830.423	4,629.060	-201.363	-4.2%
First-Class PRM and QBRM Letters	110.959	111.167	0.208	0.2%
First-Class Single-Piece Letter Fees	167.072	167.072	0.000	0.0%
Nonstandard Pieces	39.634	39.634		
First-Class Letters and Flats - Workshared Total	13,226.407	13,202.899	-23.508	-0.2%
First-Class Letters and Flats - Workshared Per Piece	12,640.686	12,642.758	2.072	0.0%
Nonautomated Presort	823.093	823.558	0.465	0.1%
Automated Basic Letters	1,569.908	1,570.124	0.216	0.0%
Automated Basic Flats	10.841	10.882	0.042	0.4%
Automated 3-Digit Letters	6,641.722	6,642.309	0.587	0.0%
Automated 5-Digit Letters	3,127.770	3,128.168	0.398	0.0%
Automated 3/5-Digit Flats	84.454	84.744	0.290	0.3%
Automated Carrier-Route Letters	382.898	382.972	0.074	0.0%
First-Class Letters and Flats - Workshared Ounces One to Two	386.851	370.091	-16.760	-4.3%
First-Class Letters and Flats - Workshared Ounces Two to Three	108.393	102.518	-5.875	-5.4%
First-Class Letters and Flats - Workshared Ounces Over Three	67.956	65.012	-2.944	-4.3%
First-Class Letters and Flats - Workshared Fees	22.520	22.520	0.000	0.0%
First-Class Stamped Cards	87.333	87.333	0.000	0.0%
First-Class PRM and QBRM Cards	18.662	18.641	-0.021	-0.1%
First-Class Private Cards	937.780	937.136	-0.643	-0.1%
Single-Piece Cards at Cards Rates	444.470	443.972	-0.498	-0.1%
Single-Piece Cards at Letter Rates	45.800	45.749	-0.051	-0.1%
Nonautomated Presort Cards	72.906	72.861	-0.045	-0.1%
Automated Basic Cards	95.362	95.347	-0.015	0.0%
Automated 3-Digit Cards	156.932	156.917	-0.015	0.0%
Automated 5-Digit Cards	101.799	101.785	-0.014	0.0%
Automated Carrier-Route Cards	20.509	20.505	-0.004	0.0%
First-Class Single Piece Cards Fees	7.636	7.636	0.000	0.0%
First-Class Workshared Cards Fees	1.278	1.278	0.000	0.0%
Total First Class	37,283.890	37,092.016	-191.874	-0.5%
Total Periodical	2,498.774	2,498.774	0.000	0.0%
Standard Single Piece				
Standard Regular	9,070.437	9,069.349	-1.088	0.0%
Nonautomated Basic Letters	244.861	244.832	-0.030	0.0%
Nonautomated Basic Nonletters	247.847	247.817	-0.030	0.0%
Nonautomated Presort Letters	311.613	311.576	-0.038	0.0%
Nonautomated Presort Nonletters	306.085	306.048	-0.037	0.0%
Automated Basic Letters	824.049	823.948	-0.100	0.0%
Automated Basic Flats	68.900	68.891	-0.008	0.0%
Automated 3-Digit Letters	2,473.993	2,473.692	-0.301	0.0%
Automated 5-Digit Letters	1,039.334	1,039.207	-0.126	0.0%
Automated 3/5-Digit Flats	1,714.556	1,714.347	-0.209	0.0%
Standard Regular - Second Ounce	0.000	0.000	0.000	---
Standard Regular - Third Ounce	0.000	0.000	0.000	---
Standard Regular - Ounces Above Third	1,716.011	1,715.802	-0.209	0.0%
Fees, Residual Shape, and Adjustments	121.918	121.918	0.000	0.0%
Standard Regular Enhanced Carrier Route	5,162.025	5,162.025	0.000	0.0%
Automated	301.860	301.860	0.000	0.0%
Basic Letters	953.661	953.661	0.000	0.0%
Basic Nonletters	1,427.690	1,427.690	0.000	0.0%
High-Density Letters	41.972	41.972	0.000	0.0%
High-Density Nonletters	64.797	64.797	0.000	0.0%
Saturation Letters	263.208	263.208	0.000	0.0%
Saturation Nonletters	482.618	482.618	0.000	0.0%
Standard Enhanced Carrier Route - Second Ounce	0.000	0.000	0.000	---
Standard Enhanced Carrier Route - Third Ounce	0.000	0.000	0.000	---
Standard Enhanced Carrier Route - Ounces Above Third	1,606.715	1,606.715	0.000	0.0%
Fees, Residual Shape, and Adjustments	19.764	19.764	0.000	0.0%
Standard Regular and Enhanced Carrier Route	14,232.462	14,231.374	-1.088	0.0%

Revenue (Million Dollars) - continued				
	<u>Proposed</u> <u>R2000-1</u>	<u>Alternate</u> <u>Proposal</u>	<u>Alternate</u> <u>Proposal</u> Compared to Proposed R2000-1	<u>Percen</u> <u>Difference</u>
Standard Nonprofit	1,543.086	1,543.086	0.000	0.0%
Standard Nonprofit Enhanced Carrier Route	264.218	264.218	0.000	0.0%
<i>Total Standard A</i>	16,039.766	16,038.678	-1.089	0.0%
<i>Total Standard B</i>	2,152.241	2,152.241	0.000	0.0%
<i>Priority Mail, Express Mail and Mailgrams</i>	6,611.961	6,611.961	0.000	0.0%
<i>Postal Penalty and Free-for-the Blind</i>	0.000	0.000	0.000	---
<i>Total Domestic Mail</i>	64,586.633	64,393.670	-192.963	-0.3%
<i>International Mail</i>	1,747.558	1,747.558	0.000	0.0%
<i>Special Services</i>	2,359.312	2,359.312	0.000	0.0%
<i>Other Income</i>	383.847	383.847	0.000	0.0%
<i>Attributable Revenue</i>	69,077.349	68,884.386	-192.963	-0.3%
<i>Continuing Appropriations</i>	67.093	67.093	0.000	0.0%
<i>Investment Income</i>	-27.621	-27.621	0.000	0.0%
Total Revenue	69,116.821	68,923.858	-192.963	-0.3%

Revenue is revenue per piece or key rate multiplied by volume for First-Class and Standard A.. For other types of mails and other types of revenues (e.g., special services, other income) revenue is set at the levels shown in the Direct Testimony of Virginia J. Mayes in Docket No. R2000-1, USPS-T-32, Exhibit USPS-32B

Costs (Million Dollars)				
	<u>Proposed</u>	<u>Alternate</u>	<u>Alternate</u>	
	<u>R2000-1</u>	<u>Proposal</u>	<u>Proposal</u>	<u>Compared to</u>
			<u>Difference</u>	<u>Proposed</u>
				<u>R2000-1</u>
				<u>Difference</u>
				<u>Percent</u>
				<u>Difference</u>
First-Class Letters and Flats - Single Piece	13,437.357	13,462.530	25.173	0.2%
First-Class Letters and Flats - Presort	5,019.464	5,020.267	0.803	0.0%
First-Class Cards - Single Piece	539.919	539.314	-0.605	-0.1%
First-Class Cards - Private Presort	168.958	168.924	-0.034	0.0%
Total First Class	19,165.698	19,191.036	25.338	0.1%
Total Periodical	2,465.588	2,465.588	0.000	0.0%
Standard Single Piece				
Standard Regular	6,823.933	6,823.104	-0.829	0.0%
Standard Regular Enhanced Carrier Route	2,471.864	2,471.864	0.000	0.0%
Standard Regular and Enhanced Carrier Route	9,295.797	9,294.968	-0.829	0.0%
Standard Nonprofit	1,320.611	1,320.611	0.000	0.0%
Standard Nonprofit Enhanced Carrier Route	208.577	208.577	0.000	0.0%
Total Standard A	10,824.985	10,824.156	-0.829	0.0%
Total Standard B	1,880.001	1,880.001	0.000	0.0%
Priority Mail, Express Mail and Mailgrams	3,546.046	3,546.046	0.000	0.0%
Postal Penalty and Free-for-the Blind	40.348	40.348	0.000	0.0%
Total Domestic Mail	37,922.666	37,947.175	24.509	0.1%
International Mail	1,429.916	1,429.916	0.000	0.0%
Special Services	1,539.113	1,539.113	0.000	0.0%
Other Variable Costs	0.000	0.000	0.000	#DIV/0!
Attributable Costs	40,891.695	40,916.204	24.509	0.1%
Total Other Costs	27,978.701	27,978.701	0.000	0.0%
Prior Years Loss Recovery	268.257	268.257	0.000	0.0%
Total Costs	69,138.653	69,163.162	24.509	0.0%
Volume Variable Cost per Piece (Dollars per Piece)				
	<u>Proposed R2000-1</u>	<u>Alternate Proposal</u>		
First-Class Letters and Flats - Single P	0.2541	0.2541		
First-Class Letters and Flats - Presort	0.1068	0.1068		
First-Class Cards - Single Piece	0.2293	0.2293		
First-Class Cards - Private Presort	0.0633	0.0633		
Standard Regular	0.1664	0.1664		
Standard Regular Enhanced Carrier R	0.0753	0.0753		
			Mail Processing Cost	0.00000
			Forwarding Cost	0.00000

Costs are cost per piece multiplied by volume for First-Class and standard (A) commercial mail. For other types of mail and other types of revenue (e.g., special services, other variable costs), costs are set at the levels expected by the Postal Service in R2000-1 Proposed).

Discounts (Dollars per Piece)				
	<u>Proposed R2000-1</u>	<u>Alternate Proposal</u>	<u>Alternate Proposal Compared to Proposed R2000-1 Difference</u>	<u>Percent Difference</u>
First-Class Single Piece Letters Rate	0.340	0.340	0.000	0.0%
First-Class Letters and Flats - Workshared Discounts for:				
Nonautomated Presort	0.020	0.020	0.000	0.0%
Automated Basic Letters	0.060	0.060	0.000	0.0%
Automated Basic Flats	0.030	0.030	0.000	0.0%
Automated 3-Digit Letters	0.069	0.069	0.000	0.0%
Automated 5-Digit Letters	0.087	0.087	0.000	0.0%
Automated 3/5-Digit Flats	0.063	0.063	0.000	0.0%
Automated Carrier-Route Letters	0.092	0.092	0.000	0.0%
Workshared Discount on Second Ounce	0.000	0.000	0.000	0.0%
Workshared Discount on Third Ounce	0.046	0.046	0.000	0.0%
First-Class Single Piece Cards Rate	0.210	0.210	0.000	0.0%
First-Class Private Cards - Workshared Discounts for:				
Nonautomated Presort Cards	0.020	0.020	0.000	0.0%
Automated Basic Cards	0.036	0.036	0.000	0.0%
Automated 3-Digit Cards	0.043	0.043	0.000	0.0%
Automated 5-Digit Cards	0.056	0.056	0.000	0.0%
Automated Carrier-Route Cards	0.061	0.061	0.000	0.0%
Standard Regular Discount Decrease and Enhanced Carrier Route Rate Increase from Proposed R2000-1			0.00000	
Standard Regular Nonautomated Basic Letters Rate	0.242	0.242	0.000	0.0%
Standard Regular Letters Discounts for:				
Nonautomated Presort Letters	0.017	0.017	0.000	0.0%
Automated Basic Letters	0.042	0.042	0.000	0.0%
Automated 3-Digit Letters	0.032	0.032	0.000	0.0%
Automated 5-Digit Letters	0.053	0.053	0.000	0.0%
Standard Regular Nonautomated Basic Nonletters Rate	0.311	0.311	0.000	0.0%
Standard Regular Nonletters Discounts for:				
Nonautomated Presort Nonletters	0.053	0.053	0.000	0.0%
Automated Basic Flats	0.044	0.044	0.000	0.0%
Automated 3/5-Digit Flats	0.027	0.027	0.000	0.0%
Standard Regular Enhanced Carrier Route Basic Letters Rate	0.175	0.175	0.000	0.0%
Standard Regular Enhanced Carrier Route Letters Discounts for:				
Automated	0.012	0.012	0.000	0.0%
High-Density Letters	0.023	0.023	0.000	0.0%
Saturation Letters	0.032	0.032	0.000	0.0%
Standard Regular Enhanced Carrier Route Basic Nonletters	0.175	0.175	0.000	0.0%
Standard Regular Enhanced Carrier Route Nonletters Discount for:				
High-Density Nonletters	0.021	0.021	0.000	0.0%
Saturation Nonletters	0.027	0.027	0.000	0.0%
Standard Regular				
BMC Destination Entry	0.017	0.017	0.000	0.0%
SCF Destination Entry	0.022	0.022	0.000	0.0%
DDU Destination Entry	0.028	0.028	0.000	0.0%

Discounts are inputs to the model and are the discount for one specific type of mail. The discounts for Proposed R2000-1 are obtained from Request of the United States Postal Service for a Recommended Decision on Changes in Rates of Postage and Fees for Postal Services, Docket No. R2000-1. Discounts for an alternative proposal are set by the model user by changing each key rate or each discount and the mail type to which the discount is relative. Key rates are shown on p. 3.

Revenue per Piece (Dollars per Piece)			
	<u>Proposed R2000-1</u>	<u>Alternate Proposal</u>	<u>Alternate Proposal Compared to Proposed R2000-1 Difference</u>
First-Class Letters and Flats - Single Piece	0.3408	0.3408	0.000
First-Class Letters and Flats - Single Piece Additional Ounces	0.2300	0.2200	-0.010
First-Class PRM and QBRM Letters	0.3100	0.3100	0.000
First-Class Letters and Flats - Workshared per Piece Rate			
Nonautomated Presort	0.3183	0.3183	0.000
Automated Basic Letters	0.2793	0.2793	0.000
Automated Basic Flats	0.2073	0.2073	0.000
Automated 3-Digit Letters	0.2710	0.2710	0.000
Automated 5-Digit Letters	0.2530	0.2530	0.000
Automated 3/5-Digit Flats	0.2772	0.2772	0.000
Automated Carrier-Route Letters	0.2479	0.2479	0.000
First-Class Letters and Flats - Workshared per Pound Rate			
Nonautomated Presort	0.0000	0.0000	0.000
Automated Basic Letters	0.0000	0.0000	0.000
Automated Basic Flats	0.0000	0.0000	0.000
Automated 3-Digit Letters	0.0000	0.0000	0.000
Automated 5-Digit Letters	0.0000	0.0000	0.000
Automated 3/5-Digit Flats	0.0000	0.0000	0.000
Automated Carrier-Route Letters	0.0000	0.0000	0.000
First-Class Letters and Flats - Workshared Ounces One to Two	0.2300	0.2200	-0.010
First-Class Letters and Flats - Workshared Ounces Two to Three	0.2300	0.2175	-0.012
First-Class Letters and Flats - Workshared Ounces Over Three	0.2300	0.2200	-0.010
First-Class Stamped Cards	0.2100	0.2100	0.000
First-Class PRM and QBRM Cards	0.1800	0.1800	0.000
First-Class Private Cards			
Single Piece Cards at Cards Rates	0.2100	0.2100	0.000
Single Piece Cards at Letter Rates	0.3400	0.3400	0.000
Nonautomated Presort Cards	0.1900	0.1900	0.000
Automated Basic Cards	0.1740	0.1740	0.000
Automated 3-Digit Cards	0.1670	0.1670	0.000
Automated 5-Digit Cards	0.1540	0.1540	0.000
Automated Carrier-Route Cards	0.1490	0.1490	0.000
Standard Single Piece			
Standard Regular			
Nonautomated Basic Letters	0.2420	0.2420	0.000
Nonautomated Basic Nonletters	0.2371	0.2371	0.000
Nonautomated Presort Letters	0.2141	0.2141	0.000
Nonautomated Presort Nonletters	0.1708	0.1708	0.000
Automated Basic Letters	0.2000	0.2000	0.000
Automated Basic Flats	0.1983	0.1983	0.000
Automated 3-Digit Letters	0.1839	0.1839	0.000
Automated 5-Digit Letters	0.1629	0.1629	0.000
Automated 3/5-Digit Flats	0.1504	0.1504	0.000
Standard Regular - Second Ounce	0.0000	0.0000	0.000
Standard Regular - Third Ounce	0.0000	0.0000	0.000
Standard Regular - Ounces Above Third	0.0413	0.0413	0.000
Standard Regular Enhanced Carrier Route			
Automated	0.1630	0.1630	0.000
Basic Letters	0.1750	0.1750	0.000
Basic Nonletters	0.1210	0.1210	0.000
High-Density Letters	0.1068	0.1068	0.000
High-Density Nonletters	0.0438	0.0438	0.000
Saturation Letters	0.0978	0.0978	0.000
Saturation Nonletters	0.0526	0.0526	0.000
Standard Enhanced Carrier Route - Second Ounce	0.0000	0.0000	0.000
Standard Enhanced Carrier Route - Third Ounce	0.0000	0.0000	0.000
Standard Enhanced Carrier Route - Ounces Above Third	0.0365	0.0365	0.000
Standard Nonprofit	0.1351	0.1351	0.000
Standard Nonprofit Enhanced Carrier Route	0.0926	0.0926	0.000

Revenue per piece for Proposed R2000-1 is taken from Direct Testimony of David R. Frank in Docket No. R2000-1, USPS-T-33, Workpaper 1 and Direct Testimony of Joseph D. Moeller in Docket No. R2000-1, USPS-T-36, Workpaper 1. Revenue per piece in the Alternative Proposal is the key rate per piece (p. 3) multiplied by the key rate to revenue per piece adjustment (p. 15).

Additional Ounces as Percent of First Ounces		
	<u>Proposed R2000-</u> <u>1</u>	<u>Alternate</u> <u>Proposal</u>
First-Class Single Piece	39.72%	39.72%
First-Class Workshared		
Second Ounce	3.58%	3.58%
Third Ounce	1.00%	1.00%
Ounces Above Third Ounce	0.63%	0.63%
Standard Regular		
Second Ounce	52.90%	52.90%
Third Ounce	34.71%	34.71%
Ounces Above Third Ounce	101.31%	101.31%
Standard Enhanced Carrier Route		
Second Ounce	63.91%	63.91%
Third Ounce	46.99%	46.99%
Ounces Above Third Ounce	134.09%	134.09%

Additional ounces charged for as a percentage of first ounces is obtained from Sahron Daniel's R2000-1 LR-1-91 and LR-1-92

Key Rate to Revenue per Piece Adjustment			
	<u>Proposed R2000-1</u>	<u>Alternate Proposal</u>	<u>Alternate Proposal Compared to Proposed R2000-1 Difference</u>
First-Class Single Piece	1.002	1.002	0.000
First-Class Letters and Flats - Single Piece Additional Ounces	1.000	1.000	0.000
First-Class PRM and QBRM Letters	1.000	1.000	0.000
First-Class Letters and Flats - Workshared per Piece Rate			
Nonautomated Presort	0.995	0.995	0.000
Automated Basic Letters	0.998	0.998	0.000
Automated Basic Flats	0.669	0.669	0.000
Automated 3-Digit Letters	1.000	1.000	0.000
Automated 5-Digit Letters	1.000	1.000	0.000
Automated 3/5-Digit Flats	1.000	1.000	0.000
Automated Carrier-Route Letters	0.999	0.999	0.000
First-Class Letters and Flats - Workshared per Pound Rate			
Nonautomated Presort	0.000	1.000	1.000
Automated Basic Letters	0.000	1.000	1.000
Automated Basic Flats	0.000	0.669	0.669
Automated 3-Digit Letters	0.000	1.000	1.000
Automated 5-Digit Letters	0.000	1.000	1.000
Automated 3/5-Digit Flats	0.000	1.000	1.000
Automated Carrier-Route Letters	0.000	1.000	1.000
First-Class Letters and Flats - Workshared Second Ounce	1.000	1.000	0.000
First-Class Letters and Flats - Workshared Third Ounce	1.250	1.250	0.000
First-Class Letters and Flats - Workshared Ounces Above 3	1.000	1.000	0.000
First-Class Stamped Cards	0.913	0.913	0.000
First-Class PRM and QBRM Cards	1.000	1.000	0.000
First-Class Private Cards			
Single Piece Cards	1.000	1.000	0.000
Nonautomated Presort	1.000	1.000	0.000
Automated Basic	1.000	1.000	0.000
Automated 3-Digit	1.000	1.000	0.000
Automated 5-Digit	1.000	1.000	0.000
Automated Carrier-Route	1.000	1.000	0.000
Standard Single Piece			
Standard Regular			
Nonautomated Basic Letters	1.000	1.000	0.000
Nonautomated Basic Nonletters	0.762	0.762	0.000
Nonautomated Presort Letters	0.952	0.952	0.000
Nonautomated Presort Nonletters	0.662	0.662	0.000
Automated Basic Letters	1.000	1.000	0.000
Automated Basic Flats	0.743	0.743	0.000
Automated 3-Digit Letters	0.953	0.953	0.000
Automated 5-Digit Letters	0.947	0.947	0.000
Automated 3/5-Digit Flats	0.651	0.651	0.000
Standard Regular - Second Ounce	1.000	1.000	0.000
Standard Regular - Third Ounce	1.000	1.000	0.000
Standard Regular - Ounces Above Third	1.000	1.000	0.000
Standard Regular Enhanced Carrier Route			
Automated	1.000	1.000	0.000
Basic Letters	1.000	1.000	0.000
Basic Nonletters	0.692	0.692	0.000
High-Density Letters	0.702	0.702	0.000
High-Density Nonletters	0.284	0.284	0.000
Saturation Letters	0.684	0.684	0.000
Saturation Nonletters	0.356	0.356	0.000
Standard Enhanced Carrier Route - Second Ounce	1.000	1.000	0.000
Standard Enhanced Carrier Route - Third Ounce	1.000	1.000	0.000
Standard Enhanced Carrier Route - Ounces Above Third	1.000	1.000	0.000

The key rate to revenue adjustment is the ratio of the key rate per piece (p. 3) to revenue per piece (p. 13).

Discounts For Share Calculations			
	<u>Proposed R2000-1</u>	<u>Alternate Proposal</u>	<u>Alternate Proposal Compared to Proposed R2000-1 Difference</u>
First-Class			
Nonautomated Presort	0.020	0.020	0.000
Automated Basic Letters	0.060	0.060	0.000
Automated Basic Flats	0.030	0.030	0.000
Automated 3-Digit Letters	0.069	0.069	0.000
Automated 5-Digit Letters	0.087	0.087	0.000
Automated 3/5-Digit Flats	0.063	0.063	0.000
Automated Carrier-Route Letters	0.092	0.092	0.000
Second Ounce	0.000	0.000	0.000
Third Ounce	0.046	0.046	0.000
First Class Cards			
Nonautomated Presort	0.020	0.020	0.000
Automated Basic	0.036	0.036	0.000
Automated 3-Digit	0.043	0.043	0.000
Automated 5-Digit	0.056	0.056	0.000
Automated Carrier-Route	0.061	0.061	0.000
Standard Regular			
Nonautomated Presort Letters	0.017	0.017	0.000
Nonautomated Presort Nonletters	0.053	0.053	0.000
Automated Basic Letters	0.042	0.042	0.000
Automated Basic Flats	0.044	0.044	0.000
Automated 3-Digit Letters	0.032	0.032	0.000
Automated 5-Digit Letters	0.053	0.053	0.000
Automated 3/5-Digit Flats	0.027	0.027	0.000
BMC Destination Entry Discount	0.017	0.017	0.000
SCF Destination Entry Discount	0.022	0.022	0.000
DDU Destination Entry	0.028	0.028	0.000

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Cost Coverage			
	Proposed R2000-1	Alternate Proposal	Alternate Proposal Compared to Proposed R2000-1 Difference
First-Class Letters and Flats - Single Piece	171.2%	171.2%	0.00%
First-Class Letters and Flats - Presort	263.5%	262.0%	-1.54%
First-Class Cards - Single Piece	111.9%	111.9%	0.00%
First-Class Cards - Private Presort	265.6%	265.6%	0.00%
Total First Class	194.5%	194.1%	-0.40%
Total Periodical	101.3%	101.3%	0.00%
Standard Single Piece			
Standard Regular	132.9%	132.9%	0.00%
Standard Regular Enhanced Carrier Route	208.8%	208.8%	0.00%
Standard Regular and Enhanced Carrier Route	153.1%	153.1%	0.00%
Standard Nonprofit	116.8%	116.8%	0.00%
Standard Nonprofit Enhanced Carrier Route	126.7%	126.7%	0.00%
Total Standard A	148.2%	148.2%	0.00%
Total Standard B	114.5%	114.5%	0.00%
Priority Mail, Express Mail and Mailgrams	186.5%	186.5%	0.00%
Postal Penalty and Free-for-the Blind	0.0%	0.0%	0.00%
International Mail	122.2%	122.2%	0.00%
Special Services	153.3%	153.3%	0.00%
Attributable Costs	168.9%	168.7%	-0.19%
Total	100.0%	99.9%	-0.11%

Cost coverage for a mail type is the ratio of revenue (p. 9) to volume variable cost (p. 11) for the mail type.

Key Rate per Piece (Dollars per Piece)				
	<u>Proposed</u> <u>R2000-1</u>	<u>Alternate</u> <u>Proposal</u>	Alternate Proposal Compared to Proposed R2000-1 <u>Difference</u>	<u>Percent</u> <u>Difference</u>
First-Class Letters and Flats - Single Piece	0.340	0.340	0.000	0.0%
First-Class Letters and Flats - Single Piece Additional Ounces	0.230	0.230	0.000	0.0%
First-Class PRM and QBRM Letters	0.310	0.310	0.000	0.0%
First-Class Letters and Flats - Workshared per Piece Rate				
Nonautomated Presort	0.320	0.320	0.000	0.0%
Automated Basic Letters	0.280	0.280	0.000	0.0%
Automated Basic Flats	0.310	0.310	0.000	0.0%
Automated 3-Digit Letters	0.271	0.271	0.000	0.0%
Automated 5-Digit Letters	0.253	0.253	0.000	0.0%
Automated 3/5-Digit Flats	0.277	0.277	0.000	0.0%
Automated Carrier-Route Letters	0.248	0.248	0.000	0.0%
First-Class Letters and Flats - Workshared per Pound Rate				
Nonautomated Presort	0.000	0.000	0.000	---
Automated Basic Letters	0.000	0.000	0.000	---
Automated Basic Flats	0.000	0.000	0.000	---
Automated 3-Digit Letters	0.000	0.000	0.000	---
Automated 5-Digit Letters	0.000	0.000	0.000	---
Automated 3/5-Digit Flats	0.000	0.000	0.000	---
Automated Carrier-Route Letters	0.000	0.000	0.000	---
First-Class Letters and Flats - Workshared Second Ounce	0.230	0.184	-0.046	-20.0%
First-Class Letters and Flats - Workshared Third Ounce	0.184	0.184	0.000	0.0%
First-Class Letters and Flats - Workshared Ounces Above Third	0.230	0.230	0.000	0.0%
First-Class Stamped Cards	0.230	0.230	0.000	0.0%
First-Class PRM and QBRM Cards	0.180	0.180	0.000	0.0%
First-Class Private Cards				
Single Piece Cards	0.210	0.210	0.000	0.0%
Single Piece Cards at Letter Rates	0.340	0.340	0.000	0.0%
Nonautomated Presort Cards	0.190	0.190	0.000	0.0%
Automated Basic Cards	0.174	0.174	0.000	0.0%
Automated 3-Digit Cards	0.167	0.167	0.000	0.0%
Automated 5-Digit Cards	0.154	0.154	0.000	0.0%
Automated Carrier-Route Cards	0.149	0.149	0.000	0.0%
Standard Single Piece				
Standard Regular				
Nonautomated Basic Letters	0.242	0.242	0.000	0.0%
Nonautomated Basic Nonletters	0.311	0.311	0.000	0.0%
Nonautomated Presort Letters	0.225	0.225	0.000	0.0%
Nonautomated Presort Nonletters	0.258	0.258	0.000	0.0%
Automated Basic Letters	0.200	0.200	0.000	0.0%
Automated Basic Flats	0.267	0.267	0.000	0.0%
Automated 3-Digit Letters	0.193	0.193	0.000	0.0%
Automated 5-Digit Letters	0.172	0.172	0.000	0.0%
Automated 3/5-Digit Flats	0.231	0.231	0.000	0.0%
Standard Regular - Second Ounce	0.000	0.000	0.000	---
Standard Regular - Third Ounce	0.000	0.000	0.000	---
Standard Regular - Ounces Above Third	0.041	0.041	0.000	0.0%
Standard Regular Enhanced Carrier Route				
Automated	0.163	0.163	0.000	0.0%
Basic Letters	0.175	0.175	0.000	0.0%
Basic Nonletters	0.175	0.175	0.000	0.0%
High-Density Letters	0.152	0.152	0.000	0.0%
High-Density Nonletters	0.154	0.154	0.000	0.0%
Saturation Letters	0.143	0.143	0.000	0.0%
Saturation Nonletters	0.148	0.148	0.000	0.0%

<u>Key Rate per Piece (Dollars per Piece) continued</u>				
	<u>Proposed</u> <u>R2000-1</u>	<u>Alternate</u> <u>Proposal</u>	Alternate Proposal Compared to Proposed R2000-1 <u>Difference</u>	<u>Percent</u> <u>Difference</u>
Standard Regular Enhanced Carrier Route - Second Ounce	0.000	0.000	0.000	---
Standard Regular Enhanced Carrier Route - Third Ounce	0.000	0.000	0.000	---
Standard Regular Enhanced Carrier Route - Ounces Above Third	0.037	0.037	0.000	0.0%

Key rates are inputs to the model and are the rate for one specific type of mail. The key rates for Proposed R2000-1 are obtained from Request of the United States Postal Service for a Recommended Decision on Changes in Rates of Postage and Fees for Postal Services, Docket No. R2000-1. Key rates for an alternative proposal are set by the model user by changing each key rate or each discount and the mail type to which the discount is relative. Discounts are shown on p. 12.

Additional Ounce and Pound Rates (Dollars per Piece or per Ounce)				
	<u>Proposed R2000-1</u>	<u>Alternate Proposal</u>	<u>Alternate Proposal Compared to Proposed R2000-1 Difference</u>	<u>Percent Difference</u>
First-Class Single Piece Additional Ounces	0.230	0.230	0.000	0.0%
First-Class Letters - Workshared per Pound Rate				
Nonautomated Presort	0.000	0.000	0.000	---
Automated Basic Letters	0.000	0.000	0.000	---
Automated 3-Digit Letters	0.000	0.000	0.000	---
Automated 5-Digit Letters	0.000	0.000	0.000	---
Automated Carrier-Route Letters	0.000	0.000	0.000	---
First-Class Workshared				
Second Ounce	0.230	0.184	-0.046	-20.0%
Third Ounce	0.184	0.184	0.000	0.0%
Above Third Ounce	0.230	0.230	0.000	0.0%
Standard Regular Addition for Pound Rate		0.000	0.000	---
Standard Regular Additional Ounces				
Second Ounce	0.000	0.000	0.000	---
Third Ounce	0.000	0.000	0.000	---
Above Third Ounce	0.041	0.041	0.000	---
Standard Enhanced Carrier Route Addition for Pound Rate		0.000	0.000	---
Standard Enhanced Carrier Route				
Second Ounce	0.000	0.000	0.000	---
Third Ounce	0.000	0.000	0.000	---
Above Third Ounce	0.037	0.037	0.000	---

Additional ounce and pound rates are inputs to the model. The additional ounce and pound rates for Proposed R2000-1 are obtained from Request of the United States Postal Service for a Recommended Decision on Changes in Rates of Postage and Fees for Postal Services, Docket No. R2000-1

-1. Additional ounce and pound rates for an alternative proposal are set by the model user by changing each rate.

Revenue Requirement (Million Dollars)				
	<u>Proposed</u>	<u>Alternate</u>	<u>Alternate</u>	
	<u>R2000-1</u>	<u>Proposal</u>	<u>Proposed</u>	<u>Percent</u>
			<u>Difference</u>	<u>Difference</u>
Total Revenues	69,116.8	69,040.2	-76.666	-0.1%
Total Revenue Requirement (Equals Total Costs)	69,138.7	69,138.8	0.115	0.0%
Net Surplus (Deficiency)	(21.83)	(98.61)	(76.8)	351.7%

Total Revenue is obtained from the Revenue Table on p. 6. Total Revenue Requirement (Total Costs) is obtained from the Cost Table on p. 11. Net Surplus(Deficiency) is Total Revenues minus Total Revenue Requirement.

	Volume (Million Pieces)		Alternate Proposal Compared to Proposed R2000-1	
	Proposed R2000-1	Alternate Proposal	Difference	Percent Difference
First-Class Letters and Flats - Single Piece Including QBRM	52,877.658	52,877.658	0.000	0.0%
First-Class Letters and Flats - Single Piece Additional Ounces	21,001.839	21,001.839	0.000	0.0%
First-Class PRM and QBRM Letters	357.932	357.932	0.000	0.0%
First-Class Letters and Flats - Workshared	46,979.736	46,983.721	3.985	0.0%
Nonautomated Presort	2,586.288	2,586.288	0.000	0.0%
Automated Basic Letters	5,620.726	5,624.711	3.985	0.1%
Automated Basic Flats	52.293	52.293	0.000	0.0%
Automated 3-Digit Letters	24,508.201	24,508.201	0.000	0.0%
Automated 5-Digit Letters	12,362.727	12,362.727	0.000	0.0%
Automated 3/5-Digit Flats	304.691	304.691	0.000	0.0%
Automated Carrier-Route Letters	1,544.810	1,544.810	0.000	0.0%
First-Class Letters and Flats - Workshared Ounces One to Two	1,681.963	1,682.106	0.143	0.0%
First-Class Letters and Flats - Workshared Ounces Two to Three	471.274	471.314	0.040	0.0%
First-Class Letters and Flats - Workshared Ounces Over Three	295.463	295.488	0.025	0.0%
First-Class Stamped Cards	415.873	415.873	0.000	0.0%
First-Class PRM and QBRM Cards	103.678	103.678	0.000	0.0%
First-Class Private Cards	5,025.078	5,024.636	-0.443	0.0%
Single-Piece Cards including QBRM & Stamped	2,354.910	2,354.910	0.000	0.0%
Nonautomated Presort Cards	383.715	383.715	0.000	0.0%
Automated Basic Cards	548.060	547.617	-0.443	-0.1%
Automated 3-Digit Cards	939.713	939.713	0.000	0.0%
Automated 5-Digit Cards	661.035	661.035	0.000	0.0%
Automated Carrier-Route Cards	137.645	137.645	0.000	0.0%
Total First Class	105,759.955	105,763.498	3.543	0.0%
Total Periodical	10,321.166	10,321.166	0.000	0.0%
Standard Single Piece				
Standard Regular	40,998.656	40,996.952	-1.704	0.0%
Nonautomated Basic Letters	1,011.823	1,011.782	-0.042	0.0%
Nonautomated Basic Nonletters	1,045.493	1,045.449	-0.043	0.0%
Nonautomated Presort Letters	1,455.143	1,455.083	-0.060	0.0%
Nonautomated Presort Nonletters	1,791.588	1,791.513	-0.074	0.0%
Automated Basic Letters	4,120.244	4,120.072	-0.171	0.0%
Automated Basic Flats	347.480	347.466	-0.015	0.0%
Automated 3-Digit Letters	13,450.018	13,449.459	-0.559	0.0%
Automated 5-Digit Letters	6,378.638	6,378.373	-0.265	0.0%
Automated 3/5-Digit Flats	11,398.229	11,397.755	-0.474	0.0%
Standard Regular - Second Ounce	21,688.159	21,687.257	-0.901	0.0%
Standard Regular - Third Ounce	14,231.318	14,230.727	-0.591	0.0%
Standard Regular - Ounces Above Third	41,537.326	41,535.600	-1.726	0.0%
Standard Regular Enhanced Carrier Route	32,828.212	32,828.212	0.000	0.0%
Automated	1,851.903	1,851.903	0.000	0.0%
Basic Letters	5,449.490	5,449.490	0.000	0.0%
Basic Nonletters	11,794.849	11,794.849	0.000	0.0%
High-Density Letters	393.109	393.109	0.000	0.0%
High-Density Nonletters	1,479.259	1,479.259	0.000	0.0%
Saturation Letters	2,692.107	2,692.107	0.000	0.0%
Saturation Nonletters	9,167.496	9,167.496	0.000	0.0%
Standard Enhanced Carrier Route - Second Ounce	20,981.342	20,981.342	0.000	0.0%
Standard Enhanced Carrier Route - Third Ounce	15,424.743	15,424.743	0.000	0.0%
Standard Enhanced Carrier Route - Ounces Above Third	44,019.581	44,019.581	0.000	0.0%
Standard Regular and Enhanced Carrier Route	73,826.868	73,825.164	-1.704	0.0%
Standard Nonprofit	11,425.579	11,425.579	0.000	0.0%
Standard Nonprofit Enhanced Carrier Route	2,851.875	2,851.875	0.000	0.0%
Total Standard A	88,104.322	88,102.619	-1.704	0.0%

Volume (Million Pieces) - continued				
	<u>Proposed</u> <u>R2000-1</u>	<u>Alternate</u> <u>Proposal</u>	Alternate Proposal Compared to Proposed R2000-1 <u>Difference</u>	<u>Percent</u> <u>Difference</u>
<i>Total Standard B</i>	1,133.060	1,133.060	0.000	0.0%
<i>Priority Mail, Express Mail and Mailgrams</i>	1,381.313	1,381.313	0.000	0.0%
<i>Postal Penalty and Free-for-the Blind</i>	405.217	405.217	0.000	0.0%
Total Domestic Mail	207,105.033	207,106.871	1.839	0.0%
International Mail	1,032.013	1,032.013	0.000	0.0%
Total Domestic and International Mail	208,137.046	208,138.884	1.839	0.0%

Proposed R2000-1 volumes are obtained from the direct testimony of George S. Tolley USPS-T-6. The Alternate volumes are estimated based on the inputs given to the Tolley's forecasting model accompanying his testimony

Revenue (Million Dollars)				
	<u>Proposed</u>	<u>Alternate</u>	Alternate Proposal Compared to Proposed R2000-1	<u>Percent</u>
	<u>R2000-1</u>	<u>Proposal</u>	<u>Difference</u>	<u>Difference</u>
First-Class Letters and Flats - Single Piece Per Piece Except QBRM	17,856.707	17,856.707	0.000	0.0%
First-Class Letters and Flats - Single Piece Additional Ounces	4,830.423	4,830.423	0.000	0.0%
First-Class PRM and QBRM Letters	110.959	110.959	0.000	0.0%
First-Class Single-Piece Letter Fees	167.072	167.072	0.000	0.0%
Nonstandard Pieces	39.634	39.634		
First-Class Letters and Flats - Workshared Total	13,226.407	13,150.191	-76.216	-0.6%
First-Class Letters and Flats - Workshared Per Piece	12,640.686	12,641.799	1.113	0.0%
Nonautomated Presort	823.093	823.093	0.000	0.0%
Automated Basic Letters	1,569.908	1,571.021	1.113	0.1%
Automated Basic Flats	10.841	10.841	0.000	0.0%
Automated 3-Digit Letters	6,641.722	6,641.722	0.000	0.0%
Automated 5-Digit Letters	3,127.770	3,127.770	0.000	0.0%
Automated 3/5-Digit Flats	84.454	84.454	0.000	0.0%
Automated Carrier-Route Letters	382.898	382.898	0.000	0.0%
First-Class Letters and Flats - Workshared Ounces One to Two	386.851	309.507	-77.344	-20.0%
First-Class Letters and Flats - Workshared Ounces Two to Three	108.393	108.402	0.009	0.0%
First-Class Letters and Flats - Workshared Ounces Over Three	67.956	67.962	0.006	0.0%
First-Class Letters and Flats - Workshared Fees	22.520	22.520	0.000	0.0%
First-Class Stamped Cards	87.333	87.333	0.000	0.0%
First-Class PRM and QBRM Cards	18.662	18.662	0.000	0.0%
First-Class Private Cards	937.780	937.703	-0.077	0.0%
Single-Piece Cards at Cards Rates	444.470	444.470	0.000	0.0%
Single-Piece Cards at Letter Rates	45.800	45.800		
Nonautomated Presort Cards	72.906	72.906	0.000	0.0%
Automated Basic Cards	95.362	95.285	-0.077	-0.1%
Automated 3-Digit Cards	156.932	156.932	0.000	0.0%
Automated 5-Digit Cards	101.799	101.799	0.000	0.0%
Automated Carrier-Route Cards	20.509	20.509	0.000	0.0%
First-Class Single Piece Cards Fees	7.636	7.636	0.000	0.0%
First-Class Workshared Cards Fees	1.278	1.278	0.000	0.0%
Total First Class	37,283.890	37,207.597	-76.293	-0.2%
Total Periodical	2,498.774	2,498.774	0.000	0.0%
Standard Single Piece				
Standard Regular	9,070.437	9,070.065	-0.372	0.0%
Nonautomated Basic Letters	244.861	244.851	-0.010	0.0%
Nonautomated Basic Nonletters	247.847	247.836	-0.010	0.0%
Nonautomated Presort Letters	311.613	311.600	-0.013	0.0%
Nonautomated Presort Nonletters	306.085	306.072	-0.013	0.0%
Automated Basic Letters	824.049	824.014	-0.034	0.0%
Automated Basic Flats	68.900	68.897	-0.003	0.0%
Automated 3-Digit Letters	2,473.993	2,473.891	-0.103	0.0%
Automated 5-Digit Letters	1,039.334	1,039.291	-0.043	0.0%
Automated 3/5-Digit Flats	1,714.556	1,714.485	-0.071	0.0%
Standard Regular - Second Ounce	0.000	0.000	0.000	---
Standard Regular - Third Ounce	0.000	0.000	0.000	---
Standard Regular - Ounces Above Third	1,716.011	1,715.939	-0.071	0.0%
Fees, Residual Shape, and Adjustments	121.918	121.918	0.000	0.0%
Standard Regular Enhanced Carrier Route	5,162.025	5,162.025	0.000	0.0%
Automated	301.860	301.860	0.000	0.0%
Basic Letters	953.661	953.661	0.000	0.0%
Basic Nonletters	1,427.690	1,427.690	0.000	0.0%
High-Density Letters	41.972	41.972	0.000	0.0%
High-Density Nonletters	64.797	64.797	0.000	0.0%
Saturation Letters	263.208	263.208	0.000	0.0%
Saturation Nonletters	482.618	482.618	0.000	0.0%
Standard Enhanced Carrier Route - Second Ounce	0.000	0.000	0.000	---
Standard Enhanced Carrier Route - Third Ounce	0.000	0.000	0.000	---
Standard Enhanced Carrier Route - Ounces Above Third	1,606.715	1,606.715	0.000	0.0%
Fees, Residual Shape, and Adjustments	19.764	19.764	0.000	0.0%
Standard Regular and Enhanced Carrier Route	14,232.462	14,232.090	-0.372	0.0%

Revenue (Million Dollars) - continued				
	<u>Proposed</u> <u>R2000-1</u>	<u>Alternate</u> <u>Proposal</u>	Alternate Proposal Compared to Proposed R2000-1	<u>Perce</u> <u>Difference</u>
			<u>Difference</u>	<u>Difference</u>
Standard Nonprofit	1,543.086	1,543.086	0.000	0.0%
Standard Nonprofit Enhanced Carrier Route	264.218	264.218	0.000	0.0%
<i>Total Standard A</i>	16,039.766	16,039.394	-0.373	0.0%
<i>Total Standard B</i>	2,152.241	2,152.241	0.000	0.0%
<i>Priority Mail, Express Mail and Mailgrams</i>	6,611.961	6,611.961	0.000	0.0%
<i>Postal Penalty and Free-for-the Blind</i>	0.000	0.000	0.000	---
Total Domestic Mail	64,586.633	64,509.967	-76.666	-0.1%
<i>International Mail</i>	1,747.558	1,747.558	0.000	0.0%
<i>Special Services</i>	2,359.312	2,359.312	0.000	0.0%
<i>Other Income</i>	383.847	383.847	0.000	0.0%
Attributable Revenue	69,077.349	69,000.684	-76.666	-0.1%
<i>Continuing Appropriations</i>	67.093	67.093	0.000	0.0%
<i>Investment Income</i>	-27.621	-27.621	0.000	0.0%
Total Revenue	69,116.821	69,040.156	-76.666	-0.1%

Revenue is revenue per piece or key rate multiplied by volume for First-Class and Standard A.. For other types of mails and other types of revenues (e.g., special services, other income) revenue is set at the levels shown in the Direct Testimony of Virginia J. Mayes in Docket No. R2000-1, USPS-T-32. Exhibit USPS-32B

Costs (Million Dollars)				
	<u>Proposed</u> <u>R2000-1</u>	<u>Alternate</u> <u>Proposal</u>	Alternate Proposal Compared to Proposed R2000-1 <u>Difference</u>	<u>Percent</u> <u>Difference</u>
First-Class Letters and Flats - Single Piece	13,437.357	13,437.357	0.000	0.0%
First-Class Letters and Flats - Presort	5,019.464	5,019.890	0.426	0.0%
First-Class Cards - Single Piece	539.919	539.919	0.000	0.0%
First-Class Cards - Private Presort	168.958	168.930	-0.028	0.0%
Total First Class	19,165.698	19,166.096	0.398	0.0%
Total Periodical	2,465.588	2,465.588	0.000	0.0%
Standard Single Piece				
Standard Regular	6,823.933	6,823.650	-0.283	0.0%
Standard Regular Enhanced Carrier Route	2,471.864	2,471.864	0.000	0.0%
Standard Regular and Enhanced Carrier Route	9,295.797	9,295.514	-0.283	
Standard Nonprofit	1,320.611	1,320.611	0.000	0.0%
Standard Nonprofit Enhanced Carrier Route	208.577	208.577	0.000	0.0%
Total Standard A	10,824.985	10,824.702	-0.283	0.0%
Total Standard B	1,880.001	1,880.001	0.000	0.0%
Priority Mail, Express Mail and Mailgrams	3,546.046	3,546.046	0.000	0.0%
Postal Penalty and Free-for-the Blind	40.348	40.348	0.000	0.0%
Total Domestic Mail	37,922.666	37,922.781	0.115	0.0%
International Mail	1,429.916	1,429.916	0.000	0.0%
Special Services	1,539.113	1,539.113	0.000	0.0%
Other Variable Costs	0.000	0.000	0.000	#DIV/0!
Attributable Costs	40,891.695	40,891.810	0.115	0.0%
Total Other Costs	27,978.701	27,978.701	0.000	0.0%
Prior Years Loss Recovery	268.257	268.257	0.000	0.0%
Total Costs	69,138.653	69,138.768	0.115	0.0%
Volume Variable Cost per Piece (Dollars per Piece)				
	Proposed R2000-1	Alternate Proposal		
First-Class Letters and Flats - Single P	0.2541	0.2541		
First-Class Letters and Flats - Presort	0.1068	0.1068		
First-Class Cards - Single Piece	0.2293	0.2293		
First-Class Cards - Private Presort	0.0633	0.0633		
Standard Regular	0.1664	0.1664		
Standard Regular Enhanced Carrier R	0.0753	0.0753		
			Mail Processing Cost	0.00000
			Forwarding Cost	0.00000

Costs are cost per piece multiplied by volume for First-Class and standard (A) commercial mail. For other types of mail and other types of revenue (e.g., special services, other variable costs), costs are set at the levels expected by the Postal Service in R2000-1 Proposed).

Discounts (Dollars per Piece)				
	<u>Proposed R2000-1</u>	<u>Alternate Proposal</u>	Alternate Proposal Compared to Proposed R2000-1 <u>Difference</u>	<u>Percent Difference</u>
First-Class Single Piece Letters Rate	0.340	0.340	0.000	0.0%
First-Class Letters and Flats - Workshared Discounts for:				
Nonautomated Presort	0.020	0.020	0.000	0.0%
Automated Basic Letters	0.060	0.060	0.000	0.0%
Automated Basic Flats	0.030	0.030	0.000	0.0%
Automated 3-Digit Letters	0.069	0.069	0.000	0.0%
Automated 5-Digit Letters	0.087	0.087	0.000	0.0%
Automated 3/5-Digit Flats	0.063	0.063	0.000	0.0%
Automated Carrier-Route Letters	0.092	0.092	0.000	0.0%
Workshared Discount on Second Ounce	0.000	0.046	0.046	
Workshared Discount on Third Ounce	0.046	0.046	0.000	0.0%
First-Class Single Piece Cards Rate	0.210	0.210	0.000	0.0%
First-Class Private Cards - Workshared Discounts for:				
Nonautomated Presort Cards	0.020	0.020	0.000	0.0%
Automated Basic Cards	0.036	0.036	0.000	0.0%
Automated 3-Digit Cards	0.043	0.043	0.000	0.0%
Automated 5-Digit Cards	0.056	0.056	0.000	0.0%
Automated Carrier-Route Cards	0.061	0.061	0.000	0.0%
Standard Regular Discount Decrease and Enhanced Carrier Route Rate Increase from Proposed R2000-1			0.00000	
Standard Regular Nonautomated Basic Letters Rate	0.242	0.242	0.000	0.0%
Standard Regular Letters Discounts for:				
Nonautomated Presort Letters	0.017	0.017	0.000	0.0%
Automated Basic Letters	0.042	0.042	0.000	0.0%
Automated 3-Digit Letters	0.032	0.032	0.000	0.0%
Automated 5-Digit Letters	0.053	0.053	0.000	0.0%
Standard Regular Nonautomated Basic Nonletters Rate	0.311	0.311	0.000	0.0%
Standard Regular Nonletters Discounts for:				
Nonautomated Presort Nonletters	0.053	0.053	0.000	0.0%
Automated Basic Flats	0.044	0.044	0.000	0.0%
Automated 3/5-Digit Flats	0.027	0.027	0.000	0.0%
Standard Regular Enhanced Carrier Route Basic Letters Rate	0.175	0.175	0.000	0.0%
Standard Regular Enhanced Carrier Route Letters Discounts for:				
Automated	0.012	0.012	0.000	0.0%
High-Density Letters	0.023	0.023	0.000	0.0%
Saturation Letters	0.032	0.032	0.000	0.0%
Standard Regular Enhanced Carrier Route Basic Nonletters	0.175	0.175	0.000	0.0%
Standard Regular Enhanced Carrier Route Nonletters Discount for:				
High-Density Nonletters	0.021	0.021	0.000	0.0%
Saturation Nonletters	0.027	0.027	0.000	0.0%
Standard Regular				
BMC Destination Entry	0.017	0.017	0.000	0.0%
SCF Destination Entry	0.022	0.022	0.000	0.0%
DDU Destination Entry	0.028	0.028	0.000	0.0%

Discounts are inputs to the model and are the discount for one specific type of mail. The discounts for Proposed R2000-1 are obtained from Request of the United States Postal Service for a Recommended Decision on Changes in Rates of Postage and Fees for Postal Services, Docket No. R2000-1. Discounts for an alternative proposal are set by the model user by changing each key rate or each discount and the mail type to which the discount is relative. Key rates are shown on p. 3.

Revenue per Piece (Dollars per Piece)			
	Proposed R2000-1	Alternate Proposal	Alternate Proposal Compared to Proposed R2000-1 Difference
First-Class Letters and Flats - Single Piece	0.3408	0.3408	0.000
First-Class Letters and Flats - Single Piece Additional Ounces	0.2300	0.2300	0.000
First-Class PRM and QBRM Letters	0.3100	0.3100	0.000
First-Class Letters and Flats - Workshared per Piece Rate			
Nonautomated Presort	0.3183	0.3183	0.000
Automated Basic Letters	0.2793	0.2793	0.000
Automated Basic Flats	0.2073	0.2073	0.000
Automated 3-Digit Letters	0.2710	0.2710	0.000
Automated 5-Digit Letters	0.2530	0.2530	0.000
Automated 3/5-Digit Flats	0.2772	0.2772	0.000
Automated Carrier-Route Letters	0.2479	0.2479	0.000
First-Class Letters and Flats - Workshared per Pound Rate			
Nonautomated Presort	0.0000	0.0000	0.000
Automated Basic Letters	0.0000	0.0000	0.000
Automated Basic Flats	0.0000	0.0000	0.000
Automated 3-Digit Letters	0.0000	0.0000	0.000
Automated 5-Digit Letters	0.0000	0.0000	0.000
Automated 3/5-Digit Flats	0.0000	0.0000	0.000
Automated Carrier-Route Letters	0.0000	0.0000	0.000
First-Class Letters and Flats - Workshared Ounces One to Two	0.2300	0.1840	-0.046
First-Class Letters and Flats - Workshared Ounces Two to Three	0.2300	0.2300	0.000
First-Class Letters and Flats - Workshared Ounces Over Three	0.2300	0.2300	0.000
First-Class Stamped Cards	0.2100	0.2100	0.000
First-Class PRM and QBRM Cards	0.1800	0.1800	0.000
First-Class Private Cards			
Single Piece Cards at Cards Rates	0.2100	0.2100	0.000
Single Piece Cards at Letter Rates	0.3400	0.3400	0.000
Nonautomated Presort Cards	0.1900	0.1900	0.000
Automated Basic Cards	0.1740	0.1740	0.000
Automated 3-Digit Cards	0.1670	0.1670	0.000
Automated 5-Digit Cards	0.1540	0.1540	0.000
Automated Carrier-Route Cards	0.1490	0.1490	0.000
Standard Single Piece			
Standard Regular			
Nonautomated Basic Letters	0.2420	0.2420	0.000
Nonautomated Basic Nonletters	0.2371	0.2371	0.000
Nonautomated Presort Letters	0.2141	0.2141	0.000
Nonautomated Presort Nonletters	0.1708	0.1708	0.000
Automated Basic Letters	0.2000	0.2000	0.000
Automated Basic Flats	0.1983	0.1983	0.000
Automated 3-Digit Letters	0.1839	0.1839	0.000
Automated 5-Digit Letters	0.1629	0.1629	0.000
Automated 3/5-Digit Flats	0.1504	0.1504	0.000
Standard Regular - Second Ounce	0.0000	0.0000	0.000
Standard Regular - Third Ounce	0.0000	0.0000	0.000
Standard Regular - Ounces Above Third	0.0413	0.0413	0.000
Standard Regular Enhanced Carrier Route			
Automated	0.1630	0.1630	0.000
Basic Letters	0.1750	0.1750	0.000
Basic Nonletters	0.1210	0.1210	0.000
High-Density Letters	0.1068	0.1068	0.000
High-Density Nonletters	0.0438	0.0438	0.000
Saturation Letters	0.0978	0.0978	0.000
Saturation Nonletters	0.0526	0.0526	0.000
Standard Enhanced Carrier Route - Second Ounce	0.0000	0.0000	0.000
Standard Enhanced Carrier Route - Third Ounce	0.0000	0.0000	0.000
Standard Enhanced Carrier Route - Ounces Above Third	0.0365	0.0365	0.000
Standard Nonprofit	0.1351	0.1351	0.000
Standard Nonprofit Enhanced Carrier Route	0.0926	0.0926	0.000

Revenue per piece for Proposed R2000-1 is taken from Direct Testimony of David R. Fronk in Docket No. R2000-1, USPS-T-33, Workpaper 1 and Direct Testimony of Joseph D. Moeller in Docket No. R2000-1, USPS T-36, Workpaper 1. Revenue per piece in the Alternative Proposal is the key rate per piece (p. 3) multiplied by the key rate to revenue per piece adjustment (p. 15).

Additional Ounces as Percent of First Ounces		
	Proposed R2000- 1	Alternate Proposal
First-Class Single Piece	39.72%	39.72%
First-Class Workshared		
Second Ounce	3.58%	3.58%
Third Ounce	1.00%	1.00%
Ounces Above Third Ounce	0.63%	0.63%
Standard Regular		
Second Ounce	52.90%	52.90%
Third Ounce	34.71%	34.71%
Ounces Above Third Ounce	101.31%	101.31%
Standard Enhanced Carrier Route		
Second Ounce	63.91%	63.91%
Third Ounce	46.99%	46.99%
Ounces Above Third Ounce	134.09%	134.09%

Additional ounces charged for as a percentage of first ounces is obtained from Sahron Daniel's R2000-1 LR-I-91 and LR-I-92

<u>Key Rate to Revenue per Piece Adjustment</u>			
	<u>Proposed R2000- 1</u>	<u>Alternate Proposal</u>	<u>Alternate Proposal Compared to Proposed R2000-1 Difference</u>
First-Class Single Piece	1.002	1.002	0.000
First-Class Letters and Flats - Single Piece Additional Ounces	1.000	1.000	0.000
First-Class PRM and QBRM Letters	1.000	1.000	0.000
First-Class Letters and Flats - Workshared per Piece Rate			
Nonautomated Presort	0.995	0.995	0.000
Automated Basic Letters	0.998	0.998	0.000
Automated Basic Flats	0.669	0.669	0.000
Automated 3-Digit Letters	1.000	1.000	0.000
Automated 5-Digit Letters	1.000	1.000	0.000
Automated 3/5-Digit Flats	1.000	1.000	0.000
Automated Carrier-Route Letters	0.999	0.999	0.000
First-Class Letters and Flats - Workshared per Pound Rate			
Nonautomated Presort	0.000	1.000	1.000
Automated Basic Letters	0.000	1.000	1.000
Automated Basic Flats	0.000	0.669	0.669
Automated 3-Digit Letters	0.000	1.000	1.000
Automated 5-Digit Letters	0.000	1.000	1.000
Automated 3/5-Digit Flats	0.000	1.000	1.000
Automated Carrier-Route Letters	0.000	1.000	1.000
First-Class Letters and Flats - Workshared Second Ounce	1.000	1.000	0.000
First-Class Letters and Flats - Workshared Third Ounce	1.250	1.250	0.000
First-Class Letters and Flats - Workshared Ounces Above 3	1.000	1.000	0.000
First-Class Stamped Cards	0.913	0.913	0.000
First-Class PRM and QBRM Cards	1.000	1.000	0.000
First-Class Private Cards			
Single Piece Cards	1.000	1.000	0.000
Nonautomated Presort	1.000	1.000	0.000
Automated Basic	1.000	1.000	0.000
Automated 3-Digit	1.000	1.000	0.000
Automated 5-Digit	1.000	1.000	0.000
Automated Carrier-Route	1.000	1.000	0.000
Standard Single Piece			
Standard Regular			
Nonautomated Basic Letters	1.000	1.000	0.000
Nonautomated Basic Nonletters	0.762	0.762	0.000
Nonautomated Presort Letters	0.952	0.952	0.000
Nonautomated Presort Nonletters	0.662	0.662	0.000
Automated Basic Letters	1.000	1.000	0.000
Automated Basic Flats	0.743	0.743	0.000
Automated 3-Digit Letters	0.953	0.953	0.000
Automated 5-Digit Letters	0.947	0.947	0.000
Automated 3/5-Digit Flats	0.651	0.651	0.000
Standard Regular - Second Ounce	1.000	1.000	0.000
Standard Regular - Third Ounce	1.000	1.000	0.000
Standard Regular - Ounces Above Third	1.000	1.000	0.000
Standard Regular Enhanced Carrier Route			
Automated	1.000	1.000	0.000
Basic Letters	1.000	1.000	0.000
Basic Nonletters	0.692	0.692	0.000
High-Density Letters	0.702	0.702	0.000
High-Density Nonletters	0.284	0.284	0.000
Saturation Letters	0.684	0.684	0.000
Saturation Nonletters	0.356	0.356	0.000
Standard Enhanced Carrier Route - Second Ounce	1.000	1.000	0.000
Standard Enhanced Carrier Route - Third Ounce	1.000	1.000	0.000
Standard Enhanced Carrier Route - Ounces Above Third	1.000	1.000	0.000

The key rate to revenue adjustment is the ratio of the key rate per piece (p. 3) to revenue per piece (p. 13).

<u>Discounts For Share Calculations</u>			
	<u>Proposed R2000-1</u>	<u>Alternate Proposal</u>	<u>Alternate Proposal Compared to Proposed R2000-1 Difference</u>
First-Class			
Nonautomated Presort	0.020	0.020	0.000
Automated Basic Letters	0.060	0.060	0.000
Automated Basic Flats	0.030	0.030	0.000
Automated 3-Digit Letters	0.069	0.069	0.000
Automated 5-Digit Letters	0.087	0.087	0.000
Automated 3/5-Digit Flats	0.063	0.063	0.000
Automated Carrier-Route Letters	0.092	0.092	0.000
Second Ounce	0.000	0.046	0.046
Third Ounce	0.046	0.046	0.000
First Class Cards			
Nonautomated Presort	0.020	0.020	0.000
Automated Basic	0.036	0.036	0.000
Automated 3-Digit	0.043	0.043	0.000
Automated 5-Digit	0.056	0.056	0.000
Automated Carrier-Route	0.061	0.061	0.000
Standard Regular			
Nonautomated Presort Letters	0.017	0.017	0.000
Nonautomated Presort Nonletters	0.053	0.053	0.000
Automated Basic Letters	0.042	0.042	0.000
Automated Basic Flats	0.044	0.044	0.000
Automated 3-Digit Letters	0.032	0.032	0.000
Automated 5-Digit Letters	0.053	0.053	0.000
Automated 3/5-Digit Flats	0.027	0.027	0.000
BMC Destination Entry Discount	0.017	0.017	0.000
SCF Destination Entry Discount	0.022	0.022	0.000
DDU Destination Entry	0.028	0.028	0.000

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Cost Coverage			
	<u>Proposed R2000-1</u>	<u>Alternate Proposal</u>	<u>Alternate Proposal Compared to Proposed R2000-1 Difference</u>
First-Class Letters and Flats - Single Piece	171.2%	169.6%	-1.57%
First-Class Letters and Flats - Presort	263.5%	261.5%	-2.05%
First-Class Cards - Single Piece	111.9%	111.9%	0.02%
First-Class Cards - Private Presort	265.6%	265.6%	0.00%
Total First Class	194.5%	192.9%	-1.66%
Total Periodical	101.3%	101.3%	0.00%
Standard Single Piece			
Standard Regular	132.9%	132.9%	0.00%
Standard Regular Enhanced Carrier Route	208.8%	208.8%	0.00%
Standard Regular and Enhanced Carrier Route	153.1%	153.1%	0.00%
Standard Nonprofit	116.8%	116.8%	0.00%
Standard Nonprofit Enhanced Carrier Route	126.7%	126.7%	0.00%
Total Standard A	148.2%	148.2%	0.00%
Total Standard B	114.5%	114.5%	0.00%
Priority Mail, Express Mail and Mailgrams	186.5%	186.5%	0.00%
Postal Penalty and Free-for-the Blind	0.0%	0.0%	0.00%
International Mail	122.2%	122.2%	0.00%
Special Services	153.3%	153.3%	0.00%
Attributable Costs	168.9%	168.2%	-0.76%
Total	100.0%	99.5%	-0.43%

Cost coverage for a mail type is the ratio of revenue (p. 9) to volume variable cost (p. 11) for the mail type.

<u>Key Rate per Piece (Dollars per Piece)</u>				
	<u>Proposed</u> <u>R2000-1</u>	<u>Alternate</u> <u>Proposal</u>	<u>Alternate</u> <u>Proposal</u> <u>Compared to</u> <u>Proposed</u> <u>R2000-1</u>	<u>Percent</u> <u>Difference</u>
First-Class Letters and Flats - Single Piece	0.340	0.340	0.000	0.0%
First-Class Letters and Flats - Single Piece Additional Ounces	0.230	0.220	-0.010	-4.3%
First-Class PRM and QBRM Letters	0.310	0.310	0.000	0.0%
First-Class Letters and Flats - Workshared per Piece Rate				
Nonautomated Presort	0.320	0.320	0.000	0.0%
Automated Basic Letters	0.280	0.280	0.000	0.0%
Automated Basic Flats	0.310	0.310	0.000	0.0%
Automated 3-Digit Letters	0.271	0.271	0.000	0.0%
Automated 5-Digit Letters	0.253	0.253	0.000	0.0%
Automated 3/5-Digit Flats	0.277	0.277	0.000	0.0%
Automated Carrier-Route Letters	0.248	0.248	0.000	0.0%
First-Class Letters and Flats - Workshared per Pound Rate				
Nonautomated Presort	0.000	0.000	0.000	---
Automated Basic Letters	0.000	0.000	0.000	---
Automated Basic Flats	0.000	0.000	0.000	---
Automated 3-Digit Letters	0.000	0.000	0.000	---
Automated 5-Digit Letters	0.000	0.000	0.000	---
Automated 3/5-Digit Flats	0.000	0.000	0.000	---
Automated Carrier-Route Letters	0.000	0.000	0.000	---
First-Class Letters and Flats - Workshared Second Ounce	0.230	0.174	-0.056	-24.3%
First-Class Letters and Flats - Workshared Third Ounce	0.184	0.174	-0.010	-5.4%
First-Class Letters and Flats - Workshared Ounces Above Third	0.230	0.220	-0.010	-4.3%
First-Class Stamped Cards	0.230	0.230	0.000	0.0%
First-Class PRM and QBRM Cards	0.180	0.180	0.000	0.0%
First-Class Private Cards				
Single Piece Cards	0.210	0.210	0.000	0.0%
Single Piece Cards at Letter Rates	0.340	0.340		
Nonautomated Presort Cards	0.190	0.190	0.000	0.0%
Automated Basic Cards	0.174	0.174	0.000	0.0%
Automated 3-Digit Cards	0.167	0.167	0.000	0.0%
Automated 5-Digit Cards	0.154	0.154	0.000	0.0%
Automated Carrier-Route Cards	0.149	0.149	0.000	0.0%
Standard Single Piece				
Standard Regular				
Nonautomated Basic Letters	0.242	0.242	0.000	0.0%
Nonautomated Basic Nonletters	0.311	0.311	0.000	0.0%
Nonautomated Presort Letters	0.225	0.225	0.000	0.0%
Nonautomated Presort Nonletters	0.258	0.258	0.000	0.0%
Automated Basic Letters	0.200	0.200	0.000	0.0%
Automated Basic Flats	0.267	0.267	0.000	0.0%
Automated 3-Digit Letters	0.193	0.193	0.000	0.0%
Automated 5-Digit Letters	0.172	0.172	0.000	0.0%
Automated 3/5-Digit Flats	0.231	0.231	0.000	0.0%
Standard Regular - Second Ounce	0.000	0.000	0.000	---
Standard Regular - Third Ounce	0.000	0.000	0.000	---
Standard Regular - Ounces Above Third	0.041	0.041	0.000	0.0%
Standard Regular Enhanced Carrier Route				
Automated	0.163	0.163	0.000	0.0%
Basic Letters	0.175	0.175	0.000	0.0%
Basic Nonletters	0.175	0.175	0.000	0.0%
High-Density Letters	0.152	0.152	0.000	0.0%
High-Density Nonletters	0.154	0.154	0.000	0.0%
Saturation Letters	0.143	0.143	0.000	0.0%
Saturation Nonletters	0.148	0.148	0.000	0.0%

<u>Key Rate per Piece (Dollar per Piece) continued</u>				
	<u>Proposed</u> <u>R2000-1</u>	<u>Alternate</u> <u>Proposal</u>	<u>Alternate</u> <u>Proposal</u> <u>Compared to</u> <u>Proposed</u> <u>R2000-1</u>	<u>Percent</u> <u>Difference</u>
Standard Regular Enhanced Carrier Route - Second Ounce	0.000	0.000	0.000	---
Standard Regular Enhanced Carrier Route - Third Ounce	0.000	0.000	0.000	---
Standard Regular Enhanced Carrier Route - Ounces Above Third	0.037	0.037	0.000	0.0%

Key rates are inputs to the model and are the rate for one specific type of mail. The key rates for Proposed R2000-1 are obtained from Request of the United States Postal Service for a Recommended Decision on Changes in Rates of Postage and Fees for Postal Services, Docket No. R2000-1. Key rates for an alternative proposal are set by the model user by changing each key rate or each discount and the mail type to which the discount is relative. Discounts are shown on p. 12.

Additional Ounce and Pound Rates (Dollars per Piece or per Ounce)				
	<u>Proposed</u> <u>R2000-1</u>	<u>Alternate</u> <u>Proposal</u>	<u>Alternate</u> <u>Proposal</u> Compared to Proposed R2000-1	<u>Percent</u> <u>Difference</u>
First-Class Single Piece Additional Ounces	0.230	0.220	-0.010	-4.3%
First-Class Letters - Workshared per Pound Rate				
Nonautomated Presort	0.000	0.000	0.000	---
Automated Basic Letters	0.000	0.000	0.000	---
Automated 3-Digit Letters	0.000	0.000	0.000	---
Automated 5-Digit Letters	0.000	0.000	0.000	---
Automated Carrier-Route Letters	0.000	0.000	0.000	---
First-Class Workshared				
Second Ounce	0.230	0.174	-0.056	-24.3%
Third Ounce	0.184	0.174	-0.010	-5.4%
Above Third Ounce	0.230	0.220	-0.010	-4.3%
Standard Regular Addition for Pound Rate		0.000	0.000	---
Standard Regular Additional Ounces				
Second Ounce	0.000	0.000	0.000	---
Third Ounce	0.000	0.000	0.000	---
Above Third Ounce	0.041	0.041	0.000	---
Standard Enhanced Carrier Route Addition for Pound Rate		0.000	0.000	---
Standard Enhanced Carrier Route				
Second Ounce	0.000	0.000	0.000	---
Third Ounce	0.000	0.000	0.000	---
Above Third Ounce	0.037	0.037	0.000	---

Additional ounce and pound rates are inputs to the model. The additional ounce and pound rates for Proposed R2000-1 are obtained from Request of the United States Postal Service for a Recommended Decision on Changes in Rates of Postage and Fees for Postal Services, Docket No. R2000-1

-1. Additional ounce and pound rates for an alternative proposal are set by the model user by changing each rate.

Revenue Requirement (Million Dollars)				
	<u>Proposed</u> <u>R2000-1</u>	<u>Alternate</u> <u>Proposal</u>	<u>Difference</u>	<u>Percent</u> <u>Difference</u>
Total Revenues	69,116.8	68,847.2	-269.642	-0.4%
Total Revenue Requirement (Equals Total Costs)	69,138.7	69,163.3	24.623	0.0%
Net Surplus (Deficiency)	(21.83)	(316.10)	(294.3)	1347.9%

Total Revenue is obtained from the Revenue Table on p. 6. Total Revenue Requirement (Total Costs) is obtained from the Cost Table on p. 11. Net Surplus(Deficiency) is Total Revenues minus Total Revenue Requirement.

	Volume (Million Pieces)		Alternate Proposal Compared to Proposed R2000-1	
	Proposed R2000-1	Alternate Proposal	Difference	Percent Difference
First-Class Letters and Flats - Single Piece Including QBRM	52,877.658	52,976.718	99.060	0.2%
First-Class Letters and Flats - Single Piece Additional Ounces	21,001.839	21,041.183	39.345	0.2%
First-Class PRM and QBRM Letters	357.932	358.603	0.671	0.2%
First-Class Letters and Flats - Workshared	46,979.736	46,991.243	11.507	0.0%
Nonautomated Presort	2,586.288	2,587.749	1.461	0.1%
Automated Basic Letters	5,620.726	5,625.487	4.761	0.1%
Automated Basic Flats	52.293	52.494	0.201	0.4%
Automated 3-Digit Letters	24,508.201	24,510.366	2.165	0.0%
Automated 5-Digit Letters	12,362.727	12,364.300	1.574	0.0%
Automated 3/5-Digit Flats	304.691	305.736	1.045	0.3%
Automated Carrier-Route Letters	1,544.810	1,545.110	0.300	0.0%
First-Class Letters and Flats - Workshared Ounces One to Two	1,681.963	1,682.375	0.412	0.0%
First-Class Letters and Flats - Workshared Ounces Two to Three	471.274	471.389	0.115	0.0%
First-Class Letters and Flats - Workshared Ounces Over Three	295.463	295.535	0.072	0.0%
First-Class Stamped Cards	415.873	415.873	0.000	0.0%
First-Class PRM and QBRM Cards	103.678	103.562	-0.116	-0.1%
First-Class Private Cards	5,025.078	5,021.459	-3.619	-0.1%
Single-Piece Cards including QBRM & Stamped	2,354.910	2,352.271	-2.639	-0.1%
Nonautomated Presort Cards	383.715	383.477	-0.238	-0.1%
Automated Basic Cards	548.060	547.531	-0.529	-0.1%
Automated 3-Digit Cards	939.713	939.621	-0.092	0.0%
Automated 5-Digit Cards	661.035	660.943	-0.093	0.0%
Automated Carrier-Route Cards	137.645	137.615	-0.029	0.0%
Total First Class	105,759.955	105,867.458	107.502	0.1%
Total Periodical	10,321.166	10,321.166	0.000	0.0%
Standard Single Piece				
Standard Regular	40,998.656	40,991.965	-6.691	0.0%
Nonautomated Basic Letters	1,011.823	1,011.659	-0.164	0.0%
Nonautomated Basic Nonletters	1,045.493	1,045.323	-0.170	0.0%
Nonautomated Presort Letters	1,455.143	1,454.907	-0.236	0.0%
Nonautomated Presort Nonletters	1,791.588	1,791.296	-0.292	0.0%
Automated Basic Letters	4,120.244	4,119.570	-0.673	0.0%
Automated Basic Flats	347.480	347.423	-0.057	0.0%
Automated 3-Digit Letters	13,450.018	13,447.822	-2.196	0.0%
Automated 5-Digit Letters	6,378.638	6,377.597	-1.042	0.0%
Automated 3/5-Digit Flats	11,398.229	11,396.368	-1.861	0.0%
Standard Regular - Second Ounce	21,688.159	21,684.619	-3.539	0.0%
Standard Regular - Third Ounce	14,231.318	14,228.996	-2.323	0.0%
Standard Regular - Ounces Above Third	41,537.326	41,530.547	-6.779	0.0%
Standard Regular Enhanced Carrier Route	32,828.212	32,828.212	0.000	0.0%
Automated	1,851.903	1,851.903	0.000	0.0%
Basic Letters	5,449.490	5,449.490	0.000	0.0%
Basic Nonletters	11,794.849	11,794.849	0.000	0.0%
High-Density Letters	393.109	393.109	0.000	0.0%
High-Density Nonletters	1,479.259	1,479.259	0.000	0.0%
Saturation Letters	2,692.107	2,692.107	0.000	0.0%
Saturation Nonletters	9,167.496	9,167.496	0.000	0.0%
Standard Enhanced Carrier Route - Second Ounce	20,981.342	20,981.342	0.000	0.0%
Standard Enhanced Carrier Route - Third Ounce	15,424.743	15,424.743	0.000	0.0%
Standard Enhanced Carrier Route - Ounces Above Third	44,019.581	44,019.581	0.000	0.0%
Standard Regular and Enhanced Carrier Route	73,826.868	73,820.177	-6.691	0.0%
Standard Nonprofit	11,425.579	11,425.579	0.000	0.0%
Standard Nonprofit Enhanced Carrier Route	2,851.875	2,851.875	0.000	0.0%
Total Standard A	88,104.322	88,097.631	-6.691	0.0%

Volume (Million Pieces) - continued				
	<u>Proposed</u> <u>R2000-1</u>	<u>Alternate</u> <u>Proposal</u>	Alternate Proposal Compared to Proposed R2000-1 <u>Difference</u>	<u>Percent</u> <u>Difference</u>
<i>Total Standard B</i>	1,133.060	1,133.060	0.000	0.0%
<i>Priority Mail, Express Mail and Mailgrams</i>	1,381.313	1,381.313	0.000	0.0%
<i>Postal Penalty and Free-for-the Blind</i>	405.217	405.217	0.000	0.0%
Total Domestic Mail	207,105.033	207,205.844	100.811	0.0%
International Mail	1,032.013	1,032.013	0.000	0.0%
Total Domestic and International Mail	208,137.046	208,237.857	100.811	0.0%

Proposed R2000-1 volumes are obtained from the direct testimony of George S. Tolley USPS-T-6. The Alternate volumes are estimated based on the inputs given to the Tolley's forecasting model accompanying his testimony

Revenue (Million Dollars)				
	<u>Proposed</u> <u>R2000-1</u>	<u>Alternate</u> <u>Proposal</u>	Alternate Proposal Compared to Proposed R2000-1 <u>Difference</u>	<u>Percent</u> <u>Difference</u>
First-Class Letters and Flats - Single Piece Per Piece Except QBRM	17,856.707	17,890.159	33.452	0.2%
First-Class Letters and Flats - Single Piece Additional Ounces	4,830.423	4,629.060	-201.363	-4.2%
First-Class PRM and QBRM Letters	110.959	111.167	0.208	0.2%
First-Class Single-Piece Letter Fees	167.072	167.072	0.000	0.0%
Nonstandard Pieces	39.634	39.634		
First-Class Letters and Flats - Workshared Total	13,226.407	13,126.669	-99.737	-0.8%
First-Class Letters and Flats - Workshared Per Piece	12,640.686	12,643.871	3.185	0.0%
Nonautomated Presort	823.093	823.558	0.465	0.1%
Automated Basic Letters	1,569.908	1,571.238	1.330	0.1%
Automated Basic Flats	10.841	10.882	0.042	0.4%
Automated 3-Digit Letters	6,641.722	6,642.309	0.587	0.0%
Automated 5-Digit Letters	3,127.770	3,128.168	0.398	0.0%
Automated 3/5-Digit Flats	84.454	84.744	0.290	0.3%
Automated Carrier-Route Letters	382.898	382.972	0.074	0.0%
First-Class Letters and Flats - Workshared Ounces One to Two	386.851	292.733	-94.118	-24.3%
First-Class Letters and Flats - Workshared Ounces Two to Three	108.393	102.527	-5.866	-5.4%
First-Class Letters and Flats - Workshared Ounces Over Three	67.956	65.018	-2.939	-4.3%
First-Class Letters and Flats - Workshared Fees	22.520	22.520	0.000	0.0%
First-Class Stamped Cards	87.333	87.333	0.000	0.0%
First-Class PRM and QBRM Cards	18.662	18.641	-0.021	-0.1%
First-Class Private Cards	937.780	937.059	-0.721	-0.1%
Single-Piece Cards at Cards Rates	444.470	443.972	-0.498	-0.1%
Single-Piece Cards at Letter Rates	45.800	45.749		
Nonautomated Presort Cards	72.906	72.861	-0.045	-0.1%
Automated Basic Cards	95.362	95.270	-0.092	-0.1%
Automated 3-Digit Cards	156.932	156.917	-0.015	0.0%
Automated 5-Digit Cards	101.799	101.785	-0.014	0.0%
Automated Carrier-Route Cards	20.509	20.505	-0.004	0.0%
First-Class Single Piece Cards Fees	7.636	7.636	0.000	0.0%
First-Class Workshared Cards Fees	1.278	1.278	0.000	0.0%
Total First Class	37,283.890	37,015.709	-268.181	-0.7%
Total Periodical	2,498.774	2,498.774	0.000	0.0%
Standard Single Piece				
Standard Regular	9,070.437	9,068.977	-1.461	0.0%
Nonautomated Basic Letters	244.861	244.822	-0.040	0.0%
Nonautomated Basic Nonletters	247.847	247.806	-0.040	0.0%
Nonautomated Presort Letters	311.613	311.563	-0.050	0.0%
Nonautomated Presort Nonletters	306.085	306.035	-0.050	0.0%
Automated Basic Letters	824.049	823.914	-0.135	0.0%
Automated Basic Flats	68.900	68.888	-0.011	0.0%
Automated 3-Digit Letters	2,473.993	2,473.590	-0.404	0.0%
Automated 5-Digit Letters	1,039.334	1,039.164	-0.170	0.0%
Automated 3/5-Digit Flats	1,714.556	1,714.276	-0.280	0.0%
Standard Regular - Second Ounce	0.000	0.000	0.000	---
Standard Regular - Third Ounce	0.000	0.000	0.000	---
Standard Regular - Ounces Above Third	1,716.011	1,715.731	-0.280	0.0%
Fees, Residual Shape, and Adjustments	121.918	121.918	0.000	0.0%
Standard Regular Enhanced Carrier Route	5,162.025	5,162.025	0.000	0.0%
Automated	301.860	301.860	0.000	0.0%
Basic Letters	953.661	953.661	0.000	0.0%
Basic Nonletters	1,427.690	1,427.690	0.000	0.0%
High-Density Letters	41.972	41.972	0.000	0.0%
High-Density Nonletters	64.797	64.797	0.000	0.0%
Saturation Letters	263.208	263.208	0.000	0.0%
Saturation Nonletters	482.618	482.618	0.000	0.0%
Standard Enhanced Carrier Route - Second Ounce	0.000	0.000	0.000	---
Standard Enhanced Carrier Route - Third Ounce	0.000	0.000	0.000	---
Standard Enhanced Carrier Route - Ounces Above Third	1,606.715	1,606.715	0.000	0.0%
Fees, Residual Shape, and Adjustments	19.764	19.764	0.000	0.0%
Standard Regular and Enhanced Carrier Route	14,232.462	14,231.001	-1.461	0.0%

Revenue (Million Dollars) - continued				
	<u>Proposed</u> <u>R2000-1</u>	<u>Alternate</u> <u>Proposal</u>	Alternate Proposal Compared to Proposed R2000-1	<u>Percen</u> <u>Difference</u>
			<u>Difference</u>	
Standard Nonprofit	1,543.086	1,543.086	0.000	0.0%
Standard Nonprofit Enhanced Carrier Route	264.218	264.218	0.000	0.0%
<i>Total Standard A</i>	16,039.766	16,038.305	-1.461	0.0%
<i>Total Standard B</i>	2,152.241	2,152.241	0.000	0.0%
<i>Priority Mail, Express Mail and Mailgrams</i>	6,611.961	6,611.961	0.000	0.0%
<i>Postal Penalty and Free-for-the Blind</i>	0.000	0.000	0.000	---
Total Domestic Mail	64,586.633	64,316.991	-269.642	-0.4%
<i>International Mail</i>	1,747.558	1,747.558	0.000	0.0%
<i>Special Services</i>	2,359.312	2,359.312	0.000	0.0%
<i>Other Income</i>	383.847	383.847	0.000	0.0%
<i>Attributable Revenue</i>	69,077.349	68,807.707	-269.642	-0.4%
<i>Continuing Appropriations</i>	67.093	67.093	0.000	0.0%
<i>Investment Income</i>	-27.621	-27.621	0.000	0.0%
Total Revenue	69,116.821	68,847.179	-269.642	-0.4%

Revenue is revenue per piece or key rate multiplied by volume for First-Class and Standard A.. For other types of mails and other types of revenues (e.g. special services, other income) revenue is set at the levels shown in the Direct Testimony of Virginia J. Mayes in Docket No. R2000-1, USPS-T-32, Exhibit USPS-32B

Costs (Millions Dollars)				
	<u>Proposed</u> R2000-1	<u>Alternate</u> Proposal	Alternate Proposal Compared to Proposed R2000-1 <u>Difference</u>	<u>Percent</u> <u>Difference</u>
First-Class Letters and Flats - Single Piece	13,437.357	13,462.530	25.173	0.2%
First-Class Letters and Flats - Presort	5,019.464	5,020.693	1.229	0.0%
First-Class Cards - Single Piece	539.919	539.314	-0.605	-0.1%
First-Class Cards - Private Presort	168.958	168.896	-0.062	0.0%
Total First Class	19,165.698	19,191.434	25.736	0.1%
Total Periodical	2,465.588	2,465.588	0.000	0.0%
Standard Single Piece				
Standard Regular	6,823.933	6,822.820	-1.113	0.0%
Standard Regular Enhanced Carrier Route	2,471.864	2,471.864	0.000	0.0%
Standard Regular and Enhanced Carrier Route	9,295.797	9,294.684	-1.113	
Standard Nonprofit	1,320.611	1,320.611	0.000	0.0%
Standard Nonprofit Enhanced Carrier Route	208.577	208.577	0.000	0.0%
Total Standard A	10,824.985	10,823.872	-1.113	0.0%
Total Standard B	1,880.001	1,880.001	0.000	0.0%
Priority Mail, Express Mail and Mailgrams	3,546.046	3,546.046	0.000	0.0%
Postal Penalty and Free-for-the Blind	40.348	40.348	0.000	0.0%
Total Domestic Mail	37,922.666	37,947.289	24.623	0.1%
International Mail	1,429.916	1,429.916	0.000	0.0%
Special Services	1,539.113	1,539.113	0.000	0.0%
Other Variable Costs	0.000	0.000	0.000	#DIV/0!
Attributable Costs	40,891.695	40,916.318	24.623	0.1%
Total Other Costs	27,978.701	27,978.701	0.000	0.0%
Prior Years Loss Recovery	268.257	268.257	0.000	0.0%
Total Costs	69,138.653	69,163.276	24.623	0.0%

Volume Variable Cost per Piece (Dollars per Piece)		
	Proposed R2000-1	Alternate Proposal
First-Class Letters and Flats - Single P	0.2541	0.2541
First-Class Letters and Flats - Presort	0.1068	0.1068
First-Class Cards - Single Piece	0.2293	0.2293
First-Class Cards - Private Presort	0.0633	0.0633
Standard Regular	0.1664	0.1664
Standard Regular Enhanced Carrier R	0.0753	0.0753

Costs are cost per piece multiplied by volume for First-Class and standard (A) commercial mail. For other types of mail and other types of revenue (e.g., special services, other variable costs), costs are set at the levels expected by the Postal Service in R2000-1 Proposed).

Mail Processing Cost	0.00000
Forwarding Cost	0.00000

Discounts (Dollars per Piece)				
	<u>Proposed R2000-1</u>	<u>Alternate Proposal</u>	<u>Alternate Proposal Compared to Proposed R2000-1 Difference</u>	<u>Percent Difference</u>
First-Class Single Piece Letters Rate	0.340	0.340	0.000	0.0%
First-Class Letters and Flats - Workshared Discounts for:				
Nonautomated Presort	0.020	0.020	0.000	0.0%
Automated Basic Letters	0.060	0.060	0.000	0.0%
Automated Basic Flats	0.030	0.030	0.000	0.0%
Automated 3-Digit Letters	0.069	0.069	0.000	0.0%
Automated 5-Digit Letters	0.087	0.087	0.000	0.0%
Automated 3/5-Digit Flats	0.063	0.063	0.000	0.0%
Automated Carrier-Route Letters	0.092	0.092	0.000	0.0%
Workshared Discount on Second Ounce	0.000	0.046	0.046	
Workshared Discount on Third Ounce	0.046	0.046	0.000	0.0%
First-Class Single Piece Cards Rate	0.210	0.210	0.000	0.0%
First-Class Private Cards - Workshared Discounts for:				
Nonautomated Presort Cards	0.020	0.020	0.000	0.0%
Automated Basic Cards	0.036	0.036	0.000	0.0%
Automated 3-Digit Cards	0.043	0.043	0.000	0.0%
Automated 5-Digit Cards	0.056	0.056	0.000	0.0%
Automated Carrier-Route Cards	0.061	0.061	0.000	0.0%
Standard Regular Discount Decrease and Enhanced Carrier Route Rate Increase from Proposed R2000-1			0.00000	
Standard Regular Nonautomated Basic Letters Rate	0.242	0.242	0.000	0.0%
Standard Regular Letters Discounts for:				
Nonautomated Presort Letters	0.017	0.017	0.000	0.0%
Automated Basic Letters	0.042	0.042	0.000	0.0%
Automated 3-Digit Letters	0.032	0.032	0.000	0.0%
Automated 5-Digit Letters	0.053	0.053	0.000	0.0%
Standard Regular Nonautomated Basic Nonletters Rate	0.311	0.311	0.000	0.0%
Standard Regular Nonletters Discounts for:				
Nonautomated Presort Nonletters	0.053	0.053	0.000	0.0%
Automated Basic Flats	0.044	0.044	0.000	0.0%
Automated 3/5-Digit Flats	0.027	0.027	0.000	0.0%
Standard Regular Enhanced Carrier Route Basic Letters Rate	0.175	0.175	0.000	0.0%
Standard Regular Enhanced Carrier Route Letters Discounts for:				
Automated	0.012	0.012	0.000	0.0%
High-Density Letters	0.023	0.023	0.000	0.0%
Saturation Letters	0.032	0.032	0.000	0.0%
Standard Regular Enhanced Carrier Route Basic Nonletters	0.175	0.175	0.000	0.0%
Standard Regular Enhanced Carrier Route Nonletters Discount for:				
High-Density Nonletters	0.021	0.021	0.000	0.0%
Saturation Nonletters	0.027	0.027	0.000	0.0%
Standard Regular				
BMC Destination Entry	0.017	0.017	0.000	0.0%
SCF Destination Entry	0.022	0.022	0.000	0.0%
DDU Destination Entry	0.028	0.028	0.000	0.0%

Discounts are inputs to the model and are the discount for one specific type of mail. The discounts for Proposed R2000-1 are obtained from Request of the United States Postal Service for a Recommended Decision on Changes in Rates of Postage and Fees for Postal Services, Docket No. R2000-1. Discounts for an alternative proposal are set by the model user by changing each key rate or each discount and the mail type to which the discount is relative. Key rates are shown on p. 3.

Revenue per Piece (Dollars per Piece)			
	<u>Proposed R2000-1</u>	<u>Alternate Proposal</u>	<u>Alternate Proposal Compared to Proposed R2000-1 Difference</u>
First-Class Letters and Flats - Single Piece	0.3408	0.3408	0.000
First-Class Letters and Flats - Single Piece Additional Ounces	0.2300	0.2200	-0.010
First-Class PRM and QBRM Letters	0.3100	0.3100	0.000
First-Class Letters and Flats - Workshared per Piece Rate			
Nonautomated Presort	0.3183	0.3183	0.000
Automated Basic Letters	0.2793	0.2793	0.000
Automated Basic Flats	0.2073	0.2073	0.000
Automated 3-Digit Letters	0.2710	0.2710	0.000
Automated 5-Digit Letters	0.2530	0.2530	0.000
Automated 3/5-Digit Flats	0.2772	0.2772	0.000
Automated Carrier-Route Letters	0.2479	0.2479	0.000
First-Class Letters and Flats - Workshared per Pound Rate			
Nonautomated Presort	0.0000	0.0000	0.000
Automated Basic Letters	0.0000	0.0000	0.000
Automated Basic Flats	0.0000	0.0000	0.000
Automated 3-Digit Letters	0.0000	0.0000	0.000
Automated 5-Digit Letters	0.0000	0.0000	0.000
Automated 3/5-Digit Flats	0.0000	0.0000	0.000
Automated Carrier-Route Letters	0.0000	0.0000	0.000
First-Class Letters and Flats - Workshared Ounces One to Two	0.2300	0.1740	-0.056
First-Class Letters and Flats - Workshared Ounces Two to Three	0.2300	0.2175	-0.012
First-Class Letters and Flats - Workshared Ounces Over Three	0.2300	0.2200	-0.010
First-Class Stamped Cards	0.2100	0.2100	0.000
First-Class PRM and QBRM Cards	0.1800	0.1800	0.000
First-Class Private Cards			
Single Piece Cards at Cards Rates	0.2100	0.2100	0.000
Single Piece Cards at Letter Rates	0.3400	0.3400	0.000
Nonautomated Presort Cards	0.1900	0.1900	0.000
Automated Basic Cards	0.1740	0.1740	0.000
Automated 3-Digit Cards	0.1670	0.1670	0.000
Automated 5-Digit Cards	0.1540	0.1540	0.000
Automated Carrier-Route Cards	0.1490	0.1490	0.000
Standard Single Piece			
Standard Regular			
Nonautomated Basic Letters	0.2420	0.2420	0.000
Nonautomated Basic Nonletters	0.2371	0.2371	0.000
Nonautomated Presort Letters	0.2141	0.2141	0.000
Nonautomated Presort Nonletters	0.1708	0.1708	0.000
Automated Basic Letters	0.2000	0.2000	0.000
Automated Basic Flats	0.1983	0.1983	0.000
Automated 3-Digit Letters	0.1839	0.1839	0.000
Automated 5-Digit Letters	0.1629	0.1629	0.000
Automated 3/5-Digit Flats	0.1504	0.1504	0.000
Standard Regular - Second Ounce	0.0000	0.0000	0.000
Standard Regular - Third Ounce	0.0000	0.0000	0.000
Standard Regular - Ounces Above Third	0.0413	0.0413	0.000
Standard Regular Enhanced Carrier Route			
Automated	0.1630	0.1630	0.000
Basic Letters	0.1750	0.1750	0.000
Basic Nonletters	0.1210	0.1210	0.000
High-Density Letters	0.1068	0.1068	0.000
High-Density Nonletters	0.0438	0.0438	0.000
Saturation Letters	0.0978	0.0978	0.000
Saturation Nonletters	0.0526	0.0526	0.000
Standard Enhanced Carrier Route - Second Ounce	0.0000	0.0000	0.000
Standard Enhanced Carrier Route - Third Ounce	0.0000	0.0000	0.000
Standard Enhanced Carrier Route - Ounces Above Third	0.0365	0.0365	0.000
Standard Nonprofit	0.1351	0.1351	0.000
Standard Nonprofit Enhanced Carrier Route	0.0926	0.0926	0.000

Revenue per piece for Proposed R2000-1 is taken from Direct Testimony of David R. Fronk in Docket No. R2000-1, USPS-T-33, Workpaper 1 and Direct Testimony of Joseph D. Moeller in Docket No. R2000-1, USPS-T-36, Workpaper 1. Revenue per piece in the Alternative Proposal is the key rate per piece (p. 3) multiplied by the key rate to revenue per piece adjustment (p. 15).

Additional Ounce Model

Additional Ounces as Percent of First Ounce		
	Proposed R2000- 1	Alternate Proposal
First-Class Single Piece	39.72%	39.72%
First-Class Workshared		
Second Ounce	3.58%	3.58%
Third Ounce	1.00%	1.00%
Ounces Above Third Ounce	0.63%	0.63%
Standard Regular		
Second Ounce	52.90%	52.90%
Third Ounce	34.71%	34.71%
Ounces Above Third Ounce	101.31%	101.31%
Standard Enhanced Carrier Route		
Second Ounce	63.91%	63.91%
Third Ounce	46.99%	46.99%
Ounces Above Third Ounce	134.09%	134.09%
Additional ounces charged for as a percentage of first ounces is obtained from Sahron Daniel's R2000-1 LR-1-91 and LR-1-92		

	<u>Proposed R2000-1</u>	<u>Alternate Proposal</u>	<u>Alternate Proposal Compared to Proposed R2000-1 Difference</u>
First-Class Single Piece	1.002	1.002	0.000
First-Class Letters and Flats - Single Piece Additional Ounces	1.000	1.000	0.000
First-Class PRM and QBRM Letters	1.000	1.000	0.000
First-Class Letters and Flats - Workshared per Piece Rate			
Nonautomated Presort	0.995	0.995	0.000
Automated Basic Letters	0.998	0.998	0.000
Automated Basic Flats	0.669	0.669	0.000
Automated 3-Digit Letters	1.000	1.000	0.000
Automated 5-Digit Letters	1.000	1.000	0.000
Automated 3/5-Digit Flats	1.000	1.000	0.000
Automated Carrier-Route Letters	0.999	0.999	0.000
First-Class Letters and Flats - Workshared per Pound Rate			
Nonautomated Presort	0.000	1.000	1.000
Automated Basic Letters	0.000	1.000	1.000
Automated Basic Flats	0.000	0.669	0.669
Automated 3-Digit Letters	0.000	1.000	1.000
Automated 5-Digit Letters	0.000	1.000	1.000
Automated 3/5-Digit Flats	0.000	1.000	1.000
Automated Carrier-Route Letters	0.000	1.000	1.000
First-Class Letters and Flats - Workshared Second Ounce	1.000	1.000	0.000
First-Class Letters and Flats - Workshared Third Ounce	1.250	1.250	0.000
First-Class Letters and Flats - Workshared Ounces Above 3	1.000	1.000	0.000
First-Class Stamped Cards	0.913	0.913	0.000
First-Class PRM and QBRM Cards	1.000	1.000	0.000
First-Class Private Cards			
Single Piece Cards	1.000	1.000	0.000
Nonautomated Presort	1.000	1.000	0.000
Automated Basic	1.000	1.000	0.000
Automated 3-Digit	1.000	1.000	0.000
Automated 5-Digit	1.000	1.000	0.000
Automated Carrier-Route	1.000	1.000	0.000
Standard Single Piece			
Standard Regular			
Nonautomated Basic Letters	1.000	1.000	0.000
Nonautomated Basic Nonletters	0.762	0.762	0.000
Nonautomated Presort Letters	0.952	0.952	0.000
Nonautomated Presort Nonletters	0.662	0.662	0.000
Automated Basic Letters	1.000	1.000	0.000
Automated Basic Flats	0.743	0.743	0.000
Automated 3-Digit Letters	0.953	0.953	0.000
Automated 5-Digit Letters	0.947	0.947	0.000
Automated 3/5-Digit Flats	0.651	0.651	0.000
Standard Regular - Second Ounce	1.000	1.000	0.000
Standard Regular - Third Ounce	1.000	1.000	0.000
Standard Regular - Ounces Above Third	1.000	1.000	0.000
Standard Regular Enhanced Carrier Route			
Automated	1.000	1.000	0.000
Basic Letters	1.000	1.000	0.000
Basic Nonletters	0.692	0.692	0.000
High-Density Letters	0.702	0.702	0.000
High-Density Nonletters	0.284	0.284	0.000
Saturation Letters	0.684	0.684	0.000
Saturation Nonletters	0.356	0.356	0.000
Standard Enhanced Carrier Route - Second Ounce	1.000	1.000	0.000
Standard Enhanced Carrier Route - Third Ounce	1.000	1.000	0.000
Standard Enhanced Carrier Route - Ounces Above Third	1.000	1.000	0.000

The key rate to revenue adjustment is the ratio of the key rate per piece (p. 3) to revenue per piece (p. 13).

Discounts Per Share Calculations			
	<u>Proposed R2000-1</u>	<u>Alternate Proposal</u>	<u>Alternate Proposal Compared to Proposed R2000-1 Difference</u>
First-Class			
Nonautomated Presort	0.020	0.020	0.000
Automated Basic Letters	0.060	0.060	0.000
Automated Basic Flats	0.030	0.030	0.000
Automated 3-Digit Letters	0.069	0.069	0.000
Automated 5-Digit Letters	0.087	0.087	0.000
Automated 3/5-Digit Flats	0.063	0.063	0.000
Automated Carrier-Route Letters	0.092	0.092	0.000
Second Ounce	0.000	0.046	0.046
Third Ounce	0.046	0.046	0.000
First Class Cards			
Nonautomated Presort	0.020	0.020	0.000
Automated Basic	0.036	0.036	0.000
Automated 3-Digit	0.043	0.043	0.000
Automated 5-Digit	0.056	0.056	0.000
Automated Carrier-Route	0.061	0.061	0.000
Standard Regular			
Nonautomated Presort Letters	0.017	0.017	0.000
Nonautomated Presort Nonletters	0.053	0.053	0.000
Automated Basic Letters	0.042	0.042	0.000
Automated Basic Flats	0.044	0.044	0.000
Automated 3-Digit Letters	0.032	0.032	0.000
Automated 5-Digit Letters	0.053	0.053	0.000
Automated 3/5-Digit Flats	0.027	0.027	0.000
BMC Destination Entry Discount	0.017	0.017	0.000
SCF Destination Entry Discount	0.022	0.022	0.000
DDU Destination Entry	0.028	0.028	0.000

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	Cost Coverage		Alternate Proposal Compared to Proposed R2000-1 Difference
	Proposed R2000-1	Alternate Proposal	
First-Class Letters and Pairs - Single Piece	171.2%	169.7%	-1.55%
First-Class Letters and Plus - Presort	263.5%	254.4%	-9.10%
First-Class Cards - Single Piece	111.9%	111.9%	0.02%
First-Class Cards - Private Presort	265.6%	265.6%	0.01%
Total First Class	194.5%	191.7%	-2.88%
Total Periodical	101.3%	101.3%	0.00%
Standard Single Piece			
Standard Regular	131.9%	142.2%	9.29%
Standard Regular Enhanced Carrier Route	208.8%	214.4%	5.57%
Standard Regular and Enhanced Carrier Route	153.1%	161.6%	8.50%
Standard Nonprofit	116.8%	116.8%	0.00%
Standard Nonprofit Enhanced Carrier Route	126.7%	126.7%	0.00%
Total Standard A	148.2%	155.3%	7.09%
Total Standard B	114.5%	114.5%	0.00%
Priority Mail, Express Mail and Mailgrams	186.5%	186.5%	0.00%
Postal Penalty and Free-for-the Blind	0.0%	0.0%	0.00%
International Mail	122.2%	122.2%	0.00%
Special Services	153.3%	153.3%	0.00%
Attributable Costs	168.9%	169.6%	0.64%
Total	100.0%	100.0%	0.00%

Cost coverage for a mail type is the ratio of revenue (p. 9) to volume variable cost (p. 11) for the mail type.

Key Rate per Piece (Dollars per Piece)				
	<u>Proposed</u> R2000-1	<u>Alternate</u> Proposal	<u>Alternate</u> Proposal Compared to Proposed R2000-1 <u>Difference</u>	<u>Percent</u> <u>Difference</u>
First-Class Letters and Flats - Single Piece	0.340	0.340	0.000	0.0%
First-Class Letters and Flats - Single Piece Additional Ounces	0.230	0.220	-0.010	-4.3%
First-Class PRM and QBRM Letters	0.310	0.310	0.000	0.0%
First-Class Letters and Flats - Workshared per Piece Rate				
Nonautomated Presort	0.320	0.320	0.000	0.0%
Automated Basic Letters	0.280	0.274	-0.006	-2.1%
Automated Basic Flats	0.310	0.310	0.000	0.0%
Automated 3-Digit Letters	0.271	0.262	-0.009	-3.3%
Automated 5-Digit Letters	0.253	0.245	-0.008	-3.2%
Automated 3/5-Digit Flats	0.277	0.277	0.000	0.0%
Automated Carrier-Route Letters	0.248	0.248	0.000	0.0%
First-Class Letters and Flats - Workshared per Pound Rate				
Nonautomated Presort	0.000	0.000	0.000	---
Automated Basic Letters	0.000	0.000	0.000	---
Automated Basic Flats	0.000	0.000	0.000	---
Automated 3-Digit Letters	0.000	0.000	0.000	---
Automated 5-Digit Letters	0.000	0.000	0.000	---
Automated 3/5-Digit Flats	0.000	0.000	0.000	---
Automated Carrier-Route Letters	0.000	0.000	0.000	---
First-Class Letters and Flats - Workshared Second Ounce	0.230	0.174	-0.056	-24.3%
First-Class Letters and Flats - Workshared Third Ounce	0.184	0.174	-0.010	-5.4%
First-Class Letters and Flats - Workshared Ounces Above Third	0.230	0.220	-0.010	-4.3%
First-Class Stamped Cards	0.230	0.230	0.000	0.0%
First-Class PRM and QBRM Cards	0.180	0.180	0.000	0.0%
First-Class Private Cards				
Single Piece Cards	0.210	0.210	0.000	0.0%
Single Piece Cards at Letter Rates	0.340	0.340		
Nonautomated Presort Cards	0.190	0.190	0.000	0.0%
Automated Basic Cards	0.174	0.174	0.000	0.0%
Automated 3-Digit Cards	0.167	0.167	0.000	0.0%
Automated 5-Digit Cards	0.154	0.154	0.000	0.0%
Automated Carrier-Route Cards	0.149	0.149	0.000	0.0%
Standard Single Piece				
Standard Regular				
Nonautomated Basic Letters	0.242	0.248	0.006	2.7%
Nonautomated Basic Nonletters	0.311	0.317	0.006	2.1%
Nonautomated Presort Letters	0.225	0.238	0.013	5.7%
Nonautomated Presort Nonletters	0.258	0.271	0.013	5.0%
Automated Basic Letters	0.200	0.213	0.013	6.4%
Automated Basic Flats	0.267	0.280	0.013	4.8%
Automated 3-Digit Letters	0.193	0.212	0.019	10.0%
Automated 5-Digit Letters	0.172	0.191	0.019	11.2%
Automated 3/5-Digit Flats	0.231	0.250	0.019	8.4%
Standard Regular - Second Ounce	0.000	0.000	0.000	---
Standard Regular - Third Ounce	0.000	0.000	0.000	---
Standard Regular - Ounces Above Third	0.041	0.041	0.000	0.0%
Standard Regular Enhanced Carrier Route				
Automated	0.163	0.169	0.006	4.0%
Basic Letters	0.175	0.181	0.006	3.7%
Basic Nonletters	0.175	0.181	0.006	3.7%
High-Density Letters	0.152	0.158	0.006	4.2%
High-Density Nonletters	0.154	0.160	0.006	4.2%
Saturation Letters	0.143	0.149	0.006	4.5%
Saturation Nonletters	0.148	0.154	0.006	4.4%

Key Rate per Piece (Dollars per Piece) continued				
	<u>Proposed</u> R2000-1	<u>Alternate</u> Proposal	Alternate Proposal Compared to Proposed R2000-1 Difference	<u>Percent</u> Difference
Standard Regular Enhanced Carrier Route - Second Ounce	0.000	0.000	0.000	---
Standard Regular Enhanced Carrier Route - Third Ounce	0.000	0.000	0.000	---
Standard Regular Enhanced Carrier Route - Ounces Above Third	0.037	0.037	0.000	0.0%

Key rates are inputs to the model and are the rate for one specific type of mail. The key rates for Proposed R2000-1 are obtained from Request of the United States Postal Service for a Recommended Decision on Changes in Rates of Postage and Fees for Postal Services, Docket No. R2000-1. Key rates for an alternative proposal are set by the model user by changing each key rate or each discount and the mail type to which the discount is relative. Discounts are shown on p. 12.

Additional Ounce and Pound Rates (Dollars per Piece or per Ounce)				
	<u>Proposed</u> <u>R2000-1</u>	<u>Alternate</u> <u>Proposal</u>	<u>Alternate</u> <u>Proposal</u> Compared to <u>Proposed</u> <u>R2000-1</u> <u>Difference</u>	<u>Percent</u> <u>Difference</u>
First-Class Single Piece Additional Ounces	0.230	0.220	-0.010	-4.3%
First-Class Letters - Workshared per Pound Rate				
Nonautomated Presort	0.000	0.000	0.000	---
Automated Basic Letters	0.000	0.000	0.000	---
Automated 3-Digit Letters	0.000	0.000	0.000	---
Automated 5-Digit Letters	0.000	0.000	0.000	---
Automated Carrier-Route Letters	0.000	0.000	0.000	---
First-Class Workshared				
Second Ounce	0.230	0.174	-0.056	-24.3%
Third Ounce	0.184	0.174	-0.010	-5.4%
Above Third Ounce	0.230	0.220	-0.010	-4.3%
Standard Regular Addition for Pound Rate		0.000	0.000	---
Standard Regular Additional Ounces				
Second Ounce	0.000	0.000	0.000	---
Third Ounce	0.000	0.000	0.000	---
Above Third Ounce	0.041	0.041	0.000	---
Standard Enhanced Carrier Route Addition for Pound Rate		0.000	0.000	---
Standard Enhanced Carrier Route				
Second Ounce	0.000	0.000	0.000	---
Third Ounce	0.000	0.000	0.000	---
Above Third Ounce	0.037	0.037	0.000	---

Additional ounce and pound rates are inputs to the model. The additional ounce and pound rates for Proposed R2000-1 are obtained from [Request of the United States Postal Service for a Recommended Decision on Changes in Rates of Postage and Fees for Postal Services](#), Docket No. R2000-1

-1. Additional ounce and pound rates for an alternative proposal are set by the model user by changing each rate.

Revenue Requirement (Million Dollars)				
	Proposed R2000-1	Alternate Proposal	Alternate Proposal Compared to Proposed R2000-1 Difference	Percent Difference
Total Revenues	69,116.8	68,743.5	-373,331	-0.5%
Total Revenue Requirement (Equals Total Costs)	69,138.7	68,765.3	-373,330	-0.5%
Net Surplus (Deficiency)	(21.83)	(21.83)	(0.0)	0.0%

Total Revenue is obtained from the Revenue Table on p. 6. Total Revenue Requirement (Total Costs) is obtained from the Cost Table on p. 11. Net Surplus (Deficiency) is Total Revenues minus Total Revenue Requirement.

	Volume (Million Pieces)		Alternate Proposal Compared to Proposed R2000-1	Percent Difference
	Proposed R2000-1	Alternate Proposal	Difference	
First-Class Letters and Flats - Single Piece Including QBRM	52,877.658	52,273.908	-603.750	-1.1%
First-Class Letters and Flats - Single Piece Additional Ounces	21,001.839	20,762.043	-239.796	-1.1%
First-Class PRM and QBRM Letters	357.932	353.845	-4.087	-1.1%
First-Class Letters and Flats - Workshared	46,979.736	48,162.572	1,182.836	2.5%
Nonautomated Presort	2,586.288	2,636.063	49.776	1.9%
Automated Basic Letters	5,620.726	5,757.375	136.648	2.4%
Automated Basic Flats	52.293	53.488	1.195	2.3%
Automated 3-Digit Letters	24,508.201	25,191.010	682.810	2.8%
Automated 5-Digit Letters	12,362.727	12,638.718	275.991	2.2%
Automated 3/5-Digit Flats	304.691	311.513	6.821	2.2%
Automated Carrier-Route Letters	1,544.810	1,574.404	29.594	1.9%
First-Class Letters and Flats - Workshared Ounces One to Two	1,681.963	1,724.311	42.348	2.5%
First-Class Letters and Flats - Workshared Ounces Two to Three	471.274	483.140	11.866	2.5%
First-Class Letters and Flats - Workshared Ounces Over Three	295.463	302.902	7.439	2.5%
First-Class Stamped Cards	415.873	415.873	0.000	0.0%
First-Class PRM and QBRM Cards	103.678	103.562	-0.116	-0.1%
First-Class Private Cards	5,025.078	5,013.495	-11.583	-0.2%
Single-Piece Cards including QBRM & Stamped	2,354.910	2,352.271	-2.639	-0.1%
Nonautomated Presort Cards	383.715	383.477	-0.238	-0.1%
Automated Basic Cards	548.060	545.904	-2.156	-0.4%
Automated 3-Digit Cards	939.713	935.619	-4.094	-0.4%
Automated 5-Digit Cards	661.035	658.608	-2.427	-0.4%
Automated Carrier-Route Cards	137.645	137.615	-0.029	0.0%
Total First Class	105,759.955	106,323.255	563.300	0.5%
Total Periodical	10,321.166	10,321.166	0.000	0.0%
Standard Single Piece				
Standard Regular	40,998.656	39,331.228	-1,667.428	-4.1%
Nonautomated Basic Letters	1,011.823	1,040.812	28.989	2.9%
Nonautomated Basic Nonletters	1,045.493	1,060.022	14.529	1.4%
Nonautomated Presort Letters	1,455.143	1,926.407	471.263	32.4%
Nonautomated Presort Nonletters	1,791.588	1,782.523	-9.064	-0.5%
Automated Basic Letters	4,120.244	3,941.069	-179.174	-4.3%
Automated Basic Flats	347.480	323.894	-23.587	-6.8%
Automated 3-Digit Letters	13,450.018	12,429.378	-1,020.640	-7.6%
Automated 5-Digit Letters	6,378.638	5,725.014	-653.625	-10.2%
Automated 3/5-Digit Flats	11,398.229	11,102.110	-296.119	-2.6%
Standard Regular - Second Ounce	21,688.159	20,806.094	-882.064	-4.1%
Standard Regular - Third Ounce	14,231.318	13,652.526	-578.792	-4.1%
Standard Regular - Ounces Above Third	41,537.326	39,847.990	-1,689.336	-4.1%
Standard Regular Enhanced Carrier Route	32,828.212	31,930.697	-897.514	-2.7%
Automated	1,851.903	1,788.290	-63.613	-3.4%
Basic Letters	5,449.490	5,271.544	-177.946	-3.3%
Basic Nonletters	11,794.849	11,584.559	-210.290	-1.8%
High-Density Letters	393.109	376.454	-16.655	-4.2%
High-Density Nonletters	1,479.259	1,445.214	-34.044	-2.3%
Saturation Letters	2,692.107	2,570.258	-121.849	-4.5%
Saturation Nonletters	9,167.496	8,894.378	-273.117	-3.0%
Standard Enhanced Carrier Route - Second Ounce	20,981.342	20,407.718	-573.624	-2.7%
Standard Enhanced Carrier Route - Third Ounce	15,424.743	15,003.035	-421.708	-2.7%
Standard Enhanced Carrier Route - Ounces Above Third	44,019.581	42,816.098	-1,203.483	-2.7%
Standard Regular and Enhanced Carrier Route	73,826.868	71,261.925	-2,564.942	-3.5%
Standard Nonprofit	11,425.579	11,425.579	0.000	0.0%
Standard Nonprofit Enhanced Carrier Route	2,851.875	2,851.875	0.000	0.0%
Total Standard A	88,104.322	85,539.380	-2,564.942	-2.9%

Volume (Million Pieces) - continued				
	<u>Proposed</u> R2000-1	<u>Alternate</u> Proposal	Alternate Proposal Compared to Proposed R2000-1 Difference	<u>Percent</u> Difference
<i>Total Standard B</i>	1,133.060	1,133.060	0.000	0.0%
<i>Priority Mail, Express Mail and Mailgrams</i>	1,381.313	1,381.313	0.000	0.0%
<i>Postal Penalty and Free-for-the Blind</i>	405.217	405.217	0.000	0.0%
Total Domestic Mail	207,105.033	205,103.390	-2,001.643	-1.0%
International Mail	1,032.013	1,032.013	0.000	0.0%
Total Domestic and International Mail	208,137.046	206,135.403	-2,001.643	-1.0%

Proposed R2000-1 volumes are obtained from the direct testimony of George S. Tolley USPS-1-b. The Alternate volumes are estimated based on the inputs given to the Tolley's forecasting model accompanying his testimony.

Revenue (Million Dollars)				
	Proposed R2000-1	Alternate Proposal	Alternate Proposal Compared to Proposed R2000-1 Difference	Percent Difference
First-Class Letters and Flats - Single Piece Per Piece Except QBRM	17,856.707	17,652.821	-203.885	-1.1%
First-Class Letters and Flats - Single Piece Additional Ounces	4,830.423	4,567.649	-262.774	-5.4%
First-Class PRM and QBRM Letters	110.959	109.692	-1.267	-1.1%
First-Class Single-Piece Letter Fees	167.072	167.072	0.000	0.0%
Nonstandard Pieces	39.634	39.634		
First-Class Letters and Flats - Workshared Total	13,226.407	13,091.019	-135.388	-1.0%
First-Class Letters and Flats - Workshared Per Piece	12,640.686	12,596.748	-43.939	-0.3%
Nonautomated Presort	823.093	838.934	15.841	1.9%
Automated Basic Letters	1,569.908	1,573.616	3.708	0.2%
Automated Basic Flats	10.841	11.088	0.248	2.3%
Automated 3-Digit Letters	6,641.722	6,600.045	-41.678	-0.6%
Automated 5-Digit Letters	3,127.770	3,096.486	-31.284	-1.0%
Automated 3/5-Digit Flats	84.454	86.345	1.891	2.2%
Automated Carrier-Route Letters	382.898	390.233	7.335	1.9%
First-Class Letters and Flats - Workshared Ounces One to Two	386.851	300.030	-86.821	-22.4%
First-Class Letters and Flats - Workshared Ounces Two to Three	108.393	105.083	-3.310	-3.1%
First-Class Letters and Flats - Workshared Ounces Over Three	67.956	66.638	-1.318	-1.9%
First-Class Letters and Flats - Workshared Fees	22.520	22.520	0.000	0.0%
First-Class Stamped Cards	87.333	87.333	0.000	0.0%
First-Class PRM and QBRM Cards	18.662	18.641	-0.021	-0.1%
First-Class Private Cards	937.780	935.748	-2.032	-0.2%
Single-Piece Cards at Cards Rates	444.470	443.972	-0.498	-0.1%
Single-Piece Cards at Letter Rates	45.800	45.749		
Nonautomated Presort Cards	72.906	72.861	-0.045	-0.1%
Automated Basic Cards	95.362	94.987	-0.375	-0.4%
Automated 3-Digit Cards	156.932	156.248	-0.684	-0.4%
Automated 5-Digit Cards	101.799	101.426	-0.374	-0.4%
Automated Carrier-Route Cards	20.509	20.505	-0.004	0.0%
First-Class Single Piece Cards Fees	7.636	7.636	0.000	0.0%
First-Class Workshared Cards Fees	1.278	1.278	0.000	0.0%
Total First Class	37,283.890	36,678.524	-605.366	-1.6%
Total Periodical	2,498.774	2,498.774	0.000	0.0%
Standard Single Piece				
Standard Regular	9,070.437	9,309.684	239.247	2.6%
Nonautomated Basic Letters	244.861	258.586	13.725	5.6%
Nonautomated Basic Nonletters	247.847	256.500	8.653	3.5%
Nonautomated Presort Letters	311.613	436.171	124.557	40.0%
Nonautomated Presort Nonletters	306.085	319.754	13.669	4.5%
Automated Basic Letters	824.049	839.024	14.976	1.8%
Automated Basic Flats	68.900	67.324	-1.576	-2.3%
Automated 3-Digit Letters	2,473.993	2,515.344	41.350	1.7%
Automated 5-Digit Letters	1,039.334	1,037.716	-1.618	-0.2%
Automated 3/5-Digit Flats	1,714.556	1,809.823	95.267	5.6%
Standard Regular - Second Ounce	0.000	0.000	0.000	---
Standard Regular - Third Ounce	0.000	0.000	0.000	---
Standard Regular - Ounces Above Third	1,716.011	1,646.220	-69.791	-4.1%
Fees, Residual Shape, and Adjustments	121.918	121.918	0.000	0.0%
Standard Regular Enhanced Carrier Route	5,162.025	5,154.813	-7.211	-0.1%
Automated	301.860	303.019	1.159	0.4%
Basic Letters	953.661	956.502	2.841	0.3%
Basic Nonletters	1,427.690	1,453.889	26.199	1.8%
High-Density Letters	41.972	41.899	-0.074	-0.2%
High-Density Nonletters	64.797	65.955	1.159	1.8%
Saturation Letters	263.208	262.623	-0.585	-0.2%
Saturation Nonletters	482.618	488.635	6.017	1.2%
Standard Enhanced Carrier Route - Second Ounce	0.000	0.000	0.000	---
Standard Enhanced Carrier Route - Third Ounce	0.000	0.000	0.000	---
Standard Enhanced Carrier Route - Ounces Above Third	1,606.715	1,562.788	-43.927	-2.7%
Fees, Residual Shape, and Adjustments	19.764	19.764	0.000	0.0%
Standard Regular and Enhanced Carrier Route	14,232.462	14,464.498	232.036	1.6%

Revenue (Million Dollars) - continued				
	<u>Proposed</u>	<u>Alternate</u>	Alternate Proposal Compared to Proposed R2000-1	<u>Perce</u>
	<u>R2000-1</u>	<u>Proposal</u>	<u>Difference</u>	<u>Difference</u>
Standard Nonprofit	1,543.086	1,543.086	0.000	0.0%
Standard Nonprofit Enhanced Carrier Route	264.218	264.218	0.000	0.0%
Total Standard A	16,039.766	16,271.802	232.035	1.4%
Total Standard B	2,152.241	2,152.241	0.000	0.0%
Priority Mail, Express Mail and Mailgrams	6,611.961	6,611.961	0.000	0.0%
Postal Penalty and Free-for-the Blind	0.000	0.000	0.000	---
Total Domestic Mail	64,586.633	64,213.302	-373.331	-0.6%
International Mail	1,747.558	1,747.558	0.000	0.0%
Special Services	2,359.312	2,359.312	0.000	0.0%
Other Income	383.847	383.847	0.000	0.0%
Attributable Revenue	69,077.349	68,704.018	-373.331	-0.5%
Continuing Appropriations	67.093	67.093	0.000	0.0%
Investment Income	-27.621	-27.621	0.000	0.0%
Total Revenue	69,116.821	68,743.490	-373.331	-0.5%

Revenue is revenue per piece or key rate multiplied by volume for First-Class and Standard A. For other types of mails and other types of revenues (e.g. special services, other income) revenue is set at the levels shown in the Direct Testimony of Virginia J. Mayes in Docket No. R2000-1, USPS-T-32, Exhibit USPS-32B

Costs (Million Dollars)				
	<u>Proposed</u> R2000-1	<u>Alternate</u> Proposal	Alternate Proposal Compared to Proposed R2000-1 <u>Difference</u>	<u>Percent</u> <u>Difference</u>
First-Class Letters and Flats - Single Piece	13,437.357	13,283.931	-153.426	-1.1%
First-Class Letters and Flats - Presort	5,019.464	5,145.842	126.378	2.5%
First-Class Cards - Single Piece	539.919	539.314	-0.605	-0.1%
First-Class Cards - Private Presort	168.958	168.392	-0.566	-0.3%
Total First Class	19,165.698	19,137.479	-28.219	-0.1%
Total Periodical	2,465.588	2,465.588	0.000	0.0%
Standard Single Piece				
Standard Regular	6,823.933	6,546.402	-277.531	-4.1%
Standard Regular Enhanced Carrier Route	2,471.864	2,404.284	-67.580	-2.7%
Standard Regular and Enhanced Carrier Route	9,295.797	8,950.686	-345.111	
Standard Nonprofit	1,320.611	1,320.611	0.000	0.0%
Standard Nonprofit Enhanced Carrier Route	208.577	208.577	0.000	0.0%
Total Standard A	10,824.985	10,479.874	-345.111	-3.2%
Total Standard B	1,880.001	1,880.001	0.000	0.0%
<i>Priority Mail, Express Mail and Mailgrams</i>	3,546.046	3,546.046	0.000	0.0%
<i>Postal Penalty and Free-for-the Blind</i>	40.348	40.348	0.000	0.0%
Total Domestic Mail	37,922.666	37,549.336	-373.330	-1.0%
<i>International Mail</i>	1,429.916	1,429.916	0.000	0.0%
<i>Special Services</i>	1,539.113	1,539.113	0.000	0.0%
<i>Other Variable Costs</i>	0.000	0.000	0.000	#DIV/0!
Attributable Costs	40,891.695	40,518.365	-373.330	-0.9%
Total Other Costs	27,978.701	27,978.701	0.000	0.0%
<i>Prior Years Loss Recovery</i>	268.257	268.257	0.000	0.0%
Total Costs	69,138.653	68,765.323	-373.330	-0.5%
Volume Variable Cost per Piece (Dollars per Piece)				
	Proposed R2000-1	Alternate Proposal		
First-Class Letters and Flats - Single P	0.2541	0.2541	Costs are cost per piece multiplied by volume for First-Class and standard (A) commercial mail. For other types of mail and other types of revenue (e.g., special services, other variable costs), costs are set at the levels expected by the Postal Service in R2000-1 Proposed).	
First-Class Letters and Flats - Presort	0.1068	0.1068		
First-Class Cards - Single Piece	0.2293	0.2293		
First-Class Cards - Private Presort	0.0633	0.0633		
Standard Regular	0.1664	0.1664		
Standard Regular Enhanced Carrier R	0.0753	0.0753	Mail Processing Cost	0.00000
			Forwarding Cost	0.00000

Discounts (Dollar per Piece)				
	<u>Proposed R2000-1</u>	<u>Alternate Proposal</u>	Alternate Proposal Compared to Proposed R2000-1 <u>Difference</u>	<u>Percent Difference</u>
First-Class Single Piece Letters Rate	0.340	0.340	0.000	0.0%
First-Class Letters and Flats - Workshared Discounts for:				
Nonautomated Presort	0.020	0.020	0.000	0.0%
Automated Basic Letters	0.060	0.066	0.006	10.0%
Automated Basic Flats	0.030	0.030	0.000	0.0%
Automated 3-Digit Letters	0.069	0.078	0.009	13.0%
Automated 5-Digit Letters	0.087	0.095	0.008	9.2%
Automated 3/5-Digit Flats	0.063	0.063	0.000	0.0%
Automated Carrier-Route Letters	0.092	0.092	0.000	0.0%
Workshared Discount on Second Ounce	0.000	0.046	0.046	
Workshared Discount on Third Ounce	0.046	0.046	0.000	0.0%
First-Class Single Piece Cards Rate	0.210	0.210	0.000	0.0%
First-Class Private Cards - Workshared Discounts for:				
Nonautomated Presort Cards	0.020	0.020	0.000	0.0%
Automated Basic Cards	0.036	0.036	0.000	0.0%
Automated 3-Digit Cards	0.043	0.043	0.000	0.0%
Automated 5-Digit Cards	0.056	0.056	0.000	0.0%
Automated Carrier-Route Cards	0.061	0.061	0.000	0.0%
Standard Regular Discount Decrease and Enhanced Carrier Route Rate Increase from Proposed R2000-1			0.00645	
Standard Regular Nonautomated Basic Letters Rate	0.242	0.248	0.006	2.7%
Standard Regular Letters Discounts for:				
Nonautomated Presort Letters	0.017	0.011	-0.006	-37.9%
Automated Basic Letters	0.042	0.036	-0.006	-15.3%
Automated 3-Digit Letters	0.032	0.026	-0.006	-20.1%
Automated 5-Digit Letters	0.053	0.047	-0.006	-12.2%
Standard Regular Nonautomated Basic Nonletters Rate	0.311	0.317	0.006	2.1%
Standard Regular Nonletters Discounts for:				
Nonautomated Presort Nonletters	0.053	0.047	-0.006	-12.2%
Automated Basic Flats	0.044	0.038	-0.006	-14.7%
Automated 3/5-Digit Flats	0.027	0.021	-0.006	-23.9%
Standard Regular Enhanced Carrier Route Basic Letters Rate	0.175	0.181	0.006	3.7%
Standard Regular Enhanced Carrier Route Letters Discounts for:				
Automated	0.012	0.012	0.000	0.0%
High-Density Letters	0.023	0.023	0.000	0.0%
Saturation Letters	0.032	0.032	0.000	0.0%
Standard Regular Enhanced Carrier Route Basic Nonletters	0.175	0.181	0.006	3.7%
Standard Regular Enhanced Carrier Route Nonletters Discount for:				
High-Density Nonletters	0.021	0.021	0.000	0.0%
Saturation Nonletters	0.027	0.027	0.000	0.0%
Standard Regular				
BMC Destination Entry	0.017	0.011	0.006	37.9%
SCF Destination Entry	0.022	0.016	0.006	29.3%
DDU Destination Entry	0.028	0.022	0.006	23.0%

Discounts are inputs to the model and are the discount for one specific type of mail. The discounts for Proposed R2000-1 are obtained from Request of the United States Postal Service for a Recommended Decision on Changes in Rates of Postage and Fees for Postal Services, Docket No. R2000-1. Discounts for an alternative proposal are set by the model user by changing each key rate or each discount and the mail type to which the discount is relative. Key rates are shown on p. 3.

Revenue per Piece (Dollars per Piece)			
	Proposed R2000-1	Alternate Proposal	Alternate Proposal Compared to Proposed R2000-1 Difference
First-Class Letters and Flats - Single Piece	0.3408	0.3408	0.000
First-Class Letters and Flats - Single Piece Additional Ounces	0.2300	0.2200	-0.010
First-Class PRM and QBRM Letters	0.3100	0.3100	0.000
First-Class Letters and Flats - Workshared per Piece Rate			
Nonautomated Presort	0.3183	0.3183	0.000
Automated Basic Letters	0.2793	0.2733	-0.006
Automated Basic Flats	0.2073	0.2073	0.000
Automated 3-Digit Letters	0.2710	0.2620	-0.009
Automated 5-Digit Letters	0.2530	0.2450	-0.008
Automated 3/5-Digit Flats	0.2772	0.2772	0.000
Automated Carrier-Route Letters	0.2479	0.2479	0.000
First-Class Letters and Flats - Workshared per Pound Rate			
Nonautomated Presort	0.0000	0.0000	0.000
Automated Basic Letters	0.0000	0.0000	0.000
Automated Basic Flats	0.0000	0.0000	0.000
Automated 3-Digit Letters	0.0000	0.0000	0.000
Automated 5-Digit Letters	0.0000	0.0000	0.000
Automated 3/5-Digit Flats	0.0000	0.0000	0.000
Automated Carrier-Route Letters	0.0000	0.0000	0.000
First-Class Letters and Flats - Workshared Ounces One to Two	0.2300	0.1740	-0.056
First-Class Letters and Flats - Workshared Ounces Two to Three	0.2300	0.2175	-0.012
First-Class Letters and Flats - Workshared Ounces Over Three	0.2300	0.2200	-0.010
First-Class Stamped Cards	0.2100	0.2100	0.000
First-Class PRM and QBRM Cards	0.1800	0.1800	0.000
First-Class Private Cards			
Single Piece Cards at Cards Rates	0.2100	0.2100	0.000
Single Piece Cards at Letter Rates	0.3400	0.3400	0.000
Nonautomated Presort Cards	0.1900	0.1900	0.000
Automated Basic Cards	0.1740	0.1740	0.000
Automated 3-Digit Cards	0.1670	0.1670	0.000
Automated 5-Digit Cards	0.1540	0.1540	0.000
Automated Carrier-Route Cards	0.1490	0.1490	0.000
Standard Single Piece			
Standard Regular			
Nonautomated Basic Letters	0.2420	0.2484	0.006
Nonautomated Basic Nonletters	0.2371	0.2420	0.005
Nonautomated Presort Letters	0.2141	0.2264	0.012
Nonautomated Presort Nonletters	0.1708	0.1794	0.009
Automated Basic Letters	0.2000	0.2129	0.013
Automated Basic Flats	0.1983	0.2079	0.010
Automated 3-Digit Letters	0.1839	0.2024	0.018
Automated 5-Digit Letters	0.1629	0.1813	0.018
Automated 3/5-Digit Flats	0.1504	0.1630	0.013
Standard Regular - Second Ounce	0.0000	0.0000	0.000
Standard Regular - Third Ounce	0.0000	0.0000	0.000
Standard Regular - Ounces Above Third	0.0413	0.0413	0.000
Standard Regular Enhanced Carrier Route			
Automated	0.1630	0.1694	0.006
Basic Letters	0.1750	0.1814	0.006
Basic Nonletters	0.1210	0.1255	0.004
High-Density Letters	0.1068	0.1113	0.005
High-Density Nonletters	0.0438	0.0456	0.002
Saturation Letters	0.0978	0.1022	0.004
Saturation Nonletters	0.0526	0.0549	0.002
Standard Enhanced Carrier Route - Second Ounce	0.0000	0.0000	0.000
Standard Enhanced Carrier Route - Third Ounce	0.0000	0.0000	0.000
Standard Enhanced Carrier Route - Ounces Above Third	0.0365	0.0365	0.000
Standard Nonprofit	0.1351	0.1351	0.000
Standard Nonprofit Enhanced Carrier Route	0.0926	0.0926	0.000

Revenue per piece for Proposed R2000-1 is taken from Direct Testimony of David R. Fronk in Docket No. R2000-1, USPS-T-33, Workpaper 1 and Direct Testimony of Joseph D. Moeller in Docket No. R2000-1, USPS-T-36, Workpaper 1. Revenue per piece in the Alternative Proposal is the key rate per piece (p. 3) multiplied by the key rate to revenue per piece adjustment (p. 15).

Additional Ounces as Percent of First Ounces		
	Proposed R2000- 1	Alternate Proposal
First-Class Single Piece	39.72%	39.72%
First-Class Workshared		
Second Ounce	3.58%	3.58%
Third Ounce	1.00%	1.00%
Ounces Above Third Ounce	0.63%	0.63%
Standard Regular		
Second Ounce	52.90%	52.90%
Third Ounce	34.71%	34.71%
Ounces Above Third Ounce	101.31%	101.31%
Standard Enhanced Carrier Route		
Second Ounce	63.91%	63.91%
Third Ounce	46.99%	46.99%
Ounces Above Third Ounce	134.09%	134.09%
Additional ounces charged for as a percentage of first ounces is obtained from Sahron Daniel's R2000-1 LR-I-91 and LR-I-92		

<u>Key Rate to Revenue per Piece Adjustment</u>			
	<u>Proposed R2000-</u> <u>1</u>	<u>Alternate</u> <u>Proposal</u>	<u>Alternate</u> <u>Proposal</u> <u>Compared to</u> <u>Proposed</u> <u>R2000-1</u> <u>Difference</u>
First-Class Single Piece	1.002	1.002	0.000
First-Class Letters and Flats - Single Piece Additional Ounces	1.000	1.000	0.000
First-Class PRM and QBRM Letters	1.000	1.000	0.000
First-Class Letters and Flats - Workshared per Piece Rate			
Nonautomated Presort	0.995	0.995	0.000
Automated Basic Letters	0.998	0.998	0.000
Automated Basic Flats	0.669	0.669	0.000
Automated 3-Digit Letters	1.000	1.000	0.000
Automated 5-Digit Letters	1.000	1.000	0.000
Automated 3/5-Digit Flats	1.000	1.000	0.000
Automated Carrier-Route Letters	0.999	0.999	0.000
First-Class Letters and Flats - Workshared per Pound Rate			
Nonautomated Presort	0.000	1.000	1.000
Automated Basic Letters	0.000	1.000	1.000
Automated Basic Flats	0.000	0.669	0.669
Automated 3-Digit Letters	0.000	1.000	1.000
Automated 5-Digit Letters	0.000	1.000	1.000
Automated 3/5-Digit Flats	0.000	1.000	1.000
Automated Carrier-Route Letters	0.000	1.000	1.000
First-Class Letters and Flats - Workshared Second Ounce	1.000	1.000	0.000
First-Class Letters and Flats - Workshared Third Ounce	1.250	1.250	0.000
First-Class Letters and Flats - Workshared Ounces Above 3	1.000	1.000	0.000
First-Class Stamped Cards	0.913	0.913	0.000
First-Class PRM and QBRM Cards	1.000	1.000	0.000
First-Class Private Cards			
Single Piece Cards	1.000	1.000	0.000
Nonautomated Presort	1.000	1.000	0.000
Automated Basic	1.000	1.000	0.000
Automated 3-Digit	1.000	1.000	0.000
Automated 5-Digit	1.000	1.000	0.000
Automated Carrier-Route	1.000	1.000	0.000
Standard Single Piece			
Standard Regular			
Nonautomated Basic Letters	1.000	1.000	0.000
Nonautomated Basic Nonletters	0.762	0.762	0.000
Nonautomated Presort Letters	0.952	0.952	0.000
Nonautomated Presort Nonletters	0.662	0.662	0.000
Automated Basic Letters	1.000	1.000	0.000
Automated Basic Flats	0.743	0.743	0.000
Automated 3-Digit Letters	0.953	0.953	0.000
Automated 5-Digit Letters	0.947	0.947	0.000
Automated 3/5-Digit Flats	0.651	0.651	0.000
Standard Regular - Second Ounce	1.000	1.000	0.000
Standard Regular - Third Ounce	1.000	1.000	0.000
Standard Regular - Ounces Above Third	1.000	1.000	0.000
Standard Regular Enhanced Carrier Route			
Automated	1.000	1.000	0.000
Basic Letters	1.000	1.000	0.000
Basic Nonletters	0.692	0.692	0.000
High-Density Letters	0.702	0.702	0.000
High-Density Nonletters	0.284	0.284	0.000
Saturation Letters	0.684	0.684	0.000
Saturation Nonletters	0.356	0.356	0.000
Standard Enhanced Carrier Route - Second Ounce	1.000	1.000	0.000
Standard Enhanced Carrier Route - Third Ounce	1.000	1.000	0.000
Standard Enhanced Carrier Route - Ounces Above Third	1.000	1.000	0.000

The key rate to revenue adjustment is the ratio of the key rate per piece (p. 3) to revenue per piece (p. 13).

Discounts For Share Calculations			
	Proposed R2000-1	Alternate Proposal	Alternate Proposal Compared to Proposed R2000-1 Difference
First-Class			
Nonautomated Presort	0.020	0.020	0.000
Automated Basic Letters	0.060	0.066	0.006
Automated Basic Flats	0.030	0.030	0.000
Automated 3-Digit Letters	0.069	0.078	0.009
Automated 5-Digit Letters	0.087	0.095	0.008
Automated 3/5-Digit Flats	0.063	0.063	0.000
Automated Carrier-Route Letters	0.092	0.092	0.000
Second Ounce	0.000	0.046	0.046
Third Ounce	0.046	0.046	0.000
First Class Cards			
Nonautomated Presort	0.020	0.020	0.000
Automated Basic	0.036	0.036	0.000
Automated 3-Digit	0.043	0.043	0.000
Automated 5-Digit	0.056	0.056	0.000
Automated Carrier-Route	0.061	0.061	0.000
Standard Regular			
Nonautomated Presort Letters	0.017	0.011	-0.006
Nonautomated Presort Nonletters	0.053	0.047	-0.006
Automated Basic Letters	0.042	0.036	-0.006
Automated Basic Flats	0.044	0.038	-0.006
Automated 3-Digit Letters	0.032	0.026	-0.006
Automated 5-Digit Letters	0.053	0.047	-0.006
Automated 3/5-Digit Flats	0.027	0.021	-0.006
BMC Destination Entry Discount	0.017	0.011	-0.006
SCF Destination Entry Discount	0.022	0.016	-0.006
DDU Destination Entry	0.028	0.022	-0.006