

UNITED STATES OF AMERICA
Before The
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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OFFICE OF THE SECRETARY

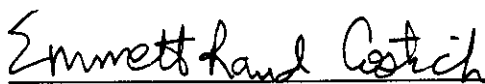
Postal Rate and Fee Changes)

Docket No. R2000-1

NOTICE OF THE OFFICE OF THE CONSUMER ADVOCATE
CONCERNING ERRATA TO OCA LIBRARY REFERENCE,
OCA-LR-I-3, PART I
(June 29, 2000)

The Office of the Consumer Advocate hereby gives notice of the filing of the following corrections to OCA library reference OCA-LR-I-3, Part I, filed by witness James F. Callow on May 22, 2000. The changes to Part I are set forth below. A new version of Part I, incorporating the revised pages, is attached. A new electronic version of Part I, incorporating the revised pages, is being filed separately.

Respectfully submitted,



TED P. GERARDEN
Director
Office of the Consumer Advocate

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OCA-LR-I-3, Part I

- Page 4 of 20 For 1998, in the column "FC Letters", delete "1.308" and "1.110" and insert "1.310" and "1.112", respectively
- Page 4 of 20 For 1998, in the column "Std (A) Regular", delete "0.949" and "0.982" and insert "0.899" and "0.963", respectively
- Page 9 of 20 Replace Table 4 and Figure 4 for change in 1998. Change "1.308" to "1.310"
- Page 10 of 20 Replace Table 5 and Figure 5 for change in 1998. Change "1.110" to "1.112"
- Page 13 of 20 Replace Table 8 and Figure 8 for changes in 1998. Change "1.308" and "0.949" to "1.310" and "0.899," respectively
- Page 14 of 20 Replace Table 9 and Figure 9 for changes in 1998. Change "1.110" and "0.982" to "1.112" and "0.963," respectively
- Page 15 of 20 For 1992, line [18], delete "165,654" and insert "166,443"
- Page 15 of 20 For 1993, line [18], delete "170,313" and insert "171,220"
- Page 15 of 20 For 1998, line [9], delete "95,648" and insert "94,907"

CERTIFICATE OF SERVICE

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

A handwritten signature in black ink that reads "Emmett Rand Costich". The signature is written in a cursive style with some capital letters.

EMMETT RAND COSTICH

Washington, D.C. 20268-0001
June 29, 2000

OCA-LR-3
Part I

Part I of OCA-LR-3 contains the electronic versions of the spreadsheets and tables used in Part I of OCA-T-6.

Table A
COMPARISON OF FIRST-CLASS LETTERS AND STANDARD (A) REGULAR MAIL
INSTITUTIONAL COST BURDENS, 1988-2001

(all dollar amounts in millions; italicized amounts are estimates)

	1988			1989			1990		
	FC Letters	Std (A) Regular	Total	FC Letters	Std (A) Regular	Total	FC Letters	Std (A) Regular	Total
USPS Costs [1]	\$12,787	\$4,704	\$24,137	\$13,743	\$4,810	\$25,675	\$14,259	\$5,059	\$26,948
USPS Revenues [2]	\$20,653	\$6,199	\$35,961	\$22,471	\$6,769	\$38,934	\$23,135	\$6,935	\$40,082
Institutional Cost Contribution [3]	\$7,866	\$1,495	\$11,825	\$8,728	\$1,959	\$13,259	\$8,875	\$1,876	\$13,134
Cost Share [4]	52.98%	19.49%	100.00%	53.53%	18.74%	100.00%	52.91%	18.77%	100.00%
Institutional Cost Share [5]	66.52%	12.64%	100.00%	65.83%	14.77%	100.00%	67.58%	14.28%	100.00%
Cost Coverage [6]	162%	132%	149%	164%	141%	152%	162%	137%	149%
Mark-Up Index [7]	1.256	0.649	1.00	1.230	0.788	1.00	1.277	0.761	1.00
Recommended Mark-Up Index [8]	1.200	0.840	1.00	1.200	0.840	1.00	1.200	0.840	1.00
Average Mark-Up Index [9]	1.263	0.907	1.00	1.263	0.907	1.00	1.263	0.907	1.00
Cost Coverage Index [10]	1.084	0.884	1.00	1.078	0.928	1.00	1.091	0.922	1.00
Recom'd Cost Coverage Index [11]	1.065	0.947	1.00	1.065	0.947	1.00	1.065	0.947	1.00
Average Cost Coverage Index [12]	1.091	0.968	1.00	1.091	0.968	1.00	1.091	0.968	1.00

Notes to Table A:

- [1] USPS Cost Segments and Components Reports, FY1988-99. For FY2000, see Exhibit USPS-14F, at 1 and 2. For FY2001, see Exhibit USPS-32B (revised 4-21-00).
- [2] USPS Revenue, Pieces and Weight (RPW) Reports, FY1988-99. For FY2000 and FY2001, see Exhibits USPS-32C and USPS-32B (revised 4-21-00), respectively.
- [3] = [2] - [1]
- [4] In each year, [1] First / Total; Std (A) / Total; and, Total / Total.
- [5] In each year, [3] First / Total; Std (A) / Total; and, Total / Total.
- [6] = [2] / [1]
- [7] = [5] / [4]
- [8] See Table C for First-Class Letter and Standard (A) mark-up indices for PRC Ops. R87-1, R90-1, R94-1 and R97-1.
- [9] See Table E for First-Class Letter and Standard (A) average mark-up indices for PRC Ops. R87-1, R90-1, R94-1 and R97-1.
- [10] In each year, [6] First / Total; Std (A) / Total; and, Total / Total.
- [11] See Table D for First-Class Letter and Standard (A) cost coverage indices for PRC Ops. R87-1, R90-1, R94-1 and R97-1.
- [12] See Table F for First-Class Letter and Standard (A) average cost coverage indices for PRC Ops. R87-1, R90-1, R94-1 and R97-1.

	1991			1992			1993			1994		
	FC Letters	Std (A) Regular	Total	FC Letters	Std (A) Regular	Total	FC Letters	Std (A) Regular	Total	FC Letters	Std (A) Regular	Total
[1]	\$15,173	\$5,223	\$28,716	\$15,630	\$5,515	\$29,904	\$15,909	\$5,472	\$30,363	\$17,042	\$5,723	\$32,193
[2]	\$25,644	\$7,647	\$44,242	\$27,289	\$8,042	\$47,159	\$27,879	\$8,348	\$48,078	\$28,365	\$9,049	\$49,646
[3]	\$10,471	\$2,424	\$15,525	\$11,659	\$2,526	\$17,255	\$11,970	\$2,875	\$17,715	\$11,323	\$3,325	\$17,453
[4]	52.84%	18.19%	100.00%	52.27%	18.44%	100.00%	52.40%	18.02%	100.00%	52.94%	17.78%	100.00%
[5]	67.44%	15.61%	100.00%	67.57%	14.64%	100.00%	67.57%	16.23%	100.00%	64.88%	19.05%	100.00%
[6]	169%	146%	154%	175%	146%	158%	175%	153%	158%	166%	158%	154%
[7]	1.276	0.858	1.00	1.293	0.794	1.00	1.289	0.901	1.00	1.226	1.072	1.00
[8]	1.235	0.941	1.00	1.235	0.941	1.00	1.235	0.941	1.00	1.235	0.941	1.00
[9]	1.263	0.907	1.00	1.263	0.907	1.00	1.263	0.907	1.00	1.263	0.907	1.00
[10]	1.097	0.950	1.00	1.107	0.925	1.00	1.107	0.963	1.00	1.079	1.025	1.00
[11]	1.078	0.980	1.00	1.078	0.980	1.00	1.078	0.980	1.00	1.078	0.980	1.00
[12]	1.091	0.968	1.00	1.091	0.968	1.00	1.091	0.968	1.00	1.091	0.968	1.00

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	1995			1996			1997			1998		
	Std (A)			Std (A)			Std (A)			Std (A)		
	FC Letters	Regular	Total	FC Letters	Regular	Total	FC Letters	Regular	Total	FC Letters	Regular	Total
[1]	\$17,856	\$6,145	\$33,689	\$18,254	\$6,274	\$34,853	\$15,743	\$6,289	\$32,449	\$15,675	\$7,101	\$33,729
[2]	\$30,821	\$10,268	\$54,608	\$31,999	\$10,622	\$56,618	\$32,238	\$11,329	\$58,385	\$32,691	\$12,138	\$60,192
[3]	\$12,965	\$4,122	\$20,919	\$13,745	\$4,348	\$21,765	\$16,495	\$5,040	\$25,936	\$17,016	\$5,037	\$26,463
[4]	53.00%	18.24%	100.00%	52.37%	18.00%	100.00%	48.52%	19.38%	100.00%	46.47%	21.05%	100.00%
[5]	61.98%	19.71%	100.00%	63.15%	19.98%	100.00%	63.60%	19.43%	100.00%	64.30%	19.03%	100.00%
[6]	173%	167%	162%	175%	169%	162%	205%	180%	180%	209%	171%	178%
[7]	1.169	1.080	1.00	1.206	1.110	1.00	1.311	1.003	1.00	1.384	0.904	1.00
[8]	1.310	0.899	1.00	1.310	0.899	1.00	1.310	0.899	1.00	1.310	0.899	1.00
[9]	1.263	0.907	1.00	1.263	0.907	1.00	1.263	0.907	1.00	1.263	0.907	1.00
[10]	1.065	1.031	1.00	1.079	1.042	1.00	1.138	1.001	1.00	1.169	0.958	1.00
[11]	1.112	0.963	1.00	1.112	0.963	1.00	1.112	0.963	1.00	1.112	0.963	1.00
[12]	1.091	0.968	1.00	1.091	0.968	1.00	1.091	0.968	1.00	1.091	0.968	1.00

	1999			2000			2001		
	Std (A)			Std (A)			Std (A)		
	FC Letters	Regular	Total	FC Letters	Regular	Total	FC Letters	Regular	Total
[1]	\$17,146	\$8,186	\$37,507	\$17,535	\$8,917	\$38,825	\$18,346	\$9,296	\$40,780
[2]	\$33,785	\$12,762	\$62,811	\$34,771	\$13,361	\$64,796	\$36,166	\$14,232	\$68,642
[3]	\$16,639	\$4,575	\$25,304	\$17,236	\$4,444	\$25,971	\$17,820	\$4,937	\$27,862
[4]	45.71%	21.83%	100.00%	45.17%	22.97%	100.00%	44.99%	22.79%	100.00%
[5]	65.76%	18.08%	100.00%	66.36%	17.11%	100.00%	63.96%	17.72%	100.00%
[6]	197%	156%	167%	198%	150%	167%	197%	153%	168%
[7]	1.439	0.828	1.00	1.469	0.745	1.00	1.422	0.777	1.00
[8]	1.308	0.949	1.00	1.308	0.949	1.00	1.308	0.949	1.00
[9]	1.263	0.907	1.00	1.263	0.907	1.00	1.263	0.907	1.00
[10]	1.177	0.931	1.00	1.188	0.898	1.00	1.171	0.910	1.00
[11]	1.110	0.982	1.00	1.110	0.982	1.00	1.110	0.982	1.00
[12]	1.091	0.968	1.00	1.091	0.968	1.00	1.091	0.968	1.00

Table 1
COMPARISON OF THE FIRST-CLASS LETTER AND TOTAL AVERAGE COST COVERAGE

Cost Coverage	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
First	162%	164%	162%	169%	175%	175%	166%	173%	175%	205%	209%	197%	198%	197%
Total	149%	152%	149%	154%	158%	158%	154%	162%	162%	180%	178%	167%	167%	168%

Figure 1: Comparison of First-Class Letters and Total Average Cost Coverage

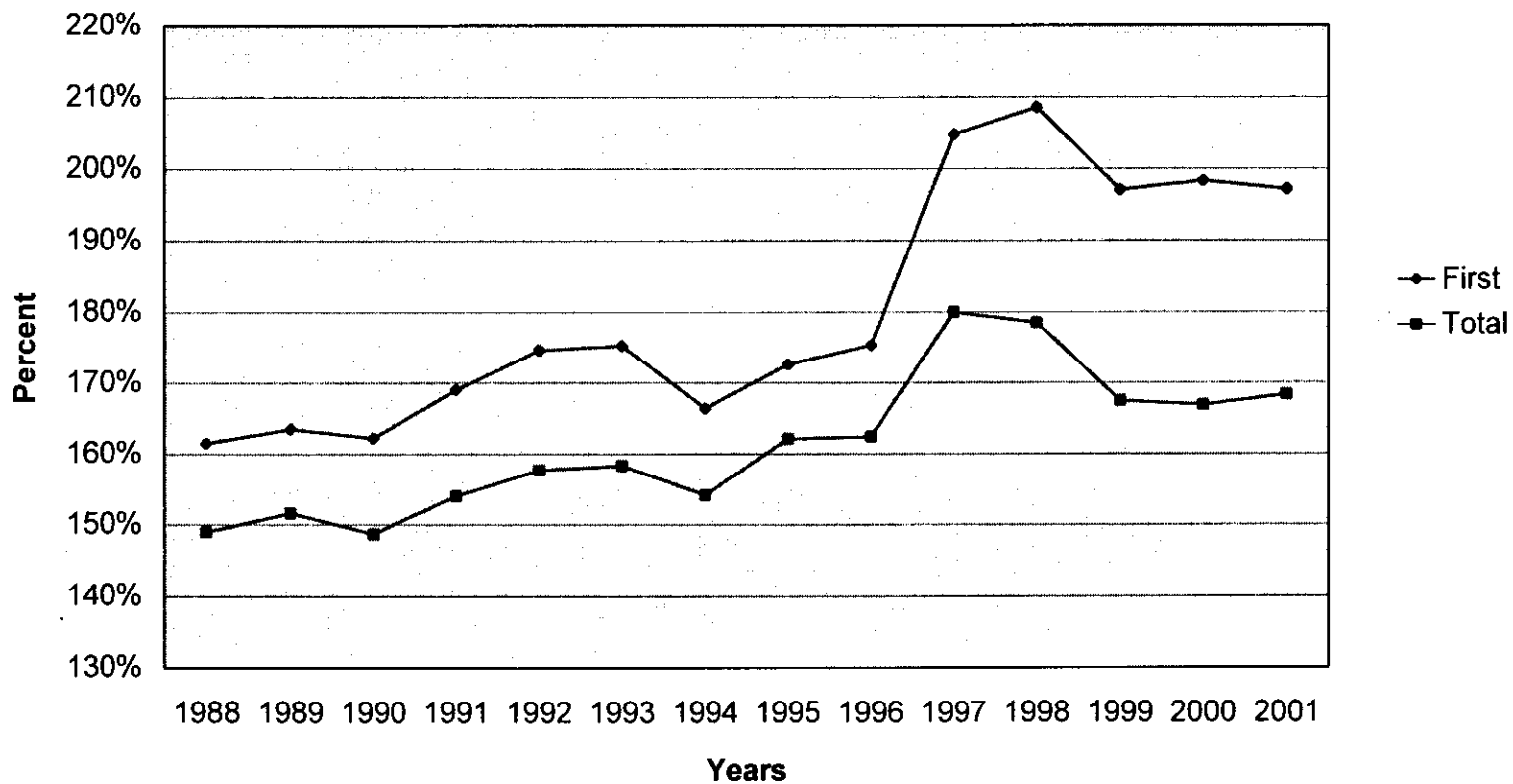


Table 2
FIRST-CLASS LETTER MARK-UP INDEX

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Mark-Up Index														
First	1,256	1,230	1,277	1,276	1,293	1,289	1,226	1,169	1,206	1,311	1,384	1,439	1,469	1,422
Total	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

Figure 2: First-Class Letter Mark-Up Index

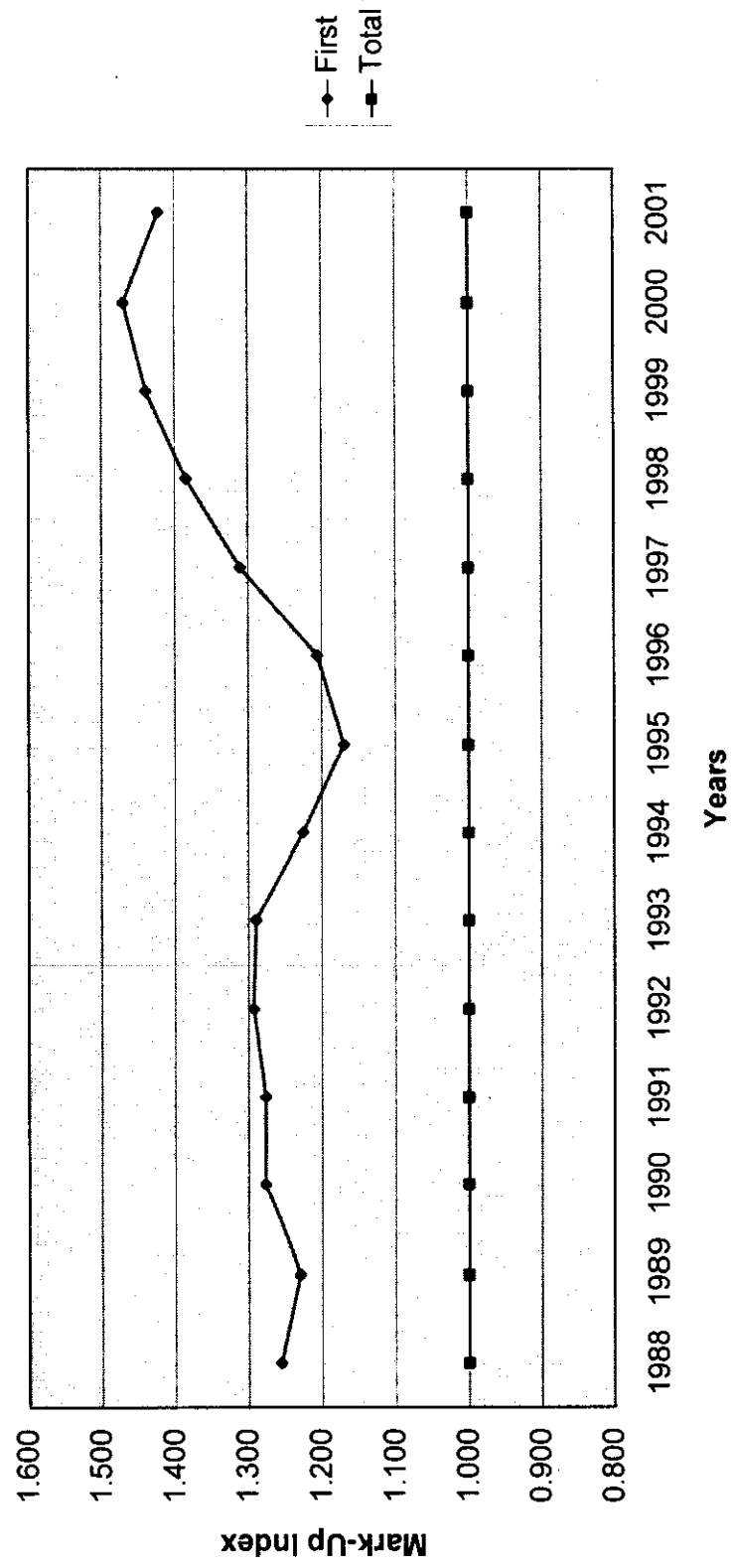
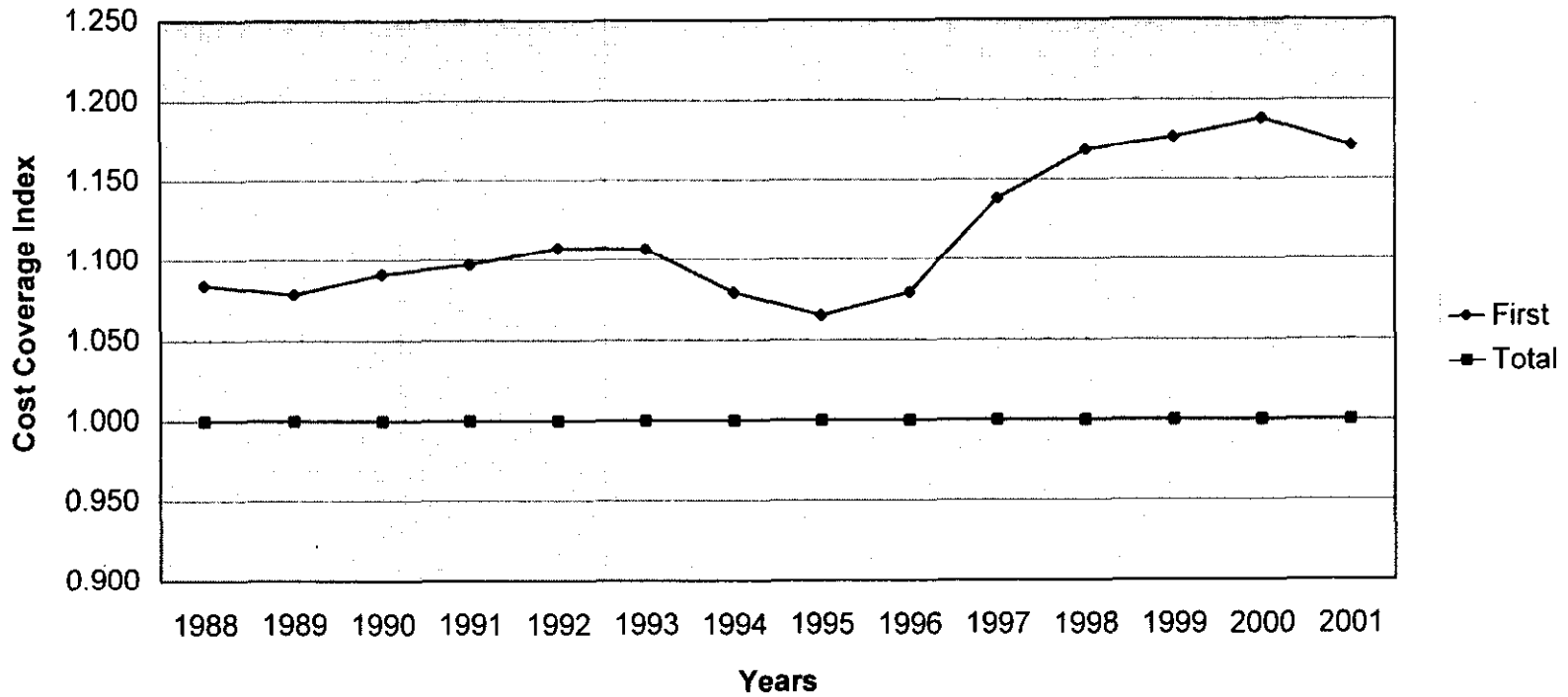


Table 3
FIRST-CLASS LETTER COST COVERAGE INDEX

Cost Coverage Index	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
First	1.084	1.078	1.091	1.097	1.107	1.107	1.079	1.065	1.079	1.138	1.169	1.177	1.188	1.171
Total	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Figure 3: First-Class Letter Cost Coverage Index

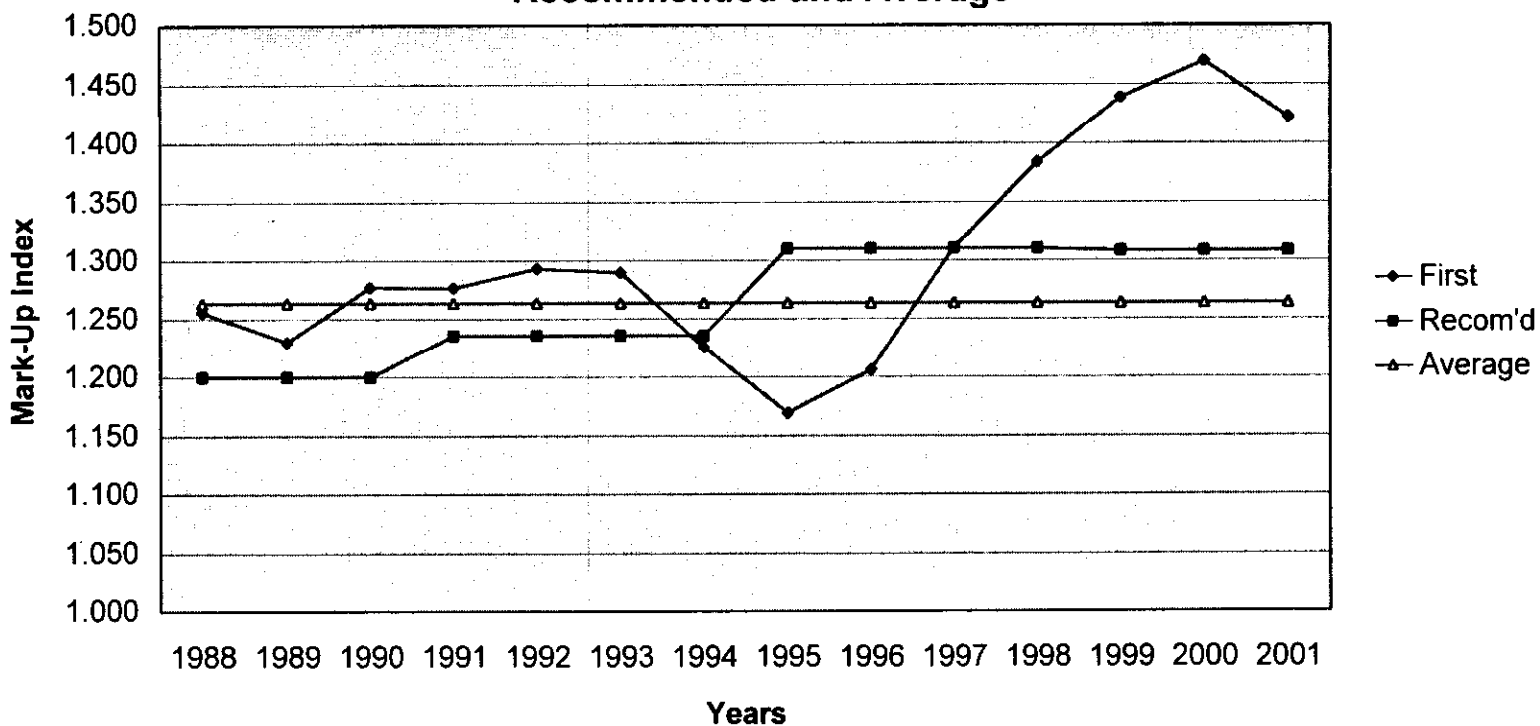


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Table 4
COMPARISON OF FIRST-CLASS LETTER MARK-UP INDEX TO RECOMMENDED AND AVERAGE MARK-UP INDICES

Mark-Up Index	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
First	1.256	1.230	1.277	1.276	1.293	1.289	1.226	1.169	1.206	1.311	1.384	1.439	1.469	1.422
Recom'd	1.200	1.200	1.200	1.235	1.235	1.235	1.235	1.310	1.310	1.310	1.310	1.308	1.308	1.308
Average	1.263	1.263	1.263	1.263	1.263	1.263	1.263	1.263	1.263	1.263	1.263	1.263	1.263	1.263

Figure 4: Comparison of First-Class Letter Mark-Up Index to Recommended and Average



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Table 5
COMPARISON OF FIRST-CLASS LETTER COST COVERAGE INDEX TO RECOMMENDED AND AVERAGE INDICES

Cost Coverage Index	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
First	1.084	1.078	1.091	1.097	1.107	1.107	1.079	1.065	1.079	1.138	1.169	1.177	1.188	1.171
Recom'd	1.065	1.065	1.065	1.078	1.078	1.078	1.078	1.112	1.112	1.112	1.112	1.110	1.110	1.110
Average	1.091	1.091	1.091	1.091	1.091	1.091	1.091	1.091	1.091	1.091	1.091	1.091	1.091	1.091

Figure 5: Comparison of First-Class Letter Cost Coverage Index to Recommended and Average

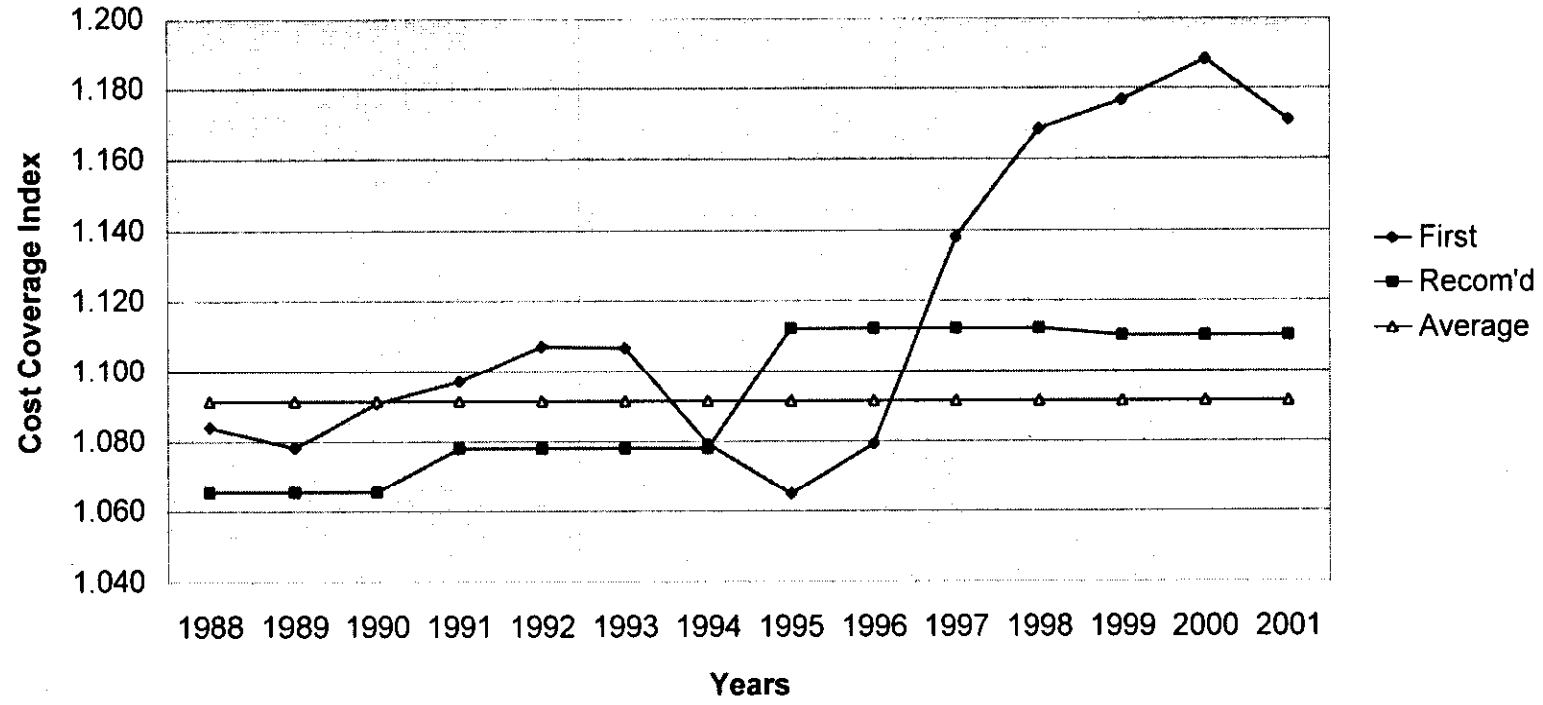


Table 6
COMPARISON OF FIRST-CLASS LETTERS AND STANDARD (A) REGULAR MARK-UP INDICES

Mark-Up Index	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
First	1.256	1.230	1.277	1.276	1.293	1.289	1.226	1.169	1.206	1.311	1.384	1.439	1.469	1.422
Std (A)	0.649	0.788	0.761	0.858	0.794	0.901	1.072	1.080	1.110	1.003	0.904	0.828	0.745	0.777
Total	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Figure 6: Comparison of First-Class Letters and Standard (A) Regular Mark-Up Indices

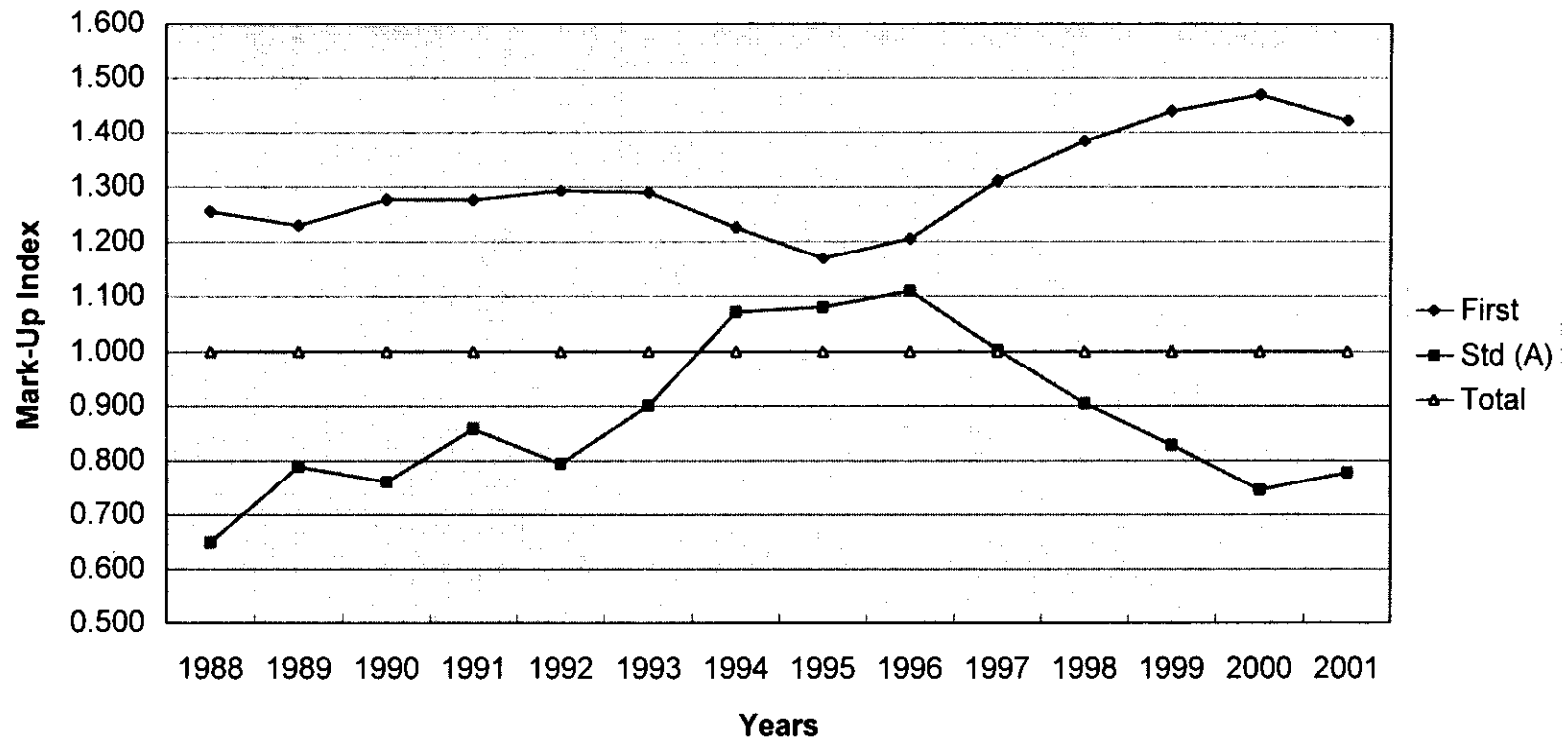
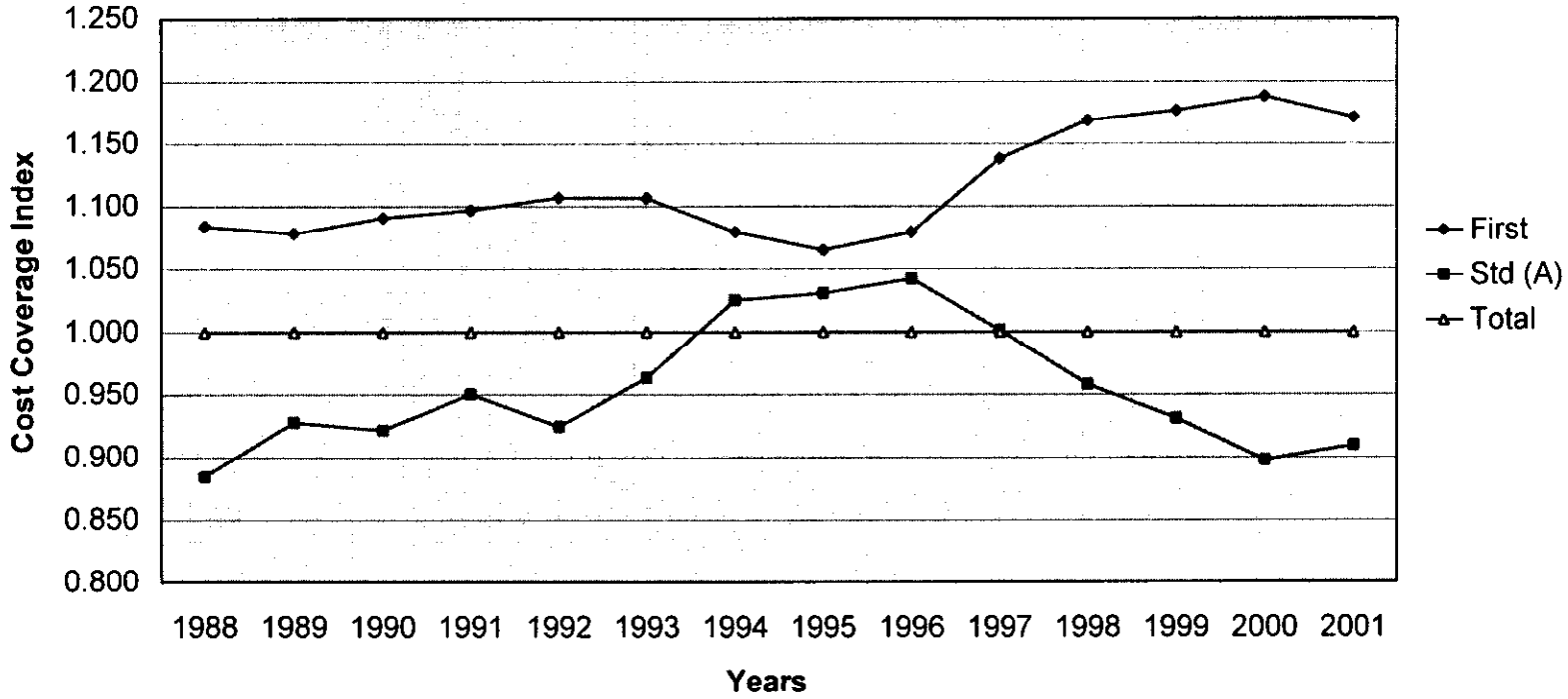


Table 7
COMPARISON OF FIRST-CLASS LETTERS AND STANDARD (A) REGULAR COST COVERAGE INDICES

Cost Coverage Index	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
First	1.084	1.078	1.091	1.097	1.107	1.107	1.079	1.065	1.079	1.138	1.169	1.177	1.188	1.171
Std (A)	0.884	0.928	0.922	0.950	0.925	0.963	1.025	1.031	1.042	1.001	0.958	0.931	0.898	0.910
Total	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Figure 7: Comparison of First-Class Letters and Standard (A) Regular Cost Coverage Indices

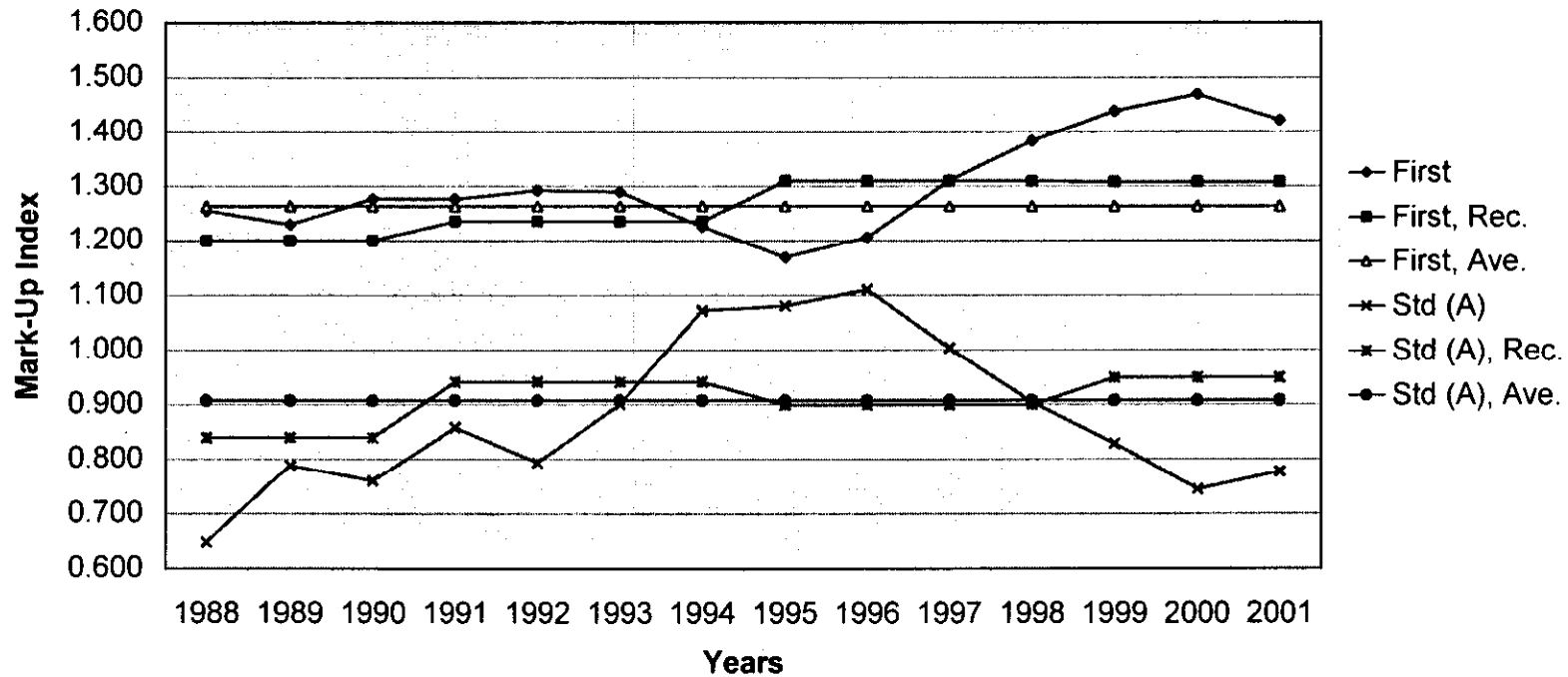


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Table 8
COMPARISON OF FIRST-CLASS LETTER & STANDARD (A) REGULAR MARK-UP INDICES TO RECOMMENDED AND AVERAGE INDICES

Mark-Up Index	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
First	1.256	1.230	1.277	1.276	1.293	1.289	1.226	1.169	1.206	1.311	1.384	1.439	1.469	1.422
First, Rec.	1.200	1.200	1.200	1.235	1.235	1.235	1.235	1.310	1.310	1.310	1.310	1.308	1.308	1.308
First, Ave.	1.263	1.263	1.263	1.263	1.263	1.263	1.263	1.263	1.263	1.263	1.263	1.263	1.263	1.263
Std (A)	0.649	0.788	0.761	0.858	0.794	0.901	1.072	1.080	1.110	1.003	0.904	0.828	0.745	0.777
Std (A), Rec.	0.840	0.840	0.840	0.941	0.941	0.941	0.941	0.899	0.899	0.899	0.899	0.949	0.949	0.949
Std (A), Ave.	0.907	0.907	0.907	0.907	0.907	0.907	0.907	0.907	0.907	0.907	0.907	0.907	0.907	0.907

Figure 8: Comparison of First-Class Letter and Standard (A) Regular Mark-Up Indices to Recommended and Average

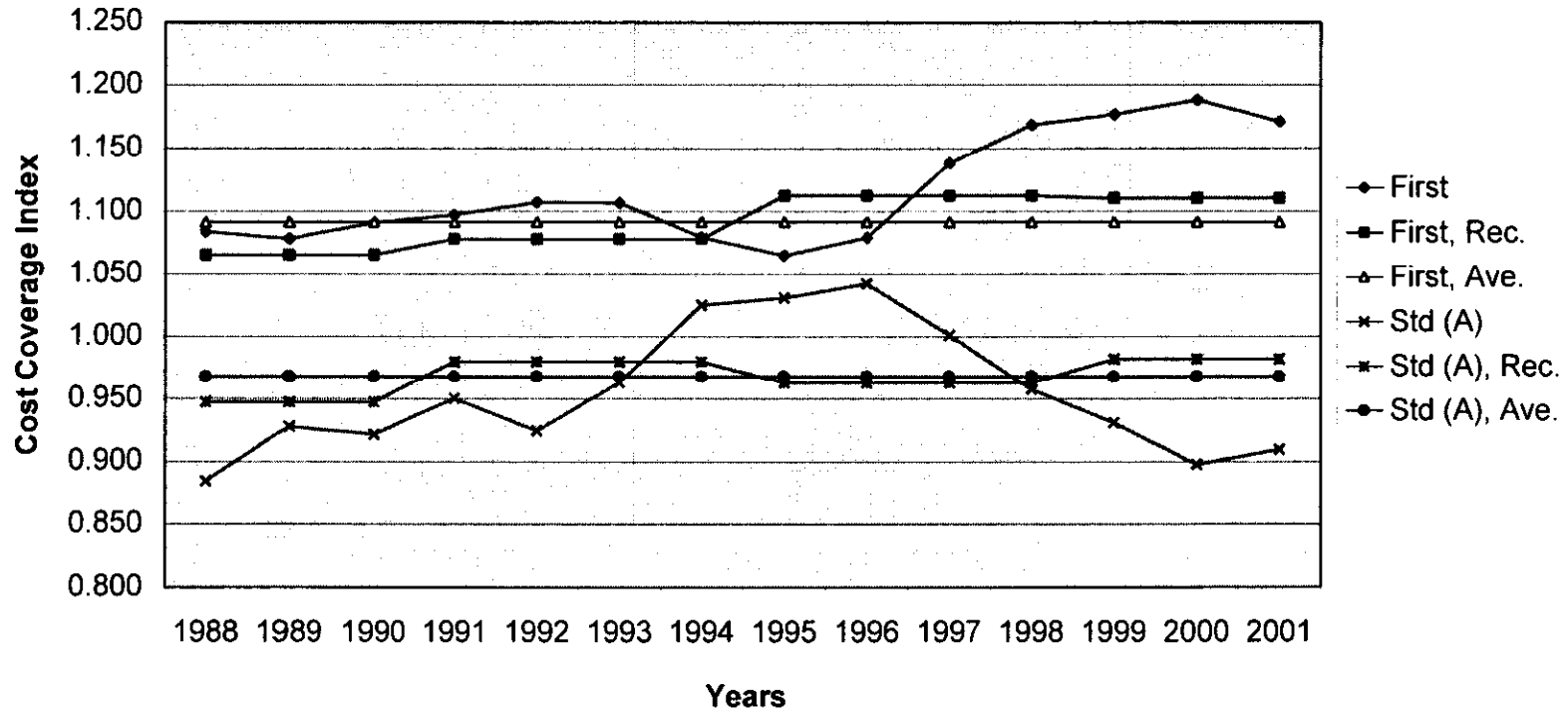


Revised 6-29-00

Table 9
COMPARISON OF FIRST-CLASS LETTER & STANDARD (A) REGULAR COST COVERAGE INDICES TO RECOMMENDED AND AVERAGE

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
First	1.084	1.078	1.091	1.097	1.107	1.107	1.079	1.065	1.079	1.138	1.169	1.177	1.188	1.171
First, Rec.	1.065	1.065	1.065	1.078	1.078	1.078	1.078	1.112	1.112	1.112	1.112	1.110	1.110	1.110
First, Ave.	1.091	1.091	1.091	1.091	1.091	1.091	1.091	1.091	1.091	1.091	1.091	1.091	1.091	1.091
Std (A)	0.884	0.928	0.922	0.950	0.925	0.963	1.025	1.031	1.042	1.001	0.958	0.931	0.898	0.910
Std (A), Rec.	0.947	0.947	0.947	0.980	0.980	0.980	0.980	0.963	0.963	0.963	0.963	0.982	0.982	0.982
Std (A), Ave.	0.968	0.968	0.968	0.968	0.968	0.968	0.968	0.968	0.968	0.968	0.968	0.968	0.968	0.968

Figure 9: Comparison of First-Class Letter and Standard (A) Regular Cost Coverage Indices to Recommended and Average



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Table B
CONTRIBUTION TO INSTITUTIONAL COSTS BY FIRST-CLASS LETTERS IN EXCESS OF
THE AVERAGE FIRST-CLASS LETTER MARK-UP INDEX, DOCKET NOS. R97-1 THROUGH R97-1
(volumes and amounts in millions, except per piece)

	FIRST-CLASS MAIL: LETTERS										Estimates		Total			
	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	1988-1999	1988-2001
FIRST-CLASS MAIL: LETTERS																
Contribution > or = Expected Revenue Adjusted for PRC Recommendations [1]	\$116	\$555	\$908	\$522	\$698	\$685	\$117	(\$747)	(\$354)	\$598	\$1,769	\$1,964	\$2,662	\$1,729	\$6,833	\$11,245
Cost Coverage Adjusted for PRC Recommendations [2]	158.9%	147.0%	143.7%	158.5%	162.8%	163.6%	158.7%	168.5%	188.9%	170.3%	171.8%	169.1%	166.7%	174.5%		
Adjusted Revenue per Piece [3]	\$0.27344	\$0.26842	\$0.26343	\$0.29501	\$0.30850	\$0.30954	\$0.31190	\$0.34560	\$0.34711	\$0.33551	\$0.32581	\$0.32926	\$0.32505	\$0.34486		
Adjusted Revenue [4]	\$9.581	\$21,916	\$22,226	\$25,122	\$26,591	\$27,194	\$28,248	\$31,569	\$32,353	\$31,639	\$30,922	\$31,821	\$32,069	\$34,437	\$319,181	\$385,707
Cost Coverage Adjusted for PRC Costin Methodology [5]	160.8%	150.8%	149.6%	161.6%	167.1%	167.7%	159.3%	184.5%	167.1%	173.5%	181.6%	179.5%	180.7%	183.2%		
Adjusted Cost per Piece [6]	\$0.17211	\$0.18255	\$0.18330	\$0.18616	\$0.18919	\$0.18919	\$0.19660	\$0.20547	\$0.20547	\$0.19699	\$0.18968	\$0.18474	\$0.19495	\$0.19766		
Revenue per Piece [7]	\$0.27676	\$0.27521	\$0.27420	\$0.30114	\$0.31320	\$0.31733	\$0.33742	\$0.34445	\$0.34186	\$0.34331	\$0.34445	\$0.34959	\$0.35223	\$0.36218		
Revenue [8]	\$9.697	\$22,471	\$23,135	\$25,644	\$27,289	\$27,879	\$28,365	\$30,821	\$31,999	\$32,238	\$32,681	\$33,785	\$34,771	\$36,166	\$326,014	\$396,951
Volume [9]	35,038	81,650	84,372	85,156	86,195	87,854	90,565	81,344	83,258	94,303	94,907	96,643	98,776	99,857		
USPS Costs [10]	\$12.787	\$13.743	\$14.259	\$15.173	\$15.630	\$15,909	\$17,042	\$18,254	\$18,254	\$17,856	\$18,254	\$18,954	\$19,254	\$19,716		
USPS Cost per Piece [11]	\$0.15869	\$0.16832	\$0.16900	\$0.17818	\$0.18133	\$0.18109	\$0.18817	\$0.19548	\$0.19548	\$0.19548	\$0.19548	\$0.19548	\$0.19548	\$0.19548		
Cost Adjustment Factor [12]	1.085	1.085	1.085	1.045	1.045	1.045	1.049	1.049	1.049	1.049	1.049	1.049	1.049	1.049		
Adjusted Attributable Costs [13]	\$13.868	\$14,905	\$15,465	\$16,652	\$16,330	\$16,621	\$17,805	\$18,734	\$19,151	\$18,576	\$18,002	\$18,820	\$19,245	\$19,738		
TOTAL USPS MAIL																
Contribution > or = Expected Revenue Adjusted for PRC Costin Methodology [14]	\$146.6%	\$137.2%	\$134.6%	\$146.3%	\$149.7%	\$150.3%	\$146.4%	\$154.2%	\$154.6%	\$155.7%	\$156.8%	\$154.7%	\$152.8%	\$156.9%		
Adjusted Cost per Piece [15]	\$0.16571	\$0.17596	\$0.17906	\$0.18235	\$0.18676	\$0.18676	\$0.19044	\$0.19591	\$0.19969	\$0.19649	\$0.19495	\$0.20145	\$0.20475	\$0.20928		
Revenue per Piece [16]	\$0.24293	\$0.24092	\$0.24102	\$0.26676	\$0.28334	\$0.28080	\$0.27865	\$0.30215	\$0.30865	\$0.30586	\$0.30569	\$0.31160	\$0.31282	\$0.33266		
Revenue [17]	\$16.984	\$38,934	\$40,082	\$44,242	\$47,159	\$46,078	\$49,646	\$54,608	\$56,618	\$58,385	\$60,192	\$62,811	\$64,796	\$69,066	\$577,740	\$711,602
Volume [18]	69,813	181,603	186,301	165,851	166,443	171,220	178,039	180,734	183,439	190,888	196,805	201,576	207,070	207,619		
USPS Costs [19]	\$24.137	\$25,675	\$26,948	\$28,716	\$29,904	\$30,363	\$32,193	\$33,689	\$34,653	\$33,689	\$34,653	\$35,617	\$36,581	\$37,545		
USPS Cost per Piece [20]	\$0.14998	\$0.15888	\$0.16204	\$0.17315	\$0.17987	\$0.17733	\$0.18082	\$0.18640	\$0.19000	\$0.18640	\$0.18640	\$0.19000	\$0.19000	\$0.19000		
Cost Adjustment Factor [21]	1.105	1.105	1.105	1.053	1.053	1.053	1.053	1.051	1.051	1.051	1.051	1.051	1.051	1.051		
Adjusted Attributable Costs [22]	\$26.671	\$28,371	\$29,777	\$30,244	\$31,494	\$31,976	\$33,905	\$35,407	\$36,630	\$37,508	\$38,386	\$40,608	\$42,398	\$43,452		
ALL OTHER USPS MAIL																
Contribution > or = Expected Revenue Adjusted for PRC Costin Methodology [23]	\$131.2%	\$122.3%	\$118.4%	\$129.2%	\$131.0%	\$131.5%	\$132.2%	\$142.7%	\$140.8%	\$138.1%	\$134.9%	\$133.2%	\$128.7%	\$138.7%		
Adjusted Cost per Piece [24]	\$0.15928	\$0.16842	\$0.17469	\$0.17834	\$0.18897	\$0.18420	\$0.19406	\$0.18652	\$0.18372	\$0.18601	\$0.19885	\$0.20763	\$0.21369	\$0.22005		
Revenue per Piece [25]	\$0.20683	\$0.20591	\$0.20885	\$0.23047	\$0.24761	\$0.24328	\$0.26610	\$0.26950	\$0.27284	\$0.27072	\$0.26963	\$0.27662	\$0.27710	\$0.30530		
Revenue [26]	\$7.287	\$16,463	\$16,947	\$18,597	\$19,870	\$20,189	\$21,281	\$23,787	\$24,619	\$26,417	\$27,501	\$29,026	\$30,025	\$32,900	\$251,728	\$314,650
Volume [27]	34,675	79,953	81,928	80,894	80,249	81,366	87,475	89,389	90,232	96,585	101,997	104,633	108,352	107,762		
USPS Costs [28]	\$11.350	\$11,932	\$12,089	\$13,343	\$14,274	\$14,454	\$15,151	\$15,899	\$16,599	\$16,599	\$17,474	\$18,532	\$19,253	\$20,153		
Adjusted Attributable Costs [29]	\$12.803	\$13,486	\$14,312	\$14,391	\$15,165	\$15,356	\$16,100	\$16,873	\$17,474	\$18,532	\$20,384	\$21,708	\$23,153	\$23,714		

Notes:

- [1] = [8] - [4]
- [2] = $1 + (1.263 * ([1] - 1))$, where 1.263 is the First-Class average mark-up for PRC Ops. R87-1, R90-1, R94-1, and R97-1. See Table C.
- [3] = [2] * [6]
- [4] = [3] * [9]. For FY1988, "Adjusted Revenue" reflects implementation of rates on 4/3/88.
- [5] = [7] / [6]
- [6] = [14] - [12], for FY1988-96. For FY1997-2001, [13] / [9]
- [7] = [8] / [9], except FY1988, which is calculated based upon total First-Class Letter revenue for FY1988. See Note [8], below.
- [8] = USPS Revenue, Pieces and Weight (RPW) Reports, FY1988-96. For FY1988, Quarter 3, less AP 7, plus Quarter 4, to reflect implementation of rates on 4/3/88. For FY2000 and FY2001, see Exhibit USPS-32C and USPS-32B (revised 4-21-00), respectively.
- [9] = USPS Revenue, Pieces and Weight (RPW) Reports, FY1988-96. For FY1988, Quarter 3, less AP 7, plus Quarter 4, to reflect implementation of rates on 4/3/88. For FY2000 and FY2001, see Response of Witness Mayes (USPS-T-32) to POIR No. 1, Question 4, at 3 and 2, respectively.
- [10] = USPS Cost Segments and Components Reports, FY1988-96.
- [11] = [10] / [8], except FY1988, which is divided by 80,577,669, total volume of First-Class letters for FY1988-96, see PRC Op. R87-1, Appendix G, Schedule 1, at 1. See also Docket No. R87-1, USPS-T-16, Exhibit 160, at 1, and USPS-T-2, Table 1 (revised 5-22-87), at 5. For FY1991-94, see PRC Op. R94-1, Appendix G, Schedule 1, at 1. See also Docket No. R90-1, USPS-T-17, Exhibit 170, at 1, and USPS-T-2, Table 1 (revised 3-30-90), at 6. For FY1985-96, see PRC Op. R94-1, Appendix G, Schedule 1, at 1. See also Docket No. R94-1, USPS-T-7, Exhibit 72, at 1, and USPS-T-2, Table 1, at 6.
- [12] = [6] * [9], for FY1988-96. FY1988 is divided by 80,577,669, total volume of First-Class letters. FY1997 is an average of FY1996 and FY1998. For FY1998, see Cost Segments and Components Report, FY1988, PRC Revised RPW Data Version, at 7. For FY1999, FY2000, and FY2001, see USPS-LR-I-131, Volume D, Volume F, and Volume J, respectively. Table E, at 1.
- [13] = [16] / [15]
- [14] = [20] * [21], for FY1988-96. For FY1997-2001, [22] / [18]
- [15] = [17] / [18], except FY1988, which is calculated based upon Total USPS Mail revenue for FY1988. See Note [17], below.
- [16] = USPS Revenue, Pieces and Weight (RPW) Reports, FY1988-96. For FY1988, Quarter 3, less AP 7, plus Quarter 4, to reflect implementation of rates on 4/3/88. For FY2000 and FY2001, see Exhibit USPS-32C and USPS-32B (revised 4-21-00), respectively.
- [17] = USPS Revenue, Pieces and Weight (RPW) Reports, FY1988-96. For FY1988, Quarter 3, less AP 7, plus Quarter 4, to reflect implementation of rates on 4/3/88. For FY2000 and FY2001, see Response of Witness Mayes (USPS-T-32) to POIR No. 1, Question 4, at 3 and 2, respectively.
- [18] = USPS Cost Segments and Components Reports, FY1988-96.
- [19] = [19] / [18], except FY1988, which is divided by 160,953,625, total mail volume for FY1988-96, see PRC Op. R87-1, Appendix G, Schedule 1, at 1. See also Docket No. R87-1, USPS-T-16, Exhibit 160, at 23, and Exhibit 160, at 2, and USPS-T-2, Table 1 (revised 5-22-87), at 3-30-90, at 7. For FY1991-94, see PRC Op. R90-1, Appendix G, Schedule 1, at 1. See also Docket No. R90-1, USPS-T-17, Exhibit 170, at 2, and USPS-T-2, Table 1 (revised 5-22-87), at 7. For FY1995-96, see PRC Op. R94-1, Appendix G, Schedule 1, at 1. See also Docket No. R94-1, USPS-T-7, Exhibit 72, at 22, and Exhibit 72, at 2, and USPS-T-2, Table 1, at 7.
- [20] = [15] * [18], for FY1988-96. FY1988 is divided by 160,953,625, total mail volume. FY1997 is an average of FY1996 and FY1998. For FY1998, see Cost Segments and Components Report, FY1988, PRC Revised RPW Data Version, at 8. For FY1999, FY2000, and FY2001, see USPS-LR-I-131, Volume D, Volume F, and Volume J, respectively. Table E, at 2.
- [21] = [23] / [24]
- [22] = [29] / (160,953,625 - 80,577,669). FY1988 total mail volume less First-Class letter volume.
- [23] = [26] / [27]
- [24] = [17] - [8]
- [25] = [18] * [9]
- [26] = [19] - [10]
- [27] = [22] - [13]

Table 10
SYSTEMWIDE AVERAGE AND FIRST-CLASS LETTERS COST
COVERAGE AND MARK-UP INDEX FROM SELECTED COMMISSION
RECOMMENDED DECISIONS

	<u>R-87</u>	<u>R-90</u>	<u>R-94</u>	<u>R-97</u>
Systemwide Average Cost Coverage	148.3%	150.0%	156.9%	155.3%
First-Class Letters Cost Coverage	158.0%	161.7%	174.5%	172.4%
First-Class Letters Mark Up Index	1.200	1.235	1.310	1.308

Source: PRC Op. R97-1, Appendix G, Schedule 3.

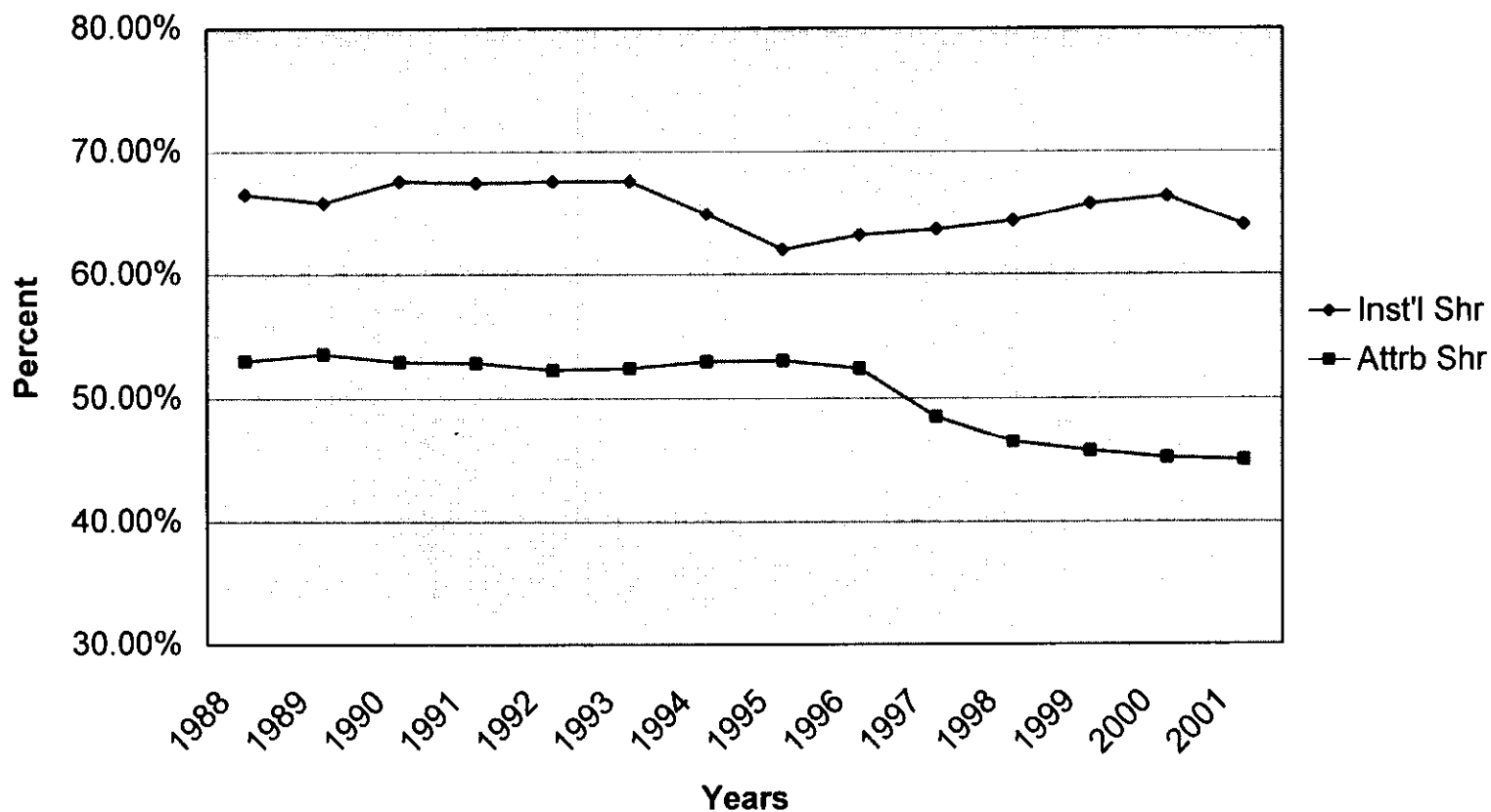
Table 11
ANNUAL CONTRIBUTION TO INSTITUTIONAL COSTS BY FIRST-CLASS LETTERS
IN EXCESS OF THE AVERAGE FIRST-CLASS MARK-UP INDEX
 (amounts in millions)

1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	<i>Estimated</i>		<i>Total</i>	
												2000	2001	1988-99	1988-2001
\$116	\$555	\$908	\$522	\$698	\$685	\$117	(\$747)	(\$354)	\$599	\$1,769	\$1,964	\$2,682	\$1,729	\$6,833	\$11,245

Table 12
 COMPARISON OF INSTITUTIONAL AND ATTRIBUTABLE COST SHARES FOR FIRST-CLASS LETTERS

First-Class Letters	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Inst'l Shr	66.52%	65.83%	67.58%	67.44%	67.57%	67.57%	64.88%	61.98%	63.15%	63.60%	64.30%	65.76%	66.36%	63.96%
Attrb Shr	52.98%	53.53%	52.91%	52.84%	52.27%	52.40%	52.94%	53.00%	52.37%	48.52%	46.47%	45.71%	45.17%	44.99%

**Figure 10: Comparison of Institutional and
 Attributable Cost Shares for First-Class Letters**



CERTIFICATE OF SERVICE

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

EMMETT RAND COSTICH

Washington, D.C. 20268-0001
June 29, 2000