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

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POSTAL RATE AND FEE CHANGES, 2000

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Docket No. R2000-1

REBUTTAL TESTIMONY  
OF  
NANCY R. KAY  
ON BEHALF OF  
UNITED STATES POSTAL SERVICE

## TABLE OF CONTENTS

AUTOBIOGRAPHICAL SKETCH .....	1
PURPOSE AND SCOPE OF TESTIMONY .....	1
MATERIALS ASSOCIATED WITH THIS TESTIMONY .....	2
PART I. ANALYSIS OF THE WITNESS LUCIANI'S CARRIER COSTING TESTIMONY .....	2
SECTION 1. CITY CARRIER ELEMENTAL LOAD COSTS ARE CORRECTLY DISTRIBUTED BY PIECE WITHIN SHAPE. ....	3
SECTION 2. COSTS FOR LOADING PARCELS ONTO VEHICLES.....	7
SECTION 3. THE CURRENT TREATMENT OF EXCLUSIVE PARCEL POST ROUTE COSTS DOES NOT REQUIRE MODIFICATION.....	12
SECTION 4. CORRECTED COSTS FOR PARCEL DELIVERY.....	14
PART II. REVISIONS TO CITY AND RURAL DELIVERY COSTS BY USPS WITNESSES.....	19

**LIST OF EXHIBITS**

EXHIBIT USPS-RT-13A	Handbook M-41, <u>City Delivey Carriers Duties and Responsibilities</u> , Page 43, Section 273 (Allowable Satchel Weight)
EXHIBIT USPS-RT-13B	Handbook M-41, Pages 15-24, Section 22, Casing and Preparing Mail
EXHIBIT USPS-RT-13C	Attribution of Cost for Loading Parcels Onto Vehicles
EXHIBIT USPS-RT-13D	<ol style="list-style-type: none"><li>1. Handbook M-41, Pages 71-76, Chapter 6, Parcel Post (Procedures for Special Purpose Routes)</li><li>2. Handbook M-39, Chapter 1, Administration of City Delivery Service, Page 8, Section 116.9, Parcel Post</li></ol>
EXHIBIT USPS-RT-13E	Costing of DDU Parcel Post Using USPS Methodology
EXHIBIT USPS-RT-13F	Costing of DDU Parcel Post Using PRC Methodology

1           **AUTOBIOGRAPHICAL SKETCH**

2

3           Please refer to the autobiographical sketch contained in my direct testimony,  
4   USPS-T-23.

5

6           **PURPOSE AND SCOPE OF TESTIMONY**

7

8           My testimony is divided into two parts. Part I pertains to the direct testimony of  
9   UPS witness Luciani. I review four points made in that testimony dealing with city and  
10   rural carrier costing. Witness Luciani contends that city carrier elemental load costs  
11   should be distributed based on weight. I show that city carrier elemental load costs are  
12   driven by shape of mail, and that the current treatment of these costs is correct.  
13   Second, I discuss witness Luciani's analysis of the loading of parcels onto vehicles by  
14   city carriers, and show that the current, accepted treatment of street support accurately  
15   treats all street support costs. Third, I show that Parcel Post costs are treated properly  
16   on special purpose routes. Finally, I fix the analysis of the cost for delivering parcels,  
17   developed by Mr. Luciani's in his discussion of DDU-entry costs. The revised analysis  
18   shows a cost per piece significantly less than witness Luciani's analysis.

19           The second part of my testimony presents updated base year and test year costs  
20   for city and rural carriers. I incorporate the revised Postal position described by witness  
21   Baron and witness Glick's recommendation for the rural carrier Mail Shape Adjustment.  
22   I also correct errors to rural carrier evaluation factors discovered when preparing this  
23   testimony.

1 **MATERIALS ASSOCIATED WITH THIS TESTIMONY**

2

3 This testimony is accompanied by library references.

4 USPS-LR-I-450 – Updated Spreadsheets for Cost Segments 6, 7, and 10.

5 This library reference contains updated CRA spreadsheets CS06&7.xls,  
6 CS10.xls and the accompanying I\_Forms.xls.

7 USPS-LR-I-451 – Distribution of Pieces Delivered on Special Purpose Routes by  
8 Route Type.

9 This library reference contains data filed in Docket No. R97-1, USPS-H-152 on  
10 special purpose routes, and a SAS program from Docket No. R97-1 USPS-H-157 that I  
11 revised to calculate the distribution of pieces delivered on special purpose routes by  
12 individual route type.

13

14 **PART I. ANALYSIS OF THE WITNESS LUCIANI'S CARRIER COSTING**  
15 **TESTIMONY**

16

17 Part I of my testimony examines witness Luciani's carrier costing testimony. In  
18 Section 1, I show that his contention that city carrier elemental load costs for parcels  
19 should be distributed across subclasses by weight is inappropriate, and that city carrier  
20 load costs are correctly distributed by piece within shape. Section 2 discusses Mr.  
21 Luciani's analysis of the costs for loading parcels onto vehicles by city carriers. I show  
22 that the current treatment of street support costs properly treats all street support costs.  
23 Section 3 refutes Mr. Luciani's argument that costs for Exclusive Parcel Post routes  
24 should be specific fixed to Parcel Post. I show that the accepted treatment of special

1 purpose routes is correct. Section 4 corrects Mr. Luciani's calculations of the cost per  
2 piece for delivering parcels that he presents in his discussion on DDU-entry costs.

3  
4 **SECTION 1. CITY CARRIER ELEMENTAL LOAD COSTS ARE CORRECTLY**  
5 **DISTRIBUTED BY PIECE WITHIN SHAPE.**  
6

7 Mr. Luciani contends that elemental load costs for parcels should be distributed  
8 across subclasses by weight. UPS-T-5 at 7-10 Tr. 25/11780-11783. He bases his  
9 argument on the testimony of witness Daniel. USPS-T-28, page 3, 8-9. Witness Daniel  
10 provides weight studies (USPS-LR-I-91, USPS-LR-I-92, USPS-LR-I-93) that estimate  
11 costs by ounce increments within the subclasses of First-Class Mail, Standard (A) and  
12 Periodicals. The weight studies are intended to provide guidance for the effect of  
13 weight on cost within those subclasses. Pricing witnesses Moeller (USPS-T-35) and  
14 Fronk (USPS-T-33) refer to these studies in their testimony on Standard (A) and First-  
15 Class Mail, respectively.

16 Ms. Daniel very carefully states that her weight studies are to provide a general,  
17 not an exact indication of costs.

18 The results of the weight analysis presented in this testimony are intended to  
19 guide rate design by providing a *general* indication of the effect weight has on  
20 total volume variable costs. They are not necessarily intended to be an *exact*  
21 quantification of costs for every individual weight increment. Isolating the effect  
22 of weight on cost is very difficult because weight is rarely the only characteristic  
23 that varies between different mail pieces. The shape, origin/destination  
24 combination, cube, and level of presorting and dropshipping of mail can affect the  
25 cost of mail. USPS-T-23, p. 3-4.

26  
27 Ms. Daniel makes certain assumptions about the effect of weight on cost. Some of  
28 those assumptions, while appropriate in the context of her weight studies, are not based  
29 on studies or evidence, such as her assumption that elemental load costs are weight

1 related. Her weight studies must be used within the proper context, which is to provide  
2 a general indication of the effect of weight on cost *within* a rate category. In fact, when  
3 delivery costs must be quantified precisely *across* rate categories, as they are in Ms.  
4 Daniel's delivery cost study (USPS-LR-I-95), elemental load costs are distributed by  
5 piece within shape.

6 The weight studies provided by witness McGrane in Docket No. R97-1 distributed  
7 elemental load costs among ounce increments by pieces within shape, following the  
8 accepted methodology used to develop city carrier elemental load costs in cost segment  
9 7. For this Docket, Ms. Daniel revises the assumptions used in the weight study, and  
10 distributes elemental load costs within subclass by weight, although she is aware that  
11 studies show that elemental load costs vary by shape, USPS-T-23 at 8, and that no new  
12 studies have been undertaken that show the effect of weight on city carrier costs.  
13 AAPS/USPS-T28-3 Tr. 4/ 1159.

14 Her purpose in distributing elemental load costs by weight is to set an upper  
15 bound of the effects of weight for city carrier costs. Ms. Daniel states "I allocated  
16 elemental load costs on the basis of weight to illustrate more of an upper bound that  
17 weight could have on carrier street costs." Tr 4/1395. "Using weight as a key  
18 compensates for any weight-related effects in route and access time, which have been  
19 allocated on the basis of piece...", USPS-T-28 at 8, "because "...[i]n fact, route time is  
20 allocated on the basis of weight in the CRA." Tr 4/1396. Ms. Daniel's distribution of  
21 elemental load costs among ounce increments within a rate category does exactly as  
22 she intends and sets an upper bound for the effects of weight on city carrier costs *within*  
23 rate categories.

1 Mr. Daniel is clearly not recommending that the Postal Service distribute  
 2 elemental load costs on weight *between* subclasses in the CRA, as Mr. Luciani  
 3 contends. UPS-T-5 at 7, Tr. 25/11780. She is aware that studies show that load costs  
 4 are sensitive to the shape, or dimension, or the mail piece, and that no studies exist that  
 5 show load costs are sensitive to weight.

6 Witness Baron (USPS-T-12) presents the Postal Service position on load time  
 7 costing. He develops the volume variabilities for load time, basing his variability  
 8 analysis on the load equations developed by the Commission for Docket No. R90-1.  
 9 These load equations use the average of the times to load an additional parcel, flat,  
 10 letter, or accountable at a delivery point. The average marginal load time for letters is  
 11 0.79 seconds, 1.02 seconds for flats, 11.28 seconds for parcels, and 36.85 seconds for  
 12 accountables. USPS-LR-I-310, Table 2<sup>1</sup>. Parcels take longer to load than letters or  
 13 flats because parcels tend to be larger than letters or flats. Shape is the only driving  
 14 factor in load costs cited on this record.<sup>2</sup>

15 Although larger items of the same shape may be assumed to be heavier, the  
 16 reverse may also be true. A small parcel containing lead fishing weights will easily fit in

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<sup>1</sup> The marginal load times listed here are the weighted average of the marginal load times documented in USPS-LR-I-310, Table 2. FY 1998 City Carrier Cost System pieces from USPS-LR-I-80, file CS06&7.xls, WS 7.0.8 are used as the weight. For example, the marginal load times in seconds for letters in Table 2 are 0.57, 1.89, and 0.22 for SDR, MDR, and BAM, respectively. The 1998 CCCS letter pieces are 50,934,127, 18,284,670, and 15,561,499 for SDR, MDR, and BAM, respectively.  $((0.57 * 50,934,127) + (1.89 * 18,284,670) + (0.22 * 15,561,499)) / (50,937,127 + 18,284,670 + 15,561,499) = 0.79$ . This is the weighted marginal load time in seconds for letters.

<sup>2</sup> Witness Baron's response to interrogatory OCA/USPS-T12-11c, Tr 18/ 7211 states "[i]t is my understanding that weight has not been used to distribute elemental load time costs because of the view that shape alone is the primary mail characteristic that determines why one piece takes longer to load than another piece. For example, a parcel is viewed as taking longer to load than a flat or a letter primarily because its typical shape dimension makes it more difficult to handle during the loading process."



1 a customer's mailbox, while a large parcel containing a down comforter or a sweater  
2 might be difficult to bend and fit into the box. Likewise, a flat generally takes longer to  
3 load than a letter because often the dimension of the mail piece causes the carrier to  
4 take more time fitting the piece into (loading) the mailbox than a letter. Understandably,  
5 accountables take the most time to load because of the required customer contact.

6 In his rebuttal testimony, witness Baron (USPS-RT-12) presents new regression  
7 equations for load time that utilize the Engineering Studies database, as an update to  
8 the Commission's load equations developed from the 1985 LTV study. UPS/USPS-  
9 T12-20(c), also USPS-LR-I-402. These new regression equations also show that the  
10 shape of the mail piece is the driver in load costs, not weight.

11 Mr. Luciani uses as an additional argument for his proposal to distribute  
12 elemental load costs by weight the two cents per pound adder charged by the Postal  
13 Service to account for weight-related non-transportation costs. UPS-T-5 at 9, Tr.  
14 25/11782. He refers to the testimony of witness Plunkett, which postulates a scenario  
15 where a carrier has to deliver two extremely heavy parcels. Tr. 13/5082. The motorized  
16 letter route deviation delivery analysis covers this type of situation. Docket No. R97-1,  
17 USPS-T-19, p. 6. Factors other than weight, such as size and accountability, cause  
18 deviation deliveries. The accepted motorized letter route analysis correctly accounts for  
19 these costs<sup>3</sup>.

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<sup>3</sup> Foot route carriers would not deliver the heavy parcels in Mr. Plunkett's scenario because carriers are precluded from carrying a satchel over 35 pounds, see Handbook M-41, p. 43 shown in Exhibit USPS-RT-13A.

1           Because weight is not a proven factor in city carrier load costs, Mr. Luciani's  
2           proposal to distribute elemental load costs across subclasses by weight is clearly  
3           inappropriate and should not be implemented. The city carrier cost system (CCCS)  
4           correctly provides distribution keys for each shape category of load costs using  
5           numbers of pieces by mail subclass in the shape category. These distribution keys do  
6           not need to be modified.

7  
8           **SECTION 2. COSTS FOR LOADING PARCELS ONTO VEHICLES.**

9  
10          Vehicle loading is one of many street support activities for city carriers. USPS-  
11          LR-I-1, p. 7-9. Mr. Luciani believes that the loading of parcels by city carriers is  
12          analogous to casing of letters and flats in-office, because the carrier may sequence  
13          parcels while loading. He proposes a revised treatment of street support costs for the  
14          time spent 'sequencing' parcels. UPS-T-5 at 10-12, Tr. 25/11783-11785. His  
15          assertions are based on one visit to a DDU where he observed carriers loading vehicles  
16          for about 25 minutes and watched two carriers load their vehicles from start to finish.  
17          Tr. 25/12011. Mr. Luciani also refers to the testimonies of witnesses Kingsley (Tr.  
18          5/2093) and Raymond (Tr. 19/8081-8082), where Mr. Raymond categorizes the carrier  
19          as placing the parcels in the vehicle in 'route zone groupings' and is careful not to call  
20          this activity 'sequencing'.

21          Mr. Luciani calculates the cost for 'sequencing' parcels in Exhibit UPS-T-5C, filed  
22          under seal. This bottom-up analysis is based on the confidential Standard Operating  
23          Procedures time standards filed in USPS-LR-I-242. Mr. Luciani multiplies the Standard  
24          Operating Procedures time standard for loading a parcel onto a truck by the city carrier

1 wage rate to get a cost per piece for loading parcels onto the truck. The cost per piece  
2 is then multiplied by the number of large parcels in a subclass from the City Carrier Cost  
3 System (CCCS) to get a total cost for 'sequencing' parcels. This total cost is then  
4 multiplied by the in-office activity variability to get volume variable cost for 'sequencing'  
5 parcels.

6 While it is tempting to use witness Raymond's USPS-LR-I-242 Standard  
7 Operating Procedures time standards to generate costs, it is clearly a misuse of the  
8 data. The time standards presented in the Standard Operating Procedures are used as  
9 parameters into a complicated modeling program that estimates route delivery time and  
10 should not be used in isolation<sup>4</sup>.

11 Even if the individual Standard Operating Procedures time standards could be  
12 used in isolation (which they cannot), there are conceptual problems with their use in  
13 product costing. Mr. Luciani even notes one of the problems in his testimony – "[t]he  
14 Engineered Standards study is based on time standards rather than actual  
15 observations." UPS-T-5 at 11, Tr. 25/11784. Mr. Luciani believes this is not a problem  
16 because "[i]n practice city carriers are likely not yet meeting those time standards since  
17 they reflect more efficient operating procedures than are now used, and thus the cost  
18 per piece for sequencing parcels obtained using the results of the time standards study  
19 is a conservatively low estimate." *Id.* This ignores the fact that if the Postal Service  
20 were to implement the time standards with the objective of minimizing total cost, it would  
21 implement the time standards jointly over all activities. The time for some activities will

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<sup>4</sup> The USPS-LR-I-242 Standard Operating Procedure used by Mr. Luciani is subtitled Engineered Route Adjustment Calculator with Preloaded Values and clearly states that the "tables in this version reflect the values used by ERAC to calculate route and zone times and zone FTEs."

1 likely increase, while the time for others will likely decrease. Mr. Luciani's principle of  
2 conservatism does not hold. Witness Raymond expects that the time to load parcels  
3 onto vehicles would likely increase if his work methods were adopted. USPS-RT-11.  
4 We cannot simplify carrier costing by multiplying a single time standard by a carrier  
5 wage rate and mail volume.<sup>5</sup> Time standards cannot substitute for engineering studies  
6 involving actual observations.

7 Time standards represent average cost per piece and not marginal cost per  
8 piece. This is another conceptual problem with use of the time standards in product  
9 costing. Volume variable costs are based on marginal costs, which include scale and  
10 scope economies. Therefore, the time standards must be multiplied by a variability to  
11 make them applicable to the costing process. Mr. Luciani appears to concede this  
12 point, as he multiplies the 'total cost for sequencing parcels' calculated with the time  
13 standard, wage rate, and mail volume by the in-office activity variability. Exhibit UPS-T-  
14 5C, p. 1 column 6.

15 This selection of the in-office activity variability is a very curious choice. In-office  
16 work is primarily the casing of letters and flats. There is no sound reason to assume  
17 that the activity of loading parcels measured by the time standard is the same as the  
18 activity of casing letters and flats. Mr. Raymond describes the loading of parcels onto  
19 vehicles as a very casual process. The main objective is to load the vehicle, with the  
20 sequencing of parcels as a subordinate activity that is accomplished with varying  
21 degrees of precision. The carrier does not make certain that the parcels are placed in

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<sup>5</sup> In the case of rural carrier costing, where we use evaluation factors negotiated between the carrier unions and the Postal Service (see USPS-LR-I-80, file CS10.xls, WS 10.1.1), this is how the Postal Service actually incurs cost.

1 exact delivery sequence. USPS-RT-11. Casing letters and flats, on the other hand, is  
2 an in-office activity that involves placing a mail piece into a case in delivery sequence  
3 order, and then putting the sorted mail into trays in delivery order. UPS/USPS-T11-25  
4 Tr. 18/7840-7843, also USPS-LR-I-1, p. 6-2. In fact, the M-41 Handbook on City  
5 Delivery Carriers Duties and Responsibilities has an entire section on the procedures  
6 for casing letters and flats, see Exhibit USPS-RT-13B, but there is no section on  
7 procedures for casing or even sequencing parcels. There is no parcel case in the  
8 vehicle, there is no requirement to sequence parcels into delivery sequence order, and  
9 parcels are not put into trays for delivery. There is no foundation for assigning the in-  
10 office activity variability to the street activity of loading parcels onto vehicles.

11 A more reasonable variability to apply would be the parcel load time variability.  
12 This is at least the correct shape, and although not a perfect match, at least loading.  
13 Table 1 shows the volume variable cost for loading parcels using Mr. Luciani's method  
14 compared to the volume variable cost if the aggregate parcel load time variability is  
15 used. This analysis shows that the costs for loading parcels calculated using the time  
16 standards is highly dependent on the selected variability.

TABLE 1. Volume Variable Cost to Load Parcels Onto Vehicles Using In-Office Variability Compared With Parcel Load Time Variability

	Volume Variable Cost to Load Parcels Onto Vehicles Using In- Office Variability \$(000)	Volume Variable Cost to Load Parcels Onto Vehicles Cost Using Parcel Load Time Variability \$(000)
Priority	\$ 7,975	\$ 676
Standard B	\$ 9,622	\$ 815
Total	\$ 17,597	\$ 1,491

Source: Exhibit USPS-RT-13C

The current, accepted treatment of street support activities considers street support costs to be a property of the entire route and to vary with the number of routes in the system. Street support costs are thus given the same variability and distribution as the combination of city carrier in-office and street costs. Accrued street support costs are calculated as a proportion of total city carrier street costs. USPS-LR-I-453. These proportions are developed by Mr. Baron, USPS-RT-12, from the appropriate part of witness Raymond's study – the Engineered Standards time studies data, USPS-LR-I-337. The Engineered Standards time studies captures the proportion of time spent loading the vehicle, although not the time spent loading just parcels. Vehicle loading supports all carrier delivery activities, so the application of the aggregate city carrier variability and distribution is correct, and applies to all vehicle loading costs. It is unnecessary to separate vehicle load costs for parcels from other street support costs. The current, accepted treatment properly treats all street support costs.

In summary, witness Luciani's categorization of loading parcels onto vehicles as comparable to sequencing letters and flats in-office is inaccurate, and his cost analysis relies on this premise. He depends on the Standard Operating Procedures time

1 standards for his analysis of parcel loading costs. These time standards are not  
2 acceptable for use in product costing, because their intended usage is to model route  
3 delivery time, not to provide actual costs, and because they are not marginal costs. Mr.  
4 Luciani's usage of the in-office casing variability is not appropriate because there is no  
5 evidence that loading parcels onto a vehicle is analogous to casing letters and flats in-  
6 office. The most accurate method for calculating vehicle loading is the current,  
7 accepted treatment of street support costs.

8  
9 **SECTION 3. THE CURRENT TREATMENT OF EXCLUSIVE PARCEL POST**  
10 **ROUTE COSTS DOES NOT REQUIRE MODIFICATION.**  
11  
12

13 Mr. Luciani argues that costs for Exclusive Parcel Post routes should be product  
14 specific to Parcel Post. UPS-T-5 at 12-14 Tr. 25/11785-11787. The In-Office Cost  
15 System (IOCS) shows \$37.4 million in cost for Exclusive Parcel Post Routes, which is a  
16 type of special purpose route. Witness Meehan distributes \$10.8 million (or \$11.0  
17 million using PRC costing) of all special purpose route costs to Parcel Post. USPS-LR-  
18 I-80 (USPS), USPS-LR-I-130 (PRC). Mr. Luciani assigns the difference between the  
19 IOCS cost for Exclusive Parcel Post routes and the Parcel Post volume variable special  
20 purpose route costs as product specific to Parcel Post. His decision to assign  
21 Exclusive Parcel Post Route costs is apparently based solely on the title and description  
22 of the route contained in USPS-LR-I-14<sup>6</sup>. Exhibit USPS-RT-13D contains examples of

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<sup>6</sup> In his response to interrogatory USPS/UPS-T5-2, Tr. 25/11862-11863, Mr. Luciani asserts that his reason for assigning Exclusive Parcel Post Route costs to Parcel Post is based on "...Witness Meehan's testimony in response to UPS/USPS-T11-21(b), Tr. 21/8531-33." In that response, Ms. Meehan refers to the definition of the route contained in USPS-LR-I-14, pages 10-4 and 10-5. The definition of an Exclusive

1 other USPS publications that show the Postal Service frequently uses the term 'Parcel  
2 Post' to mean all parcels.

3 Table 2 shows the percentage distribution of pieces on special purpose routes by  
4 individual route type. Many volumes besides Parcel Post are handled on Exclusive  
5 Parcel Post Routes. This table was generated using data from the Docket No. R97-1  
6 special purpose route study, Docket No. R97-1, USPS-LR-H-152. Table 2 shows that  
7 only 11.9% of the pieces delivered on Exclusive Parcel Post Routes are for Parcel Post,  
8 while 12.0% of the pieces delivered on Non-Parcel Combination Routes are for Parcel  
9 Post. Clearly, the neither the name nor the description of the route can be used as the  
10 indicator of the type of mail delivered on the route<sup>7</sup>. The assignment of Exclusive  
11 Parcel Post Route costs as product specific to Parcel Post is clearly wrong.

12

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Parcel Post route in this library reference is "... a regular route devoted entirely to parcel post delivery." For other examples of this interchangeability of terms see Handbook M-39, Chapter 1, Administration of City Delivery Service, p. 8-9 and M-41 Duties and Responsibilities of City Delivery Carriers, Chapter 6, p. 73-74, shown in Exhibit USPS-RT-13D.

<sup>7</sup> As an alternative approach to the method described in his testimony, Mr. Luciani suggests distributing costs for Exclusive Parcel Post and Parcel Post Combination routes separately to the classes of mail delivered to them. USPS/UPS-T5-6a, Tr. 25/11870-11871. Mr. Luciani does not suggest what variability to apply to these costs, or what to do with costs for the other special purpose route types. Witness Nelson's Docket No. R97-1, USPS-T-19 activity-based analysis provides both appropriate variabilities and distribution keys for all special purpose route costs.



TABLE 2. PERCENTAGE DISTRIBUTION OF PIECES DELIVERED ON  
SPECIAL PURPOSE ROUTES BY ROUTE TYPE<sup>8</sup>

MAIL CLASS	EXCLUSIVE PARCEL POST	NON-PARCEL COMBINATION	PARCEL POST COMBINATION	COLLECTION	RELAY	OTHERS
FIRST-CLASS MAIL	1.39%	7.79%	1.61%	3.57%	10.38%	27.61%
PRIORITY	37.67%	15.44%	29.53%	39.36%	34.13%	27.79%
EXPRESS	1.02%	34.52%	4.42%	13.27%	6.66%	12.49%
MAILGRAM	0.00%	0.00%	0.09%	0.29%	0.00%	0.00%
PERIODICALS	3.39%	1.09%	4.43%	5.70%	0.49%	3.76%
STANDARD (A) SINGLE PIECE	0.84%	0.00%	2.57%	2.01%	0.53%	3.54%
REMAINING STANDARD (A)	3.06%	5.47%	7.09%	7.03%	2.73%	8.68%
STANDARD (B)						
PARCEL POST ZONE RATE	11.85%	12.03%	25.63%	9.73%	20.04%	8.63%
BOUND PRINTED MATTER	19.10%	8.75%	14.83%	6.89%	8.60%	3.01%
SPECIAL STANDARD	14.26%	5.47%	5.72%	6.59%	1.93%	1.49%
LIBRARY	2.77%	3.28%	3.10%	2.80%	2.50%	1.84%
TOTAL STANDARD (B)	47.99%	29.52%	49.28%	26.02%	33.08%	14.96%
INTERNATIONAL	4.62%	6.16%	0.96%	2.41%	12.00%	0.86%
SPECIAL DELIVERY	0.01%	0.00%	0.03%	0.32%	0.00%	0.31%
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: USPS-LR-I-451

The Docket No. R97-1 activity-based special purpose route analysis, which has been accepted by the Commission in its Recommended Decision, correctly determines the volume variable and product specific costs for each subclass and should not be modified.

#### SECTION 4. CORRECTED COSTS FOR PARCEL DELIVERY.

Mr. Luciani's Exhibit UPS-T-5I, filed under seal, is a bottom-up costing of DDU-Entry Parcel Post. As part of this analysis, Mr. Luciani calculates parcel delivery costs for both city and rural carriers. Neither calculation is based on the established costing

<sup>8</sup> The Docket No. R97-1 special purpose route study is designed to provide accurate distribution keys in the aggregate. The breakdown by route type shown in Table 2 is for illustrative purposes, and is not meant to replace the distribution key found in the 'Total' column on Docket No. R97-1, USPS-T-19, WP 1.8.

1 methodology used in cost segments 7 and 10.

2       The calculations in Exhibit UPS-T-5I are dependent on the USPS-LR-I-242  
3 Standard Operating Procedures time standards. Section 2 of my testimony discusses  
4 the problems with using these time standards in product costing. First, the time  
5 standards are meant as parameters into a complicated route delivery time estimation  
6 model and should not be used in isolation. Second, the time standards are idealized  
7 times, not actual observations. The assertion that use of the time standards results in a  
8 conservative cost estimate is incorrect. If the Postal Service's objective were to  
9 minimize total cost, it would implement all the time standards at once, which would lead  
10 to increasing time for some activities and decreasing time for other activities. Third,  
11 the time standards represent average cost per piece and are not marginal costs, which  
12 include scope and scale economies.

13       Mr. Luciani's calculations shown in Exhibit UPS-T-5I contain numerous errors.  
14 Even if we accept his use of the USPS-LR-I-242 time standards, his calculations include  
15 time standards that are not appropriate for delivery of an additional parcel. Activity  
16 2121, 'Make tally mark on ODR', applies to accountables only, and this activity is a  
17 suggestion that the Postal Service has not yet implemented. Activity 2125, 'Walk 1-20  
18 paces', has a frequency listing of one trip per day. It is an extremely rare occurrence for  
19 a parcel to be the only mail piece delivered at a delivery point, so this activity should not  
20 be applied to each parcel delivery.

21       Mr. Luciani's analysis mixes marginal (volume variable) cost per piece with the  
22 average cost per piece calculated from the time standards. City carrier in-office and  
23 driving route city costs in lines 5 and 6 from Exhibit UPS-T-5I, page 1, are volume

1 variable costs per piece, which include economies of scope and scale. City carrier  
2 loading/delivery cost per piece in line 4 of Exhibit UPS-T-5I is an average cost per piece  
3 calculated with the USPS-LR-I-242 time standards. Unlike his analysis on vehicle  
4 loading costs, Mr. Luciani does not attempt to apply a volume variability to these  
5 loading/delivery costs. The volume variabilities for load time are well below 100%,  
6 (USPS-LR-I-450 and USPS-LR-I-130, file CS06&7.xls, worksheet 7.0.4.2), and would  
7 dramatically lower the \$0.63 average cost per piece shown by Mr. Luciani for city carrier  
8 loading/delivery.

9 Mr. Luciani applies the city carrier loading/delivery cost per piece calculated with  
10 the time standards to rural routes, adjusting for the difference in city and rural carrier  
11 wage rates. Rural carriers have an existing evaluation factor for delivering parcels of  
12 0.500 minutes per piece<sup>9</sup>. The rural evaluation factors, in conjunction with the yearly  
13 route evaluation, are used to determine a rural carrier's salary, and thus represent an  
14 actual cost to the Postal Service. The rural evaluation factors are negotiated with the  
15 rural carriers' union, and are considered by both parties to be fair compensation. It is  
16 incorrect to supplant this evaluation factor with the USPS-LR-I-242 time standards.

17 Mr. Luciani's errors continue. He computes in-office and driving route costs for  
18 rural carriers using the volume variable costs for city carriers, adjusted for the difference  
19 in the city and rural carrier wage rates. This calculation is totally inappropriate. The

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<sup>9</sup> The CRA spreadsheets filed in USPS-LR-I-80 and USPS-LR-I-130 show an evaluation factor of 0.333 minutes per piece for parcels. Upon review, it was found that the evaluation factor should be 0.500 minutes per piece and is corrected in USPS-LR-I-450. The sector segment evaluation of .0444 is also incorrect and is corrected to .0610 in USPS-LR-I-450.

1 accepted city and rural carrier costing methodologies are entirely different, and one  
2 cannot be applied to the other. The concept of 'in-office' and 'street' costs, with street  
3 costs divided further into access, load, route, and street support activities, applies to city  
4 carrier costing only. Rural carrier costs are calculated with evaluation factors that  
5 determine the delivery costs of different types of mail, and include all of the individual  
6 activities involved in the delivery process.

7 Fortunately, the egregious errors in Mr. Luciani's calculations can be corrected.  
8 Delivery cost per piece for Parcel Post mail for both city and rural carriers can be  
9 computed using the same methodology that is used to compute volume variable (or  
10 attributable using the PRC methodology) costs. This method of calculation eliminates  
11 all of the errors in Mr. Luciani's Exhibit UPS-T-5I. My corrections are shown in Exhibit  
12 USPS-RT-13E for USPS costing and Exhibit USPS-RT-13F for PRC costing.

13 I calculate test year Parcel Post delivery cost per piece for city carriers using  
14 volume variable cost segment 6 and 7 letter route delivery costs for Parcel Post mail.  
15 There is no need to use the USPS-LR-I-242 Standard Operating Procedures time  
16 standards in this analysis. The corrected test year 2001 piggybacked Parcel Post  
17 delivery cost per piece on city routes is \$0.55 (PRC methodology) or \$0.52 (USPS  
18 methodology). This is much less than the \$1.11 city carrier delivery cost per piece  
19 calculated by Mr. Luciani using an inappropriate mix of volume variable and average  
20 cost per piece.

21 I calculate parcel delivery cost per piece for rural carriers using the rural  
22 evaluation factor for parcel delivery. The test year 2001 piggybacked rural carrier  
23 parcel delivery cost per piece with this method is \$0.25 for both USPS and PRC costing

1 methodologies. Mr. Luciani shows \$0.78 for the rural carrier delivery cost per piece,  
2 incorrectly calculated using USPS-LR-I-242 time standards and adjusted city delivery  
3 volume variable costs.<sup>10</sup>

4       The final weighted test year DDU-Entry Parcel Post cost per piece, after my  
5 corrections to Mr. Luciani's calculations, is \$0.57 using PRC attributable costs, or \$0.55  
6 using USPS volume variable costs. These corrected costs are considerably less than  
7 Mr. Luciani's DDU-Entry Parcel Post cost of \$1.14 per piece. My calculations are  
8 completely consistent with accepted costing methodologies for both city and rural  
9 carriers, and eliminate the serious errors in Mr. Luciani's method.

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<sup>10</sup> This is a real world example that shows how the USPS-LR-I-242 Standard Operating Procedures time standards cannot be used in isolation, and that the time standards cannot be considered to be conservative. The rural carrier unions and the Postal Service have agreed on evaluation factors that both consider fair compensation. These evaluation factors result in a parcel delivery cost per piece that is much lower than the one Mr. Luciani calculates with the time standards.

1 **PART II. REVISIONS TO CITY AND RURAL DELIVERY COSTS BY USPS**

2 **WITNESSES**

3  
4       Witness Baron (USPS-RT-12) presents several changes to city carrier street  
5 costing in response to the testimonies of witnesses Crowder and Nelson. These  
6 changes include:

- 7       1. Adopting route-level regression for load time variability, as filed in USPS-LR-I-  
8       402.  
9       2. Improving the ES street time percentages.  
10      3. Setting routine loops/dismounts variability to zero.

11      Table 3 shows the combined effect of these changes on Base Year 1998 city carrier  
12 street costs (cost segment 7).  
13

TABLE 3. UPDATED CITY CARRIER COSTS FOR BASE YEAR 1998

LINE NO	CLASS, SUBCLASS, OR SPECIAL SERVICE	TOTAL C/S 7 AS FILED	TOTAL C/S 7 WITH UPDATES	DIFFERENCE C/S 7	PIGGYBACK FACTORS	DIFFERENCE C/S 7 WITH PIGGYBACKS	PERCENTAGE CHANGE C/S 7
	COLUMN NUMBER UNITS COLUMN SOURCE/NOTES	(1) \$(000) USPS-LR-I-80, CS06&7.xls, Output to CRA [a]	(2) \$(000) USPS-LR-I-450, CS06&7.xls, Output to CRA [a]	(3) \$(000)	(4) % USPS-T-21, Attachment 10	(5) \$(000)	(6) %
	CALCULATIONS			=C2-C1		=C3xC4	=C3/C1
1	<b>FIRST-CLASS MAIL:</b>						
2	SINGLE-PIECE LETTERS	661,614	621,278	(40,336)	1.352	(54,534)	-8.1%
3	PRESORT LETTERS	493,023	401,380	(91,643)	1.352	(123,901)	-25.0%
4	TOTAL LETTERS	1,154,636	1,022,658	(131,978)		(178,435)	-15.4%
5	SINGLE-PIECE CARDS	42,149	41,183	(965)	1.353	(1,306)	-2.3%
6	PRESORT CARDS	25,325	24,073	(1,252)	1.353	(1,694)	-6.7%
7	TOTAL CARDS	67,474	65,256	(2,218)		(3,001)	-4.4%
8	<b>TOTAL FIRST-CLASS</b>	<b>1,222,110</b>	<b>1,087,914</b>	<b>(134,196)</b>		<b>(181,435)</b>	<b>-14.8%</b>
9	<b>PRIORITY MAIL</b>	<b>128,075</b>	<b>124,868</b>	<b>(3,207)</b>	<b>1.417</b>	<b>(4,544)</b>	<b>-3.5%</b>
10	<b>EXPRESS MAIL</b>	<b>38,450</b>	<b>55,155</b>	<b>16,705</b>	<b>1.416</b>	<b>23,655</b>	<b>61.8%</b>
11	<b>MAILGRAMS</b>	<b>321</b>	<b>314</b>	<b>(7)</b>	<b>1.458</b>	<b>(9)</b>	<b>-2.2%</b>
12	<b>PERIODICALS:</b>						
13	IN-COUNTY	15,783	13,193	(2,591)	1.372	(3,555)	-22.5%
14	OUTSIDE COUNTY:						
15	REGULAR	136,850	116,606	(20,044)	1.361	(27,279)	-19.9%
16	NON-PROFIT	38,791	32,821	(5,971)	1.364	(8,144)	-21.0%
17	CLASSROOM	1,011	840	(171)	1.373	(234)	-23.2%
18	<b>TOTAL PERIODICALS</b>	<b>192,236</b>	<b>163,460</b>	<b>(28,776)</b>		<b>(39,213)</b>	<b>-20.4%</b>
19	<b>STANDARD MAIL (A):</b>						
20	SINGLE-PIECE RATE	9,404	9,471	67	1.381	92	0.7%
21	COMMERCIAL STANDARD:						
22	ENHANCED CARR RTE	544,972	424,949	(120,022)	1.361	(163,351)	-29.9%
23	REGULAR	500,808	404,414	(96,195)	1.352	(130,055)	-26.2%
24	TOTAL COMMERCIAL	1,045,580	829,363	(216,217)		(293,406)	-28.0%
25	AGGREGATE NONPROFIT:						
26	NONPROF ENH CARR RTE	27,002	24,908	(2,094)	1.358	(2,843)	-10.5%
27	NONPROFIT	112,704	94,030	(18,674)	1.351	(25,228)	-22.4%
28	TOTAL AGGREG NONPROFIT	139,706	118,938	(20,768)		(28,072)	-20.1%
29	<b>TOTAL STANDARD (A)</b>	<b>1,194,690</b>	<b>957,773</b>	<b>(236,918)</b>		<b>(321,385)</b>	<b>-26.9%</b>
30	<b>STANDARD MAIL (B):</b>						
31	PARCELS ZONE RATE	59,598	58,712	(886)	1.427	(1,265)	-2.1%
32	BOUND PRINTED MATTER	57,549	54,601	(2,948)	1.440	(4,248)	-7.4%
33	SPECIAL STANDARD	26,473	25,821	(652)	1.443	(941)	-3.6%
34	LIBRARY MAIL	4,908	4,428	(480)	1.444	(694)	-14.1%
35	<b>TOTAL STANDARD (B)</b>	<b>148,529</b>	<b>143,562</b>	<b>(4,967)</b>		<b>(7,145)</b>	<b>-4.8%</b>
36	<b>US POSTAL SERVICE</b>	<b>4,945</b>	<b>4,313</b>	<b>(632)</b>	<b>1.352</b>	<b>(855)</b>	<b>-17.3%</b>
37	<b>FREE MAIL</b>	<b>2,649</b>	<b>2,627</b>	<b>(22)</b>	<b>1.363</b>	<b>(30)</b>	<b>-0.8%</b>
38	<b>INTERNATIONAL MAIL</b>	<b>15,591</b>	<b>15,059</b>	<b>(532)</b>	<b>1.391</b>	<b>(741)</b>	<b>-4.7%</b>
39	<b>TOTAL MAIL</b>	<b>2,947,595</b>	<b>2,555,044</b>	<b>(392,551)</b>		<b>(531,702)</b>	<b>-18.0%</b>
40	<b>SPECIAL SERVICES:</b>						
41	REGISTRY	6,374	6,709	334	1.357	454	7.1%
42	CERTIFIED	115,306	168,491	53,185	1.353	71,959	62.4%
43	INSURANCE	5,501	9,121	3,620	1.354	4,901	89.1%
44	COD	2,437	4,504	2,067	1.353	2,797	114.8%
45	SPECIAL DELIVERY	-	-	-			
46	MONEY ORDERS	-	-	-			
47	STAMPED ENVELOPES	-	-	-			
48	SPECIAL HANDLING	-	-	-			
49	POST OFFICE BOX	80	81	1	1.332	1	1.0%
50	OTHER	1,422	1,431	9	1.349	12	0.8%
51	<b>TOTAL SPECIAL SERVICES</b>	<b>131,119</b>	<b>190,336</b>	<b>59,216</b>		<b>80,125</b>	<b>61.1%</b>
52	<b>TOTAL VOLUME VARIABLE</b>	<b>3,078,714</b>	<b>2,745,379</b>	<b>(333,335)</b>		<b>(451,577)</b>	<b>-14.7%</b>
53	<b>OTHER</b>	<b>5,181,651</b>	<b>5,514,983</b>				
54	<b>TOTAL COSTS</b>	<b>8,260,365</b>	<b>8,260,362</b>				

Notes:

[a] Street support costs for office, load, access, and route distributed on their respective base components.

1 I make two changes to rural carrier costing. Witness Glick makes a compelling  
2 argument to use a full year's Rural Carrier Cost System (RCCS) volume in the Mail  
3 Shape Adjustment. MPA-T-2, p. 11-14 Tr. 24/11223-11226. The Mail Shape  
4 Adjustment ensures that the percentage of letters and flats in the RCCS distribution  
5 keys matches the percentage of letters and flats in the National Mail Count (NMC). The  
6 National Mail Count is used to determine the proportion of rural carrier costs going to  
7 letters and flats (see USPS-LR-I-450, CS10.xls, WS 10.1.1 and USPS-LR-I-152) and  
8 should thus be the basis for the percentage of letters and flats. Use of a full year's  
9 RCCS volume results in a lower coefficient of variation for the RCCS percentage of flats  
10 than using RCCS volume from the same four-week time period as the NMC.  
11 MPA/USPS-49 Tr. . This is because the RCCS was "designed to produce  
12 precise annual estimates, with a sample size of over 6,000 tests". MPA/USPS-1 Tr.  
13 21/8913. The RCCS was not designed to produce precise estimates for any four-week  
14 time period. The Mail Shape Adjustment, as filed in USPS-LR-I-80 and USPS-LR-I-130,  
15 uses only two weeks of RCCS volume, which was to correspond to the same time  
16 period as the NMC<sup>11</sup>. Because the Postal Service considers the NMC to provide  
17 "representative estimates of average weekly volumes over the entire FY 1998 period",  
18 MPA/USPS-50-51, Tr. , Mr. Glick's recommendation to use RCCS volumes  
19 that are also considered representative for the entire FY 1998 period has been  
20 accepted by the Postal Service.

21 The second change to rural carrier costing corrects the error in the parcel and  
22 sector segment evaluation factors discussed on page 16 of this testimony.

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<sup>11</sup> The Postal Service acknowledges that four weeks of RCCS volume should have been used in the Mail Shape Adjustment. MPA/USPS-1 Tr. 21/8913.



1        Table 4 shows the combined effect of the changes in Base Year 1998 rural  
2 carrier costs.

3        Table 5 shows the combined effect of both city and rural carrier changes for total  
4 Base Year 1998 costs, and estimates the effect of these combined changes on Test  
5 Year 2001 (AR) costs.

6        New CRA spreadsheets for city and rural carriers with the above changes are  
7 filed in USPS-LR-I-450.

TABLE 4. UPDATED RURAL CARRIER COSTS FOR BASE YEAR 1998

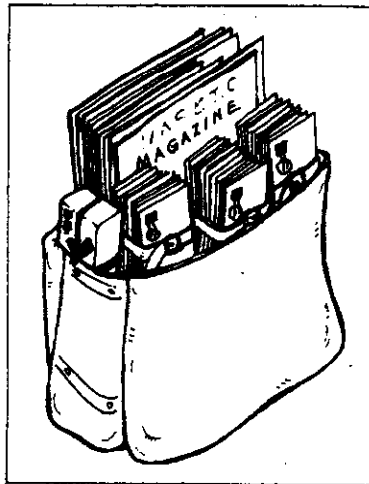
LINE NO	CLASS, SUBCLASS, OR SPECIAL SERVICE	TOTAL C/S 7 AS FILED	TOTAL C/S 7 WITH UPDATES	DIFFERENCE C/S 10	PIGGYBACK FACTORS	DIFFERENCE C/S 10 WITH PIGGYBACKS	PERCENTAGE CHANGE C/S 10
	COLUMN NUMBER UNITS COLUMN SOURCE/NOTES CALCULATIONS	(1) \$(000) WS 10.1.2 C12 & WS 10.2.2 C12	(2) \$(000) WS 10.1.2 C12 & WS 10.2.2 C12	(3) \$(000) =C2-C1	(4) % USPS-T-21, Attachment 10	(5) \$(000) =C3xC4	(6) % =C3/C1
1	<b>FIRST-CLASS MAIL:</b>						
2	SINGLE-PIECE LETTERS	288,432	299,750	11,318	1.242	14,057	3.9%
3	PRESORT LETTERS	222,696	240,248	17,552	1.242	21,800	7.9%
4	TOTAL LETTERS	511,128	539,998	28,870		35,857	5.6%
5	SINGLE-PIECE CARDS	16,411	17,010	599	1.242	744	3.6%
6	PRESORT CARDS	10,164	10,721	557	1.242	692	5.5%
7	TOTAL CARDS	26,575	27,731	1,156		1,436	4.3%
8	<b>TOTAL FIRST-CLASS</b>	<b>537,703</b>	<b>567,729</b>	<b>30,026</b>		<b>37,292</b>	<b>5.6%</b>
9	<b>PRIORITY MAIL</b>	<b>24,079</b>	<b>30,355</b>	<b>6,276</b>	<b>1.242</b>	<b>7,795</b>	<b>26.1%</b>
10	<b>EXPRESS MAIL</b>	<b>6,133</b>	<b>5,958</b>	<b>(175)</b>	<b>1.242</b>	<b>(217)</b>	<b>-2.9%</b>
11	<b>MAILGRAMS</b>	<b>167</b>	<b>172</b>	<b>5</b>	<b>1.234</b>	<b>6</b>	<b>3.0%</b>
12	<b>PERIODICALS:</b>						
13	IN-COUNTY	15,355	13,814	(1,541)	1.242	(1,914)	-10.0%
14	OUTSIDE COUNTY:						
15	REGULAR	119,587	107,582	(12,005)	1.242	(14,910)	-10.0%
16	NON-PROFIT	35,517	31,951	(3,566)	1.242	(4,429)	-10.0%
17	CLASSROOM	1,010	909	(101)	1.241	(125)	-10.0%
18	<b>TOTAL PERIODICALS</b>	<b>171,469</b>	<b>154,256</b>	<b>(17,213)</b>		<b>(21,378)</b>	<b>-10.0%</b>
19	<b>STANDARD MAIL (A):</b>						
20	SINGLE-PIECE RATE	1,072	1,192	120	1.241	149	11.2%
21	COMMERCIAL STANDARD:						
22	ENHANCED CARR RTE	326,363	304,393	(21,970)	1.242	(27,287)	-6.7%
23	REGULAR	350,762	345,947	(4,815)	1.242	(5,980)	-1.4%
24	TOTAL COMMERCIAL	677,125	650,340	(26,785)		(33,267)	-4.0%
25	AGGREGATE NONPROFIT:						
26	NONPROF ENH CARR RTE	13,918	13,291	(627)	1.242	(779)	-4.5%
27	NONPROFIT	69,221	69,648	427	1.242	530	0.6%
28	TOTAL AGGREG NONPROFIT	83,139	82,939	(200)		(248)	-0.2%
29	<b>TOTAL STANDARD (A)</b>	<b>761,336</b>	<b>734,471</b>	<b>(26,865)</b>		<b>(33,366)</b>	<b>-3.5%</b>
30	<b>STANDARD MAIL (B):</b>						
31	PARCELS ZONE RATE	11,511	15,888	4,377	1.241	5,432	38.0%
32	BOUND PRINTED MATTER	11,761	15,552	3,791	1.242	4,708	32.2%
33	SPECIAL STANDARD	4,192	5,559	1,367	1.241	1,696	32.6%
34	LIBRARY MAIL	805	957	152	1.237	188	18.9%
35	<b>TOTAL STANDARD (B)</b>	<b>28,269</b>	<b>37,956</b>	<b>9,687</b>		<b>12,025</b>	<b>34.3%</b>
36	<b>US POSTAL SERVICE</b>	<b>1,336</b>	<b>1,361</b>	<b>25</b>	<b>1.240</b>	<b>31</b>	<b>1.9%</b>
37	<b>FREE MAIL</b>	<b>734</b>	<b>903</b>	<b>169</b>	<b>1.238</b>	<b>209</b>	<b>23.0%</b>
38	<b>INTERNATIONAL MAIL</b>	<b>2,786</b>	<b>2,949</b>	<b>163</b>	<b>1.241</b>	<b>202</b>	<b>5.9%</b>
39	<b>TOTAL MAIL</b>	<b>1,534,012</b>	<b>1,536,110</b>	<b>2,098</b>		<b>2,598</b>	<b>0.1%</b>
40	<b>SPECIAL SERVICES:</b>						
41	REGISTRY	2,588	2,515	(73)	1.242	(91)	-2.8%
42	CERTIFIED	62,423	60,647	(1,776)	1.242	(2,206)	-2.8%
43	INSURANCE	4,870	4,732	(138)	1.241	(171)	-2.8%
44	COD	2,872	2,789	(83)	1.241	(103)	-2.9%
45	SPECIAL DELIVERY	-	-	-			
46	MONEY ORDERS	1,087	1,058	(29)	1.241	(36)	-2.7%
47	STAMPED ENVELOPES	-	-	-			
48	SPECIAL HANDLING	-	-	-			
49	POST OFFICE BOX	-	-	-			
50	OTHER	22	21	(1)	1.182	(1)	-4.5%
51	<b>TOTAL SPECIAL SERVICES</b>	<b>73,862</b>	<b>71,762</b>	<b>(2,100)</b>		<b>(2,608)</b>	<b>-2.8%</b>
52	<b>TOTAL VOLUME VARIABLE</b>	<b>1,607,874</b>	<b>1,607,872</b>	<b>(2)</b>		<b>(10)</b>	
53	<b>OTHER</b>	<b>1,742,818</b>	<b>1,742,818</b>				
54	<b>TOTAL COSTS</b>	<b>3,678,215</b>	<b>3,678,213</b>				

TABLE 5. CHANGE IN TOTAL CRA COSTS FOR BASE YEAR 1998 AND TEST YEAR 2001 (AR)

LINE NO	CLASS, SUBCLASS, OR SPECIAL SERVICE	BASE YEAR 1998 CRA, AS FILED	CHANGE IN C/S 7 AND C/S 10 WITH PIGGYBACKS	BASE YEAR 1998 CRA, WITH CHANGES	PERCENTAGE CHANGE	TEST YEAR 2001(AR), AS FILED	TEST YEAR 2001(AR) WITH CHANGES
	COLUMN NUMBER	(1)	(2)	(3)	(4)	(5)	(6)
	UNITS	\$(000)	\$(000)	\$(000)	%	\$(000)	\$(000)
	COLUMN SOURCE/NOTES	USPS-LR-I-80	Tables 3 & 4	C1 - C2	(C3-C1)/C1	USPS-LR-I-6	C3 x (1 + C4)
	CALCULATIONS						
1	<b>FIRST-CLASS MAIL:</b>						
2	SINGLE-PIECE LETTERS	12,412,946	(29,018)	12,383,928	-0.2%	12,925,691	12,895,475
3	PRESORT LETTERS	4,167,656	(74,091)	4,093,565	-1.8%	5,098,247	5,007,613
4	TOTAL LETTERS	16,580,602	(103,108)	16,477,494	-0.6%	18,023,938	17,911,854
5	SINGLE-PIECE CARDS	519,574	(386)	519,208	-0.1%	526,750	526,378
6	PRESORT CARDS	147,145	(695)	146,450	-0.5%	168,719	167,922
7	TOTAL CARDS	666,719	(1,062)	665,657	-0.2%	695,469	694,361
8	<b>TOTAL FIRST-CLASS</b>	<b>17,247,321</b>	<b>(104,170)</b>	<b>17,143,151</b>	<b>-0.6%</b>	<b>18,719,407</b>	<b>18,606,346</b>
9	<b>PRIORITY MAIL</b>	<b>2,395,877</b>	<b>3,069</b>	<b>2,398,946</b>	<b>0.1%</b>	<b>2,887,653</b>	<b>2,891,352</b>
10	<b>EXPRESS MAIL</b>	<b>384,614</b>	<b>16,530</b>	<b>401,144</b>	<b>4.3%</b>	<b>489,253</b>	<b>489,421</b>
11	<b>MAILGRAMS</b>	<b>1,105</b>	<b>(2)</b>	<b>1,103</b>	<b>-0.1%</b>	<b>976</b>	<b>975</b>
12	<b>PERIODICALS:</b>						
13	IN-COUNTY	76,873	(4,132)	72,741	-5.4%	79,412	75,144
14	OUTSIDE COUNTY:						
15	REGULAR	1,749,726	(32,049)	1,717,677	-1.8%	1,933,256	1,897,846
16	NON-PROFIT	362,146	(9,537)	352,609	-2.6%	379,093	369,110
17	CLASSROOM	13,991	(272)	13,719	-1.9%	13,692	13,426
18	<b>TOTAL PERIODICALS</b>	<b>2,202,736</b>	<b>(45,989)</b>	<b>2,156,747</b>	<b>-2.1%</b>	<b>2,405,453</b>	<b>2,355,232</b>
19	<b>STANDARD MAIL (A):</b>						
20	SINGLE-PIECE RATE	213,627	187	213,814	0.1%	-	-
21	COMMERCIAL STANDARD:						
22	ENHANCED CARR RTE	2,234,485	(141,992)	2,092,493	-6.4%	2,398,626	2,246,203
23	REGULAR	5,535,163	(101,010)	5,434,153	-1.8%	6,971,212	6,843,996
24	TOTAL COMMERCIAL	7,769,648	(243,002)	7,526,646	-3.1%	9,369,838	9,076,789
25	AGGREGATE NONPROFIT:						
26	NONPROF ENH CARR RTE	169,833	(2,721)	167,112	-1.6%	196,943	193,788
27	NONPROFIT	1,130,549	(18,247)	1,112,302	-1.6%	1,312,948	1,291,757
28	TOTAL AGGREG NONPROFIT	1,300,382	(20,968)	1,279,414	-1.6%	1,509,891	1,485,545
29	<b>TOTAL STANDARD (A)</b>	<b>9,283,657</b>	<b>(263,783)</b>	<b>9,019,874</b>	<b>-2.8%</b>	<b>10,879,729</b>	<b>10,570,596</b>
30	<b>STANDARD MAIL (B):</b>						
31	PARCELS ZONE RATE	861,780	3,491	865,271	0.4%	1,067,100	1,071,422
32	BOUND PRINTED MATTER	394,443	843	395,286	0.2%	467,516	468,515
33	SPECIAL STANDARD	247,598	715	248,313	0.3%	293,849	294,698
34	LIBRARY MAIL	41,051	(328)	40,723	-0.8%	46,287	45,917
35	<b>TOTAL STANDARD (B)</b>	<b>1,544,872</b>	<b>4,720</b>	<b>1,549,592</b>	<b>0.3%</b>	<b>1,874,752</b>	<b>1,880,480</b>
36	<b>US POSTAL SERVICE</b>	<b>262,798</b>	<b>(607)</b>	<b>262,191</b>	<b>-0.2%</b>	<b>266,649</b>	<b>266,033</b>
37	<b>FREE MAIL</b>	<b>33,441</b>	<b>147</b>	<b>33,588</b>	<b>0.4%</b>	<b>39,364</b>	<b>39,537</b>
38	<b>INTERNATIONAL MAIL</b>	<b>1,311,481</b>	<b>(369)</b>	<b>1,311,112</b>	<b>0.0%</b>	<b>1,395,040</b>	<b>1,394,647</b>
39	<b>TOTAL MAIL</b>	<b>34,667,902</b>	<b>(390,453)</b>	<b>34,277,449</b>	<b>-1.1%</b>	<b>38,938,276</b>	<b>38,499,727</b>
40	<b>SPECIAL SERVICES:</b>						
41	REGISTRY	99,336	261	99,597	0.3%	83,275	83,494
42	CERTIFIED	402,771	51,409	454,180	12.8%	447,087	504,152
43	INSURANCE	61,658	3,482	65,140	5.6%	75,121	79,363
44	COD	14,171	1,984	16,155	14.0%	14,874	16,729
45	SPECIAL DELIVERY	1	-	1	0.0%	1	1
46	MONEY ORDERS	122,800	(29)	122,771	0.0%	150,239	150,204
47	STAMPED ENVELOPES	16,319	-	16,319	0.0%	15,598	15,598
48	SPECIAL HANDLING	2,221	-	2,221	0.0%	2,421	2,421
49	POST OFFICE BOX	473,477	1	473,478	0.0%	574,855	574,856
50	OTHER	90,832	8	90,840	0.0%	135,967	135,979
51	<b>TOTAL SPECIAL SERVICES</b>	<b>1,283,586</b>	<b>57,116</b>	<b>1,340,702</b>	<b>4.4%</b>	<b>1,499,238</b>	<b>1,565,950</b>
52	<b>TOTAL VOLUME VARIABLE</b>	<b>35,951,488</b>	<b>(333,337)</b>	<b>35,618,151</b>	<b>-0.9%</b>	<b>40,437,514</b>	<b>40,062,583</b>
53	<b>OTHER</b>	<b>23,615,029</b>				<b>27,029,645</b>	
54	<b>TOTAL COSTS</b>	<b>59,566,517</b>				<b>67,467,159</b>	

**272 Carry-Outs — Packing the Single Satchel**

- 272.1 Strap out the carry-out mail (letters and flats) as described for relayed mail, and number each bundle.
- 272.2 Place registered and other special articles in pocket of satchel.
- 272.3 Pack the bundles bearing highest numbers at bottom of satchel and work up so that number one bundle will be on top. The mail will then be packed in the order of delivery.
- 272.4 Pack the bottom of satchel solid and stand first bundles of flats on end, on top of bottom row, with addresses on top so they can be easily read when carrying the satchel.



**273 Carry-Outs — Packing the Double Satchel**

When using the Double Satchel in a configuration with the waist belt, the satchel must be put on first and then loaded with mail. Carriers are required to carry the appropriate amount of mail, up to the 35 pound limit, to complete each assigned relay without additional trips to the vehicle or relay box. Carriers should use their discretion in arranging mail in the Double Satchel to ensure the most efficient methods and comfortable weight distribution.

**274 Motorized Routes**

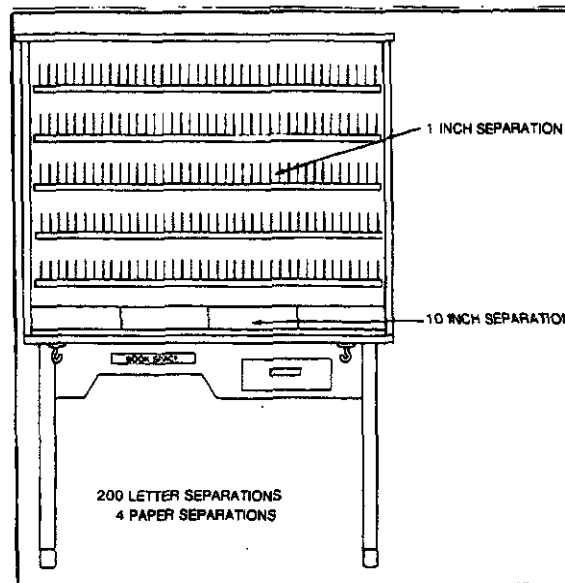
All mail on a motorized route is carry-out mail (see part 322).

## 28 Carrier-Auxiliary Control

Prepare Form 3996, *Carrier-Auxiliary Control* (see exhibit 28) as follows:

- a. *Items C, D, and E.* Enter the date (C); route number and name (D); lunch place and time, if applicable (E).
- b. *Item F.* Place an X in the space below the number indicating the case shelf containing the mail for which assistance is being requested. The bottom shelf of the letter separations is designated No. 1. When

## 22 Casing and Preparing Mail



### 221 Carrier Cases

#### 221.1 Description

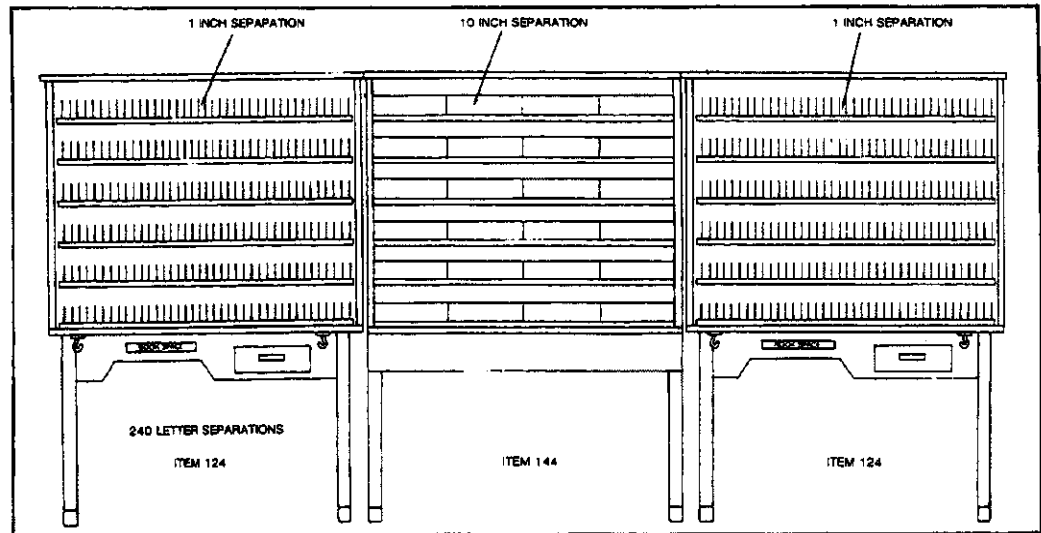
- 221.11 Small separations (1" or 2" wide) are for letters.
- 221.12 Wide separations (approximately 10" wide) are for magazines, papers, and large flats.
- 221.13 The street numbers on a carrier case are placed in the order carrier serves his route.
- 221.14 The first delivery on the route is at the left side of the lowest shelf for letters and flats.
- 221.15 The numbers run from left to right with the last delivery at the right side of the uppermost shelf for letters and flats.

#### 221.2 Arrangement of Separations

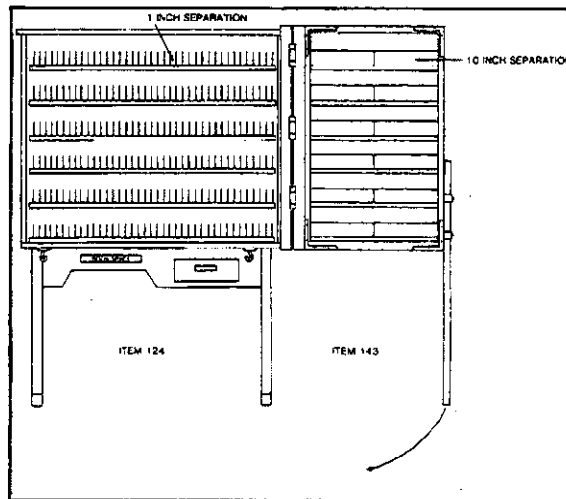
The standard city carrier case normally may utilize 4, 5, or 6 evenly spaced shelves with 40 one-inch separations in each as outlined in the Memorandum of Understanding dated September 17, 1992. The dividers are removable so that wider separations can be made for flat mail and for customers receiving larger volume. The basic case may be further modified by adding wings, similar to the basic case, to provide for an even greater volume of paper and flat mail or for a greater number of separations for letter-size mail.

**221.3 Modified Carrier Cases**

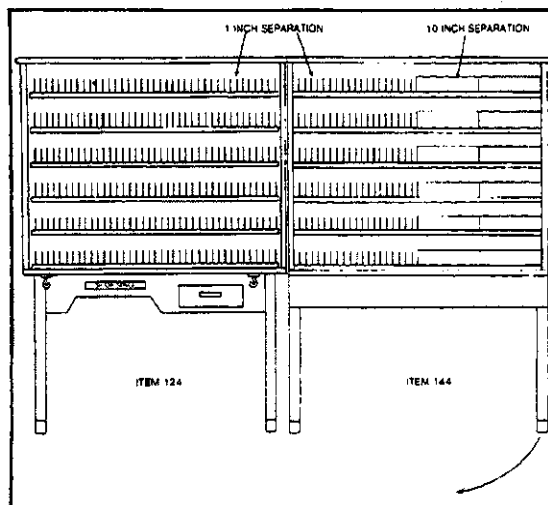
- 221.31 This case is arranged to provide for 240 one-inch separations for letter-size mail and 24 separations for flat mail. Twelve separations may be used for flats by one carrier and twelve by the adjoining carrier.



- 221.32 This case provides 6 shelves for letter mail and the entire flat paper wing case (12 separations) for flats.

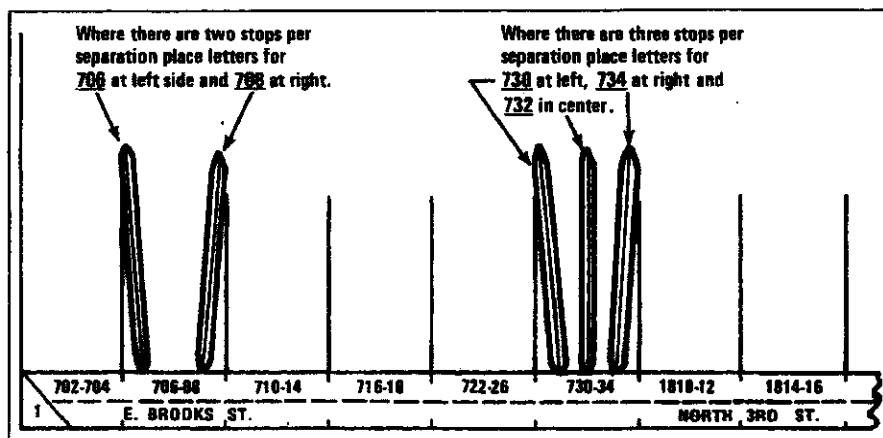


- 221.33 This case, with wing, shows how the separations may be arranged when more than 6 rows of separations are needed for letters. When so arranged, all are within reach and mail will not have to be rehandled.



#### 221.4 Letter Separations

- 221.41 If possible, letter separations should contain not more than two numbers of deliveries, particularly on motorized routes, so mail can be distributed in the order of delivery. This is done by placing mail for one number at the left side of separation and one at the right side.
- 221.42 When necessary to use three numbers per separation, mail for the middle address should protrude from the case in order to sequence without rehandling.



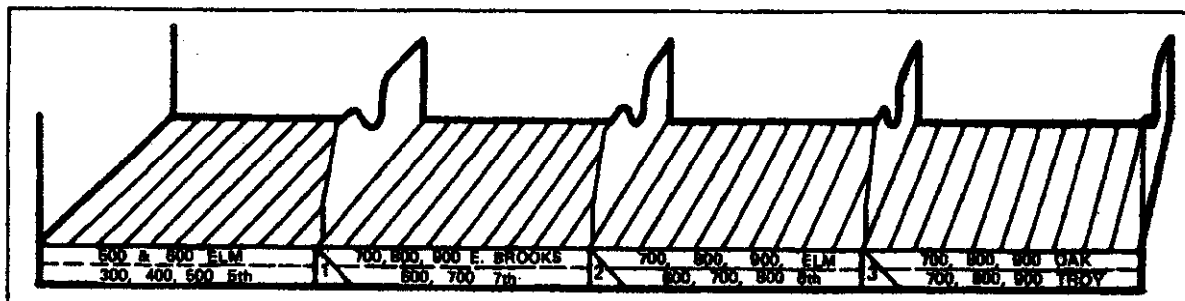
### 221.5 Identifying Relays

Each *relay* (see glossary) is identified by a number on the label of the letter separations. The number is placed under a diagonal line directly under the first street number of the relay to be served.

RELAY MARK							
1	704	706-08	710-14	716-18	722-26	730-34	1810-12 1814-16 1
	E. BROOKS ST.						

### 221.6 Number Arrangement for Flat Separations

Each wide or flat separation contains a series of street numbers which generally embraces the carry-out and relays. The first separation is the carry-out, and subsequent separations are for relays that cover the same territory as the letter separations and in the same order from lower left to upper right. To the extent possible, these flat separations should embrace the same territory as for each *relay* on the letter case and, therefore, should bear the relay number of the related letter separation and the streets and block numbers included in each relay.



221.7 Flat cases may be configured to accommodate Vertical Flat Casing (VFC). The use of four and five shelf cases is permitted under the VFC method. VFC guidelines issued in January 1990 provide additional information concerning this matter.

221.8 Under certain conditions letter cases may be configured to four and five shelves in lieu of six-shelf cases. The Memorandum of Understanding on Case Configuration, dated September 17, 1992, provides guidelines on this matter.

## 222 Systems for Casing and Preparing Mail

As a general rule, three basic systems are commonly used for casing and preparing mail for delivery. Management may prescribe any one of these methods, but for efficiency and economy, some degree of uniformity should be maintained. However, more than one casing system at an installation may be used for the particular type of route served. The three basic systems are:



- a. **One-Bundle System.** Arrange all separations on case for letter mail. Case magazines, newspapers, and flats with letter-size mail. Withdraw and strap out letter and flat mail together. Note: When a one-bundle system is used, a single sequenced mailing shall not be cased but shall be taken out for delivery as a second bundle. When directed by management to deliver letter-size and flat-size sequenced mailings on the same day, handle mailings as follows: (1) Foot carriers — case letter-size mailings and carry flats as a second bundle. (2) Motorized carriers serving curb delivery routes — treat letter-size mailings as a second bundle and the flat-size mailing as a third bundle. Additional sequence mailings shall be collated or cased as directed by your manager.
- b. **Two-Bundle System.** Arrange top or bottom row of case to provide separations for magazines, newspapers, and flats and remaining rows for letter separations. Case letter-size and other mail separately. Withdraw and strap out in separate bundles. Number of paper separations may vary when approved by a manager. Some offices provide additional sections or use surplus cases for more paper separations. Note: (1) Foot Carriers. (a) Case letter-size sequenced mailing. (b) Collate sequenced flat-size mailing with other size flat mail. (c) Case or collate additional sequenced mailings as directed by your manager. (2) Motorized Carriers Serving Curb Delivery Routes. (a) Carry as a third bundle a sequenced mailing. (b) If two sets of sequenced mailings (letter-size and flat-size) are for same day delivery as directed by your manager, case letter-size pieces and carry flats as a third bundle. (c) Case or collate additional sequenced mailings as directed by your manager.
- c. **Modified Two-Bundle System.** Arrange all separations on case for letter mail. Case newspapers, magazines, and flats first in letter separations and withdraw and strap out before casing and tying out letter-size mail. Do this only when first-class mail, including markups, will not be delayed.

In addition to the systems described in a, b, and c above, there are options concerning how residual mail in a Delivery Point Sequence environment is to be cased and handled. Listed below are the two (2) approved methods; however, see the Memorandum of Understanding dated September 17, 1992, for other options:

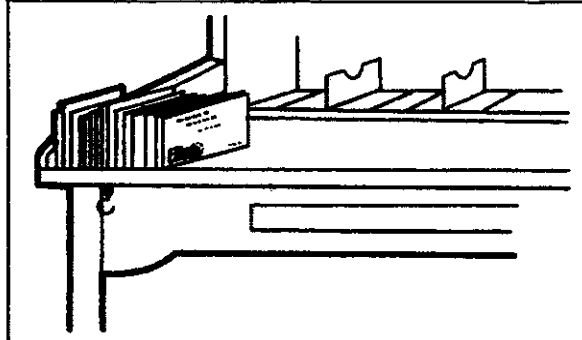
*Composite Bundle.* Residual mail is cased and strapped out separately. For each relay, street, block, etc., the residual bundle of letter mail is carried along with the DPS letter mail bundle. Flats are carried separate from these letter bundles.

*Casing Letters in the Vertical Flat Case.* Residual mail is cased in the same case with the vertically cased flats. Letters and flats are withdrawn and strapped out together in a single bundle. The DPS letter mail is carried separately.

## 223 Pre-Casing Procedures

### 223.1 Letter-Size Mail

- 223.11 Withdraw letter mail from city distribution cases unless mail has already been placed on carrier's case ledge by a mail handler or clerk.
- 223.12 Place letter mail on carrier case ledge with stamps down, facing to the right side of ledge.



- 223.13 Obtain mail from tray cart or hamper when mail is so provided.
- 223.14 If mail is received in bundles, open the bundles and place mail on ledge. Deposit facing slips and twine in waste receptacles.
- 223.15 Keep First-Class separate from Periodicals, *but make no attempt to separate them if they are mixed.*
- 223.16 In offices under *expedited preferential* mail system, a city carrier normally sorts only preferential and time-value mail before leaving to serve his route. Casing of non-preferential mail is done in the afternoon when he returns to the delivery unit.

### 223.2 Magazines, Papers, and Other Flat Mail

- 223.21 Withdraw magazines, papers, and other flat mail from flat cases and place neatly in basket or on floor at case when they are not at carrier case upon reporting. Don't obstruct aisle space or create a tripping hazard.
- 223.22 If the flats for your route are received in sacks, remove the flats promptly, and stack neatly on the floor or in hampers when provided. Examine sacks after dumping to insure that sacks are empty. Place empty sacks in the designated receptacle after removing sack labels.

## 224 Casing Letter-Size Mail

### 224.1 Learning Carrier Line of Travel

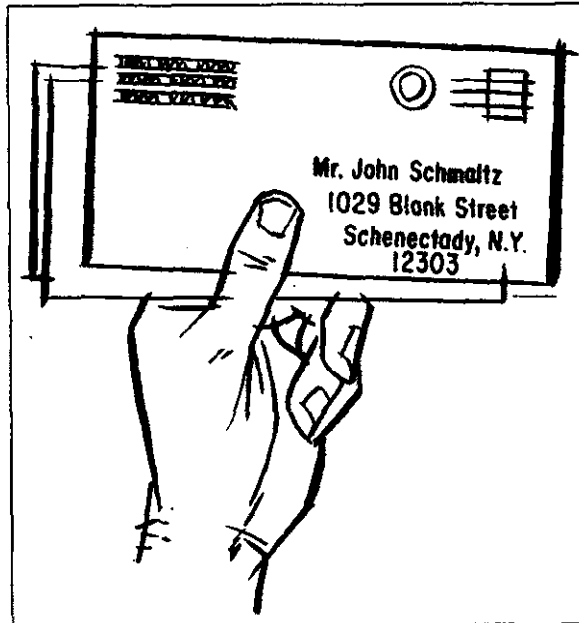
- 224.11 Study for a few minutes the streets and numbers in the order the route is served, from left side of lowest shelf of letter separations to right side of top shelf.

- 224.12 Memorize the line of travel for the first two rows (three rows, if case is a simple one). Memorize the line of travel by using blocks instead of numbers:
- For example, the carrier serves Main Street from 1 to 399 on the odd side of the street, then the even side from 398 to 2, next the odd side of State Street, 1 to 299, and the even, 298 to 2.
  - This can best be remembered as follows: Up the odd side and down the even side of Main Street 1 through the 300 block — up the odd side and down the even side of State Street 1 through 200 block.
- 224.13 Determine if the street is *looped* or *criss-crossed* (see Glossary and exhibit 122.11).
- 224.14 After 5 or 10 minutes study, with the delivery pattern fixed in mind, sort the mail for the rows learned and separate the balance on the case ledge by streets or blocks — each street or block of street in a separate pile.
- 224.15 After all the letter mail has either been distributed in the rows, and/or sorted on the ledge, sort the mail for the next street which appears on the separations of the next row. Repeat this procedure, street by street and row upon row, until all the mail has been distributed.
- 224.16 Continue the memorizing and learning process until the entire case is learned.
- 224.17 Hold to one side — letters for streets and block numbers of streets which do not appear on the case. These are probably intended for other routes but have been missorted:
- Return missorts to the distribution case before leaving on any trip and as far in advance of leaving time as possible.
  - However, misthrows that can be handed to a nearby carrier should not be returned for distribution.
- 224.18 Endorse mail not deliverable at your unit (if known) with your route number and initials. *Exception:* To avoid defacement of philatelic mail, place your initials and route number on a facing slip and attach to letter.

224.2 **Coordinating Eyes and Hands**

- 224.21 Pick up a solid handful of mail with the left hand. Since the stamps are down and facing to the right, the mail will be in the proper reading position when picked up.

- 224.22 Push the top letter slightly forward with the left thumb so that the right thumb and index finger can grasp the outer edge of letter. The left thumb serves as a feeder.



- 224.23 Read the address only. Develop sight recognition of addresses as whole units.

THIS: 11958 State Street or 482 West Main

NOT THIS: 1-1-9-5-8 State Street; 4-8-2 West Main

- 224.24 Recall the correct separation and place the letter on shelf at right or left side of separation to correspond with number.
- 224.25 As letter is pushed fully into separation, position eyes on next letter and push next letter forward with left thumb. The right hand then returns to pick up this letter for placing into the proper separation.
- 224.26 Follow the same procedure in the distribution of each letter, and coordination of eyes, hands, fingers, and memory will improve until the process becomes automatic.

## 225 Casing Magazines, Papers, Flats, etc.

### 225.1 Two-Bundle System

- 225.11 Review line of travel for as many flat separations as correspond with two or three rows of letter separations.
- 225.12 Sort the flats into the proper separations — the memorized streets and numbers — and sort the balance by streets, on the ledge.

- 225.13 Next sort the mail separated by streets, starting with the street not yet learned. Repeat this procedure street by street, until all mail has been distributed.
- 225.14 Continue the memorizing and learning process until all separations are learned.
- 225.15 Starting with the first separation, withdraw mail from case and place it in sequence of delivery — the same order of delivery as the letter mail. Route mail for remaining separations in order of delivery.
- 225.16 Sort stiff cardboard articles (X-ray pictures, etc.) and large newspapers and magazines on ledge, usually by relays; then route them in sequence of delivery. A letter may be reversed in the letter separation for a customer receiving a parcel or odd-sized article that cannot be routed in the flat separations. This will serve as a reminder when on the route that there is a large or odd-sized piece for the customer.
- 225.17 Route and strap separately quantity mailings of addressed merchandise samples and similar items, if these cannot fit in the case separations. Motorized carriers may place this type of mail in trays or cartons instead of using straps.
- 225.18 Observe following procedures in handling address cards received for delivery of merchandise samples:
  - a. Foot Carriers
    - (1) Separate address cards to normal number of relay points, removing undeliverable cards, and notify unit manager of the total number of deliverable address cards.
    - (2) After unit manager determines the total number of cards to be delivered on individual routes each day, remove from relay stacks the quantity of cards for delivery so that each relay will have approximately the same number of samples.
    - (3) Route the selected address cards in the proper letter case separations.
    - (4) Withdraw the cards with other cased letter-size mail, making no attempt to keep address cards separate.
    - (5) Repeat steps (2), (3), and (4) until all cards and samples are delivered.
  - b. Motorized Carriers
    - (1) After unit manager determines the number of cards to be delivered on individual routes each day, route the same number of cards in the letter case separations, removing undeliverable cards. Notify manager of the number of deliverable cards.
    - (2) Withdraw cards with other cased letter-size mail, making no attempt to keep address cards separate.
    - (3) Continue this procedure until all cards and samples are delivered.

**225.2 Modified One-Bundle System**

- 225.21 Fold all mail (except stiff cardboard articles, X-ray pictures, large greeting cards, and large newspapers and magazines) and sort it in letter separations.
- 225.22 Sort stiff cardboard articles, X-ray pictures, etc., and large newspapers and magazines on ledge, usually by relays on foot routes, and then route them in sequence of delivery. A letter may be reversed in the letter separation for a customer receiving a parcel or odd-sized article which cannot be routed in the letter separations. This will serve as a reminder when on the route that there is a large or odd-sized piece for customer.
- 225.23 Route and strap separately quantity mailings of addressed merchandise samples and similar items, if these cannot fit in the case separations. Motorized carriers may place this type of mail in trays or cartons instead of using straps.
- 225.24 Observe the same procedures in handling address cards received for delivery of merchandise samples as outlined in two bundle system (see section 225.1).

**ATTRIBUTION OF COST FOR LOADING PARCELS ONTO VEHICLES  
BASE YEAR 1998, COMMISSION COSTING METHOD**

	Mail Class	Total Cost to Load Parcels	Volume Variable Cost to Load (Sequence) Parcels Using In- Office Casing Variability	Volume Variable Cost to Load Parcels Using Average Parcel Load Time Variability
		[A]	[B]	[C]
[1]	<b>Priority Mail</b>	8,962	7,975	676
[2]	<b>Standard B</b>			
[3]	Parcels Zone Rate	4,676	4,161	353
[4]	Bound Printed Matter	4,022	3,579	303
[5]	Special Standard	1,831	1,629	138
[6]	Library Mail	283	252	21
[7]	<b>Total Standard B</b>	10,812	9,622	815
[8]	<b>Total</b>	19,774	17,597	1,491

## Notes:

[A] Exhibit UPS-T-5C, page 1, column 4

[B] Exhibit UPS-T-5C, page 1, column 5 ([A] \* in-office casing variability of .8899

[C] [A] \* weighted parcel load time variability of .0754, calculated on Page 2 of Exhibit USPS-RT-13

## CALCULATION OF WEIGHTED PARCEL LOAD TIME VARIABILITY

		SDR	MDR	BAM	Total
		[A]	[B]	[C]	[D]
[1]	Distributed Load Cost	1,571,780	948,109	336,286	2,856,175
[2]	Percent Distributed Load Cost	55.0%	33.2%	11.8%	
[3]	Parcel Load Time Variability	8.79%	6.10%	5.79%	
[4]	Weighted Parcel Load Time Variability				7.54%

## NOTES:

- [1] USPS-LR-I-130, WS 7.0.4.2, L9
- [2]  $[A]=[A1]/[D1]$ ;  $[B]=[B1]/[D1]$ ;  $[C]=[C1]/[D1]$
- [3] USPS-LR-I-130, WS 7.0.4.1, L16
- [4]  $[A2]*[A3] + [B2]*[B3] + [C2]*[C3]$



## 6 Parcel Post

### 61 Time Recording

#### 611 Timecards (Non-PSDS/ETC Offices)

##### 611.1 Reporting at Delivery Unit

CIR. CODE	MON	TU	WED	TH	FR	SAT	SUN	SCHED.	INITIALS
									5:50 M
									7:00 M

Record on Forms 1230 and 1234, Trip Card, the starting and ending time of tour.

If lunch period is scheduled at office, record in middle spaces.

##### 611.2 Reporting at Garage Other than Delivery Unit

CIR. CODE	MON	TU	WED	TH	FR	SAT	SUN	SCHED.	INITIALS
									5:52 Tu
									7:00 Tu

Record on Form 1232 when starting and/or ending at other than delivery unit.

Record time on Form 1234 for each trip same as explained in 612.1 below.

612 **Form 1234, Utility Card**612.1 **Recording Time for Each Trip**

The diagram illustrates the layout of Form 1234, Utility Card. It features a central grid with four main columns: 'Time starting in office each trip', 'Time leaving the office', 'Time returning to office', and 'Time ending each trip'. The grid is divided into rows, each representing a trip. Arrows indicate the sequence of events: from 'Time starting in office' to 'Time leaving the office', then to 'Time returning to office', and finally to 'Time ending each trip'. The grid also includes columns for 'DATE' and 'TIME'.

612.2 **Recording Type of Service**

Enter the type of service performed, such as C for collection, R for relays, RC for relay and collection, and PP for parcel post. (When more than one collection run is made or the tour consists of a series of collection runs and there is little or no office time before or after each run, only two recordings — leaving and returning — are necessary for each run.)

613 **Form 4570, Vehicle Time Record**

(See part 833.)

62 **Office Procedures Before Leaving**621 **Obtaining and Inspecting Truck**

- 621.1 The manager in charge or the dispatcher will indicate the vehicle to be used when he/she assigns the route to be served (see part 831).
- 621.2 Check trucks for defects. See part 832 for inspection procedures and part 842 for reporting defects.

622 **Systems Used**622.1 **Hamper System**

Parcels are distributed into hampers. Each hamper covers a prescribed area. The delivery employee sets up the parcels in order of delivery as he/she loads the truck.

622.2 **Sack System**

- 622.2.1 Sacks are numbered consecutively in order of delivery, and each sack contains all sackable parcels for a prescribed area.

- 622.22 Parcels too large or too heavy to be placed in sacks are termed *outsides* and are numbered to correspond with sacks containing parcels for the same area.

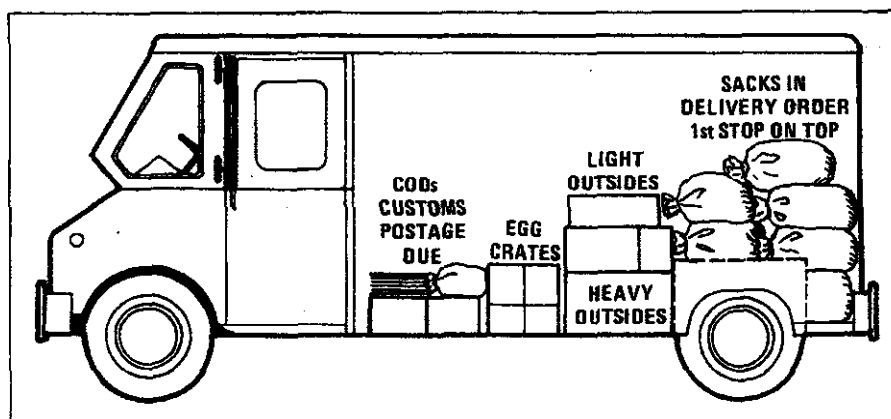
## 623 Loading Truck

### 623.1 Parcel Post

Sacks of parcel post, outside pieces, and special services items should be loaded in the vehicle so as to facilitate delivery in the following way:

- a. Place outsides, CODs, Customs and postage due, registers on inside floor of truck, directly behind driver's partition (see exhibit 623.1).

Exhibit 623.1



- b. Place egg crates flat and heavy *outsides* on the floor.
- c. Put fragile and lighter *outsides* on top of pile.
- d. Load sacks flat, behind *outsides*.
- e. Keep butt ends of sacks toward the tail gate.
- f. Place sacks on top of each other in delivery order, first sacks to be delivered on top.
- g. Keep a free work space directly behind the sliding door.
- h. Check and remove sack label, empty first sack to be delivered, and combine contents with its corresponding *outside* pieces.
- i. Check to be certain that sack is empty. Fold it with cord and fastener in the fold and stack it neatly.
- j. When sack routing system is not used, place parcels on floor and stack them in order of delivery with first parcels to be delivered on top.

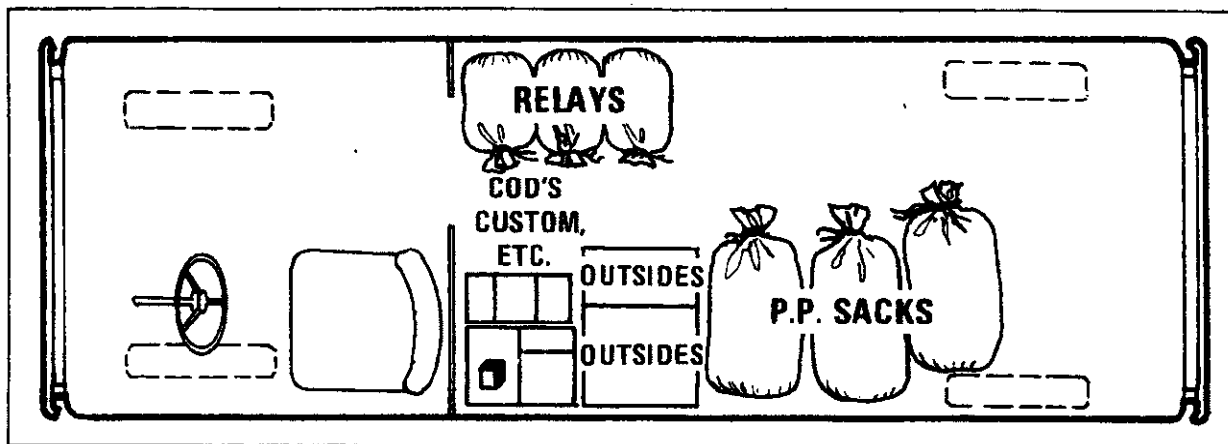
### 623.2 Parcel Post and Relay Combined

Load sacks of parcel post, outside pieces, and special services items as follows:

- a. Load *outsides*, CODs, etc., as in 623.1.
- b. Load parcel sacks, or loose parcels when sack routing system is not used on left half of truck with butt end against side.

- c. Load relay sacks on right-hand side of the truck, in delivery order. When relays are delivered there will be room for dumping parcel post (see exhibit 623.2).

Exhibit 623.2



## 624 Preparing Parcels for Delivery

- 624.1 Dump Sack No. 1 *only* at the dock and arrange the parcels in order of delivery, including outside parcels and special services articles for the same area.
- 624.2 Route parcels to insure shortest distance between stops and to prevent deadheading or excessive travel distance.
- 624.3 Dump Sack No. 2, when last parcel has been delivered from Sack No. 1, and align as for Sack No. 1.
- 624.4 Remove sack label before dumping sack. Fold sacks placing cord and fastener in the fold, and pile sacks neatly.
- 624.5 When the sack routing system is not used, arrange parcels in order of delivery as they are removed from the hampers and placed in the vehicle.

## 625 Damage Control of Parcels

- 625.1 All employees engaged in the handling of parcel post are responsible for insuring that parcels are distributed and delivered in good condition. Take care to avoid throwing, stepping on, or otherwise mistreating parcel post. Give particular attention to fragile and perishable items.
- 625.2 If you discover a damaged parcel in the office, bring it to the attention of your manager. If you discover one on the street, make a notation on the damaged parcel; indicate — received in bad condition and cause of damage (if known). If contents are obviously damaged, return the parcel to your delivery unit for appropriate disposition.

## 63 Route Procedures

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### 631 Delivery of Parcel Post

- 631.1 Determine if someone is available at the address by ringing the doorbell or knocking on the door.
- 631.2 While waiting for customer to respond, scan the parcel to verify whether:
  - a. A receipt is required.
  - b. Postage due or other charges are to be collected.
  - c. A return receipt is requested.
  - d. Delivery is restricted.
  - e. The carrier release endorsement is used.
- 631.3 Prepare receipts as explained in chapters 2 and 3.
- 631.4 Obtain receipts and collect funds as explained in chapter 3 for special services mail.
- 631.5 If the parcel cannot be delivered for any reason, follow the procedures in chapter 3.
- 631.6 Endorse the article appropriately and return it to the office.

### 632 Relay and Collection Schedule

The relay and collection schedule lists the order in which relays are delivered to relay boxes and mail is collected from street boxes, mail chutes, and other collection points. Observe schedule and report any deviations and/or curtailments on Form 1571.

### 633 Delivering Relays and Collecting Mail

- 633.1 Proceed to first relay point on schedule for which there is a relay.
- 633.2 Remove empty sacks from relay boxes and deposit relay. Make certain that each box is securely locked. Fold sack with cord and fastener in the fold and stack neatly in truck.
- 633.3 Proceed with your assignment according to your instructions or schedule.
- 633.4 When a plastic collection test card has been deposited at any collection point, withdraw the plastic card from the mail during collection and hand to your designated manager on arrival at the office.

### 634 Delivery of First-Class to Firms

Deliver First-Class firm mail as prescribed by local instructions.

### 635 Undeliverable Parcels

Endorse all undeliverable parcels as explained in 335.2.

## 64 Office Procedures on Return

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### 641 Clearance for Accountable Items

Obtain clearance of parcel post special services items — special request parcels, CODs, postage due, registers, customs duty, and keys — as explained in subchapter 43.

### 642 Use of Curtailment Form — Form 1571

When delivery of parcel post is curtailed for any reason, prepare Form 1571 as explained in part 422.

### 643 Servicing of Truck

See part 841.

preparation of mail into clusters or groupings for the purpose of achieving greater processing and/or carrier sortation efficiency. Using the ZIP+4 segment concept, segmentations may be prepared by customers or contract personnel prior to entry, or in postal operations prior to dispatch or receipt by the carrier. Examples of segmentations include but are not limited to mail grouped by: unique ZIP+4 code, ZIP+4 blockface, multi-tenant buildings, box sections (including Neighborhood Delivery and Collection Box Units), or individual addresses.

**116.82 Identifying Potential Segmentations for Distribution**

Efficiency should be the determining factor when selecting segmentations which should be prepared for distribution, with consideration for factors such as mail volume, workhours, possible deliveries, address hygiene, and other operational or service needs. The delivery unit manager must periodically review existing segmentations for carrier routes. This may result in the establishment of more segmentations or the replacement of current ones.

**116.83 Segmentations Requested but Not Made by Mail Processing**

Where the delivery unit manager determines a need for segmentations by Mail Processing but there are operational or time constraints which prevent implementation, Customer Services or Delivery Services should perform the sortation using the most efficient methods and equipment available or obtainable.

**116.84 Segmentations Made by Carriers**

**116.841** When a carrier is required to segment mail for a high volume delivery point, consider locating a separation large enough to accommodate the mail volume. This separation may be located in the lower, easy to reach, portion of the case, not necessarily in the sequence of delivery. The label under the separation must clearly indicate the address and/or ZIP+4 code of the separation.

**116.842** *Restrictions.* Carriers must not distribute individual letters or flats directly to sacks or other containers.

**116.9 Parcel Post**

**116.91 Receipt of Parcel Post**

The receipt of parcel post at the delivery unit can have a substantial impact on the overall efficiency of carrier operations. There are two ways parcels may be made up: (1) parcels may be received in sacks for individual routes, or (2) they may come undistributed to routes. Either way, parcels are needed early in the morning, since otherwise the carriers' leaving times could be delayed. Early availability of parcel post also permits the delivery unit manager to direct carriers to load vehicles with parcels earlier on light days if undertime occurs.

**116.92 Parcel Post — Received in Sacks Made Up to Route**

When parcels are received at the unit in sacks made up to carrier route, sacks for each route should be placed in a designated location on the line of

travel from the carrier case to the vehicle. Sacks and outsides must be clearly identified and carriers must not be required to sort through sacks or parcels looking for mail for the route.

116.93 **Parcel Post — Distributed to Routes at the Unit**

If parcels are to be distributed at the delivery unit, they may be sorted directly into hampers identified by route numbers. The use of large enough hampers will permit the carrier to put other mail on top of the parcels and make one trip to the vehicle.

116.94 **Undistributed Parcel Post at the Unit**

Whether or not parcels from early dispatches are received, distributed to routes, or are distributed in the unit, some undistributed parcels may be included in the close-out dispatch. These parcels are to be worked and placed with the other parcels for each route. If the late arrival of parcels causes operating difficulties, the delivery unit managers must use appropriate channels to inform mail processing managers of the need for advancing the arrival of parcels at the delivery unit.

117 **Utilizing Work Area and Equipment**

117.1 **Workroom Floor Layout**

The workroom floor must be arranged to minimize walking and to facilitate an orderly flow of mail and equipment. Attention must also be given to selection and layout of authorized equipment that will be used by carriers at a detached unit (e.g., a carrier-staffed mailroom in a large office building) as follows:

- a. *Time Recording Equipment.* Locate along the normal line of travel to and from the carriers' cases and the doors to the loading area or exit from the office.
- b. *Vehicle Timecards and Keys.* Locate adjacent to the time-recording equipment.
- c. *Throwback Cases.* Place to minimize walking. For example, put one throwback case at the end of every other aisle.
- d. *Central Markup Case.* Where practical, locate the central markup case or deposit point on the carriers' line of travel to the distribution case or exit.
- e. *Collection Mail Deposit Point.* Locate on the carriers' line of travel from the time recording area to the accountable cage.
- f. *Aisle Width.* Aisles should be wide enough for passage by the carrier and any necessary equipment.
- g. *Relay Deposit Point.* Designate an area for carriers to deposit filled relay sacks. For example, designate an area at one end of each aisle.
- h. *Accountable Mail Cage.* Locate where it will be near the carriers while permitting the clerk to do other work when not serving carriers. Do not require the carriers to make *more than one stop* for available



**COSTING OF DDU PARCEL POST USING USPS  
METHODOLOGY, MODIFIED FROM EXHIBIT UPS-T-51  
USING USPS COSTING METHODOLOGY**

LINE NO.	FACTOR	CITY CARRIER	RURAL CARRIER	WTD AVERAGE
		[A]	[B]	[C]
	<b>1. Carrier Costs</b>			
1	TY Wage Rate	29.56	23.87	
2	Routes	150,507	66,059	
3	LR-I-450, WS 10.1.1, C2	0.69	0.31	
4	Total Delivery (\$/pc)	\$ 0.365	\$ 0.199	
5	TY Piggyback Factor	1.429	1.242	
6	Total w/Piggyback (\$/pc)	0.521	0.247	0.437
	<b>2. Mailhandler Costs</b>			
7	Manual Sort at DDU			0.0945
8	Total Cost			0.532
9	<b>3. Contingency</b>		2.50%	0.545

- 1 USPS-T-26, Attachment S, p. 1
- 2 Exhibit UPS-T-51, Number of Routes, rows 7 and 9. City Carrier Routes excludes foot routes.
- 3  $[A2] / [A3] + [B3]; [B2] / [A3] + [B3]$
- 4 City Carrier CPP' C3L6; 'Rural Carrier CPP' L3
- 5 USPS-T-21, Attachment 11, for Parcel Post
- 6  $L4 * L5; [C]=[A5]*[A3] + [B5]*[B3]$
- 7 Exhibit UPS-T-51, Bottom-Up Costing of DDU-Entry Parcel Post, Note 8
- 8  $[C6]+[C7]$
- 9  $[C]=(1+[B9])*[C8]$

**RURAL CARRIER PARCEL DELIVERY COST PER  
PIECE USING  
USPS COSTING METHODOLOGY**

1	Rural Evaluation Factor for Parcels - Minutes per Piece	0.500
2	Rural Carrier Wage Rate, TY01	\$ 23.87
3	Cost Per Piece	\$ 0.199

NOTES

- 1 LR-I-450, WS 10.1.1, C2
- 2 USPS-T-26, Attachment S, P. 1
- 3  $L1 / 60 * L2$

**CITY CARRIER PARCEL DELIVERY COST PER PIECE USING  
USPS COSTING METHODOLOGY**

LINE NO.	CRA COMPONENT	LETTER ROUTE DELIVERY PARCEL POST VVC, BY98	LETTER ROUTE DELIVERY PARCEL POST COST PER CCS PIECE, BY98	LETTER ROUTE DELIVERY PARCEL POST COST PER CCS PIECE, TY01
	COLUMN NUMBER UNITS COLUMN SOURCE/NOTES CALCULATIONS	(1) \$(000) Exhibit USPS-RT-XE, p. 5, L31	(2) \$ C1 / FY98 Parcel Post CCS Volume	(3) \$ C2 * TY01 Wage Rate / FY98 Wage Rate
1	LR-I-450, WS 10.1.1, C2	7,405	\$ 0.043	\$ 0.049
2	Total Street Support	9,441	\$ 0.055	\$ 0.062
3	Motorized Accessing of Loop/Dismount and Deviation Delivery Stops (Volume Variable)	10,841	\$ 0.063	\$ 0.072
4	Total Access	113	\$ 0.001	\$ 0.001
5	Total Load	27,438	\$ 0.159	\$ 0.181
6	Total Letter Route Delivery	55,239	\$ 0.320	\$ 0.365
7	FY 98 Parcel Post Volume (CCS)	172,764		
8	FY 98 Carrier Wage Rate	\$ 25.92		
9	TY 01 Carrier Wage Rate	\$ 29.56		

## NOTES:

- 7 USPS-LR-I-450, [CS06&7.xls]'Input DK' L31  
 8 USPS-T-26, Attachment S, p. 1  
 9 USPS-T-26, Attachment S, p. 1

Base Year 1998 - USPS Version  
DISTRIBUTED COST FOR ALL CITY CARRIER COSTS FOR ALL COMPONENTS  
FROM USPS-LR-I-450, CS06&7.XLS

Exhibit USPS-RT-13E  
Page 4 of 5

LINE NO.	CLASS, SUBCLASS, OR SPECIAL SERVICE	IN-OFFICE DIRECT LABOR	LOAD	ACCESS	ROUTE	STREET SUPPORT IN-OFFICE	STREET SUPPORT LOAD	STREET SUPPORT ACCESS	STREET SUPPORT ROUTE
	COLUMN NUMBER	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	UNITS	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
	COLUMN SOURCE/NOTES	WS 6.0.2.1 C2	WS 7.0.3.1 C2	WS 7.0.3.1 C8	WS 7.0.3.1 C12	L54-WS 6.0.4 C3L17	L54-WS 6.0.4 C3L18	L54-WS 6.0.4 C3L21	L54-WS 6.0.4 C3L23
	CALCULATIONS					L54 dist C1	L54 dist C2	L54 dist C3	L54 dist C4
1	FIRST-CLASS MAIL:								
2	LR-I-450, WS 10.1.1, C2	1,062,469	291,682	63,721	983	201,619	51,082	12,011	180
3	PRESORT LETTERS	469,730	241,587	23,119	736	89,137	42,309	4,358	135
4	TOTAL LETTERS	1,532,219	533,269	86,840	1,719	290,756	93,391	16,368	315
5	SINGLE-PIECE CARDS	64,429	21,915	4,239	54	10,329	3,838	799	10
6	PRESORT CARDS	18,876	15,812	1,561	46	3,582	2,769	294	8
7	TOTAL CARDS	73,305	37,727	5,800	100	13,910	6,607	1,093	18
8	TOTAL FIRST-CLASS	1,605,524	570,996	92,640	1,819	304,667	99,998	17,461	333
9	PRIORITY MAIL	37,585	54,117	27,297	18,341	7,134	8,477	5,145	3,356
10	EXPRESS MAIL	2,801	36,679	7,749	1,988	494	6,424	1,461	363
11	MAILGRAMS	-	99	83	84	-	17	16	15
12	PERIODICALS:								
13	IN-COUNTY	8,024	9,214	633	76	1,523	1,614	119	14
14	OUTSIDE COUNTY:								
15	REGULAR	135,536	71,768	4,933	591	25,720	12,567	930	108
16	NON-PROFIT	30,707	21,312	1,465	178	5,827	3,732	276	32
17	CLASSROOM	381	606	42	5	72	106	8	1
18	TOTAL PERIODICALS	174,649	102,890	7,073	848	33,141	18,019	1,333	155
19	STANDARD A:								
20	SINGLE PIECE RATE	13,309	1,579	2,781	1,509	2,526	277	524	276
21	COMMERCIAL STANDARD:								
22	ENHANCED CARR RTE	263,785	284,685	29,346	1,419	53,851	49,857	5,531	260
23	REGULAR	524,067	242,012	15,853	1,462	99,448	42,383	2,988	268
24	TOTAL COMMERCIAL	807,852	526,697	45,199	2,881	153,299	92,240	8,519	527
25	AGGREGATE NONPROFIT:								
26	NONPROF ENH CARR RTE	19,933	15,875	1,989	110	3,783	2,780	371	20
27	NONPROFIT	108,227	80,878	1,527	440	20,158	10,661	288	81
28	TOTAL AGGREG NONPROFIT	128,160	76,751	3,496	550	23,940	13,441	659	101
29	TOTAL STANDARD A	947,321	605,027	51,476	4,940	179,765	105,958	9,703	904
30	STANDARD MAIL (B):								
31	PARCELS ZONE RATE	6,927	27,805	10,011	10,841	1,314	4,869	1,887	1,984
32	BOUND PRINTED MATTER	6,895	24,000	15,007	6,132	1,308	4,203	2,829	1,122
33	SPECIAL STANDARD	1,968	11,406	5,871	4,299	354	1,996	1,107	787
34	LIBRARY MAIL	634	1,613	877	1,158	120	282	165	212
35	TOTAL STANDARD (B)	16,324	64,824	31,766	22,430	3,096	11,353	5,967	4,104
36	US POSTAL SERVICE	10,549	1,570	392	-	2,002	275	74	-
37	FREE MAIL	983	2,011	65	-	187	352	12	-
38	INTERNATIONAL MAIL	10,955	6,145	4,041	808	2,079	1,076	762	148
39	TOTAL MAIL	2,806,500	1,444,358	222,582	51,256	532,568	252,950	41,954	9,379
40	SPECIAL SERVICES:								
41	REGISTRY	1,683	5,437	-	-	319	952	-	-
42	CERTIFIED	27,400	138,956	-	-	5,199	24,335	-	-
43	INSURANCE	1,075	7,588	-	-	204	1,329	-	-
44	COD	728	3,715	-	-	138	651	-	-
45	SPECIAL DELIVERY	-	-	-	-	-	-	-	-
46	MONEY ORDERS	-	-	-	-	-	-	-	-
47	STAMPED ENVELOPES	-	-	-	-	-	-	-	-
48	SPECIAL HANDLING	-	-	-	-	-	-	-	-
49	POST OFFICE BOX	425	-	-	-	81	-	-	-
50	OTHER	4,308	522	-	-	817	91	-	-
51	TOTAL SPECIAL SERVICES	35,619	156,218	-	-	6,759	27,358	-	-
52	TOTAL VOLUME	2,842,119	1,600,576	222,582	51,256	539,325	280,308	41,954	9,379
53	FIXED	351,696	1,124,691	1,254,036	2,228,235	68,738	197,002	236,369	407,711
54	GRAND TOTAL	3,193,815	2,725,467	1,476,618	2,279,491	608,063	477,310	278,323	417,090

Base Year 1998 - USPS Version  
DISTRIBUTION OF LETTER ROUTE DELIVERY COSTS  
FROM USPS-LR-1450, CS06&7.xls

Exhibit USPS-RT-13E  
Page 5 of 5

LINE NO.	CLASS, SUBCLASS, OR SPECIAL SERVICE	IN-OFFICE	LOAD	ACCESS	ROUTE	STREET SUPPORT IN-OFFICE	STREET SUPPORT LOAD	STREET SUPPORT ACCESS	STREET SUPPORT ROUTE
	COLUMN NUMBER UNITS COLUMN SOURCE/NOTES CALCULATIONS	(1) \$(000) L54=WS 7.0.1 C2L12 L1..L53 dist on Exhibit USPS-RT-13E, p. 4, C1	(2) \$(000) WS 7.0.3, C5-C7	(3) \$(000) WS 7.0.3, C13&C18	(4) \$(000) WS 7.0.3.1, C12; L54=WS 7.0.1 C2L31	(5) \$(000) L54=WS 7.0.1 C2L15 L1..L53 dist on C1	(6) \$(000) L54=WS 7.0.1 C2L17	(7) \$(000) L54=WS 7.0.1 C2L23	(8) \$(000) L54=WS 7.0.1 C2L27
1	FIRST-CLASS MAIL:								
2	LR-1450, WS 10.1.1, C2	1,135,818	286,767	18,920	983	197,629	50,373	10,029	161
3	PRESORT LETTERS	502,149	241,558	21,571	736	87,373	41,722	3,639	120
4	TOTAL LETTERS	1,637,967	528,325	40,491	1,719	285,002	92,096	13,668	281
5	SINGLE-PIECE CARDS	58,185	21,845	1,786	54	10,124	3,785	667	9
6	PRESORT CARDS	20,179	15,810	1,484	46	3,511	2,731	248	8
7	TOTAL CARDS	78,364	37,455	3,249	100	13,635	6,515	913	16
8	TOTAL FIRST-CLASS	1,716,331	565,780	43,740	1,819	298,637	98,611	14,581	296
9	PRIORITY MAIL	40,190	53,156	568	18,341	6,993	9,348	4,296	3,003
10	EXPRESS MAIL	2,781	34,908	24	1,986	484	6,334	1,220	325
11	MAILGRAMS	-	98	13	84	-	17	13	14
12	PERIODICALS:								
13	IN-COUNTY	8,578	9,204	360	76	1,493	1,591	100	12
14	OUTSIDE COUNTY:								
15	REGULAR	144,890	71,684	2,805	591	25,211	12,393	776	97
16	NON-PROFIT	32,826	21,290	833	176	5,712	3,681	231	29
17	CLASSROOM	407	606	24	6	71	106	7	1
18	TOTAL PERIODICALS	186,702	102,784	4,022	848	32,486	17,769	1,113	139
19	STANDARD A:								
20	SINGLE PIECE RATE	14,228	1,386	28	1,509	2,476	273	438	247
21	COMMERCIAL STANDARD:								
22	ENHANCED CARR RTE	303,371	284,618	27,394	1,419	52,786	49,165	4,619	232
23	REGULAR	560,236	241,943	13,843	1,462	97,480	41,785	2,485	239
24	TOTAL COMMERCIAL	863,607	526,561	41,237	2,881	150,266	90,961	7,114	472
25	AGGREGATE NONPROFIT:								
26	NONPROF ENH CARR RTE	21,309	15,670	1,817	110	3,708	2,742	310	18
27	NONPROFIT	113,558	60,865	821	440	19,759	10,513	240	72
28	TOTAL AGGREG NONPROFIT	134,867	76,725	2,739	550	23,467	13,255	550	90
29	TOTAL STANDARD A	1,012,701	604,670	44,003	4,940	176,207	104,486	8,102	809
30	STANDARD MAIL (B):								
31	PARCELS ZONE RATE	7,405	27,438	113	10,841	1,288	4,802	1,578	1,775
32	BOUND PRINTED MATTER	7,371	23,481	127	6,132	1,283	4,145	2,362	1,004
33	SPECIAL STANDARD	1,997	11,209	49	4,299	347	1,970	924	704
34	LIBRARY MAIL	678	1,581	9	1,158	118	279	138	190
35	TOTAL STANDARD (B)	17,451	63,704	298	22,430	3,038	11,195	5,000	3,672
36	US POSTAL SERVICE	11,277	1,539	117	-	1,982	271	62	-
37	FREE MAIL	1,051	2,007	27	-	183	347	10	-
38	INTERNATIONAL MAIL	11,711	5,775	280	808	2,038	1,061	636	132
39	TOTAL MAIL	3,000,194	1,434,419	93,072	51,256	522,026	248,441	35,033	8,391
40	SPECIAL SERVICES:								
41	REGISTRY	1,799	5,133	-	-	313	939	-	-
42	CERTIFIED	29,291	138,956	-	-	5,097	23,998	-	-
43	INSURANCE	1,149	7,588	-	-	200	1,310	-	-
44	COD	778	3,657	-	-	135	642	-	-
45	SPECIAL DELIVERY	-	-	-	-	-	-	-	-
46	MONEY ORDERS	-	-	-	-	-	-	-	-
47	STAMPED ENVELOPES	-	-	-	-	-	-	-	-
48	SPECIAL HANDLING	-	-	-	-	-	-	-	-
49	POST OFFICE BOX	454	-	-	-	79	-	-	-
50	OTHER	4,805	-	-	-	801	90	-	-
51	TOTAL SPECIAL SERVICES	38,077	155,333	-	-	6,626	28,979	-	-
52	TOTAL VOLUME	3,038,271	1,589,752	93,072	51,256	528,651	278,419	35,033	8,391
53	FIXED	351,896	1,104,619	1,214,098	2,228,235	61,184	194,289	197,378	364,785
54	GRAND TOTAL	3,414,240	2,694,371	1,307,170	2,144,721	589,835	470,688	232,411	373,176

**COSTING OF DDU PARCEL POST USING USPS METHODOLOGY,  
USING PRC COSTING METHODOLOGY**

LINE NO.	FACTOR	CITY CARRIER	RURAL CARRIER	WTD AVERAGE
		[A]	[B]	[C]
	<b>1. Carrier Costs</b>			
1	TY Wage Rate	29.56	23.87	
2	Routes	150,507	66,059	
3	Weighting by Route	0.69	0.31	
4	Total Delivery (\$/pc)	\$ 0.384	\$ 0.199	
5	TY Piggyback Factor	1.429	1.242	
6	Total w/Piggyback (\$/pc)	0.549	0.247	0.457
	<b>2. Mailhandler Costs</b>			
7	Manual Sort at DDU			0.0945
8	Total Cost			0.551
9	<b>3. Contingency</b>		2.50%	0.565

- 1 USPS-T-26, Attachment S.
- 2 Exhibit UPS-T-51, Number of Routes, rows 7 and 9. City Carrier Routes excludes foot routes.
- 3  $[A2] / [A3] + [B3]; [B2] / [A3] + [B3]$
- 4 City Carrier CPP' C3L6; 'Rural Carrier CPP' L3
- 5 USPS-T-21, Attachment 11, for Parcel Post
- 6  $L4 * L5; [C] = [A5] * [A3] + [B5] * [B3]$
- 7 Exhibit UPS-T-51, Bottom-Up Costing of DDU-Entry Parcel Post, Note 8
- 8  $[C6] + [C7]$
- 9  $[C] = (1 + [B9]) * [C8]$

**RURAL CARRIER PARCEL DELIVERY COST PER  
PRC COSTING METHODOLOGY**

1	Rural Evaluation Factor for Parcels - Minutes per Piece	0.500
2	Rural Carrier Wage Rate, TY01	23.87
3	Cost Per Piece	\$ 0.199

**NOTES**

1 LR-I-450, WS 10.1.1, C2. Note, this is the same for PRC and USPS costing methodologies

2 USPS-T-26, Attachment S.

3  $L1 / 60 * L2$

**CITY CARRIER PARCEL DELIVERY COST PER PIECE USING  
PRC COSTING METHODOLOGY**

LINE NO.	CRA COMPONENT	LETTER ROUTE DELIVERY VOLUME VARIABLE COST FOR PARCEL POST, BY98	LETTER ROUTE DELIVERY PARCEL POST COST PER CCS PIECE, BY98	LETTER ROUTE DELIVERY PARCEL POST COST PER CCS PIECE, TY01
	<b>COLUMN NUMBER</b>	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
	<b>UNITS</b>			
	<b>COLUMN SOURCE/NOTES</b>	Exhibit USPS-RT-13F, p. 4 L31	C1 / CCCS Parcel Post Volume	C2 * Test year adjustment factor
	<b>CALCULATIONS</b>			
1	In-Office	7,405	\$ 0.043	\$ 0.049
2	Street Support	9,713	\$ 0.056	\$ 0.064
3	Motorized Access of Loop/Dismount and Deviation Delivery Stops	14,214	\$ 0.082	\$ 0.094
4	Access	458	\$ 0.003	\$ 0.003
5	Load	26,393	\$ 0.153	\$ 0.174
6	Total Letter Route Delivery	58,183	\$ 0.337	\$ 0.384
7	FY 98 Parcel Post Volume (CCS)	172,764		
8	FY 98 Carrier Wage Rate	\$ 25.92		
9	TY 01 Carrier Wage Rate	\$ 29.56		
10	Test year adjustment factor	1.140		

**NOTES:**

C1 Letter route delivery costs only, to match CCCS volumes.

L7 LR-I-130, [CS06&amp;7.xls]Input DK L31

L8 USPS-T-26, Attachment S.

L9 USPS-T-26, Attachment S.

L10 L9 / L8



Base Year 1998 - PRC Version  
DISTRIBUTED COST FOR ALL CITY CARRIER COSTS FOR ALL COMPONENTS  
FROM USPS-LR-1-130, CS06&7.XLS

Exhibit USPS-RT-13F  
Page 4 of 5

LINE NO.	CLASS, SUBCLASS, OR SPECIAL SERVICE	IN-OFFICE DIRECT LABOR	LOAD	ACCESS	ROUTE	COVERAGE LOAD SSS	ACCESS SSS	STREET SUPPORT IN-OFFICE	STREET SUPPORT LOAD	STREET SUPPORT ACCESS	STREET SUPPORT ROUTE	STREET SUPPORT COVERAGE SSS	STREET SUPPORT ACCESS SSS	TOTAL STREET SUPPORT
	COLUMN NUMBER UNITS COLUMN SOURCE/NOTES CALCULATIONS	(1) \$(000) WS 6.0.2.1 C2	(2) \$(000) WS 7.0.3.1 C2	(3) \$(000) WS 7.0.3.1 C8	(4) \$(000) WS 7.0.3.1 C12	(5) \$(000) WS 7.0.3.1 C4	(6) \$(000) WS 7.0.3.1 C10	(7) \$(000) L54: C3L57 L54 dist C1	(8) \$(000) L54: C3L58 L54 dist C3	(9) \$(000) L54: C3L61 L54 dist C4	(10) \$(000) L54: C3L63 L54 dist C5	(11) \$(000) L54: C3L60 L54 dist C6	(12) \$(000) L54: C3L62 L54 dist C7	(14) \$(000)
1	FIRST-CLASS MAIL:													
2	SINGLE-PIECE LETTERS	1,062,489	329,809	45,008	12,837	59,865	90,286	199,568	57,333	8,511	2,304	10,308	15,547	299,571
3	PRESORT LETTERS	469,730	306,143	1,549	11,881	44,821	67,597	88,230	53,077	293	2,130	7,718	11,640	163,087
4	TOTAL LETTERS	1,532,219	634,751	46,557	24,318	104,686	157,883	287,798	110,410	8,804	4,434	18,026	27,186	456,658
5	SINGLE-PIECE CARDS	54,429	21,118	2,464	175	2,036	3,069	10,223	3,673	466	32	350	528	15,273
6	PRESORT CARDS	18,876	15,607	97	61	1,749	2,638	3,545	2,715	18	11	301	454	7,045
7	TOTAL CARDS	73,305	36,725	2,562	236	3,784	5,707	13,768	6,388	484	43	652	983	22,319
8	TOTAL FIRST-CLASS	1,605,524	671,477	49,119	24,553	108,469	163,590	301,566	116,798	9,289	4,477	18,677	28,169	478,977
9	PRIORITY MAIL	37,595	50,073	28,733	25,451	828	1,248	7,061	8,710	5,055	4,641	142	214	26,824
10	EXPRESS MAIL	2,601	24,448	7,725	2,100	55	82	489	4,253	1,481	383	9	14	6,808
11	MAILGRAMS	-	104	70	84	24	38	-	18	13	15	4	6	57
12	PERIODICALS:													
13	IN-COUNTY	8,024	8,462	273	2,573	521	785	1,507	1,472	52	468	90	135	3,725
14	OUTSIDE COUNTY:													
15	REGULAR	135,536	65,804	2,127	20,042	4,056	6,117	25,458	11,464	402	3,655	698	1,053	42,730
16	NON-PROFIT	30,707	19,573	632	5,953	1,205	1,817	5,768	3,405	119	1,065	207	313	10,898
17	CLASSROOM	381	557	18	169	34	52	72	87	3	31	6	9	218
18	TOTAL PERIODICALS	174,648	94,497	3,050	28,738	5,816	8,771	32,804	16,437	577	5,240	1,001	1,510	57,570
19	STANDARD A:													
20	SINGLE PIECE RATE	13,309	1,553	2,759	1,559	49	74	2,500	270	522	284	6	13	3,597
21	COMMERCIAL STANDARD:													
22	ENHANCED CARR RTE	283,785	338,046	1,952	33,239	34,725	52,371	53,303	58,801	389	6,061	5,979	9,018	133,531
23	REGULAR	524,087	302,372	2,011	27,123	35,773	53,952	96,436	52,595	380	4,946	6,160	9,290	171,807
24	TOTAL COMMERCIAL	807,852	640,418	3,962	60,361	70,498	106,323	151,739	111,396	749	11,007	12,139	18,306	305,339
25	AGGREGATE NONPROFIT:													
26	NONPROF ENH CARR RTE	18,933	15,921	152	1,099	1,193	1,799	3,744	2,769	29	200	205	310	7,258
27	NONPROFIT	106,227	73,162	605	4,562	4,760	7,179	19,863	12,726	114	836	820	1,236	35,685
28	TOTAL AGGREG NONPROFIT	126,160	89,084	757	5,661	5,953	8,978	23,697	15,495	143	1,036	1,025	1,546	42,942
29	TOTAL STANDARD A	947,321	731,054	7,478	67,602	76,500	115,375	177,938	127,161	1,414	12,327	13,173	19,867	351,878
30	STANDARD MAIL (B):													
31	PARCELS ZONE RATE	6,927	26,456	9,899	14,214	304	458	1,301	4,802	1,872	2,592	52	79	10,498
32	BOUND PRINTED MATTER	8,895	22,721	14,880	10,609	296	446	1,295	3,952	2,814	1,935	51	77	10,124
33	SPECIAL STANDARD	1,868	10,649	5,822	5,971	102	154	351	1,852	1,101	1,089	18	27	4,437
34	LIBRARY MAIL	634	1,495	868	1,691	24	35	118	260	164	308	4	6	862
35	TOTAL STANDARD (B)	18,324	61,321	31,469	32,485	726	1,095	3,066	10,866	5,951	5,824	125	189	25,921
36	US POSTAL SERVICE	10,549	1,494	276	481	161	243	1,981	260	52	90	28	42	2,453
37	FREE MAIL	983	1,885	39	194	24	36	185	328	7	35	4	6	585
38	INTERNATIONAL MAIL	10,955	5,580	3,784	1,273	207	312	2,058	971	718	232	36	54	4,085
39	TOTAL MAIL	2,806,500	1,841,932	129,743	182,970	192,807	290,786	527,146	285,602	24,536	33,365	33,200	50,071	953,919
40	SPECIAL SERVICES:													
41	REGISTRY	1,683	6,169	-	-	-	-	316	1,073	-	-	-	-	1,389
42	CERTIFIED	27,400	106,954	-	-	-	-	5,147	18,604	-	-	-	-	23,750
43	INSURANCE	1,075	5,037	-	-	-	-	202	876	-	-	-	-	1,078
44	COD	728	2,114	-	-	-	-	137	368	-	-	-	-	504
45	SPECIAL DELIVERY	-	-	-	-	-	-	-	-	-	-	-	-	-
46	MONEY ORDERS	-	-	-	-	-	-	-	-	-	-	-	-	-
47	STAMPED ENVELOPES	-	-	-	-	-	-	-	-	-	-	-	-	-
48	SPECIAL HANDLING	-	-	-	-	-	-	-	-	-	-	-	-	-
49	POST OFFICE BOX	425	-	-	-	-	-	80	-	-	-	-	-	80
50	OTHER	4,308	522	-	-	-	-	809	91	-	-	-	-	900
51	TOTAL SPECIAL SERVICES	35,619	120,797	-	-	-	-	6,890	21,012	-	-	-	-	27,702
52	TOTAL VOLUME	2,842,119	1,762,729	129,743	182,970	192,807	290,786	533,837	306,613	24,536	33,365	33,200	50,071	981,621
53	FIXED	351,698	20,747	1,148,904	1,865,080	-	-	88,059	3,809	217,458	338,277	-	-	782,373
54	GRAND TOTAL	3,193,815	1,783,476	1,279,647	2,038,049	192,807	290,786	599,896	310,222	241,994	371,642	33,200	50,071	1,763,994

LINE NO.	CLASS, SUBCLASS, OR SPECIAL SERVICE	IN-OFFICE	LOAD	ACCESS	ROUTE	COVERAGE LOAD SSS	ACCESS SSS	STREET SUPPORT IN-OFFICE	STREET SUPPORT LOAD	STREET SUPPORT ACCESS	STREET SUPPORT ROUTE	STREET SUPPORT COVERAGE SSS	STREET SUPPORT ACCESS SSS
	COLUMN NUMBER UNITS COLUMN SOURCE/NOTES CALCULATIONS	(1) \$(000) L54 WS 7.0.1 C2L12 L11...L53 dist on Exhibit USPS-RT- 13F C1	(2) \$(000) WS 7.0.3, C5- C7	(3) \$(000) WS 7.0.3, C13&C16	(4) \$(000) WS 7.0.3.1, C12; L54 WS 7.0.1 C2L31	(5) \$(000) WS 7.0.3, C9	(6) \$(000) WS 7.0.3, C20	(7) \$(000) L54 WS 7.0.1 C2L16 L11...L53 dist on C1	(8) \$(000) L54 WS 7.0.1 C2L17 L11...L53 dist on Exhibit USPS-RT- 13F, P4 C3	(9) \$(000) L54 WS 7.0.1 C2L23 L11...L53 dist on Exhibit USPS-RT- 13F, P4 C4	(10) \$(000) L54 WS 7.0.1 C2L27 L11...L53 dist on Exhibit USPS-RT- 13F, P4 C5	(11) \$(000) L54 WS 7.0.1 C2L21 L11...L53 dist on Exhibit USPS-RT- 13F, P4 C6	(12) \$(000) L54 WS 7.0.1 C2L25 L11...L53 dist on Exhibit USPS-RT- 13F, P4 C7
1	FIRST-CLASS MAIL:												
2	SINGLE-PIECE LETTERS	1,135,818	324,579	-	12,637	59,865	90,286	195,578	58,109	6,897	2,032	10,308	15,546
3	PRESORT LETTERS	502,149	305,113	-	11,681	44,821	67,597	86,466	51,944	237	1,878	7,718	11,640
4	TOTAL LETTERS	1,637,967	629,692	-	24,318	104,686	157,883	282,044	108,053	7,134	3,910	18,026	27,186
5	SINGLE-PIECE CARDS	58,185	20,843	-	175	2,035	3,069	10,019	3,595	378	28	350	528
6	PRESORT CARDS	20,179	15,605	-	61	1,749	2,638	3,475	2,857	15	10	301	454
7	TOTAL CARDS	78,364	36,448	-	236	3,784	5,707	13,494	6,252	393	38	652	983
8	TOTAL FIRST-CLASS	1,716,331	666,140	-	24,554	108,469	163,590	295,537	114,305	7,527	3,948	18,677	28,169
9	PRIORITY MAIL	40,180	49,110	-	25,451	826	1,246	6,920	8,524	4,098	4,093	142	214
10	EXPRESS MAIL	2,781	22,686	-	2,100	55	82	479	4,162	1,184	338	9	14
11	MAILGRAMS	-	102	-	84	24	36	-	18	11	13	4	6
12	PERIODICALS:												
13	IN-COUNTY	8,578	8,453	-	2,573	521	785	1,477	1,441	42	414	90	135
14	OUTSIDE COUNTY:												
15	REGULAR	144,890	65,831	-	20,042	4,056	6,117	24,949	11,219	326	3,223	696	1,053
16	NON-PROFIT	32,826	19,552	-	5,953	1,205	1,817	5,652	3,332	97	957	207	313
17	CLASSROOM	407	556	-	169	34	52	70	95	3	27	6	9
18	TOTAL PERIODICALS	186,702	94,392	-	26,737	5,816	8,771	32,148	16,066	467	4,621	1,001	1,510
19	STANDARD A:												
20	SINGLE PIECE RATE	14,228	1,355	-	1,559	49	74	2,450	264	423	251	8	13
21	COMMERCIAL STANDARD:												
22	ENHANCED CARR RTE	303,371	337,979	-	33,236	34,725	52,371	52,238	57,545	299	5,345	5,978	9,018
23	REGULAR	560,236	302,303	-	27,123	35,773	53,952	96,468	51,473	308	4,361	6,160	9,280
24	TOTAL COMMERCIAL	863,607	640,282	-	60,362	70,498	106,323	148,706	109,018	607	9,706	12,139	18,308
25	AGGREGATE NONPROFIT:												
26	NONPROF ENH CARR RTE	21,309	15,916	-	1,099	1,193	1,799	3,669	2,710	23	177	205	310
27	NONPROFIT	113,558	73,142	-	4,582	4,760	7,179	19,554	12,454	93	737	820	1,236
28	TOTAL AGGREG NONPROFIT	134,867	89,068	-	5,681	5,953	8,978	23,223	15,165	116	914	1,025	1,546
29	TOTAL STANDARD A	1,012,701	730,694	-	67,602	76,500	115,375	174,378	124,447	1,148	10,871	13,173	19,867
30	STANDARD MAIL (B):												
31	PARCELS ZONE RATE	7,405	26,089	-	14,214	304	458	1,275	4,504	1,517	2,286	52	79
32	BOUND PRINTED MATTER	7,371	22,202	-	10,609	296	446	1,289	3,968	2,280	1,706	51	77
33	SPECIAL STANDARD	1,997	10,446	-	5,971	102	154	344	1,813	892	960	18	27
34	LIBRARY MAIL	678	1,483	-	1,091	24	35	117	255	133	272	4	6
35	TOTAL STANDARD (B)	17,451	60,199	-	32,485	726	1,095	3,005	10,439	4,822	5,224	125	189
36	US POSTAL SERVICE	11,277	1,462	-	491	161	243	1,942	254	42	79	28	42
37	FREE MAIL	1,051	1,880	-	194	24	36	181	321	6	31	4	6
38	INTERNATIONAL MAIL	11,711	5,206	-	1,273	207	312	2,017	950	580	205	36	54
39	TOTAL MAIL	3,000,194	1,631,854	-	182,971	182,807	290,786	516,607	279,505	19,881	28,422	33,200	50,071
40	SPECIAL SERVICES:												
41	REGISTRY	1,799	5,866	-	-	-	-	310	1,050	-	-	-	-
42	CERTIFIED	29,291	106,954	-	-	-	-	5,044	18,207	-	-	-	-
43	INSURANCE	1,149	5,037	-	-	-	-	198	858	-	-	-	-
44	COD	778	2,058	-	-	-	-	134	360	-	-	-	-
45	SPECIAL DELIVERY	-	-	-	-	-	-	-	-	-	-	-	-
46	MONEY ORDERS	-	-	-	-	-	-	-	-	-	-	-	-
47	STAMPED ENVELOPES	-	-	-	-	-	-	-	-	-	-	-	-
48	SPECIAL HANDLING	-	-	-	-	-	-	-	-	-	-	-	-
49	POST OFFICE BOX	454	-	-	-	-	-	78	-	-	-	-	-
50	OTHER	4,605	-	-	-	-	-	793	89	-	-	-	-
51	TOTAL SPECIAL SERVICES	38,077	119,913	-	-	-	-	6,557	20,563	-	-	-	-
52	TOTAL VOLUME	3,038,271	1,751,767	-	182,970	182,807	290,786	523,164	300,068	19,881	28,422	33,200	50,071
53	FIXED	351,696	-	1,109,753	1,855,080	-	-	60,559	3,532	178,201	298,306	-	-
54	GRAND TOTAL	3,414,240	1,751,767	1,109,753	1,903,279	192,807	290,786	587,902	303,599	198,082	327,728	33,200	50,071