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EQUIPMENT AND FACILITY RELATED COSTS

USPS LR-J-54

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PREFACE

This is being filed as a library reference to provide support for witness Marc A. Smith's testimony, USPS-T-15. This library reference provides the supporting calculations for Attachments 1-9 of his testimony. Part II of witness Smith's testimony describes the calculations in this Library Reference. Witness Smith is the author of this library reference. This is an update of Docket No. R2000-1, USPS LR-I-83.

The primary purpose of this library reference is to provide inputs necessary to determine the volume variable equipment and facility-related costs by subclass for both the base year and test year for witnesses Meehan, USPS-T-11, and Patelunas, USPS-T-12. This library reference also provides inputs for the calculation of operation specific piggyback factors as done in USPS LR-J-52, part III.

The equipment-related costs which this library reference provides for the base year are the mail processing equipment depreciation (component 20.1), interest expense (component 20.5), maintenance labor (component 11.2), and parts & supplies (component 16.3.2). These costs are divided into 21 cost pools by equipment type using data from Postal Service accounting and engineering records. Also provided are the variabilities and distribution keys to be used for each of these 21 cost pools, in order to relate these costs to subclasses. For the test year this library reference provides mail processing equipment depreciation divided into the 21 cost pools, based on data from the Postal Service's accounting system and capital budget. See parts II to IV of this library reference on equipment related costs.

The facility-related costs in the base year, FY2001 and test year are for space provision and space support. The space provision costs are rents (component 15.1), depreciation (component 20.3) and interest (component 20.5). The space support costs are fuel and utilities (component 15.2), custodial services labor (component 11.1), contract cleaners (component 11.1.2), building equipment maintenance labor (component 11.3), custodial supplies and services (component 16.3.1) and building security (component 18.1.2). These costs are divided into cost pools (or by activity) based on the FY1992 facility survey, updated using information on equipment deployments. I also prescribe variabilities and distribution keys for these cost pools. See Part I of this library reference for facility-related costs.

In addition, part III also provides assistance to rollforward witness Patelunas, USPS-T-12, on relating cost reductions and other programs costs to subclass.

The following table lists the links between this library reference, witness Smith's testimony and the testimonies of other witnesses. This table lists the other witnesses and library references which make use of this library reference.

USPS LR-I-54	SMITH TESTIMONY, USPS-T-15	TESTIMONY AND LR RELYING ON THIS LR
PAGE I-9 & PAGE I-11	ATTACHMENT 6	WITNESS MEEHAN, USPS-T-11, COMPONENTS 569 AND 570
PAGE I-16 & PAGE I-18	ATTACHMENT 7	WITNESS PATELUNAS, USPS-T-12, COMPONENTS 401 AND 445
PAGE I-27 & PAGE I-29	ATTACHMENT 8	WITNESS PATELUNAS, USPS-T-12 COMPONENTS 400 AND 446 USPS LR-J-52, PART III
PAGE I-12	ATTACHMENT 9	WITNESS MEEHAN, USPS-T-11 WITNESS PATELUNAS, USPS-T-12 USPS LR-J-10, APPENDIX G
PAGE II-8 & PAGE II-9	ATTACHMENT 1	WITNESS MEEHAN, USPS-T-11, COMPONENTS 1294 AND 1295 USPS LR-J-52, PART III
PAGE III-1 & PAGE III-7	ATTACHMENT 4	WITNESS MEEHAN, USPS-T-11, WITNESS PATELUNAS, USPS-T-12, COMPONENT 575 USPS LR-J-52, PART III
PAGE IV-4 & PAGE IV-9	ATTACHMENT 2	WITNESS MEEHAN, USPS-T-11 COMPONENT 1296
PAGE IV-7 & PAGE IV-10	ATTACHMENT 3	WITNESS PATELUNAS, USPS-T-12 COMPONENT 278 USPS LR-J-52, PART III
PAGE IV-8	ATTACHMENT 5	WITNESS MEEHAN, USPS-T-11 WITNESS PATELUNAS, USPS-T-12 USPS LR-J-10, APPENDIX G

This library reference relies on the following sources. Part I is based on Foster Associates, Inc., Facility Cost Development Update, December 1993, which is USPS LR-G-120 in Docket No R94-1. This work is updated using additional information on current and projected facility space growth from Facilities department and information on equipment deployments from Engineering. Rental rate index is obtained from DRI. This library reference relies on the update contained in LR-H-127, page I-7 of Docket No. R97-1.

Part II is based on maintenance costs data from Engineering as well as accounting information from LR-J-8. Part III is based on the results of witness Van-Ty-Smith, USPS-T-13, Table 1. Part IV is based on equipment accounting records and capital budget estimates from Finance and information on equipment deployments from Engineering.

FACILITY RELATED COST FACTORS FOR THE BASE YEAR,
FY2001, AND TEST YEAR

PART I

SUMMARY

This part documents the updating of the FY 1996 facility space factors (on page I-3) to FY 2000, FY 2001, and FY 2003 shown respectively on pages I-9, I-16 and I-27. The FY 2000 percentage of space and rent by category on page I-11, columns 1 and 2, are provided to witness Meehan, USPS-T-11. The FY 2001 percentage of space and rent by category on page I-18, columns 1 and 2 are provided to witness Patelunas, USPS-T-12. The FY 2003 percentage of space and rent by category on page I-29, columns 1 and 2 are provided to witness Patelunas, USPS-T-12. These factors are used to develop cost pools for each of the space related costs as discussed by Witness Smith, USPS-T-15, in Part II.B of his testimony. Page I-12 shows the variability and distribution key for each of these cost pools, provided by witness Smith and used by witnesses Meehan and Patelunas.

Four adjustments were made to FY1996 factors to obtain FY 2000 factors as follows.

1. CSBCS space was increased due to the deployments of this equipment at delivery units. DBCS, SPBS and RBCS space was increased due to new deployments. FSM space was increased due to the deployment of FSM 1000s and AFSM 100. PSM space was increased due to deployments of the Linear Package Sorting System (LPSS), for sorting of NMOs. See page I-5.
2. OCR, LSM and manual letter casing space was reduced due to less use of these operations (page I-5). OCR space was reduced due to the removal of single-line OCRs. Likewise LSM removal reduced LSM space.
3. Overall projected facility space growth (apart from items 1 and 2) added proportionately to space categories not driven by deployments (page I-8).
4. Imputed rents inflated according to rental index (page I-4).

Four adjustments were made to FY1996 factors to obtain FY 2001 factors as follows.

1. Priority Mail Processing Centers (PMPC) space was added to reflect the assumption by the Postal Service of the operations previously contracted out to Emery. See page I-14.
2. Aside from PMPC adjustment, the same adjustments were made as described above for the FY2000 factors in items nos. 1 and 2. See page I-14.
3. Overall projected facility space growth (apart from items 1 and 2) added proportionately to space categories not driven by deployments (page I-15).

4. Imputed rents inflated according to rental index (page I-13).

Four adjustments were made to FY 2000 factors to obtain FY 2003 factors as follows.

1. Priority Mail Processing Centers (PMPC) space was added to reflect the assumption by the Postal Service of the operations previously contracted out to Emery. DBCS space was increased due to new deployments. FSM space was increased due to the deployment of the AFSM 100s, though this was partially offset by the removal of FSM 881s. See page I-20.
2. Flat and letter manual case space was reduced due to the projected increasing use of automated sorting. RBCS Remote Encoding Center (REC) space was reduced due to the increased ability of the Remote Computer Reader (RCR) to process letters, making encoding unnecessary. OCR, MPBCS and LSM space was reduced due to the removal of this equipment. See page I-20. Reductions in letter cases, flat cases and REC space is based on rollforward cost reductions as shown on pages I-23 to I-25.
3. Overall projected facility space growth (apart from items 1 and 2) added proportionately to space categories not driven by deployments (page I-26).
4. Imputed rents inflated according to rental index (page I-19).

FY 1996 FACILITY SPACE FACTORS

LINE NO.	SPACE CATEGORY	(1) SQUARE FEET	(2) RENTAL VALUE (\$ 000)	(3) RENTS PER SQ.FT. (\$)
1	WINDOW SERVICE	19,226,104	163,166	8.49
2	SELF-SERVICE POSTAL CENTER	2,216,799	20,122	9.08
3	POST OFFICE BOXES	25,156,120	218,150	8.67
4	PRIORITY MAIL	1,725,090	15,466	8.97
5	EXPRESS MAIL	947,438	8,784	9.27
6	MAILGRAMS	0	0	n/a
7	COMPUTER FORWARDING SYSTEM	2,029,722	14,607	7.20
8	BULK MAIL ACCEPTANCE UNIT	1,509,362	11,727	7.77
9	REGISTRY	1,276,872	10,274	8.05
10	CLAIMS & INQUIRY	462,429	3,686	7.97
11	OTHER ACCOUNTABLES	1,001,224	8,112	8.10
12	OTHER NON-ACCOUNTABLES	360,254	3,043	8.45
13	OPTICAL CHARACTER READERS (OCRs)	2,534,236	18,287	7.22
14	MAIL PROCESSING BARCODE SORTERS (MPBCSs)	3,535,504	25,339	7.17
15	DELIVERY BARCODE SORTERS (DBCSS)	5,461,398	39,729	7.27
16	CARRIER SEQUENCE BARCODE SORTER (CSBCS)	915,676	7,771	8.49
17	LETTER SORTING MACHINE (LSMs)	2,607,980	18,448	7.07
18	FLAT SORTING MACHINE (FSMs)	3,133,107	22,529	7.19
19	PARCEL SORTING MACHINE & NMO MACHINE	3,272,420	24,597	7.52
20	FACER/CANCELER - LETTERS	2,221,266	15,949	7.18
21	FACER/CANCELER - FLATS	337,853	2,250	6.66
22	CULLING	1,626,328	11,926	7.32
23	SACK SORTING MACHINE (SSMs)	2,466,627	17,990	7.29
24	SMALL PARCEL AND BUNDLE SORTER	3,206,139	22,144	6.91
25	REMOTE BARCODING SYSTEM	659,073	12,466	18.91
26	MULTISLIDE	902,540	6,373	7.06
27	AIR CONTRACT DATA COLLECTION SYSTEM	419,010	3,044	7.27
28	CENTRAL BANDING OPERATION - LETTERS	590,316	4,301	7.29
29	CENTRAL BANDING OPERATION - FLATS	294,216	2,153	7.32
30	OTHER EQUIPMENT	1,556,805	11,302	7.26
31	SORTING TO LETTER CASES	7,172,495	55,757	7.77
32	SORTING TO FLAT CASES	6,769,768	53,599	7.92
33	SORTING TO HANGING SACKS	3,932,153	29,521	7.51
34	SORTING TO ROLLING CONTAINERS	10,196,985	81,477	7.99
35	SORTING TO PALLETS	400,684	2,642	6.59
36	OTHER SORTING OPERATIONS	1,997,016	16,384	8.20
37	REWRAP	266,634	1,999	7.50
38	POSTAGE DUE	447,597	3,528	7.88
39	OTHER MANUAL OPERATIONS	2,424,884	18,842	7.77
40	CITY CARRIER	33,622,182	308,004	9.16
41	RURAL CARRIER	8,361,670	67,064	8.02
42	SPECIAL DELIVERY	185,474	1,442	7.77
43	ACCOUNTABLES CAGE	743,791	6,672	8.97
44	INTERIOR & EXTERIOR PLATFORM	33,405,161	195,972	5.87
45	OFFICE SPACE	33,663,442	263,570	7.83
46	MAIL PROCESSING EQUIPMENT MAINTENANCE	3,337,895	25,249	7.56
47	OTHER EQUIPMENT MAINTENANCE	672,357	5,321	7.91
48	EMPLOYEE FACILITIES	20,772,106	169,474	8.16
49	VMF	6,437,222	54,342	8.44
50	CVS	4,833,669	30,413	6.29
51	VACANT & TENANT	5,981,028	46,665	7.80
52	HQ, HQ-FIELD RELATED, AND REGIONAL OFFICES	5,041,673	70,689	14.02
53	MAIL TRANSPORTATION EQUIPMENT CENTERS	1,051,953	7,902	7.51
54	STORAGE FACILITIES	7,894,327	59,300	7.51
TOTAL		291,268,075	2,319,566	7.96

SOURCE:

 DOCKET NO. R97-1
 USPS LR-H-127,
 PAGE I-7

 DOCKET NO. R97-1
 USPS LR-H-127,
 PAGE I-7

C2/C1

SPACE AND RENTAL GROWTH FACTORS FOR FY96 AND FY00
FISCAL YEAR 2000

SPACE GROWTH		RENTAL RATE	
(1) END OF FY TOTAL SPACE TOTAL INTERIOR SQ.FT. PLUS PLATFORMS _1/	(2) MID-FY TOTAL SPACE TOTAL INTERIOR SQ.FT. PLUS PLATFORMS	(3) FACILITY SPACE GROWTH FACTOR (RATIO OF MID-YEAR TO MID-YEAR SPACE IN C2)	(4) RENTAL RATE GROWTH FACTOR _2/
END OF FY 1995	287,351,000		
MID-FY96	291,925,500		
END OF FY 1996	296,500,000	FY96 TO FY00 SG1 1.164581	FY96 TO FY00 FY '00 431.15 FY '96 380.79
END OF FY 1999	339,971,000		FY00/FY96 RGF1 1.132251372
MID-FY00	339,971,000		
END OF FY 2000	339,971,000		

_1/ FACILITIES (DEPT.).

_2/ FINANCE, ANNUAL (FISCAL YEAR) INDICES FOR USPS BUDGET FORECASTS FROM DRI, RENT- RESIDENTIAL.

ADJUSTMENTS TO SQUARE FEET PER CATEGORY

	ADDITIONAL SQ.FT. FOR FY 2000
DBCS	4,508,852
SMALL PARCEL AND BUNDLE SORTER	3,005,756
CSBCS	1,147,913
OCR	(99,484)
LSM	(2,509,333)
SORTING TO LETTER CASES	(1,147,913)
RBCS	200,927
FSM	2,450,188
LPSS (INCLUDED IN NMO)	26,000
TOTAL ADJUSTMENTS	7,582,905

SOURCE: PAGE I-6

F.YR. ADJUSTMENTS DUE TO DEPLOYMENTS
FISCAL YEAR 2000

	(1) MID-FY 96 DEPLOYMENTS _1/	(2) END OF FY 99 _2/	(3) END OF FY 00 _2/	(4) MID-FY 00 DEPLOYMENTS _3/	(5) FY00/96 GROWTH RATIO _4/	(6) SQFT UNIT _2/	(7) FY 96 SQ. FT. _5/	(8) (MID-FY) FY 00 SQ. FT. _6/	(9) FY 96 TO 00 GROWTH IN SQ. FT. _7/
DBCS	2732	4858	5117	4987.5	1.825586		5,461,398	9,970,250	4,508,852
SMALL PARCEL AND BUNDLE SORTER	176	341	341	341	1.9375		3,206,139	6,211,895	3,005,756
CSBCS	1656	3732	3732	3732	2.253623		915,676	2,063,589	1,147,913
OCR	968	930	930	930	0.960744		2,534,236	2,434,751	(99,484)
LSM	634.5	41	7	24	0.037825		2,607,980	98,647	(2,509,333)
SORTING TO LETTER CASES									(1,147,913)
RBCS (NON-CONTRACTOR SITES)							659,073	860,000	200,927
FSM	807	1,311.7	1,564.5	1,438.1	1.782031		3,133,107	5,583,295	2,450,188
LPSS (INCLUDED IN PSM) (INCREASE ABOVE NMO SPACE)	0.5	2	2	2		13,000		26,000	26,000
									7,582,905

_1/ USPS LR H-127, PAGE I-5, C4.

_2/ BASED ON DATA FROM ENGINEERING AND OPERATIONS. SEE ALSO PAGE I-7 ON FSMs.

_3/ (C2+C3)/2.

_4/ C4/C1.

_5/ PAGE I-3, C1.

_6/ FOR LPSS THIS IS C6*C4, OTHERWISE ITS C5*C7. RBCS SPACE OBTAINED BASED ON FY99 FACILITY SPACE ESTIMATE FOR REMOTE ENCODING CENTERS (REC), ADJUSTED FOR DECLINE IN REC LABOR COSTS BETWEEN FY99 AND FY2000.

_7/ C8-C7. SORTING TO LETTER CASES REDUCTION IS ASSUMED TO BE EQUAL TO CSBCS SPACE INCREASE.

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SPACE FOR FSM 1000 AND AFSM 100
ACCOUNTING FOR DIFFERENT MACHINE SIZE (OR FOOTPRINT)
FISCAL YEAR 2000

	(1) SQ. FT. UNIT _1/	(2) SQ.FT./UNIT RELATIVE TO FSM 881 _2	(3) DEPLOYED END OF FY 99 _1/	(4) DEPLOYED END OF FY 00 _1/	(5) MID-FY 00 DEPLOYMENTS _3/	(6) FSM 881 SPACE EQUIVALENTS END OF FY 99 _4/	(7) FSM 881 SPACE EQUIVALENTS END OF FY 00 _5/	(8) FSM 881 SPACE EQUIVALENTS MID-FY 00 DEPLOYMENTS _6/
FSM 881	2500	1	812	812	812	812	812	812
FSM 1000	3696	1.4784	338	338	338	499.699	499.699	499.699
AFSM 100	4000	1.6	0	158	79	0	252.8	126.4
					1229	1311.7	1564.5	1438.1

_1/ BASED ON DATA FROM ENGINEERING AND OPERATIONS.

_2/ SQ. FT. OF C1 DIVIDED BY FSM 881 SQ. FT. IN C1.

_3/ (C3+C4)/2.

_4/ C2 * C3.

_5/ C2 * C4.

_6/ C2 * C5.

CALCULATION OF GENERAL GROWTH FACTOR FOR FY 2000

LINE NO.			SOURCE
1.	FY 96 TOTAL SQUARE FEET	291,268,075	PAGE I-3
2.	TOTAL FY 96 SQ. FT NOT SUBJECT TO GROWTH FACTOR	21,394,040	PAGE I-3 L13-L18,L24
3.	FY 96 TOTAL SQUARE FEET SUBJECT TO GENERAL GROWTH FACTOR	269,874,034	L1-L2
4.	FY 00 TOTAL SQUARE FEET	339,205,375	L1*(PAGE I-4, SG1)
5.	TOTAL ADJUSTMENTS	7,582,905	PAGE I-5
6.	FY 00 TOTAL SQ. FT. MINUS ADJUSTMENTS AND SQ. FT NOT SUBJECT TO GROWTH FACTOR	310,228,429	L4-L2-L5
7.	GENERAL GROWTH FACTOR FOR FY 96 TO FY 00	1.149530484	L6/L3

FACILITY SPACE FACTORS
FISCAL YEAR 2000

LINE NO.	SPACE CATEGORY	(1) SQUARE FEET	(2) RENTAL VALUE (\$ 000)	(3) RENTS PER SQ. FT. _2/ (\$)
1	WINDOW SERVICE	22,100,993	212,370	9.61
2	SELF-SERVICE POSTAL CENTER	2,548,278	26,190	10.28
3	POST OFFICE BOXES	28,917,727	283,935	9.82
4	PRIORITY MAIL	1,983,044	20,130	10.15
5	EXPRESS MAIL	1,089,108	11,432	10.50
6	MAILGRAMS	-	0	0.00
7	COMPUTER FORWARDING SYSTEM	2,333,228	19,012	8.15
8	BULK MAIL ACCEPTANCE UNIT	1,735,057	15,263	8.80
9	REGISTRY	1,467,804	13,372	9.11
10	CLAIMS & INQUIRY	531,576	4,797	9.02
11	OTHER ACCOUNTABLES	1,150,938	10,558	9.17
12	OTHER NON-ACCOUNTABLES	414,123	3,961	9.56
13	OPTICAL CHARACTER READERS (OCRs)	2,434,751	19,893	8.17
14	MAIL PROCESSING BARCODE SORTERS (MPBCSs)	3,535,504	28,690	8.11
15	DELIVERY BARCODE SORTERS (DBCSs)	9,970,250	82,120	8.24
16	CARRIER SEQUENCE BARCODE SORTER (CSBCS)	2,063,589	19,829	9.61
17	LETTER SORTING MACHINE (LSMs)	98,647	790	8.01
18	FLAT SORTING MACHINE (FSMs)	5,583,295	45,458	8.14
19	PARCEL SORTING MACHINE & NMO MACHINE	3,787,746	32,236	8.51
20	FACER/CANCELER - LETTERS	2,553,414	20,759	8.13
21	FACER/CANCELER - FLATS	388,373	2,928	7.54
22	CULLING	1,871,813	15,522	8.29
23	SACK SORTING MACHINE (SSMs)	2,835,463	23,416	8.26
24	SMALL PARCEL AND BUNDLE SORTER	6,211,895	48,578	7.82
25	REMOTE BARCODING SYSTEM	958,551	20,528	21.42
26	MULTISLIDE	1,037,498	8,295	8.00
27	AIR CONTRACT DATA COLLECTION SYSTEM	481,665	3,963	8.23
28	CENTRAL BANDING OPERATION - LETTERS	678,587	5,598	8.25
29	CENTRAL BANDING OPERATION - FLATS	338,211	2,803	8.29
30	OTHER EQUIPMENT	1,789,595	14,711	8.22
31	SORTING TO LETTER CASES	7,097,089	62,467	8.80
32	SORTING TO FLAT CASES	7,782,054	69,762	8.96
33	SORTING TO HANGING SACKS	4,520,129	38,423	8.50
34	SORTING TO ROLLING CONTAINERS	11,724,044	106,048	9.05
35	SORTING TO PALLETS	460,598	3,438	7.46
36	OTHER SORTING OPERATIONS	2,295,631	21,325	9.29
37	REWRAP	306,504	2,602	8.49
38	POSTAGE DUE	514,526	4,592	8.92
39	OTHER MANUAL OPERATIONS	2,787,478	24,524	8.80
40	CITY CARRIER	38,649,724	400,885	10.37
41	RURAL CARRIER	9,611,994	87,288	9.08
42	SPECIAL DELIVERY	213,208	1,877	8.80
43	ACCOUNTABLES CAGE	855,011	8,685	10.16
44	INTERIOR & EXTERIOR PLATFORM	38,400,251	255,069	6.64
45	OFFICE SPACE	38,697,152	343,051	8.87
46	MAIL PROCESSING EQUIPMENT MAINTENANCE	3,837,013	32,863	8.56
47	OTHER EQUIPMENT MAINTENANCE	772,894	6,925	8.96
48	EMPLOYEE FACILITIES	23,878,169	220,581	9.24
49	VMF	7,399,782	70,729	9.56
50	CVS	5,556,449	39,584	7.12
51	VACANT & TENANT	6,875,374	60,737	8.83
52	HQ, HQ-FIELD RELATED, AND REGIONAL OFFICES	5,795,556	92,005	15.88
53	MAIL TRANSPORTATION EQUIPMENT CENTERS	1,209,252	10,285	8.51
54	STORAGE FACILITIES	9,074,769	77,182	8.51
	TOTAL	339,205,375	3,058,065	9.02

FOOTNOTES ARE ON THE NEXT PAGE.

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FOOTNOTES TO PAGE I-9

1/ For all lines, except 13-18 and 24, the FY 1996 square feet (shown on Page I-3) increased by the factor shown on Page I-8, L7. In addition, the adjustments shown on Page I-5 are added to the respective categories.

2/ The rental rates shown on Page I-3, C3 are all increased by the factor RGF1 on Page I-4, C4.

3/ The rental value in this column is C1 times C3 divided by 1000.

CRA INPUT: PERCENTAGE OF SQUARE FEET AND RENTS BY CATEGORY

PAGE I-11

LINE NO.	SPACE CATEGORY	FISCAL YEAR 2000 (569) (1) SQUARE FEET	(570) (2) RENTAL VALUE (\$ 000)	CRA Category No.
1	WINDOW SERVICE	6,515,520	6,944,584	1
2	SELF-SERVICE POSTAL CENTER	751,249	856,430	2
3	POST OFFICE BOXES	8,525,138	9,284,795	3
4	PRIORITY MAIL	584,614	658,265	4
5	EXPRESS MAIL	321,076	373,846	5
6	MAILGRAMS			6
7	COMPUTER FORWARDING SYSTEM	687,851	621,706	7
8	BULK MAIL ACCEPTANCE UNIT	511,506	499,110	8
9	REGISTRY	432,718	437,273	9
10	CLAIMS & INQUIRY	156,712	156,876	10
11	OTHER ACCOUNTABLES	339,304	345,261	11
12	OTHER NON-ACCOUNTABLES	122,086	129,524	12
13	OPTICAL CHARACTER READERS (OCRs)	717,781	650,508	13
14	MAIL PROCESSING BARCODE SORTERS (MPBCSs)	1,042,290	938,182	14
15	DELIVERY BARCODE SORTERS (DBCSs)	2,939,296	2,685,368	15
16	CARRIER SEQUENCE BARCODE SORTER (CSBCS)	608,360	648,422	54
17	LETTER SORTING MACHINE (LSMs)	29,082	25,836	16
18	FLAT SORTING MACHINE (FSMs)	1,645,992	1,486,485	17
19	PARCEL SORTING MACHINE & NMO MACHINE	1,116,653	1,054,131	18
20	FACER/CANCELER - LETTERS	752,763	678,822	19
21	FACER/CANCELER - FLATS	114,495	95,758	20
22	CULLING	551,823	507,577	21
23	SACK SORTING MACHINE (SSMs)	835,913	765,702	22
24	SMALL PARCEL AND BUNDLE SORTER	1,831,308	1,588,525	23
25	REMOTE BARCODING SYSTEM	282,587	671,276	24
26	MULTISLIDE	305,861	271,262	25
27	AIR CONTRACT DATA COLLECTION SYSTEM	141,998	129,576	26
28	CENTRAL BANDING OPERATION - LETTERS	200,052	183,048	27
29	CENTRAL BANDING OPERATION - FLATS	99,707	91,652	28
30	OTHER EQUIPMENT	527,584	481,046	29
31	SORTING TO LETTER CASES	2,092,269	2,042,712	30
32	SORTING TO FLAT CASES	2,294,201	2,281,249	31
33	SORTING TO HANGING SACKS	1,332,564	1,256,447	32
34	SORTING TO ROLLING CONTAINERS	3,456,326	3,467,802	33
35	SORTING TO PALLETS	135,787	112,436	34
36	OTHER SORTING OPERATIONS	676,767	697,348	35
37	REWRAP	90,359	85,084	36
38	POSTAGE DUE	151,686	150,154	37
39	OTHER MANUAL OPERATIONS	821,767	801,932	38
40	CITY CARRIER	11,394,196	13,109,097	39
41	RURAL CARRIER	2,833,680	2,854,357	40
42	SPECIAL DELIVERY	62,855	61,375	41
43	ACCOUNTABLES CAGE	252,063	283,989	42
44	INTERIOR & EXTERIOR PLATFORM	11,320,649	8,340,869	43
45	OFFICE SPACE	11,408,178	11,217,909	44
46	MAIL PROCESSING EQUIPMENT MAINTENANCE	1,131,177	1,074,631	45
47	OTHER EQUIPMENT MAINTENANCE	227,854	226,462	46
48	EMPLOYEE FACILITIES	7,039,443	7,213,074	47
49	VMF	2,181,505	2,312,860	48
50	CVS	1,638,078	1,294,421	49
51	VACANT & TENANT	2,026,906	1,986,124	50
52	HQ, HQ-FIELD RELATED, AND REGIONAL OFFICES	1,708,569	3,008,616	51
53	MAIL TRANSPORTATION EQUIPMENT CENTERS	356,496	336,332	52
54	STORAGE FACILITIES	2,675,302	2,523,876	53
	TOTAL	100,000,000	100,000,000	

VARIABILITIES AND DISTRIBUTION KEYS FOR FACILITY SPACE CATEGORIES: ORDERED BY PROCESSING METHOD

COMPONENT NUMBER	LINE		VARIABILITIES	DISTRIBUTION KEY
	NO.	SPACE CATEGORY		
40	1	WINDOW SERVICE	CRA 40	CRA 40
902	2	SELF-SERVICE POSTAL CENTER	0%	N/A
903	3	POST OFFICE BOXES	100%	DIRECT TO SUBCLASS
904	4	PRIORITY MAIL	100%	DIRECT TO SUBCLASS
905	5	EXPRESS MAIL	100%	EXPRESS MAIL OPERATIONS LABOR
906	6	MAILGRAMS	N/A	N/A
907	7	COMPUTER FORWARDING SYSTEM (CFS)	80%	IOCS 18E MISC. OPER. (F123=D)
908	8	BULK MAIL ACCEPTANCE UNIT	80%	IOCS 18B PLATFORM. OPER. (F116=A)
925	26	MULTISLIDE	70%	IOCS 19 (F128=N)
943	44	INTERIOR & EXTERIOR PLATFORM	100%	USPS LR-J-55, PART V, PAGE V-2
909	9	REGISTRY	100%	MODS REGISTRY LABOR, USPS-T-13, TABLE 3
66	10	CLAIMS & INQUIRY	CRA 66	CRA 66
911	11	OTHER ACCOUNTABLES	80%	IOCS 18E MISC. OPER. (F123=I)
912	12	OTHER NON-ACCOUNTABLES	80%	IOCS 18E MISC. OPER. (F123=J)
913	13	OPTICAL CHARACTER READERS (OCRs)	80%	IOCS 19 (F128=B)
914	14	MAIL PROCESSING BARCODE SORTERS (MPBCSs)	80%	IOCS 19 (F128=C)
915	15	DELIVERY BARCODE SORTERS (DBCSs)	80%	IOCS 19 (F128=D)
971	16	CARRIER SEQUENCE BARCODE SORTER (CSBCS)	80%	IOCS 19 (F128=E)
916	17	LETTER SORTING MACHINE (LSMs)	80%	IOCS 19 (F128=F)
917	18	FLAT SORTING MACHINE (FSMs)	80%	IOCS 19 (F128=K)
918	19	PARCEL SORTING MACHINE & NMO MACHINE	70%	IOCS 19 (F128=J or M)
919	20	FACER/CANCELER - LETTERS	80%	IOCS 19 (F128=G)
920	21	FACER/CANCELER - FLATS	80%	IOCS 19 (F128=H)
921	22	CULLING	80%	IOCS 19 (F128=R)
922	23	SACK SORTING MACHINE (SSMs)	70%	IOCS 19 (F128=I)
923	24	SMALL PARCEL AND BUNDLE SORTER	70%	IOCS 19 (F128=L)
924	25	REMOTE BARCODING SYSTEM	80%	IOCS MODS CODE (F114=971 THRU 979)
926	27	AIR CONTRACT DATA COLLECTION SYSTEM (ACDCS)	80%	IOCS 19 (F128=P)
927	28	CENTRAL BANDING OPERATION - LETTERS	80%	IOCS 18, PART 2, ALLIED (F122=D) AND ACTIVITY CODE (F262=1___)
928	29	CENTRAL BANDING OPERATION - FLATS	80%	IOCS 18, PART 2, ALLIED (F122=D) AND ACTIVITY CODE (F262=2___)
929	30	OTHER EQUIPMENT	80%	IOCS 19 (F128=U)
930	31	SORTING TO LETTER CASES	80%	IOCS 19, MANUAL OP. (F9211=A)
931	32	SORTING TO FLAT CASES	80%	IOCS 19, MANUAL OP. (F9211=B)
932	33	SORTING TO HANGING SACKS	80%	IOCS 19, MANUAL SORT TO (F9602=A)
933	34	SORTING TO ROLLING CONTAINERS	70%	IOCS 19, MANUAL SORT TO (F9602=B OR D)
934	35	SORTING TO PALLETS	80%	IOCS 19, MANUAL SORT TO (F9602=C)
935	36	OTHER SORTING OPERATIONS	80%	[IOCS 19 (F128=A) AND ALLIED (F121=N)] OR TYPE ALLIED (F122=NOT D)
936	37	REWRAP	80%	IOCS 18C (F117=G)
937	38	POSTAGE DUE	80%	IOCS 18E MISC. OPER. (F123=B)
938	39	OTHER MANUAL OPERATIONS	80%	IOCS 18E MISC. OPER. (F123=G) OR BOTH (F9211=_) AND (F118=_)
939	40	CITY CARRIER	CRA 939	COST SEGMENTS 6 & 7 (excludes CAG K)
72	41	RURAL CARRIER	CRA 72	COST SEGMENT 10 (CRA 72)
58	42	SPECIAL DELIVERY	CRA 58	COST SEGMENT 9 (CRA 58)
942	43	ACCOUNTABLES CAGE	AVE. OF ROWS 40-42	IOCS 18E MISC. OPER. (F123=H)
944	45	OFFICE SPACE	NON-HQ OFFICE LABOR	CRA COMP.: Postmasters, H.L. Supv. & Cks (Other Admin, T&A, Data Coll, Gen. Off., QC)
75	46	MAIL PROCESSING EQUIPMENT MAINTENANCE	M.P. MAINTENANCE LABOR	COST SEGMENT 11.2 (CRA 75)
902	47	OTHER EQUIPMENT MAINTENANCE	0%	N/A
947	48	EMPLOYEE FACILITIES	ALL EMPLOYEES	ALL EMPLOYEE LABOR COSTS
90	49	VMF	CRA 90	COST SEGMENT 12 (CRA 90)
902	50	CVS	0	N/A
902	51	VACANT & TENANT	0	N/A
902	52	HQ, HQ-FIELD RELATED, AND REGIONAL OFFICES	0	N/A
35	53	MAIL TRANSPORTATION EQUIPMENT CENTERS	CRA 35	ALL MAIL PROCESSING LABOR (CRA 35)
902	54	STORAGE FACILITIES	0	N/A

- NOTES: 1. THE PROGRAM PROVIDING THESE DISTRIBUTION KEYS IS IN USPS LR-J-10, APPENDIX G.
2. IOCS SAS DISTRIBUTION KEYS ARE MUTUALLY EXCLUSIVE EXCEPT FOR 924.
3. PROGRAM DETERMINES DISTRIBUTION KEYS IN THE ORDER LISTED ABOVE. IOCS TALLY WHICH MIGHT MEET MORE THAN ONE CATEGORY IS PLACED IN FIRST ELIGIBLE CATEGORY AND EXCLUDED FROM THE SUCCEEDING CATEGORIES.
4. MULTISLIDE INCLUDES PLATFORM TALLIES WITH Q19 MULTISLIDE MARKED, OTHER Q19 WITH PLATFORM MARKED ARE EXCLUDED.

SPACE AND RENTAL GROWTH FACTORS FOR FY96 AND FY01
FISCAL YEAR 2001

SPACE GROWTH			RENTAL RATE	
	(1) END OF FY TOTAL SPACE TOTAL INTERIOR SQ.FT. PLUS PLATFORMS _1/	(2) MID-FY TOTAL SPACE TOTAL INTERIOR SQ.FT. PLUS PLATFORMS	(3) FACILITY SPACE GROWTH FACTOR (RATIO OF MID-YEAR TO MID-YEAR SPACE IN C2)	(4) RENTAL RATE GROWTH FACTOR _2/
END OF FY 1995	287,351,000			
MID-FY96		291,925,500		
END OF FY 1996	296,500,000		FY96 TO FY01 SG1 1.178011	FY96 TO FY01 FY '01 448.71 FY '96 380.79
END OF FY 2000	339,971,000			FY01/FY96 RGF1 1.178366029
MID-FY01		343,891,500		
END OF FY 2001	347,812,000			

_1/ FACILITIES (DEPT.).

_2/ FINANCE, ANNUAL (FISCAL YEAR) INDICES FOR USPS BUDGET FORECASTS FROM DRI, RENT- RESIDENTIAL.

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ADJUSTMENTS TO SQUARE FEET PER CATEGORY

	ADDITIONAL SQ. FT. FOR FY 01	
PMPCs	1,626,599	(= .667 * 2,438,679)
DBCS	4,508,852	
SMALL PARCEL AND BUNDLE SORTER	3,005,756	
CSBCS	1,147,913	
OCR	(99,484)	
LSM	(2,509,333)	
SORTING TO LETTER CASES	(1,147,913)	
RBCS	200,927	
FSM	2,450,188	
LPSS (INCLUDED IN NMO)	26,000	
TOTAL ADJUSTMENTS	9,209,504	

NOTE: THESE ADJUSTMENTS ARE THE SAME AS THAT SHOWN ON PAGE I-5, EXCEPT FOR THE PMPC CATEGORY. THE POSTAL SERVICE LEASED 2,438,679 SQ. FT. OF SPACE FOR ABOUT TWO-THIRDS OF FY 2001 FOR THE PMPC OPERATIONS TAKEN OVER FROM EMERY. THE AVERAGE AMOUNT OF SPACE LEASED FOR THIS PURPOSE IN FY2001 IS TWO-THIRDS OF THE 2,438,679 SQ. FT.

CALCULATION OF GENERAL GROWTH FACTOR FOR FY 01

LINE NO.			SOURCE
1.	FY 96 TOTAL SQUARE FEET	291,268,075	PAGE I-3
2.	TOTAL FY 96 SQ. FT NOT SUBJECT TO GROWTH FACTOR	21,394,040	PAGE I-3 L13-L18,L24
3.	FY 96 TOTAL SQUARE FEET SUBJECT TO GENERAL GROWTH FACTOR	269,874,034	L1-L2
4.	FY 01 TOTAL SQUARE FEET	343,117,046	L1*(PAGE I-13, SG1)
5.	TOTAL ADJUSTMENTS	9,209,504	PAGE I-14
6.	FY 01 TOTAL SQ. FT. MINUS ADJUSTMENTS AND SQ. FT NOT SUBJECT TO GROWTH FACTOR	312,513,501	L4-L2-L5
7.	GENERAL GROWTH FACTOR FOR FY 96 TO FY 01	1.157997664	L6/L3

FACILITY SPACE FACTORS
FISCAL YEAR 2001

LINE NO.	SPACE CATEGORY	(1) SQUARE FEET _1/	(2) RENTAL VALUE (\$ 000)	(3) RENTS PER SQ.FT. _2/ (\$)
1	WINDOW SERVICE	22,263,783	222,647	10.00
2	SELF-SERVICE POSTAL CENTER	2,567,048	27,458	10.70
3	POST OFFICE BOXES	29,130,728	297,676	10.22
4	PRIORITY MAIL	3,624,249	38,289	10.56
5	EXPRESS MAIL	1,097,131	11,986	10.92
6	MAILGRAMS	-	0	0.00
7	COMPUTER FORWARDING SYSTEM	2,350,414	19,932	8.48
8	BULK MAIL ACCEPTANCE UNIT	1,747,837	16,002	9.18
9	REGISTRY	1,478,615	14,019	9.48
10	CLAIMS & INQUIRY	535,492	5,030	9.39
11	OTHER ACCOUNTABLES	1,159,416	11,069	9.55
12	OTHER NON-ACCOUNTABLES	417,173	4,153	9.95
13	OPTICAL CHARACTER READERS (OCRs)	2,434,751	20,703	8.50
14	MAIL PROCESSING BARCODE SORTERS (MPBCSs)	3,535,504	29,859	8.45
15	DELIVERY BARCODE SORTERS (DBCSs)	9,970,250	85,465	8.57
16	CARRIER SEQUENCE BARCODE SORTER (CSBCS)	2,063,589	20,637	10.00
17	LETTER SORTING MACHINE (LSMs)	98,647	822	8.34
18	FLAT SORTING MACHINE (FSMs)	5,583,295	47,309	8.47
19	PARCEL SORTING MACHINE & NMO MACHINE	3,815,455	33,794	8.86
20	FACER/CANCELER - LETTERS	2,572,221	21,763	8.46
21	FACER/CANCELER - FLATS	391,233	3,070	7.85
22	CULLING	1,885,600	16,273	8.63
23	SACK SORTING MACHINE (SSMs)	2,856,349	24,549	8.59
24	SMALL PARCEL AND BUNDLE SORTER	6,211,895	50,557	8.14
25	REMOTE BARCODING SYSTEM	964,132	21,489	22.29
26	MULTISLIDE	1,045,140	8,697	8.32
27	AIR CONTRACT DATA COLLECTION SYSTEM	485,213	4,154	8.56
28	CENTRAL BANDING OPERATION - LETTERS	683,585	5,869	8.59
29	CENTRAL BANDING OPERATION - FLATS	340,702	2,938	8.62
30	OTHER EQUIPMENT	1,802,776	15,423	8.55
31	SORTING TO LETTER CASES	7,157,820	65,568	9.16
32	SORTING TO FLAT CASES	7,839,375	73,138	9.33
33	SORTING TO HANGING SACKS	4,553,424	40,282	8.85
34	SORTING TO ROLLING CONTAINERS	11,810,401	111,180	9.41
35	SORTING TO PALLETS	463,991	3,605	7.77
36	OTHER SORTING OPERATIONS	2,312,540	22,357	9.67
37	REWRAP	308,762	2,728	8.83
38	POSTAGE DUE	518,316	4,814	9.29
39	OTHER MANUAL OPERATIONS	2,808,010	25,710	9.16
40	CITY CARRIER	38,934,409	420,285	10.79
41	RURAL CARRIER	9,682,794	91,512	9.45
42	SPECIAL DELIVERY	214,779	1,968	9.16
43	ACCOUNTABLES CAGE	861,309	9,105	10.57
44	INTERIOR & EXTERIOR PLATFORM	38,683,099	267,413	6.91
45	OFFICE SPACE	38,982,187	359,653	9.23
46	MAIL PROCESSING EQUIPMENT MAINTENANCE	3,865,275	34,453	8.91
47	OTHER EQUIPMENT MAINTENANCE	778,587	7,261	9.33
48	EMPLOYEE FACILITIES	24,054,051	231,255	9.61
49	VMF	7,454,288	74,152	9.95
50	CVS	5,597,377	41,500	7.41
51	VACANT & TENANT	6,926,016	63,676	9.19
52	HQ, HQ-FIELD RELATED, AND REGIONAL OFFICES	5,838,245	96,458	16.52
53	MAIL TRANSPORTATION EQUIPMENT CENTERS	1,218,159	10,783	8.85
54	STORAGE FACILITIES	9,141,612	80,917	8.85
	TOTAL	343,117,046	3,221,403	9.39

FOOTNOTES ARE ON THE NEXT PAGE.

FOOTNOTES TO PAGE I-16

1/ For all lines, except 13-18 and 24, the FY 1996 square feet (shown on Page I-3) increased by the factor shown on Page I-15, L7. In addition, the adjustments shown on Page I-14 are added to the respective categories.

2/ The rental rates shown on Page I-3, C3 are all increased by the factor RGF1 on Page I-13, C4.

3/ The rental value in this column is C1 times C3 divided by 1000.

LINE NO.	SPACE CATEGORY	FISCAL YEAR 2001	(401)	(445)	CRA Category No.
			(1) <u>SQUARE FEET</u>	(2) <u>RENTAL VALUE</u> (\$ 000)	
1	WINDOW SERVICE		6,488,685	6,911,501	1
2	SELF-SERVICE POSTAL CENTER		748,155	852,350	2
3	POST OFFICE BOXES		8,490,026	9,240,564	3
4	PRIORITY MAIL		1,056,272	1,188,573	4
5	EXPRESS MAIL		319,754	372,065	5
6	MAILGRAMS				6
7	COMPUTER FORWARDING SYSTEM		685,018	618,744	7
8	BULK MAIL ACCEPTANCE UNIT		509,400	496,732	8
9	REGISTRY		430,936	435,190	9
10	CLAIMS & INQUIRY		156,067	156,129	10
11	OTHER ACCOUNTABLES		337,907	343,616	11
12	OTHER NON-ACCOUNTABLES		121,583	128,907	12
13	OPTICAL CHARACTER READERS (OCRs)		709,598	642,676	13
14	MAIL PROCESSING BARCODE SORTERS (MPBCSs)		1,030,408	926,885	14
15	DELIVERY BARCODE SORTERS (DBCSS)		2,905,787	2,653,034	15
16	CARRIER SEQUENCE BARCODE SORTER (CSBCS)		601,424	640,614	54
17	LETTER SORTING MACHINE (LSMs)		28,750	25,525	16
18	FLAT SORTING MACHINE (FSMs)		1,627,227	1,468,586	17
19	PARCEL SORTING MACHINE & NMO MACHINE		1,111,998	1,049,056	18
20	FACER/CANCELER - LETTERS		749,663	675,588	19
21	FACER/CANCELER - FLATS		114,023	95,301	20
22	CULLING		549,550	505,159	21
23	SACK SORTING MACHINE (SSMs)		832,471	762,054	22
24	SMALL PARCEL AND BUNDLE SORTER		1,810,430	1,569,398	23
25	REMOTE BARCODING SYSTEM		280,992	667,054	24
26	MULTISLIDE		304,602	269,970	25
27	AIR CONTRACT DATA COLLECTION SYSTEM		141,413	128,958	26
28	CENTRAL BANDING OPERATION - LETTERS		199,228	182,176	27
29	CENTRAL BANDING OPERATION - FLATS		99,296	91,216	28
30	OTHER EQUIPMENT		525,412	478,754	29
31	SORTING TO LETTER CASES		2,086,116	2,035,385	30
32	SORTING TO FLAT CASES		2,284,752	2,270,381	31
33	SORTING TO HANGING SACKS		1,327,076	1,250,461	32
34	SORTING TO ROLLING CONTAINERS		3,442,091	3,451,281	33
35	SORTING TO PALLETS		135,228	111,900	34
36	OTHER SORTING OPERATIONS		673,980	694,025	35
37	REWRAP		89,987	84,678	36
38	POSTAGE DUE		151,061	149,438	37
39	OTHER MANUAL OPERATIONS		818,383	798,111	38
40	CITY CARRIER		11,347,267	13,046,647	39
41	RURAL CARRIER		2,822,009	2,840,760	40
42	SPECIAL DELIVERY		62,596	61,083	41
43	ACCOUNTABLES CAGE		251,025	282,636	42
44	INTERIOR & EXTERIOR PLATFORM		11,274,024	8,301,135	43
45	OFFICE SPACE		11,361,192	11,164,469	44
46	MAIL PROCESSING EQUIPMENT MAINTENANCE		1,126,518	1,069,511	45
47	OTHER EQUIPMENT MAINTENANCE		226,916	225,383	46
48	EMPLOYEE FACILITIES		7,010,450	7,178,712	47
49	VMF		2,172,520	2,301,842	48
50	CVS		1,631,332	1,288,255	49
51	VACANT & TENANT		2,018,558	1,976,663	50
52	HQ, HQ-FIELD RELATED, AND REGIONAL OFFICES		1,701,532	2,994,284	51
53	MAIL TRANSPORTATION EQUIPMENT CENTERS		355,027	334,730	52
54	STORAGE FACILITIES		2,664,284	2,511,852	53
TOTAL			100,000,000	100,000,000	

SPACE AND RENTAL GROWTH FACTORS FOR FY00 AND FY03
FISCAL YEAR 2003

SPACE GROWTH			RENTAL RATE	
	(1) END OF FY TOTAL SPACE TOTAL INTERIOR SQ.FT. PLUS PLATFORMS _1/	(2) MID-FY TOTAL SPACE TOTAL INTERIOR SQ.FT. PLUS PLATFORMS	(3) FACILITY SPACE GROWTH FACTOR (RATIO OF MID-YEAR TO MID-YEAR SPACE IN C2)	(4) RENTAL RATE GROWTH FACTOR _2/
END OF FY 1999	339,971,000			
MID-FY00		339,971,000		
END OF FY 2000	339,971,000		FY00 TO FY03 SG1 1.036147	FY00 TO FY03 FY '03 476.57 FY '00 431.15
END OF FY 2002	350,726,000			FY03/FY00 RGF1 1.105346167
MID-FY03		352,260,000		
END OF FY 2003	353,794,000			

_1/ FACILITIES (DEPT.).

_2/ FINANCE, ANNUAL (FISCAL YEAR) INDICES FOR USPS BUDGET FORECASTS FROM DRI, RENT- RESIDENTIAL.

ADJUSTMENTS TO SQUARE FEET PER CATEGORY

	ADDITIONAL SQ.FT. FOR FY 03	
SORTING TO FLAT CASES	(2,559,355)	
PMPCs	2,807,828	(=2,438,679+0.25*1,476,597)
DBCS	514,755	
SMALL PARCEL AND BUNDLE SORTER	0	
CSBCS	0	
OCR	(143,991)	
LSM	(94,537)	
SORTING TO LETTER CASES	(471,797)	
RBCS	(364,442)	
FSM	135,108	
MPBCS	(150,227)	
TOTAL ADJUSTMENTS	(326,657)	

SOURCE: PAGE I-21, EXCEPT FOR THE PMPC CATEGORY. STARTING IN FY 2001 THE POSTAL SERVICE LEAS 2,438,679 SQ. FT. OF SPACE FOR THE PMPC OPERATIONS TAKEN OVER FROM EMERY. IN ADDITION, IT IS PROJECTED TO LEASE 1,476,597 SQ. FT. FOR 3 MONTHS PER YEAR FOR THE HOLIDAYS. THE AVERAGE AMOUNT OF SPACE LEASED FOR THE HOLIDAY SEASON IN FY2003 IS ONE-FOURTH OF THE 1,476,597 SQ. FT. AS SHOWN ABOVE.

F.YR. ADJUSTMENTS DUE TO DEPLOYMENTS
FISCAL YEAR 2003

	(1) MID-FY 00 DEPLOYMENTS _	(2) END OF FY 02 _2/	(3) END OF FY 03 _2/	(4) MID-FY 03 DEPLOYMENTS _3/	(5) FY03/00 GROWTH RATIO _4/	(6) FY 00 SQ. FT. _5/	(7) (MID-FY) FY 03 SQ. FT. _6/	(8) FY 00 TO 03 GROWTH IN SQ. FT. _7/
DBCS	4987.5	5245	5245	5245	1.051629	9,970,250	10,485,005	514,755
SMALL PARCEL AND BUNDLE SORTER	341	341	341	341	1	6,211,895	6,211,895	0
CSBCS	3732	3732	3732	3732	1	2,063,589	2,063,589	0
OCR	930	875	875	875	0.94086	2,434,751	2,290,761	(143,991)
LSM	24	1	1	1	0.041687	98,647	4,110	(94,537)
SORTING TO LETTER CASES						7,097,089	6,625,292	(471,797)
RBCS (NON-CONTRACTOR SITES)						958,551	594,110	(364,442)
FSM	1,438	1472.899	1472.899	1472.899	1.024199	5,583,295	5,718,402	135,108
MPBCS	1,365	1307	1307	1307	0.957509	3,535,504	3,385,277	(150,227)
SORTING TO FLAT CASES						7,782,054	5,222,699	(2,559,355)

_1/ PAGE I-6, C1. MPBCS BASED ON DATA FROM ENGINEERING AND OPERATIONS.

_2/ BASED ON DATA FROM ENGINEERING AND OPERATIONS.

_3/ (C2+C3)/2.

_4/ C4/C1.

_5/ PAGE I-9, C1.

_6/ C5*C8. SEE PAGES I-23, I-24 AND I-25 FOR SORTING TO LETTER CASES, SORTING TO FLAT CASES, AND RBCS RESPECTIVELY.

_7/ C8-C7.

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SPACE FOR FSM 1000 AND AFSM 100
ACCOUNTING FOR DIFFERENT MACHINE SIZE (OR FOOTPRINT)
FISCAL YEAR 2003

	(1) SQ. FT. UNIT _1/	(2) SQ.FT./UNIT RELATIVE TO FSM 881 _2	(3) DEPLOYED END OF FY 02 _1/	(4) DEPLOYED END OF FY 03 _1/	(5) MID-FY 03 DEPLOYMENTS _3/	(6) FSM 881 SPACE EQUIVALENTS END OF FY 02 _4/	(7) FSM 881 SPACE EQUIVALENTS END OF FY 03 _5/	(8) FSM 881 SPACE EQUIVALENTS MID-FY 03 DEPLOYMENTS _6/
FSM 881	2500	1	114	114	114	114	114	114
FSM 1000	3696	1.4784	338	338	338	499.699	499.699	499.699
AFSM 100	4000	1.6	537	537	537	859.2	859.2	859.2
					989	1472.9	1472.9	1472.9

_1/ BASED ON DATA FROM ENGINEERING AND OPERATIONS.

_2/ SQ. FT. OF C1 DIVIDED BY FSM 881 SQ. FT. IN C1.

_3/ (C3+C4)/2.

_4/ C2 * C3.

_5/ C2 * C4.

_6/ C2 * C5.

LINE NO.	FACILITY SPACE FOR SORTING TO LETTER CASES	(L1-L5 IN 000S)	SOURCE
1	FY 2000 MODS MANUAL LETTER SORTING HOURS	49,683	USPS LR-J-55, PAGE I-19
2	FY 2000 MODS MANUAL LETTER COSTS	1,389,399	PAGE III-7, C1, L1
3	FY 2000 TOTAL MANUAL LETTER COSTS	2,374,013	PAGE III-7, C1, L4
4	ESTIMATE OF FY 2000 TOTAL MANUAL LETTER HOURS	84,891	L1*L3/L2
5	TOTAL MANUAL LETTER HOURS SAVINGS DUE TO COST REDUCTIONS IMPLEMENTED IN FY 01 TO 03	5,643	SEE BELOW
6	PERCENTAGE DECLINE IN HOURS	6.65%	L4/L5
7	FY 2000 SQ. FT. FOR SORTING TO LETTER CASES	7,097,089	PAGE I-9, L31
8	FY 2000 SQ. FT. FOR SORTING TO LETTER CASES WITH REDUCTION DUE TO DECLINE IN HOURS	6,625,292	L7*(1-L6)

CLERK AND MAILHANDLER WORKHOUR SAVINGS FROM WITNESS PATELUNAS,
USPS-T-12, APPENDIX A, AND ALSO SEE USPS LR-J-48 AND USPS LR-J-49.
THE PROGRAMS ARE: CSBCS SORT BIN EXPANSION, DBCS EXPANDED CAPABILITY
DBCS PHASE 5, DBCS OSS, DBCS ADDITIONAL CAPACITY, ID CODE SORT,
AND DIOSS EXPANDED CAPABILITY.

FACILITY SPACE FOR SORTING TO FLAT CASES			
LINE NO.			SOURCE
1	FY 2000 MODS MANUAL FLAT SORTING HOURS	15,360,583	USPS LR-J-55 PAGE I-18
2	FY 2000 MODS MANUAL FLATS COSTS (IN 000S)	429,566	PAGE III-7, C1, L5
3	FY 2000 TOTAL MANUAL FLATS COSTS (IN 000S)	1,162,195	PAGE III-7, C1, L8
4	ESTIMATE OF FY 2000 TOTAL MANUAL FLATS HOURS	41,558,207	L1*L3/L2
5	TOTAL MANUAL FLAT HOURS SAVINGS DUE TO COST REDUCTIONS IMPLEMENTED IN FY 01 TO 03	13,667,628	L9-L15+L18
6	PERCENTAGE DECLINE IN HOURS	32.89%	L4/L5
7	FY 2000 SQ. FT. FOR SORTING TO FLAT CASES	7,782,054	PAGE I-9, L32
8	FY 2000 SQ. FT. FOR SORTING TO FLAT CASES WITH REDUCTION DUE TO DECLINE IN HOURS	5,222,699	L7*(1-L6)
9	TOTAL HOURS SAVINGS DUE TO AFSM COST REDUCTIONS IMPLEMENTED IN FY 01 TO 03	18,990,510	SEE BELOW
10	FY99 WORKHOURS FOR FSM 881	28,826,756	MODS
11	NUMBER OF FSM 881S IN FY99	812	SEE PAGE I-7
12	FY99 WORKHOURS PER FSM 881	35,501	L10/L11
13	FY00 WORKHOURS FOR FSM 881	28,098,889	USPS LR-J-55 PAGES I-15 & I-16
14	PROJECTED FY03 WORKHOURS FOR FSM 881	4,047,106	114 X L12; PAGE I-22, C5
15	FSM 881 WORKHOUR REDUCTION BY FY03	24,051,783	L13-L14
16	FY00 WORKHOURS FOR AFSM 100	335,099	USPS LR-J-55 PAGES I-15 & I-16
17	PROJECTED FY03 WORKHOURS FOR AFSM 100	19,064,000	537 X L12; PAGE I-22, C5
18	AFSM 100 WORKHOUR INCREASE BY FY03	18,728,901	L17-L16

CLERK AND MAILHANDLER WORKHOUR SAVINGS FROM WITNESS PATELUNAS,
USPS-T-12, APPENDIX A, AND ALSO SEE USPS LR-J-48 AND USPS LR-J-49.
THE PROGRAMS ARE: AFSM, I AND II.

FACILITY SPACE FOR FY 2003 RBCS SPACE			
LINE NO.		(L1 & L2 IN 000S)	SOURCE
1	FY 2000 MODS RBCS HOURS	13,415.65	USPS LR-J-55 PAGE I-19
2	TOTAL RBCS SAVINGS DUE TO COST REDUCTIONS IMPLEMENTED IN FY 01 TO 03	5,685.14	SEE BELOW
3	PERCENTAGE DECLINE IN HOURS	42.38%	L2/L1
4	FY 2000 REMOTE ENCODING CENTERS (REC) SQ. FT.	860,000	PAGE I-6, C8
5	FY 2000 PLANT RBCS SQ. FT.	98,551	L6-L4
6	FY 2000 RBCS SQ. FT.	958,551	PAGE I-9, L25
7	FY 2000 SQ. FT. FOR REC SQ. FT. WITH REDUCTION DUE TO DECLINE IN HOURS	495,558	(1-L3)*L4
8	FY 2000 SQ. FT. FOR RBCS SQ. FT. WITH REDUCTION DUE TO DECLINE IN HOURS	594,110	L7+L5

CLERK AND MAILHANDLER WORKHOUR SAVINGS FROM WITNESS PATELUNAS,
USPS-T-12, APPENDIX A, AND ALSO SEE USPS LR-J-48 AND USPS LR-J-49.
THE PROGRAMS ARE: RCR 2000, REC CONSOLIDATION, RECOGNITION IMPROVEMENT.

CALCULATION OF GENERAL GROWTH FACTOR FOR FY 2003

LINE NO.			SOURCE
1.	FY 00 TOTAL SQUARE FEET	339,205,375	PAGE I-9
2.	TOTAL FY 00 SQ. FT NOT SUBJECT TO GROWTH FACTOR	29,897,931	PAGE I-9 L13-L18,L24
3.	FY 00 TOTAL SQUARE FEET SUBJECT TO GENERAL GROWTH FACTOR	309,307,444	L1-L2
4.	FY 03 TOTAL SQUARE FEET	351,466,699	L1*(PAGE I-19, SG1)
5.	TOTAL ADJUSTMENTS	(326,657)	PAGE I-20
6.	FY 03 TOTAL SQ. FT. MINUS ADJUSTMENTS AND SQ. FT NOT SUBJECT TO GROWTH FACTOR	321,895,425	L4-L2-L5
7.	GENERAL GROWTH FACTOR FOR FY 00 TO FY 03	1.040697311	L6/L3

FACILITY SPACE FACTORS
FISCAL YEAR 2003

LINE NO.	SPACE CATEGORY	(1) SQUARE FEET	(2) RENTAL VALUE (\$ 000)	(3) RENTS PER SQ.FT. _2/ (\$)
1	WINDOW SERVICE	23,000,443	244,296	10.62
2	SELF-SERVICE POSTAL CENTER	2,651,986	30,127	11.36
3	POST OFFICE BOXES	30,094,600	326,619	10.85
4	PRIORITY MAIL	4,871,576	54,662	11.22
5	EXPRESS MAIL	1,133,432	13,151	11.60
6	MAILGRAMS	-	0	0.00
7	COMPUTER FORWARDING SYSTEM	2,428,184	21,870	9.01
8	BULK MAIL ACCEPTANCE UNIT	1,805,669	17,558	9.72
9	REGISTRY	1,527,539	15,382	10.07
10	CLAIMS & INQUIRY	553,210	5,519	9.98
11	OTHER ACCOUNTABLES	1,197,778	12,146	10.14
12	OTHER NON-ACCOUNTABLES	430,977	4,556	10.57
13	OPTICAL CHARACTER READERS (OCRs)	2,290,761	20,688	9.03
14	MAIL PROCESSING BARCODE SORTERS (MPBCSs)	3,385,277	30,365	8.97
15	DELIVERY BARCODE SORTERS (DBCSs)	10,485,005	95,458	9.10
16	CARRIER SEQUENCE BARCODE SORTER (CSBCS)	2,063,589	21,918	10.62
17	LETTER SORTING MACHINE (LSMs)	4,110	36	8.85
18	FLAT SORTING MACHINE (FSMs)	5,718,402	51,462	9.00
19	PARCEL SORTING MACHINE & NMO MACHINE	3,941,898	37,082	9.41
20	FACER/CANCELER - LETTERS	2,657,331	23,880	8.99
21	FACER/CANCELER - FLATS	404,178	3,369	8.33
22	CULLING	1,947,991	17,855	9.17
23	SACK SORTING MACHINE (SSMs)	2,950,859	26,936	9.13
24	SMALL PARCEL AND BUNDLE SORTER	6,211,895	53,696	8.64
25	REMOTE BARCODING SYSTEM	633,120	14,987	23.67
26	MULTISLIDE	1,079,721	9,542	8.84
27	AIR CONTRACT DATA COLLECTION SYSTEM	501,267	4,558	9.09
28	CENTRAL BANDING OPERATION - LETTERS	706,203	6,439	9.12
29	CENTRAL BANDING OPERATION - FLATS	351,975	3,224	9.16
30	OTHER EQUIPMENT	1,862,426	16,922	9.09
31	SORTING TO LETTER CASES	6,914,125	67,268	9.73
32	SORTING TO FLAT CASES	5,539,408	54,889	9.91
33	SORTING TO HANGING SACKS	4,704,087	44,199	9.40
34	SORTING TO ROLLING CONTAINERS	12,201,181	121,990	10.00
35	SORTING TO PALLETS	479,343	3,955	8.25
36	OTHER SORTING OPERATIONS	2,389,057	24,531	10.27
37	REWRAP	318,978	2,993	9.38
38	POSTAGE DUE	535,486	5,282	9.86
39	OTHER MANUAL OPERATIONS	2,900,921	28,210	9.72
40	CITY CARRIER	40,222,663	461,150	11.46
41	RURAL CARRIER	10,003,177	100,410	10.04
42	SPECIAL DELIVERY	221,885	2,159	9.73
43	ACCOUNTABLES CAGE	889,807	9,990	11.23
44	INTERIOR & EXTERIOR PLATFORM	39,963,038	293,414	7.34
45	OFFICE SPACE	40,272,022	394,622	9.80
46	MAIL PROCESSING EQUIPMENT MAINTENANCE	3,993,169	37,803	9.47
47	OTHER EQUIPMENT MAINTENANCE	804,349	7,966	9.90
48	EMPLOYEE FACILITIES	24,849,947	253,741	10.21
49	VMF	7,700,934	81,361	10.57
50	CVS	5,782,582	45,535	7.87
51	VACANT & TENANT	7,155,183	69,868	9.76
52	HQ, HQ-FIELD RELATED, AND REGIONAL OFFICES	6,031,420	105,837	17.55
53	MAIL TRANSPORTATION EQUIPMENT CENTERS	1,258,465	11,831	9.40
54	STORAGE FACILITIES	9,444,088	88,785	9.40
	TOTAL	351,466,699	3,502,094	9.96

FOOTNOTES ARE ON THE NEXT PAGE.

FOOTNOTES TO PAGE I-27

1/ For all lines, except 13-18 and 24, the FY 2000 square feet (shown on Page I-9) increased by the factor shown on Page I-26, L7. In addition, the adjustments shown on Page I-20 are added to the respective categories.

2/ The rental rates shown on Page I-9, C3 are all increased by the factor RGF1 on Page I-19, C4.

3/ The rental value in this column is CI times C3 divided by 1000.

LINE NO.	SPACE CATEGORY	FISCAL YEAR 2003	(400)	(446)	CRA Category No.
			(1) SQUARE FEET	(2) RENTAL VALUE (\$ 000)	
1	WINDOW SERVICE		6,544,132	6,975,831	1
2	SELF-SERVICE POSTAL CENTER		754,548	860,284	2
3	POST OFFICE BOXES		8,562,575	9,326,573	3
4	PRIORITY MAIL		1,386,071	1,560,859	4
5	EXPRESS MAIL		322,486	375,528	5
6	MAILGRAMS				6
7	COMPUTER FORWARDING SYSTEM		690,872	624,504	7
8	BULK MAIL ACCEPTANCE UNIT		513,753	501,355	8
9	REGISTRY		434,619	439,240	9
10	CLAIMS & INQUIRY		157,400	157,582	10
11	OTHER ACCOUNTABLES		340,794	346,815	11
12	OTHER NON-ACCOUNTABLES		122,622	130,107	12
13	OPTICAL CHARACTER READERS (OCRs)		651,772	590,749	13
14	MAIL PROCESSING BARCODE SORTERS (MPBCSs)		1,005,929	905,550	14
15	DELIVERY BARCODE SORTERS (DBCSS)		2,983,214	2,725,786	15
16	CARRIER SEQUENCE BARCODE SORTER (CSBCS)		587,136	625,868	54
17	LETTER SORTING MACHINE (LSMs)		1,169	1,039	16
18	FLAT SORTING MACHINE (FSMs)		1,627,011	1,469,502	17
19	PARCEL SORTING MACHINE & NMO MACHINE		1,078,814	1,018,520	18
20	FACER/CANCELER - LETTERS		756,069	681,876	19
21	FACER/CANCELER - FLATS		114,998	96,188	20
22	CULLING		554,246	509,861	21
23	SACK SORTING MACHINE (SSMs)		839,584	769,147	22
24	SMALL PARCEL AND BUNDLE SORTER		1,767,421	1,533,273	23
25	REMOTE BARCODING SYSTEM		180,137	427,954	24
26	MULTISLIDE		307,204	272,483	25
27	AIR CONTRACT DATA COLLECTION SYSTEM		142,622	130,159	26
28	CENTRAL BANDING OPERATION - LETTERS		200,930	183,872	27
29	CENTRAL BANDING OPERATION - FLATS		100,145	92,065	28
30	OTHER EQUIPMENT		529,901	483,211	29
31	SORTING TO LETTER CASES		1,967,220	1,920,832	30
32	SORTING TO FLAT CASES		1,576,083	1,567,354	31
33	SORTING TO HANGING SACKS		1,338,416	1,262,100	32
34	SORTING TO ROLLING CONTAINERS		3,471,504	3,483,405	33
35	SORTING TO PALLETS		136,384	112,942	34
36	OTHER SORTING OPERATIONS		679,739	700,485	35
37	REWRAP		90,756	85,467	36
38	POSTAGE DUE		152,352	150,829	37
39	OTHER MANUAL OPERATIONS		825,376	805,540	38
40	CITY CARRIER		11,444,232	13,168,082	39
41	RURAL CARRIER		2,846,124	2,867,201	40
42	SPECIAL DELIVERY		63,131	61,651	41
43	ACCOUNTABLES CAGE		253,170	285,266	42
44	INTERIOR & EXTERIOR PLATFORM		11,370,363	8,378,400	43
45	OFFICE SPACE		11,458,275	11,268,385	44
46	MAIL PROCESSING EQUIPMENT MAINTENANCE		1,136,144	1,079,466	45
47	OTHER EQUIPMENT MAINTENANCE		228,855	227,481	46
48	EMPLOYEE FACILITIES		7,070,356	7,245,530	47
49	VMF		2,191,085	2,323,267	48
50	CVS		1,645,272	1,300,246	49
51	VACANT & TENANT		2,035,807	1,995,061	50
52	HQ, HQ-FIELD RELATED, AND REGIONAL OFFICES		1,716,072	3,022,154	51
53	MAIL TRANSPORTATION EQUIPMENT CENTERS		358,061	337,845	52
54	STORAGE FACILITIES		2,687,051	2,535,232	53
TOTAL			100,000,000	100,000,000	

MAIL PROCESSING EQUIPMENT MAINTENANCE,
PARTS AND SUPPLIES COSTS: FACTORS & DISTRIBUTION
BASE YEAR

PART II

SUMMARY

This part contains one page, page II-9, with inputs for the base year costs. Page II-8 shows the results of the calculation of the mail processing maintenance labor (cost segment 11.2) and parts & supplies (cost segment 16.3.2) by equipment category. Page II-9 shows the percentage of maintenance labor and parts & supplies costs by category as an input to the base year.

Much of the input data on maintenance labor and parts and supplies by equipment category is from the Maintenance Activity Reporting and Scheduling (MARS) system. This system has replaced the NMICS (or National Maintenance Information and Control System) as the source of this data. The MARS acronyms used on pages II-4 and II-5 are defined starting on page II-10. The equipment in each category is listed at pages II-4 and II-5. Page IV-8 shows the distribution keys used in the base year for these categories. Finally page III-1 shows the variability applied to each category. Equipment related costs have the same variability as the mail processing labor using the equipment, as developed by witnesses Bozzo, USPS-T-14 and Van-Ty-Smith, USPS-T-13.

COMPONENT AND ACCOUNT EXPENSE DATA INPUTS

Fiscal Year 2000

11.2 Postal Operating Equipment (POE) 1,155,760,876 <===
C/S # 11
CRA Component 75
Sub-account 123
USPS LR-J-8, PAGE 103.

MAIL TRANSPORTATION EQUIPMENT

C/S 16: a/c 52106=> 167,389,611

Note: General Ledger Account 52106
(trays, nutting carts, hampers, containers)

USPS LR-J-8, PAGE 127.

COSTS INCLUDED INTO CATEGORY 20 ON PAGE II-6

Calculation of Overhead Factor**Fiscal Year 2000**

From Maintenance Management

Break & washup factor =====>

1.1 < (A)

Postal Operating Equipment with

Supervision & Administrative Support:

Adjusted subaccount .123 =====>

1,155,761 < (B)

(From PAGE II-2)

Operating Equipment Maintenance

Cost, Consolidated*

935,453 < (C)

OVERHEAD RATIO = (A)x[(B)/(C)]:

1.3591

*Source: National Payroll Hours Summary Report, FY 2000 A/P 13 YTD

Pages 73 and 74, Line # 43 :Total for Nonsupervisory

Fiscal Year 2000

Equip. Group	----- Acronym -----	Totals		
		-- Labor --	Materials	Contractor
19	ABE	312,674	310,098	-
15	ACDCS	609,060	347,968	-
9	AFCS	57,303,861	13,299,927	2,661
11	AFCUL	61,341	1,225	-
6	AFSM 100	760,063	208,217	-
21	BCR	6,060,694	161,738	36,519
14	BCS - HSUI	340,519	42,396	-
12	BCS - SACK	59,912	30,172	-
17	BCS - TRAY TRANSPORT	63,564	7,563	-
18	BCS - TOWVEYOR	10,160	10,851	-
19	BME	46,927	17,661	-
9	CACM	2,387,664	290,743	695
9	CANX	155,194	25,051	-
8	CFS	10,135,299	4,131,898	776
1	CODIR	197,580	74,474	-
20	CONT	4,779,328	1,458,625	28,705
18	CONTL	1,961,071	193,480	-
18	CONTU	3,120,295	229,402	583
1	COPRO	379,603	618,914	-
18	CPOCS	45,561	139,178	-
14	CPU	680,752	163,027	1,905
4	CSBCS	4,930,902	7,300,881	1,690
18	CVA	2,777,458	200,795	709
18	CVAA	337,661	26,617	-
12	CVB	2,039,430	3,944,882	-
12	CVBF	21,717	1,277	-
14	CVC	1,996,281	228,071	-
14	CVCF	56,198	12,104	-
18	CVD	250,095	11,736	-
18	CVE	877,380	96,436	-
18	CVEF	88,360	14,988	-
18	CVF	488,950	47,136	-
18	CVG	381,603	22,885	-
14	CVH	806,101	656,800	-
18	CVPR	648,430	69,406	-
18	CVPRS	210,185	41,767	-
18	CVR	205,359	41,012	-
18	CVSP	170,148	31,971	-
18	CVSPS	293,910	61,811	1,437
18	CVSR	1,923,955	159,509	-
18	CVSRS	705,326	94,541	-
19	CVY	11,132,217	580,893	9,682
3	DBCS	154,477,276	23,462,619	30,966
3	DIOSS	517,843	202,720	128
9	EF	1,084,771	73,000	-
	FBC	-	-	-
9	FC	7,271,131	855,099	-
10	FCS	1,196,023	136,391	-
10	FLATS	473,170	39,026	205
19	HDUMP	1,346,518	108,942	57,086
	IBF	-	-	-
3	ICS	61,627	6,196	-
3	IDS	8,446	2,554	-
14	IDUCT - PARCEL	4,795,298	1,289,400	-
12	IDUCT - SACK	525,939	128,361	-
17	IDUCT-TMS	124,905	102,661	-
7	IPSS - PLANT	4,939,316	1,497,701	25,220
7	IPSS - RES	4,236,339	1,011,603	-
13	LIPS	1,949,895	170,150	1,916
7	LMLM	8,719,979	3,012,927	5,185
9	LMS- AFCS	2,116,074	117,142	578
13	LMS- SPBS	3,090,164	253,941	405
19	LPS	257,969	43,418	4,614
14	LPSS	596,773	60,007	-

Fiscal Year 2000				
Equip. Group	----- Acronym -----	Totals		
		-- Labor --	Materials	Contractor
12	MC	172,085	4,936	-
19	MODSS	146,463	50,988	-
21	MOPE - MAIL PROCESSING	17,696,244	1,572,115	1,333,310
6	MPFSM-881	36,627,372	4,486,336	1,729
6	MPFSM-1000	13,783,501	2,594,531	2,036
5	MPLSM	321,469	10,121	-
17	MST	1,216,755	428,128	1,132
1	NDSS	370,713	24,175	-
14	NMOSM	529,685	137,611	-
1	OCRCS	55,727,156	12,495,496	3,869
18	PCS	514,350	40,472	-
19	PPC	1,721,707	147,751	4,139
14	PSM	4,852,353	1,489,743	727
7	RCR	593,884	1,025,330	-
11	RCULL	3,551,619	138,151	-
17	ROBOT	713,296	90,355	490
12	RSR	53,816	5,575	-
2	SBCS	35,499,104	5,626,316	-
19	SCALE	496,634	223,152	22,826
16	SLEVR	321,024	62,265	-
13	SPBM	23,732,268	22,605,822	18,752
5	SPLSM	123,825	3,998	-
14	SSIU	36,354	7,492	-
12	SSM	12,029,250	923,299	2,544
12	SSO	61,468	21,396	-
15	STARI	1,894,935	951,993	11,667
16	STRAP	7,795,451	706,851	10,094
7	TABER	495,078	83,465	250
17	TMS	8,486,489	1,451,601	12,833
3	TOPS	32	-	-
18	TOWVE	1,302,893	345,548	-
17	TSM	1,120,426	212,023	1,082
17	TT	10,440,575	992,932	9,973
Total		560,030,503	126,941,951	1,649,118

NOTE: MAINTENANCE ACTIVITY, REPORTING AND SCHEDULING (MARS) DATA FROM
ENGINEERING. LABOR WORKHOURS BY CATEGORY FROM MARS. WAGE RATE OF \$31.75 USED TO OBTAIN
LABOR COSTS. WAGE RATE FROM NATIONAL PAYROLL HOURS SUMMARY REPORT, FY2000, A/P 13 YTD,
PAGES 73 AND 74, LINE 43, TOTAL FOR NONSUPERVISORY LABOR. ACRONYMS DEFINED STARTING ON PAGE I

**MAIL PROCESSING MAINTENANCE LABOR,
PARTS AND SUPPLIES COSTS BY EQUIPMENT TYPE**
Fiscal Year 2000

PAGE II-6

Equip. Group	--- Equipment Description ---	Total Labor	Materials	Contractor	Cost Seg. 11.2 Labor Costs with Overhead (5)	Cost Seg. 16.3.2 Parts, Supplies and Contractors (6)
	(1)	(2)	(3)	(4)	(5)	(6)
1	OCRs	56,675,052	13,213,059	3,869	77,027,083	13,216,928
2	MPBCSs	35,499,104	5,626,316	0	48,246,832	5,626,316
3	DBCSs	155,065,222	23,674,089	31,094	210,749,143	23,705,183
4	CSBCSs	4,930,902	7,300,881	1,690	6,701,589	7,302,571
5	LSMs	445,294	14,119	0	605,199	14,119
6	FSMs 881 _1/	36,827,372	4,486,336	1,729	49,780,281	4,488,065
6	FSMs 1000 _1/	13,783,501	2,594,531	2,036	18,733,156	2,596,567
6	AFSM 100	760,063	208,217	0	1,033,002	208,217
7	RBCS: WORKROOM _2/	14,748,256	5,619,423	30,655	20,044,355	5,650,078
	RBCS: REMOTE ENCODING CENTERS _2/	4,236,339	1,011,603	0	5,757,608	1,011,603
8	CFS	10,135,299	4,131,898	776	13,774,884	4,132,674
9	EDGE, FACE, & CANCEL - LETTERS	70,318,694	14,680,962	3,934	95,570,136	14,684,896
10	EDGE, FACE, & CANCEL - FLATS	1,669,193	175,417	205	2,268,600	175,622
11	CULLING	3,612,960	139,376	0	4,910,373	139,376
12	SSMs	14,963,616	5,059,898	2,544	20,337,051	5,062,442
13	SPBMs	28,772,326	23,029,913	21,073	39,104,469	23,050,986
14	PSMs	14,680,312	4,086,651	2,632	19,965,603	4,089,283
15	ACDCS	2,503,996	1,299,961	11,667	3,403,180	1,311,628
16	STRAPPING	8,116,475	769,116	10,094	11,031,101	779,210
17	TRAY TRANSPORT & STAGING SYSTEMS	22,166,009	3,285,263	25,510	30,125,822	3,310,773
18	GENERAL AND LOGISTICS: BMC	16,313,150	1,879,541	2,729	22,171,202	1,882,270
19	GENERAL AND LOGISTICS: NON-BMC	15,461,107	1,482,903	98,347	21,013,191	1,581,250
20	MAIL TRANSPORTATION EQUIPMENT	4,779,328	1,458,625	28,705	6,495,584	168,876,941
21	POWERED EQUIPMENT	23,756,938	1,733,853	1,369,829	32,288,054	3,103,682
	TOTAL	560,030,503	126,941,951	1,649,118	761,137,457	295,980,680
SOURCES:		<- SUM BY CATEGORY FROM PAGE II-5 ->			Col. 2 Times Overhead Ratio from PAGE II-3	C3 + C4
TOTAL COMPONENT REMAINDER					1,155,760,878 394,623,419	394,764,736 _5/ 98,784,056

FOOTNOTES ON PAGE II-6B

**MAIL PROCESSING MAINTENANCE LABOR,
PARTS AND SUPPLIES COSTS BY EQUIPMENT TYPE**
Fiscal Year 2000

PAGE II-6B

Equip. Group	--- Equipment Description ---	Total Labor	Materials	Contractor	Cost Seg. 11.2 Labor Costs with Overhead (5)	Cost Seg. 16.3.2 Parts, Supplies and Contractors (6)
	(1)	(2)	(3)	(4)	(5)	(6)
	NMO/LPSS _3/	1,126,458	197,618	-	1,530,969	197,618
	LMLM _4/	8,719,979	3,012,927	5,185	11,851,323	3,018,112

FOOTNOTES:

_1/ FSMs 881 AND FSMs 1000 ARE FROM MPFSM-881 AND MPFSM-1000, RESPECTIVELY, ON PAGES II-4 AND II-5.

_2/ RBCS:WORKROOM IS THE SUM OF IPSS-PLANT, LMLM AND RCR FROM PAGE II-4 AND II-5. RBCS: REMOTE ENCODING CENTERS IS FROM IPSS-RES ON PAGES II-4 AND II-5.

_3/ NMO/LPSS IS A PORTION OF THE COSTS IN CATEGORY 14, PSM. IT IS THE SUM OF LPSS AND NMOSM FROM PAGES II-4 AND II-5.

_4/ LMLM IS A PORTION OF THE COSTS IN CATEGORY 7, RBCS:WORKROOM, AND IS LMLM FROM PAGES II-4 AND II-5.

_5/ COMPONENT 184 ACCRUED COSTS FROM USPS LR-J-8, PAGE 127.

Fiscal Year 2000					
Equip. Group	--- Equipment Description ---	No. Deployed mid- FY 00	_1/ Percentage of Letter Sorting Equipment	Maintenance Labor Costs (CS 11) _2/	Parts & Supplies Costs (CS 16) _2/
17	TRAY TRANSPORT & STAGING SYSTEMS			30,125,822	3,310,773
1	OCRs	930	<= 10.93%	3,291,666	361,748
2	MPBCSs	1,365	<= 16.04%	4,831,316	530,953
3	DBCSs	4,988	<= 58.60%	17,652,886	1,940,020
5	FSMs	1,229	<= 14.44%	4,349,954	478,052
	TOTAL	8,512	100.00%	30,125,822	3,310,773

_1/ BASED ON DATA FROM ENGINEERING.

_2/ TRAY TRANSPORT AND STAGING SYSTEMS COSTS FROM PAGE II-6.

MAINTENANCE LABOR, AND PARTS AND SUPPLIES
FOR
MAIL PROCESSING EQUIPMENT BY CATEGORY _1/
Fiscal Year 2000

Equip. Group	--- Equipment Description ---	Maintenance Labor Costs (CS 11)	Parts & Supplies Costs (CS 16)
1	OCRs	80,318,729	13,578,676
2	MPBCSs	53,078,148	6,157,269
3	DBCSs	228,402,029	25,645,203
4	CSBCSs	6,701,589	7,302,571
5	LSMs	605,199	14,119
6	FSMs	73,896,372	7,770,901
	RBCS: WORKROOM	20,044,355	5,650,078
	RBCS: REMOTE ENCODING CENTERS	5,757,608	1,011,603
7	RBCS TOTAL	25,801,963	6,661,681
8	CFS	13,774,884	4,132,674
9	EDGE, FACE, & CANCEL - LETTERS	95,570,136	14,664,896
10	EDGE, FACE, & CANCEL - FLATS	2,268,600	175,622
11	CULLING	4,910,373	139,376
12	SSMs	20,337,051	5,062,442
13	SPBMs	39,104,469	23,050,986
14	PSMs	19,965,603	4,089,283
15	ACDCS	3,403,180	1,311,628
16	STRAPPING _2/	11,031,101	779,210
18	GENERAL AND LOGISTICS: BMC	22,171,202	1,882,270
19	GENERAL AND LOGISTICS: NON-BMC	21,013,191	1,581,250
20	MAIL TRANSPORTATION EQUIPMENT	6,495,584	168,876,941
21	POWERED EQUIPMENT	32,288,054	3,103,682
	TOTAL FOR MAIL PROCESSING EQUIPMENT	761,137,457	295,980,680
	NON-MAIL PROCESSING EQUIPMENT	394,623,419	98,784,056
	TOTAL EQUIPMENT _3/	1,155,760,876	394,764,736

_1/ REFER TO PAGES II-6 AND II-7.

_2/ CATEGORY 17 IS TRAY TRANSPORT AND STAGING SYSTEMS, WHICH IS APPORTIONED TO OCRs, MPBCSs, DBCSs AND LSMs AS SHOWN ON PAGE II-7.

_3/ Source: PAGE II-2 and PAGE II-6

CRA INPUT: PERCENTAGE OF
MAINTENANCE LABOR, AND PARTS AND SUPPLIES COSTS
FOR
MAIL PROCESSING EQUIPMENT BY CATEGORY
Fiscal Year 2000

Equip. Group	— Equipment Description —	(1295) Maintenance Labor Factors (CS 11)	(1294) Parts & Supplies Factors (CS 16)	CRA Category No.
1	OCRs	6,949,424	3,439,688	63
2	MPBCSs	4,592,485	1,559,731	14
3	DBCSs	19,762,049	6,496,326	15
4	CSBCSs	579,842	1,849,854	54
5	LSMs	52,364	3,577	16
6	FSMs	6,393,742	1,968,489	17
	RBCS: WORKROOM			
	RBCS: REMOTE ENCODING CENTERS			
7	RBCS TOTAL	2,232,466	1,687,507	24
8	CFS	1,191,846	1,046,870	7
9	EDGE, FACE, & CANCEL - LETTERS	8,269,023	3,714,844	19
10	EDGE, FACE, & CANCEL - FLATS	196,286	44,488	20
11	CULLING	424,861	35,306	21
12	SSMs	1,759,624	1,282,395	22
13	SPBMs	3,383,439	5,839,170	23
14	PSMs	1,727,486	1,035,878	18
15	ACDCS	294,454	332,256	26
16	STRAPPING	954,445	197,386	65
18	GENERAL AND LOGISTICS: BMC	1,918,321	476,808	66
19	GENERAL AND LOGISTICS: NON-BMC	1,818,126	400,555	67
20	MAIL TRANSPORTATION EQUIPMENT	562,018	42,779,135	68
21	POWERED EQUIPMENT	2,793,662	786,211	64
	TOTAL FOR MAIL PROCESSING EQUIPMENT			
	NON-MAIL PROCESSING EQUIPMENT	34,144,037	25,023,526	
	TOTAL EQUIPMENT	100,000,000	100,000,000	29

Definitions of Maintenance Acronyms

<u>Acronym</u>	<u>Equipment Name</u>
ABE	Automated Barcode Evaluator
ACDCS	Air Contract Data Collection System
AFCS	Advanced Facer Canceler System
AFCUL	Automatic Fine Culler
BCR	Battery Charging Room
BCS-HSUI	Barcode Reader on PSM
BCS-SACK	Barcode Reader on SSM
BCS-TRAY TRANSPORT	Barcode Reader on the Tray Transport System
BCS-TOWVEYOR	Barcode Reader on the Towveyor
BME	Business Mail Evaluator
CACM	Class "A" Canceling Machine
CANX	Canceler
CFS	Computer Forwarding System
CODIR	Codirectory (for Multi-line OCR)
CONT	Container Repair
CONTL	Container Loader
CONTU	Container Unloader
COPRO	Coprocessor (for Multi-line OCR)
CPOCS	Central Plant Operations Central System
CPU	Central Processing Units

Definitions of Maintenance Acronyms

<u>Acronym</u>	<u>Equipment Name</u>
CSBCS	Carrier Sequence Barcode Sorter
CVA	Conveyor-BMC A Series
CVAA	Conveyor-BMC AA Series
CVB	Conveyor-BMC B Series
CVBF	Conveyor-BMC BF Series
CVC	Conveyor-BMC C Series
CVCF	Conveyor-BMC CF Series
CVD	Conveyor-BMC D Series
CVE	Conveyor-BMC E Series
CVEF	Conveyor-BMC EF Series
CVF	Conveyor-BMC F Series
CVG	Conveyor-BMC G Series
CVH	Conveyor-BMC H Series
CVPR	Conveyor-BMC PR Series
CVPRS	Conveyor-BMC PRS Series
CVR	Conveyor-BMC R Series
CVSP	Conveyor-BMC SP Series
CVSPS	Conveyor-BMC SPS Series
CVSR	Conveyor-BMC SR Series

Definitions of Maintenance Acronyms

<u>Acronym</u>	<u>Equipment Name</u>
CVSRS	Conveyor-BMC SRS Series
CVY	Conveyor-All Other Bulk Conveyor Systems
DBCS	Delivery Barcode Sorter
DIOSS	Delivery Barcode Sorter w/ Input/Output SubSystem
EF	Edger Feeder
FBC	Flats Bundle Collator
FC	Facer Canceler
FCS	Flats Canceler Stacker
FLATS	Flats Canceler
HDUMP	Hamper Dumper
IBF	Input Buffer Feeder
ICS	Identification Code Sort
IDS	Integrated Data System
IDUCT-PARCEL	Induction Station for Parcels
IDUCT-SACK	Induction Station for Sacks
IDUCT-TMS	Induction Station for Tray Management Systems
IPSS-PLANT	Image Processing Subsystem at the Plant
IPSS-RES	Image Processing Subsystem at the Remote Encoding Site
LIPS	Linear Integrated Package Sorter

Definitions of Maintenance Acronyms

<u>Acronym</u>	<u>Equipment Name</u>
LMLM	Letter Mail Labeling Machine
LMS-AFCS	Loose Mail System for AFCS
LMS-SPBS	Loose Mail System for SPBS
LPS	Label Printing System
LPSS	Large Package Sorting System
MC	Monorail Conveyor
MODSS	MODS Scales
MOPE-MAIL PROCESS.	Mobile Equipment to Support Mail Processing
MPFSM-881	Multi-Position Flat Sorting Machine 881
MPFSM-1000	Multi-Position Flat Sorting Machine 1000
MPLSM	Multi-Position Letter Sorting Machine
MST	Mail Staging Tower
NDSS	National Directory Support System
NMOSM	Non-Machinable Outside Sort Machine
OCRCS	Optical Character Reader
PCS	Process Control System
PPC	Powered Portable Conveyor
PSM	Parcel Sorting Machine
RCR	Remote Computer Reader

Definitions of Maintenance Acronyms

<u>Acronym</u>	<u>Equipment Name</u>
RCULL	Rough Culler
ROBOT	Robotic Tray Handler
RSR	Rotary Sack Rack
SBCS	Small Bar Code Sorter (MPBCS)
SCALE	Digital, Floor and Door Scale
SLEVR	Sleever
SPBM	Small Parcel and Bundle Machine (SPBS)
SPLSM	Single-Position Letter Sorting Machine
SSIU	Singulate, Scan Induction Unit
SSM	Sack Sorting Machine
SSO	Sack Shake Out Machine
STARI	Starship - SWYB, and Performance Measurement Sys.
STRAP	Strapping Machine
TABER	Tabber
TMS	Tray Management System
TOPS	Total Organizational Productivity System
TOWVE	Towveyors
TSM	Tray Sorting Machine
TT	Tray Transport

EQUIPMENT CATEGORY AND OTHER VARIABILITIES

PART III

Mail Processing Equipment Category Variabilities

Fiscal Year 2000

Equip. Group	--- Equipment Description ---	(2) Variability	(3) % Change in Distribution Key Total Cost _5/	CRA CATEGORY NO.
(1) Category				
1	OCRs	0.77	0.29870130	13,63
2	MPBCSs	0.94	0.06382979	14
3	DBCSs	0.87	0.14942529	15
4	CSBCSs	0.87	0.14942529	54
5	LSMs	0.9	0.11111111	16
6	FSMs	0.74	0.35135135	17
7	RBCS: WORKROOM	1	0.00000000	
	RBCS: REMOTE ENCODING SITE	1	0.00000000	24
8	CFS	0.98	0.02040816	7
9	EDGE, FACE, & CANCEL - LETTERS	0.97	0.03092784	19
10	EDGE, FACE, & CANCEL - FLATS	0.97	0.03092784	20
11	CULLING	0.97	0.03092784	21
12	SSMs _6/	0.96	0.03790191	22
13	SPBMs _2/	0.707	0.41519007	23
14	PSMs	1.00	0.00000000	18
15	ACDCS	0.91	0.09890110	26
16	STRAPPING _3/	0.932	0.07291368	65
17	TRAY TRANSPORT & STAGING SYSTEMS	N/A		
18	GENERAL AND LOGISTICS: BMC _4/	0.978	0.02271925	66
19	GENERAL AND LOGISTICS: NON-BMC _4/	0.813	0.23058835	67
20	MAIL TRANSPORTATION EQUIPMENT _4/	0.821	0.21814521	68
21	POWERED TRANSPORT EQUIPMENT _3/	0.932	0.07291368	64

Sources:

(1-C2)/C2

Footnotes on Page III-2

Footnotes for Page III-1
Fiscal Year 2000

1. Unless otherwise indicated, variabilities are from witness Van-Ty-Smith, USPS-T-13, Table 1.
2. See Page III-3.
3. See Page III-4.
4. See Page III-5.
5. This column is used in the development of the CRA components used for the distribution of mail processing equipment costs. For each of the "900s" components listed on page IV-8 (all except 35), the corresponding "1300s" component is obtained by replacing the total cost of of the 900s component with the same total cost plus the percentage increase listed in column 3. The resulting 1300s component has the same distribution of costs as its corresponding "900s" component and it imparts the variability indicated at page III-1, C2.
6. See page III-6.

Aggregate SPBS Variability
Fiscal Year 2000

Line No.	Cost Pool	Cost Pool Costs (1)	Variability (2)	Volume Variable Costs (3)
(1)	SPBS - Non Priority	400,738	0.66	264,487
(2)	SPBS - Priority	111,414	0.66	73,533
(3)	SPBS & Irregular Parcels (IPP & 115)	81,382	1.00	81,382
(4)	Total	593,534	70.7%	419,402
Sources for Totals:		L1+L2+L3	C3/C1	L1+L2+L3

Source: Witness Van-Ty-Smith, USPS-T-13, Table 1.

Aggregate Variability for Operations Involving
Bundle Sorting, Strapping, and Container Handling
Fiscal Year 2000

Line No.	Cost Pool	Cost Pool Costs (1)	Variability (2)	Volume Variable Costs (3)
(1)	Bulk Presort	11,683	0.90	10,515
(2)	Opening Unit - BBM	326,397	0.96	313,341
(3)	Opening Unit - Preferred Mail	735,488	0.96	706,068
(4)	Platform	1,177,922	0.90	1,060,130
(5)	Pouching	469,294	0.95	445,829
(6)	Total	2,720,784	93.2%	2,535,883
<u>Sources</u> for Totals:		Sum L1.. L5	C3/C1	Sum L1.. L5

Source: Witness Van-Ty-Smith, USPS-T-13, Table 1.

Aggregate Non-BMC Variability
Fiscal Year 2000

Line No.	Cost Pool	Cost Pool Costs (1)	Variability (2)	Volume Variable Costs (3)
(1)	MODS 1 & 2 Subtotal	11,396,085	78.3%	8,922,975
(2)	All Other Operations (non-MODs)	2,843,598	93.1%	2,648,468
(3)	Total	14,239,683	81.3%	11,571,443
	<u>Sources</u> for Totals:	L1+L2	C3/C1	L1+L2
	 BMC	 753,515	 97.8%	 736,776
	Total Mail Processing	14,993,198	82.1%	12,308,219

Source: Witness Van-Ty-Smith, USPS-T-13, Table 1.

Aggregate SSM Variability

Line No.	Cost Pool	(1) Cost Pool Costs	(2) Variability	(3) Volume Variable Costs
1	SACKS_M	58,731	0.94	55,207
2	BMC SSM	37,766	1.00	37,766
3	Total	96,497	96.3%	92,973
Sources for Totals:		L1+L2	C3/C1	L1+L2

Source: Witness Van-Ty-Smith, USPS-T-13, Table 1.

Aggregate Manual Letters Variability

Line No.	Cost Pool	(1) Cost Pool Costs	(2) Variability	(3) Volume Variable Costs	(4) % Change in Distribution Key Total Cost
1	Manual Letters -- MODS	1,389,399	58.00%	805,851	
2	Manual Letters -- Non- MODS	799,930	100.00%	799,930	
3	Manual Letters -- LDC 43	184,684	94.0%	173,603	
4	Total	2,374,013	75.0%	1,779,384	0.334177
	Sources for Totals:	L1+L2+L3	C3/C1	L1+L2+L3	

Aggregate Manual Flats Variability

Line No.	Cost Pool	(1) Cost Pool Costs	(2) Variability	(3) Volume Variable Costs	(4) % Change in Distribution Key Total Cost
5	Manual Flats -- MODS	429,566	71.0%	304,992	
6	Manual Flats -- Non-MODS	584,893	100.00%	584,893	
7	Manual Flats -- LDC 43	147,736	94.0%	138,872	
8	Total	1,162,195	88.5%	1,028,757	0.129708
	Sources for Totals:	L5+L6+L7	C3/C1	L5+L6+L7	

Source: Witness Van-Ty-Smith, USPS-T-13, Table 1, with the following exceptions.
 Column 3, lines 3 and 7 are from USPS LR-J-52, pages III-36 and III-37.
 Column 1, lines 3 and 7 are C3/C2.

MAIL PROCESSING EQUIPMENT DEPRECIATION COST FACTORS
BASE YEAR AND TEST YEAR

PART IV

SUMMARY

Base year mail processing depreciation costs (cost segment 20) by category are provided on page IV-4. Page IV-7 shows the test year mail processing depreciation costs by category. The percentage of depreciation by category is computed for the base year and test year on pages IV-9 and IV-10, respectively. These percentages are the inputs for the base year and test year costs as done by witnesses Meehan, USPS-T-11 and Patelunas, USPS-T-12, respectively. The equipment in each category is described starting at page IV-11. Page IV-8 shows the distribution keys used in the base year and test year for these categories. Page III-1 shows the variabilities applied to the depreciation costs for each category. The depreciation costs take on the variability for the labor utilizing each equipment type.

Fiscal Year 2000		
Equip. Group	— Equipment Description —	Annual Depreciation _1/
		(1)
1	OCRs _2/	56,830,298
2	MPBCSs	5,067,015
3	DBCSs	158,037,359
4	CSBCSs	28,768,913
5	LSMs	572,032
6	FSMs 881	21,600,627
	FSMs 1000	15,105,421
7	RBCS: WORKROOM _2/ RBCS: REMOTE ENCODING CENTERS	88,920,339
8	CFS	5,367,105
9	EDGE, FACE, & CANCEL - LETTERS	63,553,345
10	EDGE, FACE, & CANCEL - FLATS	556,232
11	CULLING	2,286,014
12	SSMs	5,131,985
13	SPBMs	33,129,188
14	PSMs	13,382,513
15	ACDCS	203,278
16	STRAPPING	2,749,205
17	TRAY TRANSPORT & STAGING SYSTEMS	37,378,001
18	GENERAL AND LOGISTICS: BMC	52,390,020
19	GENERAL AND LOGISTICS: NON-BMC	56,138,397
20	MAIL TRANSPORTATION EQUIPMENT	0
21	POWERED EQUIPMENT	9,745,909
	TOTAL	656,913,196

_1/ DEPRECIATION BASED ON EQUIPMENT ACCOUNTING RECORDS AS OF END OF FY 00.

_2/ ISS COSTS OF \$3,495,599 ADDED TO OCR AND OSS COSTS OF \$3,495,599 ADDED TO RBCS.

APPORTIONMENT OF TRAY TRANSPORT AND STAGING SYSTEMS COSTS PAGE IV-3

Fiscal Year 2000

Equip. Group	--- Equipment Description ---	Number Deployed mid- FY 00 _1/	Percentage of Letter Sorting Equipment	Depreciation Costs (CS 20)_2/
17	TRAY TRANSPORT & STAGING SYSTEMS			37,378,001
1	OCRs	930	10.93%	4,084,068
2	MPBCSs	1365	16.04%	5,994,357
3	DBCSs	4987.5	58.60%	21,902,459
5	FSMs	1229	14.44%	5,397,117
	TOTAL	8511.5	100%	37,378,001

_1/ BASED ON DATA FROM ENGINEERING.

_2/ TRAY TRANSPORT AND STAGING SYSTEMS COSTS FROM PAGE IV-2.

Fiscal Year 2000

Equip. Group	--- Equipment Description ---	Depreciation Costs (CS 20.1)
1	OCRs	60,914,366
2	MPBCSs	11,061,372
3	DBCSs	179,939,818
4	CSBCSs	28,768,913
5	LSMs	572,032
6	FSMs	42,103,165
	RBCS: WORKROOM	88,920,339
	RBCS: REMOTE ENCODING CENTERS	0
7	RBCS TOTAL	88,920,339
8	CFS	5,367,105
9	EDGE, FACE, & CANCEL - LETTERS	63,553,345
10	EDGE, FACE, & CANCEL - FLATS	556,232
11	CULLING	2,286,014
12	SSMs	5,131,985
13	SPBMs	33,129,188
14	PSMs	13,382,513
15	ACDCS	203,278
16	STRAPPING _2/	2,749,205
18	GENERAL AND LOGISTICS: BMC	52,390,020
19	GENERAL AND LOGISTICS: NON-BMC	56,138,397
20	MAIL TRANSPORTATION EQUIPMENT	0
21	POWERED EQUIPMENT	9,745,909
	TOTAL FOR MAIL PROCESSING EQUIPMENT	656,913,196
	NON-MAIL PROCESSING EQUIPMENT	425,737,514
	TOTAL EQUIPMENT _3/	1,082,650,710

_1/ REFER TO PAGES IV-2 AND IV-3.

_2/ CATEGORY 17 IS TRAY TRANSPORT AND STAGING SYSTEMS, &
IS APPORTIONED TO OCRs, MPBCSs, DBCSs & LSMs
AS SHOWN ON PAGE IV-3.

_3/ COMPONENT NO. 232: A/C 54330, SEE USPS LR-J-8 AT PAGE 156.

FY2003		
Equip. Group	Equipment Description ---	Annual Depreciation _1/
		(1)
1	OCRs	25,761,511
2	MPBCSs	375,087
3	DBCSs	174,310,728
4	CSBCSs	35,744,959
5	LSMs	0
6	FSMs 881	0
	FSMs 1000	24,629,621
	AFSM 100	74,272,173
7	RBCS: WORKROOM	92,415,239
	RBCS: REMOTE ENCODING CENTERS	0
8	CFS	8,512,587
9	EDGE, FACE, & CANCEL - LETTERS	68,348,228
10	EDGE, FACE, & CANCEL - FLATS	556,232
11	CULLING	3,045,204
12	SSMs	6,065,238
13	SPBMs	38,427,475
14	PSMs	23,023,092
15	ACDCS/AMC _2/	28,591,155
16	STRAPPING	2,755,210
17	TRAY TRANSPORT & STAGING SYSTEMS	63,940,151
18	GENERAL AND LOGISTICS: BMC	65,313,900
19	GENERAL AND LOGISTICS: NON-BMC	49,720,260
20	MAIL TRANSPORTATION EQUIPMENT	0
21	POWERED EQUIPMENT	9,745,909
	TOTAL	795,553,959

_1/ DEPRECIATION BASED ON EQUIPMENT ACCOUNTING RECORDS AND CAPITAL BUDGET DATA.

_2/ ACDCS/AMC INCLUDES REPLACEMENTS FOR ACDCS AS WELL AS EQUIPMENT FOR AMCS AND PRIORITY MAIL PROCESSING CENTERS.

APPORTIONMENT OF TRAY TRANSPORT AND STAGING SYSTEMS COSTS PAGE IV-6

FY2003

Equip. Group	— Equipment Description —	Number Deployed mid- FY 2003 _1/	Percentage of Letter Sorting Equipment	Depreciation Costs (CS 20)_2/
17	TRAY TRANSPORT & STAGING SYSTEMS			63,940,151
1	OCRs	875	10.40%	6,647,770
2	MPBCSs	1307	15.53%	9,929,869
3	DBCSS	5245	62.32%	39,848,633
5	FSMs	989	11.75%	7,513,879
	TOTAL	8416	100%	63,940,151

_1/ BASED ON DATA FROM ENGINEERING.

_2/ TRAY TRANSPORT AND STAGING SYSTEMS COSTS FROM PAGE IV-2.

MAIL PROCESSING EQUIPMENT DEPRECIATION BY CATEGORY _1/

FY2003

Equip. Group	— Equipment Description —	Depreciation Costs (CS 20.1)
1	OCRs	32,409,281
2	MPBCSs	10,304,956
3	DBCSSs	214,159,361
4	CSBCSSs	35,744,959
5	LSMs	0
6	FSMs	106,415,673
	RBCS: WORKROOM	92,415,239
	RBCS: REMOTE ENCODING CENTERS	0
7	RBCS TOTAL	92,415,239
8	CFS	8,512,587
9	EDGE, FACE, & CANCEL - LETTERS	68,348,228
10	EDGE, FACE, & CANCEL - FLATS	556,232
11	CULLING	3,045,204
12	SSMs	6,065,238
13	SPBMs	38,427,475
14	PSMs	23,023,092
15	ACDCS/AMC	28,591,155
16	STRAPPING _2/	2,755,210
18	GENERAL AND LOGISTICS: BMC	65,313,900
19	GENERAL AND LOGISTICS: NON-BMC	49,720,280
20	MAIL TRANSPORTATION EQUIPMENT	0
21	POWERED EQUIPMENT	9,745,909
	TOTAL FOR MAIL PROCESSING EQUIPMENT	795,553,959
	NON-MAIL PROCESSING EQUIPMENT	787,527,815
	TOTAL EQUIPMENT _3/	1,583,081,774

_1/ REFER TO PAGES IV-5 AND IV-6.

_2/ CATEGORY 17 IS TRAY TRANSPORT AND STAGING SYSTEMS, AND IS APPORTIONED TO OCRs, MPBCSs, DBCSSs & FSMs AS SHOWN ON PAGE IV-6.

_3/ COMPONENT 20.1 TOTAL, FROM WITNESS PATELUNAS, EXHIBIT USPS-12F, PAGE 66 IS \$1,509,979,000 RATHER THAN \$1,583,081,774. AS A CONSEQUENCE, NON-MAIL PROCESSING EQUIPMENT DEPRECIATION IS OVERSTATED BY APPROXIMATELY \$73 MILLION. THIS ERROR LEADS TO AN UNDERSTATEMENT OF THE PERCENTAGE OF DEPRECIATION FOR MAIL PROCESSING EQUIPMENT IN PAGE IV-10. THIS IS RELIED ON BY WITNESS PATELUNAS, USPS-T-12, AND CAUSES AN UNDERSTATEMENT OF TEST YEAR VOLUME VARIABLE DEPRECIATION COSTS FOR COMPONENT 20.1 (PAGES 65-66 OF USPS-12F) OF ABOUT 4.8 PERCENT FOR EACH SUBCLASS. THE UNDERSTATEMENT OF VOLUME VARIABLE COSTS FOR ALL SUBCLASSES IS ABOUT \$33 MILLION. THE IMPACT OF THIS ERROR IS NOT SIGNIFICANT AND HAS NOT REQUIRED A REVISION TO PAGE IV-10.

DISTRIBUTION KEYS FOR MAIL PROCESSING EQUIPMENT CAPITAL, MAINTENANCE, AND SUPPLIES

<u>LINE NO.</u>	<u>EQUIPMENT CATEGORY</u>	<u>DISTRIBUTION KEY _1/</u>
1	OPTICAL CHARACTER READERS (OCRs)	IOCS, 19B (F128.B), CRA 913
2	MAIL PROCESSING BARCODE SORTERS (MPBCSs)	IOCS, 19C (F128.C), CRA 914
3	DELIVERY BARCODE SORTERS (DBCSSs)	IOCS, 19D (F128.D), CRA 915
4	CARRIER SEQUENCE BARCODE SORTERS (CSBCSSs)	IOCS, 19E (F128.E), CRA 971
5	LETTER SORTING MACHINE (LSMs)	IOCS, 19F (F128.F), CRA 916
6	FLAT SORTING MACHINE (FSMs)	IOCS, 19K (F128.K), CRA 917
7	REMOTE BARCODING SYSTEM	IOCS, F114=971-979, CRA 924
8	COMPUTER FORWARDING SYSTEM	IOCS, 18E.D (F123.D), CRA 907
9	EDGER/FACER/CANCELER - LETTERS	IOCS, 19G (F128.G), CRA 919
10	EDGER/FACER/CANCELER - FLATS	IOCS, 19H (F128.H), CRA 920
11	CULLING	IOCS, 19R (F128.R), CRA 921
12	SACK SORTING MACHINE (SSMs)	IOCS, 19I (F128.I), CRA 922
13	SMALL PARCEL AND BUNDLE SORTER	IOCS, 19L (F128.L), CRA 923
14	PARCEL SORTING MACHINE /NMO	IOCS, 19J and 19M (F128.J and F128.M), CRA 918
15	AIR CONTRACT DATA COLLECTION SYSTEM	IOCS, 19P (F128.P), CRA 926
16	STRAPPING	IOCS, 19Q (F128.Q), CRA 965
17	TRAY TRANSPORT AND STAGING SYSTEMS	SEE BELOW _2/
18	GENERAL AND LOGISTICS, BMC	ALL BMC MAIL PROCESSING LABOR, CRA 966
19	GENERAL AND LOGISTICS, NON-BMC	ALL NON-BMC MAIL PROCESSING LABOR, CRA 967
20	MAIL TRANSPORTATION EQUIPMENT	ALL MAIL PROCESSING LABOR, CRA 35
21	POWERED EQUIPMENT	IOCS, 19T (F128.T), CRA 964

_1/ IOCS FORM QUESTIONS AND CRA MODEL COMPONENTS INDICATED. THE PROGRAM PROVIDING THESE DISTRIBUTION KEYS IS IN USPS LR-J-10, APP. G. LINES 1-15 ARE ALSO SPACE DISTRIBUTION KEYS, SEE PAGE I-12 FOR ADDITIONAL INFORMATION ON THEIR DEVELOPMENT. FOR CATEGORIES IN LINES 1 TO 17, THE FOLLOWING WERE EXCLUDED: TALLIES WITH QUESTION 18 RESPONSES IN PART B (PLATFORM) OR PART C, RESPONSE A (COLLECTION BOX) AND ALL TALLIES WITH DEDICATED SPACE. TALLIES WITH QUESTION 18C, RESPONSE A (COLLECTION BOX) WERE DELETED FROM LINES 18 AND 19. CRA COMPONENTS ARE IN WITNESS MEEHAN, USPS-T-11, WORKPAPER A-3. DISTRIBUTION KEYS FOR CAPITAL ARE THE SAME AS FOR MAINTENANCE, PARTS AND SUPPLIES EXCEPT FOR THE OCR CATEGORY.

_2/ THIS CATEGORY'S EXPENSES ARE SPLIT AND ADDED TO THE COSTS FOR DISTRIBUTION EQUIPMENT AS DONE AT PAGES II-7, IV-3 AND IV-6. AS A RESULT, THE DISTRIBUTION KEY FOR THIS CATEGORY IS THE WEIGHTED AVERAGE OF THE DISTRIBUTION KEYS FOR THE EQUIPMENT SHOWN ON THESE REFERENCED PAGES.

CRA INPUT: PERCENTAGE OF MAIL PROCESSING EQUIPMENT DEPRECIATION BY CATEGORY

PAGE IV-9

Fiscal Year 2000		(1296)	
Equip. Group	— Equipment Description —	Depreciation Factors (CS 20.1)	CRA Category Number
1	OCRs	5,626,410	13
2	MPBCSs	1,021,694	14
3	DBCSs	16,620,302	15
4	CSBCSs	2,657,266	54
5	LSMs	52,836	16
6	FSMs	3,888,896	17
	RBCS: WORKROOM		
	RBCS: REMOTE ENCODING CENTERS		
7	RBCS TOTAL	8,213,207	24
8	CFS	495,737	7
9	EDGE, FACE, & CANCEL - LETTERS	5,870,161	19
10	EDGE, FACE, & CANCEL - FLATS	51,377	20
11	CULLING	211,150	21
12	SSMs	474,020	22
13	SPBMs	3,060,007	23
14	PSMs	1,236,088	18
15	ACDCS	18,776	26
16	STRAPPING	253,933	65
18	GENERAL AND LOGISTICS: BMC	4,839,051	66
19	GENERAL AND LOGISTICS: NON-BMC	5,185,273	67
20	MAIL TRANSPORTATION EQUIPMENT	0	68
21	POWERED EQUIPMENT	900,190	64
	TOTAL FOR MAIL PROCESSING EQUIPMENT		
	NON-MAIL PROCESSING EQUIPMENT	39,323,626	
	TOTAL EQUIPMENT	100,000,000	29

CRA INPUT: PERCENTAGE OF MAIL PROCESSING EQUIPMENT DEPRECIATION BY CATEGORY

PAGE IV-10

Equip. Group	FY2003 --- Equipment Description ---	(278) Depreciation Factors (CS 20.1)	CRA Category Number
1	OCRs	2,047,227	13
2	MPBCSs	650,943	14
3	DBCSs	13,528,004	15
4	CSBCSs	2,257,935	54
5	LSMs	0	16
6	FSMs	6,722,058	17
	RBCS: WORKROOM		
	RBCS: REMOTE ENCODING CENTERS		
7	RBCS TOTAL	5,837,679	24
8	CFS	537,722	7
9	EDGE, FACE, & CANCEL - LETTERS	4,317,416	19
10	EDGE, FACE, & CANCEL - FLATS	35,136	20
11	CULLING	192,359	21
12	SSMs	383,129	22
13	SPBMs	2,427,384	23
14	PSMs	1,454,321	18
15	ACDCS/AMC	1,806,044	26
16	STRAPPING	174,041	65
18	GENERAL AND LOGISTICS: BMC	4,125,744	66
19	GENERAL AND LOGISTICS: NON-BMC	3,140,726	67
20	MAIL TRANSPORTATION EQUIPMENT	0	68
21	POWERED EQUIPMENT	615,629	64
	TOTAL FOR MAIL PROCESSING EQUIPMENT		
	NON-MAIL PROCESSING EQUIPMENT	49,746,503	
	TOTAL EQUIPMENT	100,000,000	29

Description of Mail Processing Equipment Categories

The following is a listing of the major items included in each equipment category along with explanations when necessary.

OCRs

Optical Character Reader

(Both multi-line and single-line)

This includes the RBCS components attached to OCRs.

National Directory Support System

DBCS with Input/Output Subsystems-Expanded Capacity (This is the initial investment in the replacement for Multi-Line OCRs.)

MPBCS

Mail Processing Barcode Sorter

(including Identification Code Sort)

DBCS

Delivery Barcode Sorter

(including Identification Code Sort)

DBCS-EC (Expanded Capacity)

Mail Cartridge System

CSBCS

Carrier Sequence Barcode Sorters

(including Identification Code Sort)

LSMs

Multi-Position Letter Sorting Machine

Single-Position Letter Sorting Machine

LSM Zip Mail Translator

LSM Electronic Sort Processor

LSM Expanded Zip Retrofit

FSMs

Flat Sorter Machine 881 (with both barcode readers and OCRs)

Flats Sorter Machine 1000, with barcode readers, OCRs, & Feeders.

Automated Flat Sorting Machine (AFSM 100).

Description of Mail Processing Equipment Categories (Cont.)

RBCS

Remote Barcoding System Equipment which is not included in any of the other equipment categories. This includes the IPSS, RCR, OSS component from MPBCS and DBCS, and LMLMs, Label Printing Equipment and REC terminals. It is mainly just the latter which is at the Remote Encoding Centers (REC), the rest of the equipment is at the plant.

CFS

Computer Forwarding Systems
Postal Automated Redirection System

Edging, Facing, and Canceling Letters

M-36 Cancelling Machines
Mark II Cancelling Machines
Cancelling Machines
Edger Feeders
Mail Preparation Systems
Loose Mail Conveyor Systems
Advanced Facer Canceler System (AFCS)
This includes the RBCS components attached to these AFCS.
AFCS OCRs

Edging, Facing, and Canceling Flats

Flat Canceler

Culling

Culling Machines
Dual Pass Rough Cull

SSMs

Sack Sorting Machine
Induction Unit
Monorail Sorting System
Multibelt Sorting System
Multislide
BMC Sack Shakeout Machine
BMC Sack Sorter and Loader
Sack Label Barcode Readers

Description of Mail Processing Equipment Categories (Cont.)

SPBS (or SPBM)

Small Parcel and Bundle Sorter
SPBS Feed Systems
Next Generation SPBS

PSMs

Parcel Sorting Machines
BMC Parcel Sorting Induction Unit
BMC Parcel Sorting Machine
Parcel Barcode Reader
Singulation Scan Induction Unit

ACDCS/AMC

Air Contract Data Collection System
Automated Airline Assignment and Semi-Automatic Scan Where You Band System
Surface Air Management System
AMC Conveyors
Priority Mail Processing Center Equipment

Strapping

Strapping Machine
Strapping System
Sleevers

Tray Transport and Staging Systems

LSM Tray Conveyor System
Rack, Tray Storage
Tray Transport System
Tray Management Systems
Universal Tray System
Robotic Tray Handling Systems

Description of Mail Processing Equipment Categories (Cont.)

General and Logistics (both BMC and non-BMC)

Automated Barcode Evaluator/MERLIN

Dock and Ramp Equipment

Hamper Dumpers

Extendible Conveyor

Portable Conveyor

Other Conveyors

Label Printing System

Rewrap or Patch Up Equipment

Floor or Platform Scale

Pallet Unloaders

Bulk Conveyor

BMC Container Unloader

BMC Tow Conveyor

BMC Process Control System

BMC Towveyor - Internal Tow Conveyor Integrated Materials Handling System

BMC Postal Pak Loaders/Unloaders

All of the above constitute the major items in the General and Logistics grouping. This grouping is then split into BMC and non-BMC with the use of the Finance No. for the facility where the equipment is located. The result of this split is that nearly all of the investment in the last four items is classified as BMC, while the remaining items, are mainly classified as non-BMC.

Mail Transportation Equipment

Trays

Sacks

Pouches

Rolling Containers

Pallets

Powered Transport Equipment

Tow/Tug/Warehouse Tractor

Tractor w/Auto Guidance System

Fork Lifts

Personnel Carrier