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USPS-T-13

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

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Postal Rate and Fee Changes, 2001

Docket No. R2001-1

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DIRECT TESTIMONY  
OF  
ELIANE VAN-TY-SMITH  
ON BEHALF OF THE  
UNITED STATES POSTAL SERVICE

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USPS LR-J-55

## AUTOBIOGRAPHICAL SKETCH

My name is Eliane Van-Ty-Smith. I am a Mathematical Statistician at the Postal Service. My education includes a B.A. in Philosophy and Languages, and a M.Sc. in Mathematical Statistics from Ohio State University. I have also taken coursework in Administration and Economics. I have been with the Postal Service since the end of 1989.

Much of my work at the Postal Service has been in support of the CRA, and rate cases, particularly for Mail Processing and IOCS-based analyses. During the Docket No. R97-1 rate case, I provided support to witness Degen's testimony and interrogatories. I also produced LR-H-146 in that docket. In Docket No. R2000-1, I gave direct testimony on the mail processing costing procedures and Base Year Inputs presented in USPS LR-I-106.

1     **A.     PURPOSE AND SCOPE OF TESTIMONY.**

2             The purpose of my testimony is to summarize USPS LR-J-55, which is an  
3     updated version of USPS LR-I-106 in Docket No. R2000-1. LR-J-55 fulfills the  
4     same role in this docket as LR-I-106 did in Docket No. R2000-1. It documents  
5     the mechanics of the procedures by which the Postal Service proposes to create  
6     cost pools for mail processing operations, and distribute such costs to mail  
7     classes, subclasses and rate categories. It also documents additional analyses  
8     of IOCS data that were the sources of inputs for the Base Year CRA or for other  
9     cost studies

10            The mail processing volume-variable costs by cost pool provided in  
11    LR-J-55 are the starting points for witness Kay's development of incremental  
12    costs (USPS-T-21). Aggregated at the CRA level, these costs are integrated into  
13    witness Meehan's base year costs (USPS-T-11) and are rolled-forward into the  
14    test year by witness Patelunas (USPS-T-12). LR-J-55 also updates other types  
15    of information coming out the methodology for mail processing costs which are  
16    used by other witnesses, such as witnesses Smith (USPS-T-15), Mayes (USPS-  
17    T-23), Eggleston (USPS-T-25), and Miller (USPS-T-22), as the source of inputs  
18    for some of their cost studies.

19            LR-J-55 is subdivided into eight parts. The sections correspond to those in  
20    LR-I-106 in Docket No. R2000-1. The purpose associated with each part of this  
21    library reference is summarized below. The bulk of the library reference is  
22    concentrated in Parts I to III, which address the development of mail processing  
23    subclass and rate category volume-variable costs. Parts IV to VII focus on the  
24    development of various base year inputs, which represent outcomes from the  
25    application of the mail processing methodology described in Parts I-III. Part VIII  
26    uses relevant base year inputs to produce disaggregated test year wage rates  
27    for clerks and mailhandlers.

28            Methods representing an update or change from the Postal Service  
29    proposed methodology in Docket No. R2000-1 are also itemized below.  
30    Additional information on how these updates or changes are specifically  
31    implemented can be obtained from the detailed description of the SAS program  
32    objectives in each section of LR-J-55. Since most of the mail processing  
33    methodology in this docket is an updated version of the one proposed in Docket

1 No. R2000-1, many of the descriptions of the procedures which follow reiterate  
2 sections of my testimony in Docket No. R2000-1.

3 **B. DEVELOPMENT OF MAIL PROCESSING SUBCLASS VOLUME-**  
4 **VARIABLE COSTS.**

5 The derivation of the mail processing volume-variable costs is largely  
6 based on the Postal Service's mail processing method presented in the  
7 testimonies of witnesses Degen and Bozzo in the last rate case (USPS-T-16 and  
8 USPS-T-15 in Docket No. R2000-1) and in witness Bozzo's testimony in this  
9 case (USPS-T-14). Discussion of the rationale for the method can be found in  
10 their testimonies and in their responses to interrogatories submitted in the last  
11 case, and in witness Bozzo's testimony in this case.

12 **B.1. DISAGGREGATION OF COST SEGMENT 3 (C/S 3) COSTS INTO COST**  
13 **POOLS. (PART I OF LR-J-55)**

14 Part I of LR-J-55 documents the procedure used to partition C/S 3 clerk  
15 and mailhandler accrued costs within each of three facility groups: BMCs, MODS  
16 and non-MODS offices. The cost partitioning method is an updated version of  
17 the one proposed by the Postal Service and recommended by the Commission  
18 in Dockets No. R97-1 and No. R2000-1. The method uses data whereby C/S 3  
19 clerk and mailhandler expenses are reported by finance numbers and LDCs  
20 (Labor Distribution Codes), and the labor hours for the employees at MODS  
21 facilities are clocked into MODS operations which are then mapped into LDCs. It  
22 involves the following setps:

23 --C/S 3 costs are first separated into costs for the BMCs, the MODS and  
24 non-MODS offices, based on finance numbers.

25 --The aggregated accrued cost for the MODS finance numbers is further  
26 subdivided into LDC costs. Each LDC is identified with one of four  
27 functions: mail processing, window services, claims and inquiries, and  
28 other administrative and support services. For the mail processing

function,<sup>1</sup> most<sup>2</sup> of the LDC costs are further partitioned into operation groupings or cost pools, using the shares of MODS operation hours by LDC from the MODS file.

--For the BMCs and the non-MODS finance numbers, the aggregated cost for the finance numbers in each facility group, obtained from C/S 3 accrued labor expenses, is further partitioned into operations, based on the dollar-weighted tallies associated with the IOCS Uniform Operation Codes. Each IOCS Uniform Operation code is identified with one of the four functions cited above. For the mail processing function,<sup>3</sup> the dollar-weighted tallies are partitioned into cost pools, using the responses from IOCS questions 18 and 19.

The following are updates and variations to the Docket No. R2000-1 procedures:

1. Starting in FY 1999, the Special Delivery Messenger craft, C/S 9, was converted to Clerk Messenger, part of C/S 3. The expedited delivery function performed by clerk messengers is identified by the LDC 24 accrued cost in C/S 3. The LDC 24 function is treated in C/S 3 as

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<sup>1</sup> The LDCs for the mail processing function are defined as follows: 11-14 (automated, mechanized and manual distributions at mail processing facilities); 15 (RBCS); 17-18 (allied and other at mail processing facilities); 41-43 (automated, mechanized and manual distributions at Customer Service Facilities); 44 (Post Office Box Distribution); 48 (Administrative or Miscellaneous activities at stations, branches and associate offices); 49 (Computerized Forwarding System); and 79 (Mailing Requirements and Business Mail Entry).

<sup>2</sup> The exceptions where LDCs represent individual cost pools are: 15, 41-44, 49, 79.

<sup>3</sup> The IOCS Uniform Operation Codes for the mail processing function are: 01 (preparation of mail); 07-08 (platform work and mail acceptance); 02-05 (outgoing and incoming distributions); 11 and 20 (post office box distribution); 15-16 and 27-29 (distribution to carriers); and the miscellaneous operation codes 00 (business reply), 06 (nixie), 12-13 (caller service), 14 (central mail mark up), 18 (registry only), 21-23 (Express Mail and other accountable work).

1 component 3.4<sup>4</sup>, which is separate from the existing components of mail  
2 processing, window services, claims and inquiries, and other  
3 administrative/support services.

4 2. To reflect the emergence of the ISCs (International Service Centers) as  
5 separate entities related to international programs, costs for MODS  
6 finance numbers in FY 2000 are further disaggregated into costs for ISC  
7 and non-ISC finance numbers.

8 The aggregated cost for each group of finance numbers is then  
9 subdivided into costs by LDC. The ISC accrued costs for mail processing  
10 LDCs are combined to obtain the accrued cost for the MODS mail  
11 processing international cost pool. The non-ISC accrued costs for mail  
12 processing LDCs are further partitioned into operation groupings or cost  
13 pools, using the non-ISC shares of MODS operation hours by LDC from  
14 the MODS file.

15 Non-mail processing accrued costs for ISCs are combined with  
16 administrative LDC accrued costs from non-ISC offices to obtain the C/S 3  
17 administrative costs.

18 3. To reflect the growth within the BCS and FSM cost pools, the BCS cost  
19 pool is split into two cost pools, one cost pool consisting of delivery  
20 barcode sorter operations (DBCS and CBCS) and one including the  
21 remaining BCS operations. The FSM cost pool also is split into two cost  
22 pools, one cost pool consisting of the FSM 1000 operations and one  
23 including the remaining FSM operations.

24 4. The BMC and the Non-MODS mail processing pool costs now include  
25 their portion of the clocking in/out costs. Therefore, only the non-mail  
26 processing share of the clocking in/out costs is apportioned to the  
27 administrative and window service components in W/S 3.0.1 of the base  
28 year witness (see USPS LR-J-57, Spreadsheets for B Workpapers). In  
29 Docket No. R2000-1, all BMC and Non-MODS clocking in/out costs were

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<sup>4</sup> See the FY 00 Summary Description of USPS Development of Costs by Segments and Components for a description of component 3.4 in C/S 3 (USPS LR-J-1).



1 included in W/S 3.0.1 and were apportioned in that spreadsheet to mail  
2 processing and the administrative and window service components.

3 A list of all the pools and their costs is provided in Table 1<sup>5</sup> in the  
4 Attachment. The derived pool costs in Part I of LR-J-55 are the starting points for  
5 the development of other costs in subsequent sections of the library reference.

6 **B.2 VOLUME-VARIABLE COSTS AND SUBCLASS DISTRIBUTION KEYS**  
7 **FOR THE MAIL PROCESSING COST POOLS. (PART II OF LR-J-55).**

8 Part II of LR-J-55 describes the method used to distribute the mail  
9 processing pool costs, obtained in Part I, to the CRA subclasses.<sup>6</sup> The subclass  
10 volume-variable costs derived in Part II are subsequently adjusted in Part V to  
11 reflect the redistribution of the volume-variable premium pay costs to the pref  
12 mail.

13 The method differs from the one proposed in Docket No. R2000-1 only to  
14 the extent that it incorporates the updates and variations in cost pools and  
15 volume-variability factors. The total cost for each of the mail processing pools  
16 from Part I is multiplied by a volume-variability factor to obtain the volume-  
17 variable cost for each cost pool (see attachment, Table 1). A pool-specific  
18 distribution key is then applied to the volume-variable cost to obtain costs in that  
19 pool for each subclass. The resulting subclass costs are summed over all the  
20 cost pools to obtain subclass volume-variable mail processing costs (before  
21 premium adjustments). Table 3 in the attachment lists the subclass volume-  
22 variable costs (*Vol-Var Costs*) and distribution factors (*Col Pct*) by cost pool for  
23 the BMC, MODS 1&2 and non-MODS facilities.<sup>7</sup>

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<sup>5</sup> Note that in Table 1, the non-mail processing portion of the clocking in/out costs for the BMC and the non-MODS "window services", "claims and inquiries", and "administrative services" components are all included in the administrative costs. The clocking in/out costs are allocated to those three components in W/S 3.0.1 of the B Workpapers (USPS LR-J-57).

<sup>6</sup> The term "subclasses", throughout this testimony, refers to the mail classes, subclasses and rate categories exhibited in the B Workpapers and the "Cost Segments and Components" report.

<sup>7</sup> The 'total' subclass volume-variable costs for each facility grouping are inputs to W/S 3.1.1.a of the B Workpapers (USPS LR-J-57).

1           The method used to derive mail processing volume-variable costs by  
2 subclass can be expressed by the following formula:

$$3 \qquad \qquad \qquad \textit{Mail Processing Subclass Volume-Variable Cost} = \\ 4 \quad \sum_{pool} \textit{Cost}_{pool} \times \textit{Volume-Variability Factor}_{pool} \times \textit{Subclass Distribution Key Factor}_{pool}$$

5       The first term in the formula comes from the pool costs in Part I of LR-J-55, over  
6 70 percent of which are generated independently of IOCS, from labor expense  
7 and MODS operational data. The second term in the formula comes from two  
8 sources: for certain cost pools, the volume-variability factors are updated from  
9 Witness Bozzo's econometric studies (USPS-T-14); for other cost pools, they are  
10 computed from IOCS activity data. The third term in the formula relies totally on  
11 IOCS data: neither the MODS system nor any other system has subclass  
12 information for these cost pools; by sampling points of time of employees'  
13 activities and the mail they process, the IOCS provides more detailed information  
14 about these cost pools.

15           The process used to generate the non-econometric volume-variability  
16 factors and the distribution keys for the cost pools in this docket is based on the  
17 procedures described in LR-J-55 and is summarized below. These procedures  
18 vary from those in LR-I-106 in Docket No. R2000-1 to the extent that they  
19 incorporate the updates itemized in section B.1 above.

#### 20   **B.2.1. Cost Pool Volume Variability Factors.**

21           The volume-variability factors determine what portions of the pool costs  
22 vary with the mail volume, and therefore what portions of the pool costs are to be  
23 distributed to the subclasses.

24           In Docket No. R2000-1, the volume-variability factors presented by the  
25 Postal Service were econometrically derived for twelve MODS cost pools, and  
26 were based on the IOCS tally activities for the remaining cost pools. With the  
27 disaggregation of the BCS and FSM cost pools, these twelve cost pools now  
28 correspond to fourteen cost pools. In this docket, a volume-variability has been

1 econometrically developed for thirteen<sup>8</sup> of these cost pools. The exception is the  
 2 Cancellation and Mail Preparation cost pool (1CANCMP) where the basis for  
 3 the derivation of the volume-variability is the IOCS tally activities in that cost pool  
 4 (see the testimony of Witness Bozzo, USPS-T-14, section I.B. for further  
 5 discussion). The thirteen MODS cost pools for which the volume-variability  
 6 factors are derived econometrically by Witness Bozzo represent about 37  
 7 percent of the total C/S 3 mail processing costs.

8 For the remaining pools, which consist of the rest of the MODS cost pools,  
 9 and all of the BMC and non-MODS cost pools, the non-econometric volume-  
 10 variable fractions of the pool costs are generated from the IOCS tally activities,  
 11 following the procedure described in Docket No. R2000-1.

12 This procedure is based on the Postal Service's pre-Docket No. R97-1  
 13 method, but is applied by cost pool. This method first assigns tallies to cost  
 14 pools. Then it separates non-overhead tally activities into those that are non-  
 15 volume-variable and those that are 100 percent volume-variable. The percent of  
 16 the pool volume-variable cost is determined by the percent of the dollar-weighted  
 17 tallies associated with the activities in the cost pool which are classified as  
 18 volume-variable. Costs associated with 'overhead' activities<sup>9</sup> are considered  
 19 volume-variable to the same degree as non-overhead activities.

20 The volume-variability factors and the volume-variable costs for the mail  
 21 processing cost pools are listed in Table 1 in the attachment. The asterisks flag  
 22 the volume-variability factors based on econometric analyses. Details of the  
 23 procedure just summarized follow below.

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<sup>8</sup> They include the following cost pools: automated (BCS/DBCS, BCS/, OCR), mechanical letter and flat (FSM/1000, FSM/, LSM), manual distributions for letter, flat, parcel and priority mail ( MANF, MANL, MANP, PRIORITY), priority and non-priority SPBS (SPBSPRIO, SPBS OTH). Dr. Bozzo proposes the use of the RBCS (LD 15) volume-variability factor presented in Docket No. R97-1.

<sup>9</sup> 'Overhead' activities correspond to IOCS activity codes 6521-6523, i.e., breaks/personal needs, clocking in/out, and empty equipment-related work. The handling portion of the IOCS empty equipment activity, however, is not included as 'overhead' here since the tallies are treated as mixed-mail tallies.

## 1    **B.2.2. Cost Pool Assignment to IOCS Tallies.**

2            A first step in generating the IOCS-based cost pool volume-variability  
3 factors and distribution keys is to associate the tallies with the mail processing  
4 cost pools implicit in the derivation of those two terms. The process used to  
5 assign the IOCS tallies to the cost pools parallels the procedure outlined for  
6 Part I of USPS LR-J-55 (see section B.1 above). The basic procedure remains  
7 as follows:

8            --The IOCS tallies are grouped into tallies for BMCs, MODS, and non-  
9 MODS facilities, based on the finance numbers sampled in IOCS.

10           --For the MODS sampled finance numbers, the tally contains information  
11 on the MODS operation code in which the sampled employee is clocked  
12 at the time of the IOCS reading.<sup>10</sup> The MODS operation code recorded  
13 with each IOCS tally is then used to assign the tallies to the MODS cost  
14 pools. The tally assignment to the MODS cost pools in IOCS<sup>11</sup> uses the  
15 mapping of MODS operation codes to cost pools from Part I of LR-J-55.  
16 Each cost pool is assigned to an LDC. The LDCs are grouped into the  
17 four C/S 3 functions: mail processing, window services, claims and  
18 inquiries, and other administrative/support services.

19           --For the BMC and non-MODS sampled finance numbers, the cost pool  
20 tally mapping, which relies on the IOCS Uniform Operation codes and  
21 Questions 18 and 19 responses, is the basis for partitioning the total BMC  
22 and non-MODS costs into cost pools.

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<sup>10</sup> The MODS operation codes are stored in Field F114 in the IOCS file.

<sup>11</sup> Less than one percent of the tallies from the sampled MODS offices in IOCS either do not have MODS codes or have "invalid" MODS codes which are not listed in the MODS manual. These tallies are then remapped into cost pools, based on the responses to IOCS questions 18 and 19, the IOCS Uniform Operation codes. The remapping also uses a value stored in F1 which identifies if the finance number is a mail processing or customer service facility: this information is used to assign the responses to IOCS Question 19 to either a Function 1 or a Function 4 cost pool.

1           This basic procedure is modified in this docket to incorporate the updates  
2   and variations described in section B.1 above:

- 3   1.   Tallies relating to C/S 3.4 expedited delivery work are excluded from the  
4       cost pools and distribution keys. For MODS offices, they consist of the  
5       tallies where the employee is clocked into MODS operation code 744  
6       (which is mapped into the LDC 24 function). For non-MODS offices, they  
7       include the tallies associated with IOCS uniform operation code 88.
- 8   2.   While the non-MODS and BMC cost pools in this docket are similar to  
9       those in Docket No. R2000-1, the MODS mail processing activities are  
10      further disaggregated into ISC and non-ISC offices, based on the finance  
11      numbers sampled in IOCS. All ISC cost pool tallies which are mapped into  
12      mail processing LDCs are combined into an international mail processing  
13      cost pool (INTL ISC). The remaining ISC tallies (2ADM ISC) are combined  
14      into the non-ISC administrative services tallies.
- 15 3.   Non-ISC tallies in the BCS cost pool are further partitioned into the  
16      DBCS/CBCS cost pool ( "BCS/DBCS") and the remaining BCS cost pool  
17      ("BCS/"). Similarly, non-ISC tallies in the FSM cost pool are further  
18      partitioned into the FSM 1000 cost pool ("FSM/1000") and the remaining  
19      FSM cost pool ("FSM/").

20           As was noted in Docket No. R2000-1, most RBCS (LDC 15) costs are  
21   incurred in remote encoding centers, which are not sampled in IOCS. Therefore,  
22   the tallies in the LDC 15 cost pool are not used to represent the activities in that  
23   cost pool.

#### 24   **B.2.3. Cost Pool Distribution Keys.**

25           The mail processing distribution factors indicate the proportions of the  
26   volume-variable costs associated with each cost pool to be assigned to each  
27   subclass. The individual subclass percentages for any cost pool distribution key  
28   sum to one. The distribution key for a cost pool represents the percentages of  
29   dollar-weighted tallies by subclass for that pool. These percentages are derived  
30   through successive steps that were described in my testimony in Docket  
31   No. R2000-1 and are incorporated in the text below.

1           Apart from the MODS support cost pools and the RBCS operations<sup>12</sup>, all  
2 distribution keys are based on the combined direct tallies, distributed mixed-mail  
3 tallies, and distributed not-handling tallies in the cost pools.

4           In this docket, as in Dockets No. R2000-1 and No. R97-1, the distribution  
5 factors are based entirely on the IOCS tallies.<sup>13</sup> All tallies in a cost pool are used  
6 to form the cost pool distribution key. The tallies are classified into three types of  
7 tallies: direct, mixed and not-handling tallies. This classification is based on the  
8 type of information observed and reported by the data collector when conducting  
9 a reading. The level of detail of the collected information varies with the observed  
10 activity. When an IOCS data collector is asked to sample an employee at a  
11 specific time, the employee may or may not be handling mail. When handling  
12 mail, the employee may be observed to handle one or many pieces of mail, an  
13 "item" or a "container."<sup>14</sup> An item or a container may have identical mail, many  
14 kinds of mail in it, or be empty at the instant of observation. When not handling  
15 mail, the employee may be observed to be between handlings at the instant of  
16 observation, monitoring the operation of the equipment, on the way to obtain  
17 empty equipment, on break, or performing incidental administrative duties, to cite  
18 a few examples.

19           The 'direct' tallies are piece, item, or container readings with recorded

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<sup>12</sup> The distribution key for the RBCS cost pool is based on direct tallies in the BCS-OSS operations 971-978, 271-278.

<sup>13</sup> The term "tallies", throughout this testimony, refers to the dollar-weighted tallies, using the weight in IOCS field F9250 (see USPS LR-J-10, section VII).

<sup>14</sup> The term "item" refers to the IOCS single item categories listed in Question 21B. Items are defined as bundles, trays, pallets, con-cons and sacks of various colors. The term "container" refers to the IOCS container categories listed in Question 21C. Containers are defined as APCs, OTRs, hampers, nutting trucks/dollies, utility carts, wiretainers, postal paks, and multiple items handled by the sampled employee.

1 subclass or mail class information.<sup>15</sup> The 'mixed' tallies are item or container  
 2 handling tallies with no recorded subclass or mail class information.<sup>16</sup> Mixed  
 3 tallies contain information, such as mail shapes or item types. Not-handling  
 4 tallies convey no such information. Mixed tallies and not-handling tallies are  
 5 subsequently distributed to subclasses or mail classes, using all available tally  
 6 information associated with the characteristics of the mail handled. Such  
 7 information includes the cost pool operations where the mail is handled, the  
 8 recorded piece shapes, item<sup>17</sup> and container types of mail processed in those  
 9 cost pool operations.

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<sup>15</sup> A single subclass (and its shape) is recorded when the sampled employee is observed handling a single piece of mail, an item or a container with identical pieces of mail, an item where the top piece rule applies (i.e. a bundle, a letter or flat tray). A subclass is also recorded when mail is processed at piece-sorting equipment. Many subclasses are recorded for an item where the piece contents are counted by subclasses and shapes (i.e. a sack, a pallet, a small parcel tray, a concon). In subsequent processing of the IOCS data, each counted item tally is subdivided into as many tallies as there are subclasses by shape recorded for the item. The dollar weight for the item tally is then prorated over the subdivided tallies on the basis of the piece counts in the item.

<sup>16</sup> More specifically, these include tallies associated with uncounted mixed-mail items, mixed-mail containers, and empty items/containers. The content of a mixed-mail container is 'identified' by the percentages of volume occupied by shapes of loose mail pieces and/or types of items. A mixed-mail container is 'unidentified' if the volume contents are unknown or partially recorded. For subclass distribution purposes, uncounted items are grouped with empty items, and unidentified containers with empty containers: only the type of containerization (either item type or container type), is known for these tallies. See Table 2 in the attachment for the proportion of tallies in these various categories.

<sup>17</sup> It should be noted that in Docket No.R97-1, both witnesses Cohen and Sellick have compiled tables, based on IOCS direct tallies, which show sack type and mail class associations. We find comparable associations for the Base Year 2000: about 70% of the mail processing direct tallies for blue and orange sacks are associated with Express Mail; 77% of those for brown sacks with Periodicals; 76% of those for green sacks with First Class; 87% of those for international sacks with International Mail; 82% of those for orange and yellow sacks with Priority; and 53% of those for white sacks with Standard.

1 For certain cost pools, such as the allied cost pools, item/container data  
2 collected for the handling tallies is congruent with the mixed mail activity codes  
3 (i.e. 5610-letter, 5620-flat, 5700-parcel, 5750-all shapes) assigned to the  
4 handling tallies on the basis of Question 19 operations, and also provides  
5 additional information recorded by the data collector on mail shapes and types of  
6 containerization that can be used to distribute the 5750-tallies to subclasses (see  
7 Table 1<sup>18</sup>, rebuttal testimony of witness Degen in Docket No. R2000-1). Table 4  
8 in the attachment, updates Degen's Table 1 to incorporate the Base Year 2000  
9 IOCS data. The results in Table 4 are consistent with those obtained in Docket  
10 No. R2000-1: the Question 19 method provides shape/class information for  
11 14 percent of the handling mixed mail costs in allied operations, but the item and  
12 container data provide shape/class information for another 76 percent of mixed  
13 mail costs. This information is used in distributing handling allied costs to  
14 subclasses.<sup>19</sup>

15 The distribution of mixed and not-handling tallies is as follows.

16 B.2.3.a. Distribution of Mixed Tallies to Subclasses.

17 In this docket, as was proposed by the Postal Service in Docket No.  
18 R2000-1 and Docket No. R97-1, mixed tallies are distributed to subclasses by  
19 first partitioning the direct and mixed-mail tally dollar weights into the same  
20 categories of piece shapes, item types, and container types, recorded by the  
21 data collector. Mixed item tallies are partitioned into item types. Mixed non-empty  
22 container tallies are further partitioned into piece shapes and item types, using  
23 information based on the data collector's recorded percentage of the container's  
24 volume (cube) occupied by shapes of loose mail pieces and/or types of items.  
25 Mixed empty container tallies are partitioned into container types.

26 Mixed item and non-empty container tallies are then distributed to  
27 subclasses in proportion to the direct tally subclasses from the same item types

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<sup>18</sup> Docket No. R2000-1, Tr. 38/17324 (Aug. 23, 2000).

<sup>19</sup> This approach uses more detailed information than the mixed mail codes used by the Commission in Dockets No. R2000-1 and R97-1.



1 and piece shapes.<sup>20</sup> Empty container tallies are distributed to subclasses in  
 2 proportion to the subclasses from the direct and distributed non-empty container  
 3 tallies of the same container types.

4 Except for platform operations, mixed item and non-empty container  
 5 tallies are distributed to subclasses based on direct piece and item tally  
 6 subclasses from the same cost pool. If there are no direct tallies of the same  
 7 item type in the cost pool, the distribution is based on direct tallies of the same  
 8 item type across all cost pools within a facility grouping.<sup>21</sup>

9 For platform operations, a broader across-pool subclass distribution key is  
 10 used for the mixed tallies. For the MODS platform pool, non-empty container  
 11 tallies are distributed in proportion to the direct piece and item tally subclasses  
 12 from all MODS allied labor pools.<sup>22</sup> For the BMC platform pool, item and non-  
 13 empty container tallies are distributed in proportion to the direct piece and item  
 14 tally subclasses from all BMC cost pools. For the non-MODS 'Allied' cost pool,  
 15 non-empty container tallies are distributed in proportion to the direct piece and  
 16 item tally subclasses from all non-MODS cost pools, excluding the 'Registry' and  
 17 the 'Miscellaneous' pools.

#### 18 B.2.3.b. Distribution of Not-Handling Tallies to Subclasses.

19 In this docket, as was proposed by the Postal Service in Dockets No.  
 20 R2000-1 and No. R97-1, the not-handling tallies for *non-allied, non-support* cost

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<sup>20</sup> The same direct item distribution keys are used, *by item type*, for uncounted item tallies, empty item tallies, or items in non-empty container tallies. In the same cost pool, for example, mail subclasses identified with direct yellow sack tallies are used to distribute the tally portions of containers occupied by yellow sacks, as well as the tallies for uncounted or empty yellow sacks not in containers.

<sup>21</sup> The percent of dollar-weighted item tallies distributed across all cost pools within a facility grouping is: 2.20 percent for MODS, 1.02 percent for BMCs, 3.23 percent for non-MODS.

<sup>22</sup> Not all containers are 'worked' on the platform. Some are rolled directly to other allied operations where they are 'worked'. Therefore, the direct piece and item subclasses used to distribute non-empty containers on the platform are extended to those in all allied operations.

1 pools are distributed to subclasses using the direct and distributed mixed tallies  
2 within the same cost pool. Consequently, for non-allied, non-support cost pools,  
3 it is not necessary to include the not-handling tallies in the pool-specific  
4 distribution key. The same volume-variable costs could be obtained by  
5 multiplying the volume-variable cost fraction of the pool by a distribution key  
6 based simply on handling tallies. In Dockets No. R97-1 and No. R2000-1, the  
7 Commission adopted the Postal Service distribution method for non-allied, non-  
8 support cost pools for its version of mail processing volume-variable costs. The  
9 Commission's volume-variable costs consist of the Postal Service accrued pool  
10 costs excluding the portions represented by the 'migrated' and 'fixed' tallies (as  
11 defined by the IOCS activity codes).

12 In this docket, as was proposed by the Postal Service in Docket No.  
13 R2000-1, the not-handling tallies for the *allied* cost pools are distributed to  
14 subclasses, based on the aggregated handling tallies in all distribution and allied  
15 operations for each of the BMC, MODS and non-MODS facility groupings.

16 For the MODS facilities, the basis for the allied cost pool distribution key  
17 consists of all handling tallies for the Function 1 operations (LDC 11-18) and the  
18 LDC 79 "Bulk Mail Acceptance" unit, excluding the Registry and Business Reply  
19 Units. The allied cost pools include all LDC 17 operations, except for the  
20 "Cancellation/Metered Mail Preparation" group and the LDC 13 "Mechanical  
21 Sorting of Sacks and Outsides" units.<sup>23</sup> The not-handling tallies in these allied  
22 cost pools represent about 36 percent of all not-handling tallies for the mail  
23 processing non-support cost pools in the MODS facilities.

24 For the BMCs, the distribution key, based on all BMC mail processing  
25 handling tallies, is used to distribute the not-handling tallies for the "Platform" and  
26 the "Allied Labor and Other Mail Processing" Cost Pools. The not-handling tallies  
27 in the Platform and Allied cost pools represent about 73 percent of all not-  
28 handling tallies for the mail processing cost pools in the BMCs.

29 For the non-MODS, the distribution key for the not-handling tallies in the  
30 Allied cost pool is based on all non-MODS mail processing handling tallies,  
31 excluding those in the "Registry" and the "Miscellaneous" cost pools. For the

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<sup>23</sup> Under this method, the same distribution key is used for the not-handling costs in each of the affected allied cost pools.

1 Miscellaneous cost pool, it is based on all handling tallies in all non-MODS cost  
 2 pools. The not-handling tallies in the Allied and Miscellaneous cost pools  
 3 represent about 61 percent of all not-handling tallies for the mail processing cost  
 4 pools in the non-MODS facilities.

5 B.2.3.c Distribution of Volume-Variable Costs for MODS support cost pools to  
 6 Subclasses.

7 In this docket, as was proposed by the Postal Service in Docket  
 8 No. R2000-1, the four MODS support cost pools are consolidated into two  
 9 "piggyback" cost pools. The volume-variable costs for the "piggyback" cost pools  
 10 are distributed to subclasses in proportion to the volume-variable costs for  
 11 subclasses in the cost pools they support. The four MODS support cost pools  
 12 are quasi-administrative pools characterized by a high percentage of not-  
 13 handling-mail activities.<sup>24</sup>

14 In this docket, as in Docket No. R2000-1, the "Mail Processing Support"  
 15 and "Miscellaneous" cost pools (1SUPPORT and 1MISC) are combined into a  
 16 Function 1 support cost pool. The "LDC 48 Administrative Support" and  
 17 "LDC 48 Other" cost pools (LD48 ADM and LD48 OTH) are combined into a  
 18 Function 4 support cost pool. The volume-variable cost fraction for each of the  
 19 pools is derived from IOCS data (see B.2.1 above). The handling tallies in these  
 20 pools are not used in the distribution keys (see Witness Degen's testimony in  
 21 Docket No. R2000-1 for the rationale). Instead, the distribution key shares for  
 22 these cost pools are the subclass shares of volume-variable costs in the  
 23 supported operations. Thus, the volume-variable cost for the Function 1 support  
 24 pool is distributed in proportion to all Function 1 and LDC 79 volume-variable  
 25 costs. The volume-variable cost for the Function 4 support pool is distributed in  
 26 proportion to all Function 4 volume-variable costs, including the MODS portion of  
 27 the window service volume-variable costs derived from C/S 3 Worksheet of the  
 28 B Workpapers, Outputs to the CRA (USPS-LR-J-57).

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<sup>24</sup> For the base year 2000, the percentage of not-handling-mail activities ranges from 94 percent for the Function 1 "Mail Processing Support" cost pool (1SUPPORT), to 83 percent for the Function 4 "LDC 48 Administrative" cost pool, to 76 percent for the Function 1 "Miscellaneous" cost pool, and 68 percent for the Function 4 "LDC 48 Other" cost pool.

1 B.2.3.d. Distribution of Volume-Variable Costs to Special Services.

2 In this docket, the same method as the one proposed by the Postal  
3 Service in Docket No. R2000-1 is used to examine the mail processing cost pool  
4 and the mail subclass to determine when it is appropriate to assign a Special  
5 Service cost to the piece of mail being processed.

6 Special Service costs are assigned when the mail pieces with paid special  
7 services are processed by employees clocked into the Special Service-related  
8 cost pools.<sup>25</sup> In the distribution and allied operations, with certain exceptions, the  
9 same mail pieces are processed as ordinary mail pieces of the same subclasses;  
10 therefore they are assigned the underlying subclass costs rather than the  
11 Special Service costs.

12 The exceptions are when the mail pieces are themselves detached Postal  
13 Service forms used in the provision of special services.<sup>26</sup> With those forms,  
14 Special Service costs are incurred in any cost pool in which the forms are  
15 processed. Another exception is the Special Handling service cost which is  
16 incurred in any cost pool, provided the underlying subclass is eligible to receive  
17 the service, i.e. the subclass must be Package Services.

18 With this method, the Special Service handling tallies are treated like any  
19 other subclass handling tallies. They are included in the distribution keys for  
20 mixed-mail and not-handling tallies in all cost pools where Special Service costs  
21 are incurred, the majority of which occurred, by definition, in the Special Service  
22 cost pools.

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<sup>25</sup> The special service-related cost pools for the MODS facilities are the special service cost pools in LDC 18, 48, 49. For non-MODS facilities, they consist of the Registry and Miscellaneous cost pools.

<sup>26</sup> The detached forms are:

- Form 3811 (Return Receipt),
- Form 3547 (Notice to Mailer of Correction in Address) in conjunction with Form 3579 (Undeliverable 2<sup>nd</sup>, 3<sup>rd</sup> or 4<sup>th</sup> Class Matter),
- Form 3804 (Merchandise Return),
- Form 3806 (Registry Receipt),
- Form 3849d (Undeliverable COD).

**B.3. DEVELOPMENT OF SUBCLASS VOLUME-VARIABLE COSTS BY  
AUTOMATION AND PRESORT CATEGORIES, BY COST POOL AND  
BY SHAPE (PART III OF LR-J-55)**

In Part II of LR-J-55, the mail-processing volume-variable costs are generated at the IOCS class activity code level, but aggregated at the CRA subclass level. In Part III of LR-J-55, details by shape and automation categories are provided for specified CRA subclasses in each cost pool.

The specified classes are First-Class, Periodicals, Standard Mail and Package Services. The shapes are letter/card, flat and IPP/parcel. The automation and presort categories are considered only for the letter/card shape. These categories consist of: 1/ the "Automation Carrier-Route" for Presort First Class (the "Automation Carrier-Route" for Standard Mail is already represented as a separate subclass in the CRA) and 2/ the "Automation Non-Carrier-Route" and the "Non-Automation Non-Carrier Route" for both Presort First Class and Standard Mail. For First-Class, Single Piece, the mail processing volume-variable costs are identified separately by metered and non-metered indicia.

The disaggregated subclass volume-variable costs thus obtained are used by Witness Smith (USPS-T-15) to develop test year costs by shape (see USPS LR-J-53). These costs are then used by other witnesses to reconcile model costs to the Base Year CRA.

**C. DEVELOPMENT OF SPECIAL BASE YEAR INPUTS.**

**C.1. SPECIAL BASE YEAR INPUTS FOR THE "COST SEGMENTS AND  
COMPONENTS" REPORT.**

**C.1.1. C/S 3 Base Year Administrative And Window Service Cost Inputs  
(PART IV OF LR-J-55).**

Part IV of LR-J-55 partitions the Administrative<sup>27</sup> and Window Service costs into activities based on IOCS data. These costs are inputs into W/S 3.2 and W/S 3.3 of Witness Meehan's B Workpapers, and subsequently to the "Cost

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<sup>27</sup> ISC administrative costs are combined with non-ISC administrative costs, although the mixed mail distribution for tallies with activity codes 5610, 5620, 5700 and 5750 is done separately for the ISC and non-ISC costs.

1 Segments and Components" Report which generates Administrative and  
2 Window Service volume-variable costs by subclasses.

3 In W/S 3.2, the inputs enable the Window Service activities to be  
4 classified into various pools where respective volume-variability factors and  
5 distribution keys are applied to the costs to obtain subclass volume-variable  
6 costs.

7 In W/S 3.3, the inputs enable the Administrative Service activities to be  
8 classified with those directly associated with subclasses, or with other not-  
9 handling-mail activities, some of which are determined to be non-volume  
10 variable. The Administrative costs are thus partitioned into components in  
11 W/S 3.3 and uploaded to the COBOL CRA base year model where they are  
12 applied to component-specific distribution keys to obtain volume-variable  
13 subclass costs by cost segment and component.

14 It should be noted that in Docket No. R2000-1, all the clocking in and out  
15 costs<sup>28</sup> for the BMC and Non-MODS offices were included in the BMC and Non-  
16 MODS administrative service input costs. They were subsequently apportioned  
17 to the mail processing, window service, claims and inquiries, and other  
18 administrative service costs in Witness Meehan's workpaper 3.0.1. In this  
19 docket, the cost pools for the BMC and Non-MODS offices include their shares  
20 of the clocking in and out costs (see B.1 above). Therefore, only the non-mail  
21 processing clocking in and out amounts are included in the Administrative  
22 Service input costs of witness Meehan's B Workpapers. These costs are  
23 subsequently distributed to Window Services, Claims and Inquiries and Other  
24 Administrative costs in W/S 3.0.1 (see USPS LR-J-57).

25 **C.1.2. Base Year Premium Pay Factors and Other Distribution Key Inputs.**  
26 **(PART V OF LR-J-55).**

27 Part V of LR-J-55 provides various base year inputs to complete the  
28 development of the subclass volume-variable costs by cost segment and  
29 component. They include:

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<sup>28</sup> These are the costs for BMC and Non-MODs tallies associated with activity code 6522.

- 1     1.     The Sunday and Night Differential pay factors and distribution keys to  
2           adjust the mail processing subclass volume-variable costs for premium  
3           pay. The Premium Pay factors are applied to the National Payroll  
4           Premium Costs to obtain non-BMC mail processing premium costs for  
5           Platform and Non-Platform operations (see W/S 3.0.13 of Witness  
6           Meehan's B Workpapers, USPS-LR-J-57). The distribution keys are then  
7           used to back out the premium costs from the mail processing volume-  
8           variable costs for non-preferred mail and attribute them to the preferred  
9           mail.
  - 10    2.     The platform distribution key to distribute the facility space and equipment  
11           costs in cost segment 15.
  - 12    3.     The volume-variability factor and distribution key for the "central mail  
13           mark-up and computer forwarding system" operations to distribute Cost  
14           Segment 2 supervisor and technician costs associated with these  
15           operations.
- 16    Except for incorporating updates implemented in Parts I and II of LR-J-55, the  
17    methodology for items "2" and "3" is the same as that in Docket No. R2000-1.  
18    For item "1", the methodology reflects two technical modifications intended to  
19    more accurately implement the Commission's recommended procedure from  
20    Docket No. R87-1, as follows.
- 21    1.     Premium pay costs are partitioned into BMC/non-BMC and platform/non-  
22           platform using *total* premium pay tallies (i.e., direct, mixed-mail, and not-  
23           handling tallies). In previous dockets, only *direct* premium tallies were  
24           used to partition the sampled premium pay costs.<sup>29</sup> The use of direct  
25           tallies assumes that the proportions of direct premium tallies reasonably  
26           approximate the proportions of total premium costs. Direct tallies,  
27           however, do not represent the entirety of activities for which premium pay  
28           is incurred. Furthermore, platform and BMC operations consist  
29           disproportionately of activities (e.g., transporting containers of mail for  
30           dispatch) that rarely result in direct tallies in IOCS. Thus, the use of only  
31           direct premium tallies in prior dockets for the partition understates the

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<sup>29</sup> The IOCS tally data base, and thus the proportions of non-direct premium tallies, were not available to the Commission in Docket No. R87-1 when the original procedure was established. See PRC Op, R87-1, Vol.1 at 193.

1 proportions of premium pay costs incurred in BMC and in non-BMC  
2 platform operations.

3 2. The intent of the R87-1 Postal Rate Commission opinion is for the  
4 premium pay adjustment to apply to non-BMC mail processing costs.

5 The premium pay adjustment procedure<sup>30</sup> generally consists of the  
6 following steps: 1/ backing out the premium costs from the mail  
7 processing volume-variable costs for each subclass; 2/ distributing the  
8 "Night Differential and Sunday Premium costs" to the corresponding  
9 premium pref mail subclasses for non-platform and all premium  
10 subclasses for platform; and 3/ combining the subclass mail processing  
11 volume-variable costs without premium costs from step 1 with the  
12 corresponding subclass distributed premium costs from step 2.

13 In past dockets, the subtraction key used in step 1 for non-BMC premium  
14 costs inappropriately included volume-variable costs by subclass for the  
15 BMCs, in addition to the costs at non-BMC facilities.<sup>31</sup> This originally  
16 resulted because BMC and non-BMC volume-variable costs by subclass  
17 were not available in the LIOCATT mail processing methodology used  
18 prior to Docket No. R97-1. The effect of including BMC costs in the  
19 subtraction key is to understate the volume-variable costs for mail  
20 predominantly associated with the BMCs.

21 The disaggregation of the mail processing volume-variable costs into  
22 BMC, MODS, and non-MODS cost pools in the current mail processing  
23 cost methodology permits use of non-BMC costs by subclass as the  
24 subtraction key for non-BMC premium pay costs. Thus, Part V of LR-J-55  
25 now includes a premium adjustment worksheet which reflects the  
26 amended procedure. The worksheet follows the same format as is found  
27 in the Premium Adjustment "A" Workpapers of the "Development of Costs  
28 by Segment and Component." The adjusted mail processing volume-

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<sup>30</sup> The Premium Pay Adjustments are documented in Docket No. R2000-1 in the "A" Workpapers of the Development of Costs by Segment and Component.

<sup>31</sup> Witness Wells indicated in his direct testimony in Docket No. R87-1 at page 12 that this treatment of BMC costs was incorrect.



1 variable costs resulting from this worksheet are entered as component 35  
2 into the COBOL model that produces the "Cost Segments and  
3 Components" report.

## 4 **C.2. SPECIAL BASE YEAR INPUTS FOR COSTING STUDIES.**

### 5 **C.2.1. Operation-Specific Crosswalk Matrix (PART VI OF LR-J-55).**

6 Part VI of LR-J-55 generates a matrix that distributes clerk and  
7 mailhandler mail processing volume-variable costs for each of the MODS-based  
8 cost pools to the IOCS-based space and equipment categories. The information  
9 is used to produce conversion factors to crosswalk operation-specific piggyback  
10 factor categories to the MODS-based cost pools. It is incorporated in Witness  
11 Smith's derivation of piggyback factors by major functions (USPS-T-15, LR-J-52).  
12 In Docket No. R2000-1, the break time for the BMCs and the non-MODS were  
13 shown as separate cost pools, and the clocking in and out costs were manually  
14 added. In this docket, the break time and the clocking in and out costs are  
15 factored into the volume-variable costs distributed to the IOCS-based space and  
16 equipment categories for each one of the BMC and non-MODS cost pools.

### 17 **C.2.2 Cost Pool Overhead Factors For Modeled Costs (PART VII OF** 18 **LR-J-55).**

19 Part VII of LR-J-55 develops pool-specific overhead factors to be applied  
20 to modeled costs. In Docket No. R2000-1, the BMC and non-MODS volume-  
21 variable portions of the clocking in/out costs were obtained from W/S 3.1.1 of  
22 Witness Meehan's B Workpapers (USPS-T-11), and were distributed  
23 proportionately to the total pool volume-variable costs obtained in Part II. In this  
24 docket, the procedure includes in the BMC and non-MODS cost pools their  
25 portions of the break time and clocking in/out costs.

### 26 **C.2.3. Base Year C/S 3 Disaggregated Wage Rates (PART VIII OF LR-J-55).**

27 Part VIII of LR-J-55 provides disaggregated base year and test year wage  
28 rates for Cost Segment 3. The wage rates and corresponding hours from Part I  
29 of LR-J-55 are reconciled to the clerk and mailhandler wage rates and GFY  
30 hours for the base year and the test year from USPS LR-J-50.

1           The basic methodologies for Parts III – VIII in USPS-LR-J-55 remain  
2 unchanged relative to those parts in USPS LR I-106, except to the extent that  
3 they incorporate new procedures implemented in Parts I and II. Thus,  
4 modifications to these procedures are automatically reflected in the data for  
5 Parts III – VIII. In addition, Part V of USPS LR-J-55 reflects amendments to the  
6 procedures described in LR-I-106 to remove discrepancies from the premium  
7 pay adjustment procedure and make it consistent with the intent of the  
8 Commission's opinion in Docket No. R87-1.

Table 1: BY 00 Cost Segment 3 Clerk and Mailhandler Cost Pools

MODS 1 & 2 FACILITIES				
SAS name	Cost Pool Title	Pool Total Costs	Pool Volume-Variable Factor	Pool Volume-Variable Cost
<b>Automated Equipment</b>				
BCS/	1 BCS - Other than CBCS/DBCS *	271,818	94%	255,509
BCS/DBCS	2 CBCS / DBCS *	907,867	87%	789,844
OCR/	3 OCR *	240,539	77%	185,215
<b>Mechanized, Letters &amp; Flats</b>				
FSM/	4 FSM - Other than FSM 1000 *	828,728	74%	613,259
FSM/1000	5 FSM 1000 *	345,774	74%	255,873
LSM/	6 LSM,MPLSM & SPLSM W/BCR *	5,169	90%	4,652
<b>Mechanized, Other</b>				
MECPARC	7 Mechanized Parcels	7,946	96%	7,628
SPBS OTH	8 SPBS - Non Priority *	400,738	66%	264,487
SPBSPRIO	9 SPBS - Priority *	111,414	66%	73,533
1SACKS_H	10 Mechanical Sort - Sack Outside	58,731	94%	55,207
<b>Manual Distribution Operations</b>				
MANF	11 Manual Flats *	429,566	71%	304,992
MANL	12 Manual Letters *	1,389,399	58%	805,851
MANP	13 Manual Parcels *	77,645	44%	34,164
PRIORITY	14 Manual Priority *	246,484	55%	135,566
LD15	15 LDC 15 - RBCS	292,071	100%	292,071
<b>Allied Operations</b>				
1BULK PR	16 Bulk Presort	11,683	90%	10,515
1CANCMP	17 Cancellation & Mail Preparation - metered	311,404	97%	302,062
1OPBULK	18 Opening Unit - BBM	326,397	96%	313,341
1OPREF	19 Opening Unit - Preferred Mail	735,488	96%	706,068
1PLATFRM	20 Platform	1,177,922	90%	1,060,130
1POUCHNG	21 Pouching Operations	469,294	95%	445,829
1SACKS_H	22 Manual Sort - Sack Outside	190,070	94%	178,666
1SCAN	23 Air Contract DCS and Incoming	46,286	91%	42,120
<b>Other Operations</b>				
BUSREPLY	24 Business Reply / Postage Due	33,210	94%	31,217
EXPRESS	25 Express Mail	90,832	57%	51,774
MAILGRAM	26 Mailgram	276	67%	185
REGISTRY	27 Registry	138,321	39%	53,945
REWRAP	28 Damaged Parcel Rewrap	14,378	78%	11,215
1EEQMT	29 Empty Equipment	38,140	77%	29,368
1MISC	30 Miscellaneous Activity 1/	159,959	57%	91,177
1SUPPORT	30 Mail Processing Support 1/	209,678	26%	54,516
INTL ISC	31 International	125,177	82%	102,645
<b>LDC 41 - Unit Distribution - Automated</b>				
LD41	32 LDC 41 - Unit Distribution - Automated	31,807	96%	30,535
LD42	33 LDC 42 - Unit Distribution - Mechanized	1,411	96%	1,355
LD43	34 LDC 43 - Unit Distribution - Manual	639,214	94%	600,861
LD44	35 LDC 44 - Post-Office Box Distribution	154,257	95%	146,544
LD48 EXP	36 LDC 48 - Customer Service / Express	5,058	31%	1,568
LD48 OTH	37 LDC 48 - Customer Service / Other 2/	151,388	69%	104,458
LD48_ADM	37 LDC 48 - Customer Service / Admin 2/	181,728	54%	98,133
LD48_SSV	38 LDC 48 - Customer Service / Spec.Servc.	111,824	53%	59,267
LD49	39 LDC 49 - Computerized Forwarding Syst.	276,509	98%	270,979
LD79	40 LDC 79 - Mailing Req' & Bus. Mail Entry	150,485	31%	46,650
MODS 1 & 2 Mail processing Subtotal		11,396,085	78%	8,922,975

**Table 1: BY 00 Cost Segment 3 Clerk and Mailhandler Cost Pools**

<b>MODS 1 &amp; 2 FACILITIES</b>					
SAS name	Cost Pool Title		Pool Total Costs	Pool Volume- Variable Factor	Pool Volume- Variable Cost
	LDC 45 - Window Service		765,750		
	Claims & Inquiries		20,969		
	Administrative Services / Other		831,981		
	<b>Total for MODS 1 &amp; 2 Facilities</b>		<b>13,014,784</b>		
<b>BMC GROUP</b>					
SAS name	Cost Pool Title		Pool Total Cost	Pool Volume- Variable Factor	Pool Volume- Variable Cost
PLA	41 Platform		222,633	95%	211,501
OTHR	42 Allied Labor & all other Mail Processing		280,366	98%	274,759
PSM	43 Parcel Sorting Machine		85,460	100%	85,460
SSM	44 Sack Sorting Machine		37,766	100%	37,766
SPB	45 SPBS & Irregular Parcels (IPP & 115)		81,382	100%	81,382
NMO	46 Non-Machinable Outside (NMO)		45,908	100%	45,908
	BMCs Mail Processing Subtotal 3/		753,515	98%	736,776
	Window Service		341		
	Claims & Inquiries		1,193		
	Administrative Services 4/		95,084		
	<b>Total for BMC Facilities</b>		<b>850,132</b>		
<b>NON-MODS GROUP</b>					
SAS name	Cost Pool Title		Pool Total Cost	Pool Volume- Variable Factor	Pool Volume- Variable Cost
ALLIED	47 Allied		706,170	93%	656,738
AUTO/MECH	48 Automated/Mechanized		185,647	100%	185,647
EXPRESS	49 Express Mail		25,107	36%	9,039
MANF	50 Manual Flat		584,893	100%	584,893
MANL	51 Manual Letter		799,930	100%	799,930
MANP	52 Manual Parcel		185,346	100%	185,346
REGISTRY	53 Registry		48,586	36%	17,491
MISC	54 Miscellaneous		307,919	68%	209,385
	Non-MODS Mail Processing Subtotal 3/		2,843,598	93%	2,648,468
	Window Service		1,400,378		
	Claims & Inquiries		14,034		
	Administrative Services 4/		575,539		
	<b>Total for Non-MODS Facilities</b>		<b>4,833,548</b>		
	<b>C/S 3.4 CLERK MESSENGERS</b>		<b>47,941</b>		
	<b>TOTAL CLERK / MAILHANDLER COSTS</b>		<b>18,746,405</b>		

**Footnotes:**

\* Econometrically derived volume-variability factors

1/ These support costpools are combined into the piggyback cost pool 1SUPP\_F1

2/ These support costpools are combined into the piggyback cost pool 1SUPP\_F4

3/ The mail processing cost pools include their portion of the clocking in/out (actv=6522) costs

4/ The non-mail processing portion of the clocking in/out costs are included in the Administrative Services

Table 2: Proportion of Tallies by Handling ("direct" and "Mixed") and Not-Handling Categories, and by Facility Groupings - BY 00.

Tally Category	Percentage of Dollar-Weighted Tallies			
	BMCs	MODS 1&2	Non-MODS	Total
<b>Direct Tallies</b>				
Pieces	20.15%	32.15%	51.31%	34.89%
Items	10.37%	10.06%	9.96%	10.06%
Containers	0.65%	0.36%	0.33%	0.37%
Total Direct	31.17%	42.57%	61.60%	45.32%
<b>Mixed Tallies</b>				
<b>Mixed Item Tallies</b>				
Uncounted Item	1.42%	0.55%	0.25%	0.54%
Empty Item	4.06%	2.66%	1.68%	2.56%
Total Item	5.48%	3.21%	1.93%	3.10%
<b>Mixed Container Tallies</b>				
Identified Container				
Loose Pieces	4.64%	1.56%	1.69%	1.74%
Items	2.31%	3.55%	1.92%	3.20%
Subtotal	6.95%	5.11%	3.61%	4.94%
Unidentified Container	0.48%	0.15%	0.23%	0.18%
Empty Container	7.46%	4.45%	3.96%	4.52%
Total Container	14.89%	9.71%	7.80%	9.64%
Total Mixed	20.37%	12.92%	9.73%	12.74%
<b>Not-Handling Tallies</b>	48.46%	44.51%	28.67%	41.94%
<b>TOTAL</b>	100.00%	100.00%	100.00%	100.00%

**TABLE 3: BY 00 MAIL PROCESSING VOLUME-VARIABLE COSTS - MODS 1 AND 2 COST POOLS**

Mail class	Costpool	MODS 11	MODS 11	MODS 11	MODS 12	MODS 12	MODS 12	MODS 13	MODS 13	MODS 13
		BCS/	BCS/DBCS	OCR/	FSM/	FSM/1000	LSM/	MECPARC	SPBS OTH	SPBSPRIO
<b>1-LETTERS-SINGLE PIECE</b>										
Vol-Var Costs	136482	379819	111173	277293	100529	2080.7	1081.5	52956	10503	
Col. Pct	53.42	48.09	60.02	45.22	39.29	44.73	14.18	20.02	14.28	
<b>2-LETTERS-PRESORT</b>										
Vol-Var Costs	55508	204740	29688	30786	11842	466.9	462.03	4616.4	1092	
Col. Pct	21.72	25.92	16.03	5.02	4.63	10.04	6.06	1.75	1.49	
<b>3-CARDS-SINGLE PIECE</b>										
Vol-Var Costs	3805	11530	4672.2	366.83	118.4	334.39	9.7422	245.36	4.9247	
Col. Pct	1.49	1.46	2.52	0.06	0.05	7.19	0.13	0.09	0.01	
<b>4-CARDS-PRESORT</b>										
Vol-Var Costs	1567.1	3873.6	1032.7	0.0452	0.0275	0.0073	1.2838	0	0.1736	
Col. Pct	0.61	0.49	0.56	0	0	0	0.02	0	0	
<b>5-PRIORITY MAIL</b>										
Vol-Var Costs	929.4	937.76	106.63	9288.1	6195.1	1.7548	2012.8	17811	50611	
Col. Pct	0.36	0.12	0.06	1.51	2.42	0.04	26.39	6.73	68.83	
<b>6-EXPRESS MAIL</b>										
Vol-Var Costs	14.906	38.343	8.4473	44.526	77.471	20.554	3.5544	158.88	121.67	
Col. Pct	0.01	0	0	0.01	0.03	0.44	0.05	0.06	0.17	
<b>7-MAILGRAM</b>										
Vol-Var Costs	0	5.81E-05	0	0	0	5.52E-07	2.73E-05	0	5.56E-06	
Col. Pct	0	0	0	0	0	0	0	0	0	
<b>8-1 PERIODICALS-IN COUNTY</b>										
Vol-Var Costs	0.9856	88.71	0.7678	276.68	370.26	0.0083	13.306	16.113	6.8632	
Col. Pct	0	0.01	0	0.05	0.14	0	0.17	0.01	0.01	
<b>8-2 PERIODICALS-REGULAR</b>										
Vol-Var Costs	212.01	1251.7	241.89	40219	33074	48.433	250.1	31133	2070.3	
Col. Pct	0.08	0.16	0.13	6.56	12.93	1.04	3.28	11.77	2.82	
<b>8-3 PERIODICALS-NON PROFIT</b>										
Vol-Var Costs	3.8267	552.73	3.8268	6194	4366.7	0.0618	44.86	5240.2	335.55	
Col. Pct	0	0.07	0	1.01	1.71	0	0.59	1.98	0.46	
<b>8-4 PERIODICALS-CLASSROOM</b>										
Vol-Var Costs	0.0895	0.9217	0.0585	628.89	70.013	0.0054	3.5661	103.34	1.9473	
Col. Pct	0	0	0	0.1	0.03	0	0.05	0.04	0	
<b>10-STANDARD REG/ENH CARR RTE</b>										
Vol-Var Costs	3621.3	9849.3	2111.3	12275	4843.5	0.1442	44.014	22756	795.36	
Col. Pct	1.42	1.25	1.14	2	1.89	0	0.58	8.6	1.08	
<b>11-STANDARD REG/OTHER</b>										
Vol-Var Costs	37261	126093	21801	187557	71404	287.41	1177.5	94030	1838.5	
Col. Pct	14.58	15.96	11.77	30.58	27.91	6.18	15.44	35.55	2.5	
<b>12-STANDARD NPRF/ENH CARR RTE</b>										
Vol-Var Costs	798.56	2791.5	706.99	1642.1	1082.6	0.0129	5.1187	668.91	2.853	
Col. Pct	0.31	0.35	0.38	0.27	0.42	0	0.07	0.25	0	
<b>13-STANDARD NPRF/OTHER</b>										
Vol-Var Costs	12210	42315	11238	30093	12476	153.59	280.31	12706	711.27	
Col. Pct	4.78	5.36	6.07	4.91	4.88	3.3	3.67	4.8	0.97	
<b>14-(B) PARCEL POST</b>										
Vol-Var Costs	232	83.938	9.2623	260.24	127.2	0.4307	1321.5	4199.2	1731	
Col. Pct	0.09	0.01	0.01	0.04	0.05	0.01	17.32	1.59	2.35	
<b>15-(B) BOUND PRINTED MATTER</b>										
Vol-Var Costs	109.4	464.33	83.267	4348.4	2582.1	63.005	540.36	7610.7	218.96	
Col. Pct	0.04	0.06	0.04	0.71	1.01	1.35	7.08	2.88	0.3	
<b>16-(B) SPECIAL</b>										
Vol-Var Costs	10.381	112.22	2.9905	1576.2	1050	0.0705	135.9	4254.7	305.25	
Col. Pct	0	0.01	0	0.26	0.41	0	1.78	1.61	0.42	
<b>17-(B) LIBRARY</b>										
Vol-Var Costs	0	0.4284	0	376.87	60.377	0.0131	1.0535	660.38	0.4817	
Col. Pct	0	0	0	0.06	0.02	0	0.01	0.25	0	

TABLE 3: BY 00 MAIL PROCESSING VOLUME-VARIABLE COSTS - MODS 1 AND 2 COST POOLS

Mail class	Costpool								
		MODS 11	MODS 11	MODS 11	MODS 12	MODS 12	MODS 12	MODS 13	MODS 13
		BCS/	BCS/DBCS	OCR/	FSM/	FSM/1000	LSM/	MECPARC	SPBS OTH
									SPBSPRIO
<b>18--USPS</b>									
Vol-Var Costs	578.36	2623.3	562.22	3563.7	1603.9	20.53	183.55	1877.7	2489.9
Col. Pct	0.23	0.33	0.3	0.58	0.63	0.44	2.41	0.71	3.39
<b>19--FREE MAIL</b>									
Vol-Var Costs	2.4238	0.3398	0	255.45	107.65	0.0106	0.3856	1173.8	88.62
Col. Pct	0	0	0	0.04	0.04	0	0.01	0.44	0.12
<b>20--INTERNATIONAL MAIL</b>									
Vol-Var Costs	2115.9	2220.8	1685.5	6076.4	3892.3	1174	48.341	2269.8	586.44
Col. Pct	0.83	0.28	0.91	0.99	1.52	25.24	0.63	0.86	0.8
<b>21--REGISTRY</b>									
Vol-Var Costs	46.242	183.62	14.106	137.05	0	0.0101	5.4589	0	17.278
Col. Pct	0.02	0.02	0.01	0.02	0	0	0.07	0	0.02
<b>22--CERTIFIED</b>									
Vol-Var Costs	0	0.0284	0	0	0	0.0019	0.4313	0	0.0232
Col. Pct	0	0	0	0	0	0	0.01	0	0
<b>23--INSURANCE</b>									
Vol-Var Costs	0	0.0799	0	0	0	0.0023	0.0028	0	0.0135
Col. Pct	0	0	0	0	0	0	0	0	0
<b>24--COD</b>									
Vol-Var Costs	0	0.0003	0	0	0	0	0.0028	0	0.0015
Col. Pct	0	0	0	0	0	0	0	0	0
<b>24-1MONEY ORDERS</b>									
Vol-Var Costs	0	0	0	0	0	0	0	0	0
Col. Pct	0	0	0	0	0	0	0	0	0
<b>24-2STAMPED ENVELOPES</b>									
Vol-Var Costs	0	0	0	0	0	0	0	0	0
Col. Pct	0	0	0	0	0	0	0	0	0
<b>25--SPECIAL HANDLING</b>									
Vol-Var Costs	0	0.0441	0	0	0	0.0016	0.0003	0	0.0022
Col. Pct	0	0	0	0	0	0	0	0	0
<b>25-1P.O. BOX</b>									
Vol-Var Costs	0	0	0	0	0	0	0	0	0
Col. Pct	0	0	0	0	0	0	0	0	0
<b>26--OTHER SERVICES</b>									
Vol-Var Costs	0	273.62	71.295	0	0	0.0017	1.4433	0	0.0574
Col. Pct	0	0.03	0.04	0	0	0	0.02	0	0
<b>Total</b>									
Vol-Var Costs	255509	789844	185215	613259	255873	4652.1	7628.16	264487	73533.2
Percent	2.86	8.85	2.08	6.87	2.87	0.05	0.09	2.96	0.82

TABLE 3: BY 00 MAIL PROCESSING VOLUME-VARIABLE COSTS - MODS 1 AND 2 COST POOLS

Mail class	Costpool	MODS 13	MODS 14	MODS 14	MODS 14	MODS 14	MODS 15	MODS 17	MODS 17	MODS 17
		1SACKS_M	MANF	MANL	MANP	PRIORITY	LD15	1BULK PR	1CANCMP	10PBULK
<b>1-LETTERS-SINGLE PIECE</b>										
Vol-Var Costs		18874	120724	475103	6347.6	6789.7	221996	3043.5	253628	88456
Col. Pct		34.19	39.58	58.96	18.58	5.01	76.01	28.94	83.97	28.23
<b>2-LETTERS-PRESORT</b>										
Vol-Var Costs		5350.9	12921	100840	886.42	1133.2	36477	2385.2	11523	23769
Col. Pct		9.69	4.24	12.51	2.59	0.84	12.49	22.68	3.81	7.59
<b>3-CARDS-SINGLE PIECE</b>										
Vol-Var Costs		536.63	523.75	42321	106.28	67.394	7389.6	168.91	7876	2904.5
Col. Pct		0.97	0.17	5.25	0.31	0.05	2.53	1.61	2.61	0.93
<b>4-CARDS-PRESORT</b>										
Vol-Var Costs		100.1	62.233	6447.3	0	0.0921	274.83	14.493	452.39	638.72
Col. Pct		0.18	0.02	0.8	0	0	0.09	0.14	0.15	0.2
<b>5-PRIORITY MAIL</b>										
Vol-Var Costs		4607.2	6281.9	3856	10238	114879	286.55	443.25	7911.7	16131
Col. Pct		8.35	2.06	0.48	29.97	84.74	0.1	4.22	2.62	5.15
<b>6-EXPRESS MAIL</b>										
Vol-Var Costs		632.67	73.212	1311.7	116.97	1371.5	0	90.316	466.65	1883.1
Col. Pct		1.15	0.02	0.16	0.34	1.01	0	0.86	0.15	0.6
<b>7-MAILGRAM</b>										
Vol-Var Costs		0.4341	0	58.53	0	0	0	0.0632	0	1.9795
Col. Pct		0	0	0.01	0	0	0	0	0	0
<b>8-1 PERIODICALS-IN COUNTY</b>										
Vol-Var Costs		216.11	1720.9	144.67	0.1892	9.6685	0	5.9623	6.0671	290.64
Col. Pct		0.39	0.56	0.02	0	0.01	0	0.06	0	0.09
<b>8-2 PERIODICALS-REGULAR</b>										
Vol-Var Costs		4945.4	50214	7031.6	621.45	1332.3	0	588.69	664.51	19357
Col. Pct		8.96	16.46	0.87	1.82	0.98	0	5.6	0.22	6.18
<b>8-3 PERIODICALS-NON PROFIT</b>										
Vol-Var Costs		777.1	8939.1	1297.4	317.05	257.66	0	44.872	126.56	3346.3
Col. Pct		1.41	2.93	0.16	0.93	0.19	0	0.43	0.04	1.07
<b>8-4 PERIODICALS-CLASSROOM</b>										
Vol-Var Costs		23.045	162.86	0.942	76.847	3.8422	0	3.4775	0.759	296.93
Col. Pct		0.04	0.05	0	0.22	0	0	0.03	0	0.09
<b>10-STANDARD REG/ENH CARR RTE</b>										
Vol-Var Costs		1792.2	6270.7	6999	173.92	276.49	855.68	756.78	1627.4	14100
Col. Pct		3.25	2.06	0.87	0.51	0.2	0.29	7.2	0.54	4.5
<b>11-STANDARD REG/OTHER</b>										
Vol-Var Costs		9592.8	75539	95473	4420	1395.6	12851	2092.9	7122.6	105725
Col. Pct		17.38	24.77	11.85	12.94	1.03	4.4	19.9	2.36	33.74
<b>12-STANDARD NPRF/ENH CARR RTE</b>										
Vol-Var Costs		288.53	1523.9	1609.3	75.75	8.2361	1256.6	16.094	204.69	1787.6
Col. Pct		0.52	0.5	0.2	0.22	0.01	0.43	0.15	0.07	0.57
<b>13-STANDARD NPRF/OTHER</b>										
Vol-Var Costs		2363.1	11012	39105	542.37	249.04	6247.5	585.66	2130	20824
Col. Pct		4.28	3.61	4.85	1.59	0.18	2.14	5.57	0.71	6.65
<b>14-(B) PARCEL POST</b>										
Vol-Var Costs		2612.4	289.09	300.98	5260.3	415.74	0	53.615	1160.4	3004.8
Col. Pct		4.73	0.09	0.04	15.4	0.31	0	0.51	0.38	0.96
<b>15-(B) BOUND PRINTED MATTER</b>										
Vol-Var Costs		650.55	1884.8	384.17	1120.2	22.378	0	37.48	638.82	2947.7
Col. Pct		1.18	0.62	0.05	3.28	0.02	0	0.36	0.21	0.94
<b>16-(B) SPECIAL</b>										
Vol-Var Costs		107.82	1052	189.28	1196.4	68.592	0	14.901	384.67	714.06
Col. Pct		0.2	0.34	0.02	3.5	0.05	0	0.14	0.13	0.23
<b>17-(B) LIBRARY</b>										
Vol-Var Costs		24.473	0.346	0	329.29	95.262	0	3.0601	6.4272	398.98
Col. Pct		0.04	0	0	0.96	0.07	0	0.03	0	0.13



TABLE 3: BY 00 MAIL PROCESSING VOLUME-VARIABLE COSTS - MODS 1 AND 2 COST POOLS

Mail class	Costpool	MODS 13	MODS 14	MODS 14	MODS 14	MODS 14	MODS 15	MODS 17	MODS 17	MODS 17
		1SACKS_M	MANF	MANL	MANP	PRIORITY	LD15	1BULK PR	1CANCMP	1OPBULK
<b>18-USPS</b>										
Vol-Var Costs		367	1632.8	7044.1	469.85	4212.5	474.27	42.458	2555.4	1930.8
Col. Pct		0.66	0.54	0.87	1.38	3.11	0.16	0.4	0.85	0.62
<b>19-FREE MAIL</b>										
Vol-Var Costs		36.862	215.26	529.47	112.68	1.8941	0	6.1817	1025	252.34
Col. Pct		0.07	0.07	0.07	0.33	0	0	0.06	0.34	0.08
<b>20-INTERNATIONAL MAIL</b>										
Vol-Var Costs		1196.8	3946	14430	1744.7	2940.5	3962	113.52	2344.7	4333.3
Col. Pct		2.17	1.29	1.79	5.11	2.17	1.36	1.08	0.78	1.38
<b>21-REGISTRY</b>										
Vol-Var Costs		93.804	2.8417	66.045	6.9818	35.448	0	0.98	13.934	171.17
Col. Pct		0.17	0	0.01	0.02	0.03	0	0.01	0	0.05
<b>22-CERTIFIED</b>										
Vol-Var Costs		0.4025	0	0	0	0	0	0.0019	0	0.0603
Col. Pct		0	0	0	0	0	0	0	0	0
<b>23-INSURANCE</b>										
Vol-Var Costs		0.0068	0	0	0	0	0	0.0002	0	0.0059
Col. Pct		0	0	0	0	0	0	0	0	0
<b>24-COD</b>										
Vol-Var Costs		0.006	0	0	0	0	0	0.0001	0	0.0022
Col. Pct		0	0	0	0	0	0	0	0	0
<b>24-1MONEY ORDERS</b>										
Vol-Var Costs		0	0	0	0	0	0	0	0	0
Col. Pct		0	0	0	0	0	0	0	0	0
<b>24-2STAMPED ENVELOPES</b>										
Vol-Var Costs		0	0	0	0	0	0	0	0	0
Col. Pct		0	0	0	0	0	0	0	0	0
<b>25-SPECIAL HANDLING</b>										
Vol-Var Costs		0.9501	0	0	0	0	0	0.1381	0	4.3299
Col. Pct		0	0	0	0	0	0	0	0	0
<b>25-1P.O. BOX</b>										
Vol-Var Costs		0	0	0	0	0	0	0	0	0
Col. Pct		0	0	0	0	0	0	0	0	0
<b>26-OTHER SERVICES</b>										
Vol-Var Costs		16.076	0	1310.6	0	0	0	2.2336	192.05	70.006
Col. Pct		0.03	0	0.16	0	0	0	0.02	0.06	0.02
<b>Total</b>										
Vol-Var Costs		55207.1	304992	805851	34163.8	135566	292071	10514.7	302062	313341
Percent		0.62	3.42	9.03	0.38	1.52	3.27	0.12	3.39	3.51

TABLE 3: BY 00 MAIL PROCESSING VOLUME-VARIABLE COSTS - MODS 1 AND 2 COST POOLS

Mail class	Costpool	MODS 17	MODS 17	MODS 17	MODS 17	MODS 17	MODS 18	MODS 18	MODS 18	MODS 18
	MODS 17	MODS 17	MODS 17	MODS 17	MODS 17	MODS 18	MODS 18	MODS 18	MODS 18	MODS 18
	10PPREF	1PLATFRM	1POUCHNG	1SACKS_H	1SCAN	BUSREPLY	EXPRESS	MAILGRM	REGISTRY	
<b>1--LETTERS-SINGLE PIECE</b>										
Vol-Var Costs	286808	407192	193116	55801	15206	9914.2	2928.8	79.954	5712.9	
Col. Pct	40.62	38.41	43.32	31.23	36.1	31.76	5.66	43.24	10.59	
<b>2--LETTERS-PRESORT</b>										
Vol-Var Costs	89012	108860	50665	18277	5628.3	673.99	443.19	0	1620.4	
Col. Pct	12.61	10.27	11.36	10.23	13.36	2.16	0.86	0	3	
<b>3--CARDS-SINGLE PIECE</b>										
Vol-Var Costs	8560	13297	6526.3	1848.6	598.01	554.23	169.78	0	670.54	
Col. Pct	1.21	1.25	1.46	1.03	1.42	1.78	0.33	0	1.24	
<b>4--CARDS-PRESORT</b>										
Vol-Var Costs	1697.8	2628.5	1258.6	314.09	378.95	0.0824	0.4422	0	0	
Col. Pct	0.24	0.25	0.28	0.18	0.9	0	0	0	0	
<b>5--PRIORITY MAIL</b>										
Vol-Var Costs	50119	104857	35396	19421	7293.8	502.78	1417.1	0	313.32	
Col. Pct	7.1	9.89	7.94	10.87	17.32	1.61	2.74	0	0.58	
<b>6--EXPRESS MAIL</b>										
Vol-Var Costs	5023.4	13104	4668.4	2332.7	1540.2	240.87	38674	0	1608.5	
Col. Pct	0.71	1.24	1.05	1.31	3.66	0.77	74.7	0	2.98	
<b>7--MAILGRAM</b>										
Vol-Var Costs	4.4532	8.6474	2.9827	1.3287	0.342	6.23E-06	0.0016	0	60.355	
Col. Pct	0	0	0	0	0	0	0	0	0.11	
<b>8-1 PERIODICALS-IN COUNTY</b>										
Vol-Var Costs	1428.1	1645.8	722	272.76	31.009	0.0969	0.7199	0	9.2644	
Col. Pct	0.2	0.16	0.16	0.15	0.07	0	0	0	0.02	
<b>8-2 PERIODICALS-REGULAR</b>										
Vol-Var Costs	52954	65334	23527	15047	1412.2	184.71	307.98	0	214.61	
Col. Pct	7.5	6.16	5.28	8.42	3.35	0.59	0.59	0	0.4	
<b>8-3 PERIODICALS-NON PROFIT</b>										
Vol-Var Costs	8916	10443	4269.1	2758.2	227.63	0.7143	75.109	0	27.682	
Col. Pct	1.26	0.99	0.96	1.54	0.54	0	0.15	0	0.05	
<b>8-4 PERIODICALS-CLASSROOM</b>										
Vol-Var Costs	1036.4	1086.5	324.41	77.309	15.374	0.0618	0.1291	0	1.3174	
Col. Pct	0.15	0.1	0.07	0.04	0.04	0	0	0	0	
<b>10--STANDARD REG/ENH CARR RTE</b>										
Vol-Var Costs	16772	30711	8210.5	6132.3	643.94	99.486	45.451	104.97	11.023	
Col. Pct	2.38	2.9	1.84	3.43	1.53	0.32	0.09	56.76	0.02	
<b>11--STANDARD REG/OTHER</b>										
Vol-Var Costs	115460	180844	71992	29696	5736.4	354.44	333.42	0	364.55	
Col. Pct	16.35	17.06	16.15	16.62	13.62	1.14	0.64	0	0.68	
<b>12--STANDARD NPRF/ENH CARR RTE</b>										
Vol-Var Costs	1968	3449	1433.8	500.7	151.47	0.1457	0.9191	0	1.6442	
Col. Pct	0.28	0.33	0.32	0.28	0.36	0	0	0	0	
<b>13--STANDARD NPRF/OTHER</b>										
Vol-Var Costs	28781	41526	18172	6286.5	1332.6	1.616	7.0639	0	2.5802	
Col. Pct	4.08	3.92	4.08	3.52	3.16	0.01	0.01	0	0	
<b>14--(B) PARCEL POST</b>										
Vol-Var Costs	7419.1	23114	4648.4	10641	327.95	777.87	7.6022	0	358.27	
Col. Pct	1.05	2.18	1.04	5.96	0.78	2.49	0.01	0	0.66	
<b>15--(B) BOUND PRINTED MATTER</b>										
Vol-Var Costs	4718.3	11425	3057.8	2706.6	183.5	89.789	3.3556	0	5.6915	
Col. Pct	0.67	1.08	0.69	1.51	0.44	0.29	0.01	0	0.01	
<b>16--(B) SPECIAL</b>										
Vol-Var Costs	2665.2	4388.8	1938.8	678.25	82.33	76.895	2.6838	0	1.532	
Col. Pct	0.38	0.41	0.43	0.38	0.2	0.25	0.01	0	0	
<b>17--(B) LIBRARY</b>										
Vol-Var Costs	603.25	912.28	493.5	290.08	16.649	0.1473	0.3257	0	0	
Col. Pct	0.09	0.09	0.11	0.16	0.04	0	0	0	0	

TABLE 3: BY 00 MAIL PROCESSING VOLUME-VARIABLE COSTS - MODS 1 AND 2 COST POOLS

Mail class	Costpool	MODS 17	MODS 17	MODS 17	MODS 17	MODS 17	MODS 18	MODS 18	MODS 18	MODS 18
	MODS 17	MODS 17	MODS 17	MODS 17	MODS 17	MODS 18	MODS 18	MODS 18	MODS 18	MODS 18
	10PPREF	1PLATFRM	1POUCHNG	1SACKS_H	1SCAN	BUSREPLY	EXPRESS	MAILGRM	REGISTRY	
<b>18--USPS</b>										
Vol-Var Costs	5757	9616.4	3602	1657.4	419.12	1988.1	1669.8	0	9752.8	
Col. Pct	0.82	0.91	0.81	0.93	1	6.37	3.23	0	18.08	
<b>19--FREE MAIL</b>										
Vol-Var Costs	944.83	2119.7	618.23	256.81	32.091	0.1201	0.0913	0	0	
Col. Pct	0.13	0.2	0.14	0.14	0.08	0	0	0	0	
<b>20--INTERNATIONAL MAIL</b>										
Vol-Var Costs	15183	22976	10978	3412	839.02	787.04	5397.9	0	8394	
Col. Pct	2.15	2.17	2.46	1.91	1.99	2.52	10.43	0	15.56	
<b>21--REGISTRY</b>										
Vol-Var Costs	69.099	134.18	46.282	100.11	9.9868	0.114	26.513	0	24814	
Col. Pct	0.01	0.01	0.01	0.06	0.02	0	0.05	0	46	
<b>22--CERTIFIED</b>										
Vol-Var Costs	0.1357	0.2635	0.0909	0.0405	0.0148	0.022	0.465	0	0	
Col. Pct	0	0	0	0	0	0	0	0	0	
<b>23--INSURANCE</b>										
Vol-Var Costs	0.0132	0.0256	0.0088	0.0039	0.001	0.0257	0.0213	0	0	
Col. Pct	0	0	0	0	0	0	0	0	0	
<b>24--COD</b>										
Vol-Var Costs	0.0049	0.0095	0.0033	0.0015	0.0004	0	0.0157	0	0	
Col. Pct	0	0	0	0	0	0	0	0	0	
<b>24-1MONEY ORDERS</b>										
Vol-Var Costs	0	0	0	0	0	0	0	0	0	
Col. Pct	0	0	0	0	0	0	0	0	0	
<b>24-2STAMPED ENVELOPES</b>										
Vol-Var Costs	0	0	0	0	0	0	0	0	0	
Col. Pct	0	0	0	0	0	0	0	0	0	
<b>25--SPECIAL HANDLING</b>										
Vol-Var Costs	9.7408	59.406	6.5243	106.53	0.7618	0.0179	0.0071	0	0	
Col. Pct	0	0.01	0	0.06	0	0	0	0	0	
<b>25-1P.O. BOX</b>										
Vol-Var Costs	0	0	0	0	0	0	0	0	0	
Col. Pct	0	0	0	0	0	0	0	0	0	
<b>26--OTHER SERVICES</b>										
Vol-Var Costs	157.49	395.42	155.54	50.703	12.113	14970	261.22	0	0	
Col. Pct	0.02	0.04	0.03	0.03	0.03	47.95	0.5	0	0	
<b>Total</b>										
Vol-Var Costs	706068	1060130	445829	178666	42120.3	31217.4	51774.2	184.92	53945.2	
Percent	7.91	11.88	5	2	0.47	0.35	0.58	0	0.6	

TABLE 3: BY 00 MAIL PROCESSING VOLUME-VARIABLE COSTS - MODS 1 AND 2 COST POOLS

Mail class	Costpool	MODS 18	MODS 18	MODS 19	MODS 41	MODS 42	MODS 43	MODS 44	MODS 48	MODS 48
	REWRAP	1EEQMT	INTL ISC	LD41	LD42	LD43	LD44	LD48 EXP	LD48_SSV	
<b>1--LETTERS-SINGLE PIECE</b>										
Vol-Var Costs	5922.7	10346	6823	13784	674.06	208120	75996	103.34	18199	
Col. Pct	52.81	35.23	6.65	45.14	49.76	34.64	51.86	6.59	30.71	
<b>2--LETTERS-PRESORT</b>										
Vol-Var Costs	724.14	2171.7	1820.1	8363.1	109.72	55104	26072	9.9433	3593.2	
Col. Pct	6.46	7.39	1.77	27.39	8.1	9.17	17.79	0.63	6.06	
<b>3--CARDS-SINGLE PIECE</b>										
Vol-Var Costs	369.36	299.22	239.37	462.8	0.1564	7193.8	1212.2	1.3412	892.41	
Col. Pct	3.29	1.02	0.23	1.52	0.01	1.2	0.83	0.09	1.51	
<b>4--CARDS-PRESORT</b>										
Vol-Var Costs	1.0725	57.205	23.416	69.733	0.0247	1412.5	180.24	0.2611	229.5	
Col. Pct	0.01	0.19	0.02	0.23	0	0.24	0.12	0.02	0.39	
<b>5--PRIORITY MAIL</b>										
Vol-Var Costs	710.53	2079.5	6441.9	66.08	50.618	67809	7020.8	160.63	4036.8	
Col. Pct	6.34	7.08	6.28	0.22	3.74	11.29	4.79	10.24	6.81	
<b>6--EXPRESS MAIL</b>										
Vol-Var Costs	5.3668	226.86	2699.4	87.973	7.9757	3747.1	1229.6	1028.8	6619	
Col. Pct	0.05	0.77	2.63	0.29	0.59	0.62	0.84	65.61	11.17	
<b>7--MAILGRAM</b>										
Vol-Var Costs	0.0001	0.2031	0	1.94E-05	1.01E-05	0	6.93E-06	0	0	
Col. Pct	0	0	0	0	0	0	0	0	0	
<b>8-1 PERIODICALS-IN COUNTY</b>										
Vol-Var Costs	0.8919	40.884	2.2821	0.0545	9.4946	1433.8	110.29	0.1764	0.2141	
Col. Pct	0.01	0.14	0	0	0.7	0.24	0.08	0.01	0	
<b>8-2 PERIODICALS-REGULAR</b>										
Vol-Var Costs	242.68	1687.5	619.14	152.11	64.246	38020	4981.9	6.47	1150.1	
Col. Pct	2.16	5.75	0.6	0.5	4.74	6.33	3.4	0.41	1.94	
<b>8-3 PERIODICALS-NON PROFIT</b>										
Vol-Var Costs	8.2178	242.93	11.295	0.4512	8.2294	5553.6	885.33	1.099	258.03	
Col. Pct	0.07	0.83	0.01	0	0.61	0.92	0.6	0.07	0.44	
<b>8-4 PERIODICALS-CLASSROOM</b>										
Vol-Var Costs	0.456	18.076	0.4553	0.0567	0.0156	326.91	1.5217	0.0948	0.0525	
Col. Pct	0	0.06	0	0	0	0.05	0	0.01	0	
<b>10--STANDARD REG/ENH CARR RTE</b>										
Vol-Var Costs	108.64	1153.2	176.27	703.83	40.317	33568	1150.4	4.1903	886.15	
Col. Pct	0.97	3.93	0.17	2.31	2.98	5.59	0.79	0.27	1.5	
<b>11--STANDARD REG/OTHER</b>										
Vol-Var Costs	1266.7	6477	143.87	4815.5	278.39	115933	19195	16.593	2806.9	
Col. Pct	11.3	22.05	0.14	15.77	20.55	19.29	13.1	1.06	4.74	
<b>12--STANDARD NPRF/ENH CARR RTE</b>										
Vol-Var Costs	1.7008	83.03	3.4466	83.585	0.0472	2386.5	94.401	0.3145	1.566	
Col. Pct	0.02	0.28	0	0.27	0	0.4	0.06	0.02	0	
<b>13--STANDARD NPRF/OTHER</b>										
Vol-Var Costs	111.43	3144.6	118.25	1611.4	99.52	19152	2782.2	3.6297	435.82	
Col. Pct	0.99	10.71	0.12	5.28	7.35	3.19	1.9	0.23	0.74	
<b>14--(B) PARCEL POST</b>										
Vol-Var Costs	286.61	277.75	525.65	145.32	0.5856	16174	510.12	0.0807	780.42	
Col. Pct	2.56	0.95	0.51	0.48	0.04	2.69	0.35	0.01	1.32	
<b>15--(B) BOUND PRINTED MATTER</b>										
Vol-Var Costs	261.54	209.24	874.6	1.0799	0.3032	8037.6	396.18	0.4573	5.6879	
Col. Pct	2.33	0.71	0.85	0	0.02	1.34	0.27	0.03	0.01	
<b>16--(B) SPECIAL</b>										
Vol-Var Costs	186.71	88.88	137.32	102.16	9.3707	6220.5	448.86	0.1016	141.66	
Col. Pct	1.66	0.3	0.13	0.33	0.69	1.04	0.31	0.01	0.24	
<b>17--(B) LIBRARY</b>										
Vol-Var Costs	92.312	12.561	0	0.0514	0.0452	495.68	0.6627	0.0298	0	
Col. Pct	0.82	0.04	0	0	0	0.08	0	0	0	

TABLE 3: BY 00 MAIL PROCESSING VOLUME-VARIABLE COSTS - MODS 1 AND 2 COST POOLS

Mail class	Costpool	MODS 18	MODS 18	MODS 19	MODS 41	MODS 42	MODS 43	MODS 44	MODS 48	MODS 48
		REWRAP	1EEQMT	INTL ISC	LD41	LD42	LD43	LD44	LD48 EXP	LD48_SSV
<b>18--USPS</b>										
Vol-Var Costs		180.74	203.03	639.62	69.157	0.2397	4767.6	2485.8	80.944	705.57
Col. Pct		1.61	0.69	0.62	0.23	0.02	0.79	1.7	5.16	1.19
<b>19--FREE MAIL</b>										
Vol-Var Costs		0.5456	24.275	46.237	0.0638	0.0905	383.56	109.5	0.0366	0
Col. Pct		0	0.08	0.05	0	0.01	0.06	0.07	0	0
<b>20--INTERNATIONAL MAIL</b>										
Vol-Var Costs		727.12	442.07	80922	4.6673	0.9674	4609.3	935.81	79.103	3184.4
Col. Pct		6.48	1.51	78.84	0.02	0.07	0.77	0.64	5.04	5.37
<b>21--REGISTRY</b>										
Vol-Var Costs		2.5922	48.338	377.2	11.658	0.0607	99.834	28.78	0.0468	2518
Col. Pct		0.02	0.16	0.37	0.04	0	0.02	0.02	0	4.25
<b>22--CERTIFIED</b>										
Vol-Var Costs		0.9069	0.3354	0	0.0027	0.0314	0	0.0244	0.0589	10421
Col. Pct		0.01	0	0	0	0	0	0	0	17.58
<b>23--INSURANCE</b>										
Vol-Var Costs		0.0177	0.0669	0	0	0.0081	0	0.0286	0	109.51
Col. Pct		0	0	0	0	0	0	0	0	0.18
<b>24--COD</b>										
Vol-Var Costs		0.0121	0.0381	0	0	0.0043	0	0	0	467.1
Col. Pct		0	0	0	0	0	0	0	0	0.79
<b>24-1MONEY ORDERS</b>										
Vol-Var Costs		0	0	0	0	0	0	0	0	0
Col. Pct		0	0	0	0	0	0	0	0	0
<b>24-2STAMPED ENVELOPES</b>										
Vol-Var Costs		0	0	0	0	0	0	0	0	0
Col. Pct		0	0	0	0	0	0	0	0	0
<b>25--SPECIAL HANDLING</b>										
Vol-Var Costs		0.0068	0.4568	0	0.0086	0.0015	0	0.0199	0	0
Col. Pct		0	0	0	0	0	0	0	0	0
<b>25-1P.O. BOX</b>										
Vol-Var Costs		0	0	0	0	0	0	0	0	0
Col. Pct		0	0	0	0	0	0	0	0	0
<b>26--OTHER SERVICES</b>										
Vol-Var Costs		1.7833	33.18	0	0.0131	0.0421	312.21	716.53	70.28	1824
Col. Pct		0.02	0.11	0	0	0	0.05	0.49	4.48	3.08
<b>Total</b>										
Vol-Var Costs		11214.8	29367.8	102645	30534.7	1354.56	600861	146544	1567.98	59266.7
Percent		0.13	0.33	1.15	0.34	0.02	6.73	1.64	0.02	0.66

TABLE 3: BY 00 MAIL PROCESSING VOLUME-VARIABLE COSTS - MODS 1 AND 2 COST POOLS

Mail class	Costpool				Total
	MODS 49 LD49	MODS 79 LD79	MODS 99 1SUPP_F1	MODS 99 1SUPP_F4	
<b>1-LETTERS-SINGLE PIECE</b>					
Vol-Var Costs	108728	4943	63865	81695	3842838
Col. Pct	40.12	10.6	43.84	40.33	
<b>2-LETTERS-PRESORT</b>					
Vol-Var Costs	74358	7157.4	16037	24316	1029506
Col. Pct	27.44	15.34	11.01	12	
<b>3-CARDS-SINGLE PIECE</b>					
Vol-Var Costs	5549.5	272.38	2271.9	3684.3	137653
Col. Pct	2.05	0.58	1.56	1.82	
<b>4-CARDS-PRESORT</b>					
Vol-Var Costs	2499.7	399.27	414.31	659.3	26690
Col. Pct	0.92	0.86	0.28	0.33	
<b>5-PRIORITY MAIL</b>					
Vol-Var Costs	2009.5	1089	9412.2	13936	586670
Col. Pct	0.74	2.33	6.46	6.88	
<b>6-EXPRESS MAIL</b>					
Vol-Var Costs	0	148.16	1497.4	3218.7	94143
Col. Pct	0	0.32	1.03	1.59	
<b>7-MAILGRAM</b>					
Vol-Var Costs	0	0.0002	2.7196	5.00E-06	142.04
Col. Pct	0	0	0	0	
<b>8-1 PERIODICALS-IN COUNTY</b>					
Vol-Var Costs	621.77	610.95	154.85	298.56	10562
Col. Pct	0.23	1.31	0.11	0.15	
<b>8-2 PERIODICALS-REGULAR</b>					
Vol-Var Costs	23250	1372	6952.4	9320	440055
Col. Pct	8.58	2.94	4.77	4.6	
<b>8-3 PERIODICALS-NON PROFIT</b>					
Vol-Var Costs	6715.5	633.73	1160.7	1864.3	75909
Col. Pct	2.48	1.36	0.8	0.92	
<b>8-4 PERIODICALS-CLASSROOM</b>					
Vol-Var Costs	135.25	0.6844	76.887	63.654	4543.2
Col. Pct	0.05	0	0.05	0.03	
<b>10-STANDARD REG/ENH CARR RTE</b>					
Vol-Var Costs	1814.2	2649.8	3044.6	5471.7	202652
Col. Pct	0.67	5.68	2.09	2.7	
<b>11-STANDARD REG/OTHER</b>					
Vol-Var Costs	16170	11907	24991	23241	1487686
Col. Pct	5.97	25.52	17.15	11.47	
<b>12-STANDARD NPRF/ENH CARR RTE</b>					
Vol-Var Costs	558.41	536.76	441.16	473.59	26640
Col. Pct	0.21	1.15	0.3	0.23	
<b>13-STANDARD NPRF/OTHER</b>					
Vol-Var Costs	4070.7	7993	6104.4	4783	351761
Col. Pct	1.5	17.13	4.19	2.36	
<b>14-(B) PARCEL POST</b>					
Vol-Var Costs	106.49	230.97	1360.1	2767.5	91522
Col. Pct	0.04	0.5	0.93	1.37	
<b>15-(B) BOUND PRINTED MATTER</b>					
Vol-Var Costs	1800	937.82	940.49	1452.5	60814
Col. Pct	0.66	2.01	0.65	0.72	
<b>16-(B) SPECIAL</b>					
Vol-Var Costs	397.61	75.744	419.66	1162.7	30401
Col. Pct	0.15	0.16	0.29	0.57	
<b>17-(B) LIBRARY</b>					
Vol-Var Costs	70.208	0.6055	85.483	84.643	5116
Col. Pct	0.03	0	0.06	0.04	

TABLE 3: BY 00 MAIL PROCESSING VOLUME-VARIABLE COSTS - MODS 1 AND 2 COST POOLS

Mail class	Costpool	MODS 49	MODS 79	MODS 99	MODS 99	Total
		LD49	LD79	1SUPP_F1	1SUPP_F4	
<b>18--USPS</b>						
	Vol-Var Costs	12184	5463.1	1428.5	3915.8	98819
	Col. Pct	4.5	11.71	0.98	1.93	
<b>19--FREE MAIL</b>						
	Vol-Var Costs	243.32	0.7516	153.28	101.07	8842.9
	Col. Pct	0.09	0	0.11	0.05	
<b>20--INTERNATIONAL MAIL</b>						
	Vol-Var Costs	830.04	135.16	4007.1	2570.3	221496
	Col. Pct	0.31	0.29	2.75	1.27	
<b>21--REGISTRY</b>						
	Vol-Var Costs	0.3092	22.154	516.23	629.13	30250
	Col. Pct	0	0.05	0.35	0.31	
<b>22--CERTIFIED</b>						
	Vol-Var Costs	0	0.0324	0.0636	4244.1	14669
	Col. Pct	0	0	0	2.09	
<b>23--INSURANCE</b>						
	Vol-Var Costs	0	0	0.0058	1368.2	1478.1
	Col. Pct	0	0	0	0.68	
<b>24--COD</b>						
	Vol-Var Costs	0	0	0.0019	136.84	604.05
	Col. Pct	0	0	0	0.07	
<b>24-1MONEY ORDERS</b>						
	Vol-Var Costs	0	0	0	4891.8	4891.8
	Col. Pct	0	0	0	2.41	
<b>24-2STAMPED ENVELOPES</b>						
	Vol-Var Costs	0	0	0	147.1	147.1
	Col. Pct	0	0	0	0.07	
<b>25--SPECIAL HANDLING</b>						
	Vol-Var Costs	0	0.1018	3.6898	21.586	214.33
	Col. Pct	0	0	0	0.01	
<b>25-1P.O. BOX</b>						
	Vol-Var Costs	0	0	0	3423.3	3423.3
	Col. Pct	0	0	0	1.69	
<b>25--OTHER SERVICES</b>						
	Vol-Var Costs	8865.9	70.395	352.25	2650.1	32836
	Col. Pct	3.27	0.15	0.24	1.31	
<b>Total</b>						
	Vol-Var Costs	270979	46650.4	145693	202591	8922975
	Percent	3.04	0.52	1.63	2.27	100

TABLE3: BY 00 MAIL PROCESSING VOLUME-VARIABLE COSTS - NON-MODS COST POOLS

Mailclass	Costpool	ALLIED	AUTO/MEC	EXPRESS	MANF	MANL	MANP	MISC	REGISTRY	Total
1-LETTERS-SINGLE PIECE										
Vol-Var Costs	243459	79787	0	179164	448233	21857	76377	4893.2	1053770	
Col. Pct	37.07	42.98	0	30.63	56.03	11.79	36.48	27.98		
2-LETTERS-PRESORT										
Vol-Var Costs	76093	48425	0	17043	141007	863	33156	1731.7	318318	
Col. Pct	11.59	26.08	0	2.91	17.63	0.47	15.83	9.9		
3-CARDS-SINGLE PIECE										
Vol-Var Costs	7026.8	2507.9	0	73.995	23070	4.1948	3267	115.81	36065	
Col. Pct	1.07	1.35	0	0.01	2.88	0	1.56	0.66		
4-CARDS-PRESORT										
Vol-Var Costs	1953.9	1334.1	0	0	6224.6	7.885	913.52	2.2754	10436	
Col. Pct	0.3	0.72	0	0	0.78	0	0.44	0.01		
5-PRIORITY MAIL										
Vol-Var Costs	40496	1133.4	0	20245	1634.3	71152	7692.7	366.44	142720	
Col. Pct	6.17	0.61	0	3.46	0.2	38.39	3.67	2.1		
6-EXPRESS MAIL										
Vol-Var Costs	5353.5	331.57	7431.2	1386.4	1172	183.81	1411.2	1094.2	18364	
Col. Pct	0.82	0.18	82.22	0.24	0.15	0.1	0.67	6.26		
8-1 PERIODICALS-IN COUNTY										
Vol-Var Costs	2162.8	1.6835	0	2779.5	1057.4	3.1417	252.46	1.7918	6258.7	
Col. Pct	0.33	0	0	0.48	0.13	0	0.12	0.01		
8-2 PERIODICALS-REGULAR										
Vol-Var Costs	39902	737.42	0	84653	4693.3	1050.4	8002.7	38.427	139078	
Col. Pct	6.08	0.4	0	14.47	0.59	0.57	3.82	0.22		
8-3 PERIODICALS-NON PROFIT										
Vol-Var Costs	7244.7	505.67	123.77	12101	776.59	8.5215	1290.2	5.6658	22056	
Col. Pct	1.1	0.27	1.37	2.07	0.1	0	0.62	0.03		
8-4 PERIODICALS-CLASSROOM										
Vol-Var Costs	448.52	0.2186	0	455.6	0.4422	369.86	50.709	0.2875	1325.6	
Col. Pct	0.07	0	0	0.08	0	0.2	0.02	0		
10-STANDARD REG/ENH CARR RTE										
Vol-Var Costs	38085	5924	0	29445	11028	2029	5141.7	42.755	91695	
Col. Pct	5.8	3.19	0	5.03	1.38	1.09	2.46	0.24		
11-STANDARD REG/OTHER										
Vol-Var Costs	130987	31503	0	196753	121833	31044	27923	355.54	540400	
Col. Pct	19.95	16.97	0	33.64	15.23	16.75	13.34	2.03		
12-STANDARD NPRF/ENH CARR RTE										
Vol-Var Costs	2428.3	1066.7	0	2572.5	798.14	8.5704	468.6	2.2571	7345.1	
Col. Pct	0.37	0.57	0	0.44	0.1	0	0.22	0.01		
13-STANDARD NPRF/OTHER										
Vol-Var Costs	23539	11076	0	25368	30999	965.06	5510.3	23.32	97481	
Col. Pct	3.58	5.97	0	4.34	3.88	0.52	2.63	0.13		
14-(B) PARCEL POST										
Vol-Var Costs	14717	195.93	0	822.44	228.34	27000	2092.9	129.17	45185	
Col. Pct	2.24	0.11	0	0.14	0.03	14.57	1	0.74		
15-(B) BOUND PRINTED MATTER										
Vol-Var Costs	9462.7	261.86	0	5438.9	724.05	13253	1406.2	13.859	30560	
Col. Pct	1.44	0.14	0	0.93	0.09	7.15	0.67	0.08		
16-(B) SPECIAL										
Vol-Var Costs	2004.4	204.68	0	1978.9	1.4234	5746.5	563.16	3.4834	10503	
Col. Pct	0.31	0.11	0	0.34	0	3.1	0.27	0.02		
17-(B) LIBRARY										
Vol-Var Costs	649.39	1.0931	0	448.53	0.4048	1717.2	173.23	1.1123	2991	
Col. Pct	0.1	0	0	0.08	0	0.93	0.08	0.01		



TABLE3: BY 00 MAIL PROCESSING VOLUME-VARIABLE COSTS - NON-MODS COST POOLS

Mailclass	Costpool	ALLIED	AUTO/MEC	EXPRESS	MANF	MANL	MANP	MISC	REGISTRY	Total
<b>18--USPS</b>										
	Vol-Var Costs	7152.9	367.87	767.08	1784.7	2865.4	7113.9	5519.3	2139.1	27710
	Col. Pct	1.09	0.2	8.49	0.31	0.36	3.84	2.64	12.23	
<b>19--FREE MAIL</b>										
	Vol-Var Costs	64.463	0.0149	0	0	557.08	0.0622	23.767	0.0802	645.46
	Col. Pct	0.01	0	0	0	0.07	0	0.01	0	
<b>20--INTERNATIONAL MAIL</b>										
	Vol-Var Costs	3483	216.92	716.61	2379.2	2983	804.58	1735.3	2684	15003
	Col. Pct	0.53	0.12	7.93	0.41	0.37	0.43	0.83	15.35	
<b>21--REGISTRY</b>										
	Vol-Var Costs	22.564	65.137	0	0	43.524	154.86	1135.1	3838.6	5259.7
	Col. Pct	0	0.04	0	0	0.01	0.08	0.54	21.95	
<b>22--CERTIFIED</b>										
	Vol-Var Costs	0.3472	0.0017	0	0	0	4.0131	13928	3.7542	13936
	Col. Pct	0	0	0	0	0	0	6.65	0.02	
<b>23--INSURANCE</b>										
	Vol-Var Costs	0	0	0	0	0	0	88.162	0.0316	88.194
	Col. Pct	0	0	0	0	0	0	0.04	0	
<b>24--COD</b>										
	Vol-Var Costs	0	0	0	0	0	0	433.13	0.4356	433.57
	Col. Pct	0	0	0	0	0	0	0.21	0	
<b>26--OTHER SERVICES</b>										
	Vol-Var Costs	0.5346	0.0026	0	0	0	6.1786	10830	3.6354	10841
	Col. Pct	0	0	0	0	0	0	5.17	0.02	
<b>Total</b>										
	Vol-Var Costs	656738	185647	9038.62	584893	799930	185346	209385	17490.9	2648469
	Percent	24.8	7.01	0.34	22.08	30.2	7	7.91	0.66	100

**TABLE 3: BY 00 MAIL PROCESSING VOLUME-VARIABLE COSTS - BMC COST POOLS**

Mailclass	Costpool						Total
	NMO	OTHR	PLA	PSM	SPB	SSM	
<b>1-LETTERS-SINGLE PIECE</b>							
Vol-Var Costs	10.513	4511.9	1965.8	727.56	945.59	1.2599	8162.6
Col. Pct	0.02	1.64	0.93	0.85	1.16	0	
<b>2-LETTERS-PRESORT</b>							
Vol-Var Costs	2.3388	343.38	179.73	5.8248	262.52	78.763	872.56
Col. Pct	0.01	0.12	0.08	0.01	0.32	0.21	
<b>3-CARDS-SINGLE PIECE</b>							
Vol-Var Costs	0	21.278	6.3647	0.0271	0	0.0131	27.682
Col. Pct	0	0.01	0	0	0	0	
<b>5-PRIORITY MAIL</b>							
Vol-Var Costs	1603.3	4003.6	3089.2	2192.4	467.73	150.28	11507
Col. Pct	3.49	1.46	1.46	2.57	0.57	0.4	
<b>8-1 PERIODICALS-IN COUNTY</b>							
Vol-Var Costs	2.2252	65.91	42.279	8.2347	23.932	22.098	164.68
Col. Pct	0	0.02	0.02	0.01	0.03	0.06	
<b>8-2 PERIODICALS-REGULAR</b>							
Vol-Var Costs	266.52	12721	9593.2	309.18	3015.4	5113.6	31019
Col. Pct	0.58	4.63	4.54	0.36	3.71	13.54	
<b>8-3 PERIODICALS-NON PROFIT</b>							
Vol-Var Costs	363.27	2515.5	1632.7	56.024	384.76	972.22	5924.5
Col. Pct	0.79	0.92	0.77	0.07	0.47	2.57	
<b>8-4 PERIODICALS-CLASSROOM</b>							
Vol-Var Costs	2.0286	94.365	34.387	2.063	5.9158	5.049	143.81
Col. Pct	0	0.03	0.02	0	0.01	0.01	
<b>10-STANDARD REG/ENH CARR RTE</b>							
Vol-Var Costs	250.19	8650.5	8121.6	1051.9	4885.6	1895.8	24856
Col. Pct	0.54	3.15	3.84	1.23	6	5.02	
<b>11-STANDARD REG/OTHER</b>							
Vol-Var Costs	9107.5	96465	71721	25677	45256	14838	263065
Col. Pct	19.84	35.11	33.91	30.05	55.61	39.29	
<b>12-STANDARD NPRF/ENH CARR RTE</b>							
Vol-Var Costs	3.1974	1807.2	1000.9	245.59	30.978	701.87	3789.8
Col. Pct	0.01	0.66	0.47	0.29	0.04	1.86	
<b>13-STANDARD NPRF/OTHER</b>							
Vol-Var Costs	411.66	12963	8322.2	1373.6	4745.4	3129.1	30945
Col. Pct	0.9	4.72	3.93	1.61	5.83	8.29	
<b>14-(B) PARCEL POST</b>							
Vol-Var Costs	23203	55517	50168	15842	5145.6	5112.1	154988
Col. Pct	50.54	20.21	23.72	18.54	6.32	13.54	
<b>15-(B) BOUND PRINTED MATTER</b>							
Vol-Var Costs	2031.4	19671	17781	13653	4023.1	1320.1	58479
Col. Pct	4.42	7.16	8.41	15.98	4.94	3.5	
<b>16-(B) SPECIAL</b>							
Vol-Var Costs	4228.9	18688	15479	16702	1989.6	1387	58475
Col. Pct	9.21	6.8	7.32	19.54	2.44	3.67	
<b>17-(B) LIBRARY</b>							
Vol-Var Costs	792.84	1819.5	1562.3	1203.5	364.96	125.87	5869.1
Col. Pct	1.73	0.66	0.74	1.41	0.45	0.33	

TABLE 3: BY 00 MAIL PROCESSING VOLUME-VARIABLE COSTS - BMC COST POOLS

Mailclass	Costpool						Total
	NMO	OTHR	PLA	PSM	SPB	SSM	
<b>18--USPS</b>							
<i>Vol-Var Costs</i>	1516.5	11517	5541.9	407.55	2344	170.58	21497
<i>Col. Pct</i>	3.3	4.19	2.62	0.48	2.88	0.45	
<b>19--FREE MAIL</b>							
<i>Vol-Var Costs</i>	2.2471	811.16	748.95	569.14	635.65	0.6026	2767.8
<i>Col. Pct</i>	0	0.3	0.35	0.67	0.78	0	
<b>20--INTERNATIONAL MAIL</b>							
<i>Vol-Var Costs</i>	2109.8	21898	14233	5432.4	6854.6	2741.5	53269
<i>Col. Pct</i>	4.6	7.97	6.73	6.36	8.42	7.26	
<b>21--REGISTRY</b>							
<i>Vol-Var Costs</i>	0.9469	230.55	82.193	0.0887	0.0069	0.1415	313.92
<i>Col. Pct</i>	0	0.08	0.04	0	0	0	
<b>25--SPECIAL HANDLING</b>							
<i>Vol-Var Costs</i>	0	172.41	93.483	0.7142	0	0.0022	266.61
<i>Col. Pct</i>	0	0.06	0.04	0	0	0	
<b>26--OTHER SERVICES</b>							
<i>Vol-Var Costs</i>	0.303	271.23	102.13	0.2288	0.0351	0.1572	374.08
<i>Col. Pct</i>	0	0.1	0.05	0	0	0	
<b>Total</b>							
<i>Vol-Var Costs</i>	45908.5	274758	211501	85460	81381.7	37766.4	736776
<i>Percent</i>	6.23	37.29	28.71	11.6	11.05	5.13	100

## Attachment

Table 4. BY 00 IOCS Mail Processing Mixed-Mail Tallies (dollar-weighted) - Clerks/Mailhandlers  
Crosswalk of Q.19 actv code to item/container information  
MODS 1&2 Allied Cost Pools  
Exclude Empty Items and Containers  
(similar to Table 1 of Degen's Rebuttal Testimony, Docket No. R2000-1, Tr. 38/17324 (Aug 23, 2000)).

Shape	Mixed Actv(Q19)	Mixed Item/Container Tally Dollar Weights (000)					Total	% of Total
		Letters	Flats	Parcels	Class	None		
Letters	5610	24,607	1,139	288	71	853	26,958	7.1%
Flats	5620	453	14,036	135	186	1,579	16,389	4.3%
Parcels	5700	180	209	5,482	750	2,296	8,917	2.3%
None	5750	112,175	66,960	59,326	51,816	38,628	328,904	86.3%
Total		137,415	82,343	65,231	52,824	43,356	381,168	100.0%
% of Total		36%	22%	17%	14%	11%	100%	
% 5750 of Total 5750		34%	20%	18%	16%	12%	100%	
% 5750 w/ shape or class from item/container of total mixed-mail							76%	

Note: This table was created using the 2000 IOCS data set as presented in USPS LR-J-10. Cost pool assignments are based on the MODS based cost distribution methodology described in Part II. This methodology is also used to classify individual tallies as mixed-mail items, counted mixed-mail containers, and uncounted mixed-mail containers. All mixed-mail tallies are then summed by mixed-mail activity code (IOCS field F9806) and item/container categories based on item and container type. Item type is assigned, based on IOCS field F9214, container type based on IOCS field F9219, and counted container contents based on IOCS field F9901 through F9919 f9420-f9421. Individual item and container types are assigned to the above categories as follows:

Letters <-- loose cards and letters in containers and letter trays

Flats <-- loose flats in containers and flat trays

Parcels <-- loose IPP's and parcels in containers and small parcel trays

Class <-- all sacks (individual items and in counted containers)

None <-- all remaining items and container types.