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POSTAL RATE COMMISSION
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USPS-LR-J-131

**Standard Mail Rate Design
Workpapers – ECR and NECR
USPS-T-31 (Hope)**

Docket No. R2001-1

Contents:

Diskette 1:

EXCEL file: USPS-LR-J-131-WP1

Diskette 2:

EXCEL file: USPS-LR-J-131-WP2

Word file: Cover131.doc

Description:

Library Reference USPS-LR-J-131 is a category 2 library reference sponsored by witness Hope and is incorporated by reference into her testimony. It contains the EXCEL spreadsheets with the workpapers used in the rate design for Standard ECR and NECR, and hard copies of those workpapers. The revenues generated in the Before Rates scenario and After Rates scenario are used in witness Moeller's rate level testimony (USPS-T-28).

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Enhanced Carrier Route

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80

FY00 Billing Determinants (percentages) - Standard - Commercial

	pc-rated pieces	lb-rated pieces	Percent	lb-rated pounds	lb/pc for lb-rated	% Piece-rated pieces dropped to: None	BMC	SCF	DDU	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

% of Pound-rated pounds dropped to:

None	BMC	SCF	DDU	Total
(11)	(12)	(13)	(14)	(15)

Automation

Letters										
Basic	3,744,552,490		92.05%	7.27%	0.68%	0.00%	100.00%			
3-digit	12,065,235,189		55.61%	37.29%	7.11%	0.00%	100.00%			
5-digit	9,268,195,060		29.90%	34.56%	35.53%	0.00%	100.00%			
Total letter	25,077,982,739									

Flats

Basic	163,091,398	183,044,966	52.88%	78,287,762	0.428	96.49%	2.73%	0.78%	0.00%	100.00%
3/5-digit	6,003,469,491	5,748,734,981	48.92%	1,935,500,041	0.337	38.33%	39.02%	22.64%	0.00%	100.00%
Total flat	6,166,560,889	5,931,779,947	49.03%	2,013,787,793	0.339					

Total Auto
Presort

Total Auto	31,244,543,628	5,931,779,947								
Presort	37,176,323,575									

Letters

Basic	1,313,098,221		85.69%	11.11%	3.20%	0.00%	100.00%			
3/5-digit	2,076,288,096		54.98%	14.99%	30.03%	0.00%	100.00%			
Total letter	3,389,386,317									

Non-letters

Basic	375,680,378	493,268,455	56.77%	230,332,891	0.467	90.89%	7.05%	2.06%	0.00%	100.00%
3/5-digit	622,124,973	974,068,786	61.02%	489,942,624	0.503	42.43%	20.63%	36.94%	0.00%	100.00%
Total NL	997,805,351	1,467,337,241								

Total Presort
Total Regular

Total Presort	5,854,528,909									
Total Regular	43,030,852,484									

Enhanced Carrier Route

Letters

Basic	4,225,185,069		24.81%	23.60%	46.91%	4.68%	100.00%			
Auto	1,975,997,950		24.05%	38.30%	36.05%	1.60%	100.00%			
High-D	415,664,368		6.82%	3.80%	77.58%	11.80%	100.00%			
Salutation	3,648,337,932		8.92%	4.88%	68.20%	18.01%	100.00%			
	10,265,185,319									

Non-letters

Basic	6,300,999,994	5,592,671,022	47.02%	1,771,733,889	0.317	8.28%	20.45%	66.40%	4.88%	100.00%
High-D	864,434,504	666,102,471	43.52%	245,457,141	0.368	2.11%	1.33%	54.56%	42.00%	100.00%
Salutation	6,350,319,797	2,736,286,224	30.11%	850,813,423	0.311	2.81%	3.39%	38.88%	55.12%	100.00%
	13,515,754,295	8,995,059,717								
	23,780,939,614	8,995,059,717								
Total ECR	32,775,999,331									

- (1,2) Page A, Col (1,2)
(3) Col (2) / Col (1) + Col (2)
(4) Page A, Col (3)
(5) Col (4) / Col (2)
(6) Page A, Col (4) / Col (1)
(7) Page A, Col (5) / Col (1)
(8) Page A, Col (5) / Col (1)
(9) Page A, Col (7) / Col (1)
(10) Sum Cols (6 to 9)
(11) Page A, Col (12) / Col (4)
(12) Page A, Col (13) / Col (4)
(13) Page A, Col (14) / Col (4)
(14) Page A, Col (15) / Col (4)
(15) Sum of Cols (11 to 14)

BD%

Volume Forecast (in millions)
GFY2003

Line		Test Year	Test Year
		<i>Before Rates</i>	<i>After Rates</i>
		(1)	(2)
1	Regular + ECR TOTAL	82,298.337	80,421.874
2	Regular Subclass TOTAL	48,424.553	47,296.185
3	Presort	4,390.785	4,106.231
4	Basic Letters	1,213.717	1,176.662
5	Basic NL	811.184	790.112
6	3/5 Letters	899.967	719.240
7	3/5 NL	1,465.917	1,420.217
8			
9	Automation	44,033.768	43,189.954
10	Basic Letter	4,266.195	4,168.822
11	Basic Flat	429.919	420.093
12	3-D letters	14,001.128	13,850.660
13	5-D letters	12,651.983	12,402.039
14	3/5-D flats	12,685.143	12,348.340
15	ECR	33,873.784	33,125.689
16	Auto	2,104.822	2,038.508
17	Basic letters	3,545.808	3,432.723
18	Basic NL	12,637.044	12,348.720
19	HD letters	360.088	351.119
20	HD NL	1,834.142	1,806.579
21	Sat letters	3,804.202	3,736.326
22	Sat NL	9,587.679	9,416.714

(1) USPS-LR-J-125, Table 125-1

(2) USPS-LR-J-125, Table 125-2

Test Year Volume Forecast - Before Rates GFY2003

GFY2003													(1) For letters, Col (1), page C. (1) For pc-rated nonletters, (Col (1), p C) * (1- Col(3), p B) For lb-rated nonletters, (Col (1), p 3) * (Col(3),p C)		
Automation Category		% dropship to:					Pieces (pc-r) dropshipped:			Pounds (lb-r) dropshipped:					
Letters		pieces	pounds	BMC	SCF	DDU	BMC	SCF	DDU	BMC	SCF	DDU	(2) Col (1) * Col (5), p B (3) Col (7), p B for piece rated pieces (4) Col (12), p B for pound rated pieces (5) Col (13), p B for piece rated pieces (6) Col (14), p B for piece rated pieces (7) Col (1) * Col (3) (8) Col (1) * Col (4) (9) Col (2) * Col (3) (10) Col (2) * Col (4) (11) Col (2) * Col (5)		
Letters		Basic	4,266,195	7.27%	0.68%	0.00%	310,155	28,960	0.00%						
		3-Digit	14,001,128	37.29%	7.11%	0.00%	5,220,670	995,024	0.00%						
		5-Digit	12,651,383	34.58%	35.53%	0.00%	4,374,433	4,494,455	0.00%						
Flat-Piece rated		Basic	202,568	2.73%	0.78%	0.00%	5,529	1,590	0.00%						
		3/5 Digit	6,480,050	39.02%	22.64%	0.00%	2,528,811	1,467,158	0.00%						
Flat-Pound rated		Basic	227,351	2.65%	1.02%	0.00%				2,578	0.996	0.00%			
		3/5 Digit	6,205,093	33.68%	37.07%	0.00%				703,599	774,394	0.00%			
Total Automation			44,033,768	2,186,385		0.00%	12,439,598	6,987,207	0.00%		706,177	775,390	0.00%		
Subtotal - Letters			30,918,706												
Subtotal - lb. rated flats			6,432,444												
Subtotal - pc. rated flats			6,682,617												
Presort Category															
Letters		Basic	1,213,717	11.11%	3.20%	0.00%	134,802	38,821	0.00%						
		3/5 digit	899,967	14.99%	30.03%	0.00%	134,908	270,264	0.00%						
Non-letters-Piece rated		Basic	350,707	7.05%	2.06%	0.00%	24,707	7,234	0.00%						
		3/5 digit	571,349	20.63%	36.94%	0.00%	117,894	211,035	0.00%						
Non-letters-Pound rated		Basic	460,478	9.55%	1.72%	0.00%				20,544	3,697	0.00%			
		3/5 digit	894,568	24.74%	20.04%	0.00%				111,308	90,179	0.00%			
Total Presort			4,390,785				412,312	527,353	0.00%		131,853	93,876	0.00%		
Subtotal - Letters			2,113,684												
Subtotal - lb. rated pcs.			1,355,046												
SubTotal - pc. rated NL			922,055												
Total Regular Subclass			48,424,553				12,851,909	7,514,560	0.00%		838,030	869,256	0.00%		
Enhanced Carrier Route Subclass															
Letters		Basic	3,545,808	23.60%	46.91%	4.68%	836,750	1,663,205	166,075						
		Auto	2,104,822	38.30%	36.05%	1.60%	808,249	758,732	33,590						
		High-D	390,088	3.80%	77.58%	11.80%	13,880	279,383	42,502						
		Saturation	3,804,202	4.88%	68.20%	18.01%	185,462	2,594,541	685,012						
Non-letters-Piece rated		Basic	6,694,822	20.45%	66.40%	4.88%	1,369,047	4,445,192	326,390						
		High-D	1,035,908	1.33%	54.56%	42.00%	13,746	565,227	435,121						
		Saturation	6,700,502	3.39%	38.68%	55.12%	227,061	2,591,664	3,693,180						
Non-letters-Pound rated		Basic	5,942,222	15.55%	77.12%	2.60%				292,663	145,189	48,928			
		High-D	798,234	0.09%	35.25%	63.91%				0,276	103,697	187,975			
		Saturation	2,987,176	0.30%	19.79%	77.75%				2,666	177,693	697,971			
Total ECR			33,873,784				3,452,015	12,897,924	5,381,871		295,605	1733,229	934,874		
		SubTotal - Letters	9,814,920												
		SubTotal - pc. rated	24,246,153												
		SubTotal - lb. rated NL	9,627,632												
		SubTotal - pc. rated NL	14,431,233												

Test Year Revenue - Before Rates
ECR Subclass
(Volumes and Revenues in Millions)

Categories	Unit	Rates (1)	Volume (2)	Revenue (3)
Letters				
1 Basic	per piece	0.178	3,545.808	631.154
2 High Density	per piece	0.153	360.088	55.093
3 Saturation	per piece	0.145	3,804.202	551.609
4 Automated	per piece	0.157	2,104.822	330.457
4a SubTotal			9,814.920	1,568.314
Nonletters, Piece-Rated				
5 Basic	per piece	0.178	6,694.822	1,191.678
6 High Density	per piece	0.156	1,035.908	161.602
7 Saturation	per piece	0.149	6,700.502	998.375
8 SubTotal			14,431.233	2,351.655
Nonletters, Pound-Rated				
9 Basic	per piece	0.046	5,942.222	273.342
10 High Density	per piece	0.024	798.234	19.158
11 Saturation	per piece	0.017	2,887.176	49.082
12 SubTotal			9,627.632	341.582
13 Basic	per pound	0.638	1,882.470	1,201.016
14 High Density	per pound	0.638	294.147	187.666
15 Saturation	per pound	0.638	897.731	572.752
16 SubTotal			3,074.348	1,961.434
17 Total	pieces		33,873.784	
Dropship Discounts:				
Piece-Rated				
18 BMC	per piece	0.019	3,452.015	(65.588)
19 SCF	per piece	0.024	12,897.924	(309.550)
20 DDU	per piece	0.028	5,381.871	(156.074)
21 SubTotal			21,731.809	(531.213)
Pound-Rated				
22 BMC	per pound	0.093	295.605	(27.491)
22a SCF	per pound	0.114	1,733.229	(197.588)
22b DDU	per pound	0.140	934.874	(130.882)
22c SubTotal			2,963.708	(355.962)

ECR Subclass Summary	
23 Net Revenue from Rates (L.4a+L.8+L.12+L.16+L.21+L.22c)	5,335.810
24 Revenue Adjustment Factor (page A)	1.000020
25 Adjusted Revenue from Rates (L.23*L.24)	5,335.917
26 Fees (page K)	13.218
26a Revenue from residual shape surcharge (P.I)	2.382
27 Total Revenue (L.25+L.26+L.26a)	5,351.516
28 Revenue per piece (L.27 / L.17)	0.1580

(1) USPS Rate Chart, July 2001

(2) Page D. Columns 1,2 for category volumes. Col. 6-11 for dropship total by subclass.

(3) Col(1) x Col(2)

Test Year Before Rates Summary

	Revenue	Cost With Contingency	Contribution	Coverage
	(1)	(2)	(3)	(4)
NECR	306.890			
ECR	5,351.52			
TOTAL	5658.406	2,749.94	2908.465	2.058

- (1) Page E, Line 27 for ECR; WP 1, Page E, Line 27 for NECR
(2) USPS-T-12, WP F, Table E
(3) Col (1) - Col (2)
(4) Col (1) / Col (2)

TYBR SUM

Test Year Before Rates Summary

	Revenue	Cost With Contingency	Contribution	Coverage
	(1)	(2)	(3)	(4)
NECR	306.890			
ECR	5,351.52			
TOTAL	5658.406	2,749.94	2908.465	2.058

- (1) Page E, Line 27
- (2) USPS-T-12, WP F, Table E
- (3) Col (1) - Col (2)
- (4) Col (1) / Col (2)

TYBR SUM

Development of Destination Entry Discounts and Value of the Discounts

Dropship Savings:

Destination	per pound (1)	per piece (2)
BMC	0.1174	0.02421
SCF	0.1472	0.03036
DDU	0.1848	0.03812

Breakpoint 1/ 3.3 ounces

Enhanced Carrier Route

	Cost (3)	Passthrough (4)	Discount (5)	Volume (6)	Value (7)
Piece-rated					
BMC	0.02421	85.0%	0.021	3,452.015	72.492
SCF	0.03036	85.0%	0.026	12,897.924	335.346
DDU	0.03812	85.0%	0.032	5,381.871	172.220
Pound-rated					
BMC	0.1174	85.0%	0.100	295.605	29.561
SCF	0.1472	85.0%	0.125	1,733.229	216.654
DDU	0.1848	85.0%	0.157	934.874	146.775

Value of Discounts 973.048

- (1) USPS-LR-J-68
- (2) Discount based on breakpoint weight, which is consistent with existing discounts.
Col(1) x breakpoint weight (in pounds)
- (3) Col (1,2)
- (4) Selected passthrough
- (5) Col (3) x Col (4)
- (6) Page D, Col (6 to 11), total for subclass, by entry point
- (7) Col (5) x Col (6); in \$millions

1/ Selected breakpoint

DROP DIS

Mail Processing and Delivery Costs Per Piece **Test Year (in cents)**

		Mail		
Enhanced Carrier Route		Processing	Delivery	Total
		(1)	(2)	(3)
1	Letters			
2	Auto			6.211
3	Basic			9.150
4	High-density			5.353
5	Saturation			4.043
6	Nonletter			
7	Basic			9.401
8	High-density			6.014
9	Saturation			5.183

- (1) USPS LR-50 Worksheet Processing Costs Table
(2) USPS LR-50 Worksheet Delivery Costs Table
(3) Col (1) + Col (2).

**Mail Processing and Delivery Costs Per Piece
Test Year (in cents)**

	Enhanced Carrier Route	Mail		Total
		Processing	Delivery	
1	Letters	(1)	(2)	(3)
2	Auto	1.615	4.596	6.211
3	Basic	2.766	6.384	9.150
4	High-density	0.669	4.684	5.353
5	Saturation	0.669	3.374	4.043
6	Flats			
7	Basic	3.331	6.070	9.401
8	High-density	1.152	4.862	6.014
9	Saturation	1.152	4.031	5.183

(1) USPS-T-43 and USPS-LR-J-59

(2) USPS-LR-J-59

(3) Col (1) + Col (2).

COST

Expected Revenue from Residual Shape Surcharge For Calculation of Test Year *Before Rates* Revenue

Before Rates

Enhanced Carrier Route Subclass

TYBR Volume Nonletters	24,058.865	1/
% Residual Shape	0.066%	2/
Expected residual volume	15.879	3/
x Surcharge (cents)	\$ 0.150	4/
=Expected Revenue	\$ 2.382	5/
(Millions)		

1/ Page D, total nonletters in ECR.

2/ Assume residual shape percentage remains constant at A/B.

Source: USPS-LR-J-98, G 5, p. 2 and G 6, p. 2.

3/ Volume of nonletters x % residual shape pieces.

4/ Current surcharge.

5/ Expected volume x current surcharge.

RES SHAPE REV

**Expected Revenue from Residual Shape Surcharge
for Use in Expected *After Rates* Revenue
for GFY2003**

BEFORE RATES

Enhanced Carrier Route Subclass				
TYBR Volume Nonletters	24,058.865	1/		
% Residual Shape	0.066%	2/		
Net Projected Volume	15.879	3/		
x Surcharge (cents)	\$ 0.200	4/		
=Expected Revenue	\$ 3.176	5/		
(Millions)				

AFTER RATES

Enhanced Carrier Route Subclass				
TYAR Volume Nonletters	23,567.013			
% Residual Shape	0.066%			
Expected Residual Volume	15.554			
x Surcharge (cents)	\$ 0.200			
=Expected Revenue	\$ 3.111			
(Millions)				

1/ Page D, total nonletters in ECR.

2/ Assume residual shape percentage remains constant. See footnote #2, p. I.

3/ Volume of nonletters x % residual shape pieces.

4/ Proposed surcharge for ECR pieces.

5/ Expected volume x proposed surcharge.

Col (2): See footnotes for column (1). Volume in first line for each subclass is from page P, Col (1), sum of nonletters.

Calculation of Expected Fee Revenue (Millions)

Test Year Before Rates Fees

	(1)
ECR	13.218

Test Year After Rates Fees

	(2)
ECR	13.683

(1) USPS-T-36, WP 14

(2) USPS-T-36, WP 15

Calculation of Fee Revenue at Proposed Level, Using *Before Rates* Volume (Millions)

Proposed Fees

	(3)
ECR	13.880

(3) USPS-T-36, WP 16

Test Year Volume Variable Costs
(Millions)

TYBR Cost

	(1)	(2)	(3)
	Volume Variable Cost with Contingency	Ratio	Total with Contingency
ECR	2,749.941	0.9225	2,536.82

(1) USPS-T-12, WP F, Table E

(2) USPS-LR-I-166 (WP1, p. 16 and WP2, p. 16) for ratio of ECR Costs to ECR + NECR Costs

(3) Col (1) x Col (2)

VOL VAR

Development of Passthrough Percentages For Enhanced Carrier Route Subclass

WORKTABLE A UNIT COSTS (Cents per Piece)				
	Letters Unit Cost	+	L-F Diff Unit Cost	= Flats Unit Cost
Basic	9.15	+	0.251	= 9.401
High D	5.353	+	0.661	= 6.014
Sat	4.043	+	1.14	= 5.183

Source: Page H
center column is difference between letters and flats

WORKTABLE B UNIT COST DIFFERENCES			
	Density Letters Unit Cost Diff.	L-F Diff Unit Cost	Density Flats Unit Cost Diff.
Basic		0.251	
High D	3.797	0.661	3.387
Sat	1.31		0.831
		1.14	

Source: Worktable A, subtraction of adjacent cells

WORKTABLE C PASSTHROUGH PERCENTAGES (Cents per Piece)			
	Density Letters %Passthrough	L-F % Passthrough	Density Flats %Passthrough
Basic		0.0%	
High D	80.0%	82.0%	73.8%
Sat	85.0%	65.0%	108.3%

Source: Assumed, except for flat presort passthrough,
which = Worktable E disc. / Worktable B cost

WORKTABLE D COST PASSTHROUGHS (Cents per Piece)			
	Letters Unit Cost Passthrough	L-F Diff Unit Cost Passthrough	Flats Unit Cost Passthrough
Basic		0	
High D	3	0.5	N/A
Sat	1.1	0.7	N/A

Source: Worktable B cost differences * Worktable C passthroughs,
as applicable; See Worktable E for flat passthrough amount

WORKTABLE E						
CALCULATION OF FLAT DENSITY						
PASSTHROUGHS						
(Cents per Piece)						
	Cumulative Letter Passthrough with Base = SAT		L-F Diff Passthrough		Cumulative Flats Passthrough with Base = SAT	Flat Passthrough Amount
Basic	4.1	+	0	=	4.1	
High D	1.1	+	0.5	=	1.6	2.5
Sat	0	+	0.7	=	0.7	0.9

Source: Worktable D

SUMMARY WORKTABLE (Cents per Piece)				
	Density Letter Discount by Density Level	Cumulative	Density Flat Discount by Density Level	Cumulative
Basic	0	0	0	0
High D	3	3	2.5	2.5
Sat	1.1	4.1	0.9	3.4
Letter Discount		0		

Source: Worktable E

Enhanced Carrier Route Subclass Development of Density and Automation Discounts

Item	MP + Del Unit Cost (Cents)	Differential (Cents)	Passthrough percent	Discount (Cents)	Cumulative Discount (Cents)	Pieces (Millions)	Value (Millions)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Nonletters:							
1 Basic	9.401	----	----		----	12,637.04	----
2 High Density	6.014	3.387	73.8%	2.5	2.5	1,834.14	45.854
3 Saturation	5.183	0.831	108.3%	0.9	3.4	9,587.68	325.981
4 Subtotal	---	----	----		----	24,058.86	371.835
Letters:							
5 Basic	9.150	0.251	0.0%	0.0	0.0	3,545.81	0.000
6 Automated	6.211	2.939	78.0%	2.3	2.3	2,104.82	48.411
7 High Density	5.353	3.797	80.0%	3	3	360.09	10.803
8 Saturation	4.043	1.310	85.0%	1.1	4.1	3,804.20	155.972
9 Letter Discount					0.0	4,164.29	0.000
10 Subtotal						9,814.92	215.186
11 Total						33,873.78	587.020

(1) Page H, col.3

(2) Difference between relevant cost figures in Col (1)

(3) Automation passthrough selected; italicized are from page M, worktable C.

(4) Col (2) x Col (3)

(5) Cumulative discount for that category.

(6) Page D, Col (1). Flat volumes are sum of piece- and pound-rated pieces.

(7) Col (5) x Col (6)

Rate Design Formula

Enhanced Carrier Route Subclass

(Millions)

Item	Source	Amount
1 Volume Variable Costs	Page L	2,536.821
2 Markup	assumed	2.2400
3 Revenue Requirement	L.1 x L.2	5,682.478
4 Residual shape surcharge	Page J, Col(1)	3.176
5 Fees	Page K, Col (1)	13.218
6 Revenue Requirement from Postage	L.3-L.4-L.5	5,666.084
7 Value of Discounts	Pages G and N	1,560.068
8 RevReq+Discounts (RR+D)	L.6 + L.7	7,226.152
9 Total Pcs - Piece rated (Vr)	Page D, Col(1)	24,246.153
10 Total Pcs - Pound rated (Vrp)	Page D, Col(1)	9,627.632
11 Total Pounds - Pound Rate (Vp)	Page D, Col(2)	3,074.348
12 Break point (BP)	Current (approx.)	3.3
13 Pound Rate (P)	proposed	0.598
14 FORMULA:		
M = Basic minimum rate for nonletters		
i = per piece rate for pound-rated pieces		
15 $RR+D=(Vr)M+Vrp(i)+Vp(P)$		
16 $M = i + [(BP/16)*(P)]$		
17 $RR+D=(Vr)[i+[(BP/16)*P]]+Vrp(i)+Vp(P)$		
18 $i = [RR+D-Vr(BP/16)P-VpP]/(Vr+Vrp)$		
19 Intercept (pc rate for lb-rated pieces) (i)		0.071
20 Basic Piece Rate for Flats (M)		0.194
21 Actual Breakpoint (oz.)	$(L.20-L.19) \times 16/L.13$	3.2910

Line

- 15 Revenue required from Basic Rates in order to fund discounts =
 (Rev. from min/pc rate) + (rev. from pc. element of pound-rated mail) +
 (rev. from pound element for pound-rated mail)
- 16 min/pc rate = per piece for pound rated mail + pound rate rev. from breakpoint
 weight piece
- 17 Substitute equation for M (line 16) into line 15 equation.
- 18 Solve for i
- 20 Solve for M using equation in line 16

Test Year After Rates Volume Forecast

Automation Category	pieces	pounds	% dropship to:			Piecass (lbs-rt) dropped:			Pounds (lbs-rt) dropped:		
			BMC	SCF	DDU	BMC	SCF	DDU	BMC	SCF	DDU
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Automation Category											
Letters											
Basic	4,168,822		7.27%	0.68%	0.00%	303,076	28,318	0.000			
3-Digit	13,850,660		37.29%	7.11%	0.00%	5,164,864	984,331	0.000			
5-Digit	12,402,039		34.58%	35.53%	0.00%	4,288,218	4,405,875	0.000			
Flats-Piece rated											
Basic	197,938		2.73%	0.78%	0.00%	5,403	1,554	0.000			
3/5 Digit	6,307,998		39.02%	22.64%	0.00%	2,461,669	1,428,203	0.000			
Flats-Pound rated											
Basic	222,155	95,015	2.85%	1.02%	0.00%						
3/5 Digit	6,040,342	2,033,679	33.68%	37.07%	0.00%						
Total Automation	43,189,954	2,128,694				12,222,829	6,848,281	0.000	2,520	0.973	0.000
SubTotal - Letters	30,421,521								684,918	753,823	0.000
SubTotal - lb rated flats	6,262,497								687,437	754,796	0.000
SubTotal - pc rated flats	6,505,936										
Presort Category											
Letters											
Basic	1,176,662		11.11%	3.20%	0.00%	130,687	37,636	0.000			
3/5 digit	719,240		14.99%	30.03%	0.00%	107,817	215,981	0.000			
Non-letters-Piece rated											
Basic	341,596		7.05%	2.06%	0.00%	24,066	7,046	0.000			
3/5 digit	553,537		20.63%	36.94%	0.00%	114,218	204,456	0.000			
Non-letters-Pound rated											
Basic	448,516	209,435	9.55%	1.72%	0.00%				20,011	3,601	0.000
3/5 digit	866,680	435,827	24.74%	20.04%	0.00%				107,838	87,368	0.000
Total Presort	4,106,231	645,363				376,787	465,128	0.000	127,849	90,969	0.000
SubTotal - Letters	1,895,903										
SubTotal - lb rated pcs	1,315,195										
SubTotal - pc rated NL	895,133										
Total Regular Subclass	47,296,185										
Enhanced Carrier Route Subclass											
Letters											
Basic	3,432,723		23.60%	46.91%	4.68%	810,064	1,610,162	160,778			
Auto	2,038,508		38.30%	36.05%	1.60%	780,847	734,827	32,532			
High-D	351,118		3.80%	77.58%	11.80%	13,339	272,405	41,444			
Saturation	3,736,328		4.88%	68.20%	18.01%	182,173	2,548,248	672,780			
Non-letters-Piece rated											
Basic	6,539,426		20.45%	66.40%	4.88%	1,337,270	4,342,012	318,814			
High-D	1,020,341		1.33%	54.58%	42.00%	13,539	556,733	428,562			
Saturation	6,581,021		3.39%	38.68%	55.12%	223,012	2,545,450	3,627,325			
Non-letters-Pound rated											
Basic	5,804,294	1,838,775	15.55%	77.12%	2.60%				285,870	1,418,140	47,792
High-D	786,238	288,727	0.09%	35.25%	63.91%				0,272	102,139	185,151
Saturation	2,835,693	881,723	0.30%	19.79%	77.75%				2,618	174,524	685,525
Total ECR	33,125,689	3,010,225				3,360,244	12,609,837	5,828,265	288,760	1,694,803	918,467
SubTotal L letters	9,558,676										
SubTotal - pc rated	23,699,464										
SubTotal - lb rated NL	9,426,225										
SubTotal - pc rated NL	14,140,788										

TYAR VOL

TY Revenue - After Rates
Enhanced Carrier Route Subclass
(Volumes and Revenues in Millions)

Categories	Unit	Rates	Volume	Revenue
		(1)	(2)	(3)
Letters				
1 Basic	per piece	0.194	3,432.723	665.948
2 High Density	per piece	0.164	351.119	57.583
3 Saturation	per piece	0.153	3,736.326	571.658
4 Automated	per piece	0.171	2,038.508	348.585
4a SubTotal			9,558.676	1,643.775
Nonletters, Piece-Rated				
5 Basic	per piece	0.194	6,539.426	1,268.649
6 High Density	per piece	0.169	1,020.341	172.438
7 Saturation	per piece	0.160	6,581.021	1,052.963
8 SubTotal			14,140.788	2,494.050
Nonletters, Pound-Rated				
9 Basic	per piece	0.071	5,804.294	412.105
10 High Density	per piece	0.046	786.238	36.167
11 Saturation	per piece	0.037	2,835.693	104.921
12 SubTotal			9,426.225	553.192
13 Basic	per pound	0.598	1,838.775	1,099.588
14 High Density	per pound	0.598	289.727	173.257
15 Saturation	per pound	0.598	881.723	527.270
16 SubTotal			3,010.225	1,800.114
17 Total	pieces		33,125.689	
Dropship Discounts:				
Piece-Rated				
18 BMC	per piece	-0.021	3,360.244	(70.565)
19 SCF	per piece	-0.026	12,609.837	(327.856)
20 DDU	per piece	-0.032	5,282.265	(169.032)
21 SubTotal			21,252.346	(567.453)
Pound-Rated				
22 BMC	per pound	-0.100	288.760	(28.876)
23 SCF	per pound	-0.125	1,694.803	(211.850)
24 DDU	per pound	-0.157	918.467	(144.199)
25 SubTotal			2,902.031	(384.926)
ECR Subclass Total				
26 Net Revenue from Rates (L.4a+L.8+L.12+L.16+L.21+L.25)				5,538.752
27 Revenue adjustment factor (Page A)				1.000020
28 Adjusted revenue from rates (L.26 x L.27)				5,538.863
29 Fees (Page K)				13.683
30 Revenue from residual shape surcharge (Page J, Col.2)				3.111
31 Total Revenue (L.28+L.29+L.30)				5,555.656
32 TYAR revenue per piece (L.31 / L.17)				0.1677

- (1) Lines 5,9,13,14,15 from formula, page O. Dropship discounts from page G.
Other rates calculated by subtracting discounts (page N) from Basic rates
from formula.
- (2) Page P, Col (1,2,6 to 11)
- (3) Col (1) x Col (2)

ECR and NECR Cost CoverageTest Year *After Rates*

	Total Revenue	Total Volume Variable Cost with Contingency	Contribution	Cost Coverage
	(1)	(2)	(3)	(4)
ECR	5,555.66			
NECR	325.21			
TOTAL	5,880.87	2,700.12	3,180.14	2.1775

(1) Page Q, Line 31. WP 2, Page Q, Line 31

(2) USPS-T-12, WP-H, Table E

(3) Col (1) - Col (2).

(4) Col (1) / Col (2)

FIN SUM

**Determination of Percent Rate Change Using Before Rates Volume Mix
TY Revenue - Proposed Rates with *Before Rates* Volume
Enhanced Carrier Route Subclass
(Volumes and Revenues in Millions)**

Categories	Unit	Rates	Volume	Revenue
		(1)	(2)	(3)
Letters				
1 Basic	per piece	0.194	3,545.808	687.887
2 High Density	per piece	0.164	360.088	59.054
3 Saturation	per piece	0.153	3,804.202	582.043
4 Automated	per piece	0.171	2,104.822	359.925
4a SubTotal			9,814.920	1,688.909
Nonletters, Piece-Rated				
5 Basic	per piece	0.194	6,694.822	1,298.796
6 High Density	per piece	0.169	1,035.908	175.068
7 Saturation	per piece	0.160	6,700.502	1,072.080
8 SubTotal			14,431.233	2,545.944
Nonletters, Pound-Rated				
9 Basic	per piece	0.071	5,942.222	421.898
10 High Density	per piece	0.046	798.234	36.719
11 Saturation	per piece	0.037	2,887.176	106.826
12 SubTotal			9,627.632	565.442
13 Basic	per pound	0.598	1,882.470	1,125.717
14 High Density	per pound	0.598	294.147	175.900
15 Saturation	per pound	0.598	897.731	536.843
16 SubTotal			3,074.348	1,838.460
17 Total	pieces		33,873.784	
Dropship Discounts				
Piece-Rated				
18 BMC	per piece	-0.021	3,452.015	(72.492)
19 SCF	per piece	-0.026	12,897.924	(335.346)
20 DDU	per piece	-0.032	5,381.871	(172.220)
21 SubTotal			21,731.809	(580.058)
Pound-Rated				
22 BMC	per pound	-0.100	295.605	(29.561)
23 SCF	per pound	-0.125	1,733.229	(216.654)
24 DDU	per pound	-0.157	934.874	(146.775)
25 SubTotal			2,963.708	(392.989)
ECR Subclass Total				
26 Net Revenue from Rates (L.4a+L.8+L.12+L.16+L.21+L.25)				5,665.708
27 Revenue adjustment factor (Page A)				1.000020
28 Adjusted revenue from rates (L.26 x L.27)				5,665.821
29 Fees (Page K, Col (1))				13.880
30 Revenue from Residual Shape Surcharge (Page J, Col (1))				3.176
31 Total Revenue (L.28+L.29+L.30)				5,682.877
32 TYAR revenue per piece (L.31 / L.17)				0.16777
33 TYBR revenue per piece (Page E, L.28)				0.1580
34 % change ((L.32-L.33)/L.33)				6.19%

Source: Same as page E, except Col (1) includes proposed rates (p.Q).

SUMMARY OF PROPOSED RATES**Enhanced Carrier Route**

		Entered at destination:		
		<i>BMC</i>	<i>SCF</i>	<i>DDU</i>
Letters				
Basic	0.194	0.173	0.168	0.162
Auto	0.171	0.150	0.145	0.139
High-D	0.164	0.143	0.138	0.132
Saturation	0.153	0.132	0.127	0.121
Non-letters (pc-rated)				
Basic	0.194	0.173	0.168	0.162
High-D	0.169	0.148	0.143	0.137
Saturation	0.160	0.139	0.134	0.128
Non-letters (lb-rated)				
per piece:				
Basic	0.071	0.071	0.071	0.071
High-D	0.046	0.046	0.046	0.046
Saturation	0.037	0.037	0.037	0.037
per pound:				
Basic	0.598	0.498	0.473	0.441
High-D	0.598	0.498	0.473	0.441
Saturation	0.598	0.498	0.473	0.441

Residual Shape Surcharge	0.200
---------------------------------	-------

PERCENTAGE CHANGE BY RATE CELL**Enhanced Carrier Route**

		Entered at destination:		
		<i>BMC</i>	<i>SCF</i>	<i>DDU</i>
Letters				
Basic	8.99%	8.81%	9.09%	8.72%
Auto	8.92%	8.70%	9.02%	8.59%
High-D	7.19%	6.72%	6.98%	6.45%
Saturation	5.52%	4.76%	4.96%	4.31%
Non-letters (pc-rated)				
Basic	8.99%	8.81%	9.09%	8.72%
High-D	8.33%	8.03%	8.33%	7.87%
Saturation	7.38%	6.92%	7.20%	6.67%

Residual Shape Surcharge	33.33%
---------------------------------	--------

SUM

SUMMARY OF CURRENT RATES

Enhanced Carrier Route

		Entered at destination:		
		<i>BMC</i>	<i>SCF</i>	<i>DDU</i>
Letters				
Basic	0.178	0.159	0.154	0.149
Auto	0.157	0.138	0.133	0.128
High-D	0.153	0.134	0.129	0.124
Saturatio	0.145	0.126	0.121	0.116
Non-letters (pc-rated)				
Basic	0.178	0.159	0.154	0.149
High-D	0.156	0.137	0.132	0.127
Saturatio	0.149	0.130	0.125	0.120
Non-letters (lb-rated)				
per piece:				
Basic	0.046	0.046	0.046	0.046
High-D	0.024	0.024	0.024	0.024
Saturatio	0.017	0.017	0.017	0.017
per pound:				
Basic	0.638	0.545	0.524	0.498
High-D	0.638	0.545	0.524	0.498
Saturatio	0.638	0.545	0.524	0.498

Residual Shape Surcharge	0.150
---------------------------------	-------

Source: USPS Rate Chart, July 2001.

SUM

Enhanced Carrier Route Summary of Current and Proposed Rates

WP 1, page V

Proposed Rates (\$)

Overall 6.19%

Minimum per piece rates				
Density tier	Shape	Current	Proposed	% Change
Basic	Letter	0.178	0.194	9.0%
	Automation	0.157	0.171	8.9%
	Nonletter	0.178	0.194	9.0%
High-Density	Letter	0.153	0.164	7.2%
	Nonletter	0.156	0.169	8.3%
Saturation	Letter	0.145	0.153	5.5%
	Nonletter	0.149	0.160	7.4%

Pound-rated pieces				
Density Tier		Current	Proposed	% Change
Basic	per piece	0.046	0.071	
	per pound	0.638	0.598	
	example: 8 ounce piece	0.365	0.370	1.4%
High Density	per piece	0.024	0.046	
	per pound	0.638	0.598	
	example: 8 ounce piece	0.343	0.345	0.6%
Saturation	per piece	0.017	0.037	
	per pound	0.638	0.598	
	example: 8 ounce piece	0.336	0.336	0.0%

Destination Entry Discounts				
		Current per piece	Proposed per piece	% Change
Piece-rated pieces	DBMC	0.019	0.021	10.5%
	DSCF	0.024	0.026	8.3%
	DDU	0.029	0.032	10.3%
		Current per pound	Proposed per pound	
Pound-rated pieces	DBMC	0.093	0.100	7.5%
	DSCF	0.114	0.125	9.6%
	DDU	0.140	0.157	12.1%

	Current	Proposed	
Residual Shape Surcharge	0.150	0.200	33.3%

CHG SUM

Test Year Volume Forecast - Before Rates Calculation of Revenue per Piece by Rate Category - CURRENT RATES

Enhanced Carrier Route Subclass												
Letters	pieces		Pounds (lb-in) dropshipped:				Pounds (lb-in) dropshipped:				Place discount	
	(1)	(2)	BMC	SCF	DDU	BMC	SCF	DDU	BMC	SCF	DDU	Net
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
Total ECR												

Test Year Volume Forecast Calculation of Revenue per Piece by Rate Category - PROPOSED RATES

Enhanced Carrier Route subclass	Pieces					Pounds (lb-r) dropped/ship:					Pieces Discount					Pound discount						
	(1)	(2)	% Dropship to:			(6)	(7)	(8)	(9)	(10)	(11)	Rate/pc (12)	(13)	(14)	Pieces Discount			Pound discount				
			BMC	SCF	DDU										BMC	SCF	DDU	BMC	SCF	DDU	BMC	SCF
Lecture																						
1 Basic	3,545	808	23.61%	48.01%	4.88%	836	750	1,663	206	166	075	0.194	687	89	17	572	43	243	5	314	621	757
2 Auto	2,104	822	34.30%	36.05%	1.60%	808	249	758	732	33	590	0.171	359	82	16	631	19	727	1	075	322	191
3 High-D	360	086	3.86%	77.56%	11.80%	13	880	279	363	42	502	0.164	59	05	0	287	7	253	1	360	50	144
4 Saturation	3,804	202	4.88%	68.20%	18.01%	185	462	2,594	541	885	012	0.153	582	04	3	895	67	458	21	920	480	708
5 Non-litters-Piece rated																						
6 Basic	6,694	822	20.45%	66.40%	4.89%	1,369	047	4,445	192	328	390	0.194	1,398	80	28	750	115	575	10	444	1,144	028
7 High-D	1,035	908	1.31%	54.95%	42.00%	13	746	565	227	435	121	0.166	175	07	0	289	14	086	13	524	148	160
8 Saturation	6,700	502	3.39%	38.85%	55.12%	227	081	2,591	964	3,083	180	0.180	1,072	08	4	708	67	383	118	182	661	747
9 Non-litters-Pound rated																						
10 Basic	5,942	222	1,882	470	15.55%	77	12%	2	80%	292	663	0.071	0	598	1,547	61					28	268
11 High-D	798	234	294	147	0.09%	35	25%	63	81%	0.278	103	067	0.046	0	598	212	82				0	028
12 Saturation	2,887	178	897	731	0.30%	18	79%	77	75%	2	889	177	603	869	021	0.037	0	588	643	87	0	287
13 Total EOR	33,873	784	3,074	348		3,452	015	12,897	924	5,381	871		296	506	1,733	228	934	874			22	272
																					108	581
																					7,682	1,328
																					170	117
																					511	608
																					5,065	708

- Co (1) Page B, Col (1)
 (2) Page B, Col (2)
 (3) Hidden in spreadsheet to conserve space, this is the percentage of pieces, or pounds as applicable, dropped/ship to BMC, from Page B, Col (7) and (12)
 (4) Hidden in spreadsheet to conserve space, this is the percentage of pieces, or pounds as applicable, dropped/ship to SCF, from Page B, Col (6) and (13)
 (5) Hidden in spreadsheet to conserve space, this is the percentage of pieces, or pounds as applicable, dropped/ship to DDU, from Page B, Col (9) and (14)
 (6) Co (1) * Co (3)
 (7) Co (1) * Co (4)
 (8) Co (1) * Co (5)
 (9) Co (1) * Co (6)
 (10) Co (1) * Co (7)
 (11) Co (1) * Co (8)
 (12) Page V, "Dropship" column
 (13) Page V, "Dropship" column
 (14) Fractionated pieces, Co (1) * Co (12) * Co (12) * Co (12) * Co (13)
 (15) Co (6) * BMC piece discount (at top of column, from Page G)
 (16) Co (7) * SCF piece discount (at top of column, from Page G)
 (17) Co (8) * DDU piece discount (at top of column, from Page G)
 (18) Co (9) * BMC pound discount (at top of column, from Page G)
 (19) Co (10) * SCF pound discount (at top of column, from Page G)
 (20) Co (11) * DDU pound discount (at top of column, from Page G)
 (21) Co (14) * Co (15) through 20)

Enhanced Carrier Route Subclass
Calculation of Revenue per Piece for Specific Subcategories

		pieces	lb-rated pounds	Before Rates		After Rates	
				Net Rev.	Rev/pc	Net Rev.	Rev/pc
		(1)	(2)	(3)	(4)	(5)	(6)
Letters							
1	Basic	3,545.81		578.52	0.1632	621.76	0.1753
2	Auto	2,104.82		300.75	0.1429	322.19	0.1531
3	High-D	360.09		47.90	0.1330	50.14	0.1393
4	Saturation	3,804.20		476.35	0.1252	488.77	0.1285
5	Non-letters-Piece rated						
6	Basic	6,694.82		1,067.94	0.1595	1,144.03	0.1709
7	High-D	1,035.91		138.20	0.1334	146.16	0.1411
8	Saturation	6,700.50		844.29	0.1260	881.75	0.1316
9	Non-letters-Pound rated						
10	Basic	5,942.22	1,882.47	1,299.89	0.2188	1,329.19	0.2237
11	High-D	798.23	294.15	172.75	0.2164	170.12	0.2131
12	Saturation	2,887.18	897.73	515.91	0.1787	511.61	0.1772
13	Total ECR	33,873.78	3,074.35	5,442.50	0.1607	5,665.71	0.1673
14	SubTotal - Letters	9,814.92		1,403.52	0.14300	1,482.86	0.15108
15	SubTotal - pc. rated	24,246.15		3,453.95	0.14245	3,654.79	0.15074
16	SubTotal - lb. rated NL	9,627.63		1,988.55	0.20655	2,010.91	0.20887
17	SubTotal - pc. rated NL	14,431.23		2,050.43	0.14208	2,171.93	0.15050

Notes:

- Col. (1) Page W, Col. (1)
 (2) Page W, Col. (2)
 (3) Page W, Col. (21)
 (4) Col (3) / Col (1)
 (5) Page X, Col. (21)
 (6) Col (5) / Col (1)

Calculation of Breakpoint - Current Rates

	Minimum per piece	Pound-rated pieces		Calculated Breakpoint
	(1)	per piece	per pound	
ECR	(1)	(2)	(3)	(4)
None	0.178	0.046	0.638	3.3103
DBMC	0.159	0.048	0.545	3.3174
DSCF	0.154	0.046	0.524	3.2977
DDU	0.149	0.046	0.498	3.3092

Columns 1-3 are the current rates.

Column 4 is the calculation of the weight at which the minimum-per-piece rate equals the rate that would apply using the piece-pound rates.

BREAKPOINT

Workpaper # 2
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Nonprofit ECR

Worksheet Tab	previous	Page(s)	Worksheet Title
NBD	bd	A	FY 00 Billing Determinants - Standard Nonprofit and Nonprofit ECR
NBD%	bd%	B	FY 00 Billing Determinants (percentages) - Standard Nonprofit and Nonprofit ECR
NVOLUME	vol	C	Volume Forecast -GFY 2003
NTYBR VOL	v01br	D	Test Year Volume Forecast - Before Rates - GFY 2003
NTYBR REV CAT	r01br	E	Test Year Revenue - Before Rates
NTYBR SUM	tybr_sum	F	Test Year Before Rates Summary
NDROP DIS	drop	G	Nonprofit and NECR/Development of Destination Entry Discounts and Value of the Discounts
NCOST	cost	H	Mail Processing and Delivery Costs Per Piece - Test Year
NRES SHAPE REV	parcel_br	I	Expected Revenue from Residual Shape Surcharge For Use in Calculation of Test Year Before Rates Revenue
NRES SHAPE LEAK	parcel	J	Expected Revenue from Residual Shape Surcharge for Use in Formula
NFEES	fees	K	Calculation of Expected Fee Revenue
NVOL VAR	volvar	L	Test Year Volume Variable Costs

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Nonprofit ECR

Worksheet Tab	previous	Page(s)	Worksheet Title
NECR PASS	CRpass	M	Development of Passthrough Percentages for Nonprofit Enhanced Carrier Route Subclass
NECR DIS	CRvol	N	Development of Density and Automation Discounts for Nonprofit Enhanced Carrier Route Subclass
NECR RD	CRform	O	Nonprofit ECR Subclass Rate Design Formula
NTYAR VOL	VTYar	P	Test Year After Rates Volume Forecast
NTYAR REV	rTYar	Q	Test Year After Rates Revenue
NFIN SUM	finsum	R	Nonprofit Standard Mail - Calculation of ECR and NECR Coverage Test Year After Rates
NNEW RATE TYBR VOL	chg_rev	S	Determination of Percent Rate Change Using Before Rates Volume Mix TY Revenue - Proposed Rates with Before Rates Volume
NSUM	sum	T	Summary of Proposed Rates - Nonprofit ECR Percentage Change: Proposed vs. Current Rates
		U	Summary of Current Rates
N CHGSUM	chgsum	V	Summary of Current and Proposed Rates for Nonprofit ECR

Standard Nonprofit Automation		Pre-sorted pieces (1)	Re-sorted pieces (2)	Re-sorted pounds (3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Letters																
Basic	1,485,887,557				1,437,845,506	36,863,259	11,178,782									
3-5-digit	3,536,586,787				2,318,661,003	867,961,108	260,754,685									
5-digit	1,954,218,872				604,934,971	705,743,328	643,540,315									
Total letter	6,976,693,216															
Flats																
Basic	51,184,788		27,497,017	9,851,840	50,628,346	315,312	240,140									
3-5-digit	931,256,577		405,640,281	125,656,696	527,315,800	255,837,422	148,113,355									
Total flat	982,451,375		433,137,306	135,511,536												
Total Auto	7,959,124,401		433,137,306													
Present	8,391,281,708															
Letters																
Basic	625,252,778				735,918,703	35,864,517	53,779,558									
3-5-digit	1,594,010,485				879,375,750	40,786,084	663,665,571									
Total letter	2,409,263,163															
Non-letters																
Basic	137,202,731		66,488,006	25,554,970	125,443,142	8,534,128	5,225,461									
3-5-digit	328,490,757		62,865,459	28,578,821	137,378,968	21,877,249	78,194,510									
Total flat	375,693,488		149,353,064	53,924,791												
Total Present	2,784,956,651		149,438,064	53,924,791												
Total Nonprofit	2,834,395,735															
	11,325,957,444															
Nonprofit Financial Center Route																
Letters																
Basic	471,295,082				121,812,382	98,212,285	208,659,285	41,511,150								
Auto	288,988,178				72,828,284	118,046,540	100,838,770	8,284,804								
High-D	75,648,084				20,172,865	12,082,873	11,514,887	31,188,536								
Saturation	722,882,884				123,978,887	18,885,384	281,853,877	301,228,786								
Total	1,548,705,018															
Non-letters																
Basic	654,509,343		152,970,209	45,544,319	112,378,718	382,822,421	344,378,288	14,528,806								
High-D	8,813,470		3,234,187	45,005,001	1,460,570	102,264	5,536,278	2,014,370								
Saturation	270,785,418		86,423,382	25,808,782	35,654,223	3,111,146	103,829,540	128,380,505								
Total	1,344,108,229		242,424,788	72,178,082												
Total NECR	2,882,273,421															
	2,824,637,855															

Source: Billing Determinants, USPS-LR-J-98

FY00 Billing Determinants (percentages) - Standard Nonprofit and Nonprofit ECR

FY00 Billing Determinants (percentages) - Standard Nonprofit and Nonprofit Letter Automation																
	pc-rated pieces	lb-rated pieces	lb-rated percent	lb-rated pounds	lb/pc for lb-rated	% Piece-rated None	BMC	SCF	DDU	Total	% of Pound-rated pounds dropped/ipped to: None	BMC	SCF	DDU	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)		
Letters	Basic	1,485,887,557				96.77%	2.48%	0.75%	0.00%	100.00%						
	3-digit	3,535,566,797				65.53%	27.08%	7.38%	0.00%	100.00%						
	5-digit	1,954,218,672				30.96%	36.11%	32.93%	0.00%	100.00%						
	Total letter	6,975,673,026														
	Flats															
Total Auto Presort	Basic	51,184,798	27,497,017	34.95%	9,851,840	0.358	98.91%	0.62%	0.47%	0.00%	100.00%	99.02%	0.63%	0.35%	0.00%	
	3/5-digit	931,266,577	405,640,291	30.34%	125,859,696	0.310	56.62%	27.47%	15.90%	0.00%	100.00%	65.13%	17.48%	17.39%	0.00%	
	Total flat	982,451,375	433,137,308	30.60%	135,711,536	0.313										
	Total Auto Presort	7,956,124,401	433,137,308													
Letters	Basic	825,252,778				89.14%	4.34%	6.52%	0.00%	100.00%						
	3/5-digit	1,584,010,405				55.52%	2.57%	41.91%	0.00%	100.00%						
	Total letter	2,409,263,183														
	Non-letters															
Total Presort Total Nonprofit	Basic	137,202,731	66,469,605	32.64%	25,554,970	0.384	91.43%	4.76%	3.81%	0.00%	100.00%	96.81%	1.36%	1.83%	0.00%	
	3/5-digit	238,490,757	82,969,459	25.81%	28,379,821	0.342	57.60%	9.22%	33.18%	0.00%	100.00%	70.76%	9.47%	19.77%	0.00%	
	Total NL	375,693,488	149,439,064													
	Total Presort Total Nonprofit	2,784,956,671	149,439,064													
Nonprofit Enhanced Carrier Route	Letters															
	Basic	471,295,092				25.87%	21.05%	44.27%	8.81%	100.00%						
	Auto	298,898,178				24.40%	39.83%	33.67%	2.10%	100.00%						
	High-D	75,649,084				27.46%	15.99%	15.35%	41.20%	100.00%						
Total NECR	Saturation	702,262,664				17.17%	2.68%	37.26%	42.89%	100.00%						
	Non-letters															
	Basic	854,509,343	152,970,209	15.18%	45,544,319	0.298	13.15%	44.80%	40.30%	1.75%	100.00%	19.19%	23.01%	56.57%	1.23%	
	High-D	8,813,470	3,234,197	26.85%	1,025,001	0.317	13.17%	1.16%	62.82%	22.86%	100.00%	3.31%	2.52%	80.06%	13.51%	
Total NECR	Saturation	270,785,416	86,220,302	24.15%	25,608,762	0.297	13.09%	1.15%	38.34%	47.41%	100.00%	7.76%	3.34%	62.14%	26.76%	
	Total NECR	2,682,213,247	242,424,708													
	2,924,637,955															
	(1,2)	Page A, Col (1,2)										(7)	Page A, Col (5) / Col (1)			
(3)	Col (2) / (Col (1) + Col (2))										(8)	Page A, Col (6) / Col (1)				
(4)	Page A, Col (3)										(9)	Page A, Col (7) / Col (1)				
(5)	Col (4) / Col (2)										(10)	Sum Cols (6 to 9)				
(6)	Page A, Col (4) / Col (1)										(11)	Page A, Col (12) / Col (4)				

NBD%

VOLUME

Test Year	Test Year	Before Rates	After Rates
(1)	(2)	15,195.806	15,119.320
11,943.287	11,882.923	2,254.286	2,221.295
770.803	764.797	150.371	149.664
1,158.153	1,132.895	174.959	173.939
Basic Letters	Basic Letters	3/5 Letters	3/5 NL
Basic NL	Basic NL	3/5 Letters	3/5 NL
Presort	Presort		
Nonprofit Subclass	Nonprofit Subclass		
NECR	NECR		
Automation	Automation		
Basic Letter	Basic Letter	3-D letters	3-D letters
Basic Flat	Basic Flat	5-D letters	5-D letters
3/5-D flats	3/5-D flats		
Auto	Auto		
Basic letters	Basic letters		
Basic NL	Basic NL		
HD letters	HD letters		
HD NL	HD NL		
Sat letters	Sat letters		
Sat NL	Sat NL		

(1) USPS-LR-J-125, Table 125-1
(2) USPS-LR-J-125, Table 125-2

Test Year Volume Forecast - Before Rates

Nonprofit Subclass	% dropship to:					Pieces (pc-rt) dropshipped:			Pounds (lbs-rt) dropshipped:		
	pieces	pounds	BMC	SCF	DDU	BMC	SCF	DDU	BMC	SCF	DDU
Automation Category	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Letters											
Basic	1,551,534		2.48%	0.75%	0.00%	38,492	11,673	0.000			
3-Digit	3,755,086		27.00%	7.38%	0.00%	1,017,429	276,945	0.000			
5-Digit	2,654,880		36.11%	32.93%	0.00%	958,778	874,274	0.000			
Flats-Piece rated											
Basic	86,871		0.62%	0.47%	0.00%	0.535	0.408	0.000			
3/5 Digit	1,110,327		27.47%	15.90%	0.00%	305,029	176,582	0.000			
Flats-Pound rated											
Basic	46,688	16,721	0.63%	0.35%	0.00%				0.106	0.059	0.000
3/5 Digit	483,635	150,059	17.48%	17.38%	0.00%				26,225	26,096	0.000
Total Automation	9,689,001	186,780				2,320,264	1,339,891	0.000	26,331	26,155	0.000
SubTotal - letters	7,961,500										
SubTotal - lb. rated flats	530,303										
SubTotal - pc. rated flats	1,197,197										
Presort Category											
Letters											
Basic	770,803		4.34%	6.52%	0.00%	33,489	50,231	0.000			
3/5 digit	1,158,153		2.57%	41.91%	0.00%	29,808	485,387	0.000			
Non-letters-Piece rated											
Basic	101,296		4.76%	3.81%	0.00%	4,824	3,858	0.000			
3/5 digit	129,802		9.22%	33.18%	0.00%	11,961	43,070	0.000			
Non-letters-Pound rated											
Basic	48,074	18,967	1.36%	1.83%	0.00%				0.257	0.345	0.000
3/5 digit	45,157	15,446	9.47%	19.77%	0.00%				1,463	3,054	0.000
Total Presort	2,254,286	34,313				80,083	582,546	0.000	1,720	3,389	0.000
SubTotal - letters	1,928,956										
SubTotal - lb. rated pcs.	94,232										
SubTotal - pc. rated NL	231,098										
Total Nonprofit Subclass	11,943,287										
Nonprofit Enhanced Carrier Route Subclass											
Letters											
Basic	546,277		21.05%	44.27%	8.61%	114,997	241,857	48,115			
Auto	301,137		38.83%	33.67%	2.10%	119,838	101,392	6,332			
High-D	73,601		15.99%	15.35%	41.20%	11,765	11,300	30,325			
Saturation	699,559		2.68%	37.25%	42.89%	18,733	280,647	300,067			
Non-letters-Piece rated											
Basic	1,027,435		44.80%	40.30%	1.75%	460,293	414,069	17,951			
High-D	10,926		1.16%	62.82%	22.86%	0,127	6,863	2,497			
Saturation	307,680		1.15%	38.34%	47.41%	3,535	117,876	145,884			
Non-letters-Pound rated											
Basic	183,926	54,761	23.01%	56.57%	1.23%				12,601	30,961	0.673
High-D	4,009	1,271	2.52%	80.06%	13.51%				0.032	1,017	0.172
Saturation	97,968	29,098	3.34%	62.14%	26.76%				0.971	18,082	7.786
Total NECR	3,252,519	85,130				729,388	1,154,105	551,172	13,603	50,080	8,630
SubTotal - letters	1,620,574										
SubTotal - pc. rated	2,966,615										
SubTotal - lb. rated NL	285,904										
SubTotal - pc. rated NL	1,346,041										

(1) For letters, Col (1), page C

For pc-rated nonletters, (Col (1), p C) * (1-Col(3)p B)

For lb-rated nonletters, (Col (1), p C) * (Col(3)p B)

(2) Col (1) * Col (5), p B

(3) Col (7), p B for piece rated pieces

Col (12), p B for pound rated pieces

(4) Col (9), p B for piece rated pieces

Col (13), p B for pound rated pieces

(5) Col (9), p B for piece rated pieces

Col (14), p B for pound rated pieces

(6) Col (1) * Col (3)

(7) Col (1) * Col (4)

(8) Col (1) * Col (5)

(9) Col (2) * Col (3)

(10) Col (2) * Col (4)

(11) Col (2) * Col (5)

Test Year Revenue - Before Rates
Nonprofit Enhanced Carrier Route Subclass
(Volumes and Revenues in Millions)

WP 2, page E

Categories	Unit	Rates	Volume	Revenue
		(1)	(2)	(3)
Letters				
1 Basic	per piece	0.118	546.277	64.461
2 High Density	per piece	0.095	73.601	6.992
3 Saturation	per piece	0.089	699.559	62.261
4 Automated	per piece	0.105	301.137	31.619
4a SubTotal			1,620.574	165.333
Nonletters, Piece-Rated				
5 Basic	per piece	0.118	1,027.435	121.237
6 High Density	per piece	0.102	10.926	1.114
7 Saturation	per piece	0.097	307.680	29.845
8 SubTotal			1,346.041	152.197
Nonletters, Pound-Rated				
9 Basic	per piece	0.042	183.926	7.725
10 High Density	per piece	0.026	4.009	0.104
11 Saturation	per piece	0.021	97.968	2.057
12 SubTotal			285.904	9.886
13 Basic	per pound	0.370	54.761	20.262
14 High Density	per pound	0.370	1.271	0.470
15 Saturation	per pound	0.370	29.098	10.766
16 SubTotal			85.130	31.498
17 Total	pieces		3,252.519	
Dropship Discounts:				
Piece-Rated				
18 DBMC	per piece	-0.019	729.388	(13.858)
19 DSCF	per piece	-0.024	1,154.105	(27.699)
20 DDU	per piece	-0.029	551.172	(15.984)
21 SubTotal			2,434.665	(57.541)
Pound-Rated				
22 DBMC	per pound	-0.093	13.603	(1.265)
23 DSCF	per pound	-0.114	50.080	(5.709)
24 DDU	per pound	-0.14	8.630	(1.208)
25 SubTotal			72.314	(8.182)
Nonprofit ECR Subclass Total				
23 Net Revenue from Rates (L.4a+L.8+L.12+L.16+L.21+L.25)				293.191
24 Revenue Adjustment Factor (page A)				0.99987
25 Adjusted Revenue from Rates (L.23 x L.24)				293.153
25a Plus Residual Shape Surcharge (P.I, Col(1))				0.384
26 Fees (page K)				13.353
27 Total Revenue (L.25+L.25a+L.26)				306.890
28 Revenue per piece (L.27 / L.17)				0.0944

- (1) USPS Rate Chart, July 2001.
(2) Page D, columns 1,2 for category volumes; col. 6-10 for dropship total by subclass.
(3) Col(1) x Col(2).

Test Year *Before Rates* Summary

Revenue	
(1)	
Nonprofit ECR	306,890

(1) Page E, Line 27

For ease of presentation, the subclass summary is included on page F of WP1.

NTYBR SUM

Nonprofit and NECR Development of Destination Entry Discounts and Value of the Discounts

Dropship Savings

	per pound	per piece
Destination	(1)	(2)
BMC	0.1174	0.02421
SCF	0.1472	0.03036
DDU	0.1848	0.03812

Breakpoint 1/ 3.3 ounces

Nonprofit Subclass

	Cost	Passthrough	Discount	Volume	Value
	(3)	(4)	(5)	(6)	(7)
Piece-rated					
BMC	0.02421	85%	0.021	2400.347	50.407
SCF	0.03036	85%	0.026	1922.437	49.983
Pound-rated					
BMC	0.1174	85%	0.100	28.051	2.805
SCF	0.147	85%	0.125	29.554	3.694

Value of Discounts 106.890

Nonprofit Enhanced Carrier Route

	Cost	Passthrough	Discount	Volume	Value
	(3)	(4)	(5)	(6)	(7)
Piece-rated					
BMC	0.02421	85%	0.021	729.388	15.317
SCF	0.03036	85%	0.026	1154.105	30.007
DDU	0.03812	85.0%	0.032	551.172	17.637
Pound-rated					
BMC	0.1174	85%	0.100	13.603	1.360
SCF	0.1472	85%	0.125	50.080	6.260
DDU	0.1848	85.0%	0.157	8.630	1.355

Value of Discounts 71.937

- (1) USPS-T-23
- (2) Discount based on breakpoint weight, which is consistent with existing discounts.
Col (1) x breakpoint weight (in pounds)
- (3) Col (1,2)
- (4) Selected passthrough
- (5) Col (3) x Col (4)
- (6) Page D, Col (6 to 11), total for subclass, by entry point
- (7) Col (5) x Col (6)

1/ Selected breakpoint

NDROP DIS

Nonprofit Enhanced Carrier Route

(1) $\text{C}_2\text{H}_5\text{Br} + \text{OH}^- \rightarrow \text{C}_2\text{H}_5\text{OH} + \text{Br}^-$
 (2) $\text{C}_2\text{H}_5\text{Br} + \text{H}_2\text{O} \rightarrow \text{C}_2\text{H}_5\text{OH} + \text{HBr}$
 (3) Col (1) + Col (2)

Mail Processing and Delivery Costs Per Piece **Test Year (in cents)**

Nonprofit Enhanced Carrier Route

		Mail		
		Processing	Delivery	Total
		(1)	(2)	(3)
1				
2				
3				
4	Letters			
5	Auto	1.615	3.147	4.762
6	Basic	2.766	4.380	7.146
7	High-density	0.669	3.112	3.781
8	Saturation	0.669	2.321	2.990
9	Flats			
10	Basic	3.331	4.072	7.403
11	High-density	1.152	3.362	4.514
12	Saturation	1.152	2.731	3.883

(1) Source: USPS-T-43 and USPS-LR-J-59

(2) USPS-LR-J-59

(3) Col (1) + Col (2)

Expected Revenue from Residual Shape Surcharge for Use in the Calculation of *Before Rates* Revenue

(\$ Millions)

Nonprofit Enhanced Carrier Route Subclass

TYBR Volume Nonletters	1,631.94	1/
% Residual Shape	0.157%	2/
Net Projected Volume	2.562	3/
x Surcharge (cents)	0.150	4/
Expected Revenue	0.384	5/
(\$ Millions)		

1/ Page D, total nonletters in NECR.

2/ Assume residual shape percentage remains constant at A/B.

Source: USPS-LR-J-98, p. G5, p. 4 and p. G6, p. 4.

3/ Volume of nonletters x % residual shape pieces.

4/ Current surcharge.

5/ Expected volume x current surcharge.

**Expected Revenue from Residual Shape Surcharge
for Use in Formula**

Estimated After Rates Revenue for

FY2003

Before Rates		After Rates	
Nonprofit ECR Subclass		Nonprofit ECR Subclass	
TYBR Volume Nonletters	1,631.94 1/	TYAR Volume Nonletters	1,623.83
% Residual Shape	0.157% 2/	% Residual Shape	0.157%
Net Projected Volume	2.562 3/	Expected residual volume	2.549
x Surcharge (cents)	0.200 4/	x Surcharge (cents)	0.200
Expected Revenue	0.512 5/	Expected Revenue	0.510
(\$ Millions)		(\$ Millions)	

1/ Page D, total nonletters in NECR.

2/ Assume residual shape percentage remains constant at A/B.

See footnote #2, p. I.

3/ Volume of nonletters x % residual shape pieces.

4/ Proposed surcharge.

5/ Expected volume x proposed surcharge.

**Expected Revenue from Residual Shape Surcharge
for Use in Formula
Estimated *After Rates* Revenue for FY2001**

<i>Before Rates</i>		<i>After Rates</i>	
Nonprofit ECR Subclass		Nonprofit ECR Subclass	
TYBR Volume Nonletters	1,631.94 1/	TYAR Volume Nonletters	1,623.83
% Residual Shape	0.157% 2/	% Residual Shape	0.157%
Net Projected Volume	2.562 3/	Expected residual volume	2.549
x Surcharge (cents)	0.200 4/	x Surcharge (cents)	0.200
Expected Revenue	0.512 5/	Expected Revenue	0.510
(\$ Millions)		(\$ Millions)	

1/ Page D, total nonletters in NECR.

2/ Assume residual shape percentage remains constant at A/B.

See footnote #2, p. I.

3/ Volume of nonletters x % residual shape pieces.

4/ Proposed surcharge.

5/ Expected volume x proposed surcharge.

Calculation of Expected Fee Revenue (Millions)

Test Year Before Rates Fees

(\$ Millions)

	(1)
NECR	<u>13.353</u>

Test Year After Rates Fees

(\$ Millions)

	(2)
NECR	<u>15.766</u>

(1) USPS-T-36, WP 14

(2) USPS-T-36, WP 15

Calculation of Fee Revenue at Proposed Level, Using *Before Rates* Volume

(Millions)

	(3)
NECR	<u>15.756</u>

(3) USPS-T-36, WP 16

Standard Mail (A)
Test Year Volume Variable Costs
(Millions)

<i>TYBR Cost</i>			
	(1)	(2)	(3)
	Volume		
	Variable Cost		Total
	with		with
	Contingency	Ratio	Contingency
NECR	2,749.941	0.0775	213.12

(1) USPS-T-12, WP F, Table E

(2) USPS-LR-I-166 (WP1, p. 16 and WP2, p. 16) for ratio of NECR Costs to ECR + NECR Costs

(3) Col (1) x Col (2)

**Development of Passthrough Percentages
for Nonprofit Enhanced Carrier Route Subclass**

WORKTABLE A UNIT COSTS (Cents per Piece)				
	Letters Unit Cost		L-F Diff + Unit Cost	Flats = Unit Cost
Basic	7.146	+	0.257	= 7.403
High D	3.781	+	0.733	= 4.514
Sat	2.99	+	0.893	= 3.883

Source: Page H
center column is difference between letters and flats

WORKTABLE B UNIT COST DIFFERENCES			
	Presort Letters Unit Cost Diff	L-F Diff Unit Cost	Presort Flats Unit Cost Diff
Basic		0.257	
High D	3.365	0.733	2.889
Sat	0.791	0.893	0.631

Source: Worktable A, subtraction of adjacent cells

WORKTABLE C PASSTHROUGH PERCENTAGES (Cents per Piece)			
	Presort Letters %Passthrough	L-F % Passthrough	Presort Flats %Passthrough
Basic		0.0%	
High D	70.0%	110.0%	55.4%
Sat	90.0%	100.0%	95.1%

Source: Assumed, except for flat presort passthrough,
which = Worktable E disc. / Worktable B cost

WORKTABLE D COST PASSTHROUGHS (Cents per Piece)			
	Letters Unit Cost Passthrough	L-F Diff Unit Cost Passthrough	Flats Unit Cost Passthrough
Basic		0	N/A
High D	2.4	0.8	N/A
Sat	0.70	0.9	N/A

Source: Worktable B cost differences * Worktable C passthroughs,
as applicable; See Worktable E for flat passthrough amount

WORKTABLE E CALCULATION OF FLAT PRESORT PASSTHROUGHS					
	Cumu- lative Letter Passthrough with Base = SAT		L-F Diff Passthrough	Cumu- lative Flats Passthrough with Base = SAT	Flats Passthroughs
Basic	3.1	+	0	= 3.1	
High D	0.7	+	0.8	= 1.5	1.6
Sat	0	+	0.9	= 0.9	0.6

Source: Worktable D

SUMMARY WORKTABLE (Cents per Piece)				
	Presort Letter Discount by Presort Level	Cumu- lative	Presort Flat Discount by Presort Level	Cumu- lative
Basic	0	0	0	0
High D	2.4	2.4	1.6	1.6
Sat	0.7	3.1	0.6	2.2
Letter Discount		0		
Intercept				2.2

Source: Worktable E

Nonprofit Enhanced Carrier Route Subclass Development of Density and Automation Discounts

Item	MP + Del Unit Cost (Cents)	Differential (Cents)	Passthrough Percent	Discount	Cumulative Discount (Cents)	Pieces (Millions)	Value (Millions)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Nonletters							
1 Basic	7.403	----	----		----	1,211.361	----
2 High Density	4.514	2.889	55.4%	1.6	1.6	14.935	0.239
3 Saturation	3.883	0.631	95.1%	0.6	2.2	405.648	8.924
4 SubTotal	---	----	----		----	1,631.945	9.163
Letters							
5 Basic	7.146	0.257	0.0%	0	0	546.277	0.000
6 Automated	4.762	2.384	65.0%	1.5	1.5	301.137	4.517
7 High Density	3.781	3.365	70.0%	2.4	2.4	73.601	1.766
8 Saturation	2.99	0.791	90.0%	0.7	3.1	699.559	21.686
9 Letter Discount					0.0	773.161	0.000
10 SubTotal						1,620.574	27.970
11 Total						3,252.519	37.133

(1) Page H lines 5-12

(2) Difference between relevant cost figures in Col (1)

(3) Automation passthrough selected; italicized from page M, worktable C.

(4) Col (2) x Col (3)

(5) Cumulative discount for that category.

(6) Page D, Col (1). Flat volumes are sum of piece-and pound-rated pieces.

(7) Col (5) x Col (6)

**Nonprofit ECR Subclass
Rate Design Formula
(Millions)**

Item	Source	Amount
1 Volume Variable Costs (TYBR)	Page L	213.120
2 Markup	assumed	1.520
3 Revenue Requirement	L.1 x L.2	323.943
4 Residual Shape Surcharge	Page J, Col (1)	0.512
5 Fees	Page K, Col (1)	13.353
6 Revenue Requirement from Postage	L.3-L.4-L.5	310.078
7 Value of Discounts	Pages G and N	109.070
8 Rev Req+Discounts (RR+D)	L.6 + L.7	419.147
9 Total Pcs - min rate (Vr)	Page D, col (1)	2,966.615
10 Total Pcs - pound rate (Vrp)	Page D, col (1)	285.904
11 Total Pounds - Lb Rate (Vp)	Page D, col (2)	85.130
12 Break point (BP)	Current (approx.)	3.3
13 Pound Rate (P)	proposed	0.370
14 FORMULA:		
M = Basic minimum rate for nonletters		
i = per piece rate for pound-rated pieces		
15 $RR+D=(Vr)M+Vrp(i)+Vp(P)$		
16 $M = i + [(BP/16)*(P)]$		
17 $RR+D=[(Vr)[i+[(BP/16)*P]+Vrp(i)+Vp(P)]/(Vr+Vrp)$		
18 $i = RR+D-Vr(BP/16)P-VpP$		
19 Intercept (pc rate for lb-rated pieces) (i)		0.050
20 Basic Piece Rate for Flats (M)		0.126
21 Actual Breakpoint (oz.)	(L.20-L.19) x 6/L.13	3.2865
Line		
15 Revenue required from Basic Rates in order to fund discounts =		
(Rev. from min/pc rate) + (rev. from pc. element of pound-rated mail) +		
(rev. from pound element for pound-rated mail)		
16 min/pc rate = per piece for pound rated mail + pound rate rev. from breakpoint		
weight piece		
17 Substitute equation for M (line 16) into line 15 equation.		
18 Solve for i		
20 Solve for M using equation in line 16		

TYAR Volume Forecast - After Rates
Nonprofit Enhanced Carrier Route Subclass

	pieces		% dropship to:				Pieces (pc-r) dropshipped:			Pounds (lbs-r) dropshipped:			(1) For letters, Col (2), page 3. For pc-rated nonletters, (Col (2), p.3) x (1- Col(3), p. 2)
	(1)	(2)	BMC	SCF	DDU		BMC	SCF	DDU	BMC	SCF	DDU	
Letters													
Basic	543,371		21.05%	44.27%	8.81%		114,385	240,570	47,860				
Auto	299,864		39.83%	33.67%	2.10%		119,431	100,964	6,305				
High-D	73,189		15.99%	15.35%	41.20%		11,699	11,237	30,155				
Saturation	696,147		2.68%	37.26%	42.89%		18,642	259,375	298,603				
Non-letters-Piece rated													
Basic	1,022,320		44.80%	40.30%	1.75%		458,002	412,008	17,862				
High-D	10,864		1.16%	62.82%	22.86%		0,126	6,824	2,483				
Saturation	306,161		1.15%	38.34%	47.41%		3,518	117,394	145,164				
Non-letters-Pound rated													
Basic	183,011	54,488	23.01%	56.57%	1.23%					12,538	30,827	0,669	
High-D	3,987	1,263	2.52%	80.06%	13.51%					0,032	1,012	0,171	
Saturation	97,484	28,954	3.34%	62.14%	26.76%					0,966	17,993	7,747	
Total NECR	3,236,387	84,706					725,803	1,148,373	548,431		13,536	49,831	8,587
SubTotal - Letters	1,612,570												
SubTotal - pc. rated	2,951,916												
SubTotal - lb. rated NL	284,482												
SubTotal - pc. rated NL	1,339,345												

TY Revenue - After Rates
Nonprofit Enhanced Carrier Route Subclass
(Volumes and Revenues in Millions)

Categories			Rates	Volume	Revenue
			(1)	(2)	(3)
Letters					
1	Basic	per piece	0.126	543.371	68.465
2	High Density	per piece	0.102	73.189	7.465
3	Saturation	per piece	0.095	696.147	66.134
4	Automated	per piece	0.111	299.864	33.285
4a	SubTotal			1,612.570	175.349
Nonletters, Piece-Rated					
5	Basic	per piece	0.126	1,022.320	128.812
6	High Density	per piece	0.110	10.864	1.195
7	Saturation	per piece	0.104	306.161	31.841
8	SubTotal			1,339.345	161.848
Nonletters, Pound-Rated					
9	Basic	per piece	0.050	183.011	9.151
10	High Density	per piece	0.034	3.987	0.136
11	Saturation	per piece	0.028	97.484	2.730
12	SubTotal			284.482	12.016
13	Basic	per pound	0.370	54.488	20.161
14	High Density	per pound	0.370	1.263	0.467
15	Saturation	per pound	0.370	28.954	10.713
16	SubTotal			84.706	31.341
17	Total	pieces		3,236.397	
Dropship Discounts					
Piece-Rated					
18	BMC	per piece	-0.021	725.803	(15.242)
19	SCF	per piece	-0.026	1,148.373	(29.858)
20	DDU	per piece	-0.032	548.431	(17.550)
21	SubTotal			2,422.607	(62.649)
Pound-Rated					
22	BMC	per pound	-0.100	13.536	(1.354)
23	SCF	per pound	-0.125	49.831	(6.229)
24	DDU	per pound	-0.157	8.587	(1.348)
25	SubTotal			71.954	(8.931)
Nonprofit ECR Subclass Total					
26	Net Revenue from Rates (L.4a+L.8+L.12+L.16+L.21+L.25)				308.974
27	Revenue adjustment factor (Page A)				0.999870
28	Adjusted revenue from rates (L.26 x L.27)				308.934
29	Fees (Page K)				15.766
30	Revenue from Residual Shape Surcharge (Page J)				0.510
31	Total Revenue (L.28+L.29+L.30)				325.210
32	TYAR revenue per piece (L.31 / L.17)				0.1005

- (1) Lines 5,9,13,14,15 from formula, page O. Dropship discounts from Page G.
Other rates calculated by subtracting discounts (p.N) from Basic rates
from formula.
- (2) Page P, Col (1,2,6 to 11)
- (3) Col (1) x Col (2)

Nonprofit Standard Mail
Calculation of ECR and NECR Coverage
Test Year After Rates

For ease of presentation, this is included on page R of
WP 1.

NFIN SUM

**Determination of Percent Rate Change Using Before Rates Volume Mix
TY Revenue - Proposed Rates with *Before Rates* Volume**

**Nonprofit Enhanced Carrier Route Subclass
(Volumes and Revenues in Millions)**

Categories	Unit	Rates	Volume	Revenue
NECR		(1)	(2)	(3)
Letters				
1 Basic	per piece	0.126	546.277	68.831
2 High Density	per piece	0.102	73.601	7.507
3 Saturation	per piece	0.095	699.559	66.458
4 Automated	per piece	0.111	301.137	33.426
4a SubTotal			1,620.574	176.223
Nonletters, Piece-Rated				
5 Basic	per piece	0.126	1,027.435	129.457
6 High Density	per piece	0.11	10.926	1.202
7 Saturation	per piece	0.104	307.680	31.999
8 SubTotal			1,346.041	162.657
Nonletters, Pound-Rated				
9 Basic	per piece	0.05	183.926	9.196
10 High Density	per piece	0.034	4.009	0.136
11 Saturation	per piece	0.028	97.968	2.743
12 SubTotal			285.904	12.076
13 Basic	per pound	0.370	54.761	20.262
14 High Density	per pound	0.370	1.271	0.470
15 Saturation	per pound	0.370	29.098	10.766
16 SubTotal			85.130	31.498
17 Total	pieces		3,252.519	
Dropship Discounts				
Piece-Rated				
18 BMC	per piece	-0.021	729.388	(15.317)
19 SCF	per piece	-0.026	1,154.105	(30.007)
20 DDU	per piece	-0.032	551.172	(17.637)
21 SubTotal			2,434.665	(62.961)
Pound-Rated				
22 BMC	per pound	-0.1	13.603	(1.360)
23 SCF	per pound	-0.125	50.080	(6.260)
24 DDU	per pound	-0.157	8.630	(1.355)
25 SubTotal			72.314	(8.975)
Nonprofit ECR Subclass Total				
26 Net Revenue from Rates (L.4A+L.8+L.12+L.16+L.21+L.25)				310.517
27 Revenue adjustment factor (Page A)				0.999870
28 Adjusted Revenue from rates (L.26 x L.27)				310.477
29 Fees (Page K, Col (1))				15.756
30 Revenue from Residual Shape Surcharge (Page J, Col.1)				0.512
31 Total Revenue (L.28+L.29+L.30)				326.745
32 TYAR Revenue per piece (L.31 / L.17)				0.10046
33 TYBR Revenue per piece (Page E, L.28)				0.0944
34 % change ((L.32-L.33)/L.33)				6.47%

Source: Same as Page E, except Col (1) includes proposed rates (p.Q)

SUMMARY OF PROPOSED RATES

Nonprofit Enhanced Carrier Route				
		Entered at destination:		
		<i>BMC</i>	<i>SCF</i>	<i>DDU</i>
Letters				
Basic	0.126	0.105	0.100	0.094
Auto	0.111	0.090	0.085	0.079
High-D	0.102	0.081	0.076	0.070
Saturation	0.095	0.074	0.069	0.063
Non-letters (pc-rated)				
Basic	0.126	0.105	0.100	0.094
High-D	0.110	0.089	0.084	0.078
Saturation	0.104	0.083	0.078	0.072
Non-letters (lb-rated)				
per piece:				
Basic	0.050	0.050	0.050	0.050
High-D	0.034	0.034	0.034	0.034
Saturation	0.028	0.028	0.028	0.028
per pound:				
Basic	0.370	0.270	0.245	0.213
High-D	0.370	0.270	0.245	0.213
Saturation	0.370	0.270	0.245	0.213
Residual Shape Surcharge		0.200		

PERCENTAGE CHANGE BY RATE CELL

Nonprofit Enhanced Carrier Route				
		Entered at destination:		
		<i>BMC</i>	<i>SCF</i>	<i>DDU</i>
Letters				
Basic	6.78%	6.06%	6.38%	5.62%
Auto	5.71%	4.65%	4.94%	3.95%
High-D	7.37%	6.58%	7.04%	6.06%
Saturation	6.74%	5.71%	6.15%	5.00%
Non-letters (pc-rated)				
Basic	6.78%	6.06%	6.38%	5.62%
High-D	7.84%	7.23%	7.69%	6.85%
Saturation	7.22%	6.41%	6.85%	5.88%
Residual Shape Surcharge		33.33%		

SUMMARY OF CURRENT RATES

Nonprofit Enhanced Carrier Route

		Entered at destination:		
		BMC	SCF	DDU
Letters				
Basic	0.118	0.099	0.094	0.089
Auto	0.105	0.086	0.081	0.076
High-D	0.095	0.076	0.071	0.066
Saturation	0.089	0.070	0.065	0.060
Non-letters (pc-rated)				
Basic	0.118	0.099	0.094	0.089
High-D	0.102	0.083	0.078	0.073
Saturation	0.097	0.078	0.073	0.068
Non-letters (lb-rated)				
per piece:				
Basic	0.042	0.042	0.042	0.042
High-D	0.026	0.026	0.026	0.026
Saturation	0.021	0.021	0.021	0.021
per pound:				
Basic	0.370	0.277	0.256	0.230
High-D	0.370	0.277	0.256	0.230
Saturation	0.370	0.277	0.256	0.230
Residual Shape Surcharge		0.150		

Source: USPS Rate Chart, July 2001

Summary of Current and Proposed Rates for Nonprofit Enhanced Carrier Route

Overall 6.47%

Minimum per piece rates		Current	Proposed	% Change
Density tier	Shape			
Basic	Letter	0.118	0.126	6.8%
	Automation	0.105	0.111	5.7%
	Nonletter	0.118	0.126	6.8%
High-Density	Letter	0.095	0.102	7.4%
	Nonletter	0.102	0.110	7.8%
Saturation	Letter	0.089	0.095	6.7%
	Nonletter	0.097	0.104	7.2%

Pound-rated pieces		Current	Proposed	% Change
Density Tier				
Basic	per piece	0.042	0.050	
	per pound	0.370	0.370	
	example: 8-ounce piece	0.227	0.235	3.5%
High Density	per piece	0.026	0.034	
	per pound	0.370	0.370	
	example: 8-ounce piece	0.211	0.219	3.8%
Saturation	per piece	0.021	0.028	
	per pound	0.370	0.370	
	example: 8-ounce piece	0.206	0.213	3.4%

Destination Entry Discounts		Current	Proposed	% Change
Piece-rated pieces		per piece	per piece	
	DBMC	0.019	0.021	10.5%
	DSCF	0.024	0.026	8.3%
	DDU	0.029	0.032	10.3%
Pound-rated pieces		per pound	per pound	
	DBMC	0.093	0.100	7.5%
	DSCF	0.114	0.125	9.6%
	DDU	0.140	0.157	12.1%

Residual Shape Surcharge	Current	Proposed
	0.150	0.200