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POSTAL RATE COMMISSION
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USPS-LR-J-132

**Standard Mail Rate Design
Workpapers – Regular and Nonprofit
USPS-T-32 (Moeller)**

Docket No. R2001-1

Contents:

Diskette 1:

EXCEL file: USPS-LR-J-132-WP1

Diskette 2:

EXCEL file: USPS-LR-J-132-WP2

Word file: Cover132.doc

Description:

Library Reference USPS-LR-J-132 is a category 2 library reference sponsored by witness Moeller and is incorporated by reference into his testimony. It contains the EXCEL spreadsheets with the workpapers that are used in the rate design for Standard Regular and Nonprofit, as well as 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).

Workpaper # 1
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Standard Regular

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FY00 Billing Determinants (percentages) - Standard Regular

	pc-rated pieces (1)	lb-rated pieces (2)	percent lb-rated (3)	lb-rated pounds (4)	lb/pc for lb-rated (5)	% Piece-rated pieces dropshipped to:				% of Pound-rated pounds dropshipped to:				
						None	BMC	SCF	DDU	None	BMC	SCF	DDU	Total
Automation														
Letters														
Basic	3,744,552,490					92.05%	7.27%	0.68%	0.00%					
3-digit	12,065,235,189					55.61%	37.29%	7.11%	0.00%					
5-digit	9,268,195,060					29.90%	34.58%	35.53%	0.00%					
Total letter	25,077,982,739													
Flats														
Basic	163,091,398	183,044,966	52.86%	78,287,752	0.428	96.49%	2.73%	0.78%	0.00%	96.32%	2.65%	1.02%	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%	29.25%	33.68%	37.07%	0.00%	100.00%
Total flat	6,166,560,889	5,931,779,947	49.03%	2,013,787,793	0.339									
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%					
3/5-digit	2,076,288,096					54.98%	14.99%	30.03%	0.00%					
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%	88.73%	9.55%	1.72%	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%	55.22%	24.74%	20.04%	0.00%	100.00%
Total NL	997,805,351	1,467,337,241												
4,387,191,668		1,467,337,241												
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%					
Auto	1,975,997,950					24.05%	38.30%	36.05%	1.60%					
High-D	415,664,368					6.82%	3.80%	77.58%	11.80%					
Saturation	3,648,337,932					8.92%	4.88%	68.20%	18.01%					
	10,265,185,319													
Non-letters														
Basic	6,300,899,994	5,592,671,022	47.02%	1,771,733,899	0.317	8.28%	20.45%	66.40%	4.88%	4.73%	15.55%	77.12%	2.60%	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%	0.75%	0.09%	35.25%	63.91%	100.00%
Saturation	6,350,319,797	2,736,286,224	30.11%	850,813,423	0.311	2.81%	3.39%	38.68%	55.12%	2.16%	0.30%	19.79%	77.75%	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)													
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(8)	Page A, Col (6) / 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%

5

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	699.967	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	12,651.383	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	12,343.720
19	HD letters	960.088	951.119
20	HD NL	1,834.112	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

Volume Forecast For Proposed New Rate Categories Automation (In Millions)

GFY 2003

Line		Test Year <i><u>Before Rates</u></i>	Test Year <i><u>After Rates</u></i>
		(1)	(2)
1	Automation	44,033.768	43,189.954
2	Basic Letter	4,266.195	4,168.822
3	Basic Flat	429.919	420.093
4	3-D letters	14,001.128	13,850.660
5	5-D letters	12,651.383	12,402.039
6	3/5-D flats	12,685.143	12,348.340
Estimated Automation Basic %			
7	Mixed AADC	43.91%	
8	AADC	56.09%	
9	Revised Automation	44,033.768	35,743.188
10	Mixed AADC	1,873.286	1,830.530
11	AADC	2,392.909	2,338.292
12	Basic Flat	429.919	347.480
13	3-D letters	14,001.128	13,450.018
14	5-D letters	12,651.383	6,378.638
15	3/5-D flats	12,685.143	11,398.229

Lines 1-6 Volume Forecast, p. C
 Lines 7 - 8 Docket No. R97-1, USPS-LR-105, Table 5, page 13
 Lines 10 - 11 Volume Forecast x Estimated Automation Basic %
 Lines 9, 12-15 Volume Forecast, p. C

Volume Forecast For Proposed New Rate Categories
Presort (In Millions)
GFY 2003

Line			Test Year	Test Year
			Before Rates	After Rates
			(1)	(2)
1	Presort			
2		Presort Total	4,390.785	4,106.231
3		Basic Letters	1,213.717	1,176.662
4		Basic NL	811.184	790.112
5		3/5 Letters	899.967	719.240
6		3/5 NL	1,465.917	1,420.217
Estimated Non-Machinable %				
7		Basic Letters	26.39%	
8		3/5 Letters	25.02%	
Estimated Machinable %				
9		Basic Letters	73.61%	
10		3/5 Letters	74.98%	
Revised Presort			Test Year	Test Year
			Before Rates	After Rates
			(1)	(2)
11		Basic Letters Machinable	893.417	866.141
12		Basic Letters Non-Machinable	320.300	310.521
13		Total Basic Letters	1,213.717	1,176.662
14		3/5 Letters Machinable	674.795	539.287
15		3/5 Letters Non-Machinable	225.172	179.954
16		Total 3/5 Letters	899.967	719.240

Lines 1-6 Volume Forecast, p. C
 Lines 7 - 10 USPS-LR-J-60, page 87
 Lines 11, 14 Volume Forecast x Estimated Machinable %
 Lines 12, 15 Volume Forecast x Estimated Non-Machinable %

Test Year Volume Forecast - Before Rates GFY2003

(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 (8), 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)											
Automation Category	pieces	pounds	% dropship for: BMC	DDU	SCF	Pieces (pc-r) dropshipped: BMC	DDU	SCF	Pounds (lbs-r) dropshipped: BMC	DDU	
Letters	(1)	(2)	(3)	(5)	(4)	(7)	(8)	(9)	(10)	(11)	
Flats-Piece rated	Basic	4,266 195	7.27%	0.00%		310 155	28 980	0.000			
	3-Digit	14,001 128	37.20%	7.11%	0.00%	5,220 670	965 024	0.000			
	5-Digit	12,651 383	34.58%	35.53%	0.00%	4,374 433	4,494 455	0.000			
	Basic	202 568	2.73%	0.78%	0.00%	5 529	1 590	0.000			
	3/5 Digit	6,480 050	39.02%	22.64%	0.00%	2,528 811	1,467 158	0.000			
Flats-Pound rated	Basic	227 351	2.65%	1.02%	0.00%			2 578	0.996	0.000	
	3/5 Digit	6,205 093	33.68%	37.07%	0.00%			703 599	774 384	0.000	
	Total Automation	14,033 768	2,186 385			12,439 598	6,987 207	0.000	706 177	775 386	0.000
	SubTotal - Letters	30,918 706									
	SubTotal - lb. rated flats	6,432 444									
SubTotal - pc. rated flats	6,682 617										
Presort Category											
Letters											
Non-letters-Piece rated	Basic	1,213 717	11.11%	3.20%	0.00%	134 802	38 821	0.000			
	3/5 digit	699 967	14.99%	30.03%	0.00%	134 908	270 264	0.000			
Non-letters-Pound rated	Basic	350 707	7.05%	2.06%	0.00%	24 707	7 234	0.000			
	3/5 digit	571 349	20.83%	36.94%	0.00%	117 894	211 035	0.000			
Total Presort	Basic	460 478	215 021	9.55%	1.72%			20 544	3 687	0.000	
	3/5 digit	894 568	449 955	24.74%	20.04%	412 312	527 353	0.000	111 308	90 179	0.000
	SubTotal - Letters	4,190 785	564 976					131 853	83 876	0.000	
	SubTotal - lb. rated pcs.	2,113 684									
	SubTotal - pc. rated NL	1,355 048									
Total Regular Subclass	48,424 553										
Enhanced Carrier Route Subclass											
Letters											
Non-letters-Piece rated	Basic	3,545 808	23.60%	46.91%	4.68%	836 750	1,663 205	166 075			
	Auto	2,104 822	38.30%	38.05%	1.60%	806 249	758 732	33 590			
	High-D	360 088	3.80%	77.36%	11.80%	13 680	279 363	42 502			
	Salutation	3,604 202	4.86%	68.20%	18.01%	185 482	2,594 541	685 012			
Non-letters-Pound rated	Basic	6 694 822	20.45%	66.40%	4.68%	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			
	Salutation	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	15.50%	77.12%	2.60%			292 663	1451 839	48 928	
	High-D	798 234	294 147	0.09%	35.25%	0.276	103 697	187 975			
	Salutation	2,887 176	897 731	0.30%	79.79%	2 886	177 693	697 971			
	Total ECR	33,873 764	3,074 348			3,452 015	12,867 924	5,381 871	295 605	1733 229	934 874
SubTotal - Letters	SubTotal - pc. rated	9,814 920									
	SubTotal - lb. rated pcs.	24,246 153									
	SubTotal - lb. rated NL	9,627 632									
	SubTotal - pc. rated NL	14,431 233									

Test Year Revenue - Before Rates
Regular Subclass - Presort Categories
(Volumes and Revenues in Millions)

Categories			Rates	Volume	Revenue
			(1)	(2)	(3)
Presort Category					
Letters					
1	Basic	per piece	0.253	1,213.717	307.070
2	3/5-Digit	per piece	0.233	899.967	209.692
3	SubTotal			2,113.684	516.763
Nonletters, Piece-Rated					
4	Basic	per piece	0.322	350.707	112.927
5	3/5-Digit	per piece	0.266	571.349	151.979
6	SubTotal			922.055	264.906
Nonletters, Pound-Rated					
7	Basic	per piece	0.184	460.478	84.728
8	3/5-Digit	per piece	0.128	894.568	114.505
9	SubTotal			1,355.046	199.233
Total Presort Pieces				4,390.785	
10	Basic	per pound	0.668	215.021	143.634
11	3/5-Digit	per pound	0.668	449.955	300.570
12	SubTotal - Pounds			664.976	444.204
Dropship Discounts:					
Piece-Rated					
13	BMC	per piece	-0.019	412.312	(7.834)
14	SCF	per piece	-0.024	527.353	(12.656)
15	SubTotal			939.665	(20.490)
Pound-Rated					
16	BMC	per pound	-0.093	131.853	(12.262)
17	SCF	per pound	-0.114	93.876	(10.702)
18	SubTotal			225.729	(22.964)
19	Revenue from Rates (L.3+L.6+L.9+L.12+L.15+L.18)				1,381.651

(1) USPS Rate Chart, July 2001

(2) Page F, Columns 1,2 for category volumes; Col. 6-10 for dropship total by subclass.

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

Test Year Revenue - Before Rates
Regular Subclass - Automation Categories
(Volumes and Revenues in Millions)

WP 1, page H

	Unit	Rates (1)	Volume (2)	Revenue (3)
Automation Categories:				
Letters				
1 Basic	per piece	0.200	4,266.195	853.239
2 3-Digit	per piece	0.190	14,001.128	2,660.214
3 5-Digit	per piece	0.172	12,651.383	2,239.295
4 SubTotal			30,918.706	5,752.748
Flats, Piece-Rated				
5 Basic	per piece	0.276	202.568	56.314
6 3/5-Digit	per piece	0.239	6,480.050	1,548.732
7 SubTotal			6,682.617	1,605.046
Flats, Pound-Rated				
8 Basic	per piece	0.140	227.351	31.829
9 3/5-Digit	per piece	0.101	6,205.093	626.714
10 SubTotal			6,432.444	658.544
Total Automation Pieces			44,033.768	
11 Basic	per pound	0.668	97.237	64.954
12 3/5-Digit	per pound	0.668	2,089.148	1,395.551
13 SubTotal - pounds			2,186.385	1,460.505
14 Total Revenue before dropship(L.4+L.7+L.10+L.13)				9,476.843
Dropship Discounts:				
Piece-Rated				
15 BMC	per piece	-0.0195	12,439.598	(236.352)
16 SCF	per piece	-0.0244	6,987.207	(167.693)
17 DDU	per piece	-0.0293	-	-
18 SubTotal				(404.045)
Pound-Rated				
19 BMC	per pound	-0.0933	706.177	(65.674)
20 SCF	per pound	-0.1145	775.380	(88.393)
21 SubTotal				(154.068)
22 Revenue from Rates (L.14+L.18+L.21)				8,918.730

Regular Subclass Summary

23 Presort & Automation Revenue from Rates(P.G,L.19)+L.22	10,300.381
24 Revenue Adjustment Factor (page A)	1.00501
25 Total Revenue from Rates-Regular Subclass(L.23*L.24)	10,351.986
26 Fees (page Q)	18.896
26a Revenue from residual shape surcharge (P.N, Col (1))	129.747
26b Less barcode discount leakage (p.O)	16.435
27 Total Revenue (L.25 + L.26 + L.26a - L.26b)	10,484.194
28 revenue per piece (L.27 / p.C,Col(1),Line2)	0.2165

(1) USPS Rate Chart, July 2001

(2) Page F, 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	Cost With Contingency	Contribution	Coverage
	(1)	(2)	(3)	(4)
Regular	10,484.19			
Nonprofit	1,573.09			
TOTAL	12,057.28	8,873.60	3,183.68	1.359

(1) Page H, Line 27

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

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

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

Standard Mail 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

Regular Subclass	Cost (3)	Passthrough (4)	Discount (5)	Volume (6)	Value (7)
Piece-rated					
BMC	0.02421	85.0%	0.021	12,851.909	269.890
SCF	0.03036	85.0%	0.026	7,514.560	195.379
Pound-rated					
BMC	0.1174	85.0%	0.100	838.030	83.803
SCF	0.1472	85.0%	0.125	869.256	108.657
Value of Discounts					657.729

(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 F, 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)

Regular Subclass		Mail		Total
		Processing	Delivery	
Presort (Non-Auto)		(1)	(2)	(3)
line	Flats			
1	Basic	19.729	8.312	28.041
2	3/5-digit	12.866	8.312	21.178
3				
4	Letters			
5	Basic	9.742	4.201	13.913
6	3/5-digit	8.257	4.418	12.675
7				
8	Automation			
9	Flats			
10	Basic	14.969	8.312	23.281
11	3/5-digit	9.622	8.312	17.934
12				
13	Letters			
14	Mixed AADC	4.012	3.887	7.899
15	AADC	3.294	3.827	7.121
16	3-digit	3.016	3.812	6.828
17	5-digit	2.074	3.738	5.812
29				
30	Alternative Costs for Specific Rate Design Purposes			
31				
32	For the letter/nonletter differential:			
33	Basic Presort Letters	13.474	4.201	17.675
34	3/5-digit Presort Letters	12.019	4.418	16.437
35				
36	For the flat automation discounts			
37	Basic Non-auto	15.726	8.312	24.038
38	Basic Auto	13.007	8.312	21.319
39	3/5-digit Non-auto	8.863	8.312	17.175
40	3/5-digit auto	7.659	8.312	15.971

(1) For letters, USPS-LR-J-60; for flats, USPS-LR-J-61.

(2) For letters, USPS-LR-J-60; for flats, USPS-LR-J-61.

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

COST

Development of Passthrough Percentages For Regular Subclass

WORKTABLE A UNIT COSTS		
(Cents per piece)		
	Letters Unit Cost	Flats Unit Cost
Basic	13.913	28.041
3/5-D	12.675	21.178

Source: Page K.

WORKTABLE B UNIT COST DIFFERENCES		
Presort Letters Unit Cost Diff.	L-F Diff Unit Cost	Presort Flats Unit Cost Diff.
Basic	10.366	
3/5-D	1.238	6.863

Source: Worktable A, subtraction of adjacent cells for presort
L-F Diff: page 10, line1-line32, line2-line33

WORKTABLE C PASSTHROUGH PERCENTAGES		
Presort Letters Passthrough	L-F Passthrough	Presort Flats Passthrough
Basic	73.0%	81.6%
3/5-D	155.0%	85.0%

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

WORKTABLE D COST PASSTHROUGHS		
Letters Unit Cost Passthrough	L-F Diff Unit Cost Passthrough	Flats Unit Cost Passthrough
Basic	7.6	N/A
3/5-D	2	4

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)				
Cumul- ative Letter Passthrough with Base =3/5 Dig	L-F Diff Pass- through	Cumul- ative Flats Passthrough with Base =3/5 Dig	Flats Pass- through	
Basic	2 + 7.6	= 9.6	5.6	
3/5-D	0 + 4	= 4		

Source: Worktable D

SUMMARY WORKTABLE				
	Presort Letter Disc. by presort level	Cumu- lative	Presort Flat Disc. by presort level	Cumu- lative
3/5-D	2	2	5.6	5.6
Letter disc.		7.6		

Source: Worktable E

Development of Presort, Automation, and Letter Discounts

Rate Category	MP+Del. Unit Cost (Cents) (1)	Cost Diff. (Cents) (2)	Passthrough percent (3)	Passthrough amount (Cents) (4)	Discount (Cents) (5)	Pieces (Millions) (6)	Value of Discounts (Millions) (7)
Flats							
1 Basic Presort	24.038	N/A	N/A			N/A	N/A
2 Basic Automation	21.319	2.719	160.0%	4.4	4.4	429.919	18.916
3 3/5-Digit Presort	17.175	6.863	81.6%	5.6	5.6	1,465.917	82.091
4 3/5-Digit Automation	15.971	1.204	225.0%	2.7	8.3	12,685.143	1,052.867
5 SubTotal							1,153.875
6							
Letters							
8 Basic Presort	13.913	10.366	73.0%	7.6	7.6	1,213.717	92.242
9 Mixed AADC Auto	7.899	6.014	82.0%	4.9	4.9	1,873.286	91.791
10 AADC Auto	7.121	0.778	95.0%	0.7	5.6	2,392.909	134.003
11 3/5-Digit Presort	12.675	1.238	158.0%	2.0	2.0	899.967	17.999
12 3-Digit Automation	6.828	5.847	77.0%	4.5	6.5	14,001.128	910.073
13 5-Digit Automation	5.812	1.016	130.0%	1.3	7.8	12,651.383	986.808
14 Letter Discount 1/	N/A	N/A	N/A		7.6	31,818.673	2,418.219
15 SubTotal							4,651.136
16							
17 TOTAL (Value of Discounts)							5,805.011

(1) Page K, Lines (37-40) for flats; Lines (5,14,15,6,16,17) for letters

(1a) Lines 9 and 10, Col. 6 from Page D.

(2) Line 2: from Col (1); line 2 - line 1

Line 3: Page L, Worktable B

Line 4: from Col(1); line 4 - line 3

Line 8: Page 11, Worktable B

Line 9: from Col(1); line 8 - line 9

Line 10: from Col(1); line 8 - line 10

Line 11: from Col(1); line 10 - line 11

Line 12: from Col(1); line 11 - line 12

(3) Selected; italicized figures from page L, worktable C.

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

(5) Cumulative discount for that category.

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

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

1/ Basic letter discount. Basic volume not included since it is included in "Basic Presort" line.

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

<i>Before Rates</i>			
Regular Subclass			
TYBR Volume Nonletters	15,392.163	1/	
% Residual Shape	4.683%	2/	
Net Projected Volume	720.815	3/	
x Surcharge (cents)	0.180	4/	
=Expected Revenue (Millions)	\$ 129.747	5/	

Barcode Discount Leakage (Regular)

Regular Subclass			
Surcharged Pieces	720.815	6/	
% expected to barcode	76%	7/	
Discounted Pieces	547.819	8/	
Discount (cents)	0.05	9/	
Leakage	\$ 16.43	10/	

1/ Page F, total of nonletters in Regular subclass. In millions.

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

Source: USPS LR-J-98, p. G5, p. 1 and p. G6, p. 1.

3/ Volume of nonletters x % residual shape pieces.

4/ Current surcharge.

5/ Expected volume x current surcharge.

6/ Assume surcharged pieces from calculation above are candidates for discount.

7/ Percent of parcels over 6 ounces (minimum weight for machinable parcels) - USPS-LR-J-61.

8/ Discounted pieces (assume all over 6 ounces claim discount).

9/ Proposed discount.

10/ Estimated revenue leakage from barcode discount.

**Expected Revenue from Residual Shape Surcharge and Leakage Formula
from Barcode Discount for Use in Expected After Rates Revenue
for GFY2003**

BEFORE RATES

Regular Subclass (1)	
TYBR volume nonletters	15,392.163 1/
% Residual Shape	4.683% 2/
Net Projected Volume	720.815 3/
x Surcharge (cents)	\$0.230 4/
=Expected Revenue (Millions)	\$ 165.787 5/

AFTER RATES

Regular Subclass (2)	
TYAR Volume nonletters	14,978.761
% Residual Shape	4.683%
Expected residual volume	701.455
x Surcharge (cents)	\$ 0.230
=Expected Revenue (Millions)	\$ 161.335

Barcode Discount Leakage (Regular)	
Regular Subclass	
Surcharged Pieces	720.815 6/
% expected to barcode	76% 7/
Discounted Pieces	547.819 8/
Discount (cents)	\$ 0.03 9/
Leakage	\$ 16.435 10/

Barcode Discount Leakage (Regular)	
Regular Subclass	
Surcharged Pieces	701.455
% expected to barcode	76%
Discounted Pieces	533.106
Discount (cents)	\$ 0.03
Leakage	\$ 15.993

1/ Page F, Col(1), total of nonletters in Regular subclass.

2/ Assume residual shape percentage remains constant. See footnote #2, page N.

3/ Volume of nonletters x % residual shape pieces.

4/ Proposed surcharge.

5/ Expected volume x proposed surcharge.

6/ Footnote # 6, p. N.

7/ Footnote # 7, p.N.

8/ Footnote # 8, p.N.

9/ Footnote # 9, p.N.

10/ Footnote # 10, p. N.

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

**Expected Non-Machinable Letter Surcharge Revenue
For Calculation of Test Year *Before and After* Rates Revenue**

<i>Before Rates</i>		<i>After Rates</i>	
Regular Subclass		Regular Subclass	
TYBR Volume Basic Presort Letters	1,213.717 1/	TYAR Volume Basic Presort Letters	1,176.662
% Non-Machinable	26.390% 2/	% Non-Machinable	26.390%
Projected Non-Machinable Volume	320.300 3/	Projected Non-Machinable Volume	310.521
x Surcharge (cents)	\$ 0.040 4/	x Surcharge (cents)	\$ 0.040
=Expected Revenue (Millions)	\$ 12.812 5/	=Expected Revenue (Millions)	\$ 12.421
TYBR Volume 3/5 Presort Letters	899.967 6/	TYAR Volume 3/5 Presort Letters	719.240
% Non-Machinable	25.020% 7/	% Non-Machinable	25.020%
Projected Non-Machinable Volume	225.172 8/	Projected Non-Machinable Volume	179.954
x Surcharge (cents)	\$ 0.040 9/	x Surcharge (cents)	\$ 0.040
=Expected Revenue (Millions)	9.007 10/	=Expected Revenue (Millions)	7.198
TYBR Total Non-Machinable Surcharge Revenue (Basic + 3/5)	\$ 21.819	TYAR Total Non-Machinable Surcharge Rev (Basic + 3/5)	\$ 19.619

1/ Page C, Total of Presort Basic Letters in Regular subclass. In millions.

2/ USPS-LR-J-60, page 87.

3/ Volume of Basic Presort Letters x % nonmachinable pieces.

4/ Proposed surcharge = .04 cents x 100% passthrough.

5/ Expected volume x surcharge.

6/ Page C, Total Volume of 3/5 Presort Letters. In millions.

7/ USPS-LR-J60, page 87.

8/ Volume of 3/5 Presort Letters x % nonmachinable pieces.

9/ Proposed surcharge = .04 cents x 100% passthrough.

10/ Expected volume x surcharge.

Calculation of Expected Fee Revenue (Millions)

Test Year Before Rates Fees

Regular	(1) 18,896
---------	---------------

Test Year After Rates Fees

Regular	(2) 19,537
---------	---------------

(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

Regular	(3) 19,842
---------	---------------

(3) USPS-T-36, WP 16

Standard Mail
Test Year Volume Variable Costs
(Millions)

<i>TYBR Cost</i>			
	(1)	(2)	(3)
	Volume Variable Cost with Contingency	Ratio	Total with Contingency
Regular	1,873.596	0.8380	7,436.07

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

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

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

Rate Design Formula

Regular Subclass

(Millions)

Item	Source	Amount
1 Volume Variable Costs (TYBR)	Page R	7,436.073
2 Markup	assumed	1.515
3 Revenue Requirement	L.1 x L.2	11,265.651
4 Residual shape surcharge/less barcode	Page O, Col (1)	149.353
4A Non-Machinable Letter Surcharge	Page P, line 11	21.819
5 Fees	Page Q, Col (1)	18.896
6 Revenue Requirement from Postage	L.3-L.4-L.4A-L.5	11,075.584
7 Value of Discounts	Pages J, M	6,462.739
8 RevReq+Discounts (RR+D)	L.6 + L.7	17,538.323
9 Total Pcs - Piece rate (Vr)	P. F, col(1)	40,637.063
10 Total Pcs - Pound rate (Vrp)	P. F, Col(1)	7,787.490
11 Total Pounds - Pound Rate (Vp)	P. F, Col(2)	2,851.361
12 Break point (BP)	Current (approx.)	3.3
13 Pound Rate (P)	proposed	0.708
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 (i) (pc rate for lb-rated pieces)		0.198
20 Basic Piece Rate for Flats (M)		0.344
21 Actual Breakpoint(oz.)	$(L.20-L.19) \times F1516/L.13$	3.2994

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

REG RD

Test Year After Rates Volume Forecast

Automation Category	pieces (1)	pounds (2)	% dropship to:			Pieces (pc-rt) dropped:			Pounds (lbs-rt) dropped:		
			BMC	SCF	DDU	BMC	SCF	DDU	BMC	SCF	DDU
Letters											
Basic	4,168,822		7.27%	0.68%	0.00%	303,076	28,318	0.00%			
3-Digit	13,850,660		37.29%	7.11%	0.00%	5,164,564	984,331	0.00%			
5-Digit	12,402,039		34.58%	35.53%	0.00%	4,288,218	4,405,875	0.00%			
Flats-Piece rated											
Basic	197,938		2.73%	0.78%	0.00%	5,403	1,554	0.00%			
3/5 Digit	6,307,998		39.02%	22.64%	0.00%	2,461,669	1,428,203	0.00%			
Flats-Pound rated											
Basic	222,155	95,015	2.65%	1.02%	0.00%				2,520	0.973	0.000
3/5 Digit	6,040,342	2,033,679	33.66%	37.07%	0.00%				684,918	753,823	0.000
Total Automation	43,189,954	2,128,694				12,222,929	6,848,281	0.00%	687,437	754,796	0.000
SubTotal - Letters	30,421,521										
SubTotal - lb. rated flats	6,262,497										
SubTotal - pc. rated flats	6,505,936										
Presort Category											
Letters											
Basic	1,176,662		11.11%	3.20%	0.00%	130,687	37,636	0.00%			
3/5 digit	719,240		14.99%	30.03%	0.00%	107,817	215,991	0.00%			
Non-letters-Piece rated											
Basic	341,596		7.05%	2.06%	0.00%	24,066	7,046	0.00%			
3/5 digit	553,537		20.63%	36.94%	0.00%	114,218	204,456	0.00%			
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	435,927	24.74%	20.04%	0.00%				107,838	87,368	0.000
Total Presort	4,106,231	645,363				376,787	465,128	0.00%	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										

- (1) For letters, Col (2), page C.
 For pc-rated nonletters, (Col (2), p C) x (1- Col(3),p B)
 For lb-rated nonletters, (Col (2), p C) x (Col(3),p B)
 (2) Col (1) x Col (5), p B
 (3) Col (7), p B for piece rated pieces
 Col (12), p B for pound rated pieces
 (4) Col (8), 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) x Col (3)
 (7) Col (1) x Col (4)
 (8) Col (1) x Col (5)
 (9) Col (2) x Col (3)
 (10) Col (2) x Col (4)
 (11) Col (2) x Col (5)

Test Year After Rates Revenue
Regular Subclass - Presort Categories
(Volumes and Revenues in Millions)

Categories			Rates	Volume	Revenue
			(1)	(2)	(3)
Presort Category					
Letters					
1	Basic	per piece	0.268	1,176.662	315.345
2	3/5-Digit	per piece	0.248	719.240	178.372
3	SubTotal			1,895.903	493.717
Nonletters, Piece-Rated					
4	Basic	per piece	0.344	341.596	117.509
5	3/5-Digit	per piece	0.288	553.537	159.419
6	SubTotal			895.133	276.928
Nonletters, Pound-Rated					
7	Basic	per piece	0.198	448.516	88.806
8	3/5-Digit	per piece	0.142	866.680	123.069
9	SubTotal			1,315.195	211.875
Total Presort Pieces				4,106.231	
10	Basic	per pound	0.708	209.435	148.280
11	3/5-Digit	per pound	0.708	435.927	308.637
12	SubTotal - Pounds			645.363	456.917
Dropship Discounts:					
Piece-Rated					
13	BMC	per piece	-0.021	376.787	(7.913)
14	SCF	per piece	-0.026	465.128	(12.093)
15	SubTotal			841.915	(20.006)
Pound-Rated					
16	BMC	per pound	-0.100	127.849	(12.785)
17	SCF	per pound	-0.125	90.969	(11.371)
18	SubTotal			218.817	(24.156)
19	Revenue from Rates				1,395.274

(1) Lines 4,7,10,11 from formula, page S. Dropship discounts from page J.
Other rates calculated by subtracting discounts (page M) from Basic rates
from formula.
(2) Page T, Col (1,2,6,7,9,10)
(3) Col (1) x Col (2)

TY Revenue - After Rates

WP 1, page V

**Regular Subclass - Automation Categories
(Volumes and Revenues in Millions)**

Categories		Unit	Rates	Volume	Revenue
			(1)	(2)	(3)
Automation Categories:					
Letters					
1	Mixed AADC	per piece	0.219	1,830.530	400.886
1A	AADC	per piece	0.212	2,338.292	495.718
2	3-Digit	per piece	0.203	13,850.660	2,811.684
3	5-Digit	per piece	0.190	12,402.039	2,356.387
4	SubTotal			30,421.521	6,064.675
Flats, Piece-Rated					
5	Basic	per piece	0.300	197.938	59.381
6	3/5-Digit	per piece	0.261	6,307.998	1,646.387
7	SubTotal			6,505.936	1,705.769
Flats, Pound-Rated					
8	Basic	per piece	0.154	222.155	34.212
9	3/5-Digit	per piece	0.115	6,040.342	694.639
10	SubTotal			6,262.497	728.851
Total Automation Pieces				43,189.954	
11	Basic	per pound	0.708	95.015	67.271
12	3/5-Digit	per pound	0.708	2,033.679	1,439.845
13	SubTotal - pounds			2,128.694	1,507.115
14	Total Revenue before dropship				10,006.411
Dropship Discounts:					
Piece-Rated					
15	BMC	per piece	-0.021	12,222.929	(256.682)
16	SCF	per piece	-0.026	6,848.281	(178.055)
17				-	
18	SubTotal				(434.737)
Pound-Rated					
19	BMC	per pound	-0.100	687.437	(68.744)
20	SCF	per pound	-0.125	754.796	(94.350)
21	SubTotal				(163.093)
22	Revenue from Rates (L.14+L.18+L.21)				9,408.581
23	Presort & Automation Vol (page 21):				47,296.185

Regular Subclass Total	
24	Total Revenue from Rates (Line 22+ page U,line19)
25	Revenue adjustment factor (page A)
26	Adjusted Revenue (L.24 x L.25)
27	Fees (page Q)
28	Residual Shape Revenue (page O, col.2)
29	Less Barcode Discount Leakage (p O, col 2)
30	Plus Non-Machinable Surcharge Revenue (page P)
31	Total Revenue (L.26 + L.27 + L.28 - L29 + L30)
32	TYAR revenue per piece (L.31 / L.23)

- (1) Lines 11,12 from formula, page S. Dropship discounts from page J.
Other rates calculated by subtracting discounts (page M) from Basic rates from formula.
- (1A) From page D.
- (2) Page T, Col (1,2,6,7,9,10).
- (3) Col (1) x Col (2).

Regular and Regular Nonprofit CoverageTest Year *After Rates*

	Total Revenue	Total Volume Variable Cost with Contingency	Contribution	Cost Coverage
	(1)	(2)	(3)	(4)
Regular	11,042.48			
Nonprofit	1,669.06			
TOTAL	12,711.54	8,690.37	4,021.17	1.4627

(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)

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

Categories			Rates	Volume	Revenue
			(1)	(2)	(3)
Presort Category					
Letters					
1	Basic	per piece	0.268	1,213.717	325.276
2	3/5-Digit	per piece	0.248	899.967	223.192
3	SubTotal			2,113.684	548.468
Nonletters, Piece-Rated					
4	Basic	per piece	0.344	350.707	120.643
5	3/5-Digit	per piece	0.288	571.349	164.548
6	SubTotal			922.055	285.192
Nonletters, Pound-Rated					
7	Basic	per piece	0.198	460.478	91.175
8	3/5-Digit	per piece	0.142	894.568	127.029
9	SubTotal			1,355.046	218.203
Total Presort Pieces				4,390.785	
10	Basic	per pound	0.708	215.021	152.235
11	3/5-Digit	per pound	0.708	449.955	318.568
12	SubTotal - Pounds			664.976	470.803
Dropship Discounts					
Piece-Rated					
13	BMC	per piece	-0.021	412.312	(8.659)
14	SCF	per piece	-0.026	527.353	(13.711)
15	SubTotal			939.665	(22.370)
Pound-Rated					
16	BMC	per pound	-0.100	131.853	(13.185)
17	SCF	per pound	-0.125	93.876	(11.735)
18	SubTotal			225.729	(24.920)
19	Revenue from Rates				1,475.376

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

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

**Regular Subclass - Automation Categories
(Volumes and Revenues in Millions)**

Categories	Unit	Rates	Volume	Revenue
		(1)	(2)	(3)
Automation Categories				
Letters				
1 Mixed AADC	per piece	0.219	1,873.286	410.250
1A AADC	per piece	0.212	2,392.909	507.297
2 3-Digit	per piece	0.203	14,001.128	2,842.229
3 5-Digit	per piece	0.190	12,651.383	2,403.763
4 SubTotal			30,918.706	6,163.538
Flats, Piece-Rated				
5 Basic	per piece	0.300	202.568	60.770
6 3/5-Digit	per piece	0.261	6,480.050	1,691.293
7 SubTotal			6,682.617	1,752.063
Flats, Pound-Rated				
8 Basic	per piece	0.154	227.351	35.012
9 3/5-Digit	per piece	0.115	6,205.093	713.586
10 SubTotal			6,432.444	748.598
Total Automation Pieces			44,033.768	
11 Basic	per pound	0.708	97.237	68.844
12 3/5-Digit	per pound	0.708	2,089.148	1,479.117
13 SubTotal - pounds			2,186.385	1,547.961
14 Total Revenue before dropship				10,212.160
Dropship Discounts				
Piece-Rated				
15 BMC	per piece	-0.021	12,439.598	(261.232)
16 SCF	per piece	-0.026	6,987.207	(181.667)
17			-	
18 SubTotal				(442.899)
Pound-Rated				
19 BMC	per pound	-0.100	706.177	(70.618)
20 SCF	per pound	-0.125	775.380	(96.922)
21 SubTotal				(167.540)
22 Revenue from Rates (L.14+L.18+L.21)				9,601.721
23 Presort & Automation Vol. (Page 3, col (1))			48,424.553	
Regular Subclass Total				
24 Total Revenue from Rates (L.22+Page X, L.19)				11,077.097
25 Revenue adjustment factor (page A)				1.00501
26 Adjusted Revenue (L.24 x L.25)				11,132.593
27 Fees (Page Q, Col (1))				19.842
28 Residual Shape Revenue (Page O, Col. (1))				165.787
29 Less Barcode Discount Leakage (Page O, Col (1))				16.435
30 Plus Non-Machinable Letter Surcharge (Page P)				21.819
31 Total Revenue (L.26+L.27+L.28 -L.29 +L.30)				11,323.607
32 TYAR revenue per piece (L.31/ L.23)				0.2338
33 TYBR revenue per piece (Page H, L.28)				0.2165
34 % change ((L.32-L.33)/L.32)				8.01%

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

Summary of Proposed Rates (Dollars)

Regular Subclass

Automation	Entered at destination:		
	BMC	SCF	DDU
Letters			
Mixed AADC	0.219	0.198	0.193
AADC	0.212	0.191	0.186
3-digit	0.203	0.182	0.177
5-digit	0.190	0.169	0.164
Flats (pc-rated)			
Basic	0.300	0.279	0.274
3/5-digit	0.261	0.240	0.235
Flats (lb-rated)			
per piece:			
Basic	0.154	0.154	0.154
3/5 digit	0.115	0.115	0.115
per pound:			
Basic	0.708	0.608	0.583
3/5 digit	0.708	0.608	0.583

Presort	Entered at destination:		
	BMC	SCF	DDU
Letters			
Basic	0.268	0.247	0.242
3/5-digit	0.248	0.227	0.222
Non-letters (pc-rated)			
Basic	0.344	0.323	0.318
3/5-digit	0.288	0.267	0.262
Non-letters (lb-rated)			
per piece:			
Basic	0.198	0.198	0.198
3/5 digit	0.142	0.142	0.142
per pound:			
Basic	0.708	0.608	0.583
3/5 digit	0.708	0.608	0.583

Residual Shape Surcharge	0.230
Barcode Discount	0.030
Non-Machinable Letter Surcharge	
Basic Presort	0.04
3/5 Presort	0.04

Sources:

Non-destination entry rates from Pages U, V, and X.

Destination entry rates are calculated by subtracting discounts (p.J, Col(5)) from non-destination entry rates.

Residual Shape Surcharge and Barcode Discount from Page O, Column (2).

Non-Machinable Letter Surcharge from Page P.

SUM

Summary of Current and Proposed Rates for Regular Subclass

WP 1, page AA

Overall 8.0%

Minimum per piece rates					
Category	Shape	Presort	Current	Proposed	% Change
Presort	Nonletter	Basic	0.322	0.344	6.8%
		3/5	0.266	0.288	8.3%
Presort	Letter	Basic	0.253	0.268	5.9%
		3/5	0.233	0.248	6.4%
Automation	Flat	Basic	0.275	0.300	7.9%
		3/5	0.239	0.261	9.2%
Automation	Letter	Mixed AADC	0.2	0.219	9.5%
		AADC	0.2	0.212	6.0%
		3-digit	0.19	0.203	6.8%
		5-digit	0.174	0.190	7.3%

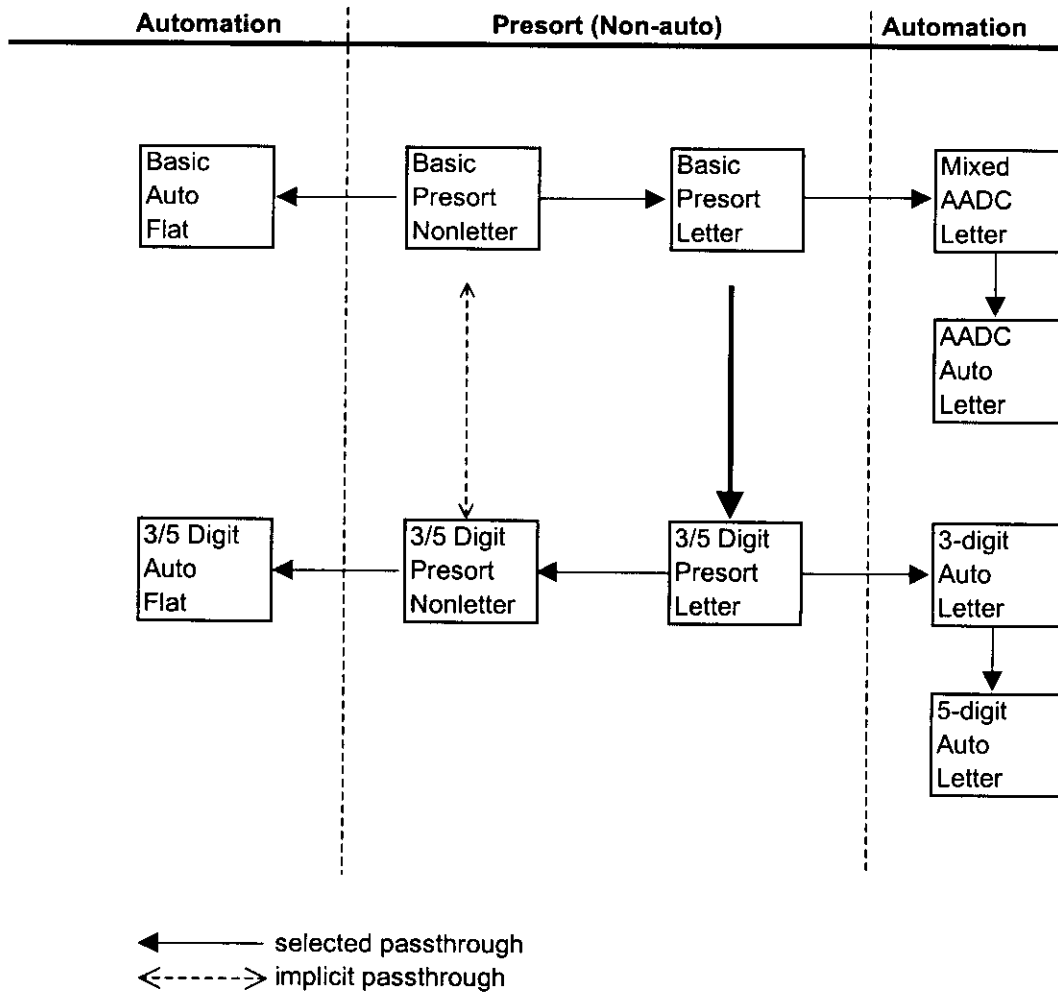
Pound-rated pieces					
Category		Presort	Current	Proposed	% Change
Presort	per piece	Basic	0.184	0.198	
		3/5	0.128	0.142	
	plus per pound		0.668	0.708	
	example: 8 ounce piece	Basic	0.518	0.552	6.6%
		3/5	0.462	0.496	7.4%
Automation	per piece	Basic	0.14	0.154	
		3/5	0.128	0.115	
	plus per pound		0.668	0.708	
	example: 8 ounce piece	Basic	0.474	0.508	7.2%
		3/5	0.462	0.469	1.5%

Destination Entry Discounts					
			Current per piece	Proposed per piece	
Piece-rated pieces	DBMC		0.015	0.021	
	DSCF		0.024	0.026	
			Current per pound	Proposed per pound	
Pound-rated pieces	DBMC		0.093	0.100	
	DSCF		0.114	0.125	

	Current	Proposed
Residual Shape Surcharge	0.180	0.230
Parcel Barcode Discount		0.030
Non-Machinable Letter Surcharge		
Basic Presort		0.04
3/5 Presort		0.04

CHG SUM

Regular Subclass "Presort Tree"



The area between the two vertical dashed lines is the original "presort tree".

TREE

Calculation of Breakpoint - Current Rates

	Minimum per piece	Pound-rated pieces per piece, per pound		Calculated Breakpoint
	(1)	(2)	(3)	(4)
Regular				
None	0.322	0.184	0.668	3.3054
<i>DBMC</i>	0.303	0.184	0.575	3.3113
<i>DSCF</i>	0.298	0.184	0.554	3.2924

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. The figure in bold is used for the entire subclass.

BREAKPOINT

Workpaper # 2
Table of Contents
Standard Nonprofit

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
NNEW CAT VOL A	---	D	Volume Forecast for Proposed New Rate Categories - Automation
NNEW CAT VOL B	---	E	Volume Forecast for Proposed New Rate Categories - Presort
NTYBR VOL	v01br	F	Test Year Volume Forecast - Before Rates - GFY 2003
NTYBR REV CAT	r01br	G, H	Test Year Revenue - Before Rates Nonprofit Subclass - Presort and Automation Categories
NTYBR SUM	tybr_sum	I	Test Year Before Rates Summary
NDROP DIS	drop	J	Development of Destination Entry Discounts and Value of the Discounts
NCOST	cost	K	Mail Processing and Delivery Costs - Test Year
NPASS	passreg	L	Development of Passthrough Percentages for Nonprofit Subclass
NPRE DIS	regval	M	Development of Presort, Automation, and Letter Discounts
NRES SHAPE REV	parcel_br	N	Expected Revenue from Residual Shape Surcharge For Calculation of Test Year Before Rates Revenue - Estimated After Rates Revenue
NRES SHAPE LEAK	parcel	O	Expected Revenue from Residual Shape Surcharge and Leakage from Barcode Discount for Use in Formula

NONPROFIT TABLE OF CONTENTS

Table of Contents

Standard Nonprofit

Worksheet Tab	previous	Page(s)	Worksheet Title
NNON MACH LTR SUR	--	P	Expected Non-Machinable Letter Surcharge Revenue for Calculation of Test Year After Rates Revenue
NFEES	fees	Q	Calculation of Expected Fee Revenue
NVOL VAR	volvar	R	Test Year Volume Variable Costs
N RD	form	S	Nonprofit Subclass Rates Design Formula
NTYAR VOL	vTYar	T	Test Year After Rates Volume Forecast
NTYAR REV	rTYar	U, V	Test Year After Rates Revenue - Presort and Automation Categories
NFIN SUM	finsum	W	Commercial Standard Mail Test Year After Rates
NNEW RATE TYBR VOL	chg_rev	X, Y	Determination of Percent Rate Change Using Before Rates Volume Mix TY Revenue - Proposed Rates with Before Rates Volume - Presort & Automation Categories
NSUM	sum	Z	Summary of Proposed Rates
N CHGSUM	chgsum	AA	Summary of Current and Proposed Rates for Standard Nonprofit

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Standard Nonprofit Automation															
Letters															
Basic	1,495,087,557			1,437,845,508	36,863,259	11,178,702									
3-digit	3,535,596,797			2,318,081,003	967,051,109	280,754,085									
5-digit	1,954,218,072			604,634,971	705,743,328	643,540,375									
total letter	6,975,873,028														
Flats															
Basic	51,184,708	27,497,017	9,851,840	50,829,348	315,312	240,140		27,186,930	194,439	115,648		8,754,822	82,184	34,754	
3-5-digit	931,256,577	405,640,291	125,859,686	527,315,600	255,837,422	148,113,355		252,847,038	78,155,080	74,838,175		81,978,158	21,995,940	21,887,800	
total flat	982,451,375	433,137,308	135,711,526												
Total Auto Present	7,958,324,401	433,137,308													
Non-profit	8,391,201,709														
Letters															
Basic	825,252,778			735,618,703	35,854,517	53,779,558									
3-5-digit	1,594,010,405			879,375,750	40,789,084	693,865,571									
total letter	2,419,263,183														
Non-letters															
Basic	137,202,731	66,468,605	25,554,970	125,443,142	6,534,128	5,225,461		83,855,444	1,191,770	1,416,391		24,739,875	347,789	487,186	
3-5-digit	238,490,757	82,988,459	28,378,421	137,378,988	21,877,249	79,134,510		57,465,874	8,539,649	18,959,636		20,080,188	2,888,071	5,611,592	
total NL	375,693,488	149,456,064	53,933,391												
Total Present	2,794,956,671	149,456,064	53,933,391												
Total Nonprofit	11,325,857,444														
Nonprofit Enhanced Carrier Route															
Letters															
Basic	471,245,082			121,912,382	99,212,285	208,659,285									
Auto	298,696,178			72,928,254	119,046,350	100,636,770									
High-D	75,846,084			20,772,888	12,062,973	11,814,887									
Saturation	702,262,884			120,576,889	18,885,304	281,853,877									
Non-letters															
Basic	854,506,343	152,970,200	45,544,319	112,378,718	382,822,421	344,378,598		28,914,821	37,491,091	84,178,423	1,945,874	8,738,871	16,479,740	25,786,573	559,335
High-D	6,813,470	3,294,187	1,025,001	1,160,570	102,254	5,536,278		120,513	75,628	2,577,760	460,280	40,047	25,898	620,534	138,511
Saturation	270,785,515	85,220,302	25,938,792	35,454,223	3,111,148	103,829,540		7,093,164	2,790,731	52,454,944	23,911,443	1,988,444	854,563	15,913,780	6,851,985
Total NECR	2,892,213,247	242,424,708	72,178,082												
Total	2,824,037,855														

Source: Billing Determinants, USPS-US-J-08

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

Standard Nonprofit Automation		% Piece-rated pieces dropshipped to:										% of Pound-rated pounds dropshipped to:				
		pc-rated pieces (1)	lb-rated pieces (2)	percent lb-rated (3)	lb-rated pounds (4)	lb/pc lb-rated (5)	None (6)	BMC (7)	SCF (8)	DDU (9)	Total (10)	None (11)	BMC (12)	SCF (13)	DDU (14)	Total (15)
Letters		1,485,887,557					96.77%	2.48%	0.75%	0.00%	100.00%					
Basic		3,535,566,797					65.53%	27.09%	7.38%	0.00%	100.00%					
3-digit		1,954,218,672					30.96%	36.11%	32.93%	0.00%	100.00%					
5-digit																
Total letter		6,975,673,026														
Flats																
Basic		51,184,798	27,497,017	34.95%	9,851,840	0.358	98.91%	0.62%	0.47%	0.00%	100.00%			0.35%	0.00%	100.00%
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%			17.39%	0.00%	100.00%
Total flat		982,451,375	433,137,308	30.60%	135,711,536	0.313										
Total Auto Presort		7,958,124,401	433,137,308													
		8,391,261,709														
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																
Basic		137,202,731	66,469,605	32.64%	25,554,970	0.384	91.43%	4.76%	3.81%	0.00%	100.00%			1.63%	0.00%	100.00%
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%			9.47%	0.00%	100.00%
Total NL		375,693,488	149,439,064													
		2,784,956,671	149,439,064													
Total Presort		2,934,395,735														
Total Nonprofit		11,325,657,444														
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%					
Saturation		702,262,664					17.17%	2.68%	37.26%	42.89%	100.00%					
		1,548,105,018														
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%			56.57%	1.23%	100.00%
High-D		8,813,470	3,234,197	26.85%	1,025,001	0.317	13.17%	1.16%	62.82%	22.66%	100.00%			80.06%	13.51%	100.00%
Saturation		270,785,416	86,220,302	24.15%	25,608,762	0.297	13.09%	1.15%	38.34%	47.41%	100.00%			62.14%	26.76%	100.00%
		1,134,108,229	242,424,708													
		2,682,213,247	242,424,708													
Total NECR		2,924,637,955														

(12) Page A, Col (1,2)
(3) Col (2) / Col (1) + Col (2)]
(4) Page A, Col (3)

(7) Page A, Col (5) / Col (1)
(8) Page A, Col (6) / Col (1)
(9) Page A, Col (7) / Col (1)

(12) Page A, Col (13) / Col (4)
(13) Page A, Col (14) / Col (4)
(14) Page A, Col (15) / Col (4)

NBD%

Volume Forecast (in Millions)
GFY 2003

	<i>Test Year Before Rates</i>	<i>Test Year After Rates</i>
	(1)	(2)
Nonprofit + NECR	15,195.806	15,119.320
Nonprofit Subclass	11,943.287	11,882.923
Presort	2,254.286	2,221.295
Basic Letters	770.803	764.797
Basic NL	150.371	149.664
3/5 Letters	1,158.153	1,132.895
3/5 NL	174.959	173.939
Automation	9,689.001	9,661.629
Basic Letter	1,551.534	1,545.050
Basic Flat	133.539	132.895
3-D letters	3,755.086	3,752.153
5-D letters	2,654.880	2,647.522
3/5-D flats	1,593.962	1,584.009
NECR	3,252.519	3,236.397
Auto	301.137	299.864
Basic letters	546.277	543.871
Basic NL	121.361	120.331
HD letters	73.601	73.189
HD NL	14.935	14.851
Sat letters	699.559	696.147
Sat NL	405.648	403.645

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

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

**Volume Forecast For Proposed New Rate Categories
Automation (In Millions)**

GFY 2003

Line	Nonprofit Automation	Test Year <i>Before Rates</i>	Test Year <i>After Rates</i>
		(1)	(2)
1	Automation	9,689.001	9,661.629
2	Basic Letter	1,551.534	1,545.050
3	Basic Flat	133.539	132.895
4	3-D letters	3,755.086	3,752.153
5	5-D letters	2,654.880	2,647.522
6	3/5-D flats	1,593.962	1,584.009
Estimated Automation Basic %			
7	Mixed AADC	47.339	
8	AADC	52.171	
9	Revised Automation	9,689.001	9,661.629
10	Mixed AADC	742.099	738.997
11	AADC	809.435	806.053
12	Basic Flat	133.539	132.895
13	3-D letters	3,755.086	3,752.153
14	5-D letters	2,654.880	2,647.522
15	3/5-D flats	1,593.962	1,584.009

Lines 1-6	Volume Forecast, p. C
Lines 7 - 8	Docket No. R97-1, USPS-LR-J-105, Table 5, page 13.
Lines 10 - 11	Volume Forecast x Estimated Automation Basic %
Lines 9, 12-15	Volume Forecast, p. C

**Volume Forecast For Proposed New Rate Categories
Presort (In Millions)
GFY 2003**

Line	Nonprofit Subclass	Test Year <i>Before Rates</i>	Test Year <i>After Rates</i>
		(1)	(2)
1	Presort		
2	Presort Total		
3	Basic Letters	770.803	764.797
4	Basic NL	150.371	149.664
5	3/5 Letters	1,158.153	1,132.895
6	3/5 NL	174.959	173.939
Estimated Non-Machinable %			
7	Basic Letters	37.82%	
8	3/5 Letters	40.51%	
Estimated Machinable %			
9	Basic Letters	62.18%	
10	3/5 Letters	59.49%	
Revised Presort		Test Year <i>Before Rates</i>	Test Year <i>After Rates</i>
		(1)	(2)
11	Basic Letters Machinable	479.285	475.551
12	Basic Letters Non-Machinable	291.518	289.246
13	Total Basic Letters	770.803	764.797
14	3/5 Letters Machinable	688.985	673.959
15	3/5 Letters Non-Machinable	469.168	458.936
16	Total 3/5 Letters	1,158.153	1,132.895

Lines 1-6 Volume Forecast, p. C
 Lines 7 - 10 USPS-LR-J-60, page 87.
 Lines 11, 13 Volume Forecast x Estimated Machinable %
 Lines 12, 15 Volume Forecast x Estimated Non-Machinable %

Test Year Volume Forecast - Before Rates

Nonprofit Subclass Automation Category	pieces		pounds		% dropship to:		Pieces (pc-rt) dropshipped:		Pounds (lbs-rt) dropshipped:		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Letters	1,551,534	2,48%	0.75%	0.00%	38,492	11,873	0.000				
	3,755,086	27.09%	7.38%	0.00%	1,017,429	276,945	0.000				
	2,654,880	36.11%	32.93%	0.00%	958,779	874,274	0.000				
Flats-Piece rated	86,871	0.62%	0.47%	0.00%	0.535	0.408	0.000				
	1,110,327	27.47%	15.90%	0.00%	305,029	176,592	0.000				
Flats-Pound rated	46,668	16.721	0.63%	0.35%							
	483,635	150,059	17.48%	17.39%							
Total Automation	9,689,001	166,780			2,320,264	1,339,891	0.000				
	7,961,500										
	530,303										
	1,197,197										
Presort Category											
Letters	770,803	4.34%	6.52%	0.00%	33,489	50,231	0.000				
	1,158,153	2.57%	41.91%	0.00%	29,808	485,387	0.000				
Non-letters-Piece rated	101,296	4.76%	3.81%	0.00%	4,824	3,858	0.000				
	129,802	9.22%	33.18%	0.00%	11,961	43,070	0.000				
Non-letters-Pound rated	49,074	18,967	1.36%	1.83%							
	45,157	15,446	9.47%	19.77%							
Total Presort	2,254,286	34,313			80,083	582,546	0.000				
	1,928,956										
	94,232										
	231,098										
SubTotal - pc. rated NL	11,943,287										
Nonprofit Enhanced Carrier Route Subclass											
Letters	546,277	21.05%	44.27%	8.81%	114,997	241,857	48,115				
	301,137	39.83%	33.67%	2.10%	119,938	101,392	6,332				
	73,601	15.99%	15.35%	41.20%	11,765	11,300	30,325				
	699,559	2.68%	37.26%	42.89%	18,733	260,647	300,067				
Non-letters-Piece rated	1,027,435	44.80%	40.30%	1.75%	460,293	414,069	17,951				
	10,926	1.16%	62.82%	22.86%	0.127	6,863	2,497				
	307,680	1.15%	38.34%	47.41%	3,535	117,976	145,884				
Non-letters-Pound rated	183,926	54,761	23.01%	56.57%							
	4,009	1,271	2.52%	80.06%							
Total NECR	97,968	29,098	3.34%	62.14%	729,388	1,154,105	551,172				
	3,252,519	85,130									
	1,620,574										
	2,966,615										
SubTotal - pc. rated NL	285,904										
	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.2
(3) Col (7), p.B for piece rated pieces
Col (12), p.B for pound rated pieces
(4) Col (8), 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 Subclass - Presort Categories
(Volumes and Revenues in Millions)

WP 2, page G

Categories			Rates	Volume	Revenue
			(1)	(2)	(3)
Presort Category					
Letters					
1	Basic	per piece	0.158	770.803	121.787
2	3/5-Digit	per piece	0.146	1,158.153	169.090
3	SubTotal			1,928.956	290.877
Nonletters, Piece-Rated					
4	Basic	per piece	0.22	101.296	22.285
5	3/5-Digit	per piece	0.171	129.802	22.196
6	SubTotal			231.098	44.481
Nonletters, Pound-Rated					
7	Basic	per piece	0.107	49.074	5.251
8	3/5-Digit	per piece	0.058	45.157	2.619
9	SubTotal			94.232	7.870
Total Presort Pieces				2,254.286	
10	Basic	per pound	0.550	18.867	10.377
11	3/5-Digit	per pound	0.550	15.446	8.495
12	SubTotal - Pounds			34.313	18.872
Dropship Discounts					
Piece-Rated					
13	DBMC	per piece	-0.019	80.083	(1.522)
14	DSCF	per piece	-0.024	582.546	(13.981)
15	SubTotal			662.629	(15.503)
Pound-Rated					
16	DBMC	per pound	-0.093	1.720	(0.160)
17	DSCF	per pound	-0.114	3.399	(0.387)
18	SubTotal			5.119	(0.547)
19	Revenue from Rates (L.3+L.6+L.9+L.12+L.15+L.18)				346.051

(1) USPS Rate Chart, July 2001.

(2) Page F, Columns 1,2 for category volumes; Col. 6-10 for dropship total by subclass.

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

Test Year Revenue - Before Rates
Nonprofit Subclass - Automation Categories
(Volumes and Revenues in Millions)

WP 2, page H

Categories	Unit	Rates	Volume	Revenue
		(1)	(2)	(3)
Automation Categories:				
Letters				
1 Basic	per piece	0.133	1,551.534	206.354
2 3-Digit	per piece	0.123	3,755.086	461.876
3 5-Digit	per piece	0.108	2,654.880	286.727
4 SubTotal			7,961.500	954.957
Flats, Piece-Rated				
5 Basic	per piece	0.179	86.871	15.550
6 3/5-Digit	per piece	0.154	1,110.327	170.990
7 SubTotal			1,197.197	186.540
Flats, Pound-Rated				
8 Basic	per piece	0.066	46.668	3.080
9 3/5-Digit	per piece	0.041	483.635	19.829
10 SubTotal			530.303	22.909
Total Automation Pieces			9,689.001	
11 Basic	per pound	0.55	16.721	9.196
12 3/5-Digit	per pound	0.55	150.059	82.533
13 SubTotal - pounds			166.780	91.729
14 Total Revenue before dropship(L.4+L.7+L.10+L.13)				1,256.135
Dropship Discounts				
Piece-Rated				
15 DBMC	per piece	-0.019	2,320.264	(44.085)
16 DSCF	per piece	-0.024	1,339.891	(32.157)
18 SubTotal				(76.242)
Pound-Rated				
19 DBMC	per pound	-0.083	26.331	(2.449)
20 DSCF	per pound	-0.114	26.155	(2.982)
21 SubTotal				(5.430)
Nonprofit Subclass Total				
22 Revenue from Rates (L.14+L.18+L.21)				1,174.462
23 Presort & Automation Revenue from Rates(P.5,L.19)+L.22				1,520.513
24 Revenue Adjustment Factor (page 1)				1.00005
25 Total Revenue from Rates-Nonprofit Subclass(L.23*L.24)				1,520.589
25a Plus Residual Shape Surcharge (P.13, Col(1))				3.784
25b Less Barcode Discount Leakage (p. 13)				0.322
26 Fees (page 15)				49.034
27 Total Revenue (L.25 + L.25a - L.25b+ L.26)				1,573.085
28 Revenue per Piece (L.27 / p.3,Col(1),line2)				0.132

Test Year *Before Rates* Summary

Nonprofit	Revenue	
	(1)	For ease of presentation, the subclass summary is included on page I of WP1.
		1,573.085

(1) Page H, Line 27

NTYBR SUM

Standard Mail 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%	0.1	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%	0.1	13.603	1.360
SCF	0.147	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 F, Col (6 to 11), total for subclass, by entry point
- (7) Col (5) x Col (6)

1/ Selected breakpoint

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

Nonprofit Subclass		Mail		Total
		Processing	Delivery	
Presort (Non-Auto)		(1)	(2)	(3)
line	Flats			
1	Basic	19.729	8.312	28.041
2	3/5-digit	12.866	8.312	21.178
3				
4	Letters			
5	Basic	9.712	4.201	13.913
6	3/5-digit	8.257	4.418	12.675
7				
8	Automation			
9	Flats			
10	Basic	14.969	8.312	23.281
11	3/5-digit	9.622	8.312	17.934
12				
13	Letters			
14	Mixed AADC	4.012	3.887	7.899
	AADC	3.294	3.827	7.121
15	3-digit	3.016	3.812	6.828
16	5-digit	2.074	3.738	5.812
17				
28				
29	Alternative Costs for Rate Design Purposes			
30				
31	For the letter/nonletter differential:			
32	Basic Presort Letters	13.434	4.201	17.64
33	3/5-digit Presort Letters	12.019	4.418	16.44
34				
35	For the flat automation discounts			
36	Basic Non-auto	15.726	8.312	24.038
37	Basic Auto	13.007	8.312	21.319
38	3/5-digit Non-auto	8.863	8.312	17.175
39	3/5-digit auto	7.659	8.312	15.971

(1) & (2) For letters, USPS-LR-J-60; for flats, USPS-LR-J-61.

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

Development of Passthrough Percentages For Nonprofit Subclass

WORKTABLE A UNIT COSTS		
(Cents per piece)		
	Letters Unit Cost	Flats Unit Cost
Basic	13.913	28.041
3/5-D	12.675	21.178

Source: Page K

WORKTABLE B UNIT COST DIFFERENCES		
Presort Letters Unit Cost Diff.	L-F Diff Unit Cost	Presort Flats Unit Cost Diff.
Basic	10.41	6.863
3/5-D	4.74	

Source: Worktable A, subtraction of adjacent cells for presort
L-F Diff: page 10, line 1 - line 32, line 2 - line 33

WORKTABLE C PASSTHROUGH PERCENTAGES		
Presort Letters Passthrough	L-F Passthrough	Presort Flats Passthrough
Basic	62.0%	68.5%
3/5-D	100%	63.0%

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

WORKTABLE D COST PASSTHROUGHS		
Letters Unit Cost Passthrough	L-F Diff Unit Cost Passthrough	Flats Unit Cost Passthrough
Basic	6.5	N/A
3/5-D	1.2	3

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

WORKTABLE E CALCULATION OF FLAT PRESORT PASSTHROUGHS				
(Cents per piece)				
Cumul- ative Letter Passthrough with Base =3/5 Dig	L-F Diff Passthrough	Cumul- ative Flats Passthrough with Base =3/5 Dig	Flats Passthroughs	
Basic	1.2	+	6.5	= 7.7
3/5-D	0	+	3	= 3

Source: Worktable D

SUMMARY WORKTABLE				
(Cents per piece)				
Presort Letter Disc. by presort level		Cumu- lative	Presort Flat Disc. by presort level	Cumu- lative
3/5-D	1.2	1.2	4.7	4.7
Letter disc.		6.5		

Source: Worktable E

Development of Presort, Automation, and Letter Discounts

Rate Category	MP+Del. Unit Cost (Cents)	Cost Diff. (Cents)	Passthrough percent (3)	Passthrough amount (Cents) (4)	Discount (Cents) (5)	Pieces (millions) (6)	Value of Discounts (millions) (7)
Flats	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1 Basic Presort	24.038	N/A	N/A			N/A	N/A
2 Basic Automation	21.319	2.719	<i>150.0%</i>	4.1	4.1	133.539	5.475
3 3/5-Digit Presort	17.175	6.863	68.5%	4.7	4.7	174.959	8.223
4 3/5-Digit Automation	15.971	1.204	<i>140.0%</i>	1.7	6.4	1,593.962	102.014
5 SubTotal							115.712
6							
7 Letters							
8 Basic Presort	13.913	10.406	62.0%	6.5	6.5	770.803	50.102
9 Mxed AADC	7.899	6.014	<i>35.0%</i>	2.1	2.1	742.099	15.584
9A AADC	7.121	0.778	<i>100.0%</i>	0.8	2.9	809.435	23.474
10 3/5-Digit Presort	12.675	1.238	100.0%	1.2	1.2	1,158.153	13.898
11 3-Digit Automation	6.828	5.847	<i>41.0%</i>	2.4	3.6	3,755.086	135.183
12 5-Digit Automation	5.812	1.016	<i>150.0%</i>	1.5	5.1	2,654.880	135.399
13 Letter Discount 1/	N/A	N/A	N/A		6.5	9,119.654	592.777
14 SubTotal							966.417
15							
16 Total (Value of discounts)							1,082.129

(1) Page K, lines (37-40) for flats; lines (5,14,15,6,16,17) for letters.

(2) Line 2: from Col (1); line 2 - line 1

Line 3: Page L, Worktable B

Line 4: from Col(1); line 4 - line 3

Line 8: Page L, Worktable B

Line 9: from Col(1); line 8 - line 9

Line 10: from Col(1); line 8 - line 10

Line 11: from Col(1); line 10 - line 11

Line 12: from Col(1); line 11 - line 12

Lines 9-12 also in USPS-T-24, Table 1

(3) Selected; italicized figures from page L, Worktable C.

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

(5) Cumulative discount for that category.

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

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

1/ Basic letter discount. Basic volume not included since it is included in "Basic Presort" line.

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

Test Year *Before Rates*

Nonprofit Subclass		(1)
TYBR Volume Nonletters	2,052.83	1/
% Residual Shape	0.24%	2/
Net Projected Volume	21.021	3/
x Surcharge (cents)	0.180	4/
Expected Revenue (\$ Millions)	3.784	5/

Barcode Discount Leakage

Nonprofit Subclass	
Surcharged Pieces	21.021 6/
% expected to barcode	5.000% 7/
Discounted Pieces	10.721 8/
Discount (cents)	\$ 0.03 9/
Estimated Leakage (\$ Millions)	0.322 10/

1/ Page F, total of Nonletters in Nonprofit subclass.

2/ Assume residual shape percentage remains constant at A/B. (See USPS-LR-J-98.) A is G-6, page 1, "Subclass Pieces Subject to the Residual Shape Surcharge", Regular Subclas from G-5, page 1, "Standard Mail Regular Subclass, Summaries GFY 2000, Total Pieces, N

3/ Volume of nonletters x % residual shape pieces.

4/ Current surcharge.

5/ Expected volume x current surcharge.

6/ Assume surcharged pieces from calculation above are candidates for discount.

7/ Percent of parcels over 6 ounces (minimum weight for machinable parcels) - USPS-LR-I

8/ Discounted pieces.

9/ Current discount.

10/ Expected revenue leakage from barcode discount.

**Expected Revenue from Residual Shape Surcharge
and Leakage from Barcode Discount for Use in Formula
Estimated *After Rates* Revenue for FY2003**

<i>Before Rates</i>			<i>After Rates</i>		
Nonprofit Subclass			Nonprofit Subclass		
	(1)			(2)	
TYBR Volume Nonletters	2,052.83	1/	TYAR Volume Nonletters	2,040.51	
% Residual Shape	1.024%	2/	% Residual Shape	1.024%	
Net Projected Volume	21.021	3/	Expected residual volume	20.895	
x Surcharge (cents)	0.230	4/	x Surcharge (cents)	0.230	
Expected Revenue	4.835	5/	Expected Revenue	4.806	
(\$ Millions)			(\$ Millions)		

<i>Before Rates</i>			<i>After Rates</i>		
Barcode Discount Leakage			Barcode Discount Leakage		
Nonprofit Subclass			Nonprofit Subclass		
Surcharged Pieces	21.021	6/	Surcharged Pieces	20.895	
% expected to barcode	51.000%	7/	% expected to barcode	51.000%	
Discounted Pieces	10.721	8/	Discounted Pieces	10.656	
Discount (cents)	\$ 0.03	9/	Discount (cents)	\$ 0.03	
Estimated Leakage	0.322	10/	Estimated Leakage	0.320	
(\$ Millions)			(\$ Millions)		

1/ Page F, Col(1), total of nonletters in Nonprofit subclass.

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

3/ Volume of nonletters x % residual shape pieces.

4/ Proposed surcharge.

5/ Expected volume x proposed surcharge.

6/ Assume surcharged pieces from calculation above are candidates for discount.

7/ Percent of parcels over 6 ounces (minimum weight for machinable parcels) - USPS-LR-J-61.

8/ Discounted pieces.

9/ Proposed discount.

10/ Expected revenue leakage from barcode discount.

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

**Expected Non-Machinable Letter Surcharge Revenue
For Calculation of Test Year *Before and After* Rates Revenue**

<i>Before Rates</i>			<i>After Rates</i>		
Nonprofit Subclass	(1)		Nonprofit Subclass	(2)	
TYBR Volume Basic Presort Letters	770.803	1/	TYAR Volume Basic Presort Letters	764.797	
% Non-Machinable	37.82%	2/	% Non-Machinable	37.82%	
Projected Non-Machinable Volume	291.518	3/	Projected Non-Machinable Volume	289.246	
x Surcharge (cents)	\$ 0.020	4/	x Surcharge (cents)	\$ 0.020	
=Expected Revenue	\$ 5.830	5/	=Expected Revenue	\$ 5.785	
(Millions)			(Millions)		
Nonprofit Subclass	(1)		Nonprofit Subclass	(2)	
TYBR Volume 3/5 Presort Letters	1,158.153	6/	TYAR Volume 3/5 Presort Letters	1,132.895	
% Non-Machinable	40.51%	7/	% Non-Machinable	40.51%	
Projected Non-Machinable Volume	469.168	8/	Projected Non-Machinable Volume	458.936	
x Surcharge (cents)	\$ 0.020	9/	x Surcharge (cents)	\$ 0.020	
=Expected Revenue	9.383	10/	=Expected Revenue	9.179	
(Millions)			(Millions)		
TYBR Total Non-Machinable Surcharge Revenue		11/	TYAR Total Non-Machinable Surcharge Revenue		
(Basic + 3/5)	\$ 15.214		(Basic + 3/5)	\$ 14.964	

1/ Page C, Total of Presort Basic Letters in Regular subclass. In millions.

2/ USPS-LR-J-60, page 87.

3/ Volume of Basic Presort Letters x % nonmachinable pieces.

4/ Proposed surcharge = .04 cents x 100% passthrough.

5/ Expected volume x surcharge.

6/ Page C, Total Volume of 3/5 Presort Letters. In millions.

7/ USPS-LR-J-60, page 87.

8/ Volume of 3/5 Presort Letters x % nonmachinable pieces.

9/ Proposed surcharge = .04 cents x 100% passthrough.

10/ Expected volume x surcharge.

Calculation of Expected Fee Revenue (Millions)

Test Year Before Rates Fees

(\$ Millions)

	(1)
Nonprofit	49.034

Test Year After Rates Fees

(\$ Millions)

	(2)
Nonprofit	57.887

(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)
Nonprofit	57.854

(3) USPS-T-36, WP 16

Standard Mail
Test Year Volume Variable Costs
(Millions)

<i>TYBR Cost</i>			
	(1)	(2)	(3)
Volume			
Variable Cost			
with			Total
Contingency		Ratio	with Contingency
Regular	\$ 8,873.60	0.1620	\$ 1,437.52

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

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

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

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

Item	Source	Amount
1 Volume Variable Costs (TYBR)	Page 15	1,437.523
2 Markup	assumed	1.162
3 Revenue Requirement	L.1 x L.2	1,670.401
4 Residual Shape Surcharge	Page 14, Col (1)	4.835
4A Less Barcode Discount	Page 14, Col (1)	0.322
4B Less Non-Machinable Surcharge Revenue	Page 14A	15.214
5 Fees	Page 14, Col (1)	49.034
6 Revenue Requirement from Postage	L.3-L.4-L4A-L4B-L.5	1,600.997
7 Value of Discounts	Pages 9,12	1,189.019
8 Rev Req+Discounts (RR+D)	L.6 + L.7	2,790.016
9 Total Pcs - min rate (Vr)	Page 4	11,318.752
10 Total Pcs - pound rate (Vrp)	Page 4	624.535
11 Total Pounds - Lb Rate (Vp)	Page 4	201.093
12 Break point (BP)	Current (approx.)	3.3
13 Pound Rate (P)	proposed	0.584
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)		0.110
20 Basic Piece Rate for Flats (M)		0.230
21 Actual Breakpoint (oz.)	(L.20-L.19) x 16/L.13	3.2877

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
- 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

Automation Category	% dropship to:			Pieces (pc-rt) dropshipped:			Pounds (lbs-rt) dropshipped:				
	pieces	pounds	BMC	SCF	DDU	BMC	SCF	DDU	BMC		SCF
Nonprofit Subclass	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Letters											
Basic	1,545,050		2.48%	0.75%	0.00%	38,331	11,624	0.000			
3-Digit	3,752,153		27.09%	7.38%	0.00%	1,016,634	276,728	0.000			
5-Digit	2,647,522		36.11%	32.93%	0.00%	956,122	871,851	0.000			
Flats-Piece rated											
Basic	86,452		0.62%	0.47%	0.00%	0.533	0.406	0.000			
3/5 Digit	1,103,394		27.47%	15.90%	0.00%	303,124	175,489	0.000			
Flats-Pound rated											
Basic	46,443	16,640	0.63%	0.35%	0.00%				0.105	0.059	0.000
3/5 Digit	480,615	149,122	17.48%	17.39%	0.00%				26,061	25,933	0.000
Total Automation	9,661,629	165,762				2,314,744	1,336,098	0.000	26,166	25,992	0.000
SubTotal - Letters	7,944,725										

(1) For letters, Col (2), page 3.

For pc-rated nonletters, (Col (2), p.3) x (1-Col(3),p.2)

For lb-rated nonletters, (Col (2), p.3) x (Col(3),p.2)

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

(3) Col (7), p.2 for piece rated pieces

Col (12), p.2 for pound rated pieces

(4) Col (8), p.2 for piece rated pieces

Col (13), p.2 for pound rated pieces

(5) Col (9), p.2 for piece rated pieces

Col (14), p.2 for pound rated pieces

(6) Col (1) x Col (3)

(7) Col (1) x Col (4)

(8) Col (1) x Col (5)

(9) Col (2) x Col (3)

(10) Col (2) x Col (4)

(11) Col (2) x Col (5)

Presort Category

Letters												
Basic	764,797		4.34%	6.52%	0.00%	33,228	49,840	0.000				
3/5 digit	1,132,895		2.57%	41.91%	0.00%	29,158	474,801	0.000				
Non-letters-Piece rated												
Basic	100,820		4.76%	3.81%	0.00%	4,801	3,840	0.000				
3/5 digit	129,045		9.22%	33.18%	0.00%	11,892	42,819	0.000				
Non-letters-Pound rated												
Basic	48,844	18,778	1.36%	1.83%	0.00%				0.256	0.343	0.000	
3/5 digit	44,894	15,356	9.47%	19.77%	0.00%				1,454	3,036	0.000	
Total Presort	2,221,295	34,135				79,079	571,300	0.000	1,710	3,380	0.000	
SubTotal - Letters	1,897,692											
SubTotal - lb. rated pcs.	93,738											
SubTotal - pc. rated NL	229,865											
Total Nonprofit Subclass	11,882,923											

Nonprofit Enhanced Carrier Route Subclass

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	3,236,397	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											

NTYAR VOL

TY Revenue - After Rates
Nonprofit Subclass - Presort Categories
(Volumes and Revenues in Millions)

Categories			Rates	Volume	Revenue
			(1)	(2)	(3)
Presort Category					
Letters					
1	Basic	per piece	0.165	764.797	126.191
2	3/5-Digit	per piece	0.153	1,132.895	173.333
3	SubTotal			1,897.692	299.524
Nonletters, Piece-Rated					
4	Basic	per piece	0.230	100.820	23.189
5	3/5-Digit	per piece	0.183	129.045	23.615
6	SubTotal			229.865	46.804
Nonletters, Pound-Rated					
7	Basic	per piece	0.110	48.844	5.373
8	3/5-Digit	per piece	0.063	44.894	2.828
9	SubTotal			93.738	8.201
Total Presort Pieces				2,221.295	
Presort Pounds					
10	Basic	per pound	0.584	18.778	10.967
11	3/5-Digit	per pound	0.584	15.356	8.968
12	SubTotal - Pounds			34.135	19.935
Dropship Discounts					
Piece-Rated					
13	BMC	per piece	-0.021	79.079	(1.661)
14	SCF	per piece	-0.026	571.300	(14.854)
15	SubTotal			650.379	(16.514)
Pound-Rated					
16	BMC	per pound	-0.1	1.710	(0.171)
17	SCF	per pound	-0.125	3.380	(0.422)
18	SubTotal			5.090	(0.593)
19	Revenue from Rates				357.356

(1) Lines 4,7,10,11 from formula, page 17. Dropship discounts from Page 9.
 Other rates calculated by subtracting discounts (p.12) from Basic rates
 from formula.

(2) Page 20, Col (1,2,6,7,9,10)

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

TY Revenue - After Rates**Nonprofit Subclass - Automation Categories
(Volumes and Revenues in Millions)**

Categories			Rates	Volume	Revenue
			(1)	(2)	(3)
Automation Categories					
Letters					
1	Mixed AADC	per piece	0.144	738.997	106.416
1A	AADC	per piece	0.136	806.053	109.623
2	3-Digit	per piece	0.1290	3,752.153	484.028
3	5-Digit	per piece	0.114	2,647.522	301.818
4	SubTotal			7,944.725	1,001.884
Flats, Piece-Rated					
5	Basic	per piece	0.189	86.452	16.339
6	3/5-Digit	per piece	0.166	1,103.394	183.163
7	SubTotal			1,189.845	199.503
Flats, Pound-Rated					
8	Basic	per piece	0.069	46.443	3.205
9	3/5-Digit	per piece	0.046	480.615	22.108
10	SubTotal			527.058	25.313
Total Automation Pieces				9,661.629	
11	Basic	per pound	0.584	16.640	9.718
12	3/5-Digit	per pound	0.584	149.122	87.088
13	SubTotal - pounds			165.762	96.805
14	Total Revenue before Dropship				1,323.505
Dropship Discounts					
Piece-Rated					
15	BMC	per piece	-0.021	2,314.744	(48.610)
16	SCF	per piece	-0.026	1,336.098	(34.739)
17	DDU			-	
18	SubTotal				(83.348)
Pound-Rated					
19	BMC	per pound	-0.1	26.166	(2.617)
20	SCF	per pound	-0.125	25.992	(3.249)
21	SubTotal				(5.866)

Nonprofit Subclass Total					
22	Revenue from Rates (L.14+L.18+L.21)				1,234.291
23	Presort & Automation Vol. (Page 21):				11,882.923
24	Total Revenue from Rates (Line 22 + Page 22, line 19)				1,591.647
25	Revenue Adjustment Factor (Page 1)				1.00005
26	Adjusted Revenue (L.24 x L.25)				1,591.727
27	Fees (Page 15)				57.887
28	Revenue from Residual Shape Surcharge (Page 14, Col. 2)				4.806
29	Less barcode disc. (Page 14, Col.2)				0.320
30	Plus Non-Machinable Surcharge Revenue (Page 14A, Col 2)				14.964
31	Total Revenue (L.26 + L.27 + L.28 - L.29 + L.30)				1,669.063
32	TYAR revenue per piece (L.29 / L.23)				0.14046

- (1) Lines 4,7,10,11 from formula, page S. Dropship discounts from Page J.
Other rates calculated by subtracting discounts (page M) from Basic rates from formula.
- (2) Page T, Col (1,2,6,7,9,10)
- (3) Col (1) x Col (2)

Regular and Regular Nonprofit Coverage
Test Year After Rates

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

NFIN SUM

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

Categories			Rates	Volume	Revenue
			(1)	(2)	(3)
Presort Category					
Letters					
1	Basic	per piece	0.165	770.803	127.182
2	3/5-Digit	per piece	0.153	1,158.153	177.197
3	SubTotal			1,928.956	304.380
Nonletters, Piece-Rated					
4	Basic	per piece	0.230	101.296	23.298
5	3/5-Digit	per piece	0.183	129.802	23.754
6	SubTotal			231.098	47.052
Nonletters, Pound-Rated					
7	Basic	per piece	0.110	49.074	5.398
8	3/5-Digit	per piece	0.063	45.157	2.845
9	SubTotal			94.232	8.243
Total Presort Pieces				2,254.286	
Presort Pounds					
10	Basic	per pound	0.584	18.867	11.018
11	3/5-Digit	per pound	0.584	15.446	9.021
12	SubTotal - Pounds			34.313	20.039
Dropship Discounts					
Piece-Rated					
13	BMC	per piece	-0.021	80.083	(1.682)
14	SCF	per piece	-0.026	582.546	(15.146)
15	SubTotal			662.629	(16.828)
Pound-Rated					
16	BMC	per pound	-0.1	1.720	(0.172)
17	SCF	per pound	-0.125	3.399	(0.425)
18	SubTotal			5.119	(0.597)
19	Revenue from Rates				362.289

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

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

**Nonprofit Subclass - Automation Categories
(Volumes and Revenues in Millions)**

Categories	Unit	Rates	Volume	Revenue
		(1)	(2)	(3)
Automation Categories				
Letters				
1 Mixed AADC	per piece	0.144	742.099	106.862
1A AADC	per piece	0.136	809.435	110.083
2 3-Digit	per piece	0.129	3,755.086	484.406
3 5-Digit	per piece	0.114	2,654.880	302.656
4 SubTotal			7,961.500	1,004.008
Flats, Piece-Rated				
5 Basic	per piece	0.189	86.871	16.419
6 3/5-Digit	per piece	0.166	1,110.327	184.314
7 SubTotal			1,197.197	200.733
Flats, Pound-Rated				
8 Basic	per piece	0.069	46.668	3.220
9 3/5-Digit	per piece	0.046	483.635	22.247
10 SubTotal			530.303	25.467
Total Automation Pieces			9,689.001	
11 Basic	per pound	0.584	16.721	9.765
12 3/5-Digit	per pound	0.584	150.059	87.635
13 SubTotal - pounds			166.780	97.400
14 Total Revenue Before Dropship				1,327.607
Dropship Discounts				
Piece-Rated				
15 BMC	per piece	-0.021	2,320.264	(48.726)
16 SCF	per piece	-0.026	1,339.891	(34.837)
18 SubTotal				(83.563)
Pound-Rated				
19 BMC	per pound	-0.100	26.331	(2.633)
20 SCF	per pound	-0.125	26.155	(3.269)
21 SubTotal				(5.902)

Nonprofit Subclass Total			
22 Revenue from Rates (L.14+L.18+L.21)			1,238.142
23 Presort & Automation Vol. (p. 20):	11,943.287		
24 Total Revenue from Rates (Line 22 + Page 26, line19)			1,600.431
25 Revenue adjustment factor (page 1)			1.00005
26 Adjusted Revenue (L.24 x L.25)			1,600.511
27 Fees (page 15, Col (1))			57.854
28 Revenue from Residual Shape Surcharge (p. 14, Col. 1)			4.835
29 Less Barcode Disc. (p. 14, Col.1)			0.322
30 Plus Non-Machinable Surcharge Revenue (p. 14A, Col. 1)			15.214
31 Total Revenue (L.26 + L.27 + L.28 - L.29 + L. 30)			1,678.092
32 TYAR Revenue per piece (L.29 / L.23)			0.14051
33 TYBR Revenue per piece (page 6, line 28)			0.13171
34 % Change ((L.30-L.31)/L.31)			6.68%

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

Summary of Proposed Rates - Nonprofit and Nonprofit ECR (Dollars)

Nonprofit Subclass

Automation	Entered at destination:		
	<i>BMC</i>	<i>SCF</i>	<i>DDU</i>
Letters			
Mixed AADC	0.144	0.123	0.118
AADC	0.136	0.115	0.110
3-digit	0.129	0.108	0.103
5-digit	0.114	0.093	0.088
Flats (pc-rated)			
Basic	0.189	0.168	0.163
3/5-digit	0.166	0.145	0.140
Flats (lb-rated)			
per piece:			
Basic	0.069	0.069	0.069
3/5 digit	0.046	0.046	0.046
per pound:			
Basic	0.584	0.484	0.459
3/5 digit	0.584	0.484	0.459

Presort	Entered at destination:		
	<i>BMC</i>	<i>SCF</i>	<i>DDU</i>
Letters			
Basic	0.165	0.144	0.139
3/5-digit	0.153	0.132	0.127
Non-letters (pc-rated)			
Basic	0.230	0.209	0.204
3/5-digit	0.183	0.162	0.157
Non-letters (lb-rated)			
per piece:			
Basic	0.110	0.110	0.110
3/5 digit	0.063	0.063	0.063
per pound:			
Basic	0.584	0.484	0.459
3/5 digit	0.584	0.484	0.459

Residual Shape Surcharge	0.230
Parcel Barcode Discount	0.030
Non-Machinable Surcharge	
Basic Presort	0.020
3/5 Presort	0.020

Sources:

Non-destination entry rates are from pages U,V, and X.

Destination-entry rates are calculated by subtracting discounts (p.J, col (5)) from non-destination entry rates

Residual Shape Surcharge and Barcode Discount from Page O, Column (2)

Non-Machinable Surcharge from page P.

Standard Mail Nonprofit

Summary of Current and Proposed Rates (\$)

WP 2, page AA

					Overall	6.68%
Minimum per piece rates						
Category	Shape	Presort	Current	Proposed	% Change	
Presort	Nonletter	Basic	0.220	0.230	4.5%	
		3/5	0.171	0.183	7.0%	
Presort	Letter	Basic	0.158	0.165	4.4%	
		3/5	0.146	0.153	4.8%	
Automation	Flat	Basic	0.179	0.189	5.6%	
		3/5	0.154	0.166	7.8%	
Automation	Letter	Mixed AADC	0.133	0.144	8.3%	
		AADC	0.133	0.136	2.3%	
		3-digit	0.123	0.129	4.9%	
		5-digit	0.108	0.114	5.6%	

Pound-rated pieces						
Category		Presort	Current	Proposed	% Change	
Presort	per piece	Basic	0.107	0.110		
		3/5	0.068	0.063		
	plus per pound		0.550	0.584		
		example: 8-ounce piece	0.382	0.402	5.2%	
Automation	per piece	Basic	0.088	0.069		
		3/5	0.041	0.046		
	plus per pound		0.550	0.584		
		example: 8-ounce piece	0.341	0.361	5.9%	
		3/5	0.316	0.338	7.0%	

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

	Current	Proposed
Residual Shape Surcharge	0.180	0.230
Parcel Barcode Discount	0.040	0.030
Non-Machinable Surcharge		
Basic Presort	0.020	
3/5 Presort	0.020	

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