

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

NOTICE OF UNITED STATES POSTAL SERVICE
OF FILING OF ERRATA TO LIBRARY REFERENCE J-86
(November 27, 2001)

The United States Postal Service hereby provides notice that it is today filing errata to USPS LR-J-86. The changed pages are Attachment A at pp. 1, 17, 18, 19, 24, 25, and 26; and Attachment I at pp. 4, 5, 8, 9, 14, 15, 16, 17, 19 and 20.

This erratum is being filed to make the following corrections. First, it has been pointed out that the "weighted average model cost" equation on page 1 of Attachment A contained an invalid reference. The equation was incorrectly linked to the "model weight" instead of the "weighted modeled cost" in the intra-BMC machinable Parcel Post mail processing model (page 11 of Attachment A). The equation has been corrected. Second, it has been pointed out that the wrong piggyback factors were used in the "crossdock at destination SCF" and "crossdock at destination BMC" operations in three mailprocessing mailflow models: DSCF machinable, DSCF nonmachinable and DSCF oversize. These three models, found in LR-J-86, Attachment A, pages 17, 18 and 19, have been corrected. Moreover, because the end results of LR-J-86, Attachment A feed into LR-J-86, Attachment I (Final Adjustments), this spreadsheet has also been revised.

Furthermore, since these revisions impact the Parcel Post final adjustments, this erratum also incorporates another revision that impacts the Parcel Post final

adjustments. It was pointed out in POIR-2, question 4, that the Parcel Post transportation model in LR-J-64, Attachment B used a slightly different Parcel Post DBMC volume distribution than that which was used by witness Kiefer in LR-J-106. At that time, the results of making that change were filed in response to the POIR but not the revised spreadsheets. Because the results of the Parcel Post transportation model impact the PRC-version of the final adjustments calculated in LR-J-86, this erratum also incorporates this change to the calculation of final adjustments.

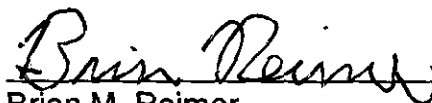
A complete, revised electronic copy of Library Reference J-86 is also being provided to the Commission.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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November 27, 2001

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



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PARCEL POST MAIL PROCESSING COST SUMMARY AND DEVELOPMENT

Table 1: Nonmodel Cost Factor Development

Weighted Avg Model Cost		1/
Proportional Cost Pools	\$1.352	2/
CRA Proportional Adjustment		3/
CRA Fixed Adjustment	\$0.184	4/

Sources for Table 1

Attachment A pages 7 to 15.
Attachment A page 2.
Row (1) / row (2).
Attachment A, page 2.

Table 2: Total Cost Development

	[1] Model Cost (Attachment A, pages 8 through 22)	[2] Proportional Adjustment (= row (3))	[3] Fixed Adjustment (= row (4))	[4] Adjusted Cost (= [1] * [2] + [3])	
Inter Mach	\$1.892		0.184		[4a]
Inter NMO	\$4.593		0.184		[4b]
Inter NMO > 108"	\$11.269		0.184		[4c]
Intra Mach	\$1.501		0.184		[4d]
Intra NMO	\$3.582		0.184		[4e]
Intra NMO > 108"	\$8.771		0.184		[4f]
DBMC Mach	\$0.930		0.184		[4g]
DBMC NMO	\$2.530		0.184		[4h]
DBMC >108"	\$5.012		0.184		[4i]
DSCF Mach			0.184		[4j]
DSCF NMO			0.184		[4k]
NEW DSCF 3-digit NMO	\$1.428		0.184		[4l]
DSCF > 108			0.184		[4m]
DDU Mach	\$0.136		0.184		[4n]
DDU NMO	\$0.200		0.184		[4o]
DDU > 108	\$0.388		0.184		[4p]

Table 3: Parcel Post Unit Cost Difference Summary

	Cost Difference [5]	
Total BMC Presort Cost Savings		
Mach		[5a]
NMO		[5b]
Weighted		[5c]
Total OBMC Cost savings		
Mach		[5d]
NMO		[5e]
Weighted		
Intra mach cost savings (compared to Inter mach)		[5f]
DBMC Mach Cost Savings		[5g]
DBMC mach mail procesasing cost savings (compared to Intra mach)		[5h]
Window Cost savings		[5i]
DBMC NMO Cost Savings		[5j]
DBMC NMO mail procesasing cost savings (compared to Intra NMO)		[5k]
DSCF Savings compared to DBMC		
Mach		[5l]
NMO		[5m]
Weighted Average		[5n]
DDU savings compared to DBMC		
Mach		[5o]
NMO		[5p]
Weighted Average		[5q]
Cost Data to support NMO surcharge		
Inter NMO cost difference		[5r]
Intra NMO cost difference		[5s]
DBMC NMO cost difference		[5t]
Cost Data to support NMO >108 rate		
Inter NMO > 108 cost difference		[5u]
Intra NMO > 108 cost difference		[5v]
DBMC NMO > 108 cost difference		[5w]
DSCF NMO > 108 cost difference		[5x]
DDU NMO > 108 cost difference		[5y]
Proposed 3-digit presort (additional cost compared to DSCF weighted average)		[5z]
Barcode Discount		[5aa]

Sources for Cost Differences:

Attachment A, page 24
Attachment A, page 24.
Attachment A, page 24.
[5a] + [5g]
[5b] + [5j].
[4a] - [4d].
[5h] + [5i].
[4d] - [4g].
Attachment A, page 27, row 15.
[5j] + [5k].
[5e] - [5h].
[4j] - [4g].
[4h] - [4k].
[5l] * (% mach) + [5m] * (% nmo).
[4g] - [4n].
[4o] - [4h].
[5o] * (% mach) + [5q] * (% nmo).
[4b] - [4a].
[4e] - [4d].
[4h] - [4d].
[4c] - [4a].
[4f] - [4d].
[4i] - [4g].
[4m] - [4j].
[4n] - [4p].
[4i] - (% mach) * [4j] - (% nmo) * [4k].
Attachment A, page 26, row 4.

Machinable DSCF Mail Processing Cost Model

	[1] # handlings	[2] units/hr	[3] conversion	[4] piggyback	[5] \$ per oper.	[6] \$ per facility
Destination BMC						
Unload Pallet/Pallet Box	0.1230	12.1	61.2	1.77	\$0.0727	\$0.0089
Cross dock Pallet/Pallet Box	0.1230	6.9	61.2			
Load Pallet/Pallet Box	0.1230	13.2	61.2	1.77	\$0.0666	\$0.0082
Destination SCF						\$0.2166
Unload Pallet/Pallet Box	0.8770	12.1	61.2	1.65	\$0.0675	\$0.0592
Unload Bedloaded Sacks	0.0000	151.5	10.0	1.65	\$0.0329	\$0.0000
Crossdock Pallet/Pallet Box	0.8770	6.9	61.2			
Crossdock bedloaded sacks	0.0000	6.9	146.1			
Load Pallet/Pallet Box	0.8770	13.2	61.2	1.65	\$0.0618	\$0.0542
Bedload Sacks	0.0000	179.4	10.0	1.65	\$0.0277	\$0.0000
Destination Delivery Unit						\$0.1941
Unload Pallet/Pallet Box	1.0000	12.1	61.2	1.65	\$0.0675	\$0.0675
Unload Bedloaded Sacks	0.0000	151.5	10.0	1.65	\$0.0329	\$0.0000
Dump Sacks	0.0000	105.0	10.0	1.65	\$0.0474	\$0.0000
Move Containers from Dock	1.0000	27.7	61.2	1.47	\$0.0263	\$0.0263
Sort Parcels	1.0000	442.6	1.0	1.47	\$0.1004	\$0.1004

Model Cost	
Model Weight¹	1.4%
Wtd Modeled Cost	

Sources

- Column [1]: Attachment A, page 4, arrival and dispatch profiles.
- Column [2]: Attachment A, page 3, units per workhour.
- Column [3]: Attachment A, page 7, conversion factors.
- Column [4]: Attachment A, page 5, piggyback factors.
- Column [5]: (Adjusted wage rate * column [4]) / (column [2] * column [3]).
- Column [6]: (Column [1]) * (column [5]).

¹ Weights derived from volumes in Attachment A, page 6

Nonmachinable DSCF Mail Processing Cost Model

	[1] # handlings	[2] units/hr	[3] conversion	[4] piggyback	[5] \$ per oper.	[6] \$ per facility
Destination BMC						\$0.0977
Unload Pallet/Pallet Box	0.1230	12.1	20.5	1.77	\$0.2171	\$0.0267
Crossdock Pallet/Pallet Box	0.1230	6.9	20.5		\$0.3784	\$0.0465
Load Pallet/Pallet Box	0.1230	13.2	20.5	1.77	\$0.1988	\$0.0245
Destination SCF						\$0.6470
Unload Pallet/Pallet Box	0.8770	12.1	20.5	1.65	\$0.2016	\$0.1768
Crossdock Pallet/Pallet Box	0.8770	6.9	20.5		\$0.3514	\$0.3082
Load Pallet/Pallet Box	0.8770	13.2	20.5	1.65	\$0.1847	\$0.1620
Destination Delivery Unit						\$0.3805
Unload Pallet/Pallet Box	1.0000	12.1	20.5	1.65	\$0.2016	\$0.2016
Move Containers from Dock	1.0000	27.7	20.5	1.47	\$0.0785	\$0.0785
Sort Parcels	1.0000	442.6	1.0	1.47	\$0.1004	\$0.1004

Model Cost	\$1.125
Model Weight¹	0.09%
Wtd Modeled Cost	\$0.001

Sources

- Column [1]: Attachment A, page 4, arrival and dispatch profiles.
 Column [2]: Attachment A, page 3, units per workhour.
 Column [3]: Attachment A, page 7, conversion factors.
 Column [4]: Attachment A, page 5, piggyback factors.
 Column [5]: (Adjusted wage rate * column [4]) / (column [2] * column [3]).
 Column [6]: (Column [1]) * (column [5]).

¹ Weights derived from volumes in Attachment A, page 6

Nonmachinable DSCF Mail Processing Cost Model
Length plus Girth Between 108" and 130"

	[1] # handlings	[2] units/hr	[3] conversion	[4] piggyback	[5] \$ per oper.	[6] \$ per facility
Destination BMC						
Unload Pallets	0.1230	12.1	7.0	1.77	\$0.6373	\$0.0784
Cross dock pallets	0.1230	6.9	7.0			
Load Pallets	0.1230	13.2	7.0	1.77	\$0.5837	\$0.0718
Destination SCF						
Unload Pallets	0.8770	12.1	7.0	1.65	\$0.5919	\$0.5191
Crossdock Pallets	0.8770	6.9	7.0			
Load Pallets	0.8770	13.2	7.0	1.65	\$0.5422	\$0.4755
Destination Delivery Unit						\$0.9227
Unload Pallets	1.0000	12.1	7.0	1.65	\$0.5919	\$0.5919
Move Containers from Dock	1.0000	27.7	7.0	1.47	\$0.2303	\$0.2303
Sort Parcels	1.0000	442.6	1.0	1.47	\$0.1004	\$0.1004

Model Cost	
Model Weight¹	0.002%
Wtd Modeled Cost	

Sources

- Column [1]: Attachment A, page 4, arrival and dispatch profiles.
- Column [2]: Attachment A, page 3, units per workhour.
- Column [3]: Attachment A, page 7, conversion factors.
- Column [4]: Attachment A, page 5, piggyback factors.
- Column [5]: (Adjusted wage rate * column [4]) / (column [2] * column [3]).
- Column [6]: (Column [1]) * (column [5]).

¹ Weights derived from volumes in Attachment A, page 6

BMC Presort Parcel Post Cost Savings

Operation	[1] Nonpresorted Cost/Piece	[2] BMC Presorted Cost/Piece	[3] Difference (Savings)
Machinable Parcel Post			
Origin BMC	\$0.4384		
DBMC Unload	\$0.0481	\$0.0466	\$0.0015
BMC Savings			1/
Nonmachinable Parcel Post			
Origin BMC	\$1.0156		
DBMC Unload	\$0.1870	\$0.1994	-\$0.0125
BMC Savings			2/
Proportion of Inter-BMC volume that is Machinable		4/	0.97
Proportion of Inter-BMC volume that is Nonmachinable		5/	0.03
Total BMC Presort Related Savings		6/	0.270

Sources

- Column [1]: Attachment A, pages 8-9.
- Column [2]: Attachment A, page 25, column 6.
- Row 1/: Sum of cost savings for machinable Parcel Post.
- Row 2/: Sum of cost savings for nonmachinable Parcel Post.
- Row 3/: Sum of cost savings for oversize nonmachinable Parcel Post.
- Row 4/: Machinable inter-BMC volume divided by total inter-BMC volume.
- Row 5/: Nonmachinable inter-BMC volume divided by total nonmachinable inter-BMC volume.
- Row 6/: [Row (4) * machinable BMC Savings] + [row (5) * nonmachinable BMC savings].

BMC PRESORTED PARCEL POST COST PER PIECE

Operation	[1] # handling	[2] units/hr	[3] conversion	[4] piggyback	[5] \$ per oper	[6] cost
Machinable BMC Presort						
Origin BMC						\$0.1704
Unload Pallet Box	1.0000	12.1	95.4	1.77	\$0.0466	\$0.0466
Crossdock Pallet Box	1.0000	6.9	95.4			\$0.0812
Load Pallet Box	1.0000	13.2	95.4	1.77	\$0.0427	\$0.0427
Destination BMC						
Unload Pallet Box	1.0000	12.1	95.4	1.77	\$0.0466	\$0.0466
Nonmachinable BMC Presort						
Origin BMC						\$0.7208
Unload Pallets	1.0000	12.1	22.3	1.77	\$0.1994	\$0.1994
Crossdock Pallets	1.0000	6.9	22.3			\$0.476
Load NMOs Pallets	1.0000	13.16	22.3	1.77	\$0.1827	\$0.1827
Destination BMC						
Unload Pallets	1.0000	12.06	22.3	1.77	\$0.1994	\$0.1994

Sources

Column [1]: Each handled only one time.

Column [2]: Attachment A, page 3 (units per workhour).

Column [3]: Conversion factor. Reflects the average between the minimum requirements and maximum fullness.
"Mach min 52", max 69". NMO min 42", max 48 ".

Column [4]: Attachment A, page 5, test year operation specific piggyback factors.

Column [5]: (Wage rate * column [4]) / (column [2] * column [3]).

Column [6]: Column [5] * column [1].

Prebarcoding Cost Savings Development Summary

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
	# handlings	units/hr	conversion	piggyback	\$ per operation	facility	Cost of ribbon and label	Modeled Costs	CRA Prop Adjust. Factor	Adjusted Costs
NON-BARCODED										
Parcel Sorting Machine (Key)	1.0000	806.0	1.0	2.161	\$0.0811	\$0.0811	0.0005	\$0.0816		\$0.0816
BARCODED										
Scan (Primary) ¹	1.0000	1224.0	1.0	2.161	\$0.0534	\$0.0534		\$0.0534		\$0.0534
Key (assumes 3 percent non-read rate)	0.0300	806.0	1.0	2.161	\$0.0811	\$0.0024	0.0005	\$0.0024		\$0.0024
Total										\$0.0879

Total Test Year Attributable Costs Avoided by Nonpresort Prebarcoded Machinable Parcels 1/

¹ Secondary productivity is used as a proxy for scan productivity.

Sources

- Column [1]: Number of handlings for scan is reduced to reflect parcel singulators.
- Column [2]: Attachment A, page 3 (units per workhour).
- Column [3]: Handle one parcel at a time.
- Column [4]: Attachment A, page 5, piggyback factors.
- Column [5]: (TY wage rate * column [4]) / (column [2] * column [3]).
- Column [6]: Column [1] * column [5].
- Column [7]: Docket No. R97-1, USPS-T-29, Exhibit E, page 6, column 5.
- Column [8]: Column [6] + column [7].
- Column [9]: Attachment A, page 1, row 3.
- Column [10]: Modeled Cost [8] * proportional adjustment factor [9].

Row 1/: Non-Barcoded adjusted cost[10] - barcoded adjusted cost [10].

	FY2000 Volumes (000s)	Unit Cost Estimates Ratioed to FY00 Costs	FY2001 Volumes (000s)	Unit Cost Estimates Ratioed to FY01 Costs	Average Unit Cost assuming FY00 Volume Mix	Average Unit Cost assuming FY01 Volume Mix	FY01 Final Adjustment	FY2002 Volumes (000s)	Unit Cost Estimates Ratioed to FY02 Costs	Average Unit Cost assuming FY00 Volume Mix	Average Unit Cost assuming FY02 Volume Mix	FY02 Final Adjustment	FY2003 Before Rates Volume (000s)
First-Class Presort	45,675,472	\$0.040	46,579,933	\$0.041	\$0.04055	\$0.03935	(\$5,930)	48,750,799	\$0.041	\$0.04102	\$0.03919	(\$89,047)	51,299,211
Non-auto Presort	4,422,981	\$0.129	3,725,435	\$0.131				3,577,057	\$0.133				3,679,941
Auto Basic Letters	5,185,503	\$0.036	5,375,912	\$0.037				5,642,243	\$0.037				5,939,461
Auto Mixed AADC Presort Letters	2,504,598	n/a	2,596,565	n/a				2,725,203	n/a				2,866,763
Auto AADC Presort Letters	2,680,905	n/a	2,779,346	n/a				2,917,040	n/a				3,070,705
Auto 3-digit Presort Letters	21,832,339	\$0.031	22,296,639	\$0.031				23,435,232	\$0.031				24,614,611
Auto 5-digit Presort Letters	12,720,447	\$0.023	13,608,415	\$0.023				14,511,758	\$0.023				15,491,801
Auto Carrier Route Presort Letters	1,075,333	\$0.015	977,064	\$0.015				950,912	\$0.015				911,521
Auto Basic Flats	70,631	\$0.302	93,776	\$0.307				116,570	\$0.310				126,131
Auto Mixed AADC Presort Flats	45,995	n/a	61,067	n/a				75,910	n/a				82,142
Auto AADC Presort Flats	24,636	n/a	32,709	n/a				40,660	n/a				43,997
Auto 3-digit Presort Flats	40,211	\$0.254	54,894	\$0.258				56,459	\$0.261				58,501
Auto 5-digit Presort Flats	328,025	\$0.172	447,798	\$0.175				460,568	\$0.177				477,221
First-Class Presort Cards	2,761,407	\$0.019	2,780,344	\$0.019	\$0.01929	\$0.01834	(\$2,665)	2,831,385	\$0.020	\$0.01975	\$0.01874	(\$2,875)	2,930,761
Non-auto Presort	688,129	\$0.028	484,513	\$0.028				462,957	\$0.029				424,531
Auto Basic	461,677	\$0.020	472,007	\$0.020				493,808	\$0.021				515,451
Auto Mixed AADC Presort Cards	222,990	n/a	227,980	n/a				238,509	n/a				248,964
Auto AADC Presort Cards	238,687	n/a	244,028	n/a				255,299	n/a				266,489
Auto 3-digit Presort	913,723	\$0.017	1,019,170	\$0.017				1,089,285	\$0.018				1,167,851
Auto 5-digit Presort	609,484	\$0.013	729,488	\$0.013				720,128	\$0.013				767,121
Auto Carrier Route Presort	88,394	\$0.008	75,165	\$0.008				65,207	\$0.009				55,801
Priority Mail	1,222,454	\$0.795	1,162,477	\$0.967	\$0.96693	\$0.96648	(\$527)	1,186,878	\$1.050	\$1.04960	\$1.04605	(\$4,214)	1,257,061
Unpresorted	0		1,160,045	\$0.967				1,168,951	\$1.050				1,238,071
ADC Presort	0		811	\$0.823				5,976	\$0.894				6,321
3-digit Presort	0		811	\$0.773				5,976	\$0.839				6,321
5-digit Presort	0		811	\$0.655				5,976	\$0.711				6,321
Standard Mail	54,356,510	\$0.066	55,878,588	\$0.067	\$0.06692	\$0.06358	(\$186,309)	56,757,609	\$0.067	\$0.06678	\$0.06240	(\$248,446)	60,367,831
Non-auto Basic Presort Letters	2,138,351	\$0.124	1,875,563	\$0.125				1,921,019	\$0.125				1,984,521
Non-auto 3/5 Digit Presort Letters	3,660,299	\$0.110	2,932,442	\$0.112				2,172,577	\$0.111				2,058,121
Non-auto basic presort Flats	1,072,621	\$0.179	928,219	\$0.181				935,520	\$0.181				961,551
Non-auto 3/5 digit Presort Flats	1,917,654	\$0.116	1,822,700	\$0.117				1,689,733	\$0.117				1,640,871
Auto Basic Presort Letters	5,230,440	\$0.041	5,293,710	\$0.041				5,460,957	\$0.041				5,817,721
Auto Mixed AADC Presort Letters	2,354,936	n/a	2,383,422	n/a				2,458,723	n/a				2,619,351
Auto AADC Presort Letters	2,875,504	n/a	2,910,287	n/a				3,002,234	n/a				3,198,374
Auto 3-digit Presort Letters	15,600,802	\$0.035	16,380,638	\$0.035				16,925,100	\$0.035				17,756,211
Auto 5-digit Presort Letters	11,222,414	\$0.026	13,329,639	\$0.026				13,909,143	\$0.026				15,306,261
Auto Basic Presort Flats	424,818	\$0.161	464,815	\$0.163				499,182	\$0.163				563,451
Auto 3/5 Digit Presort Flats	13,089,111	\$0.106	12,850,863	\$0.108				13,244,378	\$0.107				14,279,101
Parcel Post	324,167	\$1.039	352,695	\$1.078	\$1.07838		(\$23,437)	378,991	\$1.105	\$1.10520			405,631
Inter-BMC	47,686		54,200					47,017					42,551
Intra-BMC	32,206		36,259					29,766					26,941
DBMC	201,341		181,184					201,573					220,681
DSCF	4,868		5,915					8,222					9,521
DDU	38,067		75,137					92,413					105,921

	TY Unit Costs From Cost Models	TY unit Costs adjusted for Final Adjustments Piggyback Factor	Unit Cost Estimates Ratioed to TYBR Costs	Average Unit Cost Assuming FY2000 Volume Mix	Average Unit Cost Assuming TYBR Volume Mix	TYBR FY03 Final Adjustment	FY 2003 After Rates Volumes (000s)	Unit Cost Estimates Ratioed to TYAR Costs	Average Unit Cost Assuming FY2000 Volume Mix	Average Unit Cost Assuming TYAR Volume Mix
First-Class Presort	n/a	\$0.041	\$0.041	\$0.04121	\$0.03920	(\$103,365)	51,322,082	\$0.041	\$0.04118	\$0.03918
Non-auto Presort	\$0.178	\$0.132	\$0.133				3,579,306	\$0.133		
Auto Basic Letters	n/a	\$0.037	\$0.037				5,940,823	\$0.037		
Auto Mixed AADC Presort Letters	\$0.055	n/a	n/a				2,869,417	n/a		
Auto AADC Presort Letters	\$0.045	n/a	n/a				3,071,405	n/a		
Auto 3-digit Presort Letters	\$0.042	\$0.031	\$0.032				24,694,572	\$0.032		
Auto 5-digit Presort Letters	\$0.031	\$0.023	\$0.024				15,517,542	\$0.024		
Auto Carrier Route Presort Letters	\$0.021	\$0.015	\$0.016				870,451	\$0.016		
Auto Basic Flats	n/a	\$0.310	\$0.312				141,271	\$0.312		
Auto Mixed AADC Presort Flats	\$0.451	n/a	n/a				91,996	n/a		
Auto AADC Presort Flats	\$0.350	n/a	n/a				49,275	n/a		
Auto 3-digit Presort Flats	\$0.350	\$0.261	\$0.263				63,130	\$0.262		
Auto 5-digit Presort Flats	\$0.236	\$0.176	\$0.177				514,987	\$0.177		
First-Class Presort Cards	n/a	\$0.020	\$0.020	\$0.01993	\$0.01870	(\$3,605)	2,642,267	\$0.020	\$0.01992	\$0.01794
Non-auto Presort	\$0.039	\$0.029	\$0.029				216,053	\$0.029		
Auto Basic	n/a	\$0.021	\$0.021				488,549	\$0.021		
Auto Mixed AADC Presort Cards	\$0.031	n/a	n/a				235,969	n/a		
Auto AADC Presort Cards	\$0.025	n/a	n/a				252,580	n/a		
Auto 3-digit Presort	\$0.024	\$0.018	\$0.018				1,159,708	\$0.018		
Auto 5-digit Presort	\$0.018	\$0.013	\$0.013				726,357	\$0.013		
Auto Carrier Route Presort	\$0.012	\$0.009	\$0.009				51,601	\$0.009		
Priority Mail			\$1.079	\$1.07949	\$1.07584	(\$4,591)	1,178,757	\$1.079	\$1.07898	\$1.07531
Unpresorted	(Cost Savings)	(Cost Savings)	\$1.079				1,160,856	\$1.079		
ADC Presort	-\$0.209	-\$0.180	\$0.919				5,967	\$0.919		
3-digit Presort	-\$0.283	-\$0.217	\$0.863				5,967	\$0.862		
5-digit Presort	-\$0.455	-\$0.349	\$0.731				5,967	\$0.731		
Standard Mail	n/a	\$0.062	\$0.067	\$0.06723	\$0.06235	(\$294,829)	59,179,108	\$0.067	\$0.06717	\$0.06196
Non-auto Basic Presort Letters	\$0.155	\$0.116	\$0.126		-\$0.00488		1,941,459	\$0.126		
Non-auto 3/5 Digit Presort Letters	\$0.138	\$0.103	\$0.112				1,852,135	\$0.112		
Non-auto basic presort Flats	\$0.224	\$0.168	\$0.182				939,776	\$0.182		
Non-auto 3/5 digit Presort Flats	\$0.145	\$0.108	\$0.118				1,594,156	\$0.118		
Auto Basic Presort Letters	n/a	\$0.038	\$0.042				5,713,872	\$0.042		
Auto Mixed AADC Presort Letters	\$0.056	n/a	n/a				2,572,595	n/a		
Auto AADC Presort Letters	\$0.047	n/a	n/a				3,141,277	n/a		
Auto 3-digit Presort Letters	\$0.044	\$0.033	\$0.036				17,602,813	\$0.035		
Auto 5-digit Presort Letters	\$0.033	\$0.024	\$0.027				15,049,561	\$0.027		
Auto Basic Presort Flats	\$0.202	\$0.151	\$0.164				552,987	\$0.164		
Auto 3/5 Digit Presort Flats	\$0.133	\$0.099	\$0.108				13,932,349	\$0.108		
Parcel Post	n/a		\$1.134	\$1.13382	\$0.96251	(\$69,488)	371,533	\$1.133	\$1.13314	
Inter-BMC							34,918			
Intra-BMC							21,930			
DBMC	\$1,485	\$1,089	\$1,089							
DSCF	\$0.773	\$0.570	\$0.570				9,264	\$0.570		
DDU	\$0.354	\$0.261	\$0.261				104,345	\$0.261		

	FY2000 Volumes (000s)	Unit Cost Estimates Ratioed to FY00 Costs	FY2001 Volumes (000s)	Unit Cost Estimates Ratioed to FY01 Costs	Average Unit Cost assuming FY00 Volume Mix	Average Unit Cost assuming FY01 Volume Mix	FY01 Final Adjustment	FY2002 Volumes (000s)	Unit Cost Estimates Ratioed to FY02 Costs	Average Unit Cost assuming FY00 Volume Mix	Average Unit Cost assuming FY02 Volume Mix	FY02 Final Adjustment
First-Class Presort	45,675,472	\$0.001	46,579,933	\$0.001	\$0.00055	\$0.00055	48,750,799	\$0.001	\$0.00057	\$0.00057	\$220	
Non-auto Presort	4,422,981	\$0.001	3,725,435	\$0.001			3,577,057	\$0.001				
Auto Basic Letters	5,185,503	\$0.000	5,375,912	\$0.001			5,642,243	\$0.001				
Auto 3-digit Presort Letters	21,832,339	\$0.000	22,296,639	\$0.001			23,435,232	\$0.001				
Auto 5-digit Presort Letters	12,720,447	\$0.000	13,608,415	\$0.001			14,511,758	\$0.001				
Auto Carrier Route Presort Letters	1,075,333	\$0.000	977,064	\$0.001			950,912	\$0.001				
Auto Basic Flats	70,631	\$0.003	93,776	\$0.003			116,570	\$0.003				
Auto 3-digit Presort Flats	40,211	\$0.003	54,894	\$0.003			56,459	\$0.003				
Auto 5-digit Presort Flats	328,025	\$0.003	447,798	\$0.003			460,568	\$0.003				
Standard Mail	54,356,510	\$0.001	55,878,588	\$0.001	\$0.00126	\$0.00121	56,757,609	\$0.001	\$0.00130	\$0.00126	(\$2,435)	
Non-auto Basic Presort Letters	2,138,351	\$0.000	1,875,563	\$0.000			1,921,019	\$0.000				
Non-auto 3/5 Digit Presort Letters	3,660,299	\$0.000	2,932,442	\$0.000			2,172,577	\$0.000				
Non-auto basic presort Flats	1,072,621	\$0.003	928,219	\$0.003			935,520	\$0.003				
Non-auto 3/5 digit Presort Flats	1,917,654	\$0.003	1,822,700	\$0.003			1,689,733	\$0.003				
Auto Basic Presort Letters	5,230,440	\$0.000	5,293,710	\$0.000			5,460,957	\$0.000				
Auto 3-digit Presort Letters	15,600,802	\$0.000	16,380,638	\$0.000			16,925,100	\$0.000				
Auto 5-digit Presort Letters	11,222,414	\$0.000	13,329,639	\$0.000			13,909,143	\$0.000				
Auto Basic Presort Flats	424,818	\$0.003	464,815	\$0.003			499,182	\$0.003				
Auto 3/5 Digit Presort Flats	13,089,111	\$0.003	12,850,863	\$0.003			13,244,378	\$0.003				
Parcel Post)	324,167	\$0.177	352,695	\$0.186	\$0.18590		378,991	\$0.193	\$0.19292			
Inter-BMC	47,686		54,200				47,017					
Intra-BMC	32,206		36,259				29,766					
DBMC	201,341		181,184				201,573					
DSCF	4,868		5,915				8,222					
DDU	38,067	\$0.033	75,137	\$0.033			92,413	\$0.033				

	FY2003 Before Rates Volumes (000s)	TY Unit Costs	Unit Cost Estimates Ratioed to TYBR Costs	Average Unit Cost Assuming FY2000 Volume Mix	Average Unit Cost Assuming TYBR Volume Mix	TYBR FY03 Final Adjustment	FY 2003 After Rates Volumes (000s)	Unit Cost Estimates Ratioed to TYAR Costs	Average Unit Cost Assuming FY2000 Volume Mix	Average Unit Cost Assuming TYAR Volume Mix
First-Class Presort	51,299,213	\$0.0077	\$0.0077	\$0.00774	\$0.00779	\$2,779	51,322,082	\$0.008	\$0.00773	\$0.00788
Non-auto Presort	3,679,940	\$0.0096	\$0.0096				3,579,306	\$0.008		
Auto Basic Letters	5,939,468	\$0.0072	\$0.0072				5,940,823	\$0.010		
Auto 3-digit Presort Letters	24,614,610	\$0.0072	\$0.0072				24,694,572	\$0.007		
Auto 5-digit Presort Letters	15,491,801	\$0.0072	\$0.0072				15,517,542	\$0.007		
Auto Carrier Route Presort Letters	911,527	\$0.0072	\$0.0072				870,451	\$0.007		
Auto Basic Flats	126,139	\$0.0424	\$0.0424				141,271	\$0.007		
Auto 3-digit Presort Flats	58,502	\$0.0424	\$0.0424				63,130	\$0.042		
Auto 5-digit Presort Flats	477,227	\$0.0424	\$0.0424				514,987	\$0.042		
Standard Mail	60,367,839	\$0.007	\$0.008	\$0.00774	\$0.00750	(\$14,620)	59,179,108	\$0.008	\$0.00774	\$0.00747
Non-auto Basic Presort Letters	1,984,520	\$0.002	\$0.003				1,941,459	\$0.003		
Non-auto 3/5 Digit Presort Letters	2,058,121	\$0.002	\$0.003				1,852,135	\$0.003		
Non-auto basic presort Flats	961,555	\$0.017	\$0.019				939,776	\$0.019		
Non-auto 3/5 digit Presort Flats	1,640,876	\$0.017	\$0.019				1,594,156	\$0.019		
Auto Basic Presort Letters	5,817,729	\$0.002	\$0.003				5,713,872	\$0.003		
Auto 3-digit Presort Letters	17,756,214	\$0.002	\$0.003				17,602,813	\$0.003		
Auto 5-digit Presort Letters	15,306,263	\$0.002	\$0.003				15,049,561	\$0.003		
Auto Basic Presort Flats	563,457	\$0.017	\$0.019				552,987	\$0.019		
Auto 3/5 Digit Presort Flats	14,279,104	\$0.017	\$0.019				13,932,349	\$0.019		
Parcel Post	405,634		\$0.953	\$0.95343			371,533	\$0.953	\$0.95298	
Inter-BMC	42,557						34,918			
Intra-BMC	26,941						21,930			
DBMC	220,682						196,221			
DSCF	9,525						14,118			
DDU	105,929		\$0.044				104,345	\$0.044		

Summary of Final Adjustments by Cost Segment (000s)
PRC Version

	2,001	2,002	BR 2003	AR 2003
Mail Processing (c/s 3.1)				
First-Class Presort	(55,930)	(89,047)	(103,365)	(102,475)
First-Class Presort Cards	(2,665)	(2,875)	(3,605)	(5,238)
Priority (For Presort)	(527)	(4,214)	(4,591)	(4,326)
Standard Regular	(186,309)	(248,446)	(294,829)	(308,377)
Parcel Post	(7,943)	(9,591)	(69,488)	(79,438)
Window Service (c/s 3/2)				
First-Class Presort	104	98	94	251
Standard Regular	70	70	74	47
Parcel Post	351	(1,706)	(3,237)	(3,687)
City Carrier (c/s 6 & 7)				
First-Class Presort	(8,776)	(16,205)	(21,133)	(20,907)
First-Class Presort Cards	(227)	(326)	(485)	(451)
Standard Regular	(28,669)	(33,905)	(38,313)	(40,826)
Vehicle Service Driver (c/s 8)				
First-Class Presort	234	220	211	566
Standard Regular	(2,442)	(2,435)	(2,583)	(2,772)
Parcel Post	(1,700)	(6,342)	(1,981)	(12,756)
Rural Carrier (c/s 10)				
First-Class Presort	(2,148)	(3,277)	(4,039)	(4,418)
First-Class Presort Cards	(48)	(68)	(102)	(94)
Standard Regular	(14,675)	(17,269)	(19,541)	(20,796)
Transportation (c/s 14)				
First-Class Presort	3,946	3,069	2,779	7,441
Standard Regular	(14,831)	(14,293)	(14,620)	(15,684)
Parcel Post	(1,700)	(6,342)	(1,981)	(12,770)
Total				
First-Class Presort	(62,569)	(105,142)	(125,452)	(119,542)
First-class Presort Cards	(2,940)	(3,270)	(4,191)	(5,783)
Priority (For Presort)	(527)	(4,214)	(4,591)	(4,326)
Standard Regular	(246,856)	(316,278)	(369,813)	(388,407)
Parcel Post	(8,773)	(12,185)	(72,968)	(183,651)
Total For All Classes	(321,665)	(441,089)	(637,015)	(701,709)

Inputs From Other Cost Models

	Mail Processing [1]	City Carrier [2]	Rural Carrier [3]
First-Class Presort	n/a		
Non-auto Presort	\$0.17779	\$0.051	\$0.011
Auto Basic Letters	n/a	\$0.033	\$0.008
Auto Mixed AADC Presort Letters	\$0.05461		
Auto AADC Presort Letters	\$0.04538		
Auto 3-digit Presort Letters	\$0.04214	\$0.032	\$0.008
Auto 5-digit Presort Letters	\$0.03139	\$0.030	\$0.008
Auto Carrier Route Presort Letters	\$0.02072	\$0.050	\$0.011
Auto Basic Flats	n/a	\$0.085	\$0.007
Auto Mixed AADC Presort Flats	\$0.451		
Auto AADC Presort Flats	\$0.350		
Auto 3-digit Presort Flats	\$0.350	\$0.085	\$0.007
Auto 5-digit Presort Flats	\$0.236	\$0.085	\$0.007
First-Class Presort Cards	n/a		
Non-auto Presort	\$0.03855	\$0.021	\$0.006
Auto Basic	n/a	\$0.021	\$0.006
Auto Mixed AADC Presort Cards	\$0.03050		
Auto AADC Presort Cards	\$0.02534		
Auto 3-digit Presort	\$0.02353	\$0.021	\$0.006
Auto 5-digit Presort	\$0.01751	\$0.020	\$0.006
Auto Carrier Route Presort	\$0.01155	\$0.032	\$0.008
Priority Mail	(cost avoidance)		
ADC Presort	\$0.209		
3-digit Presort	\$0.283		
5-digit Presort	\$0.455		
Standard Mail	n/a		
Non-auto Basic Presort Letters	\$0.155	\$0.035	\$0.010
Non-auto 3/5 Digit Presort Letters	\$0.138	\$0.037	\$0.011
Non-auto basic presort Flats	\$0.224	\$0.060	\$0.023
Non-auto 3/5 digit Presort Flats	\$0.145	\$0.060	\$0.023
Auto Basic Presort Letters	n/a	\$0.031	\$0.008
Auto Mixed AADC Presort Letters	\$0.056		
Auto AADC Presort Letters	\$0.047		
Auto 3-digit Presort Letters	\$0.044	\$0.031	\$0.007
Auto 5-digit Presort Letters	\$0.033	\$0.030	\$0.007
Auto Basic Presort Flats	\$0.202	\$0.060	\$0.023
Auto 3/5 Digit Presort Flats	\$0.133	\$0.060	\$0.023
Parcel Post	n/a		
Inter-BMC			
Intra-BMC			
DBMC			
DSCF			
DDU			

Calculation of Vehicle Service Driver Costs for Final Adjustments

	C/S 8 Costs		Pieces	Pounds	Density	Cubic Feet
	Unit [1]	Total [2]				
1st Class Presort						
Letters	\$0.0005	\$27,490	50,463,785	1,833,856	24.28	75,529
Flats	\$0.0032	\$2,656	824,219	131,855	18.07	7,297
Parcels	\$0.0051	\$57	11,208	1,368	8.72	157
Total	\$0.0006	\$30,203	51,299,213	1,967,078		82,983
Standard A Regular						
Letters	\$0.0005	\$22,585	42,038,422	2,008,734	28.42	70,680
Flats	\$0.0039	\$68,766	17,549,985	4,443,951	20.65	215,203
Parcels	\$0.0230	\$17,899	779,433	454,839	8.12	56,015
Total	\$0.0018	\$109,249	60,367,839	6,907,524		341,898
Parcel Post			For PRC Version			
Inter-BMC			42,557			
Intra-BMC			26,941			
DBMC			220,682			
DSCF			9,525			
DDU	\$0.0559	\$5,836	105,929			
Total		\$106,052				\$107,591

Sources

- Column [1]: Column [2] / column [3].
- Column [2]: Total Costs distributed by cubic feet in column [6] (Parcel Post distributed in Attachment B, electronic version).
- Column [3]: LR-J-98.
- Column [4]: LR-J-98.
- Column [5]: Docket R2000-1, LR-I-98

Calculation of Transportation Costs for Final Adjustments

	C/S 14 Total		C/S 14 Air/Water		C/S 14 hwy/rail		Pieces	Pounds	Cubic Feet
	Unit	Total	Unit	Total	Unit	Total			
1st Class Presort [1]									
Letters	\$0.007	\$361,309					50,463,785	1,833,856	75,529
Flats	\$0.042	\$34,906					824,219	131,855	7,297
Parcels	\$0.067	\$750					11,208	1,368	157
Total	\$0.008	\$396,965					51,299,213	1,967,078	82,983
Standard A Regular [2]									
Letters	\$0.002	\$99,704	\$0.000	\$10,790	\$0.002	\$88,914	42,038,422	2,008,734	70,680
Flats	\$0.017	\$294,592	\$0.001	\$23,871	\$0.015	\$270,721	17,549,985	4,443,951	215,203
Parcels	\$0.094	\$72,908	\$0.003	\$2,443	\$0.090	\$70,465	779,433	454,839	56,015
Total	\$0.008	\$467,205	\$0.001	\$37,104	\$0.007	\$430,101	60,367,839	6,907,524	341,898

From Parcel Post Transportation Model [3]

	Unit Cost	Total Trans Cost	Volume	For PRC Version
Inter-BMC			42,557	
Intra-BMC			26,941	
DBMC			220,682	
DSCF			9,525	
DDU	\$0.005	\$5,887	105,929	\$5,875
Total	\$0.953	\$387,206	405,634	\$386,745

Sources

- [1]: Total transportation costs are distributed to shape by cubic feet, and then unit costs by shape are calculated by dividing total cost by shape by volume by shape.
- [2]: Total air/water costs are distributed to shape by pounds, and highway/rail cost are distributed to shape by cubic feet. Total costs by shape are calculated as the sum of the components. Then unit costs are calculated by dividing total costs by shape
- [3]: Parcel Post unit transportation costs are calculated as the total costs per rate category as distributed in Attachment B, page 8 (electronic version). Does not include vehicle service driver costs.