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

Docket No. R2001-1

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POSTAL RATE, FEE AND CLASSIFICATION CHANGES, 2001

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WORKPAPERS (TABLES 1-23) OF JAMES A. CLIFTON  
IN SUPPORT OF  
SURREBUTTAL TESTIMONY OF  
JAMES A. CLIFTON  
ON BEHALF OF  
AMERICAN BANKERS ASSOCIATION  
NATIONAL ASSOCIATION OF PRESORT MAILERS

February 20, 2002

**Table 1**

**First-Class Total Unit Attributable Cost  
(Cents per Piece)**

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>
	1992	1993	1994	1995	Historical 1996	1997	1998	1999	2000	Line 2001
First Class Mail										
Single-Piece Letters	21.85	22.03	23.38	25.19	26.09	21.81	21.82	23.51	23.86	23.78
Percentage Change		0.81%	6.16%	7.72%	3.56%	-16.39%	0.06%	7.72%	1.49%	
Presort Letters	11.59	11.48	11.91	11.04	10.57	9.77	9.40	10.50	9.80	9.31
Percentage Change		-0.94%	3.73%	-7.33%	-4.26%	-7.56%	-3.75%	11.71%	-6.71%	
Full Cost Difference	10.26	10.54	11.47	14.15	15.52	12.04	12.42	13.00	14.06	14.47
Percentage Change		2.78%	8.81%	23.34%	9.67%	-22.41%	3.15%	4.71%	8.12%	
80% of Full Cost Difference	8.21	8.43	9.18	11.32	12.41	9.63	9.94	10.40	11.25	11.58

Note: Total Unit Attributable Cost = Total Attributable Cost / Volume.

Sources:

Fiscal Years 1992 through 2000: USPS, Cost and Revenue Analysis and Cost Segments and Components.

	11	12
ar Projection		
2002	2003	
	23.88	23.98
	9.03	8.76
	14.84	15.22
	11.88	12.17

**Table 2**

**First-Class Mail Processing Unit Attributable Cost  
(Cents per Piece)**

	Fiscal Year								
	1992	1993	1994	1995	1996	1997	1998	1999	2000
First Class Mail									
Letters and Parcels	7.59	7.26	7.67	8.15	8.29	8.76	8.62	9.43	9.48
Percentage Change		-4.35%	5.64%	6.28%	1.62%	5.69%	-1.59%	9.44%	0.48%
Presort Letters and Parcels	2.77	2.70	2.87	2.54	2.47	2.92	2.79	3.15	2.98
Percentage Change		-2.44%	6.18%	-11.44%	-2.79%	18.22%	-4.44%	13.04%	-5.32%
Difference	4.83	4.56	4.81	5.62	5.82	5.84	5.83	6.28	6.49
Percentage Change		-5.45%	5.32%	16.85%	3.61%	0.37%	-0.16%	7.72%	3.38%

Note: First-Class Mail Processing Unit Attributable Cost = Direct Mail Processing Labor Cost / Volume.

Sources:

Fiscal Years 1992 through 2000: USPS, Cost and Revenue Analysis and Cost Segments and Components.  
Mail Processing Labor is Cost Segment 3.1 Mail Process Direct Labor.

**Table 3**

**First-Class Delivery Unit Attributable Cost  
(Cents per Piece)**

	Fiscal Year									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	
First Class Mail										
Letters and Parcels	3.86	3.94	4.11	4.24	4.08	3.91	3.95	4.28	4.25	
Percentage Change		2.03%	4.29%	3.20%	-3.89%	-4.12%	0.93%	8.37%	-0.56%	
Presort Letters and Parcels	4.02	3.88	3.93	3.70	3.26	3.12	2.88	3.19	2.83	
Percentage Change		-3.33%	1.07%	-5.79%	-11.92%	-4.24%	-7.64%	10.72%	-11.38%	
Difference	-0.15	0.06	0.19	0.54	0.82	0.79	1.06	1.09	1.43	
Percentage Change		-137.13%	222.38%	193.68%	50.73%	-3.67%	34.79%	2.02%	31.18%	

Note: First-Class Delivery Unit Attributable Cost = Delivery Cost / Volume.

Sources:

Fiscal Years 1992 through 2000: USPS, Cost and Revenue Analysis and Cost Segments and Components.  
Direct Labor for City and Rural Carrier Unit variable Costs are from Cost Segment 6, 7 & 10.

**Table 4**  
**First-Class Delivery & Mail Processing Unit Attributable Costs**  
**(Cents Per Piece)**

	1	2	3	4	5	6	7	8	9	10	11	12
	Historical								Linear Projection			
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
FCM Single Piece Letters & Parcels												
Mail Processing Unit Attributable Costs (Cents Per Piece)	7.59	7.26	7.67	8.15	8.29	8.76	8.62	9.43	9.48			
Delivery Unit Attributable Cost (Cents Per Piece)	3.86	3.94	4.11	4.24	4.08	3.91	3.95	4.28	4.25			
Total Mail Processing & Delivery Unit Costs	11.46	11.20	11.78	12.40	12.36	12.67	12.56	13.71	13.73	13.97	14.27	14.58
FCM Presort Letters & Parcels												
Mail Processing Unit Attributable Costs (Cents Per Piece)	2.77	2.70	2.87	2.54	2.47	2.92	2.79	3.15	2.98			
Delivery Unit Attributable Cost (Cents Per Piece)	4.02	3.88	3.93	3.70	3.26	3.12	2.88	3.19	2.83			
Total Mail Processing & Delivery Unit Costs	6.79	6.58	6.79	6.24	5.73	6.04	5.67	6.34	5.81	5.63	5.51	5.40
MP+D Cost Difference (Single Piece - Presort)	4.67	4.62	4.99	6.16	6.64	6.63	6.89	7.37	7.92	8.33	8.76	9.18
80% of MP+DI Cost Difference	3.74	3.70	3.99	4.93	5.31	5.30	5.52	5.89	6.33	6.67	7.01	7.35

Rate Category	USPS Proposed			
	Discount	FY2003	Weight	Weighted Discount
Presort		Volume Forecast		
Mixed AADC	6.1	2,869,417	6.1%	0.37
AADC	6.9	3,071,405	6.5%	0.45
3-Digit	7.8	24,694,572	52.5%	4.10
5-Digit	9.2	15,517,542	33.0%	3.04
Carrier-Route	9.5	870,451	1.9%	0.18
Volume Weighted Average Overall Presort Discount From Single Piece				8.13
Weighted Presort Discount as a % of 2003 Projected Full Cost Difference				89%

Notes:

First-Class Mail Processing Unit Attributable Cost = Direct Mail Processing Labor Cost / Volume.  
First-Class Delivery Unit Attributable Cost = Delivery Cost / Volume.

Sources:

Fiscal Years 1992 through 2000: USPS, Cost and Revenue Analysis and Cost Segments and Components.  
Mail Processing Labor is Cost Segment 3.1 Mail Process Direct Labor.  
Direct Labor for City and Rural Carrier Unit variable Costs are from Cost Segment 6, 7 & 10.

**Table 5**

**Total Volume  
(000 Pieces)**

	Fiscal Year								
	1992	1993	1994	1995	1996	1997	1998	1999	2000
First Class Mail									
Single-Piece Letters	54,963,091	55,204,316	55,049,377	54,930,629	54,150,759	54,240,238	53,781,254	53,783,619	52,369,535
Percentage Change		0.44%	-0.28%	-0.22%	-1.42%	0.17%	-0.85%	0.00%	-2.63%
Presort Letters	31,231,742	32,650,138	34,996,317	36,413,799	39,057,193	40,062,616	41,866,292	42,859,119	45,675,471
Percentage Change		4.54%	7.19%	4.05%	7.26%	2.57%	4.50%	2.37%	6.57%
Difference	23,731,349	22,554,178	20,053,060	18,516,830	15,093,566	14,177,622	11,914,962	10,924,500	6,694,064
		-4.96%	-11.09%	-7.66%	-18.49%	-6.07%	-15.96%	-8.31%	-38.72%

Sources:

Fiscal Years 1992 through 2000: USPS, Cost and Revenue Analysis, Statistics by Class of Mail.

**Table 6**

**Total Attributable Cost  
(000 \$)**

	Fiscal Year								
	1992	1993	1994	1995	1996	1997	1998	1999	2000
First Class Mail									
Single-Piece Letters	12,009,533	12,159,872	12,873,040	13,836,533	14,125,944	11,829,541	11,736,629	12,643,541	12,494,885
Percentage Change		1.25%	5.86%	7.48%	2.09%	-16.26%	-0.79%	7.73%	-1.18%
Presort Letters	3,620,542	3,749,520	4,168,999	4,019,939	4,127,907	3,913,895	3,936,850	4,502,000	4,475,677
Percentage Change		3.56%	11.19%	-3.58%	2.69%	-5.18%	0.59%	14.36%	-0.58%
Difference	8,388,991	8,410,352	8,704,041	9,816,594	9,998,037	7,915,646	7,799,779	8,141,541	8,019,208
Percentage Change		0.25%	3.49%	12.78%	1.85%	-20.83%	-1.46%	4.38%	-1.50%

Sources:

Fiscal Years 1992 through 2000: USPS, Cost and Revenue Analysis and Cost Segments and Components.



**Table 7**

**First-Class Total Unit Attributable Cost  
(Cents per Piece)**

	Fiscal Year								
	1992	1993	1994	1995	1996	1997	1998	1999	2000
First Class Mail									
Single-Piece Letters	21.8502	22.0270	23.3845	25.1891	26.0863	21.8095	21.8229	23.5082	23.8591
Percentage Change		0.81%	6.16%	7.72%	3.56%	-16.39%	0.06%	7.72%	1.49%
Presort Letters	11.5925	11.4839	11.9127	11.0396	10.5689	9.7694	9.4034	10.5042	9.7989
Percentage Change		-0.94%	3.73%	-7.33%	-4.26%	-7.56%	-3.75%	11.71%	-6.71%
Difference	10.2577	10.5431	11.4719	14.1495	15.5174	12.0401	12.4195	13.0040	14.0602
Percentage Change		2.78%	8.81%	23.34%	9.67%	-22.41%	3.15%	4.71%	8.12%

Note: Total Unit Attributable Cost = Total Attributable Cost / Volume \* 100.

Sources:

Fiscal Years 1992 through 2000: USPS, Cost and Revenue Analysis and Cost Segments and Components.

**Table 8**

**First-Class Mail Processing Attributable Cost  
(000 \$)**

	Fiscal Year								
	1992	1993	1994	1995	1996	1997	1998	1999	2000
First Class Mail									
Letters and Parcels	4,173,294	4,009,210	4,223,423	4,479,080	4,486,901	4,749,920	4,634,908	5,072,636	4,962,779
Percentage Change		-3.93%	5.34%	6.05%	0.17%	5.86%	-2.42%	9.44%	-2.17%
Presort Letters and Parcels	864,337	881,549	1,003,300	924,552	964,024	1,169,042	1,167,453	1,351,033	1,363,254
Percentage Change		1.99%	13.81%	-7.85%	4.27%	21.27%	-0.14%	15.72%	0.90%
Difference	3,308,957	3,127,661	3,220,123	3,554,528	3,522,877	3,580,878	3,467,455	3,721,603	3,599,525
Percentage Change		-5.48%	2.96%	10.38%	-0.89%	1.65%	-3.17%	7.33%	-3.28%

Sources:

Fiscal Years 1992 through 2000: USPS, Cost and Revenue Analysis and Cost Segments and Components.  
Direct Labor for First-Class Mail and Standard A are from Cost Segment 3.1.

**Table 9**

**First-Class Mail Processing Unit Attributable Cost  
(Cents per Piece)**

	Fiscal Year								
	1992	1993	1994	1995	1996	1997	1998	1999	2000
First Class Mail									
Letters and Parcels	7.5929	7.2625	7.6721	8.1541	8.2859	8.7572	8.6181	9.4316	9.4765
Percentage Change		-4.35%	5.64%	6.28%	1.62%	5.69%	-1.59%	9.44%	0.48%
Presort Letters and Parcels	2.7675	2.7000	2.8669	2.5390	2.4682	2.9180	2.7885	3.1523	2.9847
Percentage Change		-2.44%	6.18%	-11.44%	-2.79%	18.22%	-4.44%	13.04%	-5.32%
Difference	4.8254	4.5625	4.8052	5.6151	5.8177	5.8392	5.8295	6.2793	6.4918
Percentage Change		-5.45%	5.32%	16.85%	3.61%	0.37%	-0.16%	7.72%	3.38%

Note: First-Class Mail Processing Unit Attributable Cost = Direct Mail Processing Labor Cost / Volume.

Sources:

Fiscal Years 1992 through 2000: USPS, Cost and Revenue Analysis and Cost Segments and Components.  
Mail Processing Labor is Cost Segment 3.1 Mail Process Direct Labor.

**Table 10**

**First-Class Delivery Attributable Cost  
(000 \$)**

	Fiscal Year								
	1992	1993	1994	1995	1996	1997	1998	1999	2000
First Class Mail									
Letters and Parcels	2,123,246	2,175,960	2,263,001	2,330,320	2,207,988	2,120,421	2,122,080	2,299,845	2,226,729
Percentage Change		2.48%	4.00%	2.97%	-5.25%	-3.97%	0.08%	8.38%	-3.18%
Presort Letters and Parcels	1,254,835	1,268,189	1,373,809	1,346,647	1,272,215	1,249,662	1,206,118	1,367,095	1,291,175
Percentage Change		1.06%	8.33%	-1.98%	-5.53%	-1.77%	-3.48%	13.35%	-5.55%
Difference	868,411	907,771	889,192	983,673	935,773	870,759	915,962	932,750	935,554
Percentage Change		4.53%	-2.05%	10.63%	-4.87%	-6.95%	5.19%	1.83%	0.30%

Sources:

Fiscal Years 1992 through 2000: USPS, Cost and Revenue Analysis and Cost Segments and Components.

Direct Labor for City and Rural Carrier Unit variable Costs are from Cost Segment 6, 7 & 10.

**Table 11**

**First-Class Delivery Unit Attributable Cost  
(Cents per Piece)**

	Fiscal Year								
	1992	1993	1994	1995	1996	1997	1998	1999	2000
First Class Mail									
Letters and Parcels	3.8630	3.9416	4.1109	4.2423	4.0775	3.9093	3.9458	4.2761	4.2520
Percentage Change		2.03%	4.29%	3.20%	-3.89%	-4.12%	0.93%	8.37%	-0.56%
Presort Letters and Parcels	4.0178	3.8842	3.9256	3.6982	3.2573	3.1193	2.8809	3.1897	2.8268
Percentage Change		-3.33%	1.07%	-5.79%	-11.92%	-4.24%	-7.64%	10.72%	-11.38%
Difference	-0.1548	0.0575	0.1853	0.5441	0.8202	0.7900	1.0649	1.0864	1.4251
Percentage Change		-137.13%	222.38%	193.68%	50.73%	-3.67%	34.79%	2.02%	31.18%

Note: First-Class Delivery Unit Attributable Cost = Delivery Cost / Volume \* 100.

Sources:

Fiscal Years 1992 through 2000: USPS, Cost and Revenue Analysis and Cost Segments and Components.

Direct Labor for City and Rural Carrier Unit variable Costs are from Cost Segment 6, 7 & 10.

**Table 12**

**Contributions to Institutional Costs  
(Million Dollars)**

	Fiscal Year							Change
	1994	1995	1996	1997	1998	1999	2000	1994-2000
First-Class Mail								
Letters Subclass	11,410.3	12,985.1	13,718.4	16,494.8	17,017.4	16,639.5	17,326.5	5,916.2
Percentage change		13.80%	5.65%	20.24%	3.17%	-2.22%	4.13%	
Standard Mail A								
Commercial Regular	1,210.6	1,709.8	1,929.6	2,371.2	2,087.8	2,083.7	1,198.7	(11.9)
Percentage change		41.24%	12.86%	22.88%	-11.95%	-0.20%	-42.47%	
Commercial Enhanced	2,116.6	2,407.8	2,422.0	2,669.2	2,947.1	2,491.8	2,561.5	444.9
Percentage change		13.76%	0.59%	10.21%	10.41%	-15.45%	2.80%	
Total Commercial	3,327.2	4,117.6	4,351.6	5,040.4	5,034.9	4,575.5	3,760.2	433.0
Total Mail and Services	17,283.7	20,763.1	21,757.6	25,038.3	25,512.3	24,265.2	25,769.0	8,485.3
		20.13%	4.79%	15.08%	1.89%	-4.89%	6.20%	

Note: for the total mail and services he has used total all mail.

Note: There is variance in Fiscal Year 1997. Since in Direct Testimony of Richard Patelunas in Docket No. R97-1, USPS-T-15, Exhibit USPS-15D, Fiscal Year 1997 Figures were Estimated before the Release of 1997 CRA. The data is as follows:

	R97-1 USPS-T-15	1997 CRA	Difference
Single Letters & Parcels	9,292.1	9,656.5	(364.41)
Worksharing Letters	6,721.3	6,838.3	(116.99)
Commercial Regular	2,224.7	2,371.2	(146.48)
Commercial Enhanced	2,518.3	2,669.2	(150.95)
Total Mail and Services	25,329.8	25,038.3	291.53

Sources:

GFY 1994 - 2000: USPS, Cost and Revenue Analysis. GFY 1995 - 2000: USPS, RPW Reports.  
Direct Testimony of Richard Patelunas in docket No. R97-1, USPS-T-15, Exhibit USPS-15D, 1997.

**Table 13**

**TY2003 Total Unit Costs By 0.5 Oz Weight Increments  
(\$ per Piece)**

	0 to 0.5	.5 to 1.0	1.0 to 1.5	1.5 to 2	2 to 2.5	2.5 to 3
FC Single Piece Letters	0.149	0.385	0.351	0.543	0.555	0.733
FC Presort Letters	0.106	0.086	0.249	0.264	0.447	0.333
Standard A Regular Letters	0.093	0.091	0.086	0.122	0.134	0.130
Standard A ECR Letters	0.060	0.069	0.069	0.068	0.074	0.083

Source: R2001-1, USPS-LR-J-58, revised 1-22-02

**Table 14**

**First-Class Single-Piece & Presort Letters Test Year Unit Costs  
 by Combined Weight Increments  
 (\$ Per Piece)**

	0 to 1	1 to 2	2 to 3
FCM Single-Piece Letters			
Total Unit Cost	0.199	0.400	0.612
Marginal Cost Difference		0.201	0.212
FCM Single-Piece Letters			
Total Unit Cost	0.094	0.253	0.392
Marginal Cost Difference		0.160	0.139

Source: R2001-1, LR-J-58, Revised 1-22-2002



**Table 15**

**Historical Financial Operations of USPS**

Year	Total Revenue (mil. \$)	Total Expenses (mil. \$)	Operating Revenue (mil. \$)	Operating Expense (mil. \$)	Revenue Foregone Appropriation (mil. \$)	Net Income or Loss (mil. \$)	Deffered Retirement Costs (mil. \$)	FY Ended
1972	9,417	9,592	7,884	9,522	1,361	-175	-	30-Jun
1973	9,931	9,944	8,339	9,818	1,377	-13	-	30-Jun
1974	10,875	11,313	9,011	11,298	1,750	-438	-	30-Jun
1975	11,657	12,646	10,019	12,578	1,533	-989	3,055	30-Jun
1976	12,915	14,091	11,199	13,923	1,645	-1,176	5,677	30-Jun
1977	14,842	15,530	12,998	15,310	1,712	-688	6,550	30-Sep
1978	16,031	16,410	14,133	16,220	1,722	-379	7,178	30-Sep
1979	18,175	17,705	16,106	17,529	1,720	470	9,511	30-Sep
1980	19,253	19,559	17,143	19,413	1,610	-306	9,926	30-Sep
1981	20,898	21,486	19,133	21,369	1,275	-588	10,209	30-Sep
1982	23,727	22,925	22,600	22,826	707	802	11,696	30-Sep
1983	24,789	24,173	23,582	24,083	789	616	12,553	30-Sep
1984	26,557	26,440	25,314	26,357	879	117	12,598	30-Sep
1985	29,016	29,267	27,736	29,207	970	-251	17,572	30-Sep
1986	31,135	30,830	30,102	30,717	716	305	18,043	30-Sep
1987	32,505	32,728	31,528	32,520	650	-223	18,384	30-Sep
1988	35,939	36,536	35,036	36,119	517	-597	20,390	30-Sep
1989	38,920	38,859	37,979	38,371	436	61	20,971	30-Sep
1990	40,074	40,948	39,202	40,490	453	-874	21,426	30-Sep
1991	44,202	45,671	43,323	42,119	562	-1,469	25,197	30-Sep
1992	47,105	47,642	46,151	45,653	545	-536	26,780	30-Sep
1993	47,986	49,751	47,418	46,322	164	-1,765	27,066	30-Sep
1994	49,577	50,491	49,252	48,455	131	-913	27,247	30-Sep
1995	54,509	52,739	54,176	50,730	117	1,770	28,960	30-Sep
1996	56,544	54,977	56,309	53,113	93	1,567	31,944	30-Sep
1997	58,331	57,067	58,216	55,131	83	1,264	31,929	30-Sep
1998	60,116	59,566	60,005	57,786	67	550	31,844	30-Sep
1999	62,755	62,392	62,655	60,642	71	363	31,497	30-Sep
2000	64,581	64,780	64,476	62,992	64	-199	32,183	30-Sep
2001	65,869	67,549	65,767	65,640	67	-1,680	32,023	30-Sep

Source: Annual Report of the Postmaster General, 1972-2001.

USPS Mail Processing Cost Pool Comparison  
R2001-1 vs R2000-1 & R97-1

Table 16

Cost Pool	Source	Abbreviation	No	Cost	
R2001-1	Fixed	Non-Working Related	1	BMCS	NMO
			2	BMCS	OTHR
			3	BMCS	PLA
			4	BMCS	PSM
			5	BMCS	SPB
			6	BMCS	SSM
			7	BMCS	BOS/
			8	BMCS	BOS/DBCS
			9	BMCS	OCR/
			10	BMCS	FSM/
			11	BMCS	FSM/1000
			R2000-1	Fixed	Working Related
2	BMCS	OTHR			
3	BMCS	PLA			
4	BMCS	PSM			
5	BMCS	SPB			
6	BMCS	SSM			
7	BMCS	BOS/			
8	BMCS	BOS/DBCS			
9	BMCS	OCR/			
10	BMCS	FSM/			
11	BMCS	FSM/1000			
R97-1	Proportional	Working Related			
			2	BMCS	OTHR
			3	BMCS	PLA
			4	BMCS	PSM
			5	BMCS	SPB
			6	BMCS	SSM
			7	BMCS	BOS/
			8	BMCS	BOS/DBCS
			9	BMCS	OCR/
			10	BMCS	FSM/
			11	BMCS	FSM/1000
			R97-1	Fixed	Working Related
2	BMCS	OTHR			
3	BMCS	PLA			
4	BMCS	PSM			
5	BMCS	SPB			
6	BMCS	SSM			
7	BMCS	BOS/			
8	BMCS	BOS/DBCS			
9	BMCS	OCR/			
10	BMCS	FSM/			
11	BMCS	FSM/1000			
R97-1	Fixed	Non-Working Related			
			2	BMCS	OTHR
			3	BMCS	PLA
			4	BMCS	PSM
			5	BMCS	SPB
			6	BMCS	SSM
			7	BMCS	BOS/
			8	BMCS	BOS/DBCS
			9	BMCS	OCR/
			10	BMCS	FSM/
			11	BMCS	FSM/1000

**Table 17**

**Recent Cost Coverages Compared to Average  
for First Class and Standard A Commercial Mail**

	All Mail & Special Service	Compared to Average			Compared to Average		
		Total	<u>First-Class</u>		Total	<u>Standard A</u>	
			Single-Piece	Presort		Regular	ECR
1994	155%	1.07	0.97	1.39	0.96	0.85	1.40
1995	163%	1.06	0.93	1.52	0.97	0.86	1.40
1996	164%	1.07	0.91	1.60	0.97	0.88	1.40
1997	181%	1.13	1.01	1.52	0.92	0.85	1.34
1998	179%	1.16	1.04	1.54	0.90	0.79	1.38
1999	168%	1.17	1.04	1.54	0.89	0.81	1.23
2000	171%	1.18	1.02	1.64	0.91	0.79	1.28
TY2003 USPS	179%	1.19	0.99	1.65	0.91	0.82	1.22
Cost Coverage							
	All Mail & Special Service	Total	<u>First-Class</u>		Total	<u>Standard A</u>	
			Single-Piece	Presort		Regular	ECR
1994	155%	167%	150%	216%	148%	131%	217%
1995	163%	173%	151%	247%	157%	140%	227%
1996	164%	175%	150%	262%	159%	144%	230%
1997	181%	204%	182%	275%	166%	154%	242%
1998	179%	209%	186%	276%	161%	142%	248%
1999	168%	196%	175%	259%	149%	136%	207%
2000	171%	202%	174%	280%	156%	135%	220%
TY2003 USPS	179%	212%	176%	294%	163%	146%	218%

Source: R97-1, ABA/EEI/NAPM-T-1, Page 37; USPS, Cost and Revenue Analysis, Fiscal Year 1995 through 2000; USPS, RPW Reports: 1995- (Quarterly and by GFY).  
For TY2003 USPS, USPS-T-32, Exhibit USPS-32B, Page 1 of 2.

Table 18

**ILLUSTRATIVE: New Rates Calculations Based On Michael Riley's Proposal in APWU-T-1**  
**FCM Letters Revenue Requirement Allocated Based on Total Number of FCM Pieces**  
**Including Additional Ounce & Nonstd. Pieces**  
**Keeping Add'l Ounce and Nonstd. Rates Unchanged**

Rate Category	Volume Forecasts FY2003 (000)	USPS Proposed Rates (\$)	Implicit Per Piece Volume Var. Costs Based on USPS Proposed Cost Coverage	Vol Var Cost Reconciled	FCM Letters Revenue Requirement (Exc. Fees) of	New Rates if FCM Letters Allocated Rev Req. of
					19,759,682	19,759,682
					Per Piece	is held as is
					\$0.163	
Single Piece	46,542,265	0.370	0.210	0.214	0.163	0.377
QBRM	323,137	0.340	0.193	0.197	0.163	0.360
Additional Ounces	17,575,735	0.230				0.230
Nonstd Pieces	942,633	0.120				0.120
Total Single Piece	46,865,402		21,486,039			
Single Piece Fees (Exhibit USPS-28B)			217,223			21,817,722
Total Rev Including Fees			21,703,263			217,223
Revenue Per Piece			0.45846			22,034,945
Single Piece Rev Per Piece (Exhibit USPS-28B)			0.466834			0.47018
Single Piece Cost Coverage (Exhibit USPS-28B)			176.1%			177.3%
Nonauto letters	3,579,306	0.352	0.120	0.121	0.163	0.284
Additional Ounces	652,990	0.225				0.225
Nonstd Pieces	875,140	0.055				0.055
Heavy Pc Deduction	196,933	-0.041				-0.041
Total Non-automation	3,579,306		1,446,897			1,201,801
Mixed AADC Letters	2,869,417	0.309	0.105	0.106	0.163	0.269
AADC Letters	3,071,405	0.301	0.102	0.103	0.163	0.266
Auto 3-Digit Letters	24,694,572	0.292	0.099	0.100	0.163	0.263
Auto 5-Digit Letters	15,517,542	0.278	0.095	0.095	0.163	0.258
Add'l Ounces	1,250,473	0.225				0.225
Heavy Pc Deduction	86,041	-0.041				-0.041
Total Auto Letters	46,152,936		13,613,663			12,366,917
Auto Carrier Route	870,451	0.275	0.093	0.094	0.163	0.257
Add'l Ounces	38,149	0.225				0.225
Heavy Pc Deduction	3,483	-0.041				-0.041
Total Carrier Route	870,451		247,815			232,285
Mixed AADC flats	91,996	0.341	0.116	0.117	0.163	0.280
AADC flats	49,275	0.333	0.113	0.114	0.163	0.277
3-Digit flats	63,015	0.322	0.109	0.110	0.163	0.273
5-Digit flats	515,103	0.302	0.103	0.103	0.163	0.266
Add'l Ounces	1,559,588	0.225				0.225
Heavy Pc Deduction 2nd Oz.	155,512	-0.041				-0.041
Heavy Pc Deduction > 2nd Oz.	155,512	-0.041				-0.041
Nonstd Pieces	143,545	0.055				0.055
Total Auto Flats	719,389		569,681			539,882
Total Presorted	51,322,082		15,878,056			14,340,885
WorkSharing Fees (Exhibit USPS-28B)			28,991			28,991
Total Revenue Including Fees			15,907,048			14,369,876
FCM Presort Rev Per Piece			0.30938			0.27999
FCM Presort Rev Per Piece (Exhibit USPS-28B)			0.31158			
FCM Presort Cost Coverage (Exhibit USPS-28B)			294.1%			264.3%
Total First Class Letters	98,187,484		212.0%			203.8%

	Vol. Var.	Revenue	Rev. Req.
Single-Piece	\$12,426,541	\$21,878,353	
Presort and Auto Letters	\$5,436,662	\$15,990,746	
Total FCM Single and Presort	\$17,863,203	\$37,869,099	\$20,005,896

Notes:

We are assuming the 2nd ounce and greater than 2 ounces on heavy piece for presort flats are 50%-50%.  
 FY2003 volume forecasts are obtained from the USPS LR-J-125 & LR-j48-revised, use\_MVE.xls  
 FY2003 estimated after rates revenue & volume variable costs and cost coverages are obtained from the USPS-Exhibit T28B revised 1-11-02.

Table 18 (Continued)

Alternative Allocation of Overall Revenue Requirement  
Based On Class Volume Share  
(Allocated Across All Mail)

Rate Category	FCM Letters Revenue Requirement (Exc. Fees) of	Per Piece Allocated Based on Class Volume	New Rates if Overall Rev. Req. Of	is allocated based on Class Volume
Single Piece	\$0.122	\$14,807,785	\$32,650,943	
QBRM	0.122			
Additional Uncies	0.122			
Nonstd Pieces	0.120			
Total Single Piece	19,903,338			
Single Piece Fees (Exhibit USPS-28B)	217,223			
Total Rev Including Fees	20,120,561			
Single Piece Rev Per Piece (Exhibit USPS-28B)	0.42933			
Single Piece Cost Coverage (Exhibit USPS-28B)	161.9%			
Nonauto letters	0.122			
Additional Uncies	0.243			
Nonstd Pieces	0.055			
Heavy Pc Deduction	-0.041			
Total Non-automation	1,055,592			
Mixed AADC Letters	0.122			
AADC Letters	0.228			
AADC Letters	0.122			
Auto 3-Digit Letters	0.222			
Auto 5-Digit Letters	0.122			
Heavy Pc Deduction	-0.217			
Additional Uncies	0.225			
Heavy Pc Deduction	-0.041			
Total Auto Letters	10,481,636			
Auto Carrier Route	0.122			
Additional Uncies	0.216			
Heavy Pc Deduction	-0.225			
Total Carrier Route	196,729			
Mixed AADC flats	0.122			
AADC flats	0.239			
AADC flats	0.122			
3-Digit flats	0.236			
5-Digit flats	0.122			
Additional Uncies	0.225			
Heavy Pc Deduction 2nd Oz.	-0.041			
Heavy Pc Deduction > 2nd Oz.	-0.041			
Nonstd Pieces	-0.041			
Total Auto Flats	510,496			
Total Presorted	12,244,452			
WorkSharing Fees (Exhibit USPS-28B)	28,991			
Total Revenue Including Fees	12,273,443			
FCM Presort Rev Per Piece	0.23915			
FCM Presort Rev Per Piece (Exhibit USPS-28B)	225.8%			
FCM Presort Cost Coverage (Exhibit USPS-28B)	181.3%			
Total First Class Letters				

Vol. Var.	Revenue	Rev. Req.
\$41,590,664	\$74,241,607	\$32,650,943
212,960,933		
98,187,484		
Total Mail Volume		
Total FCM Single and Presort Volume		
Rev. Req. of FCM Single & Presort Letters Based on its Volume Share		\$15,054,000

**Table 19**

**ILLUSTRATIVE: New Rates Calculations Based On Michael Riley's Proposal in APWU-T-1  
FCM Letters Revenue Requirement Allocated Based on Total Number of FCM Letter Pieces  
Excluding Additional Ounce & Nonstd. Pieces  
Keeping Add'l Ounce and Nonstd. Rates Unchanged**

Rate Category	Volume Forecasts FY2003 (000)	USPS Proposed Rates (\$)	Implicit Per Piece Volume Var. Costs Based on USPS Proposed Cost Coverage	Vol Var Cost Reconciled	FCM Letters Revenue Requirement of	New Rates if FCM Letters Allocated Rev Req. of	
					19,759,682	19,759,682	
					Per Piece	is held as is	
					\$0.201		
Single Piece	46,542,265	0.370	0.210	0.214	0.201	0.415	
QBRM	323,137	0.340	0.193	0.197	0.201	0.398	
Additional Ounces	17,575,735	0.230				0.230	
Nonstd Pieces	942,633	0.120				0.120	
Total Single Piece	46,865,402		21,486,039				23,610,105
Fees							217,223
Total Rev. Including Fees							23,827,328
Revenue Per Piece			0.46848				
Single Piece Rev Per Piece (Exhibit USPS-28B)			0.466834				0.5084
Single Piece Cost Coverage (Exhibit USPS-28B)			176.1%				191.7%
Nonauto letters	3,579,306	0.352	0.120	0.121	0.201	0.322	
Additional Ounces	652,990	0.225				0.225	
Nonstd Pieces	875,140	0.055				0.055	
Heavy Pc Deduction	196,933	-0.041				-0.041	
Total Non-automation	3,579,306		1,446,897				1,338,693
Mixed AADC Letters	2,869,417	0.309	0.105	0.106	0.201	0.307	
AADC Letters	3,071,405	0.301	0.102	0.103	0.201	0.304	
Auto 3-Digit Letters	24,694,572	0.292	0.099	0.100	0.201	0.301	
Auto 5-Digit Letters	15,517,542	0.278	0.095	0.095	0.201	0.296	
Add'l Ounces	1,250,473	0.225				0.225	
Heavy Pc Deduction	86,041	-0.041				-0.041	
Total Auto Letters	46,152,936		13,613,663				14,132,052
Auto Carrier Route	870,451	0.275	0.093	0.094	0.201	0.295	
Add'l Ounces	38,149	0.225				0.225	
Heavy Pc Deduction	3,483	-0.041				-0.041	
Total Carrier Route	870,451		247,815				265,576
Mixed AADC flats	91,996	0.341	0.116	0.117	0.201	0.318	
AADC flats	49,275	0.333	0.113	0.114	0.201	0.315	
3-Digit flats	63,015	0.322	0.109	0.110	0.201	0.311	
5-Digit flats	515,103	0.302	0.103	0.103	0.201	0.305	
Add'l Ounces	1,559,588	0.225				0.225	
Heavy Pc Deduction 2nd Oz.	155,512	-0.041				-0.041	
Heavy Pc Deduction > 2nd Oz.	155,512	-0.041				-0.041	
Nonstd Pieces	143,545	0.055				0.055	
Total Auto Flats	719,389		569,681				567,395
Total Presorted	51,322,082		15,878,056				16,303,715
Fees							28,991
Total Rev. Including Fees							16,332,707
FCM Presort Rev Per Piece			0.30858				0.31824
FCM Presort Rev Per Piece (Exhibit USPS-28B)			0.31158				
FCM Presort Cost Coverage (Exhibit USPS-28B)			294.1%				300.4%
Total First Class Letters	98,187,484		212.0%				224.8%

	Vol Var.	Revenue	Rev. Req.
Single-Piece	\$12,426,541	\$21,878,353	
Presort and Auto Letters	\$5,436,662	\$15,990,746	
Total FCM Single and Presort	\$17,863,203	\$37,869,099	\$20,005,896

Notes:

We are assuming the 2nd ounce and greater than 2 ounces on heavy piece for presort flats are 50%-50%.  
FY2003 volume forecasts are obtained from the USPS LR-J-125 & LR-j48-revised, use\_MVE.xls  
FY2003 estimated after rates revenue & volume variable costs and cost coverages are obtained from the USPS-Exhibit T28B revised 1-11-02.

Table 19 (Continued)

Alternative Allocation of Overall Revenue Requirement  
Based on Class Volume Share  
(Allocated Across All Mail)

Rate Category	FCM Letters Revenue Requirement (Exc. Fees) of	Per Piece Allocated Based on Class Volume	Revenue Requirement if Overall Rev New Rates	is allocated based on Class Volume
Single Piece	\$0.151			
QB&RM	0.151		0.3648	
Additional Uncunces	0.151		0.347	
Nonstd Pieces			0.230	
Total Single Piece			0.120	
Fees			217.223	
Total Rev. Including Fees			21,463,762	
Single Piece Rev Per Piece (Exhibit USPS-28B)			0.4580	
Single Piece Cost Coverage (Exhibit USPS-28B)			172.7%	
Nonauto letters	0.151		0.271	
Additional Uncunces			0.225	
Nonstd Pieces			0.055	
Heavy Pc Deduction			-0.041	
Total Non-automation			1,158,178	
Mixed A&D&C Letters	0.151		0.257	
A&D&C Letters	0.151		0.254	
Auto 3-Digit Letters	0.151		0.251	
Auto 5-Digit Letters	0.151		0.246	
Additional Uncunces			0.225	
Heavy Pc Deduction			-0.041	
Total Auto Letters			11,804,417	
Auto Corner Route	0.151		0.245	
Additional Uncunces			0.225	
Heavy Pc Deduction			-0.041	
Total Corner Route			221,676	
Mixed A&D&C flats	0.151		0.268	
A&D&C flats	0.151		0.265	
3-Digit flats	0.151		0.261	
5-Digit flats	0.151		0.254	
Additional Uncunces			0.225	
Heavy Pc Deduction 2nd Oz.			-0.041	
Nonstd Pieces			-0.041	
Total Auto Flats			531,114	
Fees			28,991	
Total Rev. Including Fees			13,715,385	
FCM Presort Rev Per Piece (Exhibit USPS-28B)			13,744,377	
FCM Presort Rev Per Piece (Exhibit USPS-28B)			0.26781	
FCM Presort Cost Coverage (Exhibit USPS-28B)			252.8%	
Total First Class Letters			197.1%	

Vol. Var	Revenue	Rev. Req.
\$41,590,664	\$74,241,607	\$32,650,943
212,960,933		
96,187,484		
Total FCM Single and Presort Volume		
Rev. Req. of FCM Single & Presort Letters Based on its Volume Share		\$15,054,000

**Table 20**

**FIRST-CLASS MAIL PRESORT LETTERS SUMMARY  
PRC VERSION**

**Using Aggregate Nonautomation Presort Letters Delivery Work Sharing Related Unit Costs For Metered Letters  
And Refined Cost Pool Classification**

BENCHMARK RATE CATEGORY	(1)	(2)	(3)	(4)	(5)
	MAIL PROC TOTAL UNIT COST	MAIL PROC WORK- SHARING RELATED UNIT COST	DELIVERY WORK- SHARING RELATED UNIT COST	TOTAL WORK- SHARING RELATED UNIT COST	WORK- SHARING RELATED SAVINGS
Metered Letters	12.199	11.713	5.942	17.656	---
Nonautomation Machinable Letters (All Presort Levels)	11.128	9.558	4.005	13.563	4.093
Automation Mixed AADC Letters	5.636	5.498	4.164	9.662	7.994
Automation AADC Letters	4.632	4.494	4.015	8.509	9.147
Automation 3-Digit Presort Letters	4.281	4.143	3.979	8.122	9.534
Automation 5-Digit Presort Letters	3.112	2.974	3.794	6.768	10.887
Automation 5-Digit Presort Letters (CSBCS/Manual Sites)	4.005	3.867	6.160	10.027	---
Automation Carrier Route Presort Letters	1.953	1.815	6.059	7.874	2.153

**(1) CRA Mail Processing Unit Costs:**

**Worksharing Proportional Cost Pools + Worksharing Fixed Cost Pools + Non-Worksharing Fixed Cost Pools**

**Model-Based Mail Processing Unit Costs:**

**(Model Cost \* Worksharing Proportional Adjustment) + Worksharing Fixed Adjustment + Non-Worksharing Fixed Adjustment**

**(2) CRA Mail Processing Unit Costs:**

**Worksharing Proportional Cost Pools + Worksharing Fixed Cost Pools**

**Model-Based Mail Processing Unit Costs:**

**(Model Cost \* Worksharing Proportional Adjustment) + Worksharing Fixed Adjustment**

**(3) USPS LR-J-117, Revised 1-22-02**

**(4) (2) + (3)**

**(5) Benchmark (4) - Rate Category (4)**



Table 21  
CRA FIRST-CLASS MAIL LETTERS MAIL PROCESSING UNIT COSTS  
PRG VERSION  
Refined Cost Pools Classification

Cost Pool No.	Source	Cost Pool Abbreviation	Original			Refined			Refined BULK METERED				Refined AUTO			
			WRP MP Unit Costs	WRF MP Unit Costs	NWRF MP Unit Costs	WRP MP Unit Costs	WRF MP Unit Costs	NWRF MP Unit Costs	CRA MP Unit Costs	WRF MP Unit Costs	NWRF MP Unit Costs	CRA MP Unit Costs	WRF MP Unit Costs	NWRF MP Unit Costs		
1	BMCS	NMO			X			X	0.000			0.000	0.000			0.000
2	BMCS	OTHR			X			X	0.000			0.000	0.001			0.001
3	BMCS	PLA			X			X	0.000			0.000	0.000			0.000
4	BMCS	PSM			X			X	0.000			0.000	0.000			0.000
5	BMCS	SPB			X			X	0.000			0.000	0.000			0.000
6	BMCS	SSM			X			X	0.000			0.000	0.000			0.000
7	MODS 11	BCS/	X			X			0.539	0.539		0.220	0.220			0.000
8	MODS 11	BCS/DBCS	X			X	New		1.881	1.881		1.007	1.007			0.000
9	MODS 11	OCR/	X			X			0.909	0.909		0.122	0.122			0.000
10	MODS 12	FSM/			X			X	0.036			0.036	0.008			0.008
11	MODS 12	FSM/1000			X		New	X	0.017			0.017	0.002			0.002
12	MODS 12	LSM/	X			X			0.002	0.002		0.000	0.000			0.000
13	MODS 13	MLCPARC			X			X	0.001			0.001	0.001			0.001
14	MODS 13	SPBS OTH			X			X	0.023	0.023		0.007	0.008	0.008		0.003
15	MODS 13	SPBS/PRIO			X			X	0.007			0.007	0.003			0.003
16	MODS 13	1SACKS_M			X			X	0.033	0.033		0.014	0.014			0.003
17	MODS 14	MANF			X			X	0.031			0.031	0.004			0.004
18	MODS 14	MANL	X			X			2.028	2.028		0.315	0.315			0.004
19	MODS 14	MANP			X			X	0.010			0.010	0.002			0.002
20	MODS 14	PRIORITY			X			X	0.011			0.011	0.003			0.003
21	MODS 15	LD15			X			X	0.347	0.347		0.051	0.051			0.003
22	MODS 17	1BULK PR	X(N/A)	X(A)		X(N/A)	X(A)		0.004		0.004	0.007			0.007	
23	MODS 17	1CANCMPP		X		Refined X	X		0.639	0.639		0.062	0.062			
24	MODS 17	10PBULK	X(N/A)	X(A)		X(N/A)	X(A)		0.139		0.139	0.050			0.050	
25	MODS 17	10PPREF	X(N/A)	X(A)		X(N/A)	X(A)		0.556		0.556	0.224			0.224	
26	MODS 17	1PLATFRM		X			X		0.960		0.960	0.309			0.309	
27	MODS 17	1POUCHNG	X(N/A)	X(A)		X(N/A)	X(A)		0.392		0.392	0.131			0.131	
28	MODS 17	1SACKS_H			X		Refined X	X	0.109		0.109	0.043			0.043	
29	MODS 17	1SCAN			X			X	0.039			0.039	0.019			0.019
30	MODS 18	BUSREPLY			X			X	0.008			0.008	0.001			0.001
31	MODS 18	EXPRESS			X			X	0.009			0.009	0.001			0.001
32	MODS 18	MAILGRAM			X			X	0.000			0.000	0.000			0.000
33	MODS 18	REGISTRY			X			X	0.015			0.015	0.001			0.001
34	MODS 18	REWRAP			X			X	0.028			0.028	0.002			0.002
35	MODS 18	1EEQMT			X			X	0.015	0.015		0.002	0.002	0.002		0.006
36	MODS 18	1MISC			X		New	X	0.084			0.084	0.026			0.026
37	MODS 18	1SUPPORT			X		New	X	0.035			0.035	0.011			0.011
38	MODS 19	INTL			X			X	0.019		0.019	0.004			0.004	
39	MODS 41	LD41	X			X			0.073	0.073		0.036	0.036			
40	MODS 42	LD42	X			X			0.001	0.001		0.000	0.000			
41	MODS 43	LD43	X			X			0.341	0.341		0.108	0.108			
42	MODS 44	LD44	X			X			0.200	0.200		0.060	0.060			
43	MODS 48	LD48 EXP			X			X	0.000			0.000	0.000			0.000
44	MODS 48	LD48 OTH			X		New	X	0.069			0.069	0.024			0.024
45	MODS 48	LD48_ADM			X		New	X	0.044			0.044	0.017			0.017
46	MODS 48	LD48_SSV			X			X	0.030			0.030	0.011			0.011
47	MODS 49	LD49		X				X	0.289		0.289	0.191			0.191	
48	MODS 79	LD79		X				X	0.007		0.007	0.026			0.026	
49	MODS 99	1SUPP_F1			X			X	0.000		0.000	0.000			0.000	
50	MODS 99	1SUPP_F4			X			X	0.000	0.000		0.000	0.000			0.000
51	NON MODS	ALLIED		X				X	0.533		0.533	0.228			0.228	
52	NON MODS	AUTO/MEC	X					X	0.323	0.323		0.203	0.203			
53	NON MODS	EXPRESS			X			X	0.000			0.000	0.000			0.000
54	NON MODS	MANF			X			X	0.009			0.009	0.002			0.002
55	NON MODS	MANL	X					X	1.101	1.101		0.299	0.299			0.001
56	NON MODS	MANP			X			X	0.003			0.003	0.001			0.001
57	NON MODS	MISC			X			X	0.223	0.223		0.098	0.098			0.007
58	NON MODS	REGISTRY			X			X	0.028			0.028	0.007			0.007
									<b>12.199</b>	<b>8.679</b>	<b>3.035</b>	<b>0.486</b>	<b>3.962</b>	<b>2.604</b>	<b>1.220</b>	<b>0.138</b>
									<b>71.14%</b>	<b>24.88%</b>	<b>3.98%</b>		<b>65.73%</b>	<b>30.78%</b>	<b>3.49%</b>	

Source: USPS LR-J-81

**Table 22**

<b>Revenue (Million Dollars)</b>				
	USPS <u>Proposed</u> <u>R2000-1</u>	Nov-2001 PRC <u>O&amp;RC</u> <u>R2000-1</u>	June-2001 USPS <u>Adjusted</u> <u>R2000-1</u>	<u>Difference</u>
First-Class Letters and Flats - Single Piece Except QBRM	18,012.791	17,996.180	18,001.710	5.530
First-Class Letters and Flats - Single Piece Additional Ou	4,487.755	4,093.737	4,484.995	391.257
First-Class PRM and QBRM Letters	121.421	121.309	121.346	0.037
First-Class Single-Piece Letter Fees	167.072	167.072	167.072	0.000
Nonstandard Pieces	52.825	52.825	52.825	0.000
First-Class Letters and Flats - Workshared Total	13,250.227	13,176.924	13,243.415	66.491
First-Class Letters and Flats - Workshared	12,650.896	12,626.239	12,643.066	16.828
Nonautomated Presort	826.756	831.167	792.758	-38.409
Automated Basic Letters	1,570.409	1,568.631	1,575.720	7.088
Automated Basic Flats	12.758	12.917	12.774	-0.143
Automated 3-Digit Letters	6,644.313	6,602.877	6,632.051	29.174
Automated 5-Digit Letters	3,128.990	3,143.737	3,162.612	18.875
Automated 3/5-Digit Flats	84.487	85.466	84.756	-0.710
Automated Carrier-Route Letters	383.182	381.443	382.396	0.953
First-Class Letters and Flats - Workshared Ounces One to	387.360	356.288	388.044	31.756
First-Class Letters and Flats - Workshared Ounces Two to	108.535	97.453	108.727	11.275
First-Class Letters and Flats - Workshared Ounces Over T	80.916	74.425	81.059	6.633
First-Class Letters and Flats - Workshared Fees	22.520	22.520	22.520	0.000
First-Class Stamped Cards	87.587	84.731	85.730	0.999
First-Class PRM and QBRM Cards	11.193	10.811	11.193	0.382
First-Class Private Cards	944.717	923.585	947.500	23.915
Single-Piece Cards at Cards Rates	459.814	447.845	459.814	11.970
Single-Piece Cards at Letter Rates	37.392	38.239	37.392	-0.848
Nonautomated Presort Cards	72.908	71.258	73.187	1.929
Automated Basic Cards	95.362	93.033	95.680	2.647
Automated 3-Digit Cards	156.932	152.635	157.148	4.513
Automated 5-Digit Cards	101.799	100.629	103.686	3.057
Automated Carrier-Route Cards	20.509	19.946	20.593	0.647
First-Class Single Piece Cards Fees	7.636	7.636	7.636	0.000
First-Class Workshared Cards Fees	1.278	1.278	1.278	0.000
<b>Total First Class</b>	<b>37,144.502</b>	<b>36,636.088</b>	<b>37,124.700</b>	<b>488.613</b>

<b>Total Periodical</b>	2,447.622	2,447.622	2,447.622	0.000
Standard Single Piece				
Standard Regular	9,126.996	9,095.277	9,148.781	53.504
Nonautomated Basic Letters	244.861	230.742	232.259	1.518
Nonautomated Basic Nonletters	244.721	249.777	251.896	2.119
Nonautomated Presort Letters	311.289	183.526	184.830	1.304
Nonautomated Presort Nonletters	286.353	290.749	293.695	2.945
Automated Basic Letters	824.049	829.568	836.348	6.780
Automated Basic Flats	68.472	70.059	70.716	0.657
Automated 3-Digit Letters	2,461.089	2,501.781	2,522.706	20.926
Automated 5-Digit Letters	1,033.214	1,057.785	1,067.375	9.590
Automated 3/5-Digit Flats	1,694.874	1,721.382	1,739.070	17.687
Standard Regular - Second Ounce	0.000	0.000	0.000	0.000
Standard Regular - Third Ounce	0.000	0.000	0.000	0.000
Standard Regular - Ounces Above Third	1,804.603	1,806.460	1,796.396	-10.064
Fees, Residual Shape, and Adjustments	146.562	146.562	146.562	0.000
Standard Regular Enhanced Carrier Route	5,164.832	5,165.999	5,183.406	17.407
Automated	301.860	294.894	296.649	1.755
Basic Letters	953.661	956.190	961.230	5.040
Basic Nonletters	1,392.163	1,398.032	1,409.736	11.703
High-Density Letters	41.970	41.849	42.090	0.241
High-Density Nonletters	54.842	54.842	55.346	0.504
Saturation Letters	263.192	263.192	264.771	1.580
Saturation Nonletters	503.861	501.695	506.022	4.327
Standard Enhanced Carrier Route - Second Ounce	0.000	0.000	0.000	0.000
Standard Enhanced Carrier Route - Third Ounce	0.000	0.000	0.000	0.000
Standard Enhanced Carrier Route - Ounces Above Thi	1,634.702	1,636.724	1,628.984	-7.740
Fees, Residual Shape, and Adjustments	19.764	19.764	19.764	0.000
Standard Regular and Enhanced Carrier Route	14,291.827	14,261.275	14,332.187	70.912

<b>Revenue (Million Dollars) - continued</b>				
	USPS Proposed R2000-1	Nov-2001 PRC O&RC R2000-1	June-2001 USPS Adjusted R2000-1	Difference
Standard Nonprofit	1,544.246	1,544.246	1,544.246	0.000
Standard Nonprofit Enhanced Carrier Route	262.328	262.328	262.328	0.000
<b>Total Standard A</b>	16,098.401	16,067.849	16,138.761	70.912
<b>Total Standard B</b>	2,147.597	2,147.597	2,147.597	0.000
<b>Priority Mail, Express Mail and Mailgrams</b>	6,679.061	6,679.061	6,679.061	0.000
<b>Postal Penalty and Free-for-the Blind</b>	0.000	0.000	0.000	0.000
<b>Total Domestic Mail</b>	64,517.185	63,978.218	64,537.742	559.524
<b>International Mail</b>	1,778.913	1,778.913	1,778.913	0.000
<b>Special Services</b>	2,347.559	2,347.559	2,347.559	0.000
<b>Other Income</b>	687.847	687.847	687.847	0.000
<b>Attributable Revenue</b>	69,331.504	68,792.538	69,352.062	559.524
<b>Continuing Appropriations</b>	67.093	67.093	67.093	0.000
<b>Investment Income</b>	-20.168	-20.168	-20.168	0.000
<b>Total Revenue</b>	69,378.429	68,839.463	69,398.987	559.524

**Table 23**

<b>Cost Coverage</b>					
	Original USPS Proposed R2000-1	Revised USPS Proposed R2000-1	Nov-2001 PRC R2000-1	June-2001 USPS R2000-1	Difference
First-Class Letters and Flats - Single Piece	171.2%	168.4%	165.5%	168.4%	2.88%
First-Class Letters and Flats - Presort	263.5%	260.7%	257.4%	260.2%	2.75%
First-Class Cards - Single Piece	111.9%	111.0%	106.0%	110.7%	4.70%
First-Class Cards - Private Presort	265.6%	258.1%	246.1%	261.5%	15.42%
<b>Total First Class</b>	194.5%	191.8%	188.8%	191.7%	2.94%
<b>Total Periodical</b>	101.3%	100.6%	100.6%	100.6%	0.00%
Standard Single Piece					
Standard Regular	132.9%	140.1%	139.5%	141.1%	1.61%
Standard Regular Enhanced Carrier Route	208.8%	196.4%	196.2%	197.8%	1.60%
Standard Regular and Enhanced Carrier Route	153.1%	156.3%	155.8%	157.4%	1.61%
Standard Nonprofit	116.8%	113.3%	113.3%	113.3%	0.00%
Standard Nonprofit Enhanced Carrier Route	126.7%	131.3%	131.3%	131.3%	0.00%
<b>Total Standard A</b>	148.2%	150.4%	150.0%	151.3%	1.35%
<b>Total Standard B</b>	114.5%	108.0%	108.0%	108.0%	0.00%
<b>Priority Mail, Express Mail and Mailgrams</b>	186.5%	182.3%	182.3%	182.3%	0.00%
<b>Postal Penalty and Free-for-the Blind</b>	0.0%	0.0%	0.0%	0.0%	0.00%
<b>International Mail</b>	122.2%	113.3%	113.3%	113.3%	0.00%
<b>Special Services</b>	153.3%	151.8%	151.8%	151.8%	0.00%
<b>Total Mail &amp; Services</b>	168.9%	166.2%	164.7%	166.4%	1.72%
<b>Total</b>	100.0%	99.6%	98.8%	99.70%	0.93%

Cost coverage for a mail type is the ratio of revenue to volume variable cost for the mail type.