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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

April 22, 2002

Hon. Steven W. Williams, Secretary  
Postal Rate Commission  
1333 H Street, NW, Suite 300  
Washington, D.C. 20268-0001

Dear Mr. Williams:

In connection with the Commission's rules pertaining to periodic reports, 39 C.F.R. 3001.102 (2001), I have enclosed copies of the following:

FY 2003 Budget, Congressional Submission.

I expect to be able to provide by next week the FY 2003 Congressional Budget Workpapers and Summary Tables SE-1, 2, and 6.

Sincerely,

A handwritten signature in cursive script that reads "Daniel J. Foucheaux, Jr.".

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

Enclosures

cc: Ms. Taylor

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POSTAL REGULATORY COMMISSION  
OFFICE OF THE SECRETARY

**UNITED STATES POSTAL SERVICE**

**FY 2003 CONGRESSIONAL BUDGET**

**WORKPAPERS**

# FISCAL YEAR 2002 PRESIDENT'S BUDGET HIGHLIGHTS

ITEM	FY 2001	USPS	OMB	OMB	USPS	OMB	OMB
	ACTUAL	FY 2002 ESTIMATE	PROPOSED ADJ.	FY 2002 ESTIMATE	FY 2003 ESTIMATE	PROPOSED ADJ.	FY 2003 ESTIMATE
Workyears	899,351	892,969		892,969	887,614		887,614
*****							
Mail Volume (Millions of Pieces)	207,463	209,939		209,939	212,961		212,961
Mail Volume (Percent Change Over Previous Year)	-0.20%	1.19%		1.19%	1.44%		1.44%
Workyears (Percent Change Over Previous Year)	-1.95%	-0.71%		-0.71%	-0.60%		-0.60%
Change in Peices Per Workyear (Percent Change Over Pervious Year)	1.78%	1.92%		1.92%	2.05%		2.05%
*****							
Total Revenues and Operating Receipts	65,868,924	68,823,489		68,823,489	74,839,971		74,839,971
Total Expenses	67,548,862	70,172,628		70,172,628	74,174,027		74,174,027
Net Income or (Loss)	(1,679,938)	(1,349,139)		(1,349,139)	665,944		665,944
*****							
Capital Commitments (\$000) Gross	1,151,628	2,406,851		2,406,851	3,835,115		3,835,115
Capital Commitments (\$000) Net	1,046,807	2,406,851		2,406,851	3,835,115		3,835,115
*****							
Capital Outlays (\$000)	2,803,909	2,200,155		2,200,155	2,846,246		2,846,246
*****							

ACTUAL FISCAL YEAR: 2001

## BUDGET HIGHLIGHTS

**Cost Segment 1  
Postmasters**

	Actual FY 2001	Estimate FY 2002	Change		Estimate FY 2003	Change	
			Amount FY 2002	Percent FY 2002		Amount FY 2003	Percent FY 2003
Resources: Positions Wkyr	31,239	31,345	106	33.9%	31,342	103	33.0%
Expenses (\$'000):							
Salaries and Benefits	1,726,392,181	1,854,375,165	127,982,984	741.3%	1,926,083,478	199,691,297	1156.7%
Travel of Persons	16,319,856	16,463,660	143,804	88.1%	16,786,387	466,531	285.9%
Trans. of Hsld Eff	1,212,057	1,222,737	10,680	88.1%	1,246,705	34,649	285.9%
Benefits: Former Person	3,398	3,398	-	0.0%	3,398	-	0.0%
<b>TOTAL</b>	<b>1,743,927,491</b>	<b>1,872,064,959</b>	<b>128,137,468</b>	<b>734.8%</b>	<b>1,944,119,968</b>	<b>200,192,477</b>	<b>1147.9%</b>

**Description:**

This segment includes personnel costs that can be attributed to postmasters, district managers/postmasters, and some Bulk Mail Centers managers. Segment 1 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-accounts 101, 102 and 161. Also included are amounts recorded in account identifier codes related to the same sub-accounts.

Current Period  
Actual Fiscal Year:

FY 2001

**Cost Segment 2  
Professs & Supervisors**

	Actual FY 2001	Estimate FY 2002	Change		Estimate FY 2003	Change	
			Amount FY 2002	Percent FY 2002		Amount FY 2003	Percent FY 2003
Resources: Positions Wkyr	56,988	56,103	(885)	-155.3%	54,798	(2,190)	-384.3%
Expenses (\$000):							
Salaries and Benefits	3,503,822,572	3,688,957,491	185,134,919	528.4%	3,740,034,976	236,212,404	674.2%
Travel of Persons	41,997,602	41,677,253	(320,349)	-76.3%	41,675,607	(321,995)	-76.7%
Trans. of Hsld Eff	2,633,691	2,607,845	(25,845)	-98.1%	2,598,974	(34,717)	-131.8%
Benefits: Former Person	46,783	46,783	-	0.0%	46,783	-	0.0%
<b>TOTAL</b>	<b>3,548,500,648</b>	<b>3,733,289,373</b>	<b>184,788,725</b>	<b>520.8%</b>	<b>3,784,356,340</b>	<b>235,855,692</b>	<b>664.7%</b>

**Description:**

This segment includes personnel costs that can be attributed to supervisors and technical personnel in field installations, except those in custodial, building and equipment maintenance activities (Segment 11), motor vehicle service activities (Segment 12), and miscellaneous local operations (Segment 13). Managers of postal installations other than post offices and Bulk Mail Centers managers are covered by this segment. Segment 2 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-accounts 103 and 130. Also included are amounts recorded in account identifier codes related to the same sub-accounts.

Current Period  
Actual Fiscal Year:

FY 2001

**Cost Segment 3  
Clerks & MH CAG A to J**

	Actual FY 2001	Estimate FY 2002	Change		Estimate FY 2003	Change	
			Amount FY 2002	Percent FY 2002		Amount FY 2003	Percent FY 2003
Resources: Positions Wkyr	374,222	379,483	5,262	140.6%	368,003	(6,219)	-166.2%
Expenses (\$000):							
Salaries and Benefits	19,067,843,250	19,283,534,189	215,690,938	113.1%	19,261,645,986	193,802,735	101.6%
Travel of Persons	(8,552,555)	(8,806,650)	(254,095)	297.1%	(8,657,969)	(105,413)	123.3%
Trans. of Hsld Eff	(298,168)	(306,743)	(8,574)	287.6%	(301,994)	(3,826)	128.3%
Benefits: Former Person	285,229	285,229	-	0.0%	285,229	-	0.0%
<b>TOTAL</b>	<b>19,059,277,755</b>	<b>19,274,706,024</b>	<b>215,428,269</b>	<b>113.0%</b>	<b>19,252,971,251</b>	<b>193,693,496</b>	<b>101.6%</b>

**Description:**

This segment included personnel costs that can be attributed to clerks and mailhandlers personnel in CAG A-J post offices, their classified stations and branches, processing and distribution centers/facilities, air mail centers, facilities, bulk mail centers, and remote encoding centers. Segment 3 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-accounts 104 and 107. Also included are amounts recorded in account identifier codes related to the same sub-accounts.

Current Period  
Actual Fiscal Year:

FY 2001

**Cost Segment 4  
Clerks CAG K**

	Actual FY 2001	Estimate FY 2002	Change		Estimate FY 2003	Change	
			Amount FY 2002	Percent FY 2002		Amount FY 2003	Percent FY 2003
<b>Resources:</b>							
<b>Positions</b>							
<b>Wkyr</b>	160	160	-	0.0%	158	(2)	-125.6%
<b>Expenses (\$000):</b>							
<b>Salaries and Benefits</b>	6,851,637	7,143,402	291,764	425.8%	7,367,270	515,632	752.6%
<b>Travel of Persons</b>	14,545	14,623	77	53.3%	14,724	179	123.3%
<b>TOTAL</b>	<u>6,866,183</u>	<u>7,158,024</u>	<u>291,842</u>	<u>425.0%</u>	<u>7,381,994</u>	<u>515,812</u>	<u>751.2%</u>

**Description:**

This segment included personnel costs that can be attributed to clerks in CAG K post offices. Segment 4 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-account 105. Also included are amounts recorded in account identifier codes related to the same sub-accounts.

**Current Period**  
**Actual Fiscal Year:**

**FY 2001**

**Cost Segment 6  
City Delivery Carriers**

	Actual				Estimate			
	FY 2001	FY 2002	FY 2002	FY 2002	FY 2003	FY 2003	FY 2003	FY 2003
<b>Resources:</b>								
<b>Positions</b>								
<b>WKYr</b>	264,630	252,302	(12,328)	-465.9%	259,118	(5,511)	-208.3%	
<b>Expenses (\$000):</b>								
<b>Salaries and Benefits</b>	13,917,106,700	14,158,591,189	241,484,489	173.5%	15,016,259,300	1,099,152,600	789.8%	
<b>Travel of Persons</b>	1,760,719	1,688,690	(72,029)	-409.1%	1,767,874	7,155	40.6%	
<b>Trans. of Hsld Eff</b>	48,617	46,628	(1,989)	-409.1%	48,814	198	40.6%	
<b>Benefits: Former Person</b>	1,362	1,362	-	0.0%	1,362	-	0.0%	
<b>TOTAL</b>	<u>13,918,917,397</u>	<u>14,160,327,869</u>	<u>241,410,472</u>	<u>173.4%</u>	<u>15,018,077,350</u>	<u>1,099,159,952</u>	<u>789.7%</u>	

**Description:**

This segment includes personnel costs that can be attributed to city delivery carriers. Segment 6 includes office activity, and segment 7 includes street activity. Segment 6 and 7 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-account 113. Also included are amounts recorded in account identifier codes related to the same sub-accounts.

Current Period  
Actual Fiscal Year: FY 2001

**Cost Segment 8  
Vehicle Drivers**

	Actual FY 2001	Estimate FY 2002	Change		Estimate FY 2003	Change	
			Amount FY 2002	Percent FY 2002		Amount FY 2003	Percent FY 2003
<b>Resources:</b>							
Positions							
W/kyr	10,142	10,284	143	140.7%	9,621	(520)	-513.0%
<b>Expenses (\$'000):</b>							
<b>Salaries and Benefits</b>	537,115,948	566,202,684	29,086,736	541.5%	550,702,692	13,586,745	253.0%
<b>Travel of Persons</b>	33,728	34,387	659	195.5%	32,805	(922)	-273.5%
<b>TOTAL</b>	<u>537,149,675</u>	<u>566,237,071</u>	<u>29,087,395</u>	<u>541.5%</u>	<u>550,735,498</u>	<u>13,585,822</u>	<u>252.9%</u>

**Description:**

This segment includes personnel costs that can be attributed to vehicle service drivers. Segment 8 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-account 114. Also included are amounts recorded in account identifier codes related to the same sub-accounts.

Current Period  
Actual Fiscal Year:

FY 2001

**Cost Segment 10  
Rural Carriers**

	Actual FY 2001	Estimate FY 2002	Change		Estimate FY 2003	Change	
			Amount FY 2002	Percent FY 2002		Amount FY 2003	Percent FY 2003
<b>Resources:</b>							
<b>Positions</b>							
<b>Wkyr</b>	92,859	94,465	1,605	172.8%	95,614	2,754	296.6%
<b>Expenses (\$000):</b>							
<b>Salaries and Benefits</b>	4,161,533,303	4,324,081,008	162,547,705	390.6%	4,560,198,989	398,665,686	958.0%
<b>Travel of Persons</b>	2,577,996	2,636,629	58,633	227.4%	2,721,197	143,201	555.5%
<b>Equipment Maint Allow</b>	393,346,332	412,535,817	19,189,485	487.9%	432,490,021	39,143,689	995.1%
<b>TOTAL</b>	<u>4,557,457,631</u>	<u>4,739,253,453</u>	<u>181,795,822</u>	<u>398.9%</u>	<u>4,995,410,208</u>	<u>437,952,576</u>	<u>961.0%</u>

**Description:**

This segment includes personnel costs that can be attributed to rural carriers. Segment 10 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-account 112. Also included are amounts recorded in account identifier codes related to the same sub-accounts. Rural carrier equipment maintenance allowance cost (52462) are included in this segment.

**Current Period**  
**Actual Fiscal Year:**

**FY 2001**

**Cost Segment 11  
Bldg, Plt, & Oper Equip**

	Actual FY 2001	Estimate FY 2002	Change		Estimate FY 2003	Change	
			Amount FY 2002	Percent FY 2002		Amount FY 2003	Percent FY 2003
Resources: Positions Wkyr	47,818	48,274	455	95.3%	49,355	1,537	321.3%
Expenses (\$'000):							
Salaries and Benefits	2,557,645,214	2,694,826,705	137,181,491	536.4%	2,868,049,751	310,404,538	1213.6%
Travel of Persons	17,633,368	18,015,721	382,353	216.8%	19,024,274	1,390,906	788.8%
Trans. of Hsld Eff	296,537	303,076	6,539	220.5%	320,264	23,727	800.1%
Contract Job Cleaners	71,142,400	72,457,864	1,315,464	184.9%	73,638,253	2,495,853	350.8%
Benefits: Former Person	17,929	17,929	-	0.0%	17,929	-	0.0%
<b>TOTAL</b>	<b>2,646,735,447</b>	<b>2,785,621,295</b>	<b>138,885,847</b>	<b>524.7%</b>	<b>2,961,050,471</b>	<b>314,315,024</b>	<b>1187.6%</b>

**Description:**

This segment includes all personnel costs, including supervision, that can be attributed to building services, postal operating, building, and plant equipment maintenance, maintenance administrative support, and repair and service center activities. Segment 11 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-accounts 121, 123, 125, 127, and 153. Also included are amounts recorded in account identifier codes related to the same sub-accounts. Costs for contract cleaners (52311) are included in this segment.

Current Period  
Actual Fiscal Year: FY 2001

**Cost Segment 12  
Vehicle Maintenance**

	Change			Change			
	Actual FY 2001	Estimate FY 2002	Amount FY 2002	Percent FY 2002	Estimate FY 2003	Amount FY 2003	Percent FY 2003
Resources: Positions							
Wkyr	6,216	5,770	(445)	-716.3%	5,357	(858)	-1380.8%
Expenses (\$000):							
Salaries and Benefits	338,156,153	326,969,727	(11,186,425)	-330.8%	314,598,059	(23,558,093)	-696.7%
Travel of Persons	1,423,385	1,328,639	(94,745)	-665.6%	1,257,898	(165,486)	-1162.6%
Trans. of Hsld Eff	61,830	57,714	(4,116)	-665.6%	54,641	(7,189)	-1162.6%
Vehicle Hire	44,411,566	42,853,171	(1,558,395)	-350.9%	41,470,733	(2,940,833)	-662.2%
Vehicle Repair & Maint	93,823,852	89,808,589	(4,015,263)	-428.0%	86,369,377	(7,454,475)	-794.5%
Elec. Pwr for Motor Veh	194,717	183,365	(11,352)	-583.0%	173,006	(21,711)	-1115.0%
Operating Supplies & Mat	157,595,985	144,325,862	(13,270,123)	-842.0%	134,028,457	(23,567,528)	-1495.4%
Vehicle Suppl & Mat	188,798,818	172,901,309	(15,897,509)	-842.0%	160,565,095	(28,233,723)	-1495.4%
VMF Inv Adj: Suppl & Mat	7,591,231	6,952,024	(639,208)	-842.0%	6,456,008	(1,135,223)	-1495.4%
<b>TOTAL</b>	<b>832,057,537</b>	<b>785,380,400</b>	<b>(46,677,136)</b>	<b>-561.0%</b>	<b>744,973,275</b>	<b>(87,084,262)</b>	<b>-1046.6%</b>

**Description:**

This segment includes all personnel costs, including supervision, that can be attributed to motor vehicle maintenance services. Segment 12 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-account 141. Also included are amounts recorded in account identifier codes related to the same sub-accounts. Cost for motor vehicle supplies, materials, maintenance, and vehicle hire are included in this segment.

Current Period  
Actual Fiscal Year: FY 2001

**Cost Segment 13  
Miscellaneous Field Ops**

	Actual FY 2001	Estimate FY 2002	Change		Estimate FY 2003	Change	
			Amount FY 2002	Percent FY 2002		Amount FY 2003	Percent FY 2003
Resources: Positions Wkyr	736	441	(295)	-4006.6%	441	(295)	-4006.6%
Expenses (\$'000):							
Salaries and Benefits	69,994,335	46,978,584	(23,015,751)	-3288.2%	48,003,902	(21,990,432)	-3141.7%
Travel of Persons	78,505,599	79,655,343	1,149,744	146.5%	81,866,859	3,361,260	428.2%
Trans. of Hsld Eff	26,682,624	26,790,212	107,588	40.3%	27,329,317	646,692	242.4%
Supplies and Materials	90,158,793	92,644,713	2,485,921	275.7%	95,200,092	5,041,300	559.2%
Reimbursements	(187,797)	(190,671)	(2,873)	153.0%	(194,332)	(6,534)	347.9%
Rental Allowance, CAG L	17,184	17,184	-	0.0%	17,184	-	0.0%
Contract Stations	72,166,456	72,166,456	-	0.0%	72,166,456	-	0.0%
Benefits: Former Person	50,877	50,877	-	0.0%	50,877	-	0.0%
<b>TOTAL</b>	<b>337,388,069</b>	<b>318,112,697</b>	<b>(19,275,372)</b>	<b>-571.3%</b>	<b>324,440,355</b>	<b>(12,947,714)</b>	<b>-383.8%</b>

**Description:**

This segment includes personnel costs that can be attributed to the Mail Equipment Shops, the facility field offices, and the purchasing field service centers. Segment 13 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-accounts 142, 146, and 148. Also included are amounts recorded in account identifier codes related to the same sub-accounts.

Current Period  
Actual Fiscal Year:

FY 2001

**Cost Segment 14  
Transportation**

	Actual FY 2001	Estimate FY 2002	Change		Estimate FY 2003	Change	
			Amount FY 2002	Percent FY 2002		Amount FY 2003	Percent FY 2003
Resources: Positions Wlkyr	-	-	-	0.0%	-	-	0.0%
Expenses (\$000):							
Domestic Airmail	1,827,634,118	1,979,675,915	152,041,796	831.9%	2,151,066,773	323,432,654	1769.7%
Foreign Airmail	230,875,757	240,451,099	9,575,341	414.7%	250,078,405	19,202,647	831.7%
Railroad Services	235,083,126	250,657,822	15,574,697	662.5%	261,372,442	26,289,316	1118.3%
Domestic Water Services	25,748,140	27,405,992	1,657,852	643.9%	28,717,259	2,969,119	1153.1%
Foreign Water Services	7,948,211	8,056,307	108,096	136.0%	8,156,205	207,994	261.7%
Highway Transportation	2,313,220,378	2,264,081,549	(49,138,829)	-212.4%	1,993,026,512	(320,193,867)	-1384.2%
Terminal: Transit Charges	417,457,891	425,192,269	7,734,378	185.3%	432,588,816	15,130,926	362.5%
Other Services	7,329,801	7,329,801	-	0.0%	7,329,801	-	0.0%
<b>TOTAL</b>	<b>5,065,297,422</b>	<b>5,202,850,754</b>	<b>137,553,331</b>	<b>271.6%</b>	<b>5,132,336,212</b>	<b>67,038,789</b>	<b>132.3%</b>

**Description:**

This segment includes the cost of non-Postal Service contractual resources used to transport domestic mail between Postal Service facilities within the United States of America. Air, highway, rail, and water transportation modes are included. (The cost of Postal Service resources used to transport mail, which include Vehicle Service Drivers and Postal Service owned vehicles, are included in Cost Segment 8.) This segment also included the costs of transporting international mail between the United States and foreign countries, and the impact on international mail transportation of fluctuations in the international currency conversion exchange rates, known as Special Drawing Rights, or SDRs. The cost of overseas military and official U. S. Government mail and an exactly offsetting reimbursement from the U. S. Government is also included in this segment.

Current Period  
Actual Fiscal Year:

FY 2001

**Cost Segment 15  
Building Occupancy**

	Actual		Estimate		Change		Estimate		Change	
	FY 2001	FY 2002	FY 2002	FY 2003	Amount	Percent	Amount	Percent		
<b>Resources:</b>										
Positions										
Wklyr						0.0%				0.0%
<b>Expenses (\$000):</b>										
Rents	911,015,465	955,355,434	44,339,969	1,004,722,723	93,707,257	486.7%	1028.6%			
Rent Reimbursements	(53,403,102)	(54,871,688)	(1,468,585)	(56,408,095)	(3,004,993)	275.0%	562.7%			
Fuels	83,797,977	80,825,308	(2,972,668)	83,174,720	(623,257)	-354.7%	-74.4%			
Utilities	485,532,695	503,672,268	18,139,573	523,243,871	37,711,176	373.6%	776.7%			
Communications	163,120,920	162,207,443	(913,477)	162,742,728	(378,193)	-56.0%	-23.2%			
Bldg. Projects Expend	133,841,537	135,120,204	1,278,667	136,680,379	2,838,842	95.5%	212.1%			
Moving Expense	(6,750,717)	(6,768,269)	(17,552)	(6,889,421)	(138,704)	26.0%	205.5%			
Reimbursements	5,092	5,064	(29)	5,081	(12)	-56.0%	-23.2%			
Communications	424,071	422,591	(1,481)	424,477	405	-34.9%	9.6%			
<b>TOTAL</b>	<b>1,717,583,938</b>	<b>1,775,968,355</b>	<b>58,384,417</b>	<b>1,847,696,461</b>	<b>130,112,523</b>	<b>339.9%</b>	<b>757.5%</b>			

**Description:**

This segment includes the non-capital related non-personnel costs of occupying and maintaining Postal Service owned and rented facilities. These costs include rent, heating fuel, building repairs and alterations, and utilities such as gas, electricity, water, and voice telephone.

Current Period  
Actual Fiscal Year:

FY 2001

### Cost Segment 16 Supplies & Services

	Actual FY 2001	Estimate FY 2002	Change		Estimate FY 2003	Change	
			Amount FY 2002	Percent FY 2002		Amount FY 2003	Percent FY 2003
Resources: Positions Wkyr	259	259	-	0.0%	259	-	0.0%
Expenses (\$000):							
ADP	567,828,197	560,105,734	(7,722,463)	-136.0%	560,217,755	(7,610,442)	-134.0%
Equipment	34,552,592	34,082,677	(469,915)	-136.0%	34,089,493	(463,099)	-134.0%
Custodial	74,070,802	73,063,439	(1,007,363)	-136.0%	73,078,052	(992,750)	-134.0%
Buildings	328,100,878	323,638,707	(4,462,172)	-136.0%	323,703,434	(4,397,444)	-134.0%
Printing and Production	59,368,908	58,561,491	(807,417)	-136.0%	58,573,204	(795,705)	-134.0%
Accountable Paper	186,570,856	184,033,492	(2,537,364)	-136.0%	184,070,299	(2,500,557)	-134.0%
Postal Supplies & Serv.	1,772,718,009	1,756,289,357	(16,428,653)	-92.7%	1,731,620,658	(41,097,351)	-231.8%
Supplies and Services	325,987,861	321,554,426	(4,433,435)	-136.0%	321,618,737	(4,369,124)	-134.0%
Other Services	14,171,938	14,171,399	(538)	-0.4%	14,171,407	(530)	-0.4%
Reimbursements	(1,666,071)	(1,643,413)	22,659	-136.0%	(1,643,741)	22,330	-134.0%
Salaries and Benefits	14,541,094	15,233,287	692,193	476.0%	15,803,009	1,261,914	867.8%
Travel of Persons	215,209	216,367	1,158	53.8%	220,625	5,416	251.7%
Trans. of Hsld Eff	11,670	11,732	63	53.8%	11,963	294	251.7%
Other Services	81,076,282	82,239,794	1,163,512	143.5%	83,413,873	2,337,591	288.3%
Supplies and Materials	1,885	1,860	(26)	-136.0%	1,860	(25)	-134.0%
Operating Supplies & Mat	7,414,237	7,313,403	(100,834)	-136.0%	7,314,866	(99,371)	-134.0%
Benefits: Former Person	7,791	7,791	-	0.0%	7,791	-	0.0%
<b>TOTAL</b>	<b>3,464,972,138</b>	<b>3,428,881,542</b>	<b>(36,090,596)</b>	<b>-104.2%</b>	<b>3,406,273,284</b>	<b>(58,698,854)</b>	<b>-169.4%</b>

**Description:**

This segment includes the non-personnel cost of supplies and spare parts, and the personnel cost of employees at Purchasing Service Centers and Materiel Distribution Centers who purchase and maintain inventories of postal supplies and spare parts, and then distribute them to postal installations. Also included is the cost of printing and reproduction, including postage stock and other accountable paper, and the cost of contractual and other services, except those related to the transportation of mail which are include in Cost Segment 14, and those related to Headquarters Administration which are included in cost segment 18.

Current Period  
Actual Fiscal Year: FY 2001

**Cost Segment 17  
Research & Development**

	Actual FY 2001	Estimate FY 2002	Change		Estimate FY 2003	Change	
			Amount FY 2002	Percent FY 2002		Amount FY 2003	Percent FY 2003
<b>Resources:</b>							
<b>Positions</b>							
<b>Wkyr</b>	-	-	-	0.0%	-	-	0.0%
<b>Expenses (\$000):</b>							
<b>Projects Expensed</b>	29,306,341	46,080,641	16,774,300	5723.8%	47,468,641	18,162,300	6197.4%
<b>TOTAL</b>	<u>29,306,341</u>	<u>46,080,641</u>	<u>16,774,300</u>	<u>5723.8%</u>	<u>47,468,641</u>	<u>18,162,300</u>	<u>6197.4%</u>

**Description:**

This segment includes the costs of contractual services related to Research and Development (R&D) initiatives on new technologies and equipment which primarily include efforts to improve mail processing technology, construction engineering, and field industrial engineering. Personnel costs for Postal Service employees engaged in R&D activities are described in Cost Segment 18.

**Current Period**                      **FY 2001**  
**Actual Fiscal Year:**

**Cost Segment 18  
Admin & Area Ops**

	Actual FY 2001	Estimate FY 2002	Change		Estimate FY 2003	Change	
			Amount FY 2002	Percent FY 2002		Amount FY 2003	Percent FY 2003
<b>Resources:</b>							
Positions							
Wklyr	14,033	14,033	-	0.0%	13,498	(535)	-381.2%
<b>Expenses (\$000):</b>							
Salaries and Benefits	7,049,197,576	8,166,967,670	1,117,770,094	1585.7%	8,268,051,853	1,218,854,276	1729.1%
Travel of Persons	54,717,960	55,011,609	293,649	53.7%	52,327,017	(2,390,944)	-437.0%
Trans. of Hsld Eff	4,170,767	4,193,308	22,541	54.0%	4,035,588	(135,179)	-324.1%
Other Services	283,432,813	398,598,058	115,165,245	4063.2%	2,780,005,760	2,496,572,947	88083.4%
Supplies and Materials	14,366,119	14,170,740	(195,379)	-136.0%	14,173,574	(192,545)	-134.0%
Benefits: Former Person	56,873	56,873	-	0.0%	56,873	-	0.0%
Communications	(10,781)	(10,980)	(199)	185.0%	(11,159)	(378)	351.0%
Interest Expense	305,800,965	305,800,965	-	0.0%	305,800,965	-	0.0%
Employee Losses	169,261	169,261	-	0.0%	169,261	-	0.0%
<b>TOTAL</b>	<b>7,711,901,554</b>	<b>8,944,957,505</b>	<b>1,233,055,950</b>	<b>1598.9%</b>	<b>11,424,609,731</b>	<b>3,712,708,177</b>	<b>4814.3%</b>

**Description:**

This segment includes the personnel cost of employees at Headquarters, Headquarters related Field Service Units, and Area offices. Non-personnel costs specifically related to Headquarters or Area Administration, and miscellaneous support costs and contingencies which are corporatwide in nature are also included. Other costs included are awards and lump sum payments made to employees whose personnel costs are included in segments 15, 16, 18, & 19, and corporatwide personnel costs which are not allocated by employee category. Only those awards and lump sum payments which relate to individuals performance or some other circumstance unique to an individual are included in Segment 18. Awards and lump sum payment that are made to all or most employees in an employee category are included with the personnel cost of that employee category. Corporatwide personnel costs include worker's compensation, unemployment compensation, CSRS unfunded liabilities, CSRS annuitant COLAs, annuitant health benefits, annuitant life insurance, repricing of annual leave, annuity protection program, and health benefits for employees on workers' compensation.

Current Period Actual Fiscal Year: **FY 2001**

**Cost Segment 19  
Support Services**

	Actual FY 2001	Estimate FY 2002	Change		Estimate FY 2003	Change	
			Amount FY 2002	Percent FY 2002		Amount FY 2003	Percent FY 2003
<b>Resources:</b>							
<b>Positions</b>							
<b>Wkyr</b>	49	49	-	0.0%	49	-	0.0%
<b>Expenses (\$000):</b>							
<b>Salaries and Benefits</b>	3,851,722	4,059,700	207,978	540.0%	4,179,901	328,179	852.0%
<b>Travel of Persons</b>	810,849	815,227	4,379	54.0%	831,287	20,439	252.1%
<b>Trans. of Hsld Eff</b>	340	342	2	54.1%	349	9	252.2%
<b>Supplies and Materials</b>	1,694,427	1,694,427	-	0.0%	1,694,427	-	0.0%
<b>Instructional Services</b>	29,766,834	30,317,520	550,686	185.0%	30,811,696	1,044,862	351.0%
<b>TOTAL</b>	36,124,171	36,887,216	763,045	211.2%	37,517,659	1,393,488	385.7%

**Description:**

This segment includes the non-personnel cost of equipment maintenance training supplies and services, and the personnel cost of employees at the Maintenance Technical Support Center.

**Current Period**  
**Actual Fiscal Year:**

**FY 2001**

**Cost Segment 20  
Depreciation & Servwide**

	Actual FY 2001	Estimate FY 2002	Change		Percent FY 2002	Estimate FY 2003	Change		Percent FY 2003
			Amount FY 2002				Amount FY 2003		
Resources: Positions Wkyr	-	-	-	-	0.0%	-	-	-	0.0%
Expenses (\$'000):									
Depreciation	2,219,028,763	2,375,861,926	156,833,163	706.8%	2,571,856,964	352,828,201	1590.0%		
Expd Equip & ChargeOffs	(5,266,365)	(5,363,792)	(97,428)	185.0%	(5,510,224)	(243,859)	463.1%		
Gain or Loss: Sale of Assets	15,403,389	15,403,389	-	0.0%	15,403,389	-	0.0%		
Other Services	102,693,917	103,404,217	710,300	69.2%	104,471,733	1,777,816	173.1%		
Embossed Envelopes	1,934,612	1,970,402	35,790	185.0%	2,024,194	89,582	463.1%		
Ins. Claims & Indemnities	124,349,132	126,646,211	2,297,078	184.7%	129,922,126	5,572,993	448.2%		
Reimbursements	(122,746,396)	(123,071,404)	(325,007)	26.5%	(123,559,881)	(813,485)	66.3%		
Other Services	1,692	1,692	-	0.0%	1,692	-	0.0%		
<b>TOTAL</b>	<b>2,335,398,744</b>	<b>2,494,852,640</b>	<b>159,453,896</b>	<b>682.8%</b>	<b>2,694,609,992</b>	<b>359,211,248</b>	<b>1538.1%</b>		

**Description:**

This segment includes the cost of capital plant and equipment which consists of depreciation, amortization, and interest on debt. All Postal Service debt currently outstanding was incurred for the acquisition of capital. Also included in segment 20 are claims, losses, and other non-capital amounts written off. Interest on retirement liabilities is reflected in segment 20 so that all interests included together in the same segment.

Current Period  
Actual Fiscal Year:

FY 2001

**Cost Segment 21  
Capital Investments**

	Actual FY 2001	Estimate FY 2002	Change		Estimate FY 2003	Change	
			Amount FY 2002	Percent FY 2002		Amount FY 2003	Percent FY 2003
<b>Resources: Positions Wkyr</b>	-	-	-	0.0%	-	-	0.0%
<b>Expenses (\$000):</b>							
Construction	138,934,967	551,482,880	412,547,913	29693.6%	916,913,000	777,978,033	55995.8%
Building Improvements	188,095,210	306,019,650	117,924,440	6269.4%	413,839,000	225,743,790	12001.6%
Fixed Mech. Equipment	398,466,077	657,000,730	258,534,653	6488.2%	1,200,000,000	801,533,923	20115.5%
Other Vehicles	47,025,222	350,908,810	303,883,588	64621.4%	358,250,000	311,224,778	66182.5%
Window Service Equipment	61,941,574	171,073,310	109,131,736	17618.5%	221,530,000	159,588,426	25764.3%
Admin & General Support	212,343,458	370,365,500	158,022,042	7441.8%	724,583,000	512,239,542	24123.2%
<b>TOTAL</b>	<b>1,046,806,508</b>	<b>2,406,850,880</b>	<b>1,360,044,372</b>	<b>12992.3%</b>	<b>3,835,115,000</b>	<b>2,788,308,492</b>	<b>26636.3%</b>

**Description:**

This category includes funds for acquisition of sites, design and construction of new postal owned buildings, purchase of existing facilities, and improvement to existing leased and owned post office buildings

*Mail processing equipment:*

The funds planned in this program are for the purchase of fixed mechanization, non-fixed mechanization and other mail handling equipment. Fixed mechanization is custom made to meet the requirements for a particular mail handling operation or a specific building. Non-fixed mechanization consists of automated modules of equipment such as optical character readers, bar code sorters, expanded zip retrofit kits, etc. This program is directed toward reducing costs in mail processing operations.

*Vehicles:*

The vehicle program consists of four vehicle requirement categories: carrier motorization, bulk transfer vehicles for delivery and intra/inter-city transport of the mails, law enforcement vehicles for postal inspector surveillance, and other maintenance of vehicles and buildings.

*Customer service equipment:*

This equipment supports post office lobby, window, and self-service programs. The Postal Service's objective is to render new and improved services to postal customers in the retail area of post offices.

*Postal support equipment:*

Support equipment consists of such items as office machines and furniture, maintenance equipment, and automatic data processing equipment.

**Current Period**  
**Actual Fiscal Year:**

**FY 2001**

**U.S. POSTAL SERVICE  
MAIL VOLUME AND REVENUE  
FISCAL YEARS 2001 - 2003  
(IN THOUSANDS)**

CLASSIFICATION	FY 2001 - ACTUAL				FY 2002 - ESTIMATE				FY 2003 - ESTIMATE			
	PIECES OR TRANS- ACTIONS	% CHG. FROM SPLY	POSTAL REVENUE	% CHG. FROM SPLY	PIECES OR TRANS- ACTIONS	% CHG. FROM SPLY	POSTAL REVENUE	% CHG. FROM SPLY	PIECES OR TRANS- ACTIONS	% CHG. FROM SPLY	POSTAL REVENUE	% CHG. FROM SPLY
OPERATING REVENUES												
FIRST CLASS.....	103,655,602	0.13%	35,690,014	1.00%	103,492,615	-0.16%	36,139,857	1.26%	103,454,162	-0.04%	38,729,953	7.17%
EXPRESS MAIL .....	69,384	-2.19%	995,684	-0.04%	72,605	4.64%	1,076,552	8.12%	69,911	-3.71%	1,133,705	5.31%
MAIL GRAM.....	3,280	-10.28%	1,364	-10.20%	3,110	-5.18%	1,291	-5.35%	2,725	-12.38%	1,131	-12.39%
PRIORITY (HEAVY PIECES).....	1,117,835	-8.56%	4,915,215	1.64%	1,186,878	6.18%	5,498,924	11.88%	1,178,757	-0.68%	6,198,667	12.73%
PERIODICALS.....	10,077,366	-2.77%	2,186,141	1.54%	10,081,444	0.04%	2,360,891	7.99%	9,962,508	-1.18%	2,574,989	9.07%
STANDARD MAIL.....	89,938,429	-0.13%	15,616,469	3.34%	92,300,721	2.63%	16,648,477	6.61%	95,541,195	3.51%	18,480,634	11.00%
PACKAGE SERVICES	1,092,992	-3.14%	1,991,894	4.29%	1,139,553	4.26%	2,121,789	6.52%	1,145,778	0.55%	2,217,184	4.50%
U.S. POSTAL SERVICE MAIL.....	380,603	4.87%	...	...	367,452	-3.46%	...	...	353,484	-3.80%	...	...
FREE-FOR-THE-BLIND MAIL.....	44,570	-4.43%	...	...	45,319	1.68%	...	...	46,859	3.40%	...	...
INTERNATIONAL (FEES INCL.).....	1,082,502	-1.54%	1,731,679	4.47%	1,249,492	15.43%	1,838,165	6.15%	1,205,533	-3.52%	1,917,956	4.34%
DOMESTIC FEES .....	...	...	296,761	3.80%	...	...	329,538	11.04%	...	...	391,766	18.88%
TOTAL VOLUME & REVENUE	207,462,564	-0.20%	63,425,221	1.83%	209,939,189	1.19%	66,015,484	4.08%	212,960,912	1.44%	71,645,985	8.53%
SPECIAL SERVICES AND OTHER:												
BOX RENTS.....	...	...	699,007	2.16%	...	...	738,366	5.63%	...	...	854,712	15.76%
MONEY ORDER FEES.....	227,157	-2.41%	225,404	-3.97%	230,767	1.59%	296,885	31.71%	229,607	-0.50%	303,574	2.25%
SPECIAL SERVICES.....	764,203	31.82%	1,129,506	19.61%	791,862	3.62%	1,250,119	10.68%	906,917	14.53%	1,436,819	14.93%
OTHER REVENUE NET.....	...	...	288,897	-11.37%	...	...	445,916	54.35%	...	...	538,967	20.87%
TOTAL SPEC. SVCS. & OTHER REVENUE.....	...	...	2,342,814	7.01%	...	...	2,731,286	16.58%	...	...	3,134,072	14.75%
TOTAL OPERATING REVENUE.....	...	...	65,768,035	2.00%	...	...	68,746,770	4.53%	...	...	74,760,057	8.78%
APPROPRIATIONS:												
APPROPRIATIONS REVENUE.....	...	...	66,888	4.24%	...	...	47,619	-28.81%	...	...	31,014	-34.87%
TOTAL REVENUES.....	...	...	65,834,923	2.01%	...	...	68,794,389	4.50%	...	...	74,811,071	8.75%
INTEREST AND INVESTMENT INCOME.....	...	...	34,001	-17.65%	...	...	29,100	-14.41%	...	...	28,900	-0.69%
TOTAL REVENUE.....	...	...	65,868,924	1.99%	...	...	68,823,489	4.49%	...	...	74,839,971	8.74%

**U. S. POSTAL SERVICE  
SPECIAL SERVICES TRANSACTIONS AND POSTAL REVENUE  
FISCAL YEARS 2001 - 2003**

(IN THOUSANDS )

CLASSIFICATIONS	FY 2001 ACTUAL				FY 2002 ESTIMATE				FY 2003 ESTIMATE			
	TRANS - ACTIONS	% CHANGE FROM SPLY	REVENUE	% CHANGE FROM SPLY	TRANS - ACTIONS	% CHANGE FROM SPLY	REVENUE	% CHANGE FROM SPLY	TRANS - ACTIONS	% CHANGE FROM SPLY	REVENUE	% CHANGE FROM SPLY
<b>SPECIAL SERVICES</b>												
REGISTRY.....	7,823	-12.41%	73,400	1.44%	11,151	42.54%	99,223	35.18%	10,331	-7.35%	98,550	-0.68%
CERTIFIED.....	268,955	-0.58%	494,772	28.38%	273,126	1.55%	573,565	15.93%	302,882	10.89%	696,629	21.46%
INSURANCE.....	58,727	3.33%	119,084	13.07%	64,541	9.90%	137,403	15.38%	61,800	-4.25%	144,397	5.09%
DELIVERY RECEIPT SERVICES ...	420,435	18.08%	369,774	17.11%	439,778	4.60%	374,734	1.34%	528,804	20.24%	429,221	14.54%
COLLECT - ON - DELIVERY.....	2,698	-34.69%	15,309	-28.70%	3,266	21.05%	18,646	21.80%	3,100	-5.08%	17,700	-5.07%
STAMPED ENVELOPES.....	...	...	27,124	76.54%	...	...	19,686	-27.42%	...	...	19,510	-0.89%
OTHER SERVICES.....	5,565	...	30,043	...	...	...	26,862	-10.59%	...	...	30,812	14.70%
<b>TOTAL SPECIAL SERVICES.....</b>	<b>764,203</b>	<b>30.92%</b>	<b>1,129,506</b>	<b>25.62%</b>	<b>791,862</b>	<b>3.62%</b>	<b>1,250,119</b>	<b>10.68%</b>	<b>906,917</b>	<b>14.53%</b>	<b>1,436,819</b>	<b>14.93%</b>

SPECIAL SERVICES TRANSACTIONS AND POSTAL REVENUE

# SELECTED OPERATING STATISTICS

ITEM	FY 1971		FY 2001 ACTUAL		FY 2002 ESTIMATE		FY 2003 ESTIMATE	
	AMOUNT	% CHANGE FROM SPLY	AMOUNT	% CHANGE FROM SPLY	AMOUNT	% CHANGE FROM SPLY	AMOUNT	% CHANGE FROM SPLY
MAIL VOLUME (BILLIONS OF PIECES) (GFY).....	87.0	2.5%	207.5	-0.2%	209.9	1.2%	213.0	1.4%
CITY DELIVERY:								
NUMBER OF ROUTES.....	132,923	1.9%	167,489	0.0%	167,680	0.1%	169,210	0.9%
POSSIBLE DELIVERIES (MILLIONS).....	57.0	2.0%	83.8	0.6%	84.3	0.7%	84.9	0.7%
RURAL DELIVERY:								
NUMBER OF ROUTES.....	31,517	-1.5%	69,066	-0.2%	70,576	2.2%	72,446	2.6%
AVERAGE DAILY ROUTE MILES.....	66.0	1.3%	45.4	3.6%	45.3	-0.3%	44.9	-0.9%
POST OFFICES:								
CAG A-G.....	5,162	3.7%	8,369	0.0%	8,469	1.2%	8,519	0.6%
CAG H-J.....	7,396	0.9%	8,759	0.0%	8,759	0.0%	8,759	0.0%
CAG K.....	12,551	-0.7%	9,022	0.0%	8,922	-1.1%	8,872	-0.6%
CAG L.....	6,838	-3.0%	1,726	0.0%	1,626	-5.8%	1,576	-3.1%
TOTAL	31,947	-0.2%	27,876	0.0%	27,776	-0.4%	27,726	-0.2%
CONTRACT STATIONS.....								
	4,437	-10.6%	2,876	1.5%	3,033	5.5%	3,133	3.3%
TOTAL ACTIVE VEHICLE FLEET:								
(NUMBER).....	83,095	9.3%	208,318	1.4%	205,094	-1.5%	204,981	-0.1%
INTERIOR SPACE OCCUPIED:								
(THOUSAND OF SQ. FT.).....	158,997	1.8%	326,368	1.4%	329,313	0.9%	332,513	1.0%

## SELECTED OPERATING STATISTICS