

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

POSTAL RATE AND FEE CHANGES
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005-1

RESPONSES OF POSTAL SERVICE WITNESS TAYMAN
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T6-12-13)

The United States Postal Service hereby provides the responses of witness Tayman to the following interrogatories of the Office of the Consumer Advocate, filed on May 13, 2005: OCA/USPS-T6-12-13.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
By its attorneys:

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RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAYMAN
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T6-12. In a manner similar to the response provided in response to OCA/USPS-T6-1 (a) in Docket No. R2001-1, please provide the USPS FY 2005 Operating Plan by accounting periods for operating revenues, appropriations, investment income, expenses and volumes, with operating revenues broken out by mail class and subclass cost categories.

Response:

Attachments A and B provide the requested information.

The Operating Budget of the Postal Service is approved at the beginning of each fiscal year by the Board of Governors. Once approved, the total annual budget does not change. However, the Postal Service employs a flexible budget process.

When using flexible budgeting, monthly expense line item adjustments reflecting changes in workload and other management decisions can be made. When workload is greater than plan, workload sensitive expenses are increased. In order to maintain the total annual expense budget, offsetting adjustments are applied to the miscellaneous expense budget line item.

| (\$ Millions) | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | FY 2005 |
|------------------------------------|---------------|---------------|---------------|----------------|-----------------|----------------|----------------|-----------------|--------------|-----------------|-----------------|-----------------|-----------------|
| Operating Revenue | \$5,842 | \$5,697 | \$ 6,623 | \$5,719 | \$5,255 | \$ 5,975 | \$5,670 | \$5,409 | \$ 5,678 | \$5,244 | \$5,589 | \$ 5,589 | \$68,290 |
| Appropriations * | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 62 |
| Investment Income | <u>2</u> | <u>3</u> | <u>3</u> | <u>4</u> | <u>4</u> | <u>4</u> | <u>5</u> | <u>6</u> | <u>6</u> | <u>6</u> | <u>5</u> | <u>3</u> | <u>50</u> |
| Total Revenue | 5,845 | 5,700 | 6,626 | 5,723 | 5,259 | 5,979 | 5,675 | 5,414 | 5,684 | 5,249 | 5,594 | 5,592 | 68,340 |
| Total All Expenses | <u>5,535</u> | <u>5,520</u> | <u>6,192</u> | <u>5,795</u> | <u>5,372</u> | <u>6,001</u> | <u>5,691</u> | <u>5,629</u> | <u>5,652</u> | <u>5,492</u> | <u>5,841</u> | <u>5,813</u> | <u>68,532</u> |
| Net Income/(Loss) | <u>\$ 310</u> | <u>\$ 180</u> | <u>\$ 434</u> | <u>\$ (72)</u> | <u>\$ (113)</u> | <u>\$ (22)</u> | <u>\$ (16)</u> | <u>\$ (215)</u> | <u>\$ 32</u> | <u>\$ (242)</u> | <u>\$ (247)</u> | <u>\$ (222)</u> | <u>\$ (192)</u> |
| Volume (Millions) | 17,970 | 17,795 | 18,971 | 17,211 | 15,924 | 18,011 | 16,888 | 16,255 | 17,181 | 15,664 | 17,049 | 17,558 | 206,476 |
| Quarterly Operating Revenue | | | \$ 18,162 | | | \$ 16,950 | | | \$ 16,756 | | | \$ 16,421 | \$ 68,290 |

* Non-Add, Included in Operating Revenue

Note: Totals May Not Add Due to Rounding

| (\$ Millions) | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | FY 2005 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| FIRST-CLASS MAIL | | | | | | | | | | | | | |
| First-Class Letters & Flats | 2,776.1 | 2,767.6 | 3,422.5 | 2,990.2 | 2,609.6 | 2,953.8 | 2,812.5 | 2,727.9 | 2,868.0 | 2,717.2 | 2,710.8 | 2,676.2 | 34,032.3 |
| -- Single-Piece | 1,610.4 | 1,598.8 | 2,178.3 | 1,656.4 | 1,499.8 | 1,766.5 | 1,658.9 | 1,599.5 | 1,694.5 | 1,584.9 | 1,563.9 | 1,587.6 | 19,999.6 |
| -- Workshared (Nonautomated Presort) | 1,165.7 | 1,168.9 | 1,244.2 | 1,333.8 | 1,109.7 | 1,187.3 | 1,153.6 | 1,128.5 | 1,173.5 | 1,132.3 | 1,146.8 | 1,088.5 | 14,032.8 |
| (Automated) | 61.5 | 62.8 | 64.9 | 71.8 | 61.3 | 64.6 | 62.2 | 60.2 | 66.2 | 59.8 | 61.4 | 60.4 | 757.2 |
| First-Class Cards | 1,104.1 | 1,106.0 | 1,179.2 | 1,262.0 | 1,048.4 | 1,122.7 | 1,091.4 | 1,068.3 | 1,107.3 | 1,072.5 | 1,085.5 | 1,028.1 | 13,275.6 |
| -- Single-Piece Cards | 98.6 | 103.6 | 93.5 | 97.0 | 83.1 | 100.7 | 94.3 | 87.9 | 101.4 | 89.5 | 91.2 | 97.0 | 1,137.9 |
| -- Workshared Cards | 55.2 | 56.9 | 46.4 | 50.4 | 43.7 | 56.9 | 51.8 | 47.6 | 53.1 | 46.5 | 48.1 | 54.9 | 611.5 |
| (Nonautomated Presort Cards) | 43.4 | 46.7 | 47.1 | 46.6 | 39.5 | 43.8 | 42.5 | 40.3 | 48.3 | 42.9 | 43.0 | 42.1 | 526.4 |
| (Automated Cards) | 7.0 | 7.0 | 7.3 | 6.3 | 5.8 | 7.9 | 6.1 | 5.9 | 8.3 | 6.4 | 6.9 | 6.6 | 81.4 |
| (First-Class Mailing Fees) | 36.4 | 39.7 | 39.8 | 40.3 | 33.7 | 35.9 | 36.4 | 34.5 | 40.0 | 36.5 | 36.2 | 35.6 | 445.0 |
| TOTAL FIRST-CLASS MAIL | 2,895.8 | 2,896.6 | 3,543.2 | 3,111.5 | 2,711.7 | 3,077.8 | 2,930.0 | 2,836.3 | 2,992.1 | 2,827.4 | 2,823.5 | 2,795.1 | 35,441.0 |
| Priority Mail | 331.7 | 354.8 | 557.4 | 331.9 | 335.8 | 378.7 | 348.1 | 315.4 | 341.8 | 290.9 | 332.2 | 314.0 | 4,232.5 |
| (Priority Mail Fees) | 0.2 | 0.2 | 0.3 | 0.2 | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 2.8 |
| Total Priority Mail | 331.9 | 355.0 | 557.7 | 332.1 | 336.1 | 378.9 | 348.3 | 315.6 | 342.1 | 291.1 | 332.4 | 314.2 | 4,235.3 |
| Express Mail | 65.6 | 63.9 | 87.5 | 66.8 | 68.2 | 77.4 | 71.1 | 69.9 | 75.8 | 66.1 | 72.4 | 67.6 | 852.3 |
| Mailgrams | 0.0 | 0.1 | 0.0 | 0.1 | 0.1 | 0.0 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.6 |
| PERIODICAL MAIL | | | | | | | | | | | | | |
| In County | 5.5 | 5.8 | 5.8 | 4.8 | 5.4 | 5.3 | 5.3 | 5.3 | 5.9 | 5.3 | 5.6 | 5.2 | 65.1 |
| Regular | 150.3 | 146.7 | 146.9 | 123.9 | 140.6 | 151.7 | 144.2 | 128.8 | 151.9 | 125.3 | 130.9 | 141.4 | 1,682.5 |
| Special Nonprofit | 30.0 | 26.3 | 28.5 | 27.0 | 30.6 | 31.2 | 29.4 | 25.7 | 27.9 | 22.3 | 30.8 | 25.4 | 335.1 |
| Classroom | 2.1 | 1.1 | 1.3 | 1.1 | 1.2 | 1.5 | 2.1 | 0.8 | 0.7 | 0.7 | 1.6 | 1.0 | 15.4 |
| (Periodical Mailing Fees) | 1.7 | 1.6 | 1.6 | 1.7 | 1.4 | 1.8 | 1.6 | 1.7 | 1.5 | 1.5 | 1.6 | 1.5 | 19.1 |
| Total Periodical Mail | 189.6 | 181.5 | 184.0 | 158.5 | 179.2 | 191.5 | 182.6 | 162.3 | 188.0 | 155.0 | 170.4 | 174.5 | 2,117.1 |
| STANDARD MAIL | | | | | | | | | | | | | |
| Regular Rate Bulk | 1,616.5 | 1,467.1 | 1,328.6 | 1,318.5 | 1,273.7 | 1,502.9 | 1,437.7 | 1,363.6 | 1,366.7 | 1,244.4 | 1,443.4 | 1,486.3 | 16,849.2 |
| Regular | 1,072.6 | 973.4 | 892.6 | 940.1 | 872.0 | 1,050.3 | 999.9 | 964.0 | 965.3 | 864.7 | 999.2 | 1,022.7 | 11,616.9 |
| -- Nonautomated Rglr | 117.9 | 110.9 | 105.9 | 102.4 | 95.2 | 115.5 | 116.3 | 109.6 | 105.5 | 98.4 | 110.2 | 110.0 | 1,297.8 |
| -- Automated Rglr | 954.7 | 862.5 | 786.7 | 837.7 | 776.8 | 934.8 | 883.6 | 854.4 | 859.9 | 766.3 | 889.0 | 912.7 | 10,319.0 |
| Enhanced Carrier-Route | 543.9 | 493.7 | 436.0 | 378.4 | 401.7 | 452.5 | 437.8 | 399.6 | 401.4 | 379.7 | 444.2 | 463.5 | 5,232.3 |
| -- Nonautomated ECR | 515.9 | 467.2 | 409.2 | 354.7 | 380.8 | 426.8 | 415.2 | 375.8 | 378.0 | 357.7 | 420.3 | 436.9 | 4,938.4 |
| -- Automated ECR | 28.0 | 26.5 | 26.8 | 23.6 | 20.9 | 25.7 | 22.6 | 23.8 | 23.4 | 22.1 | 23.8 | 26.7 | 294.0 |
| Nonprofit Rate Bulk | 184.3 | 180.5 | 168.2 | 144.2 | 138.0 | 157.6 | 137.3 | 133.2 | 129.9 | 120.8 | 155.9 | 175.1 | 1,824.9 |
| Nonprofit | 157.7 | 159.2 | 143.8 | 123.7 | 120.7 | 136.3 | 117.7 | 116.1 | 112.7 | 104.0 | 133.2 | 153.3 | 1,578.5 |
| -- Nonautomated (NP) | 31.4 | 31.4 | 30.6 | 23.6 | 24.7 | 27.8 | 25.0 | 22.3 | 20.9 | 19.4 | 25.0 | 28.9 | 311.0 |
| -- Automated (NP) | 126.3 | 127.8 | 113.3 | 100.1 | 96.0 | 108.5 | 92.8 | 93.8 | 91.7 | 84.6 | 108.2 | 124.4 | 1,267.4 |
| Nonprofit ECR | 26.6 | 21.3 | 24.3 | 20.5 | 17.3 | 21.4 | 19.6 | 17.1 | 17.2 | 16.7 | 22.7 | 21.7 | 246.4 |
| -- Nonautomated (NP ECR) | 24.5 | 19.6 | 22.9 | 18.9 | 16.0 | 19.9 | 18.4 | 15.6 | 15.8 | 15.6 | 20.9 | 20.1 | 228.3 |
| -- Automated (NP ECR) | 2.1 | 1.7 | 1.4 | 1.6 | 1.3 | 1.5 | 1.1 | 1.5 | 1.4 | 1.1 | 1.8 | 1.6 | 18.1 |
| (Standard Mailing Fees) | 7.6 | 9.8 | 13.3 | 10.7 | 7.7 | 8.0 | 8.8 | 8.0 | 8.0 | 8.0 | 9.1 | 9.7 | 108.6 |
| Total Standard Mail | 1,808.3 | 1,657.4 | 1,510.0 | 1,473.3 | 1,419.3 | 1,668.5 | 1,583.8 | 1,504.8 | 1,504.6 | 1,373.2 | 1,608.4 | 1,671.0 | 18,782.6 |

Note: Totals May Not Add Due to Rounding

| (\$ Millions) | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | FY 2005 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| Parcel Post | 97.3 | 113.6 | 181.4 | 97.4 | 88.0 | 97.1 | 89.9 | 86.5 | 92.9 | 85.6 | 101.4 | 93.7 | 1,224.7 |
| Bound Printed Matter | 48.9 | 45.0 | 56.2 | 53.1 | 48.6 | 52.9 | 41.9 | 38.9 | 48.6 | 51.2 | 56.5 | 56.5 | 598.3 |
| Media Mail | 28.0 | 30.9 | 33.2 | 29.0 | 26.9 | 31.2 | 28.2 | 28.3 | 30.7 | 27.5 | 30.3 | 32.8 | 357.1 |
| Library Rate | 2.7 | 3.0 | 2.5 | 2.5 | 2.3 | 3.1 | 2.9 | 2.4 | 2.4 | 2.5 | 2.4 | 2.6 | 31.3 |
| (Package Services Mailing Fees) | 0.2 | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.3 | 2.7 |
| Total Package Services Mail | 177.1 | 192.7 | 273.5 | 182.3 | 166.0 | 184.5 | 163.1 | 156.3 | 174.8 | 167.0 | 190.7 | 185.9 | 2,214.0 |
| Total Domestic Mail | 5,468.4 | 5,347.3 | 6,155.9 | 5,324.7 | 4,880.6 | 5,578.7 | 5,279.0 | 5,045.2 | 5,277.3 | 4,875.9 | 5,201.9 | 5,208.3 | 63,643.0 |
| International Mail | 102.6 | 118.5 | 176.4 | 114.8 | 122.1 | 124.2 | 109.2 | 115.8 | 112.3 | 109.1 | 125.1 | 112.4 | 1,442.4 |
| (International Fees) | 2.5 | 2.6 | 2.1 | 2.4 | 3.0 | 1.8 | 2.9 | 2.4 | 2.2 | 1.3 | 1.4 | 4.9 | 29.7 |
| (Terminal Dues) | 29.4 | 23.1 | 18.5 | 27.3 | 25.2 | 17.9 | 29.1 | 9.2 | 35.5 | 29.5 | 28.9 | 4.7 | 278.4 |
| Total International Mail | 134.5 | 144.2 | 197.0 | 144.6 | 150.4 | 144.0 | 141.2 | 127.4 | 150.0 | 139.9 | 155.4 | 122.0 | 1,750.5 |
| TOTAL MAIL | 5,602.9 | 5,491.5 | 6,352.8 | 5,469.2 | 5,030.9 | 5,722.6 | 5,420.2 | 5,172.5 | 5,427.4 | 5,019.7 | 5,353.3 | 5,330.4 | 65,393.5 |
| Serv. & Fees | 186.3 | 185.6 | 213.2 | 195.7 | 188.2 | 214.1 | 204.4 | 191.9 | 219.7 | 194.1 | 197.7 | 221.8 | 2,412.7 |
| Miscellaneous & Other Revenue | 48.0 | 13.6 | 52.2 | 49.4 | 32.7 | 32.0 | 39.9 | 40.0 | 25.0 | 24.3 | 32.3 | 32.3 | 421.7 |
| Appropriations | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 | 61.7 |
| Total Operating Revenue * | 5,842.3 | 5,695.9 | 6,623.4 | 5,719.5 | 5,256.9 | 5,973.8 | 5,669.6 | 5,409.6 | 5,677.2 | 5,243.3 | 5,588.5 | 5,589.6 | 68,289.6 |
| Quarterly Totals | | | 18,162 | | | 16,950 | | | 16,756 | | | 16,421 | 68,289.6 |

* Monthly totals may vary from Attachment A. However, quarterly totals remain constant.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAYMAN
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T6-13. Please provide the USPS FY 2005 budget broken down by accounting period as used in the following schedules and pages of the Financial and Operating Statements filed each accounting period with the Commission.

- a. Highlights (page 1)
- b. Statement of Income & Expense (page 2)
- c. Revenue by Category (page 6)
- d. Expense Analysis (page 7)
- e. Analysis of Operating Expenses (page 8)
- f. Analysis of Non-Personnel Expenses (page 9)
- g. Work hours & Overtime/Sick Leave Ratios (page 14)

Response:

Attachments A through G provide the FY 2005 budget by months (accounting periods) based on the schedules and pages of the Financial and Operating Statements outlined above. One exception is noted. In part g, a sick leave ratio plan is requested. Although actual and prior year sick leave ratios are provided in the Financial and Operating Statements, planned sick leave ratios are not included and are not available. Also see my response to OCA/USPS-T6-12 for a description of the flexible budget process.

Highlights (FOS Page 1)

| (Millions) | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | FY 2005 |
|----------------------------|---------------|---------------|---------------|----------------|-----------------|----------------|----------------|-----------------|--------------|-----------------|-----------------|-----------------|-----------------|
| Total Revenue | \$ 5,845 | \$ 5,700 | \$ 6,626 | \$ 5,723 | \$ 5,259 | \$ 5,979 | \$ 5,675 | \$ 5,414 | \$ 5,684 | \$ 5,249 | \$ 5,594 | \$ 5,592 | \$ 68,340 |
| Total Expenses | <u>5,535</u> | <u>5,520</u> | <u>6,192</u> | <u>5,795</u> | <u>5,372</u> | <u>6,001</u> | <u>5,691</u> | <u>5,629</u> | <u>5,652</u> | <u>5,492</u> | <u>5,841</u> | <u>5,813</u> | <u>68,532</u> |
| Net Income/(Loss) | <u>\$ 310</u> | <u>\$ 180</u> | <u>\$ 434</u> | <u>\$ (72)</u> | <u>\$ (113)</u> | <u>\$ (22)</u> | <u>\$ (16)</u> | <u>\$ (215)</u> | <u>\$ 32</u> | <u>\$ (242)</u> | <u>\$ (247)</u> | <u>\$ (222)</u> | <u>\$ (192)</u> |
| Capital Commitments | \$ 63 | \$ 44 | \$ 418 | \$ 125 | \$ 144 | \$ 79 | \$ 63 | \$ 155 | \$ 315 | \$ 94 | \$ 1,449 | \$ 327 | \$ 3,276 |
| Total Workhours | 121.0 | 117.4 | 133.7 | 117.9 | 110.8 | 126.9 | 120.8 | 118.0 | 119.2 | 115.6 | 124.1 | 119.9 | 1,445.4 |

Note: Totals May Not Add Due to Rounding

Statement of Income and Expenses (FOS Page 2)

| <i>(\$ Millions)</i> | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | FY 2005 |
|--|-----------------|-----------------|-----------------|------------------|-------------------|------------------|------------------|-------------------|----------------|-------------------|-------------------|-------------------|-------------------|
| Operating Revenue | \$ 5,842.3 | \$ 5,697.4 | \$ 6,622.6 | \$ 5,719.4 | \$ 5,255.5 | \$ 5,975.2 | \$ 5,669.5 | \$ 5,408.7 | \$ 5,678.1 | \$ 5,243.8 | \$ 5,588.5 | \$ 5,588.6 | \$ 68,289.6 |
| Operating Expenses | <u>5,514.9</u> | <u>5,501.2</u> | <u>6,173.7</u> | <u>5,776.6</u> | <u>5,353.7</u> | <u>5,982.9</u> | <u>5,672.3</u> | <u>5,610.8</u> | <u>5,633.3</u> | <u>5,473.1</u> | <u>5,822.7</u> | <u>5,793.7</u> | <u>68,308.9</u> |
| Income/(Loss) from Operations | 327.4 | 196.2 | 448.9 | (57.2) | (98.2) | (7.7) | (2.8) | (202.1) | 44.8 | (229.3) | (234.1) | (205.0) | (19.2) |
| Investment Income | 2.3 | 2.7 | 3.2 | 3.6 | 3.9 | 4.3 | 5.4 | 5.7 | 5.5 | 5.7 | 5.2 | 3.1 | 50.4 |
| Interest Expense | 1.7 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 1.5 | 6.4 |
| Interest on Deferred Retirement Obligations | <u>18.1</u> | <u>18.1</u> | <u>18.1</u> | <u>18.1</u> | <u>18.1</u> | <u>18.1</u> | <u>18.1</u> | <u>18.1</u> | <u>18.1</u> | <u>18.1</u> | <u>18.1</u> | <u>18.1</u> | <u>217.2</u> |
| Net Income/(Loss) | <u>\$ 309.9</u> | <u>\$ 180.5</u> | <u>\$ 433.7</u> | <u>\$ (72.0)</u> | <u>\$ (112.7)</u> | <u>\$ (21.8)</u> | <u>\$ (15.9)</u> | <u>\$ (214.9)</u> | <u>\$ 31.9</u> | <u>\$ (242.0)</u> | <u>\$ (247.3)</u> | <u>\$ (221.6)</u> | <u>\$ (192.3)</u> |

Note: Totals May Not Add Due to Rounding

Revenue by Category (FOS Page 6)

(\$ Millions)

| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | FY 2005 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| Permit Imprint | \$ 2,615.1 | \$ 2,496.1 | \$ 2,493.5 | \$ 2,428.5 | \$ 2,251.6 | \$ 2,566.0 | \$ 2,444.4 | \$ 2,342.7 | \$ 2,405.1 | \$ 2,269.6 | \$ 2,470.5 | \$ 2,487.7 | \$ 29,270.9 |
| Other Commercial Revenue | <u>1,863.2</u> | <u>1,763.5</u> | <u>1,915.3</u> | <u>1,911.6</u> | <u>1,674.1</u> | <u>1,924.7</u> | <u>1,841.7</u> | <u>1,747.3</u> | <u>1,868.0</u> | <u>1,699.8</u> | <u>1,769.5</u> | <u>1,756.0</u> | <u>21,734.8</u> |
| Total Commercial Revenue | 4,478.3 | 4,259.7 | 4,408.8 | 4,340.1 | 3,925.8 | 4,490.7 | 4,286.1 | 4,090.0 | 4,273.1 | 3,969.4 | 4,239.9 | 4,243.7 | 51,005.7 |
| Retail Postage | 1,052.9 | 1,128.3 | 1,764.4 | 1,055.9 | 1,023.3 | 1,148.4 | 1,084.0 | 1,016.0 | 1,091.8 | 976.0 | 1,021.4 | 1,029.4 | 13,391.8 |
| Retail Services | 89.4 | 88.1 | 127.5 | 93.8 | 88.0 | 99.9 | 92.5 | 87.0 | 104.6 | 89.2 | 89.3 | 89.1 | 1,138.4 |
| Retail Products | 10.8 | 11.4 | 30.2 | 14.3 | 12.0 | 12.3 | 12.2 | 12.1 | 13.3 | 12.9 | 13.8 | 10.4 | 165.7 |
| Other Retail Channels | <u>160.1</u> | <u>164.1</u> | <u>244.0</u> | <u>168.8</u> | <u>163.6</u> | <u>188.2</u> | <u>169.9</u> | <u>156.0</u> | <u>171.0</u> | <u>157.6</u> | <u>159.5</u> | <u>180.0</u> | <u>2,082.9</u> |
| Total Retail Revenue | 1,313.2 | 1,391.9 | 2,166.0 | 1,332.9 | 1,286.9 | 1,448.8 | 1,358.7 | 1,271.0 | 1,380.7 | 1,235.7 | 1,284.0 | 1,309.0 | 16,778.8 |
| Total Commercial and Retail Revenue | 5,791.5 | 5,651.6 | 6,574.8 | 5,672.9 | 5,212.6 | 5,939.5 | 5,644.8 | 5,361.1 | 5,653.8 | 5,205.1 | 5,523.9 | 5,552.7 | 67,784.5 |
| Other Income | 45.6 | 40.7 | 42.7 | 41.3 | 37.7 | 30.5 | 19.6 | 42.5 | 19.1 | 33.5 | 59.5 | 30.8 | 443.5 |
| Appropriations | <u>5.1</u> | <u>5.1</u> | <u>5.1</u> | <u>5.1</u> | <u>5.1</u> | <u>5.1</u> | <u>5.1</u> | <u>5.1</u> | <u>5.1</u> | <u>5.1</u> | <u>5.1</u> | <u>5.1</u> | <u>61.7</u> |
| Total Operating Revenue | 5,842.3 | 5,697.4 | 6,622.6 | 5,719.4 | 5,255.5 | 5,975.2 | 5,669.5 | 5,408.7 | 5,678.1 | 5,243.8 | 5,588.5 | 5,588.6 | 68,289.6 |
| Investment Income | <u>2.3</u> | <u>2.7</u> | <u>3.2</u> | <u>3.6</u> | <u>3.9</u> | <u>4.3</u> | <u>5.4</u> | <u>5.7</u> | <u>5.5</u> | <u>5.7</u> | <u>5.2</u> | <u>3.1</u> | <u>50.4</u> |
| Total Revenue | <u>\$ 5,845</u> | <u>\$ 5,700</u> | <u>\$ 6,626</u> | <u>\$ 5,723</u> | <u>\$ 5,259</u> | <u>\$ 5,979</u> | <u>\$ 5,675</u> | <u>\$ 5,414</u> | <u>\$ 5,684</u> | <u>\$ 5,249</u> | <u>\$ 5,594</u> | <u>\$ 5,592</u> | <u>\$ 68,340</u> |

Note: Totals May Not Add Due to Rounding

Expense Analysis (FOS Page 7)

| <i>(\$ Millions)</i> | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | FY 2005 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Personnel Compensation | \$ 4,447.0 | \$ 4,330.9 | \$ 4,848.5 | \$ 4,457.4 | \$ 4,137.7 | \$ 4,715.7 | \$ 4,482.3 | \$ 4,442.7 | \$ 4,530.5 | \$ 4,379.1 | \$ 4,697.5 | \$ 4,593.1 | \$ 54,062.3 |
| Non-Personnel Expense | | | | | | | | | | | | | |
| Transportation | 403.2 | 390.9 | 536.7 | 478.3 | 409.3 | 427.6 | 406.1 | 427.7 | 392.8 | 407.3 | 424.4 | 411.8 | 5,116.1 |
| Supplies and Services | 174.0 | 203.6 | 227.4 | 256.8 | 225.5 | 222.4 | 210.9 | 233.2 | 203.0 | 176.0 | 215.7 | 314.7 | 2,663.3 |
| Other | <u>490.7</u> | <u>575.8</u> | <u>561.1</u> | <u>584.1</u> | <u>581.2</u> | <u>617.2</u> | <u>573.1</u> | <u>507.2</u> | <u>507.0</u> | <u>510.7</u> | <u>485.1</u> | <u>474.0</u> | <u>6,467.2</u> |
| Subtotal | <u>1,067.9</u> | <u>1,170.3</u> | <u>1,325.2</u> | <u>1,319.2</u> | <u>1,216.0</u> | <u>1,267.2</u> | <u>1,190.0</u> | <u>1,168.1</u> | <u>1,102.8</u> | <u>1,094.1</u> | <u>1,125.2</u> | <u>1,200.6</u> | <u>14,246.6</u> |
| Total Operating Expense | <u>5,514.9</u> | <u>5,501.2</u> | <u>6,173.7</u> | <u>5,776.6</u> | <u>5,353.7</u> | <u>5,982.9</u> | <u>5,672.3</u> | <u>5,610.8</u> | <u>5,633.3</u> | <u>5,473.1</u> | <u>5,822.7</u> | <u>5,793.7</u> | <u>68,308.9</u> |
| Interest Expense | 1.7 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 1.5 | 6.4 |
| Interest on Deferred Retirement Obligations | <u>18.1</u> | <u>18.1</u> | <u>18.1</u> | <u>18.1</u> | <u>18.1</u> | <u>18.1</u> | <u>18.1</u> | <u>18.1</u> | <u>18.1</u> | <u>18.1</u> | <u>18.1</u> | <u>18.1</u> | <u>217.2</u> |
| Total Expense | <u>\$ 5,534.7</u> | <u>\$ 5,519.7</u> | <u>\$ 6,192.1</u> | <u>\$ 5,795.0</u> | <u>\$ 5,372.1</u> | <u>\$ 6,001.3</u> | <u>\$ 5,690.8</u> | <u>\$ 5,629.2</u> | <u>\$ 5,651.7</u> | <u>\$ 5,491.5</u> | <u>\$ 5,841.1</u> | <u>\$ 5,813.3</u> | <u>\$ 68,532.4</u> |

Note: Totals May Not Add Due to Rounding

Analysis of Operating Expenses (FOS Page 8)

| (\$ Millions) | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | FY 2005 |
|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------|
| Operations | | | | | | | | | | | | | |
| -Support | \$ 31.6 | \$ 31.6 | \$ 32.8 | \$ 33.1 | \$ 31.0 | \$ 37.4 | \$ 33.8 | \$ 34.8 | \$ 36.7 | \$ 33.0 | \$ 37.9 | \$ 35.0 | \$ 408.7 |
| -Mail Processing | 963.5 | 937.2 | 1,096.6 | 970.1 | 884.5 | 987.9 | 934.6 | 934.6 | 913.2 | 904.5 | 950.5 | 944.5 | 11,421.6 |
| -Rural Delivery | 405.3 | 395.1 | 454.2 | 407.7 | 382.7 | 454.2 | 435.3 | 425.3 | 445.6 | 428.9 | 462.9 | 436.8 | 5,134.0 |
| -City Delivery | 1,354.8 | 1,335.5 | 1,477.2 | 1,352.8 | 1,251.1 | 1,450.1 | 1,382.5 | 1,350.8 | 1,398.6 | 1,346.7 | 1,460.2 | 1,388.4 | 16,548.6 |
| -Vehicle Services | 97.6 | 95.9 | 108.5 | 98.3 | 91.4 | 106.2 | 99.0 | 98.2 | 100.2 | 95.5 | 102.7 | 97.5 | 1,191.1 |
| -Plant & Equip Maint | 254.4 | 246.3 | 268.3 | 254.3 | 235.9 | 273.6 | 255.8 | 254.0 | 256.8 | 245.8 | 265.5 | 254.3 | 3,065.0 |
| -Customer Services | 653.4 | 642.1 | 742.6 | 654.8 | 609.2 | 702.8 | 660.8 | 654.3 | 682.5 | 651.6 | 708.4 | 676.3 | 8,038.7 |
| Finance | 19.0 | 18.8 | 19.6 | 19.7 | 18.5 | 22.2 | 19.6 | 19.6 | 20.6 | 19.2 | 21.8 | 20.2 | 238.8 |
| Human Resources | 29.8 | 29.6 | 30.4 | 30.7 | 28.7 | 34.4 | 31.3 | 33.1 | 34.4 | 31.9 | 36.2 | 33.8 | 384.2 |
| Customer Service & Sales | 43.1 | 42.7 | 44.0 | 43.2 | 40.2 | 47.8 | 44.3 | 44.3 | 46.6 | 42.8 | 48.6 | 46.2 | 533.7 |
| Administration Field | 199.5 | 196.3 | 215.4 | 202.1 | 190.6 | 226.0 | 214.1 | 213.8 | 223.8 | 208.1 | 229.8 | 213.6 | 2,533.3 |
| Other Salaries & Benefits | 151.8 | 115.9 | 117.7 | 117.7 | 117.3 | 119.3 | 117.2 | 117.8 | 118.5 | 117.1 | 118.5 | 206.5 | 1,535.2 |
| Total Salaries and Benefits | 4,203.9 | 4,087.0 | 4,607.3 | 4,184.5 | 3,881.0 | 4,461.8 | 4,228.4 | 4,180.6 | 4,277.4 | 4,124.9 | 4,443.0 | 4,353.1 | 51,032.9 |
| Workers Compensation | 107.9 | 107.9 | 107.9 | 104.9 | 104.9 | 104.9 | 104.9 | 104.9 | 104.9 | 104.9 | 104.9 | 87.6 | 1,250.4 |
| Unemployment Compensation | 4.5 | 4.5 | 4.5 | 5.4 | 5.4 | 5.5 | 4.8 | 4.8 | 4.7 | 6.0 | 6.0 | 6.1 | 62.2 |
| Deferred Retirement | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 22.8 |
| Annuitant Health Benefits | 115.7 | 115.7 | 115.7 | 129.7 | 129.7 | 129.7 | 129.7 | 129.7 | 129.7 | 129.7 | 129.7 | 129.7 | 1,514.0 |
| Other Compensation | 13.1 | 13.9 | 11.2 | 31.0 | 14.8 | 12.0 | 12.7 | 20.9 | 11.9 | 11.7 | 12.0 | 14.8 | 180.1 |
| Total Personnel Compensation | <u>\$ 4,447.0</u> | <u>\$ 4,330.9</u> | <u>\$ 4,848.5</u> | <u>\$ 4,457.4</u> | <u>\$ 4,137.7</u> | <u>\$ 4,715.7</u> | <u>\$ 4,482.3</u> | <u>\$ 4,442.7</u> | <u>\$ 4,530.5</u> | <u>\$ 4,379.1</u> | <u>\$ 4,697.5</u> | <u>\$ 4,593.2</u> | <u>\$ 54,062.4</u> |

Note: Totals May Not Add Due to Rounding

Analysis of Non Personnel Expenses (FOS Page 9)

| (\$ Millions) | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | FY 2005 |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Transportation | \$ 403.2 | \$ 390.9 | \$ 536.7 | \$ 478.3 | \$ 409.3 | \$ 427.6 | \$ 406.1 | \$ 427.7 | \$ 392.8 | \$ 407.3 | \$ 424.4 | \$ 411.8 | \$ 5,116.1 |
| Supplies and Services | 174.0 | 203.6 | 227.4 | 256.8 | 225.5 | 222.4 | 210.9 | 233.2 | 203.0 | 176.0 | 215.7 | 314.7 | 2,663.3 |
| Depreciation | 164.5 | 171.7 | 178.9 | 183.1 | 182.1 | 181.4 | 183.3 | 186.8 | 177.1 | 178.2 | 179.5 | 174.4 | 2,140.9 |
| Rent | 82.6 | 88.3 | 92.5 | 88.0 | 89.2 | 86.6 | 86.8 | 83.9 | 84.8 | 86.9 | 84.8 | 87.9 | 1,042.3 |
| Utilities and Heating Fuel | 39.4 | 43.9 | 45.0 | 48.0 | 51.7 | 59.1 | 42.5 | 42.5 | 44.8 | 43.4 | 49.5 | 55.1 | 564.9 |
| Rural Carrier Equip Maint | 49.2 | 34.5 | 37.1 | 34.5 | 36.2 | 35.9 | 54.1 | 38.5 | 37.1 | 37.4 | 38.0 | 53.4 | 485.8 |
| Vehicle Maintenance | 37.7 | 42.6 | 53.0 | 42.1 | 43.3 | 54.0 | 39.3 | 41.1 | 44.6 | 36.2 | 39.1 | 41.6 | 514.6 |
| Information Technology | 42.1 | 69.3 | 42.9 | 25.4 | 27.1 | 30.0 | 34.1 | 34.2 | 34.5 | 48.2 | 61.6 | 81.8 | 531.2 |
| Building Projects Expensed | 12.5 | 16.7 | 21.7 | 17.3 | 18.7 | 17.0 | 18.4 | 16.6 | 18.9 | 19.4 | 19.6 | 23.4 | 220.2 |
| Contract Job Cleaners | 7.1 | 7.3 | 7.5 | 7.6 | 6.7 | 7.3 | 7.2 | 7.1 | 7.3 | 6.9 | 7.3 | 7.5 | 86.8 |
| Travel & Relocation | 13.9 | 15.9 | 16.5 | 14.3 | 21.1 | 18.4 | 18.3 | 22.3 | 15.4 | 14.7 | 18.6 | 19.8 | 209.2 |
| Communications | 16.2 | 19.1 | 18.7 | 18.4 | 18.6 | 19.9 | 18.9 | 19.0 | 19.0 | 18.6 | 19.6 | 24.0 | 230.1 |
| Contract Stations | 6.2 | 5.8 | 7.0 | 6.9 | 6.0 | 7.1 | 6.5 | 6.7 | 6.6 | 6.8 | 6.7 | 7.3 | 79.7 |
| Printing | 2.0 | 2.7 | 2.8 | 2.3 | 2.4 | 3.1 | 2.5 | 2.5 | 2.4 | 2.8 | 2.4 | 3.6 | 31.3 |
| Training | 4.8 | 5.1 | 6.0 | 5.3 | 5.7 | 7.1 | 6.1 | 5.8 | 6.0 | 5.5 | 6.1 | 7.3 | 70.9 |
| Carfare and tolls | 2.7 | 2.8 | 3.0 | 3.1 | 2.9 | 3.8 | 2.9 | 2.9 | 2.8 | 2.8 | 3.0 | 3.7 | 36.4 |
| Vehicle hire | 1.4 | 1.5 | 1.5 | 1.7 | 1.9 | 1.8 | 1.5 | 1.3 | 1.3 | 1.2 | 1.3 | 1.7 | 18.1 |
| Accident Costs | 3.5 | 3.6 | 4.3 | 4.7 | 3.7 | 4.3 | 3.2 | 4.0 | 5.5 | 5.4 | 5.2 | 6.0 | 53.6 |
| Miscellaneous Exp | 24.8 | 45.0 | 22.4 | 61.6 | 63.9 | 80.4 | 47.4 | (8.0) | (1.1) | (3.8) | (57.1) | (124.4) | 151.2 |
| Total Non-Personnel Expenses | <u>\$ 1,087.9</u> | <u>\$ 1,170.3</u> | <u>\$ 1,325.2</u> | <u>\$ 1,299.2</u> | <u>\$ 1,216.0</u> | <u>\$ 1,267.2</u> | <u>\$ 1,190.0</u> | <u>\$ 1,168.1</u> | <u>\$ 1,102.8</u> | <u>\$ 1,094.1</u> | <u>\$ 1,125.2</u> | <u>\$ 1,200.6</u> | <u>\$ 14,246.6</u> |

Note: Totals May Not Add Due to Rounding

Total Workhours (FOS Page 14)

| (Thousands) | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | FY 2005 |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| -Support | 751 | 731 | 765 | 744 | 712 | 854 | 778 | 792 | 818 | 742 | 847 | 792 | 9,324 |
| -Mail Processing | 28,235 | 27,497 | 32,912 | 27,626 | 25,494 | 28,275 | 26,811 | 26,655 | 25,684 | 25,541 | 26,775 | 26,970 | 328,476 |
| -Rural Delivery | 14,346 | 13,877 | 15,918 | 14,035 | 13,279 | 15,628 | 15,126 | 14,611 | 15,130 | 14,632 | 15,787 | 14,814 | 177,183 |
| -City Delivery | 38,799 | 37,643 | 41,754 | 37,521 | 35,274 | 40,783 | 39,027 | 37,638 | 38,506 | 37,336 | 40,223 | 38,372 | 462,875 |
| -Vehicle Services | 2,660 | 2,574 | 2,926 | 2,607 | 2,456 | 2,852 | 2,664 | 2,610 | 2,616 | 2,512 | 2,681 | 2,578 | 31,738 |
| -Plant & Equip Maint | 7,020 | 6,691 | 7,286 | 6,795 | 6,413 | 7,387 | 6,950 | 6,864 | 6,834 | 6,600 | 7,113 | 6,885 | 82,837 |
| -Customer Services | 19,149 | 18,624 | 21,726 | 18,741 | 17,717 | 20,307 | 19,126 | 18,645 | 19,113 | 18,373 | 19,880 | 19,243 | 230,643 |
| Finance | 464 | 452 | 474 | 461 | 443 | 530 | 483 | 486 | 501 | 469 | 528 | 498 | 5,790 |
| Human Resources | 724 | 703 | 729 | 709 | 675 | 806 | 734 | 760 | 775 | 724 | 816 | 769 | 8,924 |
| Customer Service & Sales | 1,164 | 1,126 | 1,172 | 1,136 | 1,075 | 1,270 | 1,176 | 1,155 | 1,189 | 1,105 | 1,245 | 1,192 | 14,007 |
| Administration Field | 5,442 | 5,316 | 5,868 | 5,291 | 5,084 | 6,008 | 5,729 | 5,582 | 5,757 | 5,399 | 5,958 | 5,547 | 66,981 |
| Other | 2,232 | 2,180 | 2,214 | 2,197 | 2,178 | 2,239 | 2,210 | 2,224 | 2,239 | 2,208 | 2,245 | 2,229 | 26,596 |
| All Workhours | <u>120,986</u> | <u>117,414</u> | <u>133,744</u> | <u>117,864</u> | <u>110,802</u> | <u>126,940</u> | <u>120,813</u> | <u>118,022</u> | <u>119,162</u> | <u>115,640</u> | <u>124,098</u> | <u>119,889</u> | <u>1,445,372</u> |
| OT Percentage | 8.1% | 8.6% | 9.2% | 8.4% | 8.4% | 7.8% | 8.1% | 7.7% | 7.7% | 8.3% | 8.0% | 8.0% | 8.2% |

Note: Totals May Not Add Due to Rounding

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.

Scott L. Reiter

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
June 2, 2005