

USPS-T-3

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

PARCEL RETURN SERVICES

Docket No. MC2006-1

DIRECT TESTIMONY
OF
SAMUEL J. KOROMA
ON BEHALF OF
THE UNITED STATES POSTAL SERVICE

TABLE OF CONTENTS

	Page
AUTOBIOGRAPHICAL SKETCH.....	iii
I. PURPOSE AND SCOPE OF TESTIMONY	1
II. GUIDE TO TESTIMONY AND SUPPORTING DOCUMENTATION	1
III. OVERVIEW OF THE EXPERIMENTAL PRS.....	1
IV. THE PROPOSAL	3
A. Summary	3
B. Rationale to Retain Proposed Rates in R2005-1	3
V. PRICING AND RATE DESIGN	4
A. RDU Pricing and Rate Design	4
1. Regular-Sized Parcels	4
2. Oversized Parcels.....	5
B. RBMC Pricing and Rate Design	6
1. Regular-Sized Parcels	6
2. Oversized Parcels.....	6
VI. RATIONALE FOR PERMANENT CLASSIFICATION.....	7
A. Response to Experiment by Mailers	7
B. Expected Growth	7
C. Operational Results	7
VII. REVENUE, COST, AND VOLUME IMPLICATIONS	8
VIII. CLASSIFICATION CRITERIA	9
IX. DMCS CHANGES	11
ATTACHMENT: Workpapers WP-PRS-1 through 13	

1 AUTOBIOGRAPICAL SKETCH

2 My name is Samuel J. Koroma. I am an economist in Specialty Pricing,
3 Pricing and Classification, in the United States Postal Service Marketing
4 Department. I testified in Docket No. R2001-1 on the Postal Service's proposed
5 fee and classification changes for selected special services (USPS-T-37). I also
6 presented the Postal Service's proposal for a permanent Periodicals "Ride-Along"
7 classification in the same docket (USPS-T-44). My primary responsibilities have
8 included Parcel Post and other pricing issues. Most recently, I presented the
9 Postal Service's pricing and classification proposal in Docket No. MC2005-1
10 (USPS-T-4) for the experimental Premium Forwarding Service (PFS).

11 Prior to becoming a career postal employee, I worked in 1995 as an intern
12 and later as an economic analyst for the National Mail Transportation Purchasing
13 department of the United States Postal Service. My responsibilities included
14 conducting various economic studies on the respective modes of transportation.

15 I earned a Master of Arts degree in Economics from Howard University,
16 Washington, D.C., and also a Bachelor of Science degree in Economics from the
17 University of Sierra Leone.

1 I. PURPOSE AND SCOPE OF TESTIMONY

2 The purpose of my testimony is to present and support the Postal Service's
3 proposal for permanent classifications and rates for the Parcel Select portion of the
4 experimental Parcel Return Services (PRS).¹ The Postal Service proposes to make
5 permanent the experimental Return Bulk Mail Center (RBMC) and Return Delivery Unit
6 (RDU) classifications that provide commercial mailers the ability to pick up their returned
7 parcels in bulk, at a designated Bulk Mail Center (BMC) or a designated delivery unit.
8 The testimony will discuss the rationale for the classification changes, the
9 appropriateness of the proposed prices, the classification's potential impacts, and its
10 consistency with the statutory classification criteria.

11

12 II. GUIDE TO TESTIMONY AND SUPPORTING DOCUMENTATION

13 Attached to my testimony are my workpapers. My testimony relies on the cost
14 estimates presented by witness Miller (USPS-T-2), and the current PRS product
15 description and volume projections presented by witness Daniel (USPS-T-1).

16 In addition, this testimony relies on information previously presented to the Postal
17 Rate Commission in Docket No. R2005-1, which is referenced as necessary.

18

19 III OVERVIEW OF THE EXPERIMENT

20 The Postal Service developed Parcel Return Services (PRS) as a customer-
21 friendly and more efficient means for consumers to return parcels to mail-order retailers.

1 The two-year experiment was recommended by the Commission and was implemented
2 by the Postal Service on October 19, 2003. The experiment includes return services for
3 both Parcel Select and Bound Printed Matter. Under the experimental classifications,
4 commercial mailers or their third-party logistics providers participating in the experiment
5 can choose to receive bulk delivery of returned parcels at a designated delivery unit or
6 at a BMC. PRS was designed to be consistent with destination entry services provided
7 at delivery units or bulk mail centers, so that PRS returned parcels could be picked up
8 at the same facilities where outgoing packages are entered. As a result, some
9 participants may benefit from the increased efficiency of dropping off and picking up
10 parcels concurrently. The worksharing prices for PRS reflected the estimated net
11 savings resulting from avoidance of transportation and processing to the merchant's
12 return address.

13 As discussed in witness Daniel's testimony (USPS-T-1), only the Parcel Select
14 rate categories have been used by mailers. The Bound Printed Matter categories did
15 not garner any participation. As a result, no permanent return classification is being
16 requested for Bound Printed Matter.

¹ The proposed name for the permanent classification is Parcel Return Service (singular) rather than Parcel Return Services, which was used in the experiment, because it involved both Bound Printed Matter and Parcel Select.

1 IV. THE PROPOSAL

2 A. Summary

3 The Postal Service is proposing permanent classifications and rates for the
4 Parcel Select Return Services RBMC and RDU rate categories. These are found in
5 Attachments A and B to the Request. The Postal Service is proposing to maintain the
6 current rate structures, including flat-rate pricing for regular-sized RDU. The Postal
7 Service is also proposing the same prices that it proposed in the ongoing omnibus rate
8 case, Docket No. R2005-1. Accordingly, the specific rate proposed for regular-sized
9 RDU parcels is a flat price of \$2.11 (currently \$2.00) . Similarly, for RBMC parcels, the
10 proposed rates are generally 5.4 percent higher than the current prices.

11 B. Rationale for Maintaining the Rates Proposed in Docket No. R2005-1

12 The rates proposed in this case are those presented in Docket No. R2005-1 by
13 witness Taufique (USPS-T-28) and documented in Exhibit USPS-28A, Table 6. Those
14 rates represent a 5.4 percent increase over current rates, similar to the changes
15 proposed for other prices in the omnibus rate case. This approach would maintain
16 consistency between the permanent PRS rates and all other rates. It would also avoid
17 the disruption to the Postal Service and the mailers of potentially having the PRS rates
18 change twice within a short period, once as a result of the omnibus case and then again
19 as a result of this case.

20 I have analyzed and assessed the proposed rates using relevant portions of the
21 pricing methodology developed by witness Kiefer in Docket No. MC2003-2 and
22 considering the cost data filed by witness Miller in USPS-T-2 in this case. My
23 assessment concluded that the proposed pricing is reasonable in the context of the

1 specific history of, and data available for, PRS and the Postal Service's omnibus pricing
2 proposals. Subsequent omnibus filings will provide opportunities for a more typical
3 evaluation of all prices, including PRS pricing.

4

5 V. PRICING AND RATE DESIGN

6 As discussed in witness Daniel's testimony (USPS-T- 1), the RDU and the RBMC
7 categories are fundamentally different from each other. Therefore, the separate pricing
8 structures proposed by witness Kiefer in Docket No. MC2003-2 (USPS-T-3) and
9 recommended by the Commission remain appropriate for the permanent classifications
10 and rates proposed here.

11 A. RDU Pricing and Rate Design

12 1. Regular-sized Parcels

13 The proposed prices are \$2.11 for pieces of all weights and sizes, except
14 "oversized" parcels. The simplified unitary pricing approach for regular-sized RDU
15 parcels developed by witness Kiefer continues to be reasonable since there have been
16 no significant departures from what was expected in the original PRS filing. A flat rate
17 for RDU parcels avoids the complexities of weighing and rating each parcel.
18 Additionally, the absence of a transportation component and the minimal mail
19 processing involved in handling RDU pieces support the flat rate design. Such a rate
20 structure is also easier to communicate and understand from both the customer's and
21 Postal Service's perspective.

22 Estimates of transportation and non-transportation cost savings for RDU parcels
23 compared to the benchmark, Parcel Post Intra-BMC local parcels, were provided by

1 witness Miller (USPS-T-2). To evaluate the proposed prices, I calculated the average
2 per-piece savings for regular-sized RDU pieces, taking into account witness Miller's
3 average cubic feet per piece estimates for machinable and nonmachinable parcels. I
4 used the weight distribution of RBMC pieces to distribute RDU pieces (which do not
5 have a weight component) to weight increment. Then, using the proposed benchmark²
6 rates (local Intra-BMC rates), I estimated the revenue RDU pieces would have
7 generated if those benchmark rates applied. I then divided this total revenue by the
8 volume to get the revenue per piece for these RDU parcels (but at the Intra-BMC
9 prices). Next, I calculated the average savings per piece using cost savings estimates
10 from witness Miller, USPS-T-2. The results of these calculations are presented in
11 workpaper WP-PRS-6. The financial implications are shown in workpaper WP-PRS-13
12 and discussed in more detail in section VII.

13 2. Oversized Parcels

14 The proposed price for oversized RDU parcels is \$7.92. Oversized parcel cost
15 savings estimates from witness Miller were used to evaluate this price. These savings
16 calculations are shown in workpaper WP-PRS-8. The financial implications are shown
17 in workpaper WP-PRS-13 and discussed in more detail in section VII.

² The term "benchmark" is usually used in conjunction with costs, however, for simplification, I am using it in my testimony when referring to rates, as well.

1 B. RBMC Pricing and Rate Design

2 1. Regular-sized Parcels

3 The proposed RBMC prices are evaluated using cost savings estimates provided
4 by witness Miller (USPS-T-2) and witness Kiefer's methodology in Docket No.
5 MC2003-2, USPS-T-3.

6 Witness Miller (USPS-T-2) provides cost savings estimates for PRS in
7 comparison to zoned Intra-BMC Parcel Post. The cost differences are provided for
8 machinable and non-machinable parcels. Using current weight and zone distribution for
9 RBMC parcels from the experiment and the cost savings estimates for machinable and
10 nonmachinable parcels, I calculated the savings for machinable and nonmachinable
11 RBMC parcels separately for light/medium weight pieces (those rated from 1-35
12 pounds), heavier pieces (those rated over 35 pounds), and balloon rate pieces (see
13 WP-PRS-7). Also, using the proposed PRS prices, I calculated the revenue in
14 workpaper WP-PRS-11, and in workpaper WP-PRS-12 I subtracted the revenue that
15 would have been generated by the intra-BMC Parcel Post prices to determine the
16 revenue differential. The financial implications are shown in workpaper WP-PRS-13
17 and discussed in more detail in section VII.

18 2. Oversized parcels

19 The proposed prices for oversized RBMC parcels were evaluated using witness
20 Miller's (USPS-T-2) cost savings estimates for oversized RBMC parcels. These
21 calculations are shown in workpaper WP-PRS-8. The financial implications are shown
22 in workpaper WP-PRS-13 and discussed in more detail in section VII.

1 VI. RATIONALE FOR PERMANENT CLASSIFICATION

2 The experiment has yielded useful information that supports the establishment of
3 a permanent classification for Parcel Select RDU and RBMC. In particular, response
4 from customers has been favorable, volume is expected to grow, and the operational
5 results have been positive.

6 A. Response to Experiment by Mailers

7 Having recognized that an easy and convenient returns process contributes to
8 customers' loyalty and profitability, direct-to-customer commercial mailers are
9 increasingly soliciting the services of reverse logistics providers to handle their returns.
10 At the moment, there are two such providers participating in PRS; they represent many
11 end users. The number of participants is expected to grow along with an increasing
12 number of end users, as merchants try to optimize their return processes. See witness
13 Daniel's testimony (USPS-T-1) for a more complete description of the market response
14 to the experiment.

15 B. Expected Growth

16 PRS volume has doubled from the first year of the experiment to the second
17 year, and is projected to grow significantly in fiscal year (FY) 2006. See witness
18 Daniel's testimony (USPS-T-1), Section III, for a complete discussion on volume
19 projections.

20 C. Operational Results

21 During the experiment, the Postal Service made a few operational modifications
22 to improve ease of use for commercial mailers; it also simplified the product flow. As a
23 whole, the two-year experiment has shown PRS to be operationally feasible from both

1 the Postal Service's and the customers' perspectives. See witness Daniel's testimony
2 (USPS-T-1) for a more complete description of the operational results.

3

4 VII. REVENUE, COST AND VOLUME IMPLICATIONS

5 Witness Daniel (USPS-T-1) provides projected FY 2006 RBMC and RDU
6 volumes as follows:

7 RDU Pieces: 3.2 million

8 RBMC Pieces: 9.6 million

9 I used these volume projections in the calculation of the financial implications of
10 the proposed rates. In earlier sections, I described how I calculated the effective
11 revenue differential by comparing the proposed prices to the benchmark prices. The
12 revenue differentials generated from RDU and RBMC are \$4,197,467 and \$8,719,734,
13 respectively.³ I also described how I used witness Miller's unit cost savings estimates to
14 determine total savings estimates for RDU and RBMC. These estimated cost savings
15 are \$8,889,600 and \$16,982,312 for RDU and RBMC, respectively. The resulting
16 implicit passthroughs are therefore 47 percent and 51 percent for RDU and RBMC,
17 respectively.⁴ These calculations are derived in my workpaper WP-PRS-13 and shown
18 in the table below.

³ See workpaper WP-PRS-12. The "revenue differential" is the difference between the Intra-BMC rates and the proposed PRS rates.

⁴ As described earlier, the proposed rates are consistent with the across-the-board approach used in Docket No. R2005-1. Therefore, the prices were not derived through a step-by-step rate design exercise that would have involved explicit selection of passthroughs. Instead, the rate design approach underlying the current rates is used to verify that the proposed prices are reasonable in light of the costs reported by witness Miller in this case.

Parcel Return Service Cost Savings Passthroughs

	Cost Savings	Revenue Differential	Savings Passthrough ⁵
RDU	\$8,889,600	\$4,197,467	47.2%
RBMC	\$16,982,312	\$8,719,734	51.3%

1 The overall revenue from the proposed categories is small relative to Parcel Post
2 total revenue for test year 2006 reported in Docket No. R2005-1. Test Year after Rates
3 Parcel Post revenue reported is approximately \$1.239 Billion.⁶ Therefore, even with the
4 growth projections from witness Daniel, revenue from PRS, at approximately \$35 million
5 (See WP-PRS-11), would be only 2.8 percent of Parcel Post total revenue, and 0.05
6 percent of total domestic mail revenue. Therefore, PRS should not materially affect
7 Parcel Post's contribution to institutional costs relative to other subclasses. The
8 proposed pricing has the effect of recognizing some, but not all, of the estimated cost
9 differences that PRS enjoys, so the impact on contribution, though minimal, is positive.⁷

10

11 VIII. CLASSIFICATION CRITERIA

12 Section 3623(c) of Title 39 U.S.C. requires the Commission to make its
13 recommended decision on establishing a new classification in accordance with the
14 following factors:

- 15 1. the establishment and maintenance of a fair and equitable classification
16 system for all mail;

⁵ Revenue differential divided by cost savings.

⁶ Docket No. R2005-1, Exhibit USPS-27B.

⁷Total contribution from Parcel Post is expected to be over \$250,000,000.
See Docket No. R2005-1, Exhibit USPS-27B.

2. the relative value to the people of the kinds of mail matter entered into the postal system and the desirability and justification for special classifications and services of mail;
3. the importance of providing classifications with extremely high degrees of reliability and speed of delivery;
4. the importance of providing classifications which do not require an extremely high degree of reliability and speed of delivery;
5. the desirability of special classifications from the point of view of both the user and of the Postal Service; and
6. such other factors as the Commission may deem appropriate.

The proposed classification is fair and equitable (Criterion 1) to consumers, commercial mailers, as well as the Postal Service without creating any undue disadvantage to either postal customers or postal competitors. It fosters a smooth return process for consumers, and promotes a more efficient and less costly means of collecting returns by commercial mailers. The creation of PRS provides value in that it enables another option for the return of parcels. In this instance, it enables a return process that is more efficient and convenient relative to other return mechanisms (Criterion 2). Given that PRS is a category of Parcel Post, the degree of reliability and speed of delivery is commensurate with that of Parcel Post; however, I would note that the worksharing aspects of the service allow for increased reliability and speed of returns by enabling the activity of the agents which expedites the return process (Criteria 3 and 4). In addition, the proposed classification is desirable to the Postal Service, commercial mailers, and their customers (Criterion 5), as described below. The Postal Service will have a broader product line that better meets the needs of both commercial senders and individual recipients. This is achieved through advantageous pricing for the commercial

1 customers and increased convenience for consumers who need to return items. The
2 classification is desirable to the Postal Service in that these advantages are provided
3 through worksharing arrangements that reduce the costs to the Postal Service. The
4 end result is that both merchants and consumers benefit, while other customers are in
5 no way disadvantaged.

6

7 IX. DMCS CHANGES

8 I propose that the Commission recommend the Parcel Select RDU and RBMC
9 rate categories as permanent classifications within the Parcel Post subclass at rates
10 presented in Attachment B to the Request. Attachment A to the Request presents the
11 proposed DMCS language. Sections 521.27 and 521.28, which describe the proposed
12 Parcel Select rate categories, are maintained. Section 521.11, which describes the
13 duration of the experiment for Parcel Select Return Service, is eliminated. Since a
14 separate classification for Bound Printed Matter is not proposed, sections 522.27 and
15 522.11, which describe the service for Bound Printed Matter and the duration of the
16 experiment, are eliminated.

17 During the course of the experiment, as noted by witness Daniel, it was
18 discovered that consumers occasionally seek a record of having mailed the return. In
19 order to serve these customers, I propose that the existing Certificate of Mailing service
20 be made available to consumers entering PRS parcels. The proposed DMCS language
21 reflects this addition in section 562. The DMCS section regarding Certificates of Mailing
22 is also amended to include availability for PRS through the addition of section 947.22.
23 Sections 561 and 562 are added so that the Ancillary Services section for Package

1 Services can be split into two groupings: one section for all Package Services other
2 than Parcel Return Service; and another section specifically for Parcel Return Service.

3 Several other sections are revised to note that the Bound Printed Matter option is
4 not being proposed as a permanent classification, including 933.22b, 943.221b,
5 944.21c, 945.221c, 948, 949, 951.21, 951.21b, and 2032. In most instances, these
6 sections clarify that other special services are not available for Parcel Return Service,
7 though they are available for other Package Services.

8 Section 570 is amended to delete Bound Printed Matter Return Service from the
9 list of rates and fees within Package Services. The section retains the current listing for
10 Parcel Select Return Services, though it deletes the plural form, “services.”

11 Also, participants in this service are required to hold a permit and pay an
12 accounting fee as described in section 585, which is amended to remove the reference
13 to Bound Printed Matter Return Service. The permit and accounting fees proposed by
14 witness Taufique (USPS-T-28) in Docket No. R2005-1 are proposed to apply.⁸

15 Attachment B to the Request has the proposed rate schedules. Schedule 522E
16 is deleted. Also, fee schedule 1000 is presented to show that the applicable fees are
17 proposed to increase to the level proposed in Docket No. R2005-1.

⁸ USPS-T-28, Exhibit USPS-28A Table 10.

**USPS-T-3
WORKPAPERS**

Table of Contents

Workbook Tab Designation	Workpaper	Workpaper Title
Inputs	<u>WP-PRS-1</u>	Major Input Assumptions for Proposed Rate Schedule Determination
Proposed Parcel Post Rates	<u>WP-PRS-2</u>	R2005-1 Proposed Intra-BMC Parcel Post Rates
Current Volumes	<u>WP-PRS-3</u>	Distribution of Current Pieces by Zone and Weight
RBMC Forecast	<u>WP-PRS-4</u>	RBMC Forecast Volume Distribution
Volume Distribution	<u>WP-PRS-5</u>	Distribution of Forecast PSRS RDU and RBMC Pieces by Zone and Weight
RDU Regular Size Savings Calculation	<u>WP-PRS-6</u>	Calculation of RDU Cost Savings by Weight
RBMC Regular Size Savings Calculation	<u>WP-PRS-7</u>	Distribution of RBMC Cost Savings by Weight
Oversized Cost Savings	<u>WP-PRS-8</u>	Oversized Mail Savings Calculation
Current PRS Rates	<u>WP-PRS-9</u>	Current Parcel Select Return Service Rates
Proposed PRS Rates	<u>WP-PRS-10</u>	Proposed Parcel Select Return Service Rates
Projected Revenue	<u>WP-PRS-11</u>	Projected Revenue
Revenue Impacts	<u>WP-PRS-12</u>	Revenue Impacts
Financial Summary	<u>WP-PRS-13</u>	Financial Summary

Major Input Assumptions for
Proposed Rate Schedule Determination

	Input Assumption	Notes	Value
	Total Estimated PSRS Volume	[1]	12,800,000
	Nonmachinables Share of Total PSRS Volume	[2]	0.05563
	Estimated PSRS RDU Volume	[3]	3,200,000
	Estimated Zone Distributions for PSRS RBMC Volumes		
	Zones 1&2	[4a]	75.7%
	Zone 3	[4b]	15.0%
	Zone 4	[4c]	7.3%
	Zone 5	[4d]	2.0%
	Unit Transportation Cost Impacts (\$/Cubic Foot)		
	RDU Return Parcels (Compared to Local Intra-BMC)	[5]	-\$2.442
	RBMC Machinable Parcels (Compared to Zoned Intra-BMC)	[6]	-\$2.212
	Unit Non-Transportation Cost Impacts (\$/Piece)		
	RDU Return Parcels (Compared to Intra-BMC Local)		
	Machinable Parcels	[7]	-\$1.233
	Nonmachinable Parcels	[8]	-\$4.600
	Oversized Parcels	[9]	-\$11.126
	RBMC Machinable Parcels (Compared to Intra-BMC)		
	Machinable Parcels	[10]	-\$0.482
	Nonmachinable Parcels	[11]	-\$1.002
	Oversized Parcels	[12]	-\$1.536
	Barcoding Cost Savings (\$/Piece)	[13]	\$0.03
	Average Cubic Feet Per Piece		
	RDU and RBMC Return Parcels		
	Machinable Parcels	[14]	0.425
	Nonmachinable Parcels	[15]	2.777
	Oversized Parcels	[16]	7.938
Notes	<p>1 USPS-T-1</p> <p>2 Share of Nonmachinable PRS Pieces from FY2004 RPW.</p> <p>3 USPS-T-1</p> <p>4a-4d RBMC zone distribution based on Base Year Volumes.</p> <p>5 USPS-T-2, Attachment E, page 1, Column 1, RDU Parcels</p> <p>6 USPS-T-2, Attachment E, page 1, Column 1, RBMC Parcels</p> <p>7 USPS-T-2, Attachment A, RDU Machinable Parcels, Column 7 - Column 4.</p> <p>8 USPS-T-2, Attachment A, RDU Nonmachinable Parcels, Column 7 - Column 4.</p> <p>9 USPS-T-2, Attachment A, RDU Oversized Parcels, Column 7 - Column 4.</p> <p>10 USPS-T-2, Attachment A, RBMC Machinable Parcels, Column 7 - Column 4.</p> <p>11 USPS-T-2, Attachment A, RBMC Nonmachinable Parcels, Column 7 - Column 4.</p> <p>12 USPS-T-2, Attachment A, RBMC Oversized Parcels, Column 7 - Column 4.</p> <p>13 Docket No. R2005-1, USPS-LR-K-46</p> <p>14 USPS-T-2, Attachment E, page 1, Column 2, Machinable Parcels.</p> <p>15 USPS-T-2, Attachment E, page 1, Column 2, Nonmachinable Parcels.</p> <p>16 USPS-T-2, Attachment E, page 1, Column 2, Oversized Parcels.</p>		

R2005-1 Proposed Intra-BMC Parcel Post Rates

Intra-BMC Pieces^[1]

Weight (Pounds)	Local	Zones 1 & 2	Zone 3	Zone 4	Zone 5	Weight (Pounds)	Local	Zones 1 & 2	Zone 3	Zone 4	Zone 5
1	2.96	3.12	3.15	3.21	3.31	36	6.75	8.57	10.51	11.19	12.10
2	3.30	3.72	3.75	3.83	3.94	37	6.79	8.66	10.60	11.28	12.18
3	3.63	4.30	4.33	4.43	4.55	38	6.84	8.73	10.70	11.35	12.26
4	3.93	4.51	4.87	4.97	5.12	39	6.91	8.81	10.80	11.41	12.33
5	4.21	4.69	5.29	5.43	5.64	40	6.97	8.86	10.88	11.48	12.41
6	4.46	4.86	5.67	5.81	6.11	41	7.03	8.96	10.99	11.54	12.48
7	4.60	5.02	6.00	6.16	6.55	42	7.08	9.01	11.07	11.62	12.54
8	4.70	5.62	6.30	6.47	6.96	43	7.14	9.07	11.15	11.68	12.60
9	4.81	5.75	6.56	6.80	7.33	44	7.21	9.15	11.24	11.74	12.65
10	4.91	5.93	6.88	7.10	7.67	45	7.25	9.20	11.31	11.91	12.70
11	5.00	6.07	7.10	7.38	7.99	46	7.29	9.30	11.40	11.96	12.75
12	5.10	6.23	7.31	7.65	8.29	47	7.36	9.37	11.47	12.02	12.81
13	5.19	6.37	7.48	7.91	8.57	48	7.41	9.42	11.56	12.06	12.86
14	5.27	6.49	7.61	8.17	8.83	49	7.45	9.50	11.64	12.11	12.91
15	5.35	6.61	7.79	8.39	9.09	50	7.50	9.53	11.71	12.15	12.96
16	5.45	6.72	7.97	8.60	9.32	51	7.57	9.62	11.77	12.21	13.02
17	5.51	6.86	8.14	8.83	9.54	52	7.60	9.69	11.88	12.25	13.07
18	5.59	6.96	8.29	9.03	9.74	53	7.65	9.72	11.93	12.28	13.12
19	5.65	7.08	8.45	9.22	9.94	54	7.72	9.78	11.97	12.33	13.18
20	5.75	7.19	8.60	9.39	10.12	55	7.77	9.84	12.02	12.38	13.23
21	5.81	7.28	8.75	9.55	10.30	56	7.80	9.91	12.06	12.43	13.28
22	5.87	7.40	8.87	9.70	10.46	57	7.85	9.98	12.08	12.45	13.33
23	5.94	7.48	9.04	9.84	10.61	58	7.91	10.03	12.12	12.49	13.39
24	6.01	7.58	9.17	9.97	10.77	59	7.96	10.09	12.15	12.53	13.44
25	6.08	7.66	9.30	10.10	10.91	60	7.98	10.16	12.18	12.55	13.49
26	6.13	7.77	9.41	10.23	11.05	61	8.07	10.22	12.22	12.60	13.54
27	6.20	7.85	9.55	10.35	11.17	62	8.09	10.28	12.25	12.66	13.60
28	6.26	7.93	9.68	10.45	11.30	63	8.15	10.33	12.27	12.73	13.65
29	6.33	8.02	9.80	10.56	11.41	64	8.20	10.39	12.29	12.79	13.70
30	6.41	8.11	9.91	10.67	11.52	65	8.24	10.45	12.33	12.85	13.75
31	6.46	8.19	9.99	10.76	11.64	66	8.27	10.52	12.35	12.92	13.81
32	6.51	8.28	10.12	10.87	11.73	67	8.35	10.58	12.38	13.00	13.86
33	6.59	8.35	10.22	10.95	11.84	68	8.39	10.60	12.40	13.04	13.91
34	6.64	8.43	10.31	11.04	11.92	69	8.40	10.68	12.42	13.11	13.97
35	6.69	8.50	10.42	11.12	12.02	70	8.41	10.73	12.45	13.18	14.02
						Balloon	5.35	6.61	7.79	8.39	9.09
						Oversized	25.06	36.33	36.67	37.40	38.50

Discounts and Surcharges (Per Piece)

Nonmachinable Surcharges	
Intra-BMC	1.42
Barcode Discount	0.03

Notes

[1] Pieces weighing over 35 pounds must automatically add the nonmachinable surcharge.
Source: Docket No. R2005-1, USPS-T-28, Exhibit 28A

Distribution of Current Volumes by Zone and Weight[1]

USPS-T-3
WP-PRS-3

RDU Pieces				RBMC Pieces											
Weight (Pounds)	RDU	Weight (Pounds)	RDU	Weight (Pounds)	RBMC Zones 1 & 2	RBMC Zone 3	RBMC Zone 4	RBMC Zone 5	RBMC Total	Weight (Pounds)	RBMC Zones 1 & 2	RBMC Zone 3	RBMC Zone 4	RBMC Zone 5	RBMC Total
1	10,981	36	1	1	1,788,258	394,465	196,343	49,475	2,428,541	36	155	41	34	12	242
2	8,373	37	1	2	1,428,646	263,125	126,474	33,464	1,851,709	37	165	29	18	12	224
3	4,488	38	1	3	763,939	143,671	66,096	18,799	992,505	38	123	31	26	12	192
4	2,377	39	1	4	405,076	75,176	34,483	10,954	525,689	39	157	30	27	10	224
5	1,265	40	1	5	215,056	39,391	18,556	6,856	279,859	40	135	26	10	16	187
6	719	41	1	6	121,364	22,648	10,763	4,136	158,911	41	103	28	15	6	152
7	436	42	1	7	73,743	13,765	6,498	2,362	96,368	42	100	13	15	2	130
8	279	43	1	8	47,367	8,801	4,170	1,459	61,797	43	92	16	14	2	124
9	191	44	0	9	32,302	5,844	2,983	1,047	42,176	44	61	16	10	5	92
10	136	45	0	10	22,976	4,083	2,131	820	30,010	45	65	16	6	2	89
11	106	46	0	11	18,344	3,007	1,556	615	23,522	46	57	17	8	1	83
12	70	47	0	12	11,767	2,153	1,131	430	15,481	47	62	16	5	3	86
13	48	48	0	13	7,833	1,603	801	327	10,564	48	42	13	12	1	68
14	36	49	0	14	5,912	1,142	599	246	7,899	49	48	17	7	-	72
15	27	50	0	15	4,420	877	481	188	5,966	50	54	11	2	1	68
16	21	51	0	16	3,517	624	412	155	4,708	51	29	11	9	1	50
17	17	52	0	17	2,799	547	326	150	3,822	52	47	6	5	2	60
18	14	53	0	18	2,254	489	247	109	3,099	53	38	7	2	2	49
19	12	54	0	19	1,953	394	232	101	2,680	54	24	5	2	-	31
20	10	55	0	20	1,586	329	176	100	2,191	55	31	5	1	2	39
21	9	56	0	21	1,429	305	159	90	1,983	56	32	5	2	2	41
22	8	57	0	22	1,243	303	180	81	1,807	57	26	4	4	3	37
23	8	58	0	23	1,187	304	143	72	1,706	58	24	5	2	2	33
24	6	59	0	24	1,004	218	145	64	1,431	59	26	5	1	7	39
25	6	60	0	25	892	235	115	53	1,295	60	19	3	2	1	25
26	5	61	0	26	727	162	120	39	1,048	61	19	2	1	1	23
27	4	62	0	27	611	142	99	42	894	62	20	3	1	-	24
28	4	63	0	28	543	149	91	44	827	63	14	4	1	-	19
29	3	64	0	29	422	136	70	32	660	64	6	-	2	1	9
30	2	65	0	30	371	90	57	21	539	65	10	-	1	2	13
31	2	66	0	31	286	80	53	33	452	66	7	4	1	2	14
32	2	67	0	32	251	64	42	25	382	67	9	4	3	-	16
33	1	68	0	33	222	52	41	11	326	68	11	-	-	-	11
34	1	69	0	34	202	48	28	25	303	69	7	2	2	-	11
35	1	70	0	35	168	46	31	11	256	70	1	1	2	-	4
		Balloon	0							Balloon	33	-	1	-	34
		Oversized	0							Oversized	39	10	18	2	69
		Total	29,681							Total	4,970,561	984,874	476,104	132,551	6,564,090

Notes

- [1] RBMC volume data (July 2004- June 2005).
- RDU volume data (January 2005-June 2005).
- RDU weight distribution based on RBMC average weight distribution by weight steps.

Source: PRS Experiment Data.

**USPS-T-3
WP-PRS-4
RBMC Forecast Volume Distribution**

		Forecast Volumes ^[1] [A]
	RBMC	
[a]	Zones 1&2	7,269,459
[b]	Zone 3	1,440,381
[c]	Zone 4	696,303
[d]	Zone 5	193,856
[e]	Total	9,600,000
	Notes	
	<p>[1] Calculation: [Aa] to [Ad] = (WP-PRS-1, Inputs [4a] to [4d]) * (Input [1] - Input [3]) [Ae] = Sum of [Aa] to [Ad]</p>	

Distribution of Forecast PSRS Pieces by Zone and Weight

RDU ^[1]				RBMC ^[2]											
Weight (Pounds)		Weight (Pounds)		Weight (Pounds)	Zones 1 & 2	Zone 3	Zone 4	Zone 5	RBMC Total	Weight (Pounds)	Zones 1 & 2	Zone 3	Zone 4	Zone 5	RBMC Total
1	1,183,916	36	118	1	2,615,332	576,906	287,152	72,357	3,551,748	36	227	60	50	18	354
2	902,710	37	109	2	2,089,399	384,821	184,969	48,941	2,708,130	37	241	42	26	18	328
3	483,847	38	94	3	1,117,263	210,119	96,666	27,494	1,451,541	38	180	45	38	18	281
4	256,274	39	109	4	592,425	109,945	50,431	16,020	768,822	39	230	44	39	15	328
5	136,432	40	91	5	314,520	57,609	27,138	10,027	409,295	40	197	38	15	23	273
6	77,469	41	74	6	177,495	33,123	15,741	6,049	232,408	41	151	41	22	9	222
7	46,979	42	63	7	107,849	20,131	9,503	3,454	140,938	42	146	19	22	3	190
8	30,126	43	60	8	69,274	12,871	6,099	2,134	90,378	43	135	23	20	3	181
9	20,561	44	45	9	47,242	8,547	4,363	1,531	61,683	44	89	23	15	7	135
10	14,630	45	43	10	33,602	5,971	3,117	1,199	43,890	45	95	23	9	3	130
11	11,467	46	40	11	26,828	4,398	2,276	899	34,401	46	83	25	12	1	121
12	7,547	47	42	12	17,209	3,149	1,654	629	22,641	47	91	23	7	4	126
13	5,150	48	33	13	11,456	2,344	1,171	478	15,450	48	61	19	18	1	99
14	3,851	49	35	14	8,646	1,670	876	360	11,552	49	70	25	10	-	105
15	2,908	50	33	15	6,464	1,283	703	275	8,725	50	79	16	3	1	99
16	2,295	51	24	16	5,144	913	603	227	6,885	51	42	16	13	1	73
17	1,863	52	29	17	4,094	800	477	219	5,590	52	69	9	7	3	88
18	1,511	53	24	18	3,296	715	361	159	4,532	53	56	10	3	3	72
19	1,307	54	15	19	2,856	576	339	148	3,920	54	35	7	3	-	45
20	1,068	55	19	20	2,320	481	257	146	3,204	55	45	7	1	3	57
21	967	56	20	21	2,090	446	233	132	2,900	56	47	7	3	3	60
22	881	57	18	22	1,818	443	263	118	2,643	57	38	6	6	4	54
23	832	58	16	23	1,736	445	209	105	2,495	58	35	7	3	3	48
24	698	59	19	24	1,468	319	212	94	2,093	59	38	7	1	10	57
25	631	60	12	25	1,305	344	168	78	1,894	60	28	4	3	1	37
26	511	61	11	26	1,063	237	176	57	1,533	61	28	3	1	1	34
27	436	62	12	27	894	208	145	61	1,307	62	29	4	1	-	35
28	403	63	9	28	794	218	133	64	1,209	63	20	6	1	-	28
29	322	64	4	29	617	199	102	47	965	64	9	-	3	1	13
30	263	65	6	30	543	132	83	31	788	65	15	-	1	3	19
31	220	66	7	31	418	117	78	48	661	66	10	6	1	3	20
32	186	67	8	32	367	94	61	37	559	67	13	6	4	-	23
33	159	68	5	33	325	76	60	16	477	68	16	-	-	-	16
34	148	69	5	34	295	70	41	37	443	69	10	3	3	-	16
35	125	70	2	35	246	67	45	16	374	70	1	1	3	-	6
		Balloon	17							Balloon	48	-	1	-	50
		Oversized	34							Oversized	57	15	26	3	101
		Total	3,200,000							Total	7,269,459	1,440,381	696,303	193,856	9,600,000

Total Nonmachinable Pieces 534,040

Nonmachinable Share of Pieces 1-35 pounds 5.526%

Notes

[1] RDU weight distribution based on RBMC average weight distribution by weight step

[1] Calculation:
 Rows 1 Pound through Oversized = (Volume Distribution (WP-PRS-5), (total RBMC volume for each weight / total RBMC volume) * Input [3])
 Total Row: Sum of rows 1 Pound to Oversized for RDU

[2] Calculation:
 (Current Volumes (WP-PRS-3), (RBMC volume for each weight and zone / total RBMC volume by zone) * (RBMC Forecast (WP-PRS-4), [Aa] to [Ad]));
 Total Row: Sum of rows 1 Pound to Oversized for each zone;
 RBMC Total Column: Sum of zones for each row.
 Nonmachinables Total = (RBMC Total) * (WP-PRS-1, Input[2]);
 Nonmachinables Share Under 35 lbs. = (Nonmachinables Total - Sum of RBMC volume 36 - 70 pounds) / (Sum of RBMC volume 1 - 35 pounds)

Calculation of RDU Cost Savings by Weight

Calculation of Savings^[1]

	Weight (Pounds)	Projected RDU-Volume-Weighted Intra-BMC Local Revenue [A]	Weight (Pounds)	Projected RDU-Volume-Weighted Intra-BMC Local Revenue [A]		Machinable Pieces [B]	Non-machinable Pieces [C]	Balloon-Rate Pieces [D]	All Regular-Size Pieces Combined [E]
	1	3,504,391	36	796					
	2	2,978,943	37	741					
	3	1,756,365	38	640					
	4	1,007,156	39	755	[a]	Average Cubic Feet Per Piece	0.425	2.777	2.777
	5	574,377	40	635					
	6	345,513	41	521	[b]	Transportation Savings (\$ Per Cubic Foot)	2.442	2.442	2.442
	7	216,106	42	449					
	8	141,593	43	432	[c]	Transportation Savings (\$ Per Wt. Avg. Piece)	1.038	6.781	6.781
	9	98,898	44	323					1.357
	10	71,833	45	315	[d]	Non Transportation Savings (\$ Per Piece)	1.233	4.600	4.600
	11	57,335	46	295					1.420
	12	38,490	47	309	[e]	RDU Projected Regular-Sized Volumes	3,021,939	178,010	17
	13	26,728	48	246					
	14	20,294	49	261	[f]	Total RDU-Volume-Weighted Revenue Using Benchmark (Intra-BMC Local) Rates:			
	15	15,560	50	249					10,948,820
	16	12,509	51	185					
	17	10,266	52	222	[g]	Weighted Average Benchmark Revenue Per Piece			3.422
	18	8,445	53	183					
	19	7,382	54	117	[h]	Weighted Average Savings Per Piece			2.778
	20	6,142	55	148					
	21	5,617	56	156	[i]	Proposed Price			2.11
	22	5,171	57	142					
	23	4,940	58	127					
	24	4,193	59	151					
	25	3,838	60	97					
	26	3,132	61	90					
	27	2,702	62	95					
	28	2,524	63	75					
	29	2,037	64	36					
	30	1,684	65	52					
	31	1,423	66	56					
	32	1,212	67	65					
	33	1,047	68	45					
	34	981	69	45					
	35	835	70	16					
			Balloon	89					

Notes

- [1] Calculation: Column [A], rows 1 Pound to 70 Pounds = (Proposed Parcel Post Rates (WP-PRS-2), Intra-BMC Local Rate by weight) * (Current Volumes (WP-PRS-4), RDU pieces by weight)
 Calculation: Column [A], Balloon row = (Proposed Parcel Post Rates (WP-PRS-3), Intra-BMC Local 15-pound Rate) * (Current Volumes (WP-PRS-4), RDU Balloon pieces)
 Source: [Ba]: (WP-PRS-1, Input [14])
 [Ca], [Da]: (WP-PRS-1, Input [15])
 [Bb] to [Db]: (WP-PRS-1, Input [5])
 Calculation: Row [c], Columns [B] to [D] = Row [a] * Row [b], Columns [B] to [D]
 $[Ec] = ([Bc] * [Be] + [Cc] * [Ce] + [Dc] * [De]) / [Ee]$
 Source: [Bd]: (WP-PRS-1, -Input [7])
 [Cd], [Dd]: (WP-PRS-1, -Input [8])
 Calculation: $[Ed] = ([Bd] * [Be] + [Cd] * [Ce] + [Dd] * [De]) / [Ee]$
 Calculation: $[Be] = (WP-PRS-1, Input [3]) * (1 - (Current Volumes (WP-PRS-3), Sum of RDU Balloon and Oversize volumes) / (Current Volumes (WP-PRS-3), Total RDU volume)) * (1 - WP-PRS-1, Input [2])$
 $[Ce] = [Be] / (1 - (WP-PRS-1, Input [2])) * (WP-PRS-1, Input [2])$
 $[De] = (WP-PRS-1, Input [3]) * (Current Volumes (WP-PRS-3), RDU Balloon volume) / (Current Volumes (WP-PRS-3), Total RDU volume)$
 $[Ee] = Sum of [Be], [Ce], [De]$
 Calculation: [Ef] = (Sum of Column [A], Rows 1 pound to Balloon)
 Calculation: [Eg] = [Ef] / (Current Volumes (WP-PRS-3), Sum of RDU volumes for 1 pound to Balloon)
 Calculation: [Eh] = [Ec] + [Ed]
 Calculation: [Ej]: Input [17] * Current PRS Rate for RDU (\$2.00)

Distribution of RBMC Cost Savings by Weight

		Machinable Return BMC All Zones [A]	Nonmachinable Return BMC All Zones [B]								
Savings^[1]											
[a]	Non-Transportation (Per Piece)	0.4820	1.0020								
[b]	Transportation (Per Cubic Foot)	2.2120	2.2120								
[c]	Cubic Feet Per Piece	0.4250	2.7770								
Calculation of Savings^[2]											
	Weight (Pounds)	Machinable Return BMC All Zones [A]	Nonmachinable Return BMC All Zones [B]	Weight (Pounds)	Nonmachinable Return BMC All Zones [B]		Pieces Weighing 1 to 35 Pounds [C]	Pieces Weighing Over 35 Pounds [D]	Balloon-Rate Pieces [E]		
	1	4,771,833	1,402,255	36	2,529	RBMC					
	2	3,638,418	1,069,189	37	2,341						
	3	1,950,170	573,079	38	2,006						
	4	1,032,925	303,536	39	2,341		[d]	Calculated Savings	16,681,086	26,969	355
	5	549,894	161,592	40	1,954		[e]	Total Pieces	9,596,075	3,775	50
	6	312,244	91,756	41	1,588		[f]	Average Savings/Piece	1.738	7.145	7.145
	7	189,353	55,644	42	1,358						
	8	121,425	35,682	43	1,296						
	9	82,872	24,353	44	961						
	10	58,967	17,328	45	930						
	11	46,218	13,582	46	867						
	12	30,419	8,939	47	899						
	13	20,757	6,100	48	711						
	14	15,521	4,561	49	752						
	15	11,723	3,445	50	711						
	16	9,251	2,718	51	522						
	17	7,510	2,207	52	627						
	18	6,089	1,789	53	512						
	19	5,266	1,547	54	324						
	20	4,305	1,265	55	408						
	21	3,896	1,145	56	428						
	22	3,551	1,043	57	387						
	23	3,352	985	58	345						
	24	2,812	826	59	408						
	25	2,545	748	60	261						
	26	2,059	605	61	240						
	27	1,757	516	62	251						
	28	1,625	478	63	199						
	29	1,297	381	64	94						
	30	1,059	311	65	136						
	31	888	261	66	146						
	32	751	221	67	167						
	33	641	188	68	115						
	34	595	175	69	115						
	35	503	148	70	42						
				Balloon					355		
Notes											
<p>[1] Source: [Aa]: WP-PRS-1, -Input [10] [Ba]: WP-PRS-1, -Input [11] [Ab],[Bb]: WP-PRS-1, -Input [6] [Ac]: WP-PRS-1, Input [14] [Bc]: WP-PRS-1, Input [15]</p> <p>[2] Calculation: Column [A], pounds 1 to 35 = (([Aa] + [Ab])*[Ac]) * (RBMC Volume Distribution (WP-PRS-6), RBMC Totals, pounds 1-35) * (1 - (RBMC Volume Distribution (WP-PRS-6), RBMC Nonmachinable share under 36 pounds)) Column [B], pounds 1 to 35 = (([Ba] + [Bb])*[Bc]) * (RBMC Volume Distribution (WP-PRS-6), RBMC Totals, pounds 1-35) * (RBMC Volume Distribution (WP-PRS-6), RBMC Nonmachinable share under 36 pounds) Column [B], pounds 36 to 70, plus Balloon = (([Ba] + [Bb])*[Bc]) * (RBMC Volume Distribution (WP-PRS-6), RBMC Totals, pounds 36 to 70, plus Balloon)</p> <p>Calculation: [Cd] = (Sum of Columns [A] and [B], pounds 1-35) [Ce] = (Sum of RBMC Volume Distribution (WP-PRS-6), RBMC Totals Column, pounds 1-35) [Cf] = [Cd] / [Ce]</p> <p>Source: [Cg], [Ch]: (Assumed)</p> <p>Calculation: [Dd] = (Sum of Column [B], pounds 36-70) [De] = (Sum of RBMC Volume Distribution (WP-PRS-6), RBMC Totals Column, pounds 36-70) [Df] = [Dd] / [De]</p> <p>Source: [Dg], [Dh]: (Assumed)</p> <p>Calculation: [Ed] = (Column [B], Balloon row) [Ee] = (RBMC Volume Distribution (WP-PRS-6), RBMC Totals Column, Balloon row) [Ef] = [Ed] / [Ee]</p>											

Oversized Mail Savings Calculation

		Unit Cost Savings^[1]
		[A]
	RDU Savings	
[a]	Non-Transportation (Per Piece)	\$ 11.126
[b]	Transportation (Per Piece)	\$ 19.385
[c]	Total	\$ 30.51
	RBMC Savings	
[d]	Non-Transportation (Per Piece)	\$ 1.536
[e]	Transportation (Per Piece)	\$ 17.559
[f]	Total	\$ 19.09
Notes		
<p>[1] Source: [Aa]: (WP-PRS-1, Input [9]) Calculation: [Ab] = (WP-PRS-1, Input [5] * Input [16]) Calculation: [Ac] = ([Aa] + [Ab]) Source: [Ad]: (WP-PRS-1, Input [12]) Calculation: [Ae] = (WP-PRS-1, Input [6] * Input [16]) Calculation: [Af] = ([Ad] + [Ae])</p>		

Current Parcel Select Return Service Rates^[1]

RDU		RBMC											
Weight (Pounds)	RDU [A]	Weight (Pounds)	RDU [A]	Weight (Pounds)	RBMC Zones 1 & 2 [B]	RBMC Zone 3 [C]	RBMC Zone 4 [D]	RBMC Zone 5 [E]	Weight (Pounds)	RBMC Zones 1 & 2 [B]	RBMC Zone 3 [C]	RBMC Zone 4 [D]	RBMC Zone 5 [E]
1	2.00	36	2.00	1	2.10	2.13	2.19	2.28	36	8.65	10.49	11.14	12.00
2	2.00	37	2.00	2	2.67	2.70	2.77	2.88	37	8.72	10.56	11.20	12.06
3	2.00	38	2.00	3	3.22	3.25	3.34	3.46	38	8.76	10.63	11.25	12.11
4	2.00	39	2.00	4	3.42	3.76	3.86	4.00	39	8.82	10.71	11.29	12.16
5	2.00	40	2.00	5	3.59	4.16	4.29	4.49	40	8.85	10.76	11.33	12.21
6	2.00	41	2.00	6	3.75	4.52	4.65	4.94	41	8.92	10.85	11.37	12.26
7	2.00	42	2.00	7	3.90	4.83	4.98	5.35	42	8.95	10.90	11.42	12.30
8	2.00	43	2.00	8	4.47	5.12	5.28	5.74	43	8.99	10.96	11.46	12.33
9	2.00	44	2.00	9	4.60	5.36	5.59	6.09	44	9.04	11.02	11.50	12.36
10	2.00	45	2.00	10	4.77	5.67	5.88	6.42	45	9.07	11.07	11.64	12.39
11	2.00	46	2.00	11	4.90	5.88	6.14	6.72	46	9.14	11.14	11.67	12.42
12	2.00	47	2.00	12	5.05	6.08	6.40	7.01	47	9.19	11.18	11.70	12.45
13	2.00	48	2.00	13	5.18	6.24	6.64	7.27	48	9.22	11.25	11.72	12.48
14	2.00	49	2.00	14	5.30	6.36	6.89	7.52	49	9.27	11.30	11.75	12.51
15	2.00	50	2.00	15	5.41	6.53	7.10	7.76	50	9.28	11.35	11.77	12.54
16	2.00	51	2.00	16	5.52	6.70	7.30	7.98	51	9.35	11.39	11.80	12.57
17	2.00	52	2.00	17	5.65	6.86	7.52	8.19	52	9.39	11.47	11.82	12.60
18	2.00	53	2.00	18	5.74	7.01	7.71	8.38	53	9.40	11.50	11.83	12.63
19	2.00	54	2.00	19	5.86	7.16	7.89	8.57	54	9.44	11.52	11.86	12.66
20	2.00	55	2.00	20	5.96	7.30	8.05	8.74	55	9.48	11.54	11.89	12.69
21	2.00	56	2.00	21	6.05	7.44	8.20	8.91	56	9.52	11.56	11.91	12.72
22	2.00	57	2.00	22	6.16	7.56	8.34	9.06	57	9.57	11.56	11.91	12.75
23	2.00	58	2.00	23	6.24	7.72	8.48	9.21	58	9.60	11.58	11.93	12.78
24	2.00	59	2.00	24	6.33	7.84	8.60	9.36	59	9.63	11.59	11.95	12.81
25	2.00	60	2.00	25	6.41	7.96	8.72	9.49	60	9.68	11.60	11.95	12.84
26	2.00	61	2.00	26	6.51	8.07	8.85	9.62	61	9.72	11.61	11.97	12.87
27	2.00	62	2.00	27	6.59	8.20	8.96	9.74	62	9.75	11.62	12.01	12.90
28	2.00	63	2.00	28	6.66	8.32	9.05	9.86	63	9.78	11.62	12.06	12.93
29	2.00	64	2.00	29	6.75	8.44	9.16	9.97	64	9.82	11.62	12.09	12.96
30	2.00	65	2.00	30	6.83	8.54	9.26	10.07	65	9.85	11.64	12.13	12.99
31	2.00	66	2.00	31	6.91	8.62	9.35	10.18	66	9.90	11.64	12.18	13.02
32	2.00	67	2.00	32	7.00	8.74	9.45	10.27	67	9.94	11.65	12.23	13.05
33	2.00	68	2.00	33	7.06	8.84	9.53	10.37	68	9.94	11.65	12.25	13.08
34	2.00	69	2.00	34	7.14	8.92	9.61	10.45	69	9.99	11.65	12.30	13.11
35	2.00	70	2.00	35	7.20	9.03	9.69	10.54	70	10.02	11.65	12.34	13.14
		Balloon ^[2] Oversized	2.00 7.51						Balloon ^[2] Oversized	5.41 25.99	6.53 26.31	7.10 27.00	7.76 28.05
Surcharge (Per Piece)^[3]													
Nonmachinable Surcharge (Nonmachinable pieces weighing less than 36 pounds)													
RBMC Pieces 1.35													
Notes													
[1] Source: Docket No. MC2003-2, USPS-T-3, WP-PRS-10.													
[2] Parcels weighing less than 15 pounds and measuring between 84 and 108 inches in length plus girth pay the balloon rate													
[3] Nonmachinable RBMC parcels weighing 35 pounds or less pay the RBMC surcharge in addition to the appropriate RBMC rate													

Proposed Parcel Select Return Service Rates^[1]

RDU					RBMC									
	Weight (Pounds)	RDU [A]	Weight (Pounds)	RDU [A]	Weight (Pounds)	RBMC Zones 1 & 2 [B]	RBMC Zone 3 [C]	RBMC Zone 4 [D]	RBMC Zone 5 [E]	Weight (Pounds)	RBMC Zones 1 & 2 [B]	RBMC Zone 3 [C]	RBMC Zone 4 [D]	RBMC Zone 5 [E]
	1	2.11	36	2.11	1	2.21	2.25	2.31	2.40	36	9.11	11.05	11.74	12.65
	2	2.11	37	2.11	2	2.81	2.85	2.92	3.04	37	9.19	11.13	11.80	12.71
	3	2.11	38	2.11	3	3.39	3.43	3.52	3.65	38	9.23	11.20	11.85	12.76
	4	2.11	39	2.11	4	3.60	3.96	4.07	4.22	39	9.29	11.29	11.90	12.81
	5	2.11	40	2.11	5	3.78	4.38	4.52	4.73	40	9.33	11.34	11.94	12.87
	6	2.11	41	2.11	6	3.95	4.76	4.90	5.21	41	9.40	11.43	11.98	12.92
	7	2.11	42	2.11	7	4.11	5.09	5.25	5.64	42	9.43	11.49	12.03	12.96
	8	2.11	43	2.11	8	4.71	5.40	5.57	6.05	43	9.47	11.55	12.08	12.99
	9	2.11	44	2.11	9	4.85	5.65	5.89	6.42	44	9.53	11.61	12.12	13.02
	10	2.11	45	2.11	10	5.03	5.98	6.20	6.77	45	9.56	11.66	12.27	13.06
	11	2.11	46	2.11	11	5.16	6.20	6.47	7.08	46	9.63	11.74	12.30	13.09
	12	2.11	47	2.11	12	5.32	6.41	6.75	7.39	47	9.68	11.78	12.33	13.12
	13	2.11	48	2.11	13	5.46	6.58	7.00	7.66	48	9.71	11.85	12.35	13.15
	14	2.11	49	2.11	14	5.59	6.70	7.26	7.93	49	9.77	11.91	12.38	13.18
	15	2.11	50	2.11	15	5.70	6.88	7.48	8.18	50	9.78	11.96	12.40	13.21
	16	2.11	51	2.11	16	5.82	7.06	7.69	8.41	51	9.85	12.00	12.43	13.25
	17	2.11	52	2.11	17	5.96	7.23	7.93	8.63	52	9.89	12.09	12.46	13.28
	18	2.11	53	2.11	18	6.05	7.39	8.13	8.83	53	9.90	12.12	12.47	13.31
	19	2.11	54	2.11	19	6.18	7.55	8.32	9.03	54	9.95	12.14	12.50	13.34
	20	2.11	55	2.11	20	6.28	7.69	8.48	9.21	55	9.99	12.16	12.53	13.37
	21	2.11	56	2.11	21	6.38	7.84	8.64	9.39	56	10.03	12.18	12.55	13.40
	22	2.11	57	2.11	22	6.49	7.97	8.79	9.55	57	10.08	12.18	12.55	13.44
	23	2.11	58	2.11	23	6.58	8.14	8.94	9.71	58	10.12	12.20	12.57	13.47
	24	2.11	59	2.11	24	6.67	8.26	9.06	9.87	59	10.15	12.21	12.59	13.50
	25	2.11	60	2.11	25	6.76	8.39	9.19	10.00	60	10.20	12.22	12.59	13.53
	26	2.11	61	2.11	26	6.86	8.51	9.33	10.14	61	10.24	12.23	12.61	13.56
	27	2.11	62	2.11	27	6.95	8.64	9.44	10.27	62	10.27	12.24	12.66	13.59
	28	2.11	63	2.11	28	7.02	8.77	9.54	10.39	63	10.31	12.24	12.71	13.63
	29	2.11	64	2.11	29	7.11	8.90	9.65	10.51	64	10.35	12.24	12.74	13.66
	30	2.11	65	2.11	30	7.20	9.00	9.76	10.61	65	10.38	12.27	12.78	13.69
	31	2.11	66	2.11	31	7.28	9.09	9.85	10.73	66	10.43	12.27	12.83	13.72
	32	2.11	67	2.11	32	7.38	9.21	9.96	10.82	67	10.47	12.28	12.89	13.75
	33	2.11	68	2.11	33	7.44	9.32	10.04	10.93	68	10.47	12.28	12.91	13.78
	34	2.11	69	2.11	34	7.53	9.40	10.13	11.01	69	10.53	12.28	12.96	13.82
	35	2.11	70	2.11	35	7.59	9.52	10.21	11.11	70	10.56	12.28	13.00	13.85
			Balloon ^[3]	2.11						Balloon ^[3]	5.70	6.88	7.48	8.18
			Oversized	7.92						Oversized	27.39	27.73	28.46	29.56

Surcharge (Per Piece)^[4]
 Nonmachinable Surcharge (Nonmachinable pieces weighing less than 36 pounds)
 RBMC Pieces 1.42

Notes

[1] Source: Docket No. R2005-1, USPS-T-28A, Table 6.

Proposed Parcel Select Return Service Rates^[1]

RDU				RBMC										
Weight (Pounds)	RDU [A]	Weight (Pounds)	RDU [A]	Weight (Pounds)	RBMC Zones 1 & 2 [B]	RBMC Zone 3 [C]	RBMC Zone 4 [D]	RBMC Zone 5 [E]	Weight (Pounds)	RBMC Zones 1 & 2 [B]	RBMC Zone 3 [C]	RBMC Zone 4 [D]	RBMC Zone 5 [E]	

Projected Revenue

		Summary of Projected Revenue										
[a]	PSRS RDU	[A]										
[b]	PSRS RBMC	6,752,195										
	TOTAL	28,418,984										
		35,171,180										
PRS Projected Revenue Detail ^[1]												
	Weight (Pounds)	RDU [A]	RBMC Zones 1 & 2 [B]	RBMC Zone 3 [C]	RBMC Zone 4 [D]	RBMC Zone 5 [E]	Weight (Pounds)	RDU [A]	RBMC Zones 1 & 2 [B]	RBMC Zone 3 [C]	RBMC Zone 4 [D]	RBMC Zone 5 [E]
	1	2,498,063	5,779,884	1,298,039	663,322	173,658	36	249	2,065	663	584	222
	2	1,904,718	5,871,211	1,096,740	540,108	148,781	37	230	2,218	472	311	223
	3	1,020,917	3,787,521	720,709	340,263	100,352	38	198	1,660	508	451	224
	4	540,738	2,132,729	435,383	205,256	67,605	39	230	2,133	495	470	187
	5	287,871	1,188,886	252,329	122,665	47,427	40	192	1,842	431	175	301
	6	163,460	701,106	157,664	77,131	31,515	41	156	1,416	468	263	113
	7	99,127	443,261	102,469	49,893	19,483	42	134	1,379	218	264	38
	8	63,566	326,282	69,506	33,969	12,909	43	128	1,274	270	247	38
	9	43,383	229,123	48,290	25,696	9,831	44	95	850	272	177	95
	10	30,869	169,020	35,709	19,323	8,119	45	92	909	273	108	38
	11	24,195	138,433	27,266	14,723	6,368	46	85	803	292	144	19
	12	15,924	91,553	20,184	11,165	4,647	47	88	878	276	90	58
	13	10,866	62,549	15,426	8,200	3,663	48	70	596	225	217	19
	14	8,125	48,333	11,190	6,360	2,853	49	74	686	296	127	-
	15	6,137	36,846	8,824	5,262	2,249	50	70	772	192	36	19
	16	4,843	29,936	6,443	4,634	1,906	51	51	418	193	164	19
	17	3,931	24,398	5,784	3,781	1,893	52	62	680	106	91	39
	18	3,188	19,944	5,285	2,937	1,408	53	50	550	124	36	39
	19	2,757	17,652	4,351	2,823	1,334	54	32	349	89	37	-
	20	2,254	14,567	3,700	2,183	1,347	55	40	453	89	18	39
	21	2,040	13,334	3,497	2,009	1,236	56	42	469	89	37	39
	22	1,859	11,798	3,532	2,314	1,131	57	38	383	71	73	59
	23	1,755	11,423	3,619	1,870	1,022	58	34	355	89	37	39
	24	1,472	9,794	2,634	1,921	924	59	40	386	89	18	138
	25	1,332	8,819	2,884	1,546	775	60	26	283	54	37	20
	26	1,078	7,294	2,016	1,637	578	61	24	285	36	18	20
	27	920	6,210	1,794	1,367	631	62	25	300	54	19	-
	28	851	5,575	1,911	1,270	669	63	20	211	72	19	-
	29	679	4,388	1,770	988	492	64	9	91	-	37	20
	30	554	3,907	1,185	814	326	65	13	152	-	19	40
	31	465	3,045	1,064	764	518	66	14	107	72	19	40
	32	393	2,709	862	612	396	67	16	138	72	57	-
	33	335	2,416	709	602	176	68	11	168	-	-	-
	34	312	2,225	660	415	403	69	11	108	36	38	-
	35	263	1,865	640	463	179	70	4	15	18	38	-
							Balloon	35	275	-	11	-
							Oversized	266	1,562	406	749	86
Total								6,752,195	21,235,255	4,361,176	2,163,516	659,037
Notes												
Calculations for Projected Revenue.												
[1] Calculation: [A] to [E]= Proposed PSRS Rates (WP-PRS-10), * Volume Distribution (WP-PRS-5)												

Revenue Impacts

Summary of Revenue Impacts^[1]

[a]
[b]

	[A]
PSRS RDU	(4,197,467)
PSRS RBMC	(8,719,734)

Return BMC Revenue Impact Detail^[2]

	Weight (Pounds)	RBMC Zones 1 & 2 [A]	RBMC Zone 3 [B]	RBMC Zone 4 [C]	RBMC Zone 5 [D]	Weight (Pounds)	RBMC Zones 1 & 2 [A]	RBMC Zone 3 [B]	RBMC Zone 4 [C]	RBMC Zone 5 [D]
1		(2,379,952)	(519,216)	(258,437)	(65,845)	36	(199)	(53)	(43)	(15)
2		(1,901,353)	(346,339)	(168,321)	(44,047)	37	(215)	(38)	(24)	(16)
3		(1,016,709)	(189,107)	(87,966)	(24,744)	38	(165)	(42)	(35)	(16)
4		(539,107)	(100,050)	(45,388)	(14,418)	39	(216)	(41)	(37)	(14)
5		(286,213)	(52,425)	(24,696)	(9,124)	40	(188)	(37)	(14)	(22)
6		(161,521)	(30,142)	(14,324)	(5,444)	41	(148)	(40)	(21)	(9)
7		(98,143)	(18,320)	(8,648)	(3,144)	42	(146)	(19)	(22)	(3)
8		(63,040)	(11,584)	(5,489)	(1,942)	43	(137)	(24)	(21)	(3)
9		(42,518)	(7,778)	(3,970)	(1,393)	44	(93)	(25)	(15)	(8)
10		(30,242)	(5,374)	(2,805)	(1,079)	45	(101)	(25)	(9)	(3)
11		(24,414)	(3,958)	(2,071)	(818)	46	(91)	(27)	(13)	(2)
12		(15,660)	(2,834)	(1,489)	(566)	47	(101)	(26)	(8)	(5)
13		(10,425)	(2,110)	(1,066)	(435)	48	(69)	(21)	(20)	(2)
14		(7,782)	(1,520)	(797)	(324)	49	(81)	(29)	(12)	-
15		(5,882)	(1,167)	(640)	(250)	50	(92)	(19)	(3)	(2)
16		(4,629)	(830)	(548)	(206)	51	(50)	(19)	(16)	(2)
17		(3,684)	(728)	(429)	(200)	52	(84)	(11)	(9)	(4)
18		(3,000)	(644)	(325)	(145)	53	(69)	(13)	(4)	(4)
19		(2,571)	(519)	(305)	(134)	54	(44)	(9)	(4)	-
20		(2,111)	(438)	(234)	(133)	55	(58)	(9)	(2)	(4)
21		(1,881)	(406)	(212)	(120)	56	(61)	(10)	(4)	(4)
22		(1,654)	(399)	(240)	(108)	57	(50)	(8)	(8)	(6)
23		(1,562)	(400)	(188)	(95)	58	(47)	(10)	(4)	(4)
24		(1,336)	(290)	(193)	(84)	59	(52)	(10)	(2)	(14)
25		(1,174)	(313)	(153)	(71)	60	(38)	(6)	(4)	(2)
26		(968)	(213)	(158)	(52)	61	(39)	(4)	(2)	(2)
27		(804)	(189)	(132)	(55)	62	(42)	(6)	(2)	-
28		(723)	(198)	(121)	(59)	63	(29)	(8)	(2)	-
29		(562)	(179)	(93)	(42)	64	(13)	-	(4)	(2)
30		(494)	(120)	(76)	(28)	65	(22)	-	(2)	(4)
31		(381)	(105)	(71)	(44)	66	(15)	(9)	(2)	(4)
32		(330)	(85)	(56)	(33)	67	(20)	(9)	(7)	-
33		(295)	(68)	(55)	(15)	68	(25)	-	-	-
34		(266)	(64)	(37)	(33)	69	(16)	(5)	(5)	-
35		(224)	(61)	(41)	(15)	70	(2)	(2)	(5)	-
						Balloon Oversized	(44) (510)	- (131)	(1) (235)	- (26)

Notes

- [1] Calculation: [Aa] = (RDU Savings Calculation (WP-PRS-6), [Ee]) *
 (Proposed PRS Rates (WP-PRS-10), 1-pound rate -
 RDU Savings Calculation (WP-PRS-6), [Eg]) +
 (WP-PRS-1, Input [3] - (RDU Savings Calculation (WP-PRS-7), [Ee])) *
 (Proposed PRS Rates (WP-PRS-10), RDU Oversize Rate -
 Proposed Parcel Post Rates (WP-PRS-2), Intra-BMC Local Oversize Rate)
 [Ab] = Sum of Columns [A] to [D], 1-pound row to Oversized row
- [2] Calculation: Columns [A] to [D], 1-pound to 35 pounds, and Oversize row =
 (Proposed PRS Rates (WP-PRS-10), Columns [B] to [E] -
 Proposed Parcel Post Rates (WP-PRS-2), Intra-BMC Zoned Rates) *
 (Volume Distribution (WP-PRS-5), Return BMC Pieces, Zones 1 to 5)
 Columns [A] to [D], 36-pounds to 70 pounds =
 (Parcel Select Returns Rates (WP-PRS-10), Columns [B] to [E] -
 Proposed Parcel Post Rates (WP-PRS-2), (Intra-BMC Zoned Rates +
 Intra-BMC Nonmachinable Surcharge)) *
 (Volume Distribution (WP-PRS-6), Return BMC Pieces, Zones 1 to 5)
 Columns [A] to [D], Balloon row =
 (Proposed PRS Rates (WP-PRS-10), Cols. [B] to [E], Balloon row -
 Proposed Parcel Post Rates (WP-PRS-2), Intra-BMC Zoned 15-Pound Rates) *
 (Volume Distribution (WP-PRS-5), RBMC Balloon Pcs., Zones 1 to 5)

Financial Summary

		Volume ^[1] [A]	Projected Revenue ^[2] [B]	Cost Savings ^[3] [C]	Revenue Reduction ^[4] [D]	Savings Passthrough ^[5] [E]
[a]	Parcel Select RDU	3,200,000	\$6,752,195	\$8,889,600	\$4,197,467	47.2%
[b]	RBMC	9,600,000	\$28,418,984	\$16,982,312	\$8,719,734	51.3%
Notes						
<p>[1] Source: [Aa]: (WP-PRS-1, Input [3]) [Ab]: RBMC Forecast (WP-PRS-5), [Ae]</p> <p>[2] Calculation: [Ba] = (Projected Revenue Calculation (WP-PRS-11), [Aa]) [Bb] = (Projected Revenue Calculation (WP-PRS-11), [Bb])</p> <p>[3] Calculation: [Ca] = (RDU Savings Calculation (WP-PRS-7), [Ee]) * (RDU Savings Calculation (WP-PRS-6), [Ec] + [Ed]) + ((WP-PRS-1, Input [3]) - (RDU Savings Calculation (WP-PRS-6), [Ee])) * (Oversized Cost Savings (WP-PRS-8), [Aa] + [Ab])</p> <p>Calculation: [Cb] = (RBMC Savings Calculation (WP-PRS-7), [Cd] + [Dd] + [Ed]) + (RBMC Savings Calculation (WP-PRS-7), [Ce]) * (WP-PRS-1, Input [13]) * (1 - Volume Distribution RBMC (WP-PRS-6), RBMC Nonmachinables share < 35 pounds) + (Oversized Cost Savings (WP-PRS-8), [Ae] + [Af]) * (Volume Distribution RBMC (WP-PRS-6), RBMC Total column, Oversized row)</p> <p>[4] Source: [Da] to [Db]: Revenue Impacts (WP-PRS-12), [Aa] to [Ab]</p> <p>[5] Calculation: [E] = [D] / [C]</p>						