

DOCKET SECTION

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY
Docket No. R97-1

POSTAL RATE AND FEE CHANGES, 1997

UNITED STATES POSTAL SERVICE REPLACEMENT NOTICE OF FILING ERRATA TO USPS-T-26 (October 2, 1997)

On October 1, 1997 the United States Postal Service filed a notice of filing errata to the testimony of witness Seckar, USPS-T-26. In the rush of producing the thousands of pages of copies filed yesterday, the notice of filing errata to USPS-T-26 evidently did not have attached the summary page explaining the errata or the replacement pages themselves. The appropriate pages are attached hereto.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Kenneth N. Hollies

CERTIFICATE OF SERVICE

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

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October 2, 1997



Kenneth N. Hollies

Summary of Revisions to testimony of Postal Service witness Seckar (USPS-T-26)

Certain USPS-T-26 exhibits have changed. These exhibits are exact replications of the first seven pages of each analogous section of LR-H-134 as detailed below. Therefore, the summary revisions to LR-H-134 also provide an explanation of the changes made in the exhibits listed below because they are exact copies of the library reference sections. Following is a list of the exhibits that correspond to each library reference section.

<u>Exhibit</u>	<u>Corresponding LR-H-134 Section</u>	
Exhibit B	LR-H-134, Section 2	Periodicals Regular Rate
Exhibit C	LR-H-134, Section 3	Periodicals Nonprofit
Exhibit D	LR-H-134, Section 4	Standard Mail (A) Regular Rate
Exhibit F	LR-H-134, Section 8	Periodicals RR, Constant Mail Entry
Exhibit G	LR-H-134, Section 9	Periodicals NP, Constant Mail Entry
Exhibit H	LR-H-134, Section 10	Standard Mail (A) RR, Constant Mail Entry

Following is a list of pages in each Exhibit that have changed. However, please note that the changes are exactly as the analogous pages in the appropriate section of LR-H-134.

In Exhibit B, pages 2, 3, 4, 5, and 7 have changed.

In Exhibit C, pages 2, 3, 4, 5, and 7 have changed.

In Exhibit D, pages 2, 3, 4, and 5 have changed.

In Exhibit F, pages 2 - 7 have changed.

In Exhibit G, pages 2 - 7 have changed.

In Exhibit H, pages 2 - 7 have changed.

The numbers that have changed since filing the testimony are as follows. Please note that these numbers correspond to Tables III-2, III-3, and III-4 from pages 6 through 8 of USPS-T-26.

Periodicals Regular Rate (from Table III-2, page 6 of USPS-T-26)

<u>Actual Mail Makeup</u>	<u>Filed</u>	<u>New</u>
Automation basic	20.6688	20.1930
Automation 3-digit presort	15.1620	14.8342
Automation 5-digit presort	9.2883	9.1156
Nonautomation basic presort	20.5209	20.0505
Nonautomation 3-digit presort	14.4160	15.0309
Nonautomation 5-digit presort	10.3994	10.1985
Carrier route presort	4.9472	4.8884

Constant Mail Makeup

Automation basic presort	16.2040	15.8471
Automation 3-digit presort	12.7670	12.5031
Automation 5-digit presort	8.8670	8.7064
Nonautomation basic presort	20.5209	20.0505
Nonautomation 3-digit presort	14.4160	15.0309
Nonautomation 5-digit presort	10.3994	10.1985
Carrier route presort	4.9472	4.8884

Periodicals Nonprofit (from Table III-3, page 7 of USPS-T-26)

<u>Actual Mail Makeup</u>	<u>Filed</u>	<u>New</u>
Automation basic presort	13.1577	13.1686
Automation 3-digit presort	9.5633	9.5708
Automation 5-digit presort	5.7728	5.1999
Nonautomation basic presort	13.7075	13.7190
Nonautomation 3-digit presort	7.7976	8.3163

Nonautomation 5-digit presort	6.4084	6.4129
Carrier route presort	2.8033	2.8020

Constant Mail Makeup

Automation basic presort	10.0825	10.0905
Automation 3-digit presort	6.8101	6.8150
Automation 5-digit presort	5.1965	5.1999
Nonautomation basic presort	13.7075	13.7190
Nonautomation 3-digit presort	7.7976	8.3163
Nonautomation 5-digit presort	6.4084	6.4129
Carrier route presort	2.8033	2.8020

Standard Mail (A) Regular Rate (from Table III-5, page 9 of USPS-T-26)

<u>Actual Mail Makeup</u>	<u>Filed</u>	<u>New</u>
Automation basic presort	16.3387	16.3130
Automation 3/5-digit presort	9.2361	9.2767
Nonautomation basic presort	19.1565	18.9802
Nonautomation 3/5-digit presort	11.4181	11.3129

Constant Mail Makeup

Automation basic presort	14.2202	14.2363
Automation 3/5-digit presort	8.6665	8.7737
Nonautomation basic presort	19.1565	18.9802
Nonautomation 3/5-digit presort	11.2172	11.3129

TABLE III-2
 PERIODICALS REGULAR FLATS
 UNIT VOLUME VARIABLE MAIL PROCESSING COSTS

Approach	Rate Category	Cents
Actual Mail Makeup	automation basic presort	20.1830
	automation 3-digit presort	14.8342
	automation 5-digit presort	9.1155
	nonautomation basic presort	10.0505
	nonautomation 3-digit presort	15.0309
	nonautomation 5-digit presort	10.1985
	carrier route presort	4.3884
Constant Mail Makeup	automation basic presort	15.8471
	automation 3-digit presort	12.5031
	automation 5-digit presort	8.7084
	nonautomation basic presort	23.2501
	nonautomation 3-digit presort	15.0309
	nonautomation 5-digit presort	10.1985
	carrier route presort	4.8584

TABLE III-3
 PERIODICALS NONPROFIT FLATS
 UNIT VOLUME VARIABLE MAIL PROCESSING COSTS

Approach	Rate Category	Cents
Actual Mail Makeup	automation basic presort	13.1085
	automation 3-digit presort	9.5708
	automation 5-digit presort	5.7767
	nonautomation basic presort	13.7190
	nonautomation 3-digit presort	8.3163
	nonautomation 5-digit presort	6.4129
	carrier route presort	2.8020
Constant Mail Makeup	automation basic presort	10.0905
	automation 3-digit presort	6.8150
	automation 5-digit presort	5.1980
	nonautomation basic presort	13.7190
	nonautomation 3-digit presort	8.3163
	nonautomation 5-digit presort	6.4129
	carrier route presort	2.8020

TABLE III-4
 STANDARD MAIL (A) REGULAR FLATS
 UNIT VOLUME VARIABLE MAIL PROCESSING COSTS

Approach	Rate Category	Cents
Actual Mail Makeup	automation basic presort	15.3133
	automation 3/5-digit presort	9.2787
	nonautomation basic presort	18.9802
	nonautomation 3/5-digit presort	11.3129
Constant Mail Makeup	automation basic presort	14.2353
	automation 3/5-digit presort	8.7737
	nonautomation basic presort	15.9802
	nonautomation 3/5-digit presort	11.3129

FLAT MAIL PROCESSING COST ESTIMATES

Periodicals Regular Rate Flats

	(1) Mailflow Processing Cost	(2) CRA Adjustment Factor	(3) Fixed CRA Costs, Add- On	(4) Total Volume Variable Cost
Automation, Basic Presort	14.0225	1.2354	2.8700	20.1930
Automation, 3-Digit Presort	9.6847	1.2354	2.8700	14.8342
Automation, 5-Digit Presort	5.0556	1.2354	2.8700	9.1156
Nonautomation, Basic Presort	13.9072	1.2354	2.8700	20.0505
Nonautomation, 3-Digit Presort	9.8439	1.2354	2.8700	15.0309
Nonautomation, 5-Digit Presort	5.9322	1.2354	2.8700	10.1985
Carrier Route	1.6338	1.2354	2.8700	4.8884

- (1) From page 5 of this section
- (2) From page 4 of this section
- (3) From page 4 of this section
- (4) Equals Column (1) multiplied by Column (2) plus Column (3)

CRA ADJUSTMENT FACTOR

Periodicals Regular Rate Flats

	(1)	(2)	(3)
	Modeled Flat Processing Cost	Weight	Weighted Average
Basic Non-Barcoded	13.9072	13.89%	1.9316
3-Digit Non-Barcoded	9.8439	6.43%	0.6331
5-Digit Non-Barcoded	5.9322	16.62%	0.9861
Basic Barcoded	14.0225	5.66%	0.7936
3-Digit Barcoded	9.6847	5.40%	0.5230
5-Digit Barcoded	5.0556	15.95%	0.8063
Carrier Route	1.6338	36.05%	0.5890
		100.00%	6.2626
Proportional Benchmark Cost	7.7367	(4)	
Modeled Cost	6.2626	(5)	
Proportional CRA Adjustment Factor	1.2354	(6)	
Fixed Costs	2.8700	(4)	

- (1) From page 5 of this section
- (2) From page 8 of this section
- (3) Equals Column (1) times Column (2)
- (4) From page 7 of this section
- (5) Weighted Average of Column (3) above
- (6) Equals (4) divided by (5)

WEIGHTED MODEL COSTS

Periodicals Regular Rate Flats

	(1) Total Modeled Cost	(2) Weight	(3) Weighted Cost
Nonautomation, Basic Presort			
<i>Nonmachinable, Basic Presort</i>	15.8771	25.00%	3.9693
<i>Machinable, Basic Presort</i>	13.2505	75.00%	9.9379
			13.9072
Nonautomation, 3-Digit Presort			
<i>Nonmachinable, 3-Digit Presort</i>	10.5014	25.00%	2.6254
<i>Machinable, 3-Digit Presort</i>	9.6247	75.00%	7.2185
			9.8439
Nonautomation, 5-Digit Presort			
<i>Nonmachinable, 5-Digit Presort</i>	6.3865	25.00%	1.5966
<i>Machinable, 5-Digit Presort</i>	5.7808	75.00%	4.3356
			5.9322
Automation, Basic Presort	14.0225	100.00%	14.0225
Automation, 3-Digit Presort	9.6847	100.00%	9.6847
Automation, 5-Digit Presort	5.0556	100.00%	5.0556
Carrier Route	1.6338	100.00%	1.6338

- (1) From page 6 of this section
(2) Column (2) equals a ratio of the specific volume to the total volume of the presort category
Volumes from page 8 of this section
(3) Equals Column (1) multiplied by Column (2)

MODEL COSTS

Periodicals Regular Rate Flats

	(1)	(2)	(3)
	Unit Modeled Cost	Bundle Sort Cost	Total Modeled Cost
Basic Presort Rate Category			
Nonmachinable	13 7967 (1)	2.0804 (11)	15.8771 (15)
Machinable	11 1701 (2)	2.0804 (11)	13.2505 (15)
Barcoded	11.4533 (3)	2.5692 (12)	14.0225 (15)
Three-Digit Presort Rate Category			
Nonmachinable	9.2793 (4)	1.2222 (13)	10.5014 (15)
Machinable	8.4026 (5)	1.2222 (13)	9.6247 (15)
Barcoded	8 1633 (6)	1.5215 (14)	9.6847 (15)
Five-Digit Presort Rate Category			
Nonmachinable	5.4059 (7)	0.9807 (13)	6.3865 (15)
Machinable	4.8001 (8)	0.9807 (13)	5.7808 (15)
Barcoded	3 7437 (9)	1.3119 (14)	5.0558 (15)
Carrier Route Presort Rate Category	1.6338 (10)	-	1.6338 (15)

(1) From page 28 of this section
(2) From page 22 of this section
(3) From page 16 of this section
(4) From page 30 of this section
(5) From page 24 of this section
(6) From page 18 of this section
(7) From page 32 of this section
(8) From page 26 of this section

(9) From page 20 of this section
(10) From page 38 of this section
(11) From Section 6, page 10
(12) From Section 6, page 10
(13) From Section 6, page 10
(14) From Section 6, page 10
(15) Equals Unit Modeled Cost plus Bundle Sort Cost

VOLUMES

Periodicals Regular Rate Flats

	(1)	(2)	(3)	(4)	(5)
	Barcoded	Machinable	Nonmachinable	Carrier Route	Total
Basic	368,820,134 5.66%	678,828,302 10.42%	228,278,101 3.47%	-	1,273,924,536 19.55%
3-Digit	351,906,675 5.40%	314,318,068 4.82%	104,772,689 1.61%	-	770,997,432 11.83%
5-Digit	1,039,374,193 15.86%	812,441,058 12.47%	270,813,686 4.18%	-	2,122,628,937 32.57%
Carrier Route				2,349,164,095 36.05%	2,349,164,095 36.05%
Total	1,760,101,002 27.01%	1,805,587,428 27.71%	601,862,476 9.24%	2,349,164,095 36.05%	6,516,715,000 100.00%

	(6)	(7)	(8)	(9)
	Barcoded Flats	Non-Barcoded Flats	Carrier Route	Total
Basic Presort	368,820,134 5.66%	905,104,403 13.89%	-	1,273,924,536 19.55%
3-Digit Presort	351,906,675 5.40%	419,090,757 6.43%	-	770,997,432 11.83%
5-Digit Presort	1,039,374,193 16.95%	1,083,254,743 16.62%	-	2,122,628,937 32.57%
Carrier Route			2,349,164,095 36.05%	2,349,164,095 36.05%
Total	1,760,101,002 27.01%	2,407,449,903 36.94%	2,349,164,095 36.05%	6,516,715,000 100.00%

- (1) From Column (6)
- (2) 75% of Column (7), (75% of Periodicals Non-Barcoded mail is machinable, Refer to USPS LR-H-105)
- (3) 25% of Column (7), (25% of Periodicals Non-Barcoded mail is nonmachinable, Refer to USPS LR-H-105)
- (4) From Column (8)
- (5) Sum of Columns (1) through (4)
- (6) From Section 7, page 3
- (7) From Section 7, page 3
- (8) From Section 7, page 3
- (9) Sum of Columns (6) through (8)

FLAT MAIL PROCESSING COST ESTIMATES

Periodicals Nonprofit Flats

	(1)	(2)	(3)	(4)
	Mailflow Processing Cost	CRA Adjustment Factor	Fixed CRA Costs, Add- On	Total Volume Variable Cost
Automation, Basic Presort	13 9807	0 8276	1 5982	13.1686
Automation, 3-Digit Presort	9 6334	0.8276	1 5982	9.5708
Automation, 5-Digit Presort	5 0489	0 8276	1 5982	5.7767
Nonautomation, Basic Presort	14 6456	0 8276	1 5982	13.7190
Nonautomation, 3-Digit Presort	8 1175	0 8276	1 5982	8.3163
Nonautomation, 5-Digit Presort	5 8177	0.8276	1 5982	6.4129
Carrier Route	1 4545	0 8276	1 5982	2.8020

- (1) From page 5 of this section
- (2) From page 4 of this section
- (3) From page 4 of this section
- (4) Equals Column (1) multiplied by Column (2) plus Column (3)

CRA ADJUSTMENT FACTOR

Periodicals Nonprofit Flats

	(1)	(2)	(3)
	Modeled Flat Processing Cost	Weight	Weighted Average
Basic Non-Barcoded	14.6456	11.15%	1.6323
3-Digit Non-Barcoded	8.1175	4.38%	0.3559
5-Digit Non-Barcoded	5.8177	13.36%	0.7772
Basic Barcoded	13.9807	4.11%	0.5747
3-Digit Barcoded	9.6334	3.37%	0.3245
5-Digit Barcoded	5.0489	13.69%	0.6913
Carrier Route	1.4545	49.94%	0.7264
		100.00%	5.0823
Proportional Benchmark Cost	4.2061 (4)		
Modeled Cost	5.0823 (5)		
Proportional CRA Adjustment Factor	0.8276 (6)		
Fixed Costs	1.5982 (4)		

- (1) From page 5 of this section
- (2) From page 8 of this section
- (3) Equals Column (1) times Column (2)
- (4) From page 7 of this section
- (5) Weighted Average of Column (3) above
- (6) Equals (4) divided by (5)

WEIGHTED MODEL COSTS

Periodicals Nonprofit Flats

	(1) Total Modeled Cost	(2) Weight	(3) Weighted Cost
Nonautomation, Basic Presort			14.6456
<i>Nonmachinable, Basic Presort</i>	15.4940	67.00%	10.3810
<i>Machinable, Basic Presort</i>	12.9231	33.00%	4.2646
Nonautomation, 3-Digit Presort			8.1175
<i>Nonmachinable, 3-Digit Presort</i>	8.2672	67.00%	5.5390
<i>Machinable, 3-Digit Presort</i>	7.8137	33.00%	2.5785
Nonautomation, 5-Digit Presort			5.8177
<i>Nonmachinable, 5-Digit Presort</i>	6.0179	67.00%	4.0320
<i>Machinable, 5-Digit Presort</i>	5.4111	33.00%	1.7857
Automation, Basic Presort	13.9807	100.00%	13.9807
Automation, 3-Digit Presort	9.6334	100.00%	9.6334
Automation, 5-Digit Presort	5.0489	100.00%	5.0489
Carrier Route	1.4545	100.00%	1.4545

- (1) From page 6 of this section
(2) Column (2) equals a ratio of the specific volume to the total volume of the presort category
Volumes from page 8 of this section
(3) Equals Column (1) multiplied by Column (2)

MODEL COSTS

Periodicals Nonprofit Flats

	Unit Modeled Cost		Bundle Sort Cost		Total Modeled Cost
Basic Presort Rate Category					
Nonmachinable	13.4414	(1)	2.0526	(11)	15.4940 (15)
Machinable	10.8705	(2)	2.0526	(11)	12.9231 (15)
Barcoded	11.4078	(3)	2.5728	(12)	13.9807 (15)
Three-Digit Presort Rate Category					
Nonmachinable	7.0926	(4)	1.1745	(13)	8.2672 (15)
Machinable	6.6392	(5)	1.1745	(13)	7.8137 (15)
Barcoded	8.1276	(6)	1.5058	(14)	9.6334 (15)
Five-Digit Presort Rate Category					
Nonmachinable	5.4196	(7)	0.5983	(13)	6.0179 (15)
Machinable	4.8128	(8)	0.5983	(13)	5.4111 (15)
Barcoded	3.7537	(9)	1.2952	(14)	5.0489 (15)
Carrier Route Presort Rate Category	1.4545	(10)	-		1.4545 (15)

- 1) From page 28 of this section
- 2) From page 22 of this section
- 3) From page 16 of this section
- 4) From page 30 of this section
- 5) From page 24 of this section
- 6) From page 18 of this section
- 7) From page 32 of this section
- 8) From page 26 of this section

- (9) From page 20 of this section
- (10) From page 38 of this section
- (11) From Section 6, page 6
- (12) From Section 6, page 6
- (13) From Section 6, page 6
- (14) From Section 6, page 6
- (15) Equals Unit Modeled Cost plus Bundle Sort Cost

VOLUMES

Periodicals Nonprofit Flats

	(1)	(2)	(3)	(4)
	Barcoded Flats	Non-Barcoded Flats	Carrier Route	Total
Basic Presort	81,663,355 4.11%	221,431,987 11.15%		303,095,342 15.26%
3-Digit Presort	66,925,142 3.37%	87,097,090 4.38%		154,022,233 7.75%
5-Digit Presort	272,041,697 13.69%	265,419,956 13.36%		537,461,653 27.05%
Carrier Route			992,148,772 49.84%	992,148,772 49.84%
Total	420,630,194 21.17%	573,849,033 28.89%	992,148,772 49.84%	1,986,728,000 100.00%

	(5)	(6)	(7)	(8)	(9)
	Barcoded	Machinable	Nonmachinable	Carrier Route	Total
Basic	81,663,355 26.94%	73,072,556 24.11%	148,359,431 48.95%		303,095,342 100.00%
3-Digit	66,925,142 43.45%	28,742,040 18.66%	58,355,051 37.89%		154,022,233 100.00%
5-Digit	272,041,697 50.62%	87,586,586 16.30%	177,831,371 33.08%		537,461,653 100.00%
Carrier Route				992,148,772 49.94%	992,148,772 49.94%
Total	420,630,194	189,403,181	384,545,852	992,148,772	1,986,728,000

- (1) From Section 7, page 5
- (2) From Section 7, page 5
- (3) From Section 7, page 5
- (4) Sum of Columns (1) through (3)
- (5) From Column (1)
- (6) 33% of Column (2). (33% of Periodicals Non-Barcoded mail is machinable, Refer to LR-H-105)
- (7) 67% of Column (2). (67% of Periodicals Non-Barcoded mail is nonmachinable, Refer to LR-H-105)
- (8) From Column (3)
- (9) Sum of Columns (1) through (4)

MAIL PROCESSING COST ESTIMATES

Standard Mail (A) Regular Rate Flats

	(1)	(2)	(3)	(4)
	Mailflow Processing Cost	CRA Adjustment Factor	Fixed CRA Costs, Add on	Total Volume Variable Cost
Nonautomation, Basic Presort	14.5739	1.1829	1.7408	18.9802
Nonautomation, 3/5-Digit Presort	8.0924	1.1829	1.7408	11.3129
Automation, Basic Presort	12.3191	1.1829	1.7408	16.3130
Automation, 3/5-Digit Presort	6.3707	1.1829	1.7408	9.2767

- (1) From page 5 of this section
- (2) From page 4 of this section
- (3) From page 4 of this section
- (4) Equals Column (1) multiplied by Column (2) plus Column (3)

CRA ADJUSTMENT FACTOR

Standard Mail (A) Regular Rate Flats

	(1) Modeled Cost	(2) Weight	(3) Weighted Cost
Nonautomation, Basic Presort	14.5739	8.48%	1.2365
Nonautomation, 3/5-Digit Presort	8.0921	14.38%	1.1634
Automation, Basic Presort	12.3191	1.87%	0.2306
Automation, 3/5-Digit Presort	6.3707	75.27%	4.7950
		100.00%	7.4256
Proportional Benchmark Cost	8.7836 (4)		
Modeled Cost	7.4256 (5)		
<i>Proportional CRA Adjustment Factor</i>	1.1829 (6)		
<i>Fixed CRA Costs</i>	1.7408 (4)		

- (1) From page 5 this section
- (2) From page 8 this section
- (3) Equals Column (1) multiplied by Column (2)
- (4) From page 7 this section
- (5) Weighted average from above
- (6) Equals (4) divided by (5)

WEIGHTED MODEL COSTS

Standard Mail (A) Regular Rate Flats

	(1) Total Cost	(2) Weight	(3) Weighted Cost
Nonautomation, Basic Presort			14.5739
Nonmachinable, Basic Presort	15.3460	63.54%	9.7501
Machinable, Basic Presort	13.2288	36.46%	4.8239
Nonautomation, 3/5-Digit Presort			8.0921
Nonmachinable, 3-Digit Presort	13.4664	49.54%	6.6718
Machinable, 3-Digit Presort	11.1365	50.46%	5.6190
Nonautomation, 3-Digit Presort			12.2908
Nonmachinable, 5-Digit Presort	6.7306	42.48%	2.8591
Machinable, 5-Digit Presort	5.7135	57.52%	3.2864
Nonautomation, 5-Digit Presort			6.1456
Automation, Basic Presort	12.3191	100.00%	12.3191
Automation, 3/5-Digit Presort			6.3707
3-Digit Presort	9.3195	30.43%	2.8364
5-Digit Presort	5.0806	69.57%	3.5344

(1) From page 6 this section

(2) From page 8 this section

(3) Equals Column (1) multiplied by Column (2)

MODEL COSTS

Standard Mail (A) Regular Rate Flats

	Unit Modeled Cost	Bundle Sort Cost	Total Modeled Cost
<i>Automation, Basic Presort</i>	10 0043 (1)	2.3149 (10)	12.3191 (11)
<i>Automation, 3-Digit Presort</i>	7.8913 (2)	1.4282 (10)	9.3195 (11)
<i>Automation, 5-Digit Presort</i>	3.6525 (3)	1.4282 (10)	5.0806 (11)
Nonautomation, Basic Presort			
Nonmachinable	13.2528 (4)	2.0931 (10)	15.3460 (11)
Machinable	11.0805 (5)	2.1483 (10)	13.2288 (11)
Nonautomation, 3-Digit Presort			
Nonmachinable	12.2333 (6)	1.2331 (10)	13.4664 (11)
Machinable	10.0689 (7)	1.0676 (10)	11.1365 (11)
Nonautomation, 5-Digit Presort			
Nonmachinable	5 4975 (8)	1.2331 (10)	6.7306 (11)
Machinable	4.6459 (9)	1.0676 (10)	5.7135 (11)

- (1) *From page 16 this section*
- (2) *From page 22 this section*
- (3) *From page 28 this section*
- (4) *From page 20 this section*
- (5) *From page 18 this section*
- (6) *From page 26 this section*
- (7) *From page 24 this section*
- (8) *From page 32 this section*
- (9) *From page 30 this section*
- (10) *From Section 6, page 18*
- (11) *Equals Unit Modeled Cost plus Bundle Sort Cost*

MAIL PROCESSING COST ESTIMATES

Periodicals Regular Rate Flats, Constant Mail Entry

	(1) Mailflow Processing Cost	(2) CRA Adjustment Factor	(3) Fixed CRA Costs, Add- On	(4) Total Volume Variable Cost
Automation, Basic Presort	10.5046	1.2354	2.8700	15.8471
Automation, 3-Digit Presort	7.7977	1.2354	2.8700	12.5031
Automation, 5-Digit Presort	4.7244	1.2354	2.8700	8.7064
Nonautomation, Basic Presort	13.9072	1.2354	2.8700	20.0505
Nonautomation, 3-Digit Presort	9.8439	1.2354	2.8700	15.0309
Nonautomation, 5-Digit Presort	5.9322	1.2354	2.8700	10.1985
Carrier Route	1.6338	1.2354	2.8700	4.8884

- (1) From page 5 of this section
- (2) From page 4 of this section
- (3) From page 4 of this section
- (4) Equals Column (1) multiplied by Column (2) plus Column (3)

CRA ADJUSTMENT FACTORS

Periodicals Regular Rate Flats, Constant Mail Entry

Proportional CRA Adjustment Factor	1.2354	(1)
Fixed CRA Costs	2.8700	(2)

(1) *From Section 2, page 4*

(2) *From Section 2, page 4*

WEIGHTED MODEL COSTS

Periodicals Regular Rate Flats, Constant Mail Entry

	(1) Total Modeled Cost	(2) Weight	(3) Weighted Cost
Nonautomation, Basic Presort			
<i>Nonmachinable, Basic Presort</i>	15.8771	25.00%	3.9693
<i>Machinable, Basic Presort</i>	13.2505	75.00%	9.9379
			13.9072
Nonautomation, 3-Digit Presort			
<i>Nonmachinable, 3-Digit Presort</i>	10.5014	25.00%	2.6254
<i>Machinable, 3-Digit Presort</i>	9.6247	75.00%	7.2185
			9.8439
Nonautomation, 5-Digit Presort			
<i>Nonmachinable, 5-Digit Presort</i>	6.3865	25.00%	1.5966
<i>Machinable, 5-Digit Presort</i>	5.7808	75.00%	4.3356
			5.9322
Automation, Basic Presort	10.5046	100.00%	10.5046
Automation, 3-Digit Presort	7.7977	100.00%	7.7977
Automation, 5-Digit Presort	4.7244	100.00%	4.7244
Carrier Route	1.6338	100.00%	1.6338

- (1) From page 6 of this section
(2) Column (2) equals a ratio of the specific volume to the total volume of the presort category
Volumes from page 8 of this section
(3) Equals Column (1) multiplied by Column (2)

ALTERNATE WEIGHTED MODEL COSTS

Periodicals Regular Rate Flats, Constant Mail Entry

	Unit Modeled Cost	Bundle Sort Cost	Weight	Weighted Modeled Cost	Weighted Bundle Sort Cost	Total Cost
Nonautomation, Basic Presort				11.8267	2.0804	13.9072
<i>Nonmachinable, Basic Presort</i>	13.7967	2.0804	25.00%	3.4492	0.5201	
<i>Machinable, Basic Presort</i>	11.1701	2.0804	75.00%	8.3776	1.5603	
Nonautomation, 3-Digit Presort				8.6217	1.2222	9.8439
<i>Nonmachinable, 3-Digit Presort</i>	9.2793	1.2222	25.00%	2.3198	0.3055	
<i>Machinable, 3-Digit Presort</i>	8.4026	1.2222	75.00%	6.3019	0.9166	
Nonautomation, 5-Digit Presort				4.9516	0.9807	5.9322
<i>Nonmachinable, 5-Digit Presort</i>	5.4059	0.9807	25.00%	1.3515	0.2452	
<i>Machinable, 5-Digit Presort</i>	4.8001	0.9807	75.00%	3.6001	0.7355	
Automation, Basic Presort	8.4242	2.0804	100.00%	8.4242	2.0804	10.5046
Automation, 3-Digit Presort	6.5755	1.2222	100.00%	6.5755	1.2222	7.7977
Automation, 5-Digit Presort	3.7437	0.9807	100.00%	3.7437	0.9807	4.7244
Carrier Route	1.6338		100.00%	1.6338		1.6338

MODEL COSTS

Periodicals Regular Rate Flats, Constant Mail Entry

	(1)	(2)	(3)
	Unit Modeled Cost	Bundle Sort Cost	Total Modeled Cost
Basic Presort Rate Category			
Nonmachinable	13.7967 (1)	2.0804 (11)	15.8771 (15)
Machinable	11.1701 (2)	2.0804 (11)	13.2505 (15)
Barcoded	8.4242 (3)	2.0804 (12)	10.5046 (15)
Three-Digit Presort Rate Category			
Nonmachinable	9.2793 (4)	1.2222 (13)	10.5014 (15)
Machinable	8.4026 (5)	1.2222 (13)	9.6247 (15)
Barcoded	6.5755 (6)	1.2222 (14)	7.7977 (15)
Five-Digit Presort Rate Category			
Nonmachinable	5.4059 (7)	0.9807 (13)	6.3865 (15)
Machinable	4.8001 (8)	0.9807 (13)	5.7808 (15)
Barcoded	3.7437 (9)	0.9807 (14)	4.7244 (15)
Carrier Route Presort Rate Category	1.6338 (10)	-	1.6338 (15)

- (1) From page 28 of this section
- (2) From page 22 of this section
- (3) From page 16 of this section
- (4) From page 30 of this section
- (5) From page 24 of this section
- (6) From page 18 of this section
- (7) From page 32 of this section
- (8) From page 26 of this section

- (9) From page 20 of this section
- (10) From page 38 of this section
- (11) From Section 6, page 10
- (12) From Section 6, page 10
- (13) From Section 6, page 10
- (14) From Section 6, page 10
- (15) Equals Unit Modeled Cost plus Bundle Sort Cost

VOLUMES

Periodicals Regular Rate Flats, Constant Mail Entry

	(1) Barcoded	(2) Machinable	(3) Nonmachinable	(4) Carrier Route	(5) Total
Basic	368,820,134 5.66%	678,828,302 10.42%	226,276,101 3.47%	-	1,273,924,536 19.55%
3-Digit	351,906,675 5.40%	314,318,068 4.82%	104,772,689 1.61%	-	770,997,432 11.83%
5-Digit	1,039,374,193 15.95%	812,441,058 12.47%	270,813,686 4.16%	-	2,122,628,937 32.57%
Carrier Route				2,349,164,095 36.05%	2,349,164,095 36.05%
Total	1,760,101,002 27.01%	1,805,587,428 27.71%	601,862,476 9.24%	2,349,164,095 36.05%	6,516,715,000 100.00%

	(6) Barcoded Flats	(7) Non-Barcoded Flats	(8) Carrier Route	(9) Total
Basic Presort	368,820,134 5.66%	905,104,403 13.89%	-	1,273,924,536 19.55%
3-Digit Presort	351,906,675 5.40%	419,090,757 6.43%	-	770,997,432 11.83%
5-Digit Presort	1,039,374,193 15.95%	1,083,254,743 16.62%	-	2,122,628,937 32.57%
Carrier Route			2,349,164,095 36.05%	2,349,164,095 36.05%
Total	1,760,101,002 27.01%	2,407,449,903 36.94%	2,349,164,095 36.05%	6,516,715,000 100.00%

- (1) From Column (6)
- (2) 75% of Column (7), (75% of Non-Barcoded mail is machinable, Refer to USPS LR-H-105)
- (3) 25% of Column (7); (25% of Non-Barcoded mail is nonmachinable, Refer to USPS LR-H-105)
- (4) From Column (8)
- (5) Sum of Columns (1) through (4)
- (6) From Section 12, page 3
- (7) From Section 12, page 3
- (8) From Section 12, page 3
- (9) Sum of Columns (6) through (8)

MAIL PROCESSING COST ESTIMATES

Periodicals Nonprofit Flats, Constant Mail Entry

	(1)	(2)	(3)	(4)
	Mailflow Processing Cost	CRA Adjustment Factor	Fixed CRA Costs, Add- On	Total Volume Variable Cost
Automation, Basic Presort	10 2613	0.8276	1.5982	10.0905
Automation, 3-Digit Presort	6 3035	0.8276	1.5982	6.8150
Automation, 5-Digit Presort	4 3520	0.8276	1.5982	5.1999
Nonautomation, Basic Presort	14.6456	0.8276	1.5982	13.7190
Nonautomation, 3-Digit Presort	8 1175	0.8276	1.5982	8.3163
Nonautomation, 5-Digit Presort	5 8177	0.8276	1.5982	6.4129
Carrier Route	1 4545	0.8276	1.5982	2.8020

- (1) From page 5 of this section
- (2) From page 4 of this section
- (3) From page 4 of this section
- (4) Equals Column (1) multiplied by Column (2) plus Column (3)

CRA ADJUSTMENT FACTORS

Periodicals Nonprofit Flats, Constant Mail Entry

Proportional CRA Adjustment Factor	0.8276	(1)
Fixed CRA Costs	1.5982	(2)

(1) *From Section 3, page 4*

(2) *From Section 3, page 4*

WEIGHTED MODEL COSTS

Periodicals Nonprofit Flats, Constant Mail Entry

	(1) Total Modeled Cost	(2) Weight	(3) Weighted Cost
Nonautomation, Basic Presort			
<i>Nonmachinable, Basic Presort</i>	15.4940	67.00%	10.3810
<i>Machinable, Basic Presort</i>	12.9231	33.00%	4.2646
			14.6456
Nonautomation, 3-Digit Presort			
<i>Nonmachinable, 3-Digit Presort</i>	8.2672	67.00%	5.5390
<i>Machinable, 3-Digit Presort</i>	7.8137	33.00%	2.5785
			8.1175
Nonautomation, 5-Digit Presort			
<i>Nonmachinable, 5-Digit Presort</i>	6.0179	67.00%	4.0320
<i>Machinable, 5-Digit Presort</i>	5.4111	33.00%	1.7857
			5.8177
Automation, Basic Presort	10.2613	100.00%	10.2613
Automation, 3-Digit Presort	6.3035	100.00%	6.3035
Automation, 5-Digit Presort	4.3520	100.00%	4.3520
Carrier Route	1.4545	100.00%	1.4545

- (1) From page 6 of this section
(2) Column (2) equals a ratio of the specific volume to the total volume of the presort category
Volumes from page 8 of this section
(3) Equals Column (1) multiplied by Column (2)

ALTERNATE WEIGHTED MODEL COSTS

Periodicals Nonprofit Flats, Constant Mail Entry

	Unit Modeled Cost	Bundle Sort Cost	Weight	Weighted Modeled Cost	Weighted Bundle Sort Cost	Total Cost
Nonautomation, Basic Presort				12.5930	2.0526	14.6456
<i>Nonmachinable, Basic Presort</i>	13.4414	2.0526	67.00%	9.0057	1.3752	
<i>Machinable, Basic Presort</i>	10.6705	2.0526	33.00%	3.5873	0.6774	
Nonautomation, 3-Digit Presort				6.9430	1.1745	8.1175
<i>Nonmachinable, 3-Digit Presort</i>	7.0926	1.1745	67.00%	4.7521	0.7869	
<i>Machinable, 3-Digit Presort</i>	6.6392	1.1745	33.00%	2.1909	0.3876	
Nonautomation, 5-Digit Presort				5.2194	0.5983	5.8177
<i>Nonmachinable, 5-Digit Presort</i>	5.4196	0.5983	67.00%	3.6311	0.4008	
<i>Machinable, 5-Digit Presort</i>	4.8128	0.5983	33.00%	1.5882	0.1974	
Automation, Basic Presort	8.2087	2.0526	100.00%	8.2087	2.0526	10.2613
Automation, 3-Digit Presort	5.1290	1.1745	100.00%	5.1290	1.1745	6.3035
Automation, 5-Digit Presort	3.7537	0.5983	100.00%	3.7537	0.5983	4.3520
Carrier Route	1.4545		100.00%	1.4545		1.4545

MODEL COSTS

Periodicals Nonprofit Flats, Constant Mail Entry

	Unit Modeled Cost		Bundle Sort Cost		Total Modeled Cost
Basic Presort Rate Category					
Nonmachinable	13 4414	(1)	2 0526	(11)	15.4940 (15)
Machinable	10 8705	(2)	2 0526	(11)	12.9231 (15)
Barcoded	8 2087	(3)	2 0526	(12)	10 2613 (15)
Three-Digit Presort Rate Category					
Nonmachinable	7.0926	(4)	1.1745	(13)	8 2672 (15)
Machinable	6.6392	(5)	1.1745	(13)	7,8137 (15)
Barcoded	5.1290	(6)	1.1745	(14)	6 3035 (15)
Five-Digit Presort Rate Category					
Nonmachinable	5 4196	(7)	0 5983	(13)	6 0179 (15)
Machinable	4 8128	(8)	0 5983	(13)	5 4111 (15)
Barcoded	3.7537	(9)	0.5983	(14)	4 3520 (15)
Carrier Route Presort Rate Category	1.4545	(10)	-		1.4545 (15)

- 1) From page 28 of this section
- 2) From page 22 of this section
- 3) From page 16 of this section
- 4) From page 30 of this section
- 5) From page 24 of this section
- 6) From page 18 of this section
- 7) From page 32 of this section
- 8) From page 26 of this section

- (9) From page 20 of this section
- (10) From page 38 of this section
- (11) From Section 6, page 6
- (12) From Section 6, page 6
- (13) From Section 6, page 6
- (14) From Section 6, page 6
- (15) Equals Unit Modeled Cost plus Bundle Sort Cost

VOLUMES

Periodicals Nonprofit Flats, Constant Mail Entry

	(1)	(2)	(3)	(4)
	Barcoded Flats	Non-Barcoded Flats	Carrier Route	Total
Basic Presort	81,663,355 4.11%	221,431,967 11.15%		303,095,342 15.26%
3-Digit Presort	66,925,142 3.37%	87,097,090 4.38%		154,022,233 7.75%
5-Digit Presort	272,041,697 13.69%	265,419,956 13.36%		537,461,653 27.05%
Carrier Route			992,148,772 49.94%	992,148,772 49.94%
Total	420,630,194 21.17%	573,949,033 28.89%	992,148,772 49.94%	1,986,728,000 100.00%

	(5)	(6)	(7)	(8)	(9)
	Barcoded	Machinable	Non-Machinable	Carrier Route	Total
Basic	81,663,355 26.94%	73,072,556 24.11%	148,359,431 48.95%		303,095,342 100.00%
3-Digit	66,925,142 43.45%	28,742,040 18.68%	58,355,051 37.89%		154,022,233 100.00%
5-Digit	272,041,697 60.62%	87,588,586 16.30%	177,831,371 33.09%		537,461,653 100.00%
Carrier Route				992,148,772 49.94%	992,148,772 49.94%
Total	420,630,194	189,403,181	384,545,852	992,148,772	1,986,728,000

- (1) From Section 12, page 5
- (2) From Section 12, page 5
- (3) From Section 12, page 5
- (4) Sum of Columns (1) through (3)
- (5) From Column (1)
- (6) 33% of Column (2); (33% of Periodicals Non-Barcoded mail is machinable, Refer to USPS LR-H-105)
- (7) 67% of Column (2); (67% of Periodicals Non-Barcoded mail is nonmachinable, Refer to USPS LR-H-105)
- (8) From Column (3)
- (9) Sum of Columns (1) through (4)

MAIL PROCESSING COST ESTIMATES**Standard Mail (A) Regular Rate Flats, Constant Mail Entry**

	(1)	(2)	(3)	(4)
	Mailflow Processing Cost	CRA Adjustment Factor	Fixed CRA Costs, Add on	Total Volume Variable Cost
Nonautomation, Basic Presort	14.5739	1.1829	1.7408	18.9802
Nonautomation, 3/5-Digit Presort	8.0921	1.1829	1.7408	11.3129
Automation, Basic Presort	10.5635	1.1829	1.7408	14.2363
Automation, 3/5-Digit Presort	5.9455	1.1829	1.7408	8.7737

(1) From page 5 of this section

(2) From page 4 of this section

(3) From page 4 of this section

(4) Equals Column (1) multiplied by Column (2) plus Column (3)

CRA ADJUSTMENT FACTORS**Standard Mail (A) Regular Rate Flats, Constant Mail Entry**

Proportional CRA Adjustment Factor	1.1829	(1)
Fixed CRA Costs	1.7408	(2)

(1) From Section 4, page 4

(2) From Section 4, page 4

WEIGHTED MODEL COSTS**Standard Mail (A) Regular Rate Flats, Constant Mail Entry**

	(1) Total Cost	(2) Weight	(3) Weighted Cost
Nonautomation, Basic Presort			14.5739
Nonmachinable, Basic Presort	15.3460	63.54%	9.7501
Machinable, Basic Presort	13.2288	36.46%	4.8239
Nonautomation, 3/5-Digit Presort			8.0921
Nonmachinable, 3-Digit Presort	13.4664	49.54%	6.6718
Machinable, 3-Digit Presort	11.1365	50.46%	5.6190
Nonautomation, 3-Digit Presort			12.2908
Nonmachinable, 5-Digit Presort	6.7306	42.48%	2.8591
Machinable, 5-Digit Presort	5.7135	57.52%	3.2864
Nonautomation, 5-Digit Presort			6.1456
Automation, Basic Presort	10.5635	100.00%	10.5635
Automation, 3/5-Digit Presort			5.9455
3-Digit Presort	8.9589	28.91%	2.5900
5-Digit Presort	4.7201	71.09%	3.3555

(1) From page 7 this section

(2) From page 8 this section

(3) Equals Column (1) multiplied by Column (2)

ALTERNATE WEIGHTED MODEL COSTS

Standard Mail (A) Regular Rate Flats, Constant Mail Entry

	Unit Modeled Cost	Bundle Sort Cost	Weight	Weighted Unit Modeled Cost	Weighted Bundle Sort Cost	Total Cost
Nonautomation, Basic Presort				12.4607	2.1132	14.5739
Nonmachinable, Basic Presort	13.2528	2.0931	63.54%	8.4202	1.3299	
Machinable, Basic Presort	11.0805	2.1483	36.46%	4.0405	0.7834	
Nonautomation, 3/5-Digit Presort				6.9505	1.1416	8.0921
Nonmachinable, 3-Digit Presort	12.2333	1.2331	49.54%	6.0609	0.6109	
Machinable, 3-Digit Presort	10.0689	1.0676	50.46%	5.0804	0.5387	
Nonautomation, 3-Digit Presort				11.1412	1.1496	
Nonmachinable, 5-Digit Presort	5.4975	1.2331	42.48%	2.3353	0.5238	
Machinable, 5-Digit Presort	4.6459	1.0676	57.52%	2.6723	0.6141	
Nonautomation, 5-Digit Presort				5.0077	1.1379	
Automation, Basic Presort	8.4152	2.1483	100.00%	8.4152	2.1483	10.5635
Automation, 3/5-Digit Presort				4.8779	1.0676	5.9455
3-Digit Presort	7.8913	1.0676	28.91%	2.2813	0.3086	
5-Digit Presort	3.6525	1.0676	71.09%	2.5965	0.7590	

MODEL COSTS

Standard Mail (A) Regular Rate Flats, Constant Mail Entry

	Unit Modeled Cost	Bundle Sort Cost	Total Modeled Cost
<i>Automation, Basic Presort</i>	8.4152 (1)	2.1483 (10)	10.5635 (11)
<i>Automation, 3-Digit Presort</i>	7.8913 (2)	1.0676 (10)	8.9589 (11)
<i>Automation, 5-Digit Presort</i>	3.6525 (3)	1.0676 (10)	4.7201 (11)
Nonautomation, Basic Presort			
Nonmachinable	13.2528 (4)	2.0931 (10)	15.3460 (11)
Machinable	11.0805 (5)	2.1483 (10)	13.2288 (11)
Nonautomation, 3-Digit Presort			
Nonmachinable	12.2333 (6)	1.2331 (10)	13.4664 (11)
Machinable	10.0689 (7)	1.0676 (10)	11.1365 (11)
Nonautomation, 5-Digit Presort			
Nonmachinable	5.4975 (8)	1.2331 (10)	6.7306 (11)
Machinable	4.6459 (9)	1.0676 (10)	5.7135 (11)

- (1) *From page 16 this section*
- (2) *From page 22 this section*
- (3) *From page 28 this section*
- (4) *From page 20 this section*
- (5) *From page 18 this section*
- (6) *From page 26 this section*
- (7) *From page 24 this section*
- (8) *From page 32 this section*
- (9) *From page 30 this section*
- (10) *From Section 6, page 18*
- (11) *Equals Unit Modeled Cost plus Bundle Sort Cost*

VOLUMES

Standard Mail (A) Regular Rate Flats, Constant Mail Entry

	(1) Automation	(2) Machinable	(3) Nonmachinable	(4) Total
Basic	231,300,000 1.87%	382,252,307 3.09%	566,020,693 5.39%	1,279,573,000 10.36%
<i>3/5 Presort</i>				
3-Digit Packages	2,830,255,635 22.91%	283,886,428 2.30%	278,755,458 2.26%	3,392,897,521 27.46%
5-Digit Packages	6,469,124,365 52.36%	698,097,805 5.65%	515,564,210 4.17%	7,682,786,479 62.18%
Total	9,530,680,000 77.14%	1,364,236,540 11.04%	1,460,340,360 11.82%	12,355,257,000 100.00%

	(5) Automation	(6) Nonautomation	(7) Total
Basic Presort	231,300,000 1.87%	1,048,273,000 8.48%	1,279,573,000 10.36%
<i>3/5 Presort</i>			
3-Digit Packages	2,830,255,635 22.91%	562,641,886 4.55%	3,392,897,521 27.46%
5-Digit Packages	6,469,124,365 52.36%	1,213,662,114 9.82%	7,682,786,479 62.18%
Total	9,530,680,000 77.14%	2,824,577,000 22.86%	12,355,257,000 100.00%

	(8) Automation	(9) Nonautomation	(10) Total
Basic Presort	231,300,000 1.87%	1,048,273,000 8.48%	1,279,573,000 10.36%
3/5-Digit Presort	9,299,380,000 75.27%	1,776,304,000 14.38%	11,075,684,000 89.64%
Total	9,530,680,000 77.14%	2,824,577,000 22.86%	12,355,257,000 100.00%

- (1) From Column (5)
(2) Equals Column (6) weighted by the proportion of Nonautomation pieces that are machinable. See pages 34-37 of this section.
(3) Equals Column (6) weighted by the proportion of Nonautomation pieces that are nonmachinable. See pages 34-37 of this section.
(4) Equals the sum of Columns (1) through (3).
(5) From Section 12, page 7
(6) From Section 12, page 7
(7) Equals Column (5) plus Column (6).
(8) From Column (5). 3/5-Digit Presort is the sum of 3-Digit Presort Packages and 5-Digit Presort Packages from Column (5).
(9) From Column (6). 3/5-Digit Presort is the sum of 3-Digit Presort Packages and 5-Digit Presort Packages from Column (6).
(10) Equals Column (8) plus Column (9).