

**BEFORE THE  
POSTAL RATE COMMISSION**

---

**POSTAL RATE AND FEE CHANGES, 2006**

---

:  
:  
:

**DOCKET NO. R2006-1**

---

**DIRECT TESTIMONY OF  
RALPH L. LUCIANI  
ON BEHALF OF  
UNITED PARCEL SERVICE**

---

**TABLE OF CONTENTS**

INTRODUCTION.....1

PURPOSE OF TESTIMONY AND SUMMARY OF CONCLUSIONS .....2

THE POSTAL SERVICE HAS IMPROPERLY INCREASED PARCEL  
POST WORKSHARING RATE DIFFERENCES TO MORE THAN  
AVOIDED COSTS.....3

THE POSTAL SERVICE’S PARCEL POST MAIL PROCESSING RATE  
DESIGN IS INADEQUATE.....7

    A. Outdated Data and Unsupported Assumptions ..... 7

    B. CRA Proportional Adjustment Factor ..... 9

    C. Impact of Constraints ..... 12

    D. Interim Improvement ..... 13

OTHER IMPROVEMENTS AND CORRECTIONS TO PARCEL POST  
COSTING AND RATE DESIGN ARE NEEDED.....16

PARCEL POST MAIL PROCESSING WORKSHARING  
PASSTHROUGHS SHOULD BE REDUCED.....18

CONCLUSION .....20

**LIST OF TABLES**

Table 1: Average Transportation-Related Cost Difference Between Inter-BMC and DDU-Entry Parcels Compared to Proposed Rate Difference under the Postal Service’s Methodology .....5

Table 2: CRA Proportional Adjustment Factor in Parcel Post Mail Processing Cost Model .....10

Table 3: Mail Processing Worksharing Cost Avoidances Before and After Application of CRA Proportional Adjustment Factor .....11

Table 4: TYAR Contribution Per Piece by Parcel Post Rate Category Under Postal Service Proposed Rates .....12

Table 5: Impact of Interim Improvement on CRA Proportional Adjustment Factor.....15

1 **INTRODUCTION**

2 My name is Ralph L. Luciani. I am a Vice President of CRA International  
3 (formerly, Charles River Associates), an economic and management consulting firm  
4 specializing in public policy and corporate strategy. Prior to joining CRA in 2001, I was  
5 a Vice President at the economic and management consulting firm of PHB Hagler Bailly  
6 and a Director at Putnam, Hayes and Bartlett. I have 20 years of consulting experience  
7 analyzing economic and financial issues affecting regulated industries, including  
8 costing, ratemaking, business planning, and competitive strategy issues.

9 I have been actively involved in postal costing and ratemaking issues on behalf  
10 of United Parcel Service (“UPS”) since 1990. In Docket No. R90-1 and again in Docket  
11 No. R94-1, I assisted Dr. George R. Hall in his analyses and testimony regarding the  
12 attributable costs, cost coverages, and rate design for Parcel Post, Priority Mail, and  
13 Express Mail. In Docket No. R94-1, I assisted Dr. Colin C. Blaydon in the preparation of  
14 analyses and testimony concerning the treatment of mixed mail costs in the In-Office  
15 Cost System (“IOCS”). I presented testimony in Docket No. MC95-1 regarding the  
16 costs associated with parcels handled by the Postal Service in First Class Mail and in  
17 Standard (A) Mail. I also presented supplemental testimony in Docket No. MC95-1,  
18 regarding rate design for Standard (A) Mail parcels. In Docket No. R97-1 and in Docket  
19 No. R2000-1, I presented testimony regarding the costing and rate design of Parcel  
20 Post and Priority Mail.

21 Over the past eleven years, I have visited and observed operations at Postal  
22 Service facilities on a number of occasions, including two visits to the Washington BMC

1 and visits to two different Sectional Center Facilities, three Associate Offices/Delivery  
2 Units, and an Air Mail Center.

3 I hold a B.S. in Electrical Engineering and Economics from Carnegie Mellon  
4 University. I also hold an M.S. from the Graduate School of Industrial Administration at  
5 Carnegie Mellon University. Prior to joining Putnam, Hayes and Bartlett in 1985, I  
6 worked as an Edison engineer at General Electric Company, and as a financial analyst  
7 at IBM Corporation.

8 **PURPOSE OF TESTIMONY AND**  
9 **SUMMARY OF CONCLUSIONS**

---

10 UPS has asked me to analyze the Postal Service's Parcel Post worksharing  
11 costing and rate design proposals. As part of my investigation, I have reviewed the  
12 testimony and workpapers of Postal Service witnesses Thress (USPS-T-7), Milanovic  
13 (USPS-T-9), Waterbury (USPS-T-10), Kelley (USPS-T-15), Pifer (USPS-T-18), Miller  
14 (USPS-T-21), Page (USPS-T-23), Mayes (USPS-T-25), O'Hara (USPS-T-31), and  
15 Kiefer (USPS-T-37).

16 Based on my review, I have reached the following conclusions with respect to the  
17 Postal Service's proposed rates for Parcel Post:

- 18 1. Contrary to longstanding Commission policy, the Postal Service adds a  
19 markup to estimated transportation worksharing cost avoidances, with the  
20 result that worksharing rate differences exceed avoided costs. This  
21 deficiency should be corrected.
- 22 2. The Postal Service's mail processing cost model for Parcel Post is based on  
23 outdated studies and unsupported assumptions, and provides inflated and  
24 unreliable estimates of worksharing cost avoidances.

1           3. Given these and other defects in the Parcel Post rate design, the Postal  
2           Service's 100% passthrough of estimated cost avoidances should be  
3           decreased. I propose passthroughs of 90% of estimated avoided costs, the  
4           same level set by the Commission for DSCF-entry and DDU-entry mail  
5           processing workshare avoided costs in the last fully litigated rate case,  
6           Docket No. R2000-1.

7                           **THE POSTAL SERVICE HAS IMPROPERLY INCREASED PARCEL**  
8                           **POST WORKSHARING RATE DIFFERENCES TO MORE THAN**  
9                           **AVOIDED COSTS.**

---

10           Under its longstanding mail classification policies, the Commission applies a  
11           single cost coverage to a subclass as a whole. Furthermore, the Commission has  
12           generally adhered to the principle that within a subclass, worksharing rate differences  
13           should, to the extent possible, reflect only the costs that the Postal Service would avoid  
14           (or incur) if a mail piece were to move from a non-workshared rate category to a  
15           workshared rate category, or from one workshared rate category to another.<sup>1</sup> This  
16           practice sends price signals that encourage worksharing by mailers when a mailer's  
17           cost of worksharing is less than or equal to the resulting reduction in the Postal  
18           Service's costs.<sup>2</sup> It is grounded in principles of economic efficiency and fairness to all  
19           mailers, including those who do not or cannot engage in worksharing. Thus, to the  
20           extent practicable, the Commission has historically set worksharing rates to reflect  
21           discounts that are no more than the costs avoided by worksharing.

---

<sup>1</sup> See Docket No. R2006-1, Notice of Inquiry No. 2, p. 1.

<sup>2</sup> See Docket No. R2006-1, Notice of Inquiry No. 3, p. 2.

1 Prior to Docket No. R97-1, the Postal Service derived Parcel Post worksharing  
2 rates (at that time, for DBMC-entry parcels) by subtracting the costs avoided through  
3 DBMC-entry directly from the intra-BMC rates. However, in Docket No. R97-1 the  
4 Postal Service's proposed rate design passed through not only 100% of the DBMC-  
5 entry transportation cost avoidances, but also a markup factor on those avoidances.<sup>3</sup>  
6 This approach resulted in rate differences for workshared rates that were greater than  
7 the costs avoided as a result of worksharing. It was a significant departure from well-  
8 established Commission policy, and the Commission explicitly rejected it.<sup>4</sup> Indeed, in  
9 its Docket No. R97-1 Parcel Post rate design workpapers, the Commission specifically  
10 chose "to eliminate markup on cost differences" in deriving the transportation cost  
11 elements used for the Parcel Post destination-entry workshared rates.<sup>5</sup>

12 Despite the Commission's explicit ruling in Docket No. R97-1, in the next case  
13 (Docket No. R2000-1) the Postal Service again increased Parcel Post worksharing rate  
14 differences beyond avoided costs by separately marking up transportation costs by rate  
15 category. The Commission's workpapers in that case for the first time also marked up  
16 transportation cost differences separately by rate category.<sup>6</sup> However, the Commission  
17 did not address this departure from its longstanding policy in its Opinion and  
18 Recommended Decision. Given the Commission's well-established policy of not  
19 marking up worksharing cost avoidances, its explicit rejection of the same proposal in

---

<sup>3</sup> This was the implicit result of the Postal Service's rate design approach of separately marking up the transportation costs that were individually derived for each rate category.

<sup>4</sup> "The Commission agrees with witness Luciani, and has not applied a markup in its own cost development." Docket No. R97-1, Opinion and Recommended Decision, ¶ 5681.

<sup>5</sup> Docket No. R97-1, PRC-LR-15, Development of Parcel Post Rates, R97POST.xls, page 6A, section V, PER POUND Rate Calculations, "set TDIFF = 1 to eliminate markup on cost differences."

<sup>6</sup> See Docket No. R2000-1, PRC-LR-17, LR17pp.xls.

1 the immediately preceding case, and the fact that the Commission did not address what  
 2 amounted to a major shift in policy in its Docket No. R2000-1 Opinion and  
 3 Recommended Decision, I believe that the use of the Postal Service’s method in the  
 4 Commission’s workpapers was inadvertent. The Postal Service again marked up  
 5 worksharing cost avoidances in its Parcel Post rate design in Docket No. R2001-1,  
 6 which was not fully litigated.<sup>7</sup>

7 In this case, the Postal Service again marks up transportation worksharing cost  
 8 differences in its Parcel Post rate design. To illustrate the impact of the Postal  
 9 Service’s approach, Table 1 compares the average transportation-related cost  
 10 difference between the inter-BMC and DDU-entry rate categories to the *rate* difference  
 11 between them resulting from the Postal Service’s approach.

12 **Table 1:**  
 13 **Average Transportation-Related Cost Difference Between**  
 14 **Inter-BMC and DDU-Entry Parcels Compared to Proposed**  
 15 **Rate Difference under the Postal Service’s Methodology**

Rate Category	Average Transportation-Related Attributable Cost <sup>1</sup> (\$/piece)	Average Transportation-Related Cost Difference <sup>2</sup> (\$/piece)	Postal Service Markup <sup>3</sup> (\$/piece)	Average Transportation-Related Rate Difference <sup>4</sup> (\$/piece)
Inter-BMC	3.60	N/A	N/A	N/A
DDU-entry	0.13	3.47	23.0%	4.27

<sup>1</sup>USPS-LR-L-82, WP-PP-9 and WP-PP-15, take sumproduct across rate category’s zone and weight cells and divide by total volume for rate category

<sup>2</sup>Difference between row 1 (Inter-BMC) and row 2 (DDU-entry) in column 2

<sup>3</sup>USPS-LR-L-82, WP-P-1, line [2]

<sup>4</sup>Column 3 \* (1 + markup in column 4)

<sup>7</sup> UPS/USPS-T37-7 (Tr. 8/2141-43). The issue did not arise in Docket No. R2005-1, which was also settled, because the rates adopted in that case were based on an across-the-board rate increase to fund a legislatively imposed escrow requirement.

1 As shown in Table 1, the average transportation-related cost difference of \$3.47 per  
2 piece between inter-BMC pieces and DDU pieces becomes a DDU-entry rate difference  
3 of \$4.27 per piece after application of the markup.<sup>8</sup>

4 Postal Service witness Kiefer defends this approach by citing the Commission's  
5 Docket No. R2000-1 workpapers. However, he is not able to provide any other  
6 examples of the Commission marking up worksharing cost avoidances, a practice that  
7 would affect the derivation of rates in virtually every subclass of mail.<sup>9</sup> Mr. Kiefer also  
8 argues that transportation worksharing cost avoidances should be treated no differently  
9 than any other cost differences such as weight and zone.<sup>10</sup> But that is directly contrary  
10 to sound Commission policy. The Postal Service's proposed increase of worksharing  
11 rate differences to reflect more than avoided costs should be rejected, as it was in  
12 Docket No. R97-1.

13 I have replicated the Commission's Docket No. R97-1 Parcel Post rate design  
14 methodology (PRC Version, USPS-LR-L-103), and applied it to the Parcel Post  
15 transportation costs prepared by Postal Service witness Mayes (USPS-LR-L-89,  
16 Attachment B) to derive corrected transportation rate elements that do not mark up  
17 worksharing cost avoidances. See Exhibit UPS-T-2A.<sup>11</sup>

---

<sup>8</sup> As noted previously (at page 4, fn. 3), the Postal Service separately marks up the individual transportation costs for each rate category in its rate design. The mathematical effect is a markup of the worksharing cost avoidances.

<sup>9</sup> UPS/USPS-T37-13 (Tr. 8/2155).

<sup>10</sup> UPS/USPS-T37-7(g) (Tr. 8/2141-42); see also Docket No. R2001-1, UPS/USPS-T33-42(c) (Tr. 11-B/4214-15).

<sup>11</sup> For purposes of this replication, I have used in the exhibit the Commission's markup in its Docket No. R97-1 workpapers. See Exhibit UPS-T-2A, Table 2b, line [f]. The actual markup will depend on the cost coverage that the Commission chooses to use in its Parcel Post rate design in this docket.

1 **THE POSTAL SERVICE'S PARCEL POST MAIL**  
2 **PROCESSING RATE DESIGN IS INADEQUATE.**

---

3 The Commission first approved DDU-entry and DSCF-entry Parcel Post rates in  
4 Docket No. R97-1. Those rates were implemented in January 1999.<sup>12</sup> Now, DDU-  
5 entered parcels are the dominant Parcel Post rate category, representing more than  
6 50% of total Parcel Post volume.<sup>13</sup> Although the Postal Service's experience with  
7 DSCF-entry and DDU-entry parcels is now well-established, its Parcel Post mail  
8 processing cost model has not improved over this seven year period. In fact, it appears  
9 to be getting worse.

10 **A. Outdated Data and Unsupported Assumptions**

11 The underlying data sources used in the Parcel Post mail processing cost model  
12 are often dated, or are based on significant assumptions that have not been subject to  
13 any study. Since DDU parcels now represent more than 50% of total Parcel Post  
14 volume, common sense dictates that there should be additional analytic scrutiny of the  
15 parcel activities at the DDU. However, this is not the case:

- 16
- There are no studies to assess the number of pieces per container of  
17 DDU-entry Parcel Post mail or of non-DDU entry Parcel Post mail at the  
18 DDU, despite the fact that DDU-entry mailers can drop as little as one  
19 Parcel Post parcel at a time at a DDU.<sup>14</sup> The number of pieces per  
20 container affects the productivity used in determining the avoided costs.

---

<sup>12</sup> USPS-LR-L-73, p. 83.

<sup>13</sup> Tr. 8/2182.

<sup>14</sup> UPS/USPS-T21-6 (Tr. 3/320-21). The possibility that a small number of Parcel Post pieces may be entered at a DDU is not as unrealistic as Postal Service witness Miller suggests in this

- 1           • Parcel sortation costs at the DDU are based on a 1982 study of Bound  
2           Printed Matter presented in Docket No. R84-1.<sup>15</sup>
- 3           • Average pieces per container at the DDU and elsewhere in the postal  
4           system are based on Docket No. R84-1 data.<sup>16</sup>
- 5           • Data from 1996 for the crossdock operation at BMCs is multiplied by four  
6           to estimate the productivity of the move container operation at the DDU.<sup>17</sup>  
7           In addition to the age of the data, a four-fold increase to the BMC  
8           productivity is arbitrary.
- 9           • Unloading productivities are also based on 1996 data.<sup>18</sup>
- 10          • Arrival profiles for mail arriving at the BMC and dispatch profiles for mail  
11          leaving the BMC are based on 1996 data.<sup>19</sup>
- 12          • The percent of parcels with direct transportation from the BMC to the DDU  
13          is based on a 1996 study from Docket No. MC97-2.<sup>20</sup>
- 14          • The percent of parcels sorted to 5-digits by the Parcel Sorting Machine,  
15          the percent of destinating BMCs that feed barcoded destination mail  
16          unfiltered to secondary operations, and the probability that non-

---

interrogatory response. Mailers may drop more than one subclass of mail at the DDU, so that Parcel Post parcels may be only a small fraction of the total dropshipment.

<sup>15</sup> UPS/USPS-T21-2(a) (Tr. 3/306-07). The actual data collection for the Bound Printed Matter study was during a two-week period in 1982. Docket No. R2001-1, UPS/USPS-T25-15 (Tr. 11-A/3994-96).

<sup>16</sup> USPS-LR-L-46, p. 8.

<sup>17</sup> UPS/USPS-T21-5 (Tr. 3/316).

<sup>18</sup> USPS-LR-L-46, p. 4.

<sup>19</sup> USPS-LR-L-46, p. 5.

<sup>20</sup> USPS-LR-L-46, p. 6.

1 machinable pieces will be inducted on the conveyer system are all based  
2 on 1998 data.<sup>21</sup>

- 3 • Parcel Sorting Machine key rates are based in part on 1993 data and an  
4 average of 1995 to 2000 data.<sup>22</sup>

5 All of this data is critical to the determination of the modeled costs. For example,  
6 the average pieces per container data from Docket No. R84-1 affects nearly all modeled  
7 operation cost estimates. Yet, all of this data is at least eight years old and was  
8 collected or estimated before the DSCF and DDU rate categories were implemented.

### 9 **B. CRA Proportional Adjustment Factor**

10 Beginning with Docket No. R2001-1, the Postal Service has applied a “CRA  
11 Proportional Adjustment Factor” to increase its modeled mail processing cost  
12 avoidances for DBMC-entry parcels, DSCF-entry parcels, and DDU-entry parcels.<sup>23</sup>  
13 The size of the factor the Postal Service uses to “true up” the modeled costs with cost  
14 numbers contained in its Cost and Revenue Analysis Report (“CRA”) cost pools strongly  
15 suggests that something is wrong with the Postal Service’s Parcel Post mail processing  
16 cost model.

---

<sup>21</sup> USPS-LR-L-46, p. 6, which references USPS-LR-J-64, Attachment J, in Docket No. R2001-1, which in turn references USPS-T-26, Attachment Y, in Docket No. R2000-1, which analyzes 1998 data (see p. 2).

<sup>22</sup> USPS-LR-L-46, p. 4.

<sup>23</sup> Docket No. R2001-1, UPS/USPS-T25-5 (Tr. 11-A/3971-76).

1 Table 2 summarizes the CRA Proportional Adjustment Factors in the Postal  
2 Service's filings since Docket No. R97-1.<sup>24</sup>

3 **Table 2:**  
4 **CRA Proportional Adjustment Factor in**  
5 **Parcel Post Mail Processing Cost Model**

Postal Rate Case	CRA Proportional Adjustment Factor	Source
R97-1	1.630	Exhibit USPS-29E
R2000-1	1.154	USPS-T-26, Att. A (revised 3/22/00)
R2001-1	1.231	USPS-LR-J-64 (revised 11/27/01)
R2005-1	1.219	USPS-LR-K-46
R2006-1	1.194	USPS-LR-L-46, Addendum, p. 1 (revised 8/2/06)

6 As shown, in this docket the factor is 1.194, i.e., the Postal Service's modeled costs  
7 need to be "grossed up" or inflated by 19.4% to match the CRA costs.

8 The CRA Proportional Adjustment Factor suffers from severe instability. As  
9 originally applied in this docket, the factor was 1.277.<sup>25</sup> After the Postal Service  
10 corrected two piggyback factors, the CRA factor increased to 1.325.<sup>26</sup> Yet another  
11 correction reduced the factor to 1.194.<sup>27</sup>

12 The size and instability of the CRA Proportional Adjustment Factor is not an  
13 academic matter. Table 3 shows the worksharing cost avoidances for machinable  
14 parcels in this docket both before and after application of the 1.194 CRA Proportional  
15 Adjustment Factor.

---

<sup>24</sup> The Docket Nos. R97-1 and R2000-1 filings included intra-BMC, inter-BMC, and DBMC rate categories in the calculation of the CRA Proportional Adjustment Factor. The DSCF and DDU rate categories were included in the calculation beginning in Docket No. R2001-1 – the first rate case with a base year that included these categories. The figures shown are based on Postal Service costing.

<sup>25</sup> USPS-LR-L-46, p. 1.

<sup>26</sup> USPS-LR-L-46, p. 1; USPS-LR-L-46, Addendum, p. 1.

<sup>27</sup> USPS-LR-L-46, p. 1; Addendum Revised 8/2/06, p. 1; Tr. 3/353.

1  
2  
3  
4

**Table 3:**  
**Mail Processing Worksharing Cost Avoidances Before and**  
**After Application of CRA Proportional Adjustment Factor**  
*(for machinable workshared parcels relative to inter-BMC machinable parcels)*

<b>Worksharing Activity</b>	<b>Modeled Worksharing Cost Avoidances<sup>1</sup> (\$/pc)</b>	<b>Grossed-up by CRA Proportional Adjustment Factor<sup>2</sup> (\$/pc)</b>	<b>Increase (\$/pc)</b>
DBMC Entry	1.00	1.19	0.19
DSCF Entry	1.46	1.74	0.28
DDU Entry	1.78	2.13	0.35

<sup>1</sup>USPS-LR-L-46, Parcel Post Rev 8-2-06.xls, page 1, with CRA Proportional Adjustment Factor in cell F7 set to 1.00, [7f], [7h], [7i], [7o].

<sup>2</sup>USPS-LR-L-46, Parcel Post Rev 8-2-06.xls, page 1, [7f], [7h], [7i], [7o].  
Note: Avoidances exclude window cost savings

5 As shown, the 1.194 factor increases the modeled cost avoidance by as much as 35  
6 cents per piece in the case of DDU entry.

7 While a few percentage points of adjustment up or down to the modeled  
8 worksharing cost avoidances may be acceptable, the application of a 19.4% gross-up  
9 factor to inflate all worksharing cost avoidances is problematic. This is especially so  
10 since the calculation of the factor depends on so many different pieces of suspect data  
11 and untested assumptions, a change in any of which could change the factor,  
12 sometimes dramatically. Indeed, from the original filing in this case until shortly before  
13 the Postal Service's Parcel Post non-transportation cost witness took the stand, the  
14 CRA factor went from increasing the modeled avoided cost estimates by 27.5%, to  
15 increasing them by 32.5%, and finally increasing them by 19.4%.<sup>28</sup>

16 There is simply no relevant available knowledge of where in the postal system  
17 the modeled costs are being misestimated. Moreover, as will be discussed at pages  
18 13-15, below, a significant portion of the difference between the modeled costs and the

---

<sup>28</sup> Tr. 3/353.

1 CRA costs is in an operation that cannot affect worksharing cost avoidances (the cost of  
2 sortation at the DDU). In short, using the Postal Service’s proposed factor significantly  
3 overstates avoided costs.

4 **C. Impact of Constraints**

5 The Postal Service’s use of significant “constraints” on the “preliminary” Parcel  
6 Post rates in its rate design produces a further indication that something is wrong with  
7 its rate design.

8 As a general matter, the average per piece contribution to institutional costs  
9 should be roughly the same for each rate category when rates are designed using the  
10 costs assigned to each rate category. However, the Postal Service applies “constraints”  
11 to arrive at proposed rates very different from the rates its rate design yields, resulting in  
12 very different contributions per piece for each rate category, as shown in Table 4.

13 **Table 4:**  
14 **TYAR Contribution Per Piece by Parcel Post Rate**  
15 **Category Under Postal Service Proposed Rates**

<b>Rate Category</b>	<b>Contribution per Piece (\$/pc)</b>	<b>Difference from Inter-BMC (\$/pc)</b>
Inter-BMC	1.20	--
Intra-BMC	0.03	(1.17)
DBMC-entry	0.37	(0.83)
DSCF-entry	0.55	(0.65)
DDU-entry	0.51	(0.69)

Source: UPS/USPS-T37-10 (Tr. 8/2148-51)

16 Table 4 shows that the contributions per piece by rate category vary widely, with  
17 the retail Inter-BMC rate category yielding by far the highest contribution relative to its  
18 assigned costs. The application of severe constraints on the preliminary rates that

1 result from the rate design model is a key cause of these differences.<sup>29</sup> Of the 1,296  
2 total rate cells comprising the five Parcel Post rate categories listed in Table 4, 56%  
3 have proposed rates that differ from preliminary rates by more than 10%, and 27% of  
4 the rate cells have proposed rates that differ from preliminary rates by more than 25%.<sup>30</sup>  
5 The perceived need to apply such substantial constraints is a prime indication that the  
6 Postal Service's Parcel Post rate proposal is deficient. Moreover, by skewing each rate  
7 category's per piece contribution so greatly, the constraints completely undermine the  
8 goal of achieving worksharing rates that are consistent with efficient component pricing.

#### 9 **D. Interim Improvement**

10 The Postal Service's Parcel Post rate design model needs to be readdressed in  
11 its entirety. In the meantime, I have identified an interim improvement related to the  
12 cost for the sortation to carrier route performed at the DDU that should be made in this  
13 case.

14 The CRA cost pool Non-MODS ManP that includes the cost of sortation to carrier  
15 route at the DDU shows a cost of 26.0 cents per piece.<sup>31</sup> However, the modeled cost  
16 for sortation to carrier route at the DDU (obtained from the 1982 study of Bound Printed  
17 Matter) is 10.7 cents per piece – a difference of 15.3 cents per piece.<sup>32</sup> The modeled  
18 sortation cost (10.7 cents) is applied to every Parcel Post rate category. Absent use of  
19 the CRA Proportional Adjustment Factor, the inclusion of 10.7 cents of costs in every

---

<sup>29</sup> The Postal Service's markup of transportation worksharing cost avoidances discussed previously is another cause of these differences.

<sup>30</sup> Comparison of preliminary rates listed in USPS-LR-L-82, WP-PP-22 through WP-PP-24, with the proposed rates listed in WP-PP-25 through WP-PP-27; Tr. 8/2166-69.

<sup>31</sup> USPS-LR-L-46, page 3 (cost pool No. 61); UPS/USPS-T21-11 (Tr. 3/330).

<sup>32</sup> USPS-LR-L-46; Docket No. R2001-1, UPS/USPS-T25-15 (Tr. 11-A/3994-96).

1 rate category – both workshared and non-workshared – makes no difference to the  
2 estimate of worksharing cost avoidances. However, the Postal Service treats the 26.0  
3 cent CRA Non-MODS ManP cost pool as proportional in calculating the CRA  
4 Proportional Adjustment Factor, while using the 1982-based 10.7 cent figure for Bound  
5 Printed Matter as the modeled cost. This dramatically skews upward the CRA  
6 Proportional Adjustment Factor, which in turn skews upward the modeled worksharing  
7 cost avoidances which are multiplied by the factor.

8         The Postal Service has provided data indicating that 92.3% of the 26.0 cent cost  
9 in the Non-MODS ManP cost pool, or 24.0 cents, is associated with incoming mail (i.e.,  
10 incoming to the DDU).<sup>33</sup> It is clear that the 11.3 cent difference (24.0 cents incoming  
11 CRA costs vs. 10.7 cents modeled cost) for the cost of sortation to carrier route at the  
12 DDU – which is performed for every parcel, whether workshared or non-workshared –  
13 can have nothing to do with dropship-entry worksharing cost avoidances. I recommend  
14 that the modeled 10.7 cent cost for sortation to carrier route at the DDU from Docket  
15 No. R84-1 be replaced with 24.0 cents until such time as an appropriate study of the  
16 cost of sortation to carrier route at the DDU is undertaken and carefully compared to the  
17 costs in the Non-Mods ManP cost pool. This avoids an upward bias to the worksharing  
18 cost avoidances related to an activity that cannot contribute to those cost avoidances

---

<sup>33</sup> USPS-LR-L-144, provided in response to UPS/USPS-T21-1(c), breaks out the Parcel Post CRA cost pool costs by basic function (incoming, outgoing, transit, and other). For the Non-MODS ManP cost pool, line 49, \$98,457,000 of \$106,663,000, or 92.3%, of the Test Year volume variable cost is for the incoming basic function.

1 and lowers the CRA Proportional Adjustment Factor from 1.194 to 1.038, as shown in  
2 Table 5.<sup>34</sup>

3 **Table 5:**  
4 **Impact of Interim Improvement on CRA**  
5 **Proportional Adjustment Factor in Parcel**  
6

	<b>CRA Proportional Adjustment Factor</b>
As initially filed by the Postal Service and used in Parcel Post rate development	1.277
As revised by the Postal Service for two piggyback corrections	1.325
As further revised by the Postal Service in response to discovery	1.194
With modeled cost of sortation to carrier route at DDU equal to incoming cost in Non-MODS ManP cost pool	1.038

*Source: USPS-LR-L-46, p. 1; USPS-LR-L-46, Addendum, p. 1; and USPS-LR-L-46, Addendum Revised 8/2/06, p. 1.*

7 Use of the 1.038 factor instead of the Postal Service's final factor of 1.194 results, for  
8 example, in an adjustment of 7 cents to the DDU cost avoidance estimate, or 28 cents  
9 less than the Postal Service's final factor produces.

10 The adjusted factor of 1.038 is at a level that is much more appropriate,  
11 especially since this is the first fully litigated rate case in which the CRA Proportional  
12 Adjustment Factor would be applied in calculating DBMC-entry, DSCF-entry, and DDU-  
13 entry worksharing cost avoidances. However, as noted above, the better approach is to  
14 do an actual study of sorting costs at the DDU.

---

<sup>34</sup> In practice, this can be achieved by modifying cell C27 in USPS-LR-L-46, Parcel Post Rev 8-2-06.xls, page 4, until the sortation costs (\$/operation) to carrier route at the DDU listed on pages 9 through 24 each equal 92.3% of the cost of the Non-Mods ManP cost pool, or 24.0 cents.

1                   **OTHER IMPROVEMENTS AND CORRECTIONS TO PARCEL POST**  
2                   **COSTING AND RATE DESIGN ARE NEEDED.**

---

3                   In the course of my review, I have noted a number of other items that should be  
4 corrected in Parcel Post costing and rate design. They are as follows:

- 5                   1. Based on better data being available, the no-fee electronic delivery  
6                   confirmation cost in the Parcel Post rate design model for Parcel Select  
7                   parcels (applied on USPS-LR-L-82, WP-PP-20, lines [t], [u] and [v]) should be  
8                   14.67 cents per piece (rather than 10.73 cents per piece) and should be  
9                   applied to 85.9% of the Parcel Select volume rather than 80%.<sup>35</sup>
- 10                  2. The Parcel Post Parcel Return Service (“PRS”) Final Adjustment to add costs  
11                  for the additional RDU PRS pieces expected in the Test Year (e.g., \$7.679  
12                  million in the TYBR) beyond those projected by witness Thress should be  
13                  based on a cost of 96.2 cents per piece rather than 61.1 cents per piece,  
14                  since the costs should include acceptance costs.<sup>36</sup>
- 15                  3. The Window Service worksharing cost avoidances should be calculated using  
16                  PRS pieces counted as non-dropship pieces since PRS pieces are not  
17                  eligible for dropship rates, and henceforth the window service costs for PRS

---

<sup>35</sup> UPS/USPS-T37-3 (Tr. 8/2136-37); UPS/USPS-T37-11 (Tr. 8/2152-53).

<sup>36</sup> In his response to UPS/USPS-T23-2 (Tr. 15/4737-38), Postal Service witness Page agreed that he should include costs other than mail processing, including storage costs to bring his initial PRS cost estimate of 47.6 cents per piece to yield 61.1 cents per piece. However, while agreeing that PRS parcels incur acceptance costs, Mr. Page declined to include these costs because he does not have data regarding the differences in costs between the various methods in which PRS parcels can be accepted (e.g., at the window, carrier pick-up, collection box). UPS/USPS-T23-5(c)(iv) (Tr. 15/4740). But there is an available estimate of PRS window acceptance costs of 35.2 cents per piece. UPS/USPS-T23-5(c)(iii). For purposes of this final adjustment, it would be better to include this 35.2 cent cost as a proxy for the average PRS acceptance cost, rather than to not include acceptance costs at all.

1 should be separately identified and analyzed in calculating Window Service  
2 savings.<sup>37</sup>

3 4. The Excess Balloon transportation costs should not be deducted in  
4 calculating the basic per piece rate in the Parcel Post rate design (USPS-LR-  
5 L-82, WP-PP-20) because they are comprised entirely of transportation costs  
6 and non-transportation weight-related costs, and thus have already been  
7 deducted.<sup>38</sup>

8 5. Alaska bypass revenues should not be deducted in calculating the basic per  
9 piece rate in the Parcel Post rate design.<sup>39</sup> The Alaska bypass pieces pay  
10 intra-BMC rates, and intra-BMC rates have both piece and pound charges.<sup>40</sup>  
11 The Alaska bypass volume is included in the aggregate Parcel Post volume  
12 used to calculate the basic per piece rate, and there is no further per piece or  
13 per pound adjustment to preliminary rates for Alaska bypass costs. As such,  
14 the revenue is no different from any other intra-BMC revenue.

15 6. Witness Miller performs calculations in USPS-LR-L-47 for Parcel Post that  
16 would yield, once the model and data in USPS-LR-L-47 is eventually refined,

---

<sup>37</sup> UPS/USPS-T21-14 (Tr. 3/333). The calculation of Parcel Select window service savings is in USPS-LR-L-46, page 34. The breakdown of the IOCS data is solely between “dropship” and “nondropship” parcels. PRS parcels are not entered via dropshipment, yet the PRS parcels are included in the volume in line 9 on page 34 to which the dropship costs apply, and not in line 10, to which nondropship costs apply.

<sup>38</sup> In USPS-LR-L-82, WP-PP-20, all transportation-related costs are deducted in rows [b] and [c], and all weight-related non-transportation costs are deducted in row [e]. The excess balloon costs are further deducted in row [g]. These excess balloon costs are calculated in WP-PP-15 based on transportation and non-transportation weight-related cost differences and are recovered solely through pound charges. UPS/USPS-T37-14 (Tr. 8/2156).

<sup>39</sup> In USPS-LR-L-82, the Alaska bypass revenue in WP-PP-19, line [r], is deducted on WP-PP-20, line [q], in deriving the basic per piece cost in WP-PP-20, line [r]. The Alaska bypass volume is included in the total TYBR volume in WP-PP-20, line [q].

<sup>40</sup> UPS/USPS-T15-1(e) (Tr. 8/2158).

1 better estimates of machinable, non-machinable, and oversize shares than  
2 those presented in the RPW-based billing determinants provided in USPS-  
3 LR-L-77, Section H. As the Postal Service agrees, in the future the shares  
4 calculated using the refined USPS-LR-L-47 method should be used to derive  
5 RPW Revenue Adjustment Factors and should be used in the Parcel Post  
6 rate design model.<sup>41</sup>

7 **PARCEL POST MAIL PROCESSING WORKSHARING**  
8 **PASSTHROUGHS SHOULD BE REDUCED.**

---

9 As discussed above, the inadequacy of the current version of the Postal  
10 Service's rate design leads to an inflated gross-up of the modeled worksharing cost  
11 avoidances. Even after making the interim improvement described on page 13 above,  
12 there can be little confidence in the worksharing cost avoidances calculated from the  
13 costs that are derived from the Postal Service's current approach.

14 One possible approach to minimizing this problem is to eliminate entirely the use  
15 of the CRA Proportional Adjustment Factor and simply use the modeled cost differences  
16 without grossing them up. Another approach is to reduce the worksharing passthroughs  
17 for Parcel Post mail processing, given the outdated nature of the data and the untested  
18 assumptions used to derive the modeled costs, to help ensure that the worksharing cost  
19 avoidances built into the Parcel Post rates do not exceed the costs actually avoided. In  
20 the last fully litigated proceeding (Docket No. R2000-1), the Commission adopted 90%  
21 passthroughs for DSCF-entry and DDU-entry mail processing worksharing cost  
22 avoidances. This limitation was applied to the cost avoidances between Inter-BMC

---

<sup>41</sup> UPS/USPS-T21-19 (Tr. 3/341-42, 8/2159); UPS/USPS-T21-20 (Tr. 3/343-46).

1 parcels and DSCF parcels as well as between Inter-BMC parcels and DDU-entry  
2 parcels.<sup>42</sup> I recommend that the Commission again apply a 90% passthrough in this  
3 docket, and that it also apply a 90% passthrough to DBMC mail processing worksharing  
4 cost avoidances.<sup>43</sup>

5         Aside from the many issues noted above, there are additional issues yet to be  
6 addressed in the Parcel Post costing models that also support less than a 100%  
7 passthrough. For example, despite the fact that DDU parcels represent more than 50%  
8 of total Parcel Post volume, the Postal Service does not know the percentage of DDU  
9 parcels that would be classified as non-machinable if entered upstream of the DDU.  
10 Instead, it uses a DBMC-entry/DSCF-entry data proxy for the DDU parcels in the mail  
11 processing cost model.<sup>44</sup> Moreover, the percentages of the intra-BMC and inter-BMC  
12 parcels that are non-machinable do not include those parcels with a combined length  
13 and girth greater than 84 inches, and thus likely are underestimated.<sup>45</sup> The non-  
14 machinable shares are an important input into the derivation of the modeled  
15 worksharing cost avoidances.

16         In addition, the Postal Service made a significant correction to the retail-entered  
17 share of Parcel Post in its mail processing cost model, highlighting the fact that it has  
18 little or no knowledge of what share of Parcel Post is entered at the origin SCF or the  
19 origin AO. The retail-entered shares for intra-BMC and inter-BMC were revised from

---

<sup>42</sup> Docket No. R2000-1, Opinion and Recommended Decision, ¶ 5807; PRC-LR-17, Docket No. R2000-1, LR17pp.xls, worksheets "DSCF" and "DDU."

<sup>43</sup> This 90% passthrough would be in conjunction with the interim improvement to the Parcel Post mail processing cost model noted above on pp. 13-15.

<sup>44</sup> UPS/USPS-T21-20(d) and (g) (Tr. 3/343-46).

<sup>45</sup> The RPW system yields much higher estimates of non-machinable shares for these rate categories. UPS/USPS-T21-9 (Tr. 3/324-25). Higher non-machinable shares would reduce the CRA Proportional Adjustment Factor, all else equal.

1 3.8% and 5.3% respectively to 86.71% and 72.05%. The corresponding figures in  
2 Docket No. R2001-1 were 32.2% and 36.7%. Mr. Miller did not know why the Docket  
3 No. R2001-1 figures differed so significantly from the revised Docket No. R2006-1  
4 figures.<sup>46</sup> Ms. Mayes also was unaware of any available data regarding entry at the  
5 origin SCF and entry at the origin AO.<sup>47</sup> These entry shares are important in deriving  
6 the modeled costs.

7 Finally, the entire Postal Service network will likely be extensively reconfigured in  
8 the next few years, presumably making it more efficient and thereby reducing dropship  
9 worksharing cost avoidances. In fact, the Postal Service is reviewing the current  
10 dropship rate structure to determine if the present rate structure would still make sense  
11 in the future network environment.<sup>48</sup>

12 All of these reasons suggest conservatism in passing through estimated cost  
13 avoidances for Parcel Post.

## 14 **CONCLUSION**

15 In accordance with longstanding Commission policy, Parcel Post worksharing  
16 transportation cost differences should not be marked up. The studies and data  
17 underlying the Parcel Post mail processing cost model should be updated, and all  
18 unsupported assumptions in the model should be replaced with the results of actual  
19 studies. The interim improvement described above on pages 13-15 should be made to  
20 the Parcel Post mail processing cost model, and Parcel Post worksharing passthroughs  
21 should be set at the same 90% level that was used in the last fully litigated rate case.

---

<sup>46</sup> UPS/USPS-T21-4 (Tr. 3/313-15).

<sup>47</sup> UPS/USPS-T25-2 (Tr. 5/876); UPS/USPS-T25-5 (Tr. 5/878).

<sup>48</sup> PSA/USPS-T42-1.

**Commission's Docket No. R97-1 Methodology for Deriving Parcel Post  
Transportation Rate Elements Applied to Docket No. R2006-1 Transportation Costs**

**1. Inputs for Transportation Rate Elements Calculation**

**a. Transportation Costs by Rate and Zone (PRC Version)**

Table 1a.: Transportation Costs Per Cubic Foot by Zone and Rate Category[1]									
	Rate Category	Local/ Unzoned [A]	Zones 1 & 2 [B]	Zone 3 [C]	Zone 4 [D]	Zone 5 [E]	Zone 6 [F]	Zone 7 [G]	Zone 8 [H]
[a]	Intra-BMC	2.5533	4.7768	4.7768	4.7768	4.7768			
[b]	Inter-BMC	---	4.7117	4.9510	5.3667	5.9590	6.5586	7.2880	8.6457
[c]	Parcel Select DBMC	---	1.7174	3.8253	6.0604	30.3066			
[d]	DSCF	1.0312							
[e]	DDU	0.1809							
<b>Notes</b>									
[1] Source: USPS-LR-L-113, PPTranspPRCREV.XLS, page 15									

**b. Cubic Feet Rate by Rate Category and Zone**

Table 1b: Cubic Feet by Rate Category and Zone[1]										
	Rate Category	Local/ Unzoned [A]	Zones 1 & 2 [B]	Zone 3 [C]	Zone 4 [D]	Zone 5 [E]	Zone 6 [F]	Zone 7 [G]	Zone 8 [H]	Total [I]
[a]	Intra-BMC	948,088	12,136,111	2,537,874	525,916	46,947				16,194,935
[b]	Inter-BMC		1,717,494	3,392,887	10,405,296	12,278,235	6,378,429	4,681,861	8,073,709	46,927,911
[c]	Parcel Select DBMC		38,021,865	9,835,376	2,145,131	-				50,002,372
[d]	DSCF	1,502,983								1,502,983
[e]	DDU	164,557,007								164,557,007
<b>Total</b>										<b>279,185,209</b>
<b>Notes</b>										
[1] Source: Row [a]=Table 3c Total for Intra-BMC; Row [b]=Table 3c Total for Inter-BMC; Row [c]=Table 3c Total for DBMC; Row [d]=Table 3c Total for DSCF; Row [e]=Table 3c Total for DDU;										

**2. Application of Mark-up and Contingency to Obtain Transportation Rate Element**

**a. Transportation cost differences NOT to be marked-up.**

Parameters: Inter-BMC/Intra-BMC rate differential is the same as the cost differential, and Intra-BMC Local/zn 1/2 rate differential is the same as the cost differential.  
Inter-BMC/DBMC rate differential is the same as the cost differential; EXCEPT that DBMC transportation rate element is no greater than Intra-BMC.

Table 2a: Transportation Cost Differences NOT to be Marked-up <sup>[1]</sup>									
Zone	Intra-BMC				DBMC				
	Inter-BMC Cost Differential [A]	Total Cubic Ft [B]	Total Difference [C]	Total Difference at Inter-BMC Costs [D]	Inter-BMC Cost Differential [E]	Total Cubic Ft [F]	Total Difference [G]	Total Difference at Inter-BMC Costs [H]	
[a] Local	\$ 2.1584	948,088	\$ 2,046,336	\$4,467,081					
[b] 1&2	\$ (0.0651)	12,136,111	\$ (789,879)	\$57,181,419	\$ 2.9943	38,021,865	\$ 113,848,153	\$179,146,693	
[c] 3	\$ 0.1742	2,537,874	\$ 442,215	\$12,565,033	\$ 1.1257	9,835,376	\$ 11,072,160	\$48,695,015	
[d] 4	\$ 0.5899	525,916	\$ 310,259	\$2,822,431	\$ 0.5899	2,145,131	\$ 1,265,498	\$11,512,275	
[e] 5	\$ 1.1823	46,947	\$ 55,504	\$279,757	\$ 1.1823	-	\$ -	\$0	
[f] Total		16,194,935	\$ 2,064,434	\$ 77,315,721		50,002,372	\$ 126,185,811	\$ 239,353,984	
Zone	DSCF				DDU				
	Inter-BMC Cost Differential [I]	Total Cubic Ft [J]	Total Difference [K]	Total Difference at Inter-BMC Costs [L]	Inter-BMC Cost Differential [M]	Total Cubic Ft [N]	Total Difference [O]	Total Difference at Inter-BMC Costs [P]	
[g] Unzoned	\$ 3.6805	1,502,983	\$ 5,531,679	\$7,081,567	\$ 4.5308	164,557,007	\$ 745,567,867	\$775,339,233	
Zone	Inter-BMC								
	Inter-BMC Cost Differential [Q]	Total Cubic Ft [R]	Total Difference [S]	Total Difference at Inter-BMC Costs [T]					
[h] 1&2	\$ -	1,717,494	\$ -	\$ 8,092,275					
[i] 3	\$ -	3,392,887	\$ -	\$ 16,798,207					
[j] 4	\$ -	10,405,296	\$ -	\$ 55,842,108					
[k] 5	\$ -	12,278,235	\$ -	\$ 73,166,439					
[l] 6	\$ -	6,378,429	\$ -	\$ 41,833,733					
[m] 7	\$ -	4,681,861	\$ -	\$ 34,121,511					
[n] 8	\$ -	8,073,709	\$ -	\$ 69,803,262					
[o] Total		46,927,911	\$ -	\$ 299,657,535					
<b>Notes</b>									
[1] Column [A]: Table1a Row [b]-Table1a Row [a] (for Inter-BMC Local Zone use Zone 1&2); Column [E]: Table1a Row [b]-Table1a Row [c] (for Inter-BMC Local Zone use Zone 1&2 and include parameter assumptions); Column [I]: Table1a Row [b]-Table1a Row [d] (for Inter-BMC Local Zone use Zone 1&2); Column [M]: Table1a Row [b]-Table1a Row [e] (for Inter-BMC Local Zone use Zone 1&2); Column [Q]: Table1a Row [b]-Table1a Row [b]; Column [B], [F], [J], [N], [R]=Table 1b corresponding Rate Category rows; Column [C], [G], [K], [O], [S]: Inter-BMC Cost Differential*Total Cubic Ft; Column [D], [H], [L], [P], [T]: Table 1a Row [b]*Total Cubic Ft (for Inter-BMC Local Zone use Inter-BMC Zone 1&2); Row [f]=Sum Row [a]-Row [e] and Row [o]=Sum Row [h]-Row [n];									

**b. Revenue to be recovered (before cost differentials)**

Table 2b: Revenue to be Recovered (Before Cost Differentials) <sup>[1]</sup>			
Revenue Item/Adjustment	Subtotals [A]	Totals [B]	
[a] TY Transportation Costs (PRC Method)		\$ 404,270,000	
[b] TY Postal Owned Vehicle Costs	\$ 86,977,937		
[c] Piggyback Factor	1,491		
[d] Total Postal Owned Vehicle		\$ 129,682,054	
[e] Total Costs before Contingency and Mark-up		\$ 533,952,054	
[f] Mark-up	5.5%		
[g] Contingency	1.0%		
[h] Total Revenue to be Recovered (before cost differentials)		\$ 568,756,309	
<b>Notes</b>			
[1] Source: [Ba]: USPS LR-L-113, PPTranspPRCREV.XLS, page 8, line 4; [Ab] & [Ac]: USPS LR-L-113, PPTranspPRCREV.XLS, page 8, line 16 and line 17; Calculation: [Bd]=[Ab]*[Ac] and [Be]=[Ba]+[Bd]; [Af]&[Ag]: R97-1 Mark-up and Contingency, R97Post.xls page 6A; Calculation: [Bh]=[Be]*(1+[Af])*(1+[Ag]);			

c. Mark-up to be applied to non-differentials using revenue to be recovered compared to costs

Table 2c: Mark-up to be applied to non-differentials <sup>[1]</sup>		
Revenue/Cost Item/Adjustment	Subtotals [A]	Totals [B]
<b>Revenue to be Recovered (including cost differentials):</b>		
[a] Total Revenue to be Recovered (before cost differentials)		568,756,309
[b] Intra-BMC (costs not to mark-up)	\$ 2,064,434	
[c] DBMC (costs not to mark-up)	\$ 126,185,811	
[d] DSCF (costs not to mark-up)	\$ 5,531,679	
[e] DDU (costs not to mark-up)	\$ 745,567,867	
[f] Total Revenue to be Recovered		\$ 1,448,106,101
<b>Costs (at Inter-BMC costs):</b>		
[g] Inter-BMC	\$ 299,657,535	
[h] Intra-BMC	\$ 77,315,721	
[i] DBMC	\$ 239,353,984	
[j] DSCF	\$7,081,567	
[k] DDU	\$775,339,233	
[l] Total Costs (at Inter-BMC Costs)		1,398,748,040
[m] Mark-up on Inter-BMC		1.035
<b>Notes</b>		
<p>[1] Source: [Ba]=Table 2b [Bh];                      [Ab]=Table 2a [Cf];                      [Ac]=Table 2a [Gf];                      [Ad]=Table 2a [Kg];                      [Ae]=Table 2a [Og];                      Calculation: [Bf]=[Ba]+sum([Ab] to [Ae]);                      [Ag]=Table 2a [To];                      [Ah]=Table 2a [Df];                      [Ai]=Table 2a [Hf];                      [Aj]=Table 2a [Lg];                      [Ak]=Table 2a [Pg];                      Calculation: [Bl]=sum([Ag] to [Ak]);                      [Bm]=[Bf]/[Bl]</p>		

d. Adjusted transportation rate element (per cubic foot)

Table 2d: Adjusted Transportation Rate Element <sup>[1]</sup>									
Rate Category	Local/Unzoned [A]	Zones 1 & 2 [B]	Zone 3 [C]	Zone 4 [D]	Zone 5 [E]	Zone 6 [F]	Zone 7 [G]	Zone 8 [H]	
[a] Intra-BMC	\$ 2.72	\$ 4.94	\$ 4.95	\$ 4.97	\$ 4.99				
[b] Inter-BMC	---	\$ 4.88	\$ 5.13	\$ 5.56	\$ 6.17	\$ 6.79	\$ 7.55	\$ 8.95	
Parcel Select									
[c] DBMC	---	\$ 1.88	\$ 4.00	\$ 4.97	\$ 4.99				
[d] DSCF	\$ 1.20								
[e] DDU	\$ 0.35								
<b>Notes</b>									
<p>[1] Calculation: Row [a]= Row[b]-Table 2a Column [A] (for Inter-BMC Local Zone use Zone 1&amp;2);                      Row [b]= Table 1a Row [b] times Mark-up on Inter-BMC, Table 2c [Bm];                      Row [c]= Row[b]-Table 2a Column [E] (for Inter-BMC Local Zone use Zone 1&amp;2);                      Row [d]= Row[b]-Table 2a Column [I] (for Inter-BMC Local Zone use Zone 1&amp;2);                      Row [e]= Row[b]-Table 2a Column [M] (for Inter-BMC Local Zone use Zone 1&amp;2);</p>									

**3. Support Data for the Cubic Feet by Zone Calculation**

**a. Cube-Weight Relationships**

Table 3a: Parcel Post Cube-Weight Relationships				
Cubic Feet per Piece <sup>[1]</sup>				
Weight (Pounds)	Intra-BMC	Inter-BMC	Parcel Select	
1	0.14093	0.14691	0.16740	
2	0.26640	0.28783	0.32395	
3	0.37830	0.41634	0.46712	
4	0.48046	0.53516	0.60020	
5	0.57513	0.64620	0.72526	
6	0.66376	0.75080	0.84373	
7	0.74737	0.84993	0.95663	
8	0.82672	0.94434	1.06470	
9	0.90236	1.03463	1.16856	
10	0.97474	1.12124	1.26867	
11	1.04424	1.20457	1.36541	
12	1.11113	1.28492	1.45911	
13	1.17568	1.36258	1.55003	
14	1.23809	1.43776	1.63841	
15	1.29854	1.51066	1.72444	
16	1.35718	1.58146	1.80829	
17	1.41415	1.65030	1.89013	
18	1.46957	1.71732	1.97007	
19	1.52354	1.78264	2.04824	
20	1.57615	1.84635	2.12474	
21	1.62750	1.90856	2.19967	
22	1.67764	1.96935	2.27313	
23	1.72666	2.02880	2.34517	
24	1.77461	2.08698	2.41589	
25	1.82156	2.14395	2.48533	
26	1.86754	2.19978	2.55357	
27	1.91261	2.25452	2.62066	
28	1.95681	2.30821	2.68665	
29	2.00018	2.36091	2.75158	
30	2.04277	2.41266	2.81550	
31	2.08459	2.46350	2.87845	
32	2.12569	2.51346	2.94048	
33	2.16610	2.56259	3.00161	
34	2.20583	2.61090	3.06187	
35	2.24493	2.65845	3.12131	
36	2.28340	2.70524	3.17994	
37	2.32129	2.75131	3.23781	
38	2.35859	2.79669	3.29492	
39	2.39535	2.84140	3.35131	
40	2.43157	2.88546	3.40701	
41	2.46728	2.92890	3.46202	
42	2.50248	2.97172	3.51638	
43	2.53721	3.01396	3.57010	
44	2.57146	3.05563	3.62320	
45	2.60527	3.09675	3.67571	
46	2.63863	3.13734	3.72763	
47	2.67157	3.17740	3.77898	
48	2.70409	3.21696	3.82978	
49	2.73622	3.25602	3.88005	
50	2.76795	3.29461	3.92979	
51	2.79930	3.33274	3.97903	
52	2.83028	3.37042	4.02777	
53	2.86090	3.40765	4.07602	
54	2.89117	3.44446	4.12380	
55	2.92111	3.48085	4.17113	
56	2.95070	3.51683	4.21800	
57	2.97998	3.55241	4.26444	
58	3.00894	3.58761	4.31044	
59	3.03759	3.62243	4.35603	
60	3.06594	3.65688	4.40120	
61	3.09399	3.69097	4.44598	
62	3.12176	3.72471	4.49036	
63	3.14925	3.75810	4.53437	
64	3.17646	3.79116	4.57799	
65	3.20340	3.82388	4.62125	
66	3.23009	3.85629	4.66414	
67	3.25651	3.88838	4.70669	
68	3.28269	3.92016	4.74889	
69	3.30862	3.95164	4.79074	
70	3.33430	3.98282	4.83227	
Balloon	3.08489	3.36620	3.56631	
Oversize	6.37152	6.15337	5.93994	

**Notes**

[1] Source: Library Reference USPS-LR-L-89, PPTransp.xls, Regression worksheet.

b. TYBR Volumes by Zone and Weight

Table 3b: Distribution of TYBR Pieces by Zone and Weight <sup>[1]</sup>												
Weight (Pounds)	Intra-BMC Pieces					Inter-BMC Pieces						
	Local	Zones 1 & 2	Zone 3	Zone 4	Zone 5	Zones 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
1	494,316	4,684,543	592,141	77,915	6,349	409,436	735,804	1,461,194	1,554,251	819,881	557,184	983,051
2	948,811	8,448,025	1,232,323	328,119	23,008	644,634	1,536,939	5,655,030	6,961,080	3,611,119	2,646,440	4,532,123
3	441,038	4,452,144	847,527	151,088	10,074	381,366	863,807	3,543,179	4,333,268	2,392,175	1,694,611	2,714,727
4	179,852	2,521,798	483,609	104,436	4,869	381,552	513,364	2,234,798	2,646,234	1,267,788	923,325	1,633,951
5	106,776	1,539,268	304,434	74,334	3,731	218,861	372,985	1,424,454	1,550,949	779,436	591,027	932,855
6	88,683	954,693	177,606	39,438	1,672	149,936	328,607	818,499	1,048,786	405,351	413,436	505,415
7	57,949	723,722	162,039	38,203	1,784	113,147	240,171	636,461	642,939	252,897	219,281	395,407
8	31,996	492,120	102,750	15,859	1,424	73,477	174,312	454,191	575,024	164,308	152,275	148,746
9	18,629	345,440	61,010	22,093	2,522	44,760	128,183	391,940	435,630	159,170	121,116	100,671
10	14,175	287,027	75,037	10,375	237	52,454	101,930	296,041	293,121	121,788	99,961	120,756
11	18,731	206,654	45,622	20,828	1,031	60,897	65,891	219,595	230,743	87,907	82,005	161,453
12	15,066	187,228	33,086	7,158	159	29,073	55,277	190,512	218,341	123,114	83,345	110,607
13	3,305	135,896	36,406	11,739	1,628	33,008	73,711	124,195	178,172	101,515	62,649	127,554
14	16,680	92,317	34,357	15,478	80	12,405	47,049	114,741	127,099	74,109	48,518	73,480
15	3,196	107,081	23,296	9,026	794	22,919	42,768	111,326	119,073	65,637	49,418	78,279
16	5,497	101,117	18,959	5,159	92	13,103	52,544	71,483	121,547	86,175	50,974	63,890
17	4,679	78,322	19,659	5,150	64	16,921	34,588	49,739	87,263	40,450	37,033	58,330
18	3,172	66,205	21,093	4,672	1,158	12,148	16,389	58,989	76,423	61,370	32,758	54,883
19	5,547	104,631	17,092	7,845	710	10,859	19,396	48,383	63,483	33,807	30,943	69,914
20	3,795	62,468	21,405	3,478	280	7,700	16,041	46,656	58,750	40,115	50,888	53,911
21	2,512	53,166	11,430	8,309	1,256	7,995	14,251	53,533	46,852	37,082	18,848	51,900
22	6,513	44,924	11,983	1,141	1,070	12,258	10,201	27,753	44,705	44,069	23,841	47,660
23	2,096	36,706	7,691	618	31	5,312	9,761	66,445	68,337	30,061	17,652	45,206
24	1,122	32,708	12,163	2,869	890	8,532	32,048	46,621	38,097	30,423	13,927	40,551
25	1,245	29,686	7,324	1,743	1,647	3,170	11,009	24,540	26,059	10,239	13,542	42,010
26	1,242	32,258	9,192	215	2,060	12,147	16,712	34,550	19,744	24,023	14,373	27,933
27	76	28,664	8,878	2,609	23	1,312	10,696	23,350	22,608	22,973	12,363	46,735
28	433	25,548	8,004	41	879	8,428	8,458	25,945	20,580	19,677	5,925	52,298
29	2,426	29,367	13,265	762	9	6,408	2,939	19,607	21,669	15,485	13,062	23,497
30	80	36,352	3,475	52	354	2,385	6,273	19,871	12,330	27,087	10,573	19,554
31	293	23,126	5,814	36	166	3,295	10,580	9,194	16,092	8,984	5,616	18,691
32	1,305	19,461	5,378	3,704	12	2,136	4,091	9,544	20,900	17,391	6,281	13,631
33	77	16,309	8,056	2,318	23	5,582	6,732	11,258	16,666	5,355	10,614	18,342
34	2,482	11,772	2,719	101	1	1,350	4,440	5,227	7,440	25,895	4,705	22,753
35	29	9,645	4,546	2,483	5	2,043	4,770	10,919	21,364	3,211	5,279	19,817
36	368	14,816	6,752	115	2	6,599	2,665	5,161	17,643	8,337	3,064	20,734
37	10	19,703	4,233	126	1	692	2,771	7,758	7,763	3,240	4,016	20,841
38	1,165	14,523	2,071	17	596	453	800	3,914	3,900	5,872	5,495	8,007
39	12	14,957	6,640	59	-	1,246	1,616	7,025	2,537	12,789	165	14,671
40	87	8,138	6,354	570	1	556	3,106	6,189	7,499	2,064	1,211	12,709
41	19	12,546	11,254	101	1	59	449	3,026	5,698	2,948	561	8,909
42	21	7,108	1,553	10	3	414	507	1,142	14,399	9,484	1,736	6,850
43	488	8,380	3,740	106	2	7,158	3,633	2,187	2,723	974	2,580	2,938
44	13	6,151	2,729	8	3	98	2,061	3,339	10,288	4,799	13,541	7,717
45	9	5,460	2,628	2,097	1	1,412	1,053	659	3,549	1,900	866	8,411
46	244	14,342	4,280	94	1	18	631	2,413	1,271	1,197	1,197	5,394
47	20	4,196	623	9	-	802	355	1,421	4,484	2,332	1,273	6,771
48	24	5,044	3,837	105	1	1,387	10,994	655	2,892	4,187	586	495
49	12	7,151	7,545	6	150	183	653	3,916	2,185	2,036	2,090	1,149
50	2	3,945	2,770	1	1	105	845	12	1,306	1,098	366	2,001
51	7	7,282	1,076	2	1	34	13	849	427	621	2,081	1,949
52	14	12,710	3,187	7	2	263	1,772	4,370	3,113	1,852	1,046	1,415
53	24	7,788	6,727	13	1	35	51	3,647	1,117	2,484	708	4,412
54	5	5,593	3,615	3	-	970	8	1,112	1,374	1,384	3,497	2,751
55	-	3,379	1,853	-	-	58	-	1,738	1,767	2,196	1,245	1,290
56	-	2,325	4,877	-	-	73	-	1,248	833	1,536	365	1,801
57	6	3,611	935	3	1	35	11	343	2,184	16	8	2,750
58	1	3,889	1,056	1	-	8	333	8	258	1,920	2,060	2,934
59	-	1,785	1,730	-	-	-	2,944	764	1,993	1,777	842	3,749
60	-	2,684	51	80	-	-	-	248	1,152	103	382	1,776
61	-	964	541	-	-	-	296	1,360	-	2,139	-	2,017
62	-	2,137	258	-	-	232	-	1,936	972	935	1,318	194
63	-	2,343	-	-	-	1	1	653	6,595	1	-	2,323
64	-	1,781	1,973	-	-	1	1	1,508	2	397	-	972
65	2	1,235	493	1	-	5	7	592	16	5	4	12,973
66	-	4,138	357	-	-	-	2,944	848	231	75	1,573	1,163
67	-	946	258	-	-	-	-	1,143	-	-	-	150
68	-	1,080	-	-	-	-	-	606	415	-	659	-
69	-	871	-	-	-	-	-	-	109	-	388	-
70	-	169	986	-	-	-	-	-	-	723	-	1,998
Balloon	1,816	85,376	12,802	2,047	144	6,429	5,814	25,241	21,519	12,117	6,916	11,314
Oversized	228	31,310	12,233	86	28	317	588	2,839	2,878	1,900	1,232	828

Notes  
[1] Source: USPS LR-L-82, WP-PP-9, Distribution of TYBR Pieces by Zone and Weight

**Table 3b: Distribution of TYBR Pieces by Zone and Weight<sup>[1]</sup>**

Weight (Pounds)	Destination Entry Pieces					DBMC Zone 5
	DDU	DSCF	DBMC Zones 1&2	DBMC Zone 3	DBMC Zone 4	
1	9,090,061	75,864	2,456,679	579,885	115,162	-
2	55,838,949	466,021	15,091,029	3,562,154	707,421	-
3	39,505,503	397,152	9,534,677	2,548,660	552,045	-
4	25,022,977	310,610	6,606,177	1,707,409	397,269	-
5	16,732,510	314,016	5,013,648	1,179,321	303,203	-
6	12,393,807	117,254	2,458,023	664,849	133,846	-
7	10,417,324	102,753	2,030,404	542,554	126,601	-
8	7,299,781	61,960	2,211,092	442,056	85,217	-
9	5,859,857	62,391	1,087,103	290,901	67,277	-
10	4,774,030	45,101	840,846	251,732	54,496	-
11	3,750,207	38,829	681,989	197,484	41,599	-
12	3,129,005	21,635	496,439	128,493	25,266	-
13	2,510,300	16,670	404,800	103,827	25,789	-
14	1,940,330	11,314	315,058	93,637	15,285	-
15	2,082,996	29,574	476,086	135,153	26,262	-
16	1,508,507	10,948	259,202	67,338	14,051	-
17	1,277,876	6,056	233,106	78,061	14,831	-
18	1,149,679	4,803	176,547	50,629	9,069	-
19	1,283,811	8,745	180,114	52,430	11,244	-
20	785,473	4,890	217,402	58,297	11,944	-
21	843,143	3,738	173,898	51,378	11,154	-
22	824,061	2,466	179,425	39,324	9,132	-
23	701,374	1,955	173,711	47,074	7,409	-
24	575,278	1,386	85,514	24,417	5,160	-
25	454,665	1,143	66,688	23,087	5,285	-
26	413,529	860	70,117	19,480	5,396	-
27	375,744	1,796	79,972	18,821	4,479	-
28	338,215	1,147	55,570	16,268	4,690	-
29	282,131	1,423	44,404	12,987	3,235	-
30	844,485	871	49,970	11,038	3,099	-
31	324,331	928	44,131	13,957	3,182	-
32	220,182	415	34,801	9,004	1,967	-
33	274,475	471	47,006	9,561	3,393	-
34	189,392	448	39,560	11,171	2,066	-
35	172,354	317	31,866	8,993	1,962	-
36	160,470	456	29,853	7,372	1,752	-
37	161,441	343	23,194	4,859	1,423	-
38	134,191	204	22,806	5,600	1,723	-
39	119,427	296	22,945	6,333	1,734	-
40	138,473	180	22,654	7,141	1,803	-
41	119,968	141	16,467	7,852	1,116	-
42	134,384	253	32,955	6,274	1,288	-
43	130,369	145	21,519	3,239	1,108	-
44	116,701	90	44,322	7,032	836	-
45	93,699	116	18,346	4,311	1,024	-
46	74,077	92	11,732	2,288	979	-
47	55,027	65	10,551	3,007	1,050	-
48	57,724	108	7,037	2,038	339	-
49	41,218	116	6,157	3,800	1,150	-
50	50,270	90	6,053	1,315	243	-
51	37,042	64	8,165	2,034	423	-
52	26,401	52	10,474	2,513	429	-
53	16,991	41	5,176	1,448	360	-
54	17,511	31	3,291	1,091	280	-
55	19,606	38	2,736	620	117	-
56	15,249	36	3,719	825	330	-
57	13,506	15	1,904	865	109	-
58	14,658	21	3,538	981	272	-
59	12,776	20	3,644	1,214	462	-
60	15,239	21	2,500	508	111	-
61	15,108	33	2,480	918	143	-
62	24,665	11	2,124	426	71	-
63	8,349	13	1,649	451	93	-
64	8,468	21	2,692	463	92	-
65	15,905	11	1,223	275	60	-
66	3,928	8	1,336	261	65	-
67	2,430	2	632	283	52	-
68	1,924	2	585	213	42	-
69	1,416	-	1,186	211	356	-
70	1,445	-	953	78	24	-
Balloon	546,229	9,745	497,335	150,706	29,779	-
Oversized	4,668	489	38,786	7,943	3,162	-

**Notes**  
[1] Source: USPS LR-L-82, WP-PP-9, Distribution of TYBR Pieces by Zone and Weight

c. Cubic Feet by Zone and Weight

Table 3c: Cubic Feet by Zone and Weight <sup>[1]</sup>												
Weight (Pounds)	Intra-BMC Pieces					Inter-BMC Pieces						
	Local	Zones 1 & 2	Zone 3	Zone 4	Zone 5	Zones 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
1	69,663	660,181	83,449	10,980	895	60,151	108,099	214,667	228,339	120,450	81,857	144,422
2	252,764	2,250,558	328,291	87,411	6,129	185,542	442,371	1,627,664	2,003,579	1,039,374	761,714	1,304,462
3	166,844	1,684,239	320,618	57,156	3,811	158,779	359,640	1,475,178	1,804,126	995,965	705,539	1,130,258
4	86,411	1,211,618	232,354	50,177	2,339	204,193	274,734	1,195,985	1,416,170	678,475	494,131	874,432
5	61,410	885,273	175,088	42,752	2,146	141,428	241,023	920,484	1,002,225	503,672	381,922	602,812
6	58,864	633,686	117,887	26,177	1,110	112,571	246,717	614,525	787,423	304,336	310,405	379,463
7	43,310	540,890	121,104	28,552	1,333	96,167	204,128	540,946	546,451	214,944	186,373	336,068
8	26,452	406,844	84,945	13,111	1,177	69,387	164,610	428,912	543,021	155,164	143,800	140,467
9	16,810	311,710	55,053	19,936	2,276	46,309	132,622	405,512	450,714	164,682	125,310	104,156
10	13,817	279,777	73,142	10,113	231	58,814	114,287	331,932	328,659	136,553	112,081	135,397
11	19,559	215,796	47,640	21,750	1,076	73,355	79,370	264,517	277,946	105,889	98,780	194,481
12	16,741	208,035	36,763	7,954	176	37,357	71,026	244,793	280,552	158,192	107,092	142,122
13	3,886	159,770	42,803	13,801	1,913	44,977	100,436	169,225	242,774	138,323	85,365	173,802
14	20,651	114,297	42,537	19,163	100	17,836	67,645	164,970	182,738	106,551	69,577	105,646
15	4,150	139,049	30,251	11,721	1,031	34,623	64,608	168,176	179,879	99,155	74,654	118,253
16	7,461	137,234	25,731	7,002	125	20,722	83,096	113,048	192,221	136,283	80,613	101,039
17	6,616	110,759	27,801	7,282	91	27,925	57,081	82,084	144,010	66,755	61,116	96,755
18	4,662	97,293	30,997	6,865	1,701	20,862	28,145	101,302	131,243	105,392	56,257	94,252
19	8,451	159,409	26,040	11,952	1,082	19,358	34,575	86,250	113,167	60,266	55,160	124,632
20	5,981	98,460	33,738	5,482	441	14,217	29,618	86,144	108,473	74,066	93,957	99,539
21	4,089	86,527	18,603	13,523	2,044	15,259	27,200	102,171	89,420	70,774	35,973	99,054
22	10,926	75,367	20,103	1,915	1,796	24,139	20,090	54,655	88,040	86,787	46,951	93,859
23	3,619	63,379	13,280	1,067	54	10,778	19,804	134,805	138,642	60,988	35,812	91,713
24	1,990	58,045	21,585	5,092	1,579	17,807	66,883	97,298	79,508	63,492	29,064	84,630
25	2,268	54,076	13,341	3,175	3,001	6,796	23,603	52,612	55,869	21,952	29,034	90,068
26	2,319	60,244	17,166	401	3,847	26,720	36,762	76,003	43,433	52,846	31,619	61,447
27	145	54,823	16,980	4,990	45	2,958	24,115	52,642	50,971	51,794	27,873	105,365
28	846	49,992	15,662	80	1,720	19,453	19,524	59,887	47,502	45,418	13,677	120,716
29	4,853	58,739	26,533	1,525	19	15,129	6,939	46,290	51,160	36,558	30,839	55,475
30	164	74,258	7,100	107	724	5,755	15,134	47,943	29,749	65,352	25,510	47,176
31	610	48,209	12,120	75	345	8,117	26,065	22,651	39,642	22,133	13,834	46,046
32	2,773	41,367	11,432	7,873	25	5,370	10,283	23,989	52,530	43,713	15,787	34,262
33	167	35,328	17,450	5,020	51	14,304	17,252	28,850	42,707	13,723	27,200	47,002
34	5,475	25,966	5,997	224	3	3,525	11,592	13,648	19,426	67,609	12,285	59,406
35	65	21,653	10,205	5,575	10	5,431	12,681	29,027	56,795	8,536	14,035	52,682
36	841	33,831	15,416	264	5	17,851	7,210	13,961	47,728	22,555	8,289	56,092
37	24	45,737	9,827	292	3	1,904	7,624	21,345	21,359	8,916	11,051	57,340
38	2,747	34,254	4,884	41	1,405	1,267	2,236	10,946	10,906	16,422	15,367	22,394
39	28	35,827	15,904	142	-	3,539	4,591	19,962	7,209	36,338	469	41,686
40	213	19,788	15,450	1,386	3	1,603	8,963	17,857	21,638	5,954	3,493	36,670
41	46	30,954	27,767	250	3	174	1,315	8,863	16,688	8,635	1,642	26,095
42	53	17,788	3,886	26	9	1,231	1,508	3,394	42,790	28,183	5,158	20,356
43	1,239	21,262	9,489	269	6	21,573	10,950	6,590	8,206	2,935	7,777	8,855
44	33	15,817	7,018	21	9	301	6,296	10,202	31,437	14,663	41,377	23,581
45	24	14,224	6,846	5,464	3	4,371	3,260	2,041	10,990	5,883	2,683	26,048
46	643	37,845	11,293	249	3	58	1,981	7,571	3,988	3,757	6,870	16,924
47	53	11,210	1,663	25	-	2,547	1,127	4,515	14,247	7,410	4,046	21,514
48	66	13,638	10,375	284	3	4,462	35,366	2,107	9,303	13,468	1,886	1,593
49	32	19,568	20,646	16	412	597	2,126	12,751	7,113	6,629	6,806	3,742
50	6	10,920	7,667	3	3	344	2,783	41	4,303	3,617	1,206	6,593
51	20	20,384	3,012	7	3	113	44	2,829	1,425	2,070	6,936	6,495
52	40	35,974	9,021	20	7	888	5,974	14,729	10,493	6,243	3,524	4,768
53	70	22,281	19,245	37	3	119	175	12,429	3,808	8,464	2,414	15,035
54	13	16,169	10,453	10	-	3,340	28	3,831	4,732	4,767	12,044	9,477
55	-	9,869	5,412	-	-	203	-	6,048	6,152	7,643	4,332	4,489
56	-	6,860	14,390	-	-	256	-	4,388	2,931	5,401	1,283	6,334
57	17	10,760	2,786	10	3	124	40	1,220	7,757	58	29	9,771
58	4	11,703	3,178	4	-	29	1,195	29	927	6,889	7,389	10,526
59	-	5,422	5,255	-	-	-	10,665	2,767	7,219	6,435	3,049	13,580
60	-	8,228	157	247	-	-	-	907	4,214	375	1,398	6,493
61	-	2,983	1,674	-	-	-	1,094	5,021	-	7,897	-	7,446
62	-	6,671	804	-	-	863	-	7,213	3,620	3,482	4,910	722
63	-	7,380	-	-	-	4	4	2,454	24,784	4	-	8,730
64	-	5,659	6,266	-	-	4	4	5,717	8	1,504	-	3,684
65	7	3,955	1,580	4	-	20	27	2,262	63	20	16	49,608
66	-	13,365	1,152	-	-	-	11,354	3,269	889	289	6,064	4,483
67	-	3,079	839	-	-	-	-	4,445	-	-	-	582
68	-	3,544	-	-	-	-	-	2,375	1,628	-	2,584	-
69	-	2,881	-	-	-	-	-	-	429	-	1,531	-
70	-	564	3,289	-	-	-	-	-	-	2,878	-	7,958
Balloon	5,604	263,377	39,494	6,315	443	21,642	19,571	84,968	72,438	40,789	23,280	38,084
Oversized	1,451	199,491	77,943	549	177	1,952	3,618	17,467	17,710	11,694	7,582	5,093
Total <sup>[2]</sup>	948,088	12,136,111	2,537,874	525,916	46,947	1,717,494	3,392,887	10,405,296	12,278,235	6,378,429	4,681,861	8,073,709

Notes  
 [1] Calculation: Table 3a\*Table 3b for each Rate Category and Weight  
 [2] Calculation: Sum of all Weight Classes

Table 3c: Cubic Feet by Zone and Weight[1]						
Weight (Pounds)	Destination Entry Pieces					
	DDU	DSCF	DBMC Zones 1&2	DBMC Zone 3	DBMC Zone 4	DBMC Zone 5
1	1,521,675	12,700	411,248	97,073	19,278	-
2	18,088,756	150,965	4,888,665	1,153,942	229,166	-
3	18,453,963	185,519	4,453,875	1,190,540	257,874	-
4	15,018,789	186,428	3,965,027	1,024,787	238,441	-
5	12,135,492	227,745	3,636,220	855,320	219,903	-
6	10,457,074	98,931	2,073,918	560,955	112,931	-
7	9,965,480	98,296	1,942,337	519,022	121,110	-
8	7,772,100	65,969	2,354,156	470,658	90,731	-
9	6,847,587	72,907	1,270,343	339,935	78,617	-
10	6,056,646	57,218	1,066,752	319,364	69,137	-
11	5,120,562	53,018	931,194	269,646	56,799	-
12	4,565,551	31,567	724,357	187,485	36,866	-
13	3,891,041	25,839	627,453	160,935	39,974	-
14	3,179,053	18,537	516,193	153,415	25,043	-
15	3,591,999	50,999	820,981	233,064	45,287	-
16	2,727,825	19,796	468,713	121,767	25,408	-
17	2,415,346	11,446	440,600	147,544	28,033	-
18	2,264,944	9,462	347,809	99,743	17,866	-
19	2,629,549	17,912	368,917	107,389	23,031	-
20	1,668,927	10,390	461,922	123,865	25,379	-
21	1,854,641	8,223	382,520	113,016	24,536	-
22	1,873,195	5,606	407,856	89,387	20,758	-
23	1,644,844	4,585	407,383	110,397	17,375	-
24	1,389,807	3,350	206,592	58,989	12,466	-
25	1,129,995	2,840	165,743	57,378	13,134	-
26	1,055,977	2,195	179,049	49,744	13,778	-
27	984,697	4,706	209,578	49,323	11,737	-
28	908,663	3,082	149,296	43,705	12,601	-
29	776,306	3,915	122,180	35,734	8,902	-
30	2,377,647	2,453	140,690	31,077	8,724	-
31	933,572	2,672	127,030	40,176	9,159	-
32	647,440	1,221	102,330	26,477	5,784	-
33	823,867	1,413	141,094	28,699	10,185	-
34	579,893	1,372	121,128	34,205	6,326	-
35	537,972	990	99,463	28,071	6,125	-
36	510,287	1,451	94,931	23,441	5,571	-
37	522,714	1,112	75,096	15,733	4,608	-
38	442,150	673	75,143	18,451	5,676	-
39	400,236	992	76,897	21,224	5,813	-
40	471,778	612	77,184	24,328	6,144	-
41	415,333	487	57,008	27,185	3,864	-
42	472,546	891	115,882	22,062	4,531	-
43	465,431	519	76,825	11,564	3,957	-
44	422,833	326	160,589	25,480	3,031	-
45	344,409	426	67,436	15,845	3,762	-
46	276,132	341	43,731	8,529	3,648	-
47	207,945	247	39,873	11,362	3,967	-
48	221,069	413	26,949	7,804	1,300	-
49	159,928	450	23,890	14,744	4,463	-
50	197,550	353	23,786	5,167	954	-
51	147,390	254	32,490	8,094	1,682	-
52	106,337	211	42,187	10,120	1,727	-
53	69,254	167	21,096	5,900	1,466	-
54	72,212	128	13,573	4,497	1,154	-
55	81,778	157	11,412	2,588	489	-
56	64,322	152	15,686	3,478	1,390	-
57	57,594	63	8,119	3,688	466	-
58	63,182	92	15,251	4,230	1,173	-
59	55,654	85	15,873	5,288	2,013	-
60	67,070	94	11,002	2,236	489	-
61	67,168	145	11,027	4,083	636	-
62	110,754	51	9,538	1,912	319	-
63	37,859	59	7,478	2,044	422	-
64	38,767	97	12,324	2,120	421	-
65	73,502	53	5,650	1,270	279	-
66	18,320	38	6,230	1,216	305	-
67	11,439	8	2,972	1,330	246	-
68	9,135	8	2,778	1,009	201	-
69	6,782	-	5,680	1,013	1,707	-
70	6,982	-	4,605	376	115	-
Balloon	1,942,559	34,657	1,768,676	535,957	105,902	-
Oversized	27,730	2,903	230,386	47,182	18,779	-
Total [2]	164,557,007	1,502,983	38,021,865	9,835,376	2,145,131	-

Notes  
 [1] Calculation: Table 3a\*Table 3b for each Rate Category and Weight  
 [2] Calculation: Sum of all Weight Classes