

## **COST SEGMENT 3 COST POOLS AND OTHER RELATED INFORMATION**

### **I. PREFACE**

#### ***I-A. Purpose:***

USPS-FY10-7 documents the formation of C/S 3 cost pools, the development of mail processing accrued costs and volume-variable subclass costs by cost pool, and other related calculations that are inputs to the B Workpapers, the CRA model, and the Special Cost Studies.

#### ***I-B. Predecessor Documents:***

USPS-FY10-7 Excel Workbook consists of 8 parts (see sections II and III below for the contents of each part). Parts I through VIII correspond to parts I through VIII of USPS-FY09-7 in Docket No. ACR2009.

#### ***I-C. Corresponding Non-Public or Public Document.***

USPS-FY10-7 is the public version of USPS-FY10-NP18. The specific rate categories shown in USPS-FY10-7 are generally the same as those used last year. The domestic market-dominant and total international mail and services are the same ones appearing in USPS-FY10-NP18. However, the competitive domestic mail and services which are detailed in USPS-FY10-NP18 (non-public version) are aggregated in USPS-FY10-7.

USPS-FY10-7 SAS program codes, SAS logs, and SAS output tables generated by the SAS programs correspond to those submitted in the USPS-FY10-NP18 folder. They are however applicable to the public version of the IOCS data file in USPS-FY10-37, while those for USPS-FY10-NP18 are instead applicable to the non-public version of the IOCS data file in USPS-FY10-NP21.

#### ***I-D. Methodology:***

USPS-FY10-7 uses the same methodology as described in the preface to USPS-FY09-7, but it incorporates the following updates/corrections in FY 2010:

1. To reflect the restructuring of the Bulk Mail Centers (BMCs) into Network Distribution Centers (NDCs) the BMCs are now renamed NDCs. The NDCs consist of the same finance numbers and are partitioned into the same mail processing cost pools as the BMCs were.

2. Note should be made that although the MODS offices 'LD42' cost pool SAS name remains the same, it consists only of MODS business return service operations. The 'LD41' cost pool SAS name remains the same, but in addition to its core automated MODS operations, it comprises also some mechanized MODS operations.
3. The FY 2010 volume-variable portion of the Express Mail out-of-office costs is corrected from 43 percent to 46 percent, subsequent to a reexamination of past rate case workpapers for special delivery messengers. The documentation of these workpapers is presented in R97-1, USPS-T-19, WP 2.3.
4. The AFSM100 cost pool (which includes the LDC12 FSS operations) is updated to include MODS operation #530 (Stand Alone Mail Preparation), an allied component operation of the FSS. MODS operation #530 was previously aggregated with MODS operation #035 in the allied Flat Preparation cost pool (1FLATPRP). With a more aggressive FSS deployment in 2010 and an associated increase in MODS operation #530 hours, it is appropriate that all FSS operations be in the same cost pool. This treatment is consistent with the previous aggregating of MODS allied operation #140 (Mail Preparation ATHS/AI Machine) with the AFSM100 in the same cost pool. In FY 2010, the FSS operations continue to be (as they were in past years) listed with the AFSM operations until the FSS hours become substantial enough at some time in the future to have their own separate cost pool.
5. To reflect the Postal labor realignment with the economic downturn in volume, unassigned clerks and mail handlers are clocking their time into two new FY 2010 'Institutional Standby' operations numbers, one for Mail Processing and one for Customer Service. These new operations require a different costing treatment from the existing 'Operational Standby' operations. For assigned employees on operational standby, not-handling mail is temporary, thus such costs are considered volume-variable and distributed to mail products on the basis of the category of activity codes reported in IOCS. For unassigned employees clocked into institutional standby, not-handling mail costs are treated as fixed (or institutional), while the few incidental mail handling costs identified in IOCS are distributed to the mail classes. In table 1 of this preface, the mail processing 'Institutional Standby' operation is aggregated with the 1SUPPORT cost pool at the plants, and with OTHR at the NDCs while the customer service 'Institutional Standby' operation is aggregated with the LD48\_ADM in MODS 1&2 offices; the volume-variability for each of these three cost pools reflects the aggregated volume-variability. For ease of computation, the institutional standby operations are identified separately as the mail processing 1STANDBY at MODS offices and OTHRSTBY at the NDCs, and the customer service LD48\_SBY at Post-Offices, Stations

and Branches in MODS 1&2 offices and are shown only in part1 of the Excel Workbooks; they are aggregated elsewhere. Note that in part 1 of the Excel Worksheets, not-handling tallies in these institutional standby cost pools are assigned to the existing 'fixed' activity code 6420, and are reflected accordingly in C/S 3 workpapers of USPS-FY10-32.

6. The C/S 3 distribution keys reflect the changes made to IOCS described in USPS-FY10-37 (see section D. Methodology).

### ***I-E. Inputs/Outputs:***

The FY10 information from the same data systems identified in USPS-FY09-7 (Pay Data system LDC expenses, MODS hours, and IOCS tallies) are inputs to USPS-FY10-7. The IOCS tallies are from the FY10 IOCS data file attachment in USPS-FY10-37. In addition to those data systems, the webROADS LDC 15 console hours in USPS-FY10-23, the Express Mail volume from the FY10 RPW, and the Inbound Express Mail volume from USPS-FY10-NP2 are inputs to this folder.

USPS-FY10-7 outputs are used in other public folders as follows:

USPS-FY10-2	FY 2010 Public Cost Segments and Components Report
USPS-FY10-8	Equipment and Facility Related Costs
USPS-FY10-10	FY 2010 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY10-11	FY 2010 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model
USPS-FY10-12	Standard Mail Hybrid/Parcel Cost Study
USPS-FY10-13	FY 2010 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail
USPS-FY10-15	FY 2010 Special Cost Studies Workpapers – Bound Printed Matter Mail Processing Cost Model / Media Mail – Library Mail Mail Processing Cost Model
USPS-FY10-21	FY 2010 QBRM and BRM Costs
USPS-FY10-25	FY 2010 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY10-26	FY 2010 Mail Processing Costs by Shape (Public Portion)
USPS-FY10-28	FY 2010 Special Cost Studies Workpapers – Special Services (Public Portion)
USPS-FY10-31	FY 2010 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)
USPS-FY10-32	FY 2010 CRA “B” Workpapers (Public Version)

Included at the end of this preface is Table 1, an Excel summary table of C/S 3 cost pools displaying for each cost pool: total accrued costs, mail processing accrued and volume-variable costs, and volume-variable percent of mail

processing costs. The links to the table are included in USPS-FY10-7, Part I of the Excel Workbook.

## II. ORGANIZATION

USPS-FY10-7 consists of:

- an Excel Workbook with eight Excel files, and
- a SAS Program documentation with txt files for SAS program codes, and rtf files for SAS logs and SAS output tables.

*USPS-FY10-7 Excel Workbook* comprises eight parts, each contained in an Excel file. The eight Excel files are named USPS-FY10-7 Part1.xls through USPS-FY10-7 Part8.xls. The contents of each Excel file are indicated below under section III.A. For each part of the workbook, the actual tables and their titles are listed at the beginning of each Excel file.

USPS-FY10-7 SAS documentation includes a general description of the programming procedures associated with the SAS program codes, as indicated below under section III.B. *USPS-FY10-7 SAS programs* contains txt files of the SAS program codes. *USPS-FY10-7 SAS logs* contains rtf files of the SAS logs. And *USPS-FY10-7 SAS tables* contains rtf files of the SAS output tables generated by the SAS program codes and the SAS logs.

## III. DOCUMENTATION

### III.A. Table Of Contents for USPS-FY10-7 Excel Workbook.

- Part I:** Development of Cost Pools for Cost Segment 3.
- Preface Table Links.
  - Summary Tables of C/S 3 accrued costs by facility type.
  - Tables of MODS Operation Hours by cost pool and by LDC for MODS 1&2 Facilities and for NDCs.
  - Tables of percent of cost pool MODS hours by LDC for MODS 1&2 Facilities and for NDCs.
  - Tables of nonMODS cost pools.
- Subclass Volume-Variable Costs and Variabilities, By Cost Pool (Cost Pools Include “Migrated” and “Fixed” Tallies by IOCS Activity Code).
- Part II:** List of MODS Operation Codes.
- Part III:** Subclass Volume-Variable Costs Disaggregated By Shape And By Cost Pool For First Class, Periodicals, Standard Mail and Package

Services, Priority, Parcel Select, and Parcel Select Return Services. (Shapes identified are letter, flat, and ipp/parcel).

Details by Metered mail for Letter-Shaped and Flat-Shaped First Class Single Piece, and by Permit Imprint for Ipp/Parcel-Shaped First Class Single Piece.

- Part IV:** Administrative and Window Service Input Costs to B Workpapers
- Part V:** Premium-adjusted Subclass Costs for C/S 3 Component 035, Distribution Keys for C/S 11, 15, 16, 18, 20 Components (inputs to the CRA model)
- Part VI:** Equipment Volume-Variabilities for C/S 11, 16 (inputs to the CRA model)
- Part VII:** Premium Pay Adjustment Factors By Subclass, Overhead Factors By Cost Pool, Crosswalk of Selected CRA Equipment Categories to MODS Mail Processing Cost Pools (inputs to special cost studies)
- Part VIII:** Disaggregated Wage Rates (inputs to special cost studies)

### **III. B. Sas Program Documentation for USPS-FY10-7**

Programs are developed in SAS for processing on an IBM mainframe.

#### **1. General Objective:**

This set of SAS programs generates the Cost Segment 3 mail processing, administrative and window service input data into the B Workpapers. Comments are included in the SAS programs to provide a description of the SAS codes.

The great majority of the SAS programs relate to the development of volume-variable mail processing costs by cost pool for the mail rate categories associated with three facility groups: NDCs, MODS 1&2 facilities, and NONMODS facilities (NONMODS consist of all other Post-Offices, Stations, and Branches that are not part of the MODS 1&2 group). The three facility groups are identified by finance numbers. The cost pools for the NDCs and MODS 1&2 facilities are identified by MODS operations while those for the NONMODS offices are identified by IOCS operations. Thus, the cost pool dollars for the NDCS and MODS 1&2 cost pools and the total dollars for the NONMODS facilities are derived independently from IOCS.

Volume-variable costs by mail rate categories are obtained by applying mail distribution keys to volume-variable activities within a cost pool. The cost pool volume-variable and non-volume-variable activities as well as the migrated tallies

are determined by IOCS (migrated tallies are activities assigned by IOCS to non-mail processing functions but they are included in the mail processing cost pool as a result of the use of MODS operation numbers reported in IOCS).

Distribution keys (i.e. percentages of dollar-weighted tallies by mail category) are based on mail class and subclass information collected through IOCS. Using IOCS data, the programs construct various distribution factors from direct dollar-weighted tallies ("direct" tallies are tallies for which a mail category has been identified by the data collector). These factors are then applied within a cost pool to distribute the dollar-weighted tallies associated with mixed mail or not-handling mail activities to mail rate categories. The combined direct and subclass distributed dollar-weighted tallies are then adjusted to the cost pool costs to provide the mail processing volume-variable costs for the mail rate categories.

## **2. General Programming Structure:**

### **Step0** *Partition Tallies into Three Facility Groups Based on Tally Finance Numbers*

The SAS program selects all records from the IOCS Tally File which meet the following criteria:

Employee is a clerk or mailhandler  
Employee is not at a CAG K office.

The IOCS tallies are divided into three facility groups, based on the tally finance numbers:

MODS 1&2  
Non-MODS  
NDCS

The programming processing tasks are organized and performed separately for each of the above three groups. Although there are variations of criteria and parameters in step execution and of input and output data among the three groups, the program core structures and algorithms are similar across the groups (accordingly the SAS program names have not been changed). All computations are based on dollar-weighted tallies.

The succession of processing steps that is common across the three groups is as follows:

### **Step1** *Assign Tallies to C/S 3 Functions and Mail Processing Cost Pools; Construct Subclass Distribution keys and Identify Groups of Tallies to which the Distribution Keys would apply.*

- 1.1 Classify clerk and mail handler tallies into mail processing, window service, claims and inquiries, and administrative groups.
- 1.2 Classify the mail processing tallies into cost pools. The MODS tallies are further disaggregated into ISC and non-ISC tallies. All the ISC mail processing operations are aggregated to form the international mail processing cost pool.
- 1.3 Identify, within each cost pool, the sets of tallies to be used for subclass distribution factors in Step 3 and the sets of tallies to which the distribution factors will apply in all subsequent processing steps. (The two sets are sometimes referred to as *distributing* and *distributed* sets). Note: migrated tallies, non-volume-variable tallies and Express mail out-of-office tallies are set aside at this stage)
- 1.4 Construct piece-shape, and item-type subclass distribution factors for Step2, based on the piece shapes and item types of direct tallies.

**Step2** *Distribute mixed mail handling tallies to subclasses*

- 2.1 Apply subclass distribution factors from Step 2 to distribute dollar-weighted tallies of uncounted and empty single items, and of items and loose pieces in 'identified' containers.
- 2.2 Use distributed dollar-weighted tallies of 'identified' containers from Step 2.1 and dollar-weighted tallies of direct containers from Step 1.3 to construct subclass distribution factors by container type.
- 2.3 Apply subclass distribution factors to distribute dollar-weighted tallies of 'unidentified' and empty containers.
- 2.4 Use distributed dollar-weighted tallies of 'identified', 'unidentified' and empty containers to distribute dollar-weighted tallies of tall pallet boxes.

**Step3** *Distribute not-handling tallies and special pool costs to subclasses*

- 3.1 Construct proxy subclass distribution keys for LDC 15, and broad based distribution keys for distributing not-handling tallies in specified cost pools.
- 3.2 Construct subclass distribution keys based on handling tallies for distributing 'not handling' dollar-weighted tallies within a cost pool.
- 3.3 Distribute LDC15 costs and not-handling tallies to mail rate categories.
- 3.3 Combine all direct and subclass-distributed dollar-weighted tallies.

**Step4** *Special Adjustment to Allied Cost pools*

- 4.1 Adjust the non-special services subclass distribution keys for the 'allied' cost pools based on the PRC methodology, and apply the adjusted distribution keys to the mail processing volume-variable costs by cost pool.
- 4.2 Distribute the volume-variable portion of the out-of-office Express Mail costs to Express Mail rate categories.
- 4.3 Combine direct and subclass-distributed costs for non-allied cost pools obtained in Step 3 and for 'allied' cost pools obtained in Step 4.1 with the out-of-office Express mail costs from Step 4.2, and add back the costs for non-volume-variable and migrated tallies. The costs thus obtained are inputs into C/S 3 workpapers.

Cost pools for the MODS 1&2 facilities and the NDCS are based on the MODS operations reported in IOCS (Q18A03). Mail processing cost pools for the NonMODs are based on responses to Questions 18.

*Distributing* sets consist of records with a mail or special service activity code (i.e., 1000-4950, 53XX-54XX, and 0020-0900 *if the employee is handling mail*) and *distributed* sets consist of those without. Records in both sets can be associated with:

pieces  
item types (Q20=B, Q21B01=A-G, Q21B02=A-H)  
container types (Q21C01=A-I, Q21C02=A-B,E, Q20=F, Q21B01=H)

Note: The terms 'item' and 'container' are not used as such in the FY 05 redesigned IOCS questionnaire. However, the terms 'item' and 'container' are still applicable. 'Item' refers to the following categories: bundles (Q10=B); and non-wheeled container types, primarily trays and sacks, (Q21B01=A-D,F-G, Q21B02=A-H). 'Container' refers to the following categories: wheeled container types (Q21C01=A-I); pallets and short pallet boxes (Q21C02=E, Q21C02=A-B); and combinations of containers (Q20=F, Q21B01=H). Tall pallet boxes are in a separate category of their own.

In Step 1, *distributing* items are those with identical mail, where the top piece rule applies or where the piece contents are counted. *Distributed* items are:

single items, uncounted or empty

items in 'identified' containers. 'Identified' containers are those with recorded percentages of container volume (cube) occupied by shapes of loose mail and/or items (criteria: Q21G01[A-U] must not be all zero or blank, or contain any asterisks).

Distributing pieces are pieces handled by the employee or pieces processed on piece sorting equipment. Distributed pieces are loose mail in 'identified' containers.

In Step 2.1, 'identified' container tallies are processed similarly to counted item tallies in the IOCS file. A separate record is created for each non-zero percentage recorded for an item type or shape of loose mail in the container. The dollar weight for this record is the pro-rated tally dollar weight, based on the ratio of the recorded percentage for an item type or loose mail shape to the totaled percentages. In this fashion, each record in the distributed groups is uniquely identified with an item type or piece shape to which a distribution factor can be applied.

In Step 2.2, distributing containers are containers with identical mail and 'identified' containers whose content costs are distributed in Step 2.1. Distributed containers are 'unidentified' containers, (they have insufficient content information) or empty containers.

### **3. General Methods and Procedures Employed :**

Programs are developed in SAS for processing on an IBM mainframe.

The underlying algorithm to construct a distribution key and distribute costs is employed at several places in the above process. A key is generally derived within the bounds of a single cost pool, but for specified circumstances, it can be derived across several cost pools. It is, however, always applied within the bounds of a single cost pool. The algorithmic approach is to:

Create for each mail activity code in the distribution key a separate distribution factor record containing the values of a numerator (*key*) and a denominator (*keytot*). *key* is the summed tally dollar weights for a mail activity code. *keytot* is the summed tally dollar weights for all mail activity codes in the distribution key. This is accomplished through applications of SAS *proc means* and SAS *merge*.

Uniquely identify each of the distribution key records by numbering them from 1 to *N*. The record sequence number will be used as a *merge* control variable.

Create for each record in the distributed group as many duplicate records as there are separate mail activity codes in the distribution key. Uniquely identify each of the duplicate records by numbering them from 1 to *N*.

Through a SAS *merge* with the distribution key records, add a mail activity code and the corresponding *key* and *keytot* to each record in the distributed group.

Multiply the record tally dollar weight by the ratio of *key* to *keytot* to obtain the distributed record tally dollar weight for the mail activity code.

If in a cost pool there is no distribution key to apply to a record in the distributed set, a new distribution key aggregated across cost pools is constructed and applied to that record, using the above procedure. The aggregation across cost pools is performed within each of the three facility groups, e.g. MODS 1&2 (with the ISC cost pool being excluded from this process), NONMODS, and NDCs. For the ISC cost pool, the distributed mixed mail subclass costs are proportionately augmented within each pool by the undistributed amount in that pool.

Several sets of SAS program codes are listed as separate programs that can be inserted into any programs by using the SAS '% INCLUDE' Statement.

For example, the SAS program codes used to implement Steps 1.3 and 1.4 are applicable to all three facility groups. They are therefore stored as a separate SAS program (MAPITEMC). The same SAS program codes for MAPITEMC can be inserted into any of the programs by using the SAS '% INCLUDE.' They are then executed as part of these program codes.

Examples of other similar types of programs include: MAPCLASS which maps the activity codes into the rate categories; MAPCLCRA which assigns the CRA subclass numbers to those in established in MAPCLASS; DOLWGT and DOLWGTCM which provide for each MODS and NDCS mail processing cost pool the IOCS \$, the cost pool \$, and the facility space component number associated with the cost pool; DOLWGTCNM which provides for non-MODS offices the aggregate IOCS \$, the aggregate accrued \$, the overhead factors used to incorporate the 'on break' and 'clocking in/out' costs into each mail processing cost pool, and the space component associated with each cost pool; DIST5354 which redistributes the costs for 5340 and 54XX to the relevant rate categories; PRCACTV which lists the activity codes considered to be non-volume-variable and the migrated tallies; SHAPES which mapsthe activity codes into disaggregated rate categories by shape.

#### **4. List of SAS Programs:**

Listed below are SAS programs with their input data sets and output data sets. Output data sets are temporary partitioned data files (the member name is in parentheses). Output data sets from a SAS program are used as input data sets for subsequent SAS programs (see JCL.rtf for the sequence in which the SAS programs are executed). The SAS programs for mail processing can be associated with steps 0 through 4 in section 2 above as follows:

<b>SAS PROGRAM</b>	<b>INPUTS</b>	<b>OUTPUTS</b>
MBCLREF (Step 0)	<ul style="list-style-type: none"><li>▪ The mainframe version of the PC SAS IOCS Data File in USPS-FY10-37.</li><li>▪ Flat file of <i>F2</i> MODS 1&amp;2 encrypted finance numbers in IOCS file</li></ul>	<i>&amp;&amp;MODS.TALLIES</i> <i>&amp;&amp;NONMODS.TALLIES</i> <i>&amp;&amp;BMCS.TALLIES</i>

<b>MODS 1&amp;2 PROGRAMS</b>	<b>% INCLUDE PROGRAMS</b>	<b>INPUTS</b>	<b>OUTPUTS</b>
MOD1POOL (Steps 1.1, 1.2)	MODS09 REMAP09 DOLWGT	&&MODS.TALLIES	&&MODS(MODS) &&MODS(EXPRSOUT)
MOD1DIR (Steps 1.3, 1.4)	MAPITEMC	&&MODS(MODS)	&&MODS (DIRECT) &&MODS (MODKEY) &&MODS (ITEMPC) &&MODS (CONTEMP) &&MODS (NOTHAND) &&MODS(LD15) &&MODS(PALLET2) &&MODS (EXEMPT) &&ADMWIN (MODS)
MOD2ITEM (Steps 2.1)		&&MODS (MODKEY) &&MODS (ITEMPC)	&&MODS (ITEMFILL)
MOD22ITM (Steps 2.1)		&&MODS (MODKEY) &&MODS (ITEMPC)	&&MODS (ITEMFIL1)
MOD23ITM (Steps 2.1)		&&MODS (MODKEY) &&MODS (ITEMPC)	&&MODS (ITEMFIL2)
MOD3CONT (Steps 2.2, 2.3)		&&MODS (MODKEY) &&MODS (ITEMFILL) &&MODS (ITEMFIL1) &&MODS (ITEMFIL2) &&MODS (CONTEMP)	&&MODS (CONTFILL)
MOD31CNT (Steps 2.4)		&&MODS (PALLET2) &&MODS (ITEMFILL) &&MODS (ITEMFIL1) &&MODS (ITEMFIL2) &&MODS (CONTFILL)	&&MODS (PALL2FIL)
MOD4DIST (Step 4)	DOLWGT DIST5354 MAPCLASS	&&MODS (DIRECT) &&MODS (ITEMFILL) &&MODS (ITEMFIL1) &&MODS (ITEMFIL2) &&MODS (CONTFILL) &&MODS (PALL2FIL) &&MODS (NOTHAND) &&MODS (EXEMPT)	&&MPCOSTS (MODS) &&MPCOSTS (EXEMPT)
M5ALLIED (Step 5)	DOLWGT DIST5354 MAPCLASS	&&MPCOSTS (MODS) &&MPCOSTS (EXEMPT) &&MODS (MODKEY) &&MODS (ITEMPC) &&MODS (CONTEMP) &&MODS (NOTHAND) &&MODS(PALLET2) &&MODS(EXPRSOUT)	&&MPCOSTS(MODSPRC) Summary Data Inputs into C/S3 Workpapers and CRA
MODSHAPE	SHAPES	&&MPCOSTS(MODSPRC)	Inputs into USPS-FY10-26

<b>NDCS PROGRAMS</b>	<b>% INCLUDE PROGRAMS</b>	<b>INPUTS</b>	<b>OUTPUTS</b>
BMC1 (Steps 1.1 thru 1.4)	<i>DOLWGTBM MAPITEMC</i>	<i>&amp;&amp;BMCS.TALLIES</i>	<i>&amp;&amp;BMCS (BMC1POOL) &amp;&amp;BMCS (BMCKEY) &amp;&amp;BMCS(DIRECT) &amp;&amp;BMCS (ITEMPC) &amp;&amp;BMCS (CONTEMP) &amp;&amp;BMCS (PALLET2) &amp;&amp;BMCS(NOTHAND) &amp;&amp;ADMWIN(EXEMPTBM) &amp;&amp;ADMWIN(BMCS)</i>
BMC2 (Steps 2.1)		<i>&amp;&amp;BMCS (BMCKEY) &amp;&amp;BMCS (ITEMPC)</i>	<i>&amp;&amp;BMCS (ITEMFILL)</i>
BMC3 (Steps 2.2, 2.3)		<i>&amp;&amp;BMCS (BMCKEY) &amp;&amp;BMCS (CONTEMP) &amp;&amp;BMCS (ITEMFILL)</i>	<i>&amp;&amp;BMCS (CONTFILL)</i>
BMC31CNT (Steps 2.4)		<i>&amp;&amp;BMCS (PALLET2) &amp;&amp;BMCS (ITEMFILL) &amp;&amp;BMCS (CONTFILL)</i>	<i>&amp;&amp;BMCS (PALL2FIL)</i>
BMC4DIST (Step 4)	<i>DOLWGTBM DIST5354 MAPCLASS</i>	<i>&amp;&amp;BMCS (DIRECT) &amp;&amp;BMCS (ITEMFILL) &amp;&amp;BMCS (CONTFILL) &amp;&amp;BMCS (PALL2FIL) &amp;&amp;BMCS (NOTHAND) &amp;&amp;ADMWIN (EXEMPTBM)</i>	<i>&amp;&amp;MPCOSTS (BMCS) &amp;&amp;MPCOSTS (EXEMPTBM)</i>
B5ALLIED (Step 5)	<i>DOLWGTBM DIST5354 MAPCLASS</i>	<i>&amp;&amp;MPCOSTS (BMCS) &amp;&amp;MPCOSTS (EXEMPTBM) &amp;&amp;BMCS (BMCKEY) &amp;&amp;BMCS (ITEMPC) &amp;&amp;BMCS (CONTEMP) &amp;&amp;BMCS (NOTHAND) &amp;&amp;BMCS(PALLET2)</i>	<i>&amp;&amp;MPCOSTS (BMCSPRC) Summary Data Inputs into C/S3 Workpapers</i>
BMCSHAPE	<i>SHAPES</i>	<i>&amp;&amp;MPCOSTS (BMCSPRC)</i>	<i>Inputs into USPS-FY10-26</i>

<b>NONMODS PROGRAMS</b>	<b>% INCLUDE PROGRAMS</b>	<b>INPUTS</b>	<b>OUTPUTS</b>
NONMOD1 (Steps 1.1 thru 1.4)	<i>DOLWGTM MAPITEMC</i>	<i>&amp;&amp;NONMODS.TALLIES</i>	<i>&amp;&amp;NONMODS (NMD1POOL) &amp;&amp;NONMODS (EXPRSOUT) &amp;&amp;NONMODS (PALLET2) &amp;&amp;NONMODS (NMODKEY) &amp;&amp;NONMODS (DIRECT) &amp;&amp;NONMODS (ITEMPC) &amp;&amp;NONMODS (CONTEMP) &amp;&amp;NONMODS (NOTHAND) &amp;&amp;ADMWIN(EXEMPTNM) &amp;&amp;ADMWIN(NMOD)</i>
NONMOD12 (Steps 2.1)		<i>&amp;&amp;NONMODS (NMODKEY) &amp;&amp;NONMODS (ITEMPC)</i>	<i>&amp;&amp;NONMODS (ITEMFILL)</i>
NONMOD22 (Steps 2.1)		<i>&amp;&amp;NONMODS (NMODKEY) &amp;&amp;NONMODS (ITEMPC)</i>	<i>&amp;&amp;NONMODS (ITEMFIL1)</i>
NONMOD3 (Steps 2.2, 2.3)		<i>&amp;&amp;NONMODS (NMODKEY) &amp;&amp;NONMODS (ITEMFILL) &amp;&amp;NONMODS (ITEMFIL1) &amp;&amp;NONMODS (CONTEMP)</i>	<i>&amp;&amp;NONMODS (CONTFILL)</i>
NONMOD31 (Steps 2.4)		<i>&amp;&amp;NONMODS (PALLET2) &amp;&amp;NONMODS (ITEMFILL) &amp;&amp;NONMODS (ITEMFIL1) &amp;&amp;NONMODS (CONTFILL)</i>	<i>&amp;&amp;NONMODS (PALL2FIL)</i>
NONMOD4 (Step 4)	<i>DOLWGTM DIST5354 MAPCLASS</i>	<i>&amp;&amp;NONMODS (DIRECT) &amp;&amp;NONMODS (ITEMFILL) &amp;&amp;NONMODS (ITEMFIL1) &amp;&amp;NONMODS (CONTFILL) &amp;&amp;NONMODS (PALL2FIL) &amp;&amp;NONMODS (NOTHAND) &amp;&amp;ADMWIN(EXEMPTNM)</i>	<i>&amp;&amp;MPCOSTS (NONMODS) &amp;&amp;MPCOSTS (NMEXEMPT)</i>
N5ALLIED (Step 5)	<i>DOLWGTM DIST5354 MAPCLASS</i>	<i>&amp;&amp;MPCOSTS (NONMODS) &amp;&amp;MPCOSTS (NMEXEMPT) &amp;&amp;NONMODS (NMODKEY) &amp;&amp;NONMODS (ITEMPC) &amp;&amp;NONMODS (CONTEMP) &amp;&amp;NONMODS (NOTHAND) &amp;&amp;NONMODS(PALLET2) &amp;&amp;NONMODS(EXPRSOUT)</i>	<i>&amp;&amp;MPCOSTS (NMODPRC) Summary Data Inputs into C/S3 Workpapers</i>
NMDSHAPE	<i>SHAPES</i>	<i>&amp;&amp;MPCOSTS (NMODPRC)</i>	<i>Inputs into USPS-FY10-26</i>

ADMINISTRATIVE/ WINDOW SERVICES PROGRAMS	% INCLUDE PROGRAMS	INPUTS	OUTPUTS
ADMWIN WINACCP	<i>DOLWGT DOLWGTBM DOLWGTM DIST5352 MAPCLASS MAPLCRA</i>	<i>&amp;&amp;ADMWIN(MOD) &amp;&amp;ADMWIN(NMOD) &amp;&amp;ADMWIN(BMC) &amp;&amp;MODS(EXPRSOUT)</i>	<i>Inputs into C/S 3 Workpapers</i>

**Table 1: FY 10 Cost Segment 3 Clerk and Mailhandler Cost Pools****1. MAIL PROCESSING (LDC 11-15,17-18,41-44,48-49,79 MODS ops for MODS & NDCs, IOCS ops for nonMODS)**

SAS name	Applicable LDC or IOCS	Cost Pool Title	Pool Total Costs (incl migrated & fixed) (a)	PRC Mail Proc Pool costs (excl 'migrated') (b)	PRC Mail Proc Vol.Var. Costs (excl 'fixed') (c)	PRC Mail Proc Pool Volume-Variable Factor c / d
<b>1A. MAIL PROCESSING - MODS 1&amp;2 GROUP</b>						
<b>Automated Distribution</b>						
D/BCS	11	BCS/DBCS	1,852,735	1,843,600	1,832,989	0.9942
OCR/	11	OCR	9,574	9,574	9,513	0.9937
<b>Mechanized Distribution, Letters &amp; Flats</b>						
AFSM100	12 & 17	AFSM100 (incl. LDC17 op #140 & #530)	665,905	662,558	654,222	0.9874
FSM/1000	12	FSM 1000	46,119	45,860	44,934	0.9798
<b>Mechanized Distribution, Other</b>						
MECPARC	13	Mechanized Parcels	7,079	7,079	6,809	0.9619
SPBS OTH	13	SPBS - Non Priority	286,859	285,340	278,856	0.9773
SPBSPRIO	13	SPBS - Priority	271,250	270,033	265,491	0.9832
1SACKS_M	13	Mechanical Sort - Sack Outside	30,986	30,546	28,377	0.9290
1TRAYSRT	13	Mechanical Tray Sorter / Robotics	277,297	276,061	263,793	0.9556
<b>Manual Distribution</b>						
MANF	14	Manual Flats	194,865	194,531	191,986	0.9869
MANL	14	Manual Letters	488,591	483,827	475,747	0.9833
MANP	14	Manual Parcels	36,280	35,971	34,263	0.9525
PRIORITY	14	Manual Priority	247,005	246,013	236,707	0.9622
LD15	15	<b>LDC 15</b>	101,312	101,312	96,052	0.9481
<b>Allied Operations</b>						
1CANCEL	17	Cancellation	277,667	276,200	271,696	0.9837
1DSPATCH	17	Dispatch	154,571	153,265	150,380	0.9812
1FLATPRP	17	Flats Preparation (excl. LDC17 op#140)	83,655	83,581	83,395	0.9978
1MTRPREP	17	Mail Preparation - metered	22,012	21,605	20,991	0.9716
1OPBULK	17	Opening Unit - BBM	102,518	101,762	99,816	0.9809
1OPPREF	17	Opening Unit - Preferred Mail	306,246	304,410	297,832	0.9784
1OPTRANS	17	Opening - Manual transport	76,689	75,496	72,599	0.9616
1PLATFRM	17	Platform	1,345,451	1,336,239	1,229,344	0.9200
1POUCHNG	17	Pouching Operations	61,205	60,259	58,185	0.9656
1PRESORT	17	Presort	78,963	77,934	75,806	0.9727
1SACKS_H	17	Manual Sort - Sack Outside	56,741	56,584	54,595	0.9648
1SCAN	17	Air Contract DCS and Incoming/SWYB	63,619	62,743	62,058	0.9891
<b>Other Operations</b>						
BUSREPLY	18	Business Reply / Postage Due	21,527	21,404	20,519	0.9587
EXPRESS	18	Express Mail	93,311	92,499	82,427	0.8911
MAILGRAM	18	Mailgram	-	-	-	-
REGISTRY	18	Registry	93,044	92,191	56,558	0.6135
REWRAP	18	Damaged Parcel Rewrap	16,301	16,182	15,604	0.9643
1EEQMT	18	Empty Equipment	31,687	31,605	31,440	0.9948
1MISC	18	Miscellaneous	108,229	88,042	84,243	0.9568
1SUPPORT	18	Mail Processing Support	203,367	71,611	61,376	0.8571
INTL ISC	all MP LDCs	<b>ISCs (International Service Centers)</b>	175,949	169,653	162,576	0.9583
LD41	41	LDC 41 - Unit Distribution - Automated/Mechanized	7,225	7,080	7,080	1.0000
LD42	42	LDC 42 - Unit Distribution - Business Return Services	28,354	27,223	26,656	0.9792
LD43	43	LDC 43 - Unit Distribution - Manual	592,971	581,722	567,510	0.9756
LD44	44	LDC 44 - Post-Office Box Distribution	110,329	100,074	98,203	0.9813
LD48 EXP	48	LDC 48 - Customer Service / Express <sup>1/</sup>	15,331	15,331	9,591	0.6256
LD48 OTH	48	LDC 48 - Customer Service / Other <sup>1/</sup>	213,499	162,044	144,957	0.8946
LD48_ADM	48	LDC 48 - Customer Service / Admin <sup>1/</sup>	174,410	93,004	80,621	0.8668
LD48_SSV	48	LDC 48 - Customer Service / Spec.Servc. <sup>1/</sup>	71,630	67,182	46,686	0.6949
		Total Ldc 48	474,870			
LD49	49	LDC 49 - Computerized Forwarding Syst.	115,410	114,364	114,240	0.9989
LD79	79	LDC 79 - Mailing Req' & Bus. Mail Entry	193,756	180,419	89,592	0.4966
<b>MAIL PROCESSING TOTAL FOR MODS 1&amp;2 Offices</b>			<b>9,411,522</b>	<b>9,034,012</b>	<b>8,596,313</b>	<b>0.9515</b>

**Table 1: FY 10 Cost Segment 3 Clerk and Mailhandler Cost Pools**

SAS name	Applicable LDC or IOCS	Cost Pool Title	Pool Total Costs (incl migrated & fixed) (a)	PRC Mail Proc Pool costs (excl 'migrated') (b)	PRC Mail Proc Vol.Var. Costs (excl 'fixed') (c)	PRC Mail Proc Pool Volume-Variable Factor c / d
<b>1B. MAIL PROCESSING - NDCs GROUP</b>						
MANP	14	NDC Manual Parcel Sorting (incl manual NMO)	22,729	22,606	20,997	0.9288
NMO	13	Non-Machinable Outside sorter (NMO)	14,666	14,667	14,142	0.9642
OTHR	other MP LDCs	Allied Labor & all other Mail Processing	101,120	83,353	79,670	0.9558
PLA	17	Platform	343,062	340,333	309,416	0.9092
PSM	13	Parcel Sorting Machine	153,796	152,300	149,275	0.9801
SPB	13	SPBS	40,433	39,837	38,079	0.9559
SSM	13	Sack Sorting Machine	29,287	29,070	27,218	0.9363
TRAYSORT	13	Tray Sorter & Robotics	41,298	41,198	39,300	0.9539
<b>MAIL PROCESSING TOTAL FOR NDCs</b>			<b>746,391</b>	<b>723,362</b>	<b>678,097</b>	<b>0.9374</b>
<b>1C. MAIL PROCESSING - NON-MODS GROUP</b>						
ALLIED	IOCs	Allied	310,505	310,505	297,692	0.9587
AUTO/MECH	IOCs	Automated/Mechanized	110,772	110,772	110,000	0.9930
EXPRESS	IOCs	Express Mail	34,076	34,076	24,939	0.7319
MANF	IOCs	Manual Flat	425,392	425,391	421,565	0.9910
MANL	IOCs	Manual Letter	569,202	569,202	564,505	0.9917
MANP	IOCs	Manual Parcel	357,266	357,266	353,902	0.9906
MISC	IOCs	Miscellaneous	517,321	517,320	362,184	0.7001
REGISTRY	IOCs	Registry	26,352	26,352	13,881	0.5267
<b>MAIL PROC.TOTAL FOR NONMODS</b>			<b>2,350,886</b>	<b>2,350,885</b>	<b>2,148,669</b>	<b>0.9140</b>
<b>TOTAL MAIL PROCESSING FOR COST SEGMENT 3</b>			<b>12,508,800</b>	<b>12,108,259</b>	<b>11,423,080</b>	<b>0.9434</b>
<b>2. ADMISTRATIVE/WINDOW SERVICES - inputs to B Workpapers</b>						
<b>2A. ADMISTRATIVE/WINDOW SERVICES -MODS</b>			<b>1,030,448</b>			
	non-MP LDCs	Administrative Services - ISCs	6,639			
	45	Window Services	710,841			
	75	Claims & Inquiries	9,590			
	othr non-MP LDCs	Administrative Services	303,378			
		Subtotal	1,030,448			
<b>2B. ADMISTRATIVE/WINDOW SERVICES -NDCS</b>			<b>13,299</b>			
	75	Claims & Inquiries	1,677			
	othr non-MP LDCs	Administrative Services	11,622			
		Subtotal	13,299			
<b>2C. ADMISTRATIVE/WINDOW SERVICES - nonMODS</b>			<b>1,858,176</b>			
	IOCS	Administrative Services <sup>2/</sup>	264,226			
	IOCS	Claims & Inquiries	2,473			
	IOCS	Window Services	1,591,477			
		Subtotal	1,858,176			
<b>TOTAL COST SEGMENT 3</b>			<b>15,410,723</b>			

## Footnotes

<sup>1/</sup> The total LDC 48 cost is allocated to the four LDC 48 cost pools in proportion to IOCS tallies reporting LDC 48 MODS operations .

<sup>2/</sup> All the non-mail processing clocking in/out costs are included in this category before being allocated to the non-mail processing functions.