

USPS-FY11-7

COST SEGMENT 3 COST POOLS AND OTHER RELATED INFORMATION

I. PREFACE

I-A. Purpose:

USPS-FY11-7 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-FY11-7 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-FY10-7 in Docket No. ACR2010.

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

USPS-FY11-7 is the public version of USPS-FY11-NP18. The specific rate categories shown in USPS-FY11-7 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-FY11-NP18. However, the competitive domestic mail and services which are detailed in USPS-FY11-NP18 (non-public version) are aggregated in USPS-FY11-7.

USPS-FY11-7 SAS program codes, SAS logs, and SAS output tables generated by the SAS programs correspond to those submitted in the USPS-FY11-NP18 folder. They are however applicable to the public version of the IOCS data file in USPS-FY11-37, while those for USPS-FY11-NP18 are instead applicable to the non-public version of the IOCS data file in USPS-FY11-NP21.

I-D. Methodology:

USPS-FY11-7 uses the same methodology as described in the preface to USPS-FY10-7, but with the following changes and updates/corrections for FY 2011:

1. The proposed modifications to cost pools and distribution keys (Proposals 5, 6, and 7) submitted in Docket RM2012-11 and accepted by the Postal Regulatory Commission in Order No. 920 are now incorporated in the FY11 methodology. These modifications consist of:

- i. Establishing a separate FSS cost pool for MODS facilities and for NDCs to reflect the operational deployment and use of FSS and the differences in distribution of attributable costs by product.

FSS operations were previously included in the AFSM cost pool for MODS facilities and in the 'OTHR' cost pool for NDCs. Consistent with the AFSM100 cost pool, the FY11 FSS operations include both the relevant LDC 12 (#531-#539) and LDC17 (#530) MODS operations. The separation of cost pool by types of facilities necessary for the derivation of the CRA model component 035 premium adjustment is consistent with the FY10 methodology.

- ii. Adding five non-MODS cost pools based on IOCS Question 18 to improve alignment between MODS and nonMODS mail processing cost pools for post offices and to assign product costs to the operations that incur them.

The 'D.PO Box' activities are separated from the IOCS-based distribution operations (MANF, MANL, MANP) to distinguish shape-related work (e.g., casing letters and flats) from mixed-shape work at box sections, and are similar to the MODS-based LD44 cost pool.

The activities for bulk mail acceptance (BULKACCP), computer forwarding system (CFS), business reply mail (BUSREPLY); and other accountable work (OTH ACCT) are disaggregated from the IOCS-based 'MISC' operations and represent non-MODS counterparts to the MODS-based LD79, LD49, LD42 and LD48_SSV cost pools.

- iii. Distributing 'plant' costs to IOCS product categories tallied in plants. This would exclude post office and ISC (International Service Center) direct tallies from the distribution keys for 'plant' allied mixed mail and not-handling costs to reduce a potential bias in overassigning plant costs to products that either by-pass the plants or are not often observed in domestic operations.

- 2. The following updates/corrections are implemented in the FY11 methodology to reflect current operational reality:

- i. The LDC11 operations are all grouped in one cost pool (D/BCS) for FY11. Previous to FY10, the 'OCR' cost pool consisted primarily of labor hours associated with MLOCR operations. Over time, MLOCR machines have been phased out and replaced by BCS equipment run in OCR mode. In FY10, there were no MLOCR labor hours, so the 'OCR' cost pool labor hours were of those

clocked into some operations associated with BCS equipment run in OCR mode. However, the assignment of BCS run in OCR mode has not been consistent in that the 'DIOSS Bulky OCR mode' has been grouped in the OCR cost pool while other DBCS/DIOSS OCR types have been left in the D/BCS cost pool. With MLOCs phased out, there is no need for a separate OCR cost pool as the only automated equipment consists of D/BCS and the percentage of hours for D/BCS run in OCR mode has dwindled below 1% in FY11.

- ii. Although a small percent, the LDC15 share of LCREM hours grew from 0.1 % in FY10 to 1.6% in FY11. LCREM operations (#487, #490) are phased in to replace the LMLM (#776), and the LD15LMLM cost pool name is updated to 'LD15PLNT' to denote that it incorporates operations other than the LMLM. Since both LMLMs and LCREMs are 'plant' operations, the FY10 methodology used for the 'LD15LMLM' applies to the 'LD15PLNT' cost pool. Plants are sampled in IOCS, and IOCS tallies are used to distribute MODS operation costs to product categories observed in these operations.

The other LDC15 operations are at the Remote Encoding Centers (RECS). RECS are not sampled in IOCS. The LDC15 costs at the RECs continue, as in the FY10 methodology, to be allocated to various image streams based on the percent of webROADS keying hours logged at consoles set up to receive those various image streams, i.e. PARS, APPS, FLAT, LETTER, COA (see USPS-FY11-23). They are then distributed to product categories based on IOCS proxy distribution keys. Note that even as the FSS emerges as a separate cost pool in FY11 (see 1.i above), the proxy distribution key for the LD15 FLAT activities continues to include the direct tallies for both the AFSM100 and the FSS cost pools – similarly to the way they were previously combined in a single AFSM100 cost pool.

- 3. The C/S 3 distribution keys reflect the changes made to IOCS described in USPS-FY11-37 (see section D. Methodology): UAA Parcel Select pieces found after June 24, 2011 are assigned to Parcel Select rather than to Parcel Post; and Adult Signature service is part of Signature Confirmation Services.

I-E. Inputs/Outputs:

The FY11 information from the same data systems identified in USPS-FY10-7 (Pay Data system LDC expenses, MODS hours, and IOCS tallies) are inputs to USPS-FY11-7. The IOCS tallies are from the FY11 IOCS data file attachment in

USPS-FY11-37. In addition to those data systems, the webROADS LDC 15 console hours in USPS-FY11-23, the Express Mail volume from the FY11 RPW, and the Inbound Express Mail volume from USPS-FY11-NP2 are inputs to this folder.

USPS-FY11-7 outputs are used in other public folders as follows:

USPS-FY11-2	FY 2011 Public Cost Segments and Components Report
USPS-FY11-8	Equipment and Facility Related Costs
USPS-FY11-10	FY 2011 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY11-11	FY 2011 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model
USPS-FY11-12	Standard Mail Hybrid/Parcel Cost Study
USPS-FY11-13	FY 2011 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail
USPS-FY11-15	FY 2011 Special Cost Studies Workpapers – Bound Printed Matter Mail Processing Cost Model / Media Mail – Library Mail Mail Processing Cost Model
USPS-FY11-21	FY 2011 QBRM and BRM Costs
USPS-FY11-25	FY 2011 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY11-26	FY 2011 Mail Processing Costs by Shape (Public Portion)
USPS-FY11-28	FY 2011 Special Cost Studies Workpapers – Special Services (Public Portion)
USPS-FY11-31	FY 2011 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)
USPS-FY11-32	FY 2011 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-FY11-7, Part I of the Excel Workbook.

II. ORGANIZATION

USPS-FY11-7 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-FY11-7 Excel Workbook comprises eight parts, each contained in an Excel file. The eight Excel files are named USPS-FY11-7 Part1.xls through USPS-FY11-7 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-FY11-7 SAS documentation includes a general description of the programming procedures associated with the SAS program codes, as indicated below under section III.B. *USPS-FY11-7 SAS programs* contains txt files of the SAS program codes. *USPS-FY11-7 SAS logs* contains rtf files of the SAS logs. And *USPS-FY11-7 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-FY11-7 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-FY11-7

Programs are developed in SAS for processing on an IBM mainframe. The same FY10 SAS programs with the same general structure, methods and procedures described below are used in FY11. However, they incorporate the methodological changes summarized above in section *I-D. Methodology*.

The mapping of MODS operations into the FSS cost pool is specified in the SAS module MODS11 of Program MOD1POOL for MODS facilities, and Program BMC1 for the NDCs. The mapping of IOCS operations into the new five non-MODS cost pools is specified in Program NONMOD1.

The distribution of 'plant' costs to 'plant' product categories tallied in IOCS is not affected by within-pool distribution, only where across-pool distribution keys are applied. A departure from the FY10 methodology is to restrict 'plant' across-pool distribution keys to those associated with the Function 1 MODS operations and excluding from them those associated with both the ISCs (International Service Centers) and the MODS 'post-offices' (Function 4 and LDC79 MODS operations). ISCs are identified by virtue of being their own cost pool, but the separate identification of 'plants' and 'post-offices' is facilitated through a new SAS variable F1F4 created in Program MOD1DIR and used in the SAS module 'MAPITEMC. The two values of F1F4 (F1, F4) identify separately 'plant' and non-plant cost pools, and are used where applicable in the MODS SAS programs to distribute mixed mail and not-handling costs to product categories separately by types of facilities. Applicable areas involve across-pool distribution keys primarily in Program M5ALLIED, and more negligibly in the MOD2, MOD3, and MOD4 SAS programs.

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 Non-MODs are based on responses to Question 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 DOLWGTBM 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; DOLWGTNM 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 maps the 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:

SAS PROGRAM	INPUTS	OUTPUTS
MBCLREF (Step 0)	<ul style="list-style-type: none"> ▪ The mainframe version of the PC SAS IOCS Data File in USPS-FY11-37. ▪ Flat file of F2 MODS 1&2 encrypted finance numbers in IOCS file 	&&MODS.TALLIES &&NONMODS.TALLIES &&BMCS.TALLIES

MODS 1&2 PROGRAMS	% INCLUDE PROGRAMS	INPUTS	OUTPUTS
MOD1POOL (Steps 1.1, 1.2)	MODS11 REMAP11 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-FY11-26

NDCS PROGRAMS	% INCLUDE PROGRAMS	INPUTS	OUTPUTS
BMC1 (Steps 1.1 thru 1.4)	<i>DOLWGTBM MAPITEMC</i>	<i>&&BMCS.TALLIES</i>	<i>&&BMCS (BMC1POOL) &&BMCS (BMCKEY) &&BMCS(DIRECT) &&BMCS (ITEMPC) &&BMCS (CONTEMP) &&BMCS (PALLET2) &&BMCS(NOTHAND) &&ADMWIN(EXEMPTBM) &&ADMWIN(BMCS)</i>
BMC2 (Steps 2.1)		<i>&&BMCS (BMCKEY) &&BMCS (ITEMPC)</i>	<i>&&BMCS (ITEMFILL)</i>
BMC3 (Steps 2.2, 2.3)		<i>&&BMCS (BMCKEY) &&BMCS (CONTEMP) &&BMCS (ITEMFILL)</i>	<i>&&BMCS (CONTFILL)</i>
BMC31CNT (Steps 2.4)		<i>&&BMCS (PALLET2) &&BMCS (ITEMFILL) &&BMCS (CONTFILL)</i>	<i>&&BMCS (PALL2FIL)</i>
BMC4DIST (Step 4)	<i>DOLWGTBM DIST5354 MAPCLASS</i>	<i>&&BMCS (DIRECT) &&BMCS (ITEMFILL) &&BMCS (CONTFILL) &&BMCS (PALL2FIL) &&BMCS (NOTHAND) &&ADMWIN (EXEMPTBM)</i>	<i>&&MPCOSTS (BMCS) &&MPCOSTS (EXEMPTBM)</i>
B5ALLIED (Step 5)	<i>DOLWGTBM DIST5354 MAPCLASS</i>	<i>&&MPCOSTS (BMCS) &&MPCOSTS (EXEMPTBM) &&BMCS (BMCKEY) &&BMCS (ITEMPC) &&BMCS (CONTEMP) &&BMCS (NOTHAND) &&BMCS(PALLET2)</i>	<i>&&MPCOSTS (BMCSPRC) Summary Data Inputs into C/S3 Workpapers</i>
BMCSHAPE	<i>SHAPES</i>	<i>&&MPCOSTS (BMCSPRC)</i>	<i>Inputs into USPS-FY11-26</i>

NONMODS PROGRAMS	% INCLUDE PROGRAMS	INPUTS	OUTPUTS
NONMOD1 (Steps 1.1 thru 1.4)	<i>DOLWGTM MAPITEMC</i>	<i>&&NONMODS.TALLIES</i>	<i>&&NONMODS (NMD1POOL) &&NONMODS (EXPRSOUT) &&NONMODS (PALLET2) &&NONMODS (NMODKEY) &&NONMODS (DIRECT) &&NONMODS (ITEMPC) &&NONMODS (CONTEMP) &&NONMODS (NOTHAND) &&ADMWIN(EXEMPTNM) &&ADMWIN(NMOD)</i>
NONMOD12 (Steps 2.1)		<i>&&NONMODS (NMODKEY) &&NONMODS (ITEMPC)</i>	<i>&&NONMODS (ITEMFILL)</i>
NONMOD22 (Steps 2.1)		<i>&&NONMODS (NMODKEY) &&NONMODS (ITEMPC)</i>	<i>&&NONMODS (ITEMFIL1)</i>
NONMOD3 (Steps 2.2, 2.3)		<i>&&NONMODS (NMODKEY) &&NONMODS (ITEMFILL) &&NONMODS (ITEMFIL1) &&NONMODS (CONTEMP)</i>	<i>&&NONMODS (CONTFILL)</i>
NONMOD31 (Steps 2.4)		<i>&&NONMODS (PALLET2) &&NONMODS (ITEMFILL) &&NONMODS (ITEMFIL1) &&NONMODS (CONTFILL)</i>	<i>&&NONMODS (PALL2FIL)</i>
NONMOD4 (Step 4)	<i>DOLWGTM DIST5354 MAPCLASS</i>	<i>&&NONMODS (DIRECT) &&NONMODS (ITEMFILL) &&NONMODS (ITEMFIL1) &&NONMODS (CONTFILL) &&NONMODS (PALL2FIL) &&NONMODS (NOTHAND) &&ADMWIN(EXEMPTNM)</i>	<i>&&MPCOSTS (NONMODS) &&MPCOSTS (NMEXEMPT)</i>
N5ALLIED (Step 5)	<i>DOLWGTM DIST5354 MAPCLASS</i>	<i>&&MPCOSTS (NONMODS) &&MPCOSTS (NMEXEMPT) &&NONMODS (NMODKEY) &&NONMODS (ITEMPC) &&NONMODS (CONTEMP) &&NONMODS (NOTHAND) &&NONMODS(PALLET2) &&NONMODS(EXPRSOUT)</i>	<i>&&MPCOSTS (NMODPRC) Summary Data Inputs into C/S3 Workpapers</i>
NMDSHAPE	<i>SHAPES</i>	<i>&&MPCOSTS (NMODPRC)</i>	<i>Inputs into USPS-FY11-26</i>

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

Table 1: FY 11 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
1A. MAIL PROCESSING - MODS 1&2 GROUP						
Automated Distribution						
D/BCS	11	BCS/DBCS	1,825,823	1,820,141	1,810,556	0.9947
Mechanized Distribution, Letters & Flats						
AFSM100	12 & 17	AFSM100 (incl. LDC17 MODS op #140)	606,349	604,309	598,710	0.9907
FSM/1000	12	FSM 1000	24,580	24,489	24,260	0.9907
FSS	12 & 17	FSS (incl. LDC17 MODS op #530)	115,748	115,155	113,825	0.9884
Mechanized Distribution, Other						
MECPARC	13	Mechanized Parcels	7,878	7,771	7,205	0.9271
SPBS OTH	13	SPBS - Non Priority	268,174	267,250	261,833	0.9797
SPBSPRIO	13	SPBS - Priority	282,892	281,862	276,097	0.9795
1SACKS_M	13	Mechanical Sort - Sack Outside	33,004	32,907	30,832	0.9369
1TRAYSRT	13	Mechanical Tray Sorter / Robotics	289,192	288,103	275,537	0.9564
Manual Distribution						
MANF	14	Manual Flats	182,442	181,838	179,690	0.9882
MANL	14	Manual Letters	416,970	413,084	407,305	0.9860
MANP	14	Manual Parcels	37,239	37,071	35,123	0.9475
PRIORITY	14	Manual Priority	233,281	232,499	225,845	0.9714
LD15	15	LDC 15	86,913	86,839	81,012	0.9329
Allied Operations						
1CANCEL	17	Cancellation	259,685	258,725	255,995	0.9894
1DSPATCH	17	Dispatch	156,340	154,712	151,188	0.9772
1FLATPRP	17	Flats Preparation (excl. LDC17 op#140 & #530)	77,764	77,604	77,297	0.9961
1MTRPREP	17	Mail Preparation - metered	20,421	20,421	19,961	0.9775
1OPBULK	17	Opening Unit - BBM	85,317	84,851	83,434	0.9833
1OPPREF	17	Opening Unit - Preferred Mail	248,462	247,015	241,878	0.9792
1OPTRANS	17	Opening - Manual transport	64,028	63,926	60,042	0.9392
1PLATFRM	17	Platform	1,291,285	1,284,561	1,194,931	0.9302
1POUCHNG	17	Pouching Operations	51,910	51,725	50,672	0.9796
1PRESORT	17	Presort	70,755	70,547	68,513	0.9712
1SACKS_H	17	Manual Sort - Sack Outside	51,939	51,537	48,733	0.9456
1SCAN	17	Air Contract DCS and Incoming/SWYB	68,994	68,546	67,254	0.9811
Other Operations						
BUSREPLY	18	Business Reply / Postage Due	18,124	17,935	17,451	0.9730
EXPRESS	18	Express Mail	89,577	89,029	80,296	0.9019
MAILGRAM	18	Mailgram	-	-	-	-
REGISTRY	18	Registry	87,799	86,970	53,704	0.6175
REWRAP	18	Damaged Parcel Rewrap	13,398	13,398	12,873	0.9608
1EEQMT	18	Empty Equipment	36,714	36,459	36,312	0.9960
1MISC	18	Miscellaneous	83,239	69,907	67,388	0.9640
1SUPPORT	18	Mail Processing Support	169,605	53,931	46,338	0.8592
INTL ISC	all MP LDCs	ISCs (International Service Centers)	193,278	186,288	177,794	0.9544
LD41	41	LDC 41 - Unit Distribution - Automated/Mechanized	7,184	7,103	7,003	0.9859
LD42	42	LDC 42 - Business Return Services	30,893	29,859	29,126	0.9755
LD43	43	LDC 43 - Unit Distribution - Manual	564,765	553,720	539,820	0.9749
LD44	44	LDC 44 - Post-Office Box Distribution	105,820	95,614	94,315	0.9864
LD48 EXP	48	LDC 48 - Customer Service / Express 1/	17,883	17,679	10,240	0.5792
LD48 OTH	48	LDC 48 - Customer Service / Other 1/	197,438	152,207	136,612	0.8975
LD48_ADM	48	LDC 48 - Customer Service / Admin 1/	166,001	92,879	79,339	0.8542
LD48_SSV	48	LDC 48 - Customer Service / Spec.Servc. 1/	64,545	59,925	38,741	0.6465
		Total Ldc 48	445,866			
LD49	49	LDC 49 - Computerized Forwarding Syst.	102,404	102,055	101,972	0.9992
LD79	79	LDC 79 - Mailing Req' & Bus. Mail Entry	203,708	189,517	92,610	0.4887
MAIL PROCESSING TOTAL FOR MODS 1&2 Offices			9,009,756	8,681,965	8,269,665	0.9525

Table 1: FY 11 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 c / d
1B. MAIL PROCESSING - NDCs GROUP						
FSS	12 & 17	FSS (incl. LDC17 MODS op #530)	13,013	12,935	12,724	0.9836
MANP	14	NDC Manual Parcel Sorting (incl manual NMO)	25,010	24,861	23,523	0.9462
NMO	13	Non-Machinable Outside sorter (NMO)	14,078	14,078	13,122	0.9321
OTHR	other MP LDCs	Allied Labor & all other Mail Processing	103,040	74,380	70,556	0.9486
PLA	17	Platform	381,179	378,379	343,552	0.9080
PSM	13	Parcel Sorting Machine	145,406	144,393	142,251	0.9852
SPB	13	SPBS	57,017	56,551	53,755	0.9506
SSM	13	Sack Sorting Machine	24,382	24,299	22,275	0.9167
TRAYSORT	13	Tray Sorter & Robotics	48,848	48,411	45,854	0.9472
MAIL PROCESSING TOTAL FOR NDCs			798,960	778,287	727,611	0.9349
1C. MAIL PROCESSING - NON-MODS GROUP						
ALLIED	IOCs	Allied	283,859	283,859	274,899	0.9684
AUTO/MEC	IOCs	Automated/Mechanized	54,594	54,594	54,337	0.9953
BULKACCP	IOCs	Bulk Mail Acceptance	95,666	95,666	26,705	0.2791
BUSREPLY	IOCs	Business Return Services	37,888	37,888	37,726	0.9957
CFS	IOCs	Computerized Forwarding System	11,266	11,266	11,266	1.0000
D.PO BOX	IOCs	Distribution to P.O. Box	189,279	189,279	188,587	0.9963
EXPRESS	IOCs	Express Mail	33,744	33,744	25,899	0.7675
MANF	IOCs	Manual Flat	357,013	357,013	355,042	0.9945
MANL	IOCs	Manual Letter	396,816	396,816	392,054	0.9880
MANP	IOCs	Manual Parcel	359,245	359,245	356,780	0.9931
MISC	IOCs	Miscellaneous	221,938	221,938	219,002	0.9868
OTH ACCT	IOCs	Other Accountable	142,518	142,518	73,474	0.5155
REGISTRY	IOCs	Registry	21,958	21,958	12,812	0.5835
MAIL PROC.TOTAL FOR NONMODS			2,205,785	2,205,785	2,028,583	0.9197
TOTAL MAIL PROCESSING FOR COST SEGMENT 3			12,014,501	11,666,037	11,025,858	0.9451
2. ADMISTRATIVE/WINDOW SERVICES - inputs to B Workpapers						
2A. ADMISTRATIVE/WINDOW SERVICES -MODS			1,001,878			
	non-MP LDCs	Administrative Services - ISCs	6,556			
	45	Window Services	691,711			
	75	Claims & Inquiries	8,367			
	othr non-MP LDCs	Administrative Services	295,244			
		Subtotal	1,001,878			
2B. ADMISTRATIVE/WINDOW SERVICES -NDCS			13,235			
	75	Claims & Inquiries	1,378			
	othr non-MP LDCs	Administrative Services	11,858			
		Subtotal	13,235			
2C. ADMISTRATIVE/WINDOW SERVICES - nonMODS			1,821,301			
	IOCS	Administrative Services 2/	235,095			
	IOCS	Claims & Inquiries	3,753			
	IOCS	Window Services	1,582,454			
		Subtotal	1,821,301			
TOTAL COST SEGMENT 3			14,850,916			
Total MODS 1&2 Offices (incl ISCs)			10,011,633			
Total NDCs			812,196			
Total NonMODS Offices			4,027,087			

Footnotes

^{1/} The total LDC 48 cost is allocated to the four LDC 48 cost pools in proportion to IOCS tallies reporting LDC 48 MODS operations .

^{2/} All the non-mail processing clocking in/out costs are included in this category before being allocated to the non-mail processing functions.