

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

POSTAL RATE AND FEE CHANGES  
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
PRESIDING OFFICER'S INFORMATION REQUEST NO. 2  
(May 6, 2005)

The United States Postal Service hereby provides the responses to Presiding Officer's Information Request No. 2, issued April 22, 2005. The response to question 15 is forthcoming.

Each question is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

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Keith E. Weidner

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1134  
(202) 268-6252; Fax -3084

RESPONSE OF POSTAL SERVICE WITNESS KELLEY TO  
POIR NO. 2, QUESTION 1

1. This question concerns the calculation of unit delivery costs for Periodicals Outside County subclass. In Docket No. R2001-1 these costs were developed in USPS-LR-J-117, worksheets “Table 1” and “summary TY” and appeared in USPS-LR-J-107 worksheet “Discounts.” The library reference corresponding to USPS-LR-J-117 and using the Commission’s methodology is USPS-LR-K-101. Worksheet “summary TY” of USPS-LR-K-101, however, does not contain the calculations appearing in cells C124 to H137 of USPS-LR-J-117. These calculations provided the carrier costs appearing in cells D33, D59, D60, and D61 of worksheet “Discounts” in USPS-LR-J-107 for Outside County Periodicals.

Please examine the following table and confirm that it contains the values that correspond to those in cells C124 to H137 of worksheet “summary TY” of USPS-LR-J-117. If you do not confirm, please provide the correct values and explain fully their derivation. Please note that the table in USPS-LR-J-117 did not contain line and column titles. Please provide them.

2,338,199	112,666	112,666	<b>0.0482</b>	112,666	<b>0.0482</b>
2,165,011	209,869	209,869	<b>0.0969</b>	209,869	<b>0.0969</b>
664,626	29,485	29,485	<b>0.0444</b>	29,485	<b>0.0444</b>
4,229,835	184,392	184,392	<b>0.0436</b>	184,392	<b>0.0436</b>
				-	
9,397,672	536,413	536,413	<b>0.0571</b>	536,413	<b>0.0571</b>
				-	
14,167,185	874,601	874,601	<b>0.06173</b>	874,601	<b>0.0617</b>
1,907,304	89,336	89,336	<b>0.04684</b>	89,336	<b>0.0468</b>
11,003,920	452,015	452,015	<b>0.04108</b>	452,015	<b>0.0411</b>
				-	
27,078,409	1,415,952	1,415,952	<b>0.05229</b>	1,415,952	<b>0.0523</b>
	1,952,365	1,952,365			

**RESPONSE:**

Confirmed. The above table contains the LR-K-101 the values that correspond to cells C124 to H137 of worksheet “summary TY” in USPS-LR-J-117. The following table provides the line and column titles for the LR-K-101 values.

RESPONSE OF POSTAL SERVICE WITNESS KELLEY TO  
POIR NO. 2, QUESTION 1

**USPS-LR-K-101, Sheet “summary TY,” BY04 ECR Unit Costs**

	Adj TY Volume (000)	Total Cost (\$000)	Total Cost (\$000)	Total Unit Cost (\$0.0000)	Total Cost (\$000)	Total Unit Cost (\$0.0000)
ECR Basic Auto Letters	2,338,199	112,666	112,666	<b>0.0482</b>	112,666	<b>0.0482</b>
ECR Basic Letters	2,165,011	209,869	209,869	<b>0.0969</b>	209,869	<b>0.0969</b>
ECR High Density Letters	664,626	29,485	29,485	<b>0.0444</b>	29,485	<b>0.0444</b>
ECR Saturation Letters	4,229,835	184,392	184,392	<b>0.0436</b>	184,392	<b>0.0436</b>
<b>Total ECR Letters</b>	<b>9,397,672</b>	<b>536,413</b>	<b>536,413</b>	<b>0.0571</b>	<b>536,413</b>	<b>0.0571</b>
ECR Basic Nonletters	14,167,185	874,601	874,601	<b>0.06173</b>	874,601	<b>0.0617</b>
ECR High Density Nonletters	1,907,304	89,336	89,336	<b>0.04684</b>	89,336	<b>0.0468</b>
ECR Saturation Nonletters	11,003,920	452,015	452,015	<b>0.04108</b>	452,015	<b>0.0411</b>
<b>Total ECR NonLetters</b>	<b>27,078,409</b>	<b>1,415,952</b>	<b>1,415,952</b>	<b>0.05229</b>	<b>1,415,952</b>	<b>0.0523</b>
<b>Total ECR, All Shapes</b>		<b>1,952,365</b>	<b>1,952,365</b>			

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
POIR NO. 2, QUESTION 2

2. Please provide total attributable costs by shape for Standard Mail and the electronic spreadsheets showing the development of these costs. The equivalent spreadsheets were filed as LR-J-199 containing file LR-J-199STDCBS\_prc in Docket No. R2001-1. Please use the PRC costing methodology reflected in the Commission's decision in Docket R2001-1.

**RESPONSE:**

Please see USPS-LR-K-119, a Category 4 library reference, and USPS-LR-K-120, a Category 5 library reference, both filed today.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
POIR NO. 2, QUESTION 3

3. Pages 13-14 of the word document file LR-K-99 contain a discussion of two changes to the methodology for computing mail processing unit costs by shape.
- a. The first change concerns a modification to a calculation that uses the “final” reconciliation factor. A comparison of the cell formula contained in Excel file shp06prc, sheet “Letters (3)” in LR-K-99 with the corresponding cell formula in Docket No. R2001-1, LR-J-81, Excel file shp03prc, sheet “Letters (3)” shows no apparent difference in the calculation methodology. Please describe the difference in more detail showing the difference in the calculation.
  - b. The second change concerns a methodological modification that is used to shift flat costs from a combined pool of flat and parcel costs to a flats only cost pool. The adjustment is required because of the DMM/RPW definition of a flat. Is there a mismatch between the definition of shape in the IOCS and the DMM/RPW definition of a flat?
  - c. This procedure is applied only to Standard Regular mail. Why does it only affect Standard Regular and not ECR or any other subclass with both flats and parcels? Please provide a more detailed rationale for this adjustment.

**RESPONSE:**

Initially, simply to clarify, the “two changes” apparently intended to be addressed in this item are referenced on pages 12-13 of the Word document, rather than pages 13-14. Alternatively, in the hard copy preface, they appear on pages v and vi.

(a) The first change is not a methodology change, but rather one of the two changes made to adjust the results in Letters (3), Flats (3) and Parcels (3) sheets to obtain the respective Letters (4), Flats (4) and Parcels (4) sheet. The first change is identical to the calculation done in Docket No. R2001-1, LR-J-81, as indicated in the question. The second change is both a change/adjustment to the results in Letters (3), Flats (3) and Parcels (3) sheets to obtain the respective Letters (4), Flats (4) and Parcels (4) sheet and also a methodology change.

(b) Yes, this second change, a methodology change, is prompted by a mismatch between the DMM/RPW and IOCS on the definitions of flats and parcels. IOCS

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
POIR NO. 2, QUESTION 3

defines flats as having a maximum thickness of  $\frac{3}{4}$ <sup>th</sup> inch (See Docket No. R2000-1, USPS-LR-I-14, page 12-10). This corresponds to the DMM's general flats definition provided at DMM 301.1.1, which also provides for the same maximum thickness. However, Automation rate flats can be up to  $1\frac{1}{4}$ <sup>th</sup> inch thick as provided under 301.3.4.2. Thus the inconsistency occurs for flats automation rate pieces that are between  $\frac{3}{4}$  th and  $1\frac{1}{4}$  th inches thick. Such pieces would be treated as parcels by IOCS, but the RPW counts such pieces as flats. This is also discussed in the testimony of witness Smith, USPS-T-13, at pages 60-62.

(c) This procedure is only applied to Standard Regular rather than ECR because ECR doesn't have automation rates for flats. It is possible that First-Class and Periodicals presort flats may be subject to the same inconsistency. The focus on Standard Regular is due to the volumes for First-Class and Periodicals presort parcels are relatively small and due to the need to support the parcel rate surcharge for Standard Mail.

RESPONSE OF POSTAL SERVICE WITNESS TAUFIQUE TO  
POIR NO. 2, QUESTION 4

4. In the billing determinants for Standard Regular, there is a line item for Standard mail paid at First-Class/Priority rates. Please discuss what this represents. Why is this revenue assigned to Standard Regular rather than First-Class or Priority Mail?

**RESPONSE:**

Standard Mail has no single piece rates. A mail piece bearing Standard Mail markings that does not meet the eligibility requirements for any of the Standard Mail bulk rates is charged either the First-Class Mail single piece rate or Priority Mail rate, as applicable, depending on the weight of the piece. Often such pieces are residual pieces that are left over after all possible presorted bundles or containers are made up. Although these pieces pay the higher rate, they bear Standard Mail markings, are treated and counted as Standard Mail, and receive Standard Mail service. Since these pieces are treated as Standard Mail for all purposes except payment of postage, their revenue is counted as Standard Mail revenue.

RESPONSE OF POSTAL SERVICE WITNESS TAUFIQUE TO  
POIR NO. 2, QUESTION 5

5. In the billing determinants for Standard Mail there is a line item entitled "barcode adjustment." Please discuss what this represents and provide workpapers showing how it is calculated.

**RESPONSE:**

Standard Mail Regular and Nonprofit machinable parcels bearing a correct parcel barcode for the delivery address ZIP Code are entitled to a three cent discount off the otherwise applicable rate. The Postal Service's Revenue, Pieces and Weight (RPW) reports do not distinguish between pieces that bear parcel barcodes and those that do not. Instead, a separate adjustment line showing the total amount of the parcel barcode discount for all pieces is reported. This line appears in the billing determinants as an offset to the total revenue. The number of parcel barcoded pieces can be calculated directly from this revenue adjustment by dividing the revenue adjustment by 0.03.

Thus, the barcode adjustment reported in the billing determinants is taken directly from a line in the RPW reports, and therefore, is not calculated in developing the billing determinants.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
POIR NO. 2, QUESTION 6

6. Please provide the electronic version of the spreadsheets used to forecast international mail volume and revenue for FY 2005, FY 2006 (test year before rates) and FY 2006 (test year after rates). Exhibits USPS-27A, USPS-27B and USPS-27C. Please show international mail revenue from postage and fees separately. Please show the quarterly volume forecasts of international mail for 2005GQ1-2007GQ4 in the same manner witness Thress (USPS-T-7) has presented before- and after- rates quarterly volume forecasts of domestic mail in Attachment A of his testimony.

**RESPONSE:**

Please see USPS-LR-K-118, filed today.

RESPONSE OF POSTAL SERVICE WITNESS TAUFIQUE TO  
POIR NO. 2, QUESTION 7

7. Please reconcile the TYAR revenue figures for Periodicals within county, nonprofit and regular rate, and Standard Mail nonprofit and nonprofit ECR shown in Exhibit USPS-27B with the corresponding revenue figures presented in Exhibit USPS-28A, Table 12.

**RESPONSE:**

After Exhibit USPS-27B was developed, some pricing anomalies were discovered in the proposed rates for Standard Mail Nonprofit and Nonprofit ECR. As a result, the pound rates for Nonprofit DBMC piece-and-pound-rated pieces were adjusted upward by \$0.001 from \$0.510 to \$0.511 to ensure that the discount for Nonprofit DBMC pieces was the same for all four Standard Mail subclasses. The revenue impact was to raise Nonprofit TYAR revenues by \$37,632.

In addition, the pound rates for Nonprofit ECR DDU piece-and-pound-rated pieces were adjusted downward by \$0.001 from \$0.225 to \$0.224 to ensure that the discount was consistent with the discount in the other three subclasses. The revenue impact was to lower Nonprofit ECR TYAR revenues by \$7,479.

The net impact of these two changes was included in Exhibit USPS-28A, Table 12, but not in Exhibit USPS-27B.

For Periodicals, the TYAR revenue figure in Exhibit USPS-27B reflects a proposed Periodicals re-entry fee of \$40, instead of the \$45 fee actually proposed and reflected in Exhibit USPS-28A. See USPS-T-28 at 26 for an explanation of why the fee was proposed at \$45 instead of \$40.

Witness Robinson will be filing errata to reflect both of these changes in Exhibit USPS-27B.

RESPONSE OF POSTAL SERVICE WITNESS KELLEY TO  
POIR NO. 2, QUESTION 8

8. This question concerns the calculation of unit delivery costs for Periodicals Within County subclass. Please provide the unit delivery costs corresponding to those in cells D51, D52, and D53 of worksheet "Discounts" in USPS-LR-J-107 WC for Within County Periodicals and explain fully their derivation.

**RESPONSE:**

The unit delivery costs in cells D51, D52, and D53 of worksheet "Discounts" in R2001 -1 USPS-LR-J-107 WC are TY 2001 unit costs for Nonprofit ECR Basic Nonletters, Nonprofit ECR High Density Nonletters, and Nonprofit ECR Saturation Nonletters. These unit costs were obtained from R2000-1 USPS-LR-I-95, worksheet 'Table 5', cells G56–G58. The Base Year 2004 segments 6, 7, and 10 inputs into R2005-1 LR-K-67 that correspond to the Base Year 1998 segment 6, 7, and 10 inputs into LR-I-95 no longer break total ECR delivery costs into separate costs for Commercial ECR mail, and separate costs for Nonprofit ECR mail. Therefore, it is not possible to update the Nonprofit ECR unit costs in cells D51-D53 of LR-J-107 WC to TY 2006.

RESPONSE OF POSTAL SERVICE WITNESS VAN-TY-SMITH TO  
POIR NO. 2, QUESTION 9

9. The Postal Service has supplied the Commission with files that are not PC executable. Library References LR-K-55 and LR-K-100 contain programs that are in text formats and have to be converted to PC SAS.
- a. Please provide the following SAS programs and SAS log missing in LR-K-100: MBC, DOLWGTTBM, MODFIN04, MAPCLCRA, and MBC SASLOG.
  - b. The input files to a SAS program called MODSPOOL in LR-K-55 are missing. These are quarterly files called MODSFIN.FY04Q1.DATA, MODSFIN.FY04Q2.DATA, MODSFIN.FY04Q3.DATA, and MODSFIN.FY04Q4.DATA. Please provide these files in a format that can be executed using a PC SAS platform.

**RESPONSE:**

(a) For both the USPS and PRC versions, the same programs are used to partition data collected from the IOCS sampled facilities into BMCs, MODS 1&2, and nonMODS facilities. Thus, the MBC SAS program and the MODFIN04 data set are in the PROGRAMS directory of the diskette in USPS-LR-K-55. The MBC SASLOG is in the SASLOGS directory of the diskette in USPS-LR-K-55.

Also, the program modules DOLWGTTBM and MAPCLCRA are used for both the USPS and PRC versions. DOLWGTTBM and MAPCLCRA are in the PROGRAMS directory of the diskette in USPS-LR-K-55.

(b) The quarterly files MODSFIN.FY04Q(1 through 4).DATA with encrypted finance numbers (*F2*) and deleted facility names (*FINNAME*) are provided as the PC SAS files MODSQ1-MODSQ4 in the CD of USPS-LR-K-126, filed today. Please note that Table I-2A and Table I-2B of USPS-LR-K-55 are the output tables from the MODSPOOL program that processes the data from those MODS files.

RESPONSE OF POSTAL SERVICE WITNESS SHAW TO  
POIR NO. 2, QUESTION 10

**10.** Library Reference LR-K-101 contains a spreadsheet which calculates delivery costs by rate element for First-Class and Standard Mail using the methods in the R2001-1 PRC Opinion. In R2001-1, the Postal Service submitted LR-J-117 which included a FORTRAN based program for IOCS data extraction. Please identify the data source used to create worksheet ECR SPLITS in workbook LR-K-101.xls and provide PC compatible programs and their corresponding datasets which generated this worksheet.

**RESPONSE:**

The FORTRAN based program for IOCS data extraction was not used in FY2004. Instead, IOCS programs ALBCARMM and ECRALL are now used to provide the data source for worksheets CASING04.XLS and CASING04.Recd.2.17.05.XLS in USPS-LR-K-67 (which also pertain to the response to POIR-2, question 11) which in turn are used to produce ECR SPLITS in USPS-LR-K-101.

These IOCS programs are documented in USPS-LR-K-9/R2005-1, pages 49 – 51 and 53. Input data for the USPS-LR-K-67 worksheets described above can be generated using the source code for the programs (ALBCARMM and ECRALL) and the IOCS tally file documented in the IOCS CD-ROM (see USPS-LR-K-9/R2005-1, appendix H).

To facilitate the identification of inputs to USPS-LR-K-67 worksheet CASING04.Recd.2.17.05.XLS from IOCS, hardcopy reports from ALBCARMM and the output data file from program ECRALL are provided in new library reference USPS-LR-K-125/R2005-1, *IOCS FY 2004 Supplemental Reports and Data, Provided in Response to POIR No. 2, Item 10.*

RESPONSE OF POSTAL SERVICE WITNESS KELLEY TO  
POIR NO. 2, QUESTION 11

11. The Postal Service development of delivery costs by rate element for First-Class and Standard Mail is filed as LR-K-67. The spreadsheet LR-K-67.xls has gaps in documentation and cross-referencing. Please provide a revised worksheet which sources various columns to their appropriate testimony, worksheets, and other library references by citing the title of the document and the referenced source page(s) used to create LR-K-67.xls. Also, provide any other programs and data sources used to generate various supporting spreadsheets. For example, workbook CASING04.xls, worksheet ECR BREAKOUT has a link to another spreadsheet called "CASING04.Recd.2.17.05.xls" which has not been filed with LR-K-67. Please provide "CASING04.Recd.2.17.05.xls."

**RESPONSE:**

The revisions requested are in the workbook LR-K-67\_Revised.xls. The additional documentation is presented in footnotes at the bottom of the various worksheets. LR-K-67\_Revised.xls also makes a minor correction to the segment 6 in-office costs by shape and rate subcategory. This correction adds TY 2006 Segment 6.2 CAG K costs, which the previous version excluded. Adding these CAG K costs changes a few of the worksheet 'Table 1' total TY 2006 unit costs, as shown in the following table.

<b>Mail Subclass and Shape-Rate Subcategory</b>	<b>Previous TY06 Unit Cost</b>	<b>Revised TY06 Unit Cost</b>
First-Class Single Piece, letter-shape pieces	7.188	7.189
First-Class Single Piece, nonletter pieces	14.423	14.424
First-Class Presort, flat-shape pieces	9.423	9.424
First-Class Auto AADC Cards	3.371	3.372
First-Class Auto 5-Digit Cards CSBCS/Manual Sites	5.798	5.799
First-Class Auto 5-Digit Cards Other Sites	2.306	2.307
First-Class Auto CR Cards	5.647	5.648
Standard Regular, Nonautomation – Nonmach Mixed ADC Letters	11.049	11.050
Standard Regular, Nonautomation – Nonmach ADC Letters	11.049	11.050
Standard Regular, Nonautomation –	11.049	11.050

RESPONSE OF POSTAL SERVICE WITNESS KELLEY TO  
POIR NO. 2, QUESTION 11

Nonmach 3-Digit Letters		
Standard Regular, Nonautomation – Nonmach 5-Digit Letters	11.049	11.050
Standard Regular, Nonletter Subtotal	10.093	10.094
Standard ECR, Saturation Flats - with DAL Costs Included in the Numerator of the ECR Saturation Flats Unit Cost	4.241	4.240

Also included in revised LR-K-67 is the workbook "CASING04.Recd.2.17.05.xls"  
which had not been filed with the original USPS-LR-K-67.

RESPONSE OF POSTAL SERVICE WITNESS WATERBURY TO  
POIR NO. 2, QUESTION 12

**12.** The table in USPS-T-10, Appendix G, shows the distribution keys used for cost reductions and other programs in the roll forward model. While the sources of these keys are identified by witness testimony reference, the exact source of these keys is not identified (i.e., library reference, exhibit, table number, page, etc.).

- a. Please provide a more detailed source of the distribution keys noted in USPS-T-10, Appendix G.
- b. Please provide a spreadsheet table detailing the base year inputs by class/subclass of mail for all the keys in Appendix G.

**RESPONSE:**

(a) A more detailed source of the distribution keys noted in USPS-T-10, Appendix G, is attached as page G1-1. Errata to Appendix G reflecting this attachment will be filed subsequently.

(b) A spreadsheet table detailing the base year inputs by class/subclass of mail for all distribution keys in Appendix G is attached as pages G2-1 and G2-2. Errata to Appendix G reflecting these attachments will be filed subsequently.

Roll Forward Dist. Keys	Distribution Key Title	Base Year Dist. Keys	Source
1418	not used		
1419	not used		
1420	not used		
1439	not used		
1440	Delivery BCS, Carrier Sequence BCS	901	Witness Meehan, USPS-T-9; Workpaper A, Factor Report
1441	OCRs (including BCS on OCRs)	903	Witness Meehan, USPS-T-9; Workpaper A, Factor Report
1442	AFMS 100	906	Witness Meehan, USPS-T-9; Workpaper A, Factor Report
1443	SPBS - Non-Priority & Priority	910	Witness Meehan, USPS-T-9; Workpaper A, Factor Report
1444	LDC 15 - RBCS	915	Witness Meehan, USPS-T-9; Workpaper A, Factor Report
1445	Cancellation & Mail Preparation - Metered	918	Witness Meehan, USPS-T-9; Workpaper A, Factor Report
1446	International / ISCs	931	Witness Meehan, USPS-T-9; Workpaper A, Factor Report
1447	LDC 79 - Mailing Reqs. & Bus. Mail Entry	939	Witness Meehan, USPS-T-9; Workpaper A, Factor Report
1448	BMC - Parcel Sorting Machine	942	Witness Meehan, USPS-T-9; Workpaper A, Factor Report
1449	not used		
1450	Mechanized Tray Sorter	971	Witness Meehan, USPS-T-9; Workpaper A, Factor Report
1451	not used		
1452	not used		
1453	Facer/Canceler - Letters	983	Witness Meehan, USPS-T-9; Workpaper A, Factor Report
1454	Facer/Canceler - Flats	984	Witness Meehan, USPS-T-9; Workpaper A, Factor Report
1455	not used		
1456	Automated Postal Centers (APCs)		USPS-LR-K-121
1457	Allied Labor		Witness Van-Ty-Smith, USPS-T-11; USPS-LR-K-55, Part 7
1458	CFS Letters		Witness Van-Ty-Smith, USPS-T-11; USPS-LR-K-55, Part 7
1459	CFS Flats		Witness Van-Ty-Smith, USPS-T-11; USPS-LR-K-55, Part 7
1460	not used		
1461	BPI Function 1 Mail Proc Op		Witness Van-Ty-Smith, USPS-T-11; USPS-LR-K-55, Part 7
1462	not used		
1463	not used		
1464	BPI Function 4 Mail Proc		Witness Van-Ty-Smith, USPS-T-11; USPS-LR-K-55, Part 7
1465	not used		
1466	Periodicals Outside County Key		Only Periodicals Outside County; mail class number 117
1467	Standard Regular Key		Only Standard Regular; mail class number 127
1468	not used		
1469	Surface Visibility Hwy		Witness Meehan, USPS-T-9; Workpaper B, CS14
1470	not used		
1471	Amtrak Rail		Witness Nash, USPS-T-17; USPS-LR-K-38, Table 110
1472	not used		

Input: RF Key Title  
Input: RF Key Number  
Input: Base Year Key Number  
Input: Variability  
Input: Roll Forward Needed

Sample Formula	not used	not used	not used	not used	Delivery BCS, Carrier Sequence	OCRs (including BCS on OCRs)	AFMS 100	SPBS - Non-Priority	LDC 15 - RBCS	Cancellation & Mail Preparation	LDC 79 - Mailing Reqs. & Parcel Sorting	Mechanized Tray Sorter	Facer/Canceler - Letters	Facer/Canceler - Flats					
40	1418	1419	1420	1439	BCS	OCRs				Metered / ISCs	Entry	not used	1450	1451	1452	1453	1454		
Only Priority	Only ParcelPost	Only Int'l	Only Other		901	903	906	910	915	918	931	1447	1448	1449	1450	1451	1452	1453	
					0.9	0.78	1	0.77	1	0.46	0.83	0.83	0.83					0.83	
	MV	MV	MV	MV	MV	MV	MV	MV	MV	MV	MV	MV	MV	MV	MV	MV	MV	From Model	
<b>1 First-Class Mail</b>																			
2 Single Piece Letters	101	454,624			4,439	6,234	3,555	2,050	7,468	7,929	900	1,645	65		2,687			59,068	8,730
3 Presort Letters	102	21,235			2,452	1,327	478	158	907	438	232	2,042	21		2,657			3,134	363
4 Total Letters	103	475,859			6,891	7,561	4,033	2,208	8,375	8,367	1,132	3,687	86		5,344			62,202	9,093
5 Single Piece Cards	104	31,552			158	218	7	-	317	237	5	39	-		112			2,092	98
6 Presort Cards	105	1,899			80	41	5	-	36	29	3	-	-		1			106	-
7 Total Cards	108	33,451			238	259	12	-	353	266	8	39	-		113			2,198	98
8 Total First-Class	109	509,310			7,129	7,820	4,045	2,208	8,728	8,633	1,140	3,726	86		5,457			64,400	9,191
9 Priority Mail	110	68,372	100		7	17	93	1,485	-	411	643	163	733		126			222	156
10 Express Mail	111	35,304			-	12	1	17	-	16	265	55	-		10			-	-
11 Mailgrams	112	-			-	-	-	-	-	-	-	-	-		-			-	-
12 Periodicals																			
13 Within County	113	154			-	-	2	2	-	4	1	1	-		1			-	81
14 Outside County	117	1,393			5	24	1,142	1,616	-	100	110	244	60		343			78	452
15 Total Periodicals	123	1,547			5	24	1,144	1,618	-	104	111	245	60		344			78	533
16 Standard Mail																			
17 Enhanced Carr Rte	126	4,610			137	88	187	764	26	23	6	291	4		378			140	407
18 Regular	127	47,646			2,641	1,931	4,283	3,201	881	534	125	4,725	2,874		3,396			1,314	1,150
19 Total Standard Mail	135	52,256			2,778	2,019	4,470	3,965	907	557	131	5,016	2,878		3,774			1,454	1,557
20 Package Services																			
21 Parcel Post	136	15,675	100		-	1	5	71	-	43	66	69	1,855		43			-	-
22 Bound Printed Matter	137	2,586			-	-	58	200	-	28	12	-	1,390		54			-	304
23 Media Mail	139	8,179			-	-	21	179	-	25	7	-	1,654		9			-	-
24 Total Package Services	141	26,440	100		-	1	84	450	-	96	85	69	4,899		106			-	304
25 U.S. Postal Service	142	33,171			38	53	77	137	26	106	59	667	240		142			147	76
26 Free Mail	147	195			5	-	2	38	-	4	17	-	116		-			-	75
27 International Mail	161	27,143			37	42	82	81	339	60	7,522	31	987		38			564	193
28 Total All Mail	162	753,738	100	100	100	9,999	9,988	9,999	10,000	9,987	9,973	9,972	9,999		9,997			66,865	12,085
29 Special Services																			
30 Registry	163	5,879			1	1	-	-	-	-	-	-	-		2			-	-
31 Certified	164	69,236			-	-	-	-	-	-	-	-	-		-			-	-
32 Insurance	165	30,247			-	-	-	-	-	-	-	-	-		-			-	-
33 COD	166	938			-	-	-	-	-	-	-	-	-		-			-	-
34 Money Orders	168	88,319			-	-	-	-	-	-	-	-	-		-			-	-
35 Stamped Cards	159	-			-	-	-	-	-	-	-	-	-		-			-	-
36 Stamped Envelopes	169	4,334			-	-	-	-	-	-	-	-	-		-			-	-
37 Special Handling	170	491			-	-	-	-	-	11	-	-	-		-			-	-
38 Post Office Box	171	86,387			-	-	-	-	-	-	25	-	-		-			-	-
39 Other	172	44,656			-	11	-	-	-	-	2	28	-		-			-	1,359
40 Total Special Services	173	330,487			1	12	-	-	-	11	27	28	-		2			1,359	-
41 Total Volume Variable	198	1,084,225	100	100	100	10,000	10,000	9,998	9,999	10,000	9,998	10,000	9,999		9,999			68,224	12,085
42 Other Costs	199	1,495,518			100	1,111	2,821	-	2,987	-	11,737	2,048	2,048	100	2,048	100	100	80,089	14,186
43 Total Costs	200	2,579,743	100	100	100	11,111	12,821	9,998	12,986	10,000	21,735	12,048	12,047	100	12,047	100	100	148,313	26,271

not used	Automated Postal Centers				not used	BPI Function 1			not used	BPI Function 4			Periodicals			Surface Visibility		not used	Amtrak Rail		not used
	(APCs)	Allied Labor	CFS Letters	CFS Flats		Mail Proc Op	Mail Proc	Mail Proc		Outside	Standard	County Key	Regular Key	not used	Hwy	not used	1471		1472		
1455	1456	1457	1458	1459	1460	1461	1462	1463	1464	1465	1466	1467	1468	1469	1470	1471	1472				
MV	Marc Smith	Van-Ty-Smith	Van-Ty-Smith	Van-Ty-Smith	Van-Ty-Smith	Van-Ty-Smith	Van-Ty-Smith	Van-Ty-Smith	Van-Ty-Smith	Van-Ty-Smith	Only PerOC	Only StdReg	Meehan	From Input	Nash	From Input					
	0.57	0.8	0.83	0.83	0.83	0.83	0.82	0.82	1	1	1	1	1470	1471	1472						
	MV	MV	MV	MV	MV	MV	MV	MV	MV	MV	MV	MV	MV	MV	MV						
	466,510	973,867	70,916	17,446		3,658,000			1,189,433				156,599		(1,123)						
		292,786	64,196	5,528		1,113,000			438,000				100,308		(2,920)						
	466,510	1,266,653	135,112	22,974		4,771,000			1,627,433				256,908		(4,044)						
		24,366	4,736	-		131,000			53,473				1,373		(54)						
		9,318	3,930	-		39,000			16,532				2,526		(23)						
		33,684	8,666	-		170,000			70,005				3,899		(77)						
	466,510	1,300,336	143,778	22,974		4,941,000			1,697,438				260,807		(4,120)						
	320,708	190,142	201	1,311		801,000			171,401				150,013		(468)						
	78,289	22,160	0	26		47,000			62,612				5,049		-						
						-			-				-		-						
		2,250	0	480		6,000			7,112				-		-						
		280,303	699	31,824		737,000			255,234		100		60,094		(19,406)						
		282,553	699	32,304		743,000			262,346		100		60,094		(19,406)						
		76,176	221	710		235,000			126,196				5,789		(289)						
		770,689	8,846	8,628		2,620,000			732,073		100		44,082		(1,103)						
		846,864	9,067	9,338		2,855,000			858,269		100		49,871		(1,392)						
	112,692	33,755	-	0		174,000			78,509				30,942		(300)						
		21,408	108	419		98,000			37,019				4,202		(296)						
		14,675	-	101		86,000			31,132				8,252		(99)						
	112,692	69,837	108	520		358,000			146,660				43,396		(694)						
		25,045	10,692	230		104,000			58,018				2,077		(96)						
		4,028	0	89		14,000			4,738				1,417		(214)						
	18,526	25,701	223	408		129,000			33,283				15,952		(102)						
	996,725	2,766,667	164,767	67,199		9,992,000			3,294,765		100	100	588,675		(26,493)						
		206	-	-		1,000			8,280				-		-						
	3,276	1	-	-		-			36,230				-		-						
		0	-	-		-			704				-		-						
		0	-	-		-			734				-		-						
		-	-	-		-			-				-		-						
		-	-	-		-			-				-		-						
		-	-	-		-			-				-		-						
		464	-	-		2,000			1				-		-						
		1,154	-	-		2,000			3,127				-		-						
		282	-	-		3,000			29,568				-		-						
	3,276	2,106	-	-		8,000			78,644				-		-						
	1,000,001	2,768,773	164,767	67,199		10,000,000			3,373,409		100	100	588,675		(26,493)						
100	754,387	692,193	33,747	13,764		2,048,193	100	100	740,504		100	-	63,994	100	(19,899)						
100	1,754,388	3,460,966	198,514	80,963		12,048,193	100	100	4,113,913		100	100	652,669	100	(46,392)						

RESPONSE OF POSTAL SERVICE WITNESS WATERBURY TO  
POIR NO. 2, QUESTION 13

**13.** USPS-T-10, Appendix D is a listing of components and a comparison of the cost effects affecting each of the components in the roll forward for both the USPS version and the PRC version. However, the cost reduction and other programs distribution key components, noted in Appendix G of USPS-T-10, are not included in this list. In prior rate filings, these types of distribution keys have usually received a mail volume effect in the roll forward. (See USPS LR-J-5, RF Model Documentation Reports or USPS LR-J-4, file name VBL2). Discuss any reasons for omitting this adjustment. Please provide a revised version of USPS-T-10, Appendix D which includes the cost reduction and other programs distribution keys components listed in Appendix G.

**RESPONSE:**

The cost reductions and other programs distribution key components, noted in Appendix G of USPS-T-10, do receive a mail volume effect in the roll forward. See USPS-LR-K-6, Roll Forward Model and Data Files; pages 10 and 11 of Sections 2, 3, and 4.

A revised version of USPS-T-10 Appendix D which includes the cost reductions and other programs distribution key components listed in Appendix G is attached. Errata to Appendix D reflecting this attachment will be filed subsequently.

Row Seq.	Component Number	USPS Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribution Key USPS	Distribution Key PRC	Non-Volume Workload USPS	Non-Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
<b>C/S 1 Postmasters</b>												
1	0001	Postmasters EAS 23 & Below	X	X	V	V			A	A	199	199
2	0002	Postmasters EAS 24 & Above	X	X								
<b>C/S 2 Supervisors &amp; Technicians</b>												
<u>Supervision of Mail Processing &amp; Window</u>												
3	0004	Supv - Mail Processing	X	X	I	I	0035	0035	I	I	I	I
4	0007	Supv - Window Service	X	X	I	I	0040	0040	I	I	I	I
<u>Supervision of Time &amp; Attend and Admin Support</u>												
5	0009	Supv - Time & Attend and Admin Support	X	X	I <sup>3</sup>	I <sup>3</sup>	0525	0525	I	I	I	I
<u>Supervision of City Delivery Carriers</u>												
6	0013	Supv - City Deliv - Office	X	X	I	I	0606	0606	I	I	I	I
7	0014	Supv - City Deliv - Delivery Activities	X	X	I	I	0046	0046	I	I	I	I
8	0017	Supv - City Deliv - Other Support	X	X	I	I	0522	0522	I	I	I	I
9	0018	Supv - City Deliv - Network Travel	X	X	I	I	0054	0054	I	I	I	I
10	0015	Supv - City Deliv - Other Load (PRC)	X <sup>1</sup>	X	I <sup>1</sup>	I	0692	0692	I <sup>1</sup>	I	I <sup>1</sup>	I
11	0016	Supv - City Deliv - Access (PRC)	X <sup>1</sup>	X	I <sup>1</sup>	I	0048	0048	I <sup>1</sup>	I	I <sup>1</sup>	I
12	0680	Supv - City Deliv - SCS Access (PRC)	X <sup>1</sup>	X	I <sup>1</sup>	I	0683	0683	I <sup>1</sup>	I	I <sup>1</sup>	I
<u>Other Supervisors &amp; Technicians</u>												
13	0029	Employee & Labor Relations Techs	X	X	I <sup>3</sup>	I <sup>3</sup>	0525	0525	I	I	I	I
14	0030	Higher Level Supervisors	X	X	I <sup>3</sup>	I <sup>3</sup>	0294	0294	I	I	I	I
15	0031	General Supv of Mail Processing	X	X	I	I	0035	0035	I	I	I	I
16	0032	General Supv of Collection & Deliv	X	X	I	I	0523	0523	I	I	I	I
17	0601	Supv - Training	X	X	I <sup>3</sup>	I <sup>3</sup>	0602	0602	I	I	I	I
18	0674	Supv - Rural Delivery Carriers	X	X	I	I	0072	0072	I	I	I	I
19	0675	Supv - Vehicle Service	X	X	I	I	0057	0057	I	I	I	I
20	0676	Supv - Quality Control/Rev Protect	X	X	I <sup>3</sup>	I <sup>3</sup>	0295	0295	I	I	I	I
21	0677	Supv - Central Mail Mark-up	X	X	V	V						
22	0678	Joint Supv Clerks & Carriers	X	X	I	I	0694	0694	I	I	I	I
23	0033	Product Specific and Other Supv & Tech Activities	X	X							199	A <sup>2</sup>
<b>C/S 3 Clerks &amp; Mailhandlers – CAG A-J</b>												
<u>Mail Processing &amp; Window Service</u>												
24	0035	Mail Processing	X	X	V	V					199	199
25	0040	Window Service	X	X	V	V					199	199
<u>Administrative Support &amp; Miscellaneous</u>												
26	0066	Claims & Inquiry	X	X	V	V					199	199
27	0421	Data Collection	X	X	V	V					199	199
28	0422	General Office & Clerical	X	X	I	I	0294	0294	I	I	I	I
29	0423	Quality Control	X	X	I	I	0295	0295	I	I	I	I
30	0467	Training - Schemes	X	X	I	I	0466	0466	I	I	I	I
31	0468	Training - Mail Processing, Non-Parcels	X	X	V	V						
32	0469	Training - Mail Processing, Parcels	X	X	V	V						
33	0470	Training - Other	X	X	I	I	0473	0473	I	I	I	I
34	0041	Other Clerk & Mailhandler Activities	X	X	V	V					199	199
35	0227	Product Specific Admin	X	X							199	A <sup>2</sup>
36	0228	Time & Attend and Admin Support	X	X	I <sup>3</sup>	I	0525	0525	I	I	I	I
<b>C/S 4 Clerks – CAG K Offices</b>												
37	0042	Clerks CAG K Offices	X	X	V	V					199	199

Row Seq.	Component Number	USPS Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribution Key USPS	Distribution Key PRC	Non-Volume Workload USPS	Non-Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
<b>C/S 6 City Delivery Carriers – Office</b>												
38	0043	In-Office Direct Labor	X	X	V	V					199	199
39	0044	In-Office Support Overhead	X	X	I	I	0043	0043	I	I	I	I
40	0045	Carriers CAG K Offices	X	X	I	I	0606	0606	I	I	I	I
41	0604	In-Office Support Other (USPS Only)	X	na	I	na	0605	na	I	na	I	na
<b>C/S 7 City Delivery Carriers – Street</b>												
42	0047	Other Load (PRC)	X <sup>1</sup>	X					199	199		
43	0048	Access (PRC)	X <sup>1</sup>	X	M <sup>1</sup>	M			A <sup>1</sup>	A	199*	199
44	0049	St Support - Office (PRC)	X <sup>1</sup>	X	I <sup>1</sup>	I	0043	0043	I <sup>1</sup>	I	I <sup>1</sup>	I
45	0683	SCS Access (PRC)	X <sup>1</sup>	X	M <sup>1</sup>	M			A <sup>1</sup>	A		
46	0610	SCS Load (PRC)	X <sup>1</sup>	X	M <sup>1</sup>	M			A <sup>1</sup>	A		
47	0051	St Support - Other Load (PRC)	X <sup>1</sup>	X	I <sup>1</sup>	I	0047	0047	I <sup>1</sup>	I	I <sup>1</sup>	I
48	0052	St Support - Access (PRC)	X <sup>1</sup>	X	I <sup>1</sup>	I	0048	0048	I <sup>1</sup>	I	I <sup>1</sup>	I
49	0639	St Support - SCS Access (PRC)	X <sup>1</sup>	X	I <sup>1</sup>	I	0683	0683	I <sup>1</sup>	I	I <sup>1</sup>	I
50	0684	St Support - SCS Load (PRC)	X <sup>1</sup>	X	I <sup>1</sup>	I	0610	0610	I <sup>1</sup>	I	I <sup>1</sup>	I
51	0046	Delivery Activities (USPS) / Elemental Load (PRC)	X	X	V	V			199		199	199
52	0050	Delivery Activities Support (USPS) / St Support Elem Load (PRC)	X	X	I	I	0046	0046	I	I	I	I
53	0053	Network Travel Support (USPS) / St Support Route (PRC)	X	X	I	I	0054	0054	I	I	I	I
54	0054	Network Travel (USPS) / Route (PRC)	X	X		V			199	A	199	199
<b>C/S 8 Vehicle Service Drivers</b>												
55	0057	Vehicle Service Drivers	X	X	V	V					199	199
<b>C/S 10 Rural Carriers</b>												
56	0069	Evaluated Routes	X	X	V	V			199	199	199	199
57	0070	Other Routes	X	X	V	V			199	199	199	199
58	0073	Equipment Maintenance Allowance	X	X					199	199	199	199
<b>C/S 11 Custodial &amp; Maintenance</b>												
<u>Cleaning &amp; Protection</u>												
59	0074	Custodial Personnel	X	X					199	199	199	199
<u>Equipment &amp; Building Personnel</u>												
60	0075	Operating Equipment Maintenance	X	X	V	V					199	199
61	0079	Plant & Building Equipment Maintenance	X	X					199	199	199	199
<u>Contract Cleaners</u>												
62	0081	Contract Cleaners	X	X					199	199	199	199
<b>C/S 12 Motor Vehicle Service</b>												
<u>MVS Personnel</u>												
63	0084	MVS Pers - City Deliv - Other Load (PRC)	X <sup>1</sup>	X	I <sup>1</sup>	I	0692	0692	I <sup>1</sup>	I	I <sup>1</sup>	I
64	0085	MVS Pers - City Deliv - Access (PRC)	X <sup>1</sup>	X	I <sup>1</sup>	I	0048	0048	I <sup>1</sup>	I	I <sup>1</sup>	I
65	0685	MVS Pers - City Deliv - SCS Access (PRC)	X <sup>1</sup>	X	I <sup>1</sup>	I	0683	0683	I <sup>1</sup>	I	I <sup>1</sup>	I
66	0082	MVS Pers - City Deliv - Office	X	X	I	I	0606	0606	I	I	I	I
67	0083	MVS Pers - City Deliv - Delivery Activities	X	X	I	I	0046	0046	I	I	I	I
68	0086	MVS Pers - City Deliv - Network Travel	X	X	I	I	0054	0054	I	I	I	I
69	0543	MVS Pers - City Deliv - Spec Purp Rtes	X	X	V	V					199	199
70	0545	MVS Pers - Vehicle Service Drivers	X	X	I	I	0057	0057	I	I	I	I
71	0548	MVS Pers - Rural Delivery	X	X	I	I	0072	0072	I	I	I	I
72	0089	MVS Pers - Other	X	X							199	199

Row Seq.	Component Number	USPS Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribution Key USPS	Distribution Key PRC	Non-Volume Workload USPS	Non-Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
<b>MVS Supplies &amp; Materials</b>												
73	0093	MVS Supp & Mat - City Deliv - Other Load (PRC)	X <sup>1</sup>	X	I <sup>1</sup>	I	0692	0692	I <sup>1</sup>	I	I <sup>1</sup>	I
74	0094	MVS Supp & Mat - City Deliv - Access (PRC)	X <sup>1</sup>	X	I <sup>1</sup>	I	0048	0048	I <sup>1</sup>	I	I <sup>1</sup>	I
75	0686	MVS Supp & Mat - City Deliv - SCS Access (PRC)	X <sup>1</sup>	X	I <sup>1</sup>	I	0683	0683	I <sup>1</sup>	I	I <sup>1</sup>	I
76	0091	MVS Supp & Mat - City Deliv - Office	X	X	I	I	0606	0606	I	I	I	I
77	0092	MVS Supp & Mat - City Deliv - Delivery Activities	X	X	I	I	0046	0046	I	I	I	I
78	0095	MVS Supp & Mat - City Deliv - Network Travel	X	X	I	I	0054	0054	I	I	I	I
79	0549	MVS Supp & Mat - City Deliv - Spec Purp Rtes	X	X	V	V					199	199
80	0550	MVS Supp & Mat - Vehicle Service Drivers	X	X	I	I	0057	0057	I	I	I	I
81	0556	MVS Supp & Mat - Rural Delivery	X	X	I	I	0072	0072	I	I	I	I
82	0098	MVS Supp & Mat - Other	X	X							199	199
<b>Vehicle Hire</b>												
83	0102	Veh Hire - City Deliv - Other Load (PRC)	X <sup>1</sup>	X	I <sup>1</sup>	I	0692	0692	I <sup>1</sup>	I	I <sup>1</sup>	I
84	0103	Veh Hire - City Deliv - Access (PRC)	X <sup>1</sup>	X	I <sup>1</sup>	I	0048	0048	I <sup>1</sup>	I	I <sup>1</sup>	I
85	0687	Veh Hire - City Deliv - SCS Access (PRC)	X <sup>1</sup>	X	I <sup>1</sup>	I	0683	0683	I <sup>1</sup>	I	I <sup>1</sup>	I
86	0100	Veh Hire - City Deliv - Office	X	X	I	I	0606	0606	I	I	I	I
87	0101	Veh Hire - City Deliv - Delivery Activities	X	X	I	I	0046	0046	I	I	I	I
88	0104	Veh Hire - City Deliv - Network Travel	X	X	I	I	0054	0054	I	I	I	I
89	0568	Veh Hire - Vehicle Service Drivers	X	X	I	I	0057	0057	I	I	I	I
90	0107	Veh Hire - Other	X	X							199	199
<b>C/S 13 Miscellaneous Operating Expenses</b>												
<b>Salaries, Fringe Benefits &amp; Travel</b>												
91	0110	Mail Equipment Shops Personnel	X	X							199	199
92	0111	Contract Stations	X	X					199	199		
93	0112	CAG L Rental Allowance	X	X					199	199		
94	0114	Facilities & Purchasing Field Units Pers	X	X							199	199
95	0113	Tolls and Ferriage	X	X							199	199
96	0115	Employee Awards	X	X								
<b>Mail Equipment Shops</b>												
97	0117	Freight on Materials & Supplies	X	X							199	199
<b>Federal Reserve &amp; Commercial Banks</b>												
98	0125	Federal Reserve & Commercial Banks	X	X								
<b>Carfare</b>												
99	0129	Carfare - City Deliv - Other Load (PRC)	X <sup>1</sup>	X	I <sup>1</sup>	I	0692	0692	I <sup>1</sup>	I	I <sup>1</sup>	I
100	0130	Carfare - City Deliv - Access (PRC)	X <sup>1</sup>	X	I <sup>1</sup>	I	0048	0048	I <sup>1</sup>	I	I <sup>1</sup>	I
101	0688	Carfare - City Deliv - SCS Access (PRC)	X <sup>1</sup>	X	I <sup>1</sup>	I	0683	0683	I <sup>1</sup>	I	I <sup>1</sup>	I
102	0127	Carfare - City Deliv - Office	X	X	I	I	0606	0606	I	I	I	I
103	0128	Carfare - City Deliv - Delivery Activities	X	X	I	I	0046	0046	I	I	I	I
104	0131	Carfare - City Deliv - Network Travel	X	X	I	I	0054	0054	I	I	I	I
105	0134	Carfare - Other	X	X							199	199
<b>Driveout - City Delivery</b>												
106	0138	Driveout - City Deliv - Other Load (PRC)	X <sup>1</sup>	X	I <sup>1</sup>	I	0692	0692	I <sup>1</sup>	I	I <sup>1</sup>	I
107	0139	Driveout - City Deliv - Access (PRC)	X <sup>1</sup>	X	I <sup>1</sup>	I	0048	0048	I <sup>1</sup>	I	I <sup>1</sup>	I
108	0689	Driveout - City Deliv - SCS Access (PRC)	X <sup>1</sup>	X	I <sup>1</sup>	I	0683	0683	I <sup>1</sup>	I	I <sup>1</sup>	I
109	0136	Driveout - City Deliv - Office	X	X	I	I	0606	0606	I	I	I	I
110	0137	Driveout - City Deliv - Delivery Activities	X	X	I	I	0046	0046	I	I	I	I
111	0140	Driveout - City Deliv - Network Travel	X	X	I	I	0054	0054	I	I	I	I

Row Seq.	Component Number	USPS Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribution Key USPS	Distribution Key PRC	Non-Volume Workload USPS	Non-Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
<b>C/S 14 Transportation</b>												
112	0142	Domestic Air	X	X	V	V					199	199
113	0681	Domestic Alaska Air	X	X	V	V					199	199
114	0143	Highway	X	X	V	V					199	199
115	0144	Railroad	X	X	V	V					199	199
116	0145	Domestic Water	X	X	V	V					199	199
117	0146	International	X	X	V	V						
118	1438	Settlement Transactions (SDR's)										
<b>C/S 15 Building Occupancy Costs</b>												
119		Rents										
120	0165	Rents	X	X					199	199		
121	0234	Product Specific Rents	X	X					199	A		
		Fuel & Utilities										
122	0166	Fuel	X	X					199	199	199	199
123	0167	Utilities	X	X					199	199	199	199
124	0168	Communications	X	X							199	A <sup>2</sup>
125	0169	Building Projects Expensed	X	X								
126	0170	Moving Expense	X	X								
127	0171	Reimburse for Bldg Costs Oth Than Rent	X	X								
<b>C/S 16 Supplies &amp; Services</b>												
		Supply Personnel & Equipment										
128	0173	Supply Personnel	X	X							199	199
129	0174	ADP Supplies & Services	X	X								
130	0175	Repair & Maint of Equip Except ADP & Vehicles	X	X								
131	0176	Custodial Supplies & Services	X	X					199	199	199	199
		Printing & Reproduction										
132	0179	Printing & Reproduction	X	X								
133	0180	Stamps & Dispensers	X	X	V	V						
134	0181	Money Orders	X	X	V	V						
135	0248	Stamped Cards & Embossed Stamped Envelopes	X	X	V	V						
136	0182	Inventory Adjustment	X									
		Postal Supplies & Services										
137	0184	Equipment	X	X	V	V					199	199
138	0187	Expedited Mail Supplies & Services										
139	0196	Tracking & Tracing										
140	1426	Remote Encoding Supplies & Services	X	X								
141	0177	Misc Postal Supplies & Services	X	X	I	I	0525	0525	I	I	I	I
142	0197	Product Specific Supplies & Services	X	X								
		Reimbursements										
143	0189	Reimbursements for Supplies & Services	X	X								
		Advertising										
144	0246	Advertising										
<b>C/S 17 Research &amp; Development</b>												
145	0190	Research & Development										

Row Seq.	Component Number	USPS Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribution Key USPS	Distribution Key PRC	Non-Volume Workload USPS	Non-Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
<b>C/S 18 Administration &amp; Servicewide</b>												
<u>Administration Personnel Costs</u>												
146	0191	Headquarters	X	X							199	A <sup>2</sup>
147	0192	Money Order Division	X	X							199	A <sup>2</sup>
148	0193	Area Administration	X	X							199	199
149	0194	USPS Security Force	X	X					199	199	199	199
150	0195	Inspection Service Field Support	X	X							199	199
<u>Servicewide Personnel Costs</u>												
151	0199	Repriced Annual Leave			IM <sup>3</sup>	IM <sup>3</sup>	0526	0526	IM	IM	IM	IM
152	0200	Holiday Leave Variance			IM <sup>3</sup>	IM <sup>3</sup>	0526	0526	IM	IM	IM	IM
153	0201	CS Retirement Supplemental Liability (1)										
154	0202	CS Retirement Supplemental Liability (2)										
155	0064	FERS Retirement Fund Deficit			IM <sup>3</sup>	IM <sup>3</sup>	0526	0526	IM	IM	IM	IM
156	0208	Retiree Health Benefits										
157	0071	Annuitant Life Insurance										
158	1435	CS Retirement Reform Escrow (FY 2006)										
159	0204	Workers' Comp Current Liability			IM <sup>3</sup>	IM	0526	0526	IM	IM	IM	IM
160	0205	Workers' Comp Prior Year										
161	0241	Unemployment Compensation										
162	0541	Workers' Comp PO Dept Liability										
163	0895	OWCP Health Benefits										
<u>Administration Support</u>												
164	0210	HQ & Area Supplies & Services	X	X								
165	0211	HQ & Area Misc Support										
166	0212	Inspection Expenses & Employee Losses	X	X								
167	0207	Annuity Protection Program										
168	0213	Misc Reimbursements for HQ & Area	X	X								
169	0244	Commissions on Non-US Money Orders	X	X								
170	1429	Individual Awards	X	X								
171	1430	Misc Personnel Compensation	X	X								
<b>C/S 19 General Management Systems</b>												
172	0219	Maintenance Technical Support Center	X	X							199	199
173	0220	Training Contracts Supplies & Services	X	X								
<b>C/S 20 Other Accrued Expenses</b>												
<u>City Delivery Vehicle Depreciation</u>												
174	0223	Vehicle Depr - City Deliv - Other Load (PRC)										
175	0224	Vehicle Depr - City Deliv - Access (PRC)										
176	0691	Vehicle Depr - City Deliv - SCS Access (PRC)										
177	0221	Vehicle Depr - City Deliv - Office										
178	0222	Vehicle Depr - City Deliv - Delivery Activities										
179	0225	Vehicle Depr - City Deliv - Network Travel										
<u>Other Vehicle Depreciation</u>												
180	0581	Vehicle Depr - Vehicle Service Drivers										
181	0582	Vehicle Depr - Rural Delivery										
182	0230	Vehicle Depr - Other										

Row Seq.	Component Number	USPS Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribution Key USPS	Distribution Key PRC	Non-Volume Workload USPS	Non-Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
		<u>Equipment Depreciation</u>										
183	0232	Equipment Depreciation										
184	0233	Product Specific Equipment Depreciation										
		<u>Building &amp; Leasehold Depreciation</u>										
185	0236	Depreciation - Building										
186	0237	Depreciation - Leasehold										
187	0247	Product Specific Depreciation - Leasehold										
188	0730	Building & Leasehold Adjustment										
		<u>Interest Expense</u>										
189	0587	Interest Land / Building Veh & Equip										
190	0729	Interest Adjustment										
191	0899	Interest Special Assessments										
192	1436	Retirement Interest										
193	0896	Annuitant COLA / Interest										
194	1437	Other Interest										
		<u>Indemnities &amp; Insurance Claim Write-offs</u>										
195	0239	Domestic Indemnities	X	X	V	V						
196	0240	International Indemnities	X	X	V	V						
197	0242	Insurance Claim Write-offs	X	X								
		<u>Other Operating Expenses</u>										
198	0245	Other Expenses										
199	0249	Reimbursements & Miscellaneous										

Row Seq.	Component Number	USPS Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribution Key USPS	Distribution Key PRC	Non-Volume Workload USPS	Non-Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
		<i>Distribution Keys</i>										
		<i>Space and Rental Value Keys</i>										
200	0901	Delivery BCS, Carrier Sequence BCS			V	V						
201	0902	Mail Processing BCS			V	V						
202	0903	OCRs (including BCS on OCRs)			V	V						
203	0904	FSM 881, SPFSM, Other			V	V						
204	0905	FSM 1000			V	V						
205	0906	AFMS 100			V	V						
206	0907	LSM, MPLSM & SPLSM with BCR			V	V						
207	0908	Mechanical Sort - Sack Outside			V	V						
208	0909	Mechanized Parcels			V	V						
209	0910	SPBS - Non-Priority & Priority			V	V						
210	0911	Manual Flats			V	V						
211	0912	Manual Letters			V	V						
212	0913	Manual Parcels			V	V						
213	0914	Manual Priority			V	V						
214	0915	LDC 15 - RBCS			V	V						
215	0916	Air Contract Data Collection Systems / Scan Where You Band			V	V						
216	0917	Bulk Presort			V	V						
217	0918	Cancellation & Mail Preparation - Metered			V	V						
218	0919	Manual Sort - Sack Outside			V	V						
219	0920	Opening Unit - Preferred Mail			V	V						
220	0921	Opening Unit - BBM			V	V						
221	0922	Platform			V	V						
222	0923	Pouching Operations			V	V						
223	0924	Business Reply / Postage Due			V	V						
224	0925	Damaged Parcel Rewrap			V	V						
225	0926	Empty Equipment			V	V						
226	0927	Priority Mail Processing Centers			V	V						
227	0928	Express Mail			V	V						
228	0929	Mail Processing Support/Miscellaneous Activity			V	V						
229	0930	Registry			V	V						
230	0931	International / ISCs			V	V						
231	0932	LDC 41 - Unit Distribution - Automated			V	V						
232	0933	LDC 42 - Unit Distribution - Mechanized			V	V						
233	0934	LDC 43 - Unit Distrib., Manual / LDC 44 - PO Box Distrib.			V	V						
234	0935	LDC 48 - Customer Service / Express			V	V						
235	0936	LDC 48 - Customer Service / Admin. & Other			V	V						
236	0937	LDC 48 - Customer Service / Special Services			V	V						
237	0938	LDC 49 - Computerized Forwarding System			V	V						
238	0939	LDC 79 - Mailing Reqs. & Bus. Mail Entry			V	V						
239	0940	BMC - Platform			V	V						
240	0941	BMC - Allied Labor & All Other Mail Processing			V	V						
241	0942	BMC - Parcel Sorting Machine			V	V						
242	0943	BMC - Sack Sorting Machine			V	V						
243	0944	BMC - SPBS & Irregular Parcels (IPP & 115)			V	V						
244	0945	BMC - Non-Machinable Outside (NMO)			V	V						

Row Seq.	Component Number	USPS Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribution Key USPS	Distribution Key PRC	Non-Volume Workload USPS	Non-Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
245	0946	Non-MODS - Allied			V	V						
246	0947	Non-MODS - Automated/Mechanized			V	V						
247	0948	Non-MODS - Express Mail			V	V						
248	0949	Non-MODS - Manual Flat			V	V						
249	0950	Non-MODS - Manual Letter			V	V						
250	0951	Non-MODS - Manual Parcel			V	V						
251	0952	Non-MODS - Registry			V	V						
252	0953	Non-MODS - Miscellaneous			V	V						
253	0954	Window Service			V	V						
254	0955	Self-Service Postal Center			V	V						
255	0956	Post Office Boxes / Caller Service			V	V						
256	0957	Claims & Inquiry			V	V						
257	0958	City Carrier			V	V						
258	0959	Rural Carrier			V	V						
259	0960	DDU Accountables Cage			V	V						
260	0961	Office Space			V	V						
261	0962	Mail Processing Equipment Maintenance			V	V						
262	0963	Other Equipment Maintenance			V	V						
263	0964	Employee Facilities			V	V						
264	0965	VMF			V	V						
265	0966	CVS			V	V						
266	0967	Vacant & Tenant			V	V						
267	0968	HQ, HQ-Field Related, and Area Offices			V	V						
268	0969	Mail Transportation Equipment Centers			V	V						
269	0970	Storage Facilities			V	V						
270	0971	Mechanized Tray Sorter			V	V						
271	0972	Scan Where You Band (SWYB) - previously			V	V						
272	0973	Dispatch Unit			V	V						
273	0974	Flat Mail Preparation			V	V						
		<i>Equipment-Related Keys</i>										
274	0975	Computer Forwarding System / CFS Flats (TY)			V	V						
275	0976	OCR			V	V						
276	0977	Mail Processing BCS			V	V						
277	0978	Delivery BCS			V	V						
278	0979	Carrier Sequence BCS			V	V						
279	0980	LSM / CFS Letters (TY)			V	V						
280	0981	FSM			V	V						
281	0982	Parcel Sorting & NMO Machines			V	V						
282	0983	Facer/Canceler - Letters			V	V						
283	0984	Facer/Canceler - Flats			V	V						
284	0985	Culling			V	V						
285	0986	Sack Sorting Machine			V	V						
286	0987	Small Parcel & Bundle Sorter			V	V						
287	0988	Remote Barcode System			V	V						
288	0989	ACDCS			V	V						
289	0990	Strapping			V	V						
290	0991	Powered Transport Equipment			V	V						
291	0992	General & Logistics - BMC			V	V						
292	0993	General & Logistics - Non-BMC			V	V						

Row Seq.	Component Number	USPS Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribution Key USPS	Distribution Key PRC	Non-Volume Workload USPS	Non-Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
		<u>Mail Processing Training Keys</u>										
293	0996	Other Dist. Key—Mail Processing Letters/Flats			V	V						
294	0997	Other Dist. Key—Mail Processing Parcels			V	V						
295	0998	Other Dist. Key—Mail Processing Other			V	V						
		<u>Other Distribution Keys</u>										
296	0507	GDEI Int'l Volume Adj Key			V	V						
297	0153	Admin Clerks PC Key			V	V						
298	0578	Dist Key: City Carriers Spec. Purpose Rte			V	V						
299	1258	Mail Proc Maint Labor Key			V	V						
300	0514	Total Pounds			V	V						
301	0516	Total Cubic Feet			V	V						
		<u>Rollforward-Only Keys</u>										
302	1418	not used			V	V						
303	1419	not used			V	V						
304	1420	not used			V	V						
305	1439	not used			V	V						
306	1440	Delivery BCS, Carrier Sequence BCS			V	V						
307	1441	OCRs (including BCS on OCRs)			V	V						
308	1442	AFMS 100			V	V						
309	1443	SPBS - Non-Priority & Priority			V	V						
310	1444	LDC 15 - RBCS			V	V						
311	1445	Cancellation & Mail Preparation - Metered			V	V						
312	1446	International / ISCs			V	V						
313	1447	LDC 79 - Mailing Reqs. & Bus. Mail Entry			V	V						
314	1448	BMC - Parcel Sorting Machine			V	V						
315	1449	not used			V	V						
316	1450	Mechanized Tray Sorter			V	V						
317	1451	not used			V	V						
318	1452	not used			V	V						
319	1453	Facer/Canceler - Letters			V	V						
320	1454	Facer/Canceler - Flats			V	V						
321	1455	not used			V	V						
322	1456	Automated Postal Centers (APCs)			V	V						
323	1457	Allied Labor			V	V						
324	1458	CFS Letters			V	V						
325	1459	CFS Flats			V	V						
326	1460	not used			V	V						
327	1461	BPI Function 1 Mail Proc Op			V	V						
328	1462	not used			V	V						
329	1463	not used			V	V						
330	1464	BPI Function 4 Mail Proc			V	V						
331	1465	not used			V	V						
332	1466	Periodicals Outside County Key			V	V						
333	1467	Standard Regular Key			V	V						
334	1468	not used			V	V						
335	1469	Surface Visibility Hwy			V	V						
336	1470	not used			V	V						
337	1471	Amtrak Rail			V	V						
338	1472	not used			V	V						

Row Seq.	Component Number	USPS Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribution Key USPS	Distribution Key PRC	Non-Volume Workload USPS	Non-Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
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NOTES:

- |   |
|---|
| <ol style="list-style-type: none"> <li>1. All components named Delivery Activities in the USPS are named Elemental Load in PRC.</li> <li>2. All components named Network Travel in USPS are named Route in PRC.</li> <li>3. <sup>1</sup> Indicates 0 cost in this component in, so application of effect is meaningless</li> <li>4. A<sup>2</sup> USPS version will contain only institutional costs (199) in this component<br/>PRC version may contain product specific costs in this component.</li> <li>5. <sup>3</sup> Distribution key definition corrected to match CRA definition.</li> </ol> |
|---|

KEY:

- |     |   |
|-----|---|
| X   | Component gets this effect                                    |
| V   | Mail Volume effect  |
| M   | Volume Mix effect   |
| I   | Indirect (piggyback) effect                                   |
| IM  | Indirect mix effect   |
| A   | Effect given, applies to all classes                          |
| 199 | Effect given, applies to class 199 (institutional costs) only |
| Z   | Zero-based component  |

RESPONSE OF POSTAL SERVICE WITNESS WATERBURY TO  
POIR NO. 2, QUESTION 14

**14.** The USPS Roll Forward Model User's Manual at 35 discusses the operation of a "Distribution Key Loader" which is used to insert the distribution keys specific to the roll forward operation. However, the file, "RFLoader.xls", does not appear to be included in the Library References filed containing all of the other roll forward model worksheets and programs. Please provide the "Distribution Key Loader" as described in the USPS Roll Forward User's Manual.

**RESPONSE:**

The distribution key loader file, also referred to as "RFLoader," is included in USPS-LR-K-122 as file "RFLoader.R2005\_USPS\_PostFiling.xls."

RESPONSE OF POSTAL SERVICE WITNESS ROBINSON TO  
POIR NO. 2, QUESTION 16

16. Please provide the source of mailgrams revenue shown in Exhibits USPS-27A, USPS-27B and USPS-27C.

**RESPONSE:**

Mailgram revenues shown in Exhibits USPS-27A, USPS-27B, and USPS-27C were calculated as follows:

**Calculation of Mailgram Revenue**

**Base Year FY 2004**

	Volume (a)	Revenue (b)	Revenue per Piece (c) = (b) / (a)
Quarter 1	0.371	0.159	0.429
Quarter 2	0.406	0.173	0.426
Quarter 3	0.491	0.204	0.416
Quarter 4	0.380	0.163	0.430
Total	1.648	0.700	1.702

**Interim Year: FY 2005**

	Volume (d)	Revenue (e) = (d) * (c)
Quarter 1	0.434	0.186
Quarter 2	0.422	0.180
Quarter 3	0.440	0.183
Quarter 4	0.310	0.133
Total	1.607	0.683

**Test Year Before Rates: FY 2006**

	Volume (f)	Revenue (g) = (f) * (c)
Quarter 1	0.343	0.147
Quarter 2	0.366	0.156
Quarter 3	0.382	0.159
Quarter 4	0.269	0.116
Total	1.359	0.578

**Test Year After Rates: FY 2006**

	Volume (h)	Revenue (i) = (h) * (c) * 1.054
Quarter 1	0.343	0.155

RESPONSE OF POSTAL SERVICE WITNESS ROBINSON TO  
POIR NO. 2, QUESTION 16

Quarter 2	0.366	0.164
Quarter 3	0.382	0.167
Quarter 4	0.269	0.122
Total	1.359	0.609

Sources:

(a) RPW

(d) USPS-T-7 at 348

(f) USPS-T-7 at 350

(h) USPS-T-7 at 354