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Supporting Spreadsheets for Witness Nieto (USPS-T-3)

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CONFIRM Rate Case Filing
Confirm Cost Worksheets
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Input Sheet A-1

Inflation Factors

		Escalation Factors
1	USPS work hours	2.10% [a]
2	Non-USPS labor work hrs	3.20% [a]
3	All other costs	1.00% [a]

Note:

[a] Management Instruction, March 23, 2002 [Decision Analysis Report (DAR) Factors, signed by Donna M. Peak]

Input Sheet A-2

Labor Rates

		Base Salary	Fringe Percent	FY 2003 Fully Loaded Salary
1	**Confirm Staff**			
2	EAS-23	$ 66,437 [a]	40.45% [b]	$ 93,311 [c]

Note:

[a] Base Salary for Upper 50th percentile of EAS-23 salaries. Source: "Blue Pages", Effective 29 December 2001

[b] Fringe increase comes from National Postal Man-Hour Salary Factor AP 13 1999.

[c] Derived Fully Loaded Salary includes fringe benefits: $66,437 * (1 + 0.4045) = $93,665

Input Sheet A-3

Subscription Package Inputs

		TY 2003
1	**Silver**	
2	Subscriptions	111 [a]
3	Additional Scan Packages	37 [a]
4	**Gold**	
5	Subscriptions	654 [a]
6	Additional Scan Packages	186 [a]
7	**Platinum**	
8	Subscriptions	361 [a]

		TY 2003
9	**Total End of Year Subscriptions**	1,126 [b]

Note:

[a] Based on witness Rothschild's market research testimony, USPS-T-4, Expected Number of Subscriptions, Scans, & Mailer IDs to be Purchased in 2002
Number of subscriptions based on a 80% and over intensity factor.

[b] Sum of Subscriptions across all packages. Calculation: 111 Silver Subscriptions + 654 Gold Subscriptions + 361 Platinum Subscriptions

Input Sheet A-4

Helpdesk Analysis - Inputs

		FY 2002 support agreement	Composite CMOR Usage Factor	FY 2002 Confirm Helpdesk Support Cost	Subscription Inflation Factor	FY 2003 Helpdesk Support Cost
1	**FY 2001 Service Level Agreement**					
2	NCSC Helpdesk Costs	$ 386,000 [a]	12.0% [b]	$ 339,680 [c]	112.6% [d]	$ 382,480 [e]

Note:

[a] From National Customer Support Center (NCSC) Confirm program manager in accordance with CONFIRM. IT (Information Technology) SLA (Service Level Agreement): Version 3.0, Revision 0; October 15, 2001

[b] Accounts for internal Confirm Mail Operations Reporting tool (CMOR) support scope in FY 2002
CMOR PLANET-Code users utilize the helpdesk at 80% the rate of Confirm subscribers
CMOR users make up 15% of NCSC subscriber base. Calculation: 15% * 80% = 12.0%

[c] Confirm NCSC support equals Total support agreement - CMOR support: $386,000 * (1 - 0.12) = $339,680

[d] Accounts for increases to the subscription base in FY 2003

[e] TY Helpdesk costs. Calculation: $339,680 * 1.126 = $382,480

Input Sheet A-5

System Development Accounts Payable Record FY 1998 - FY 2001

	System Development	Line	Amount	FY 1998	FY 1999	FY 2000	FY 2001
1	**Anderson/Accenture**	System Development					
2	08/19/99	36	$ 2,562	$ -	$ 2,562	$ -	$ -
3	08/19/99	36	$ 5,124	$ -	$ 5,124	$ -	$ -
4	08/19/99	36	$ 5,124	$ -	$ 5,124	$ -	$ -
5	08/19/99	44	$ 1	$ -	$ 1	$ -	$ -
6	08/19/99	44	$ 7	$ -	$ 7	$ -	$ -
7	08/19/99	44	$ 12	$ -	$ 12	$ -	$ -
8	08/20/99	36	$ 2,562	$ -	$ 2,562	$ -	$ -
9	08/27/99	34	$ 107,120	$ -	$ 107,120	$ -	$ -
10	08/27/99	36	$ 2,562	$ -	$ 2,562	$ -	$ -
11	08/27/99	44	$ 19	$ -	$ 19	$ -	$ -
12	09/08/99	36	$ 947	$ -	$ 947	$ -	$ -
13	09/08/99	36	$ 1,165	$ -	$ 1,165	$ -	$ -
14	09/08/99	44	$ 2	$ -	$ 2	$ -	$ -
15	09/08/99	44	$ 6	$ -	$ 6	$ -	$ -
16	10/08/99	34	$ 12,810	$ -	$ -	$ 12,810	$ -
17	10/12/99	34	$ 324,624	$ -	$ -	$ 324,624	$ -
18	12/01/99	0	$ 2,562	$ -	$ -	$ 2,562	$ -
19	12/01/99	0	$ 2,562	$ -	$ -	$ 2,562	$ -
20	12/01/99	0	$ 10,248	$ -	$ -	$ 10,248	$ -
21	12/01/99	44	$ 2	$ -	$ -	$ 2	$ -
22	12/01/99	44	$ 4	$ -	$ -	$ 4	$ -
23	12/01/99	44	$ 30	$ -	$ -	$ 30	$ -
24	06/27/00	0	$ 2,562	$ -	$ -	$ 2,562	$ -
25	09/07/00	36	$ 33,262	$ -	$ -	$ 33,262	$ -
26	09/07/00	36	$ 40,362	$ -	$ -	$ 40,362	$ -
27	09/07/00	36	$ 44,237	$ -	$ -	$ 44,237	$ -
28	09/07/00	44	$ 228	$ -	$ -	$ 228	$ -
29	09/07/00	44	$ 465	$ -	$ -	$ 465	$ -
30	09/07/00	44	$ 491	$ -	$ -	$ 491	$ -

Input Sheet A-5

System Development Accounts Payable Record FY 1998 - FY 2001

	System Development	Line	Amount	FY 1998	FY 1999	FY 2000	FY 2001
31	09/14/00	0	$ 3,256	$ -	$ -	$ -	$ 3,256
32	09/14/00	44	$ 30	$ -	$ -	$ -	$ 30
33	09/14/00	46	$ 66,802	$ -	$ -	$ -	$ 66,802
34	09/15/00	46	$ 96,769	$ -	$ -	$ -	$ 96,769
35	09/15/00	46	$ 115,848	$ -	$ -	$ -	$ 115,848
36	10/13/00	46	$ 30,308	$ -	$ -	$ -	$ 30,308
37	10/23/00	0	$ 128,707	$ -	$ -	$ -	$ 128,707
38	10/23/00	44	$ 2,190	$ -	$ -	$ -	$ 2,190
39	10/31/00	44	$ 25	$ -	$ -	$ -	$ 25
40	10/31/00	46	$ 122,320	$ -	$ -	$ -	$ 122,320
41	11/15/00	44	$ 34	$ -	$ -	$ -	$ 34
42	11/15/00	44	$ 9	$ -	$ -	$ -	$ 9
43	11/15/00	46	$ 85,148	$ -	$ -	$ -	$ 85,148
44	11/15/00	46	$ 22,103	$ -	$ -	$ -	$ 22,103
45	12/04/00	44	$ (31)	$ -	$ -	$ -	$ (31)
46	12/04/00	44	$ 31	$ -	$ -	$ -	$ 31
47	12/05/00	46	$ 51,296	$ -	$ -	$ -	$ 51,296
48	02/09/01	0	$ 170,608	$ -	$ -	$ -	$ 170,608
49	PENDING	44	$ 31	$ -	$ -	$ -	$ 31
50	03/20/01	44	$ 18	$ -	$ -	$ -	$ 18
51	03/20/01	46	$ 4,974	$ -	$ -	$ -	$ 4,974
52	04/03/01	0	$ 181,258	$ -	$ -	$ -	$ 181,258
53	04/03/01	0	$ 230,122	$ -	$ -	$ -	$ 230,122
54	04/03/01	44	$ 6	$ -	$ -	$ -	$ 6
55	04/03/01	44	$ 578	$ -	$ -	$ -	$ 578
56	04/03/01	44	$ 611	$ -	$ -	$ -	$ 611
57	04/03/01	44	$ 4	$ -	$ -	$ -	$ 4
58	04/03/01	44	$ 48	$ -	$ -	$ -	$ 48
59	04/03/01	46	$ 847	$ -	$ -	$ -	$ 847
60	04/03/01	46	$ 1,257	$ -	$ -	$ -	$ 1,257
61	04/03/01	46	$ 10,481	$ -	$ -	$ -	$ 10,481
62	04/12/01	0	$ 195,453	$ -	$ -	$ -	$ 195,453
63	04/12/01	44	$ 104	$ -	$ -	$ -	$ 104

Input Sheet A-5

System Development Accounts Payable Record FY 1998 - FY 2001

System Development		Line	Amount	FY 1998	FY 1999	FY 2000	FY 2001
64	05/31/01	0	$ 11,194	$ -	$ -	$ -	$ 11,194
65	05/31/01	0	$ 1,919	$ -	$ -	$ -	$ 1,919
66	05/31/01	44	$ 16	$ -	$ -	$ -	$ 16
67	05/31/01	44	$ 48	$ -	$ -	$ -	$ 48
68	05/31/01	44	$ 3	$ -	$ -	$ -	$ 3
69	05/31/01	46	$ 3,759	$ -	$ -	$ -	$ 3,759
70	06/08/01	0	$ 260,452	$ -	$ -	$ -	$ 260,452
71	06/08/01	44	$ 830	$ -	$ -	$ -	$ 830
72	06/22/01	0	$ 275,372	$ -	$ -	$ -	$ 275,372
73	07/05/01	0	$ 11,192	$ -	$ -	$ -	$ 11,192
74	07/18/01	0	$ 295,525	$ -	$ -	$ -	$ 295,525
75	07/26/01	0	$ 1,482	$ -	$ -	$ -	$ 1,482
76	07/26/01	0	$ 7,874	$ -	$ -	$ -	$ 7,874
77	07/27/01	0	$ 101,183	$ -	$ -	$ -	$ 101,183
78	08/17/01	0	$ 155,098	$ -	$ -	$ -	$ 155,098
79	08/24/01	0	$ 4,604	$ -	$ -	$ -	$ 4,604
80	PENDING	0	$ 3,813	$ -	$ -	$ -	$ 3,813
81	PENDING	0	$ 212,226	$ -	$ -	$ -	$ 212,226
82	**Total System Development**		$ 3,469,494	$ -	$ 127,214	$ 474,448	$ 2,867,832

Note:

Accounts Payable Record

Input Sheet A-6

Capital Hardware/Software Accounts Payable Record FY 1998 - FY 2001

		Line	Amount	FY 1998	FY 1999	FY 2000	FY 2001
1	**Digital Equipment Corp**	Miscellaneous HW/SW					
2	09/03/99	44	$ 6	$ -	$ 6	$ -	$ -
3	PENDING	0	$ 2,961	$ -	$ 2,961	$ -	$ -
4	**Subtotal**		$ 2,967	$ -	$ 2,967	$ -	$ -
5	**Sun Microsystems**	EPO Servers					
6	12/31/98	0	$ 1,800	$ -	$ 1,800	$ -	$ -
7	12/31/98	0	$ 22,500	$ -	$ 22,500	$ -	$ -
8	03/11/99	0	$ 53	$ -	$ 53	$ -	$ -
9	03/11/99	0	$ 1,825	$ -	$ 1,825	$ -	$ -
10	03/11/99	0	$ 29,916	$ -	$ 29,916	$ -	$ -
11	03/11/99	0	$ 42,391	$ -	$ 42,391	$ -	$ -
12	03/11/99	0	$ 226,186	$ -	$ 226,186	$ -	$ -
13	04/05/99	0	$ 13,862	$ -	$ 13,862	$ -	$ -
14	04/09/99	0	$ 23,722	$ -	$ 23,722	$ -	$ -
15	03/03/00	0	$ 8,705	$ -	$ -	$ 8,705	$ -
16	06/26/00	0	$ 5,400	$ -	$ -	$ 5,400	$ -
17	06/26/00	0	$ 115,256	$ -	$ -	$ 115,256	$ -
18	12/06/00	0	$ 551,678	$ -	$ -	$ -	$ 551,678
19	12/06/00	0	$ 95,372	$ -	$ -	$ -	$ 95,372
20	06/08/01	46	$ 46,092	$ -	$ -	$ -	$ 46,092
21	**Subtotal**		$ 1,184,758	$ -	$ 362,255	$ 129,361	$ 693,142
22	**Oracle Corp**	Database Software					
23	03/17/00	0	$ 47,484	$ -	$ -	$ 47,484	$ -
24	05/19/00	0	$ 4,240	$ -	$ -	$ 4,240	$ -
25	09/08/00	0	$ 4,240	$ -	$ -	$ 4,240	$ -
26	09/15/00	0	$ 4,240	$ -	$ -	$ -	$ 4,240
27	01/12/01	0	$ 4,240	$ -	$ -	$ -	$ 4,240
28	**Subtotal**		$ 64,443	$ -	$ -	$ 55,964	$ 8,479

Input Sheet A-6

Capital Hardware/Software Accounts Payable Record FY 1998 - FY 2001

		Line	Amount	FY 1998	FY 1999	FY 2000	FY 2001
29	**Storage Tek**	EPO Storage					
30	11/09/00	0	$ 141,532	$ -	$ -	$ -	$ 141,532
31	11/09/00	0	$ 145,000	$ -	$ -	$ -	$ 145,000
32	11/09/00	0	$ 24,135	$ -	$ -	$ -	$ 24,135
33	03/09/01	0	$ 38,505	$ -	$ -	$ -	$ 38,505
34	**Subtotal**		$ 349,172	$ -	$ -	$ -	$ 349,172
35	**Total Hardware/Software**		$ 1,601,340	$ -	$ 365,222	$ 185,325	$ 1,050,793

Note:

Accounts Payable Record

Input Sheet A-7

EPO Unit Costs

		Function	Cost Per Unit	Units Per EPO	Total Cost Per EPO
1	**EPO Component Costs**				
2	Sun E4500	Server	$ 161,913 [a]	2 [a]	$ 323,825
3	CLIN 072B	Storage	$ 141,532 [b]	1 [b]	$ 141,532
4	CLIN 70	Storage	$ 72,500 [b]	2 [b]	$ 145,000
5	CLIN 081A	Storage	$ 31,320 [b]	2 [b]	$ 62,640
6	**Subtotal, Storage**				$ 349,172
7	Oracle Corp	Database SW	$ 64,443 [c]	1 [c]	$ 64,443
8	**Total**				**$ 737,440**

Note:

[a] USPS Postal Service Delivery Order, Order number 104500-00-M2925

[b] USPS Postal Service Delivery Order, Order number 104500-00-M2979

[c] Estimated cost per Database Software per Electronic Post Office (EPO)
Total Budget based on historical cost of Database Software, See Input Sheet A-6, L28

Input Sheet A-8

Expense Plans

		Yearly Expense		
1	**Business Plan**			
2	Presentation Development	$	28,000	a
3	CD-ROM Production	$	8,000	a
4	Printing	$	20,000	a
5	Promotional Activities	$	750,000	a
6	Management Support	$	300,000	a
7	Strategy Support	$	180,120	a
8	**Technology Support Plan**			
9	Systems Certification	$	199,000	b
10	Eagan System Support	$	385,000	b
11	Database Support	$	100,000	b
12	Field Implementation/Support	$	376,951	b
13	End to End System Monitoring	$	101,449	b

Note:

[a] Based on FY 2002 business needs

[b] Based on FY 2002 Information Technology Value Program Cost Tracking System budget

Worksheet A-1

Marketing Costs

			TY 2003	
1	**Marketing Products**			
2	Presentation Development	$	30,775	a
3	CD-ROM Production	$	8,793	b
4	Printing	$	20,606	c
5	**Subtotal**	$	60,174	
6	**Promotional Activities**	$	750,000	d
7	**Total**	$	810,174	

Note:

[a] Presentation Development inflated by the Non-USPS labor work hours inflation factor, see Input Sheet A-1
Presentation Development is calculated 28,000*(1+.032)^(TY 2003 - FY 2000).

[b] CD-ROM Production inflated by the Non-USPS labor work hours inflation factor, see Input Sheet A-1
CD-ROM Production is calculated 8,000*(1+.032)^(TY 2003 - FY 2000).

[c] Printing inflated at non-labor inflation rate, see Input Sheet A-1
Printing is calculated 20,000*(1+.010)^(TY 2003 - FY 2000).

[d] Based on promotional activities plan

Worksheet A-2

Field Support

			TY 2003	
1	**Field Technology Support**			
2	Systems Certification	$	205,368	a
3	Eagan System Support	$	397,320	b
4	Database Support	$	103,200	c
5	Field Implementation/Support	$	389,013	d
6	End to End System Monitoring	$	104,695	e
7	**Total Field Technology Support**	$	1,199,597	
8	**Volume Variable Field Support**			
9	Customer Support Helpdesk	$	394,719	f
10	**Total Field Support**	$	1,594,316	

Note:

[a] Systems Certification from Input Sheet A-8
Systems Certification costs calculated: 199,000 * (1 + 0.032)^(TY 2003 - FY 2002)
Inflation factors from Input Sheet A-1

[b] Eagan System Support from Input Sheet A-8
Eagan System Support costs calculated: 385,000 * (1 + 0.032)^(TY 2003 - FY 2002)
Inflation factors from Input Sheet A-1

[c] Database Support from Input Sheet A-8
Database Support costs calculated: 100,000 * (1 + 0.032)^(TY 2003 - FY 2002)
Inflation factors from Input Sheet A-1

[d] Field Implementation/Support from Input Sheet A-8
Field Implementation/Support costs calculated: 376,951 * (1 + 0.032)^(TY 2003 - FY 2002)
Inflation factors from Input Sheet A-1

[e] End to End System Monitoring from Input Sheet A-8
End to End System Monitoring costs calculated: 101,449 * (1 + 0.032)^(TY 2003 - FY 2002)
Inflation factors from Input Sheet A-1

[f] Expenses from Helpdesk Input Sheet A-4
National Customer Support Center helpdesk costs calculated: 605,824 * (1 + 0.032)^(TY 2003 - FY 2002)
Inflation factors from Input Sheet A-1

Worksheet A-3

Program Support

			TY 2003
1	**Program Management**	$	163,376 [a]
2	**Consulting Support**		
3	Management Support	$	329,731 [b]
4	Strategy Support	$	197,971 [c]
5	**Total Consulting Support**	$	527,702
6	**Total**	$	691,078

Note:

[a] From Labor Rates Input Sheet A-2. Test Year cost calculated $102,089 * (1+ 0.021)^(TY 2003 - FY 2002)
Inflation factors derived from Input Sheet A-1
Includes $70,065 for Invoicing support in TY 2003

[b] From Input Sheet A-8. Test Year cost calculated $300,000 * (1+ 0.032)^(TY 2003 - FY 2000)
Inflation factors derived from Input Sheet A-1

[c] From Input Sheet A-8. Test Year cost calculated $180,120 * (1+ 0.032)^(TY 2003 - FY 2000)
Inflation factors derived from Input Sheet A-1

Worksheet A-4

Capital Hardware/Software Purchases FY 1998 - FY 2001

		FY 1998	FY 1999	FY 2000	FY 2001	Total
1	**Existing Confirm System Capital**					
2	**Product Specific Hardware/Software**					
3	Miscellaneous HW/SW	$ - [a]	$ 2,967 [a]	$ - [a]	$ - [a]	$ 2,967
4	**Volume Variable Hardware/Software**					
5	EPO Servers	$ - [a]	$ 362,255 [a]	$ 129,361 [a]	$ 369,317 [a]	$ 860,933
6	EPO Storage	$ - [a]	$ - [a]	$ - [a]	$ 349,172 [a]	$ 349,172
7	Database Software	$ - [a]	$ - [a]	$ 55,964 [a]	$ 8,479 [a]	$ 64,443
8	**Subtotal**	$ -	$ 362,255	$ 185,325	$ 726,968	$ 1,274,548
9	**System Development**	$ - [b]	$ 127,214 [b]	$ 474,448 [b]	$ 2,495,032 [b]	$ 3,096,693
10	**Total Existing Confirm System Costs**	$ -	$ 492,436	$ 659,772	$ 3,222,000	$ 4,374,208
11	**Capital Not Related to Confirm**					
12	**CMOR Volume Variable**					
13	EPO Server				$ 323,825 [c]	$ 323,825
14	EPO Storage					$ -
15	Database Software					$ -
16	**Subtotal**	$ -	$ -	$ -	$ 323,825	$ 323,825
17	**CMOR System Development**				$ 372,800 [d]	$ 372,800
18	**Total Capital Not Related to Confirm**	$ -	$ -	$ -	$ 696,625	$ 696,625

Note:

[a] From Input Sheet A-6

[b] From Input Sheet A-5

[c] One EPO Server set purchased for dedicated CMOR usage
Unit cost per EPO Server set from Input Sheet A-7

[d] Accenture CMOR Development costs

Worksheet A-5

EPO Test Year Capacity Analysis

		Subscriptions	Allocated Scans	Total Allocated Scans	Period of Allocation (Days)	Average Scans per Day
1	**Base Scans**					
2	Silver Package	111 [a]	15,000,000 [b]	1,665,000,000	90 [b]	18,500,000
3	Gold Package	654 [a]	50,000,000 [b]	32,700,000,000	365 [b]	89,589,041
4	Platinum Package	361 [a]	150,000,000 [c]	54,150,000,000	365 [b]	148,356,164
5	**Total**					**256,445,205**
6	**Additional Scans**					
7	Silver Package	37 [a]	2,500,000 [b]	92,500,000	30 [b]	3,083,333
8	Gold Package	186 [a]	12,500,000 [b]	2,325,000,000	90 [b]	25,833,333
9	**Total**					**28,916,667**

		Total Base Scans	Total Additional Scans	Peak Load Factor	Average Scans per Day with Contingency
10	**Total Scans**				
11	All Packages	256,445,205	28,916,667	10%	**313,898,059**

		Number of Existing Confirm EPOs	EPO Scan Capacity Per Day	Total Scans Per Day with Contingency	Number of Cumulative EPOs Required	Additional EPOs Required for test Year
12	**EPO Requirements**					
13	Electronic Post Office Capacity/Load	1	90,000,000 [d]	313,898,059	4 [e]	**3** [f]

Note:

[a] Input Sheet A-3

[b] Witness Kiefer's testimony, USPS-T-5, Section II

[c] Three times as many scans as the Gold Package.

[d] CONFIRM, IT (Information Technology) SLA (Service Level Agreement): Version 3.0, Revision 0; October 15, 2001.

[e] Calculation: 313,898,059 / 90,000,000, Roundup to next integer

[f] Test Year Required EPOs - Existing EPO

Worksheet A-6

Projected Information Technology Purchases, FY 2002 - FY 2003

		FY 2002	FY 2003	Total Costs
1	**Volume Variable Hardware/Software**			
2	EPO Servers	$ -	$ 971,475 [a]	$ 971,475
3	EPO Storage	$ -	$ 1,047,516 [b]	$ 1,047,516
4	Database Software	$ -	$ 193,329 [c]	$ 193,329
5	**Capital Expenditures**			
6	System Development	$ 2,153,345 [d]	$ 637,598 [d]	$ 2,790,942
7	Web Servers	$ 191,366 [d]	$ - [d]	$ 191,366
8	Miscellaneous HW/SW	$ 125,000 [d]	$ - [d]	$ 125,000
9	**Total**	$ 2,469,711	$ 637,598	**$ 3,107,308**

Note:

[a] EPO Server cost multiplied by the number of required TY 2003 EPOs, Input Sheet A-7 and Worksheet A-5, respectively.
Calculation: $323,825 * 3 EPOs

[b] EPO Storage cost multiplied by the number of required TY 2003 EPOs, Input Sheet A-7 and Worksheet A-5, respectively.
Calculation: $349,172 * 3 EPOs

[c] EPO Database software cost multiplied by the number of required TY 2003 EPOs, Input Sheet A-7 and Worksheet A-5, respectively.
Calculation: $64,442.88 * 3 EPOs

[d] From spending plan of IT/IP program manager and business program manager

Worksheet A-7

Capital Purchases

		FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	Total
1	**Capital**							
2	**Information Technology**							
3	**Product Specific Hardware/Software**							
4	Web Servers[a]	$ -	$ -	$ -	$ -	$ 191,366	$ -	$ 191,366
5	Miscellaneous HW/SW[a]	$ -	$ 2,967	$ -	$ -	$ 125,000	$ -	$ 127,967
6	**Subtotal**	$ -	$ 2,967	$ -	$ -	$ 316,366	$ -	$ 319,333
7	**Volume Variable Hardware/Software**							
8	EPO Servers[a]	$ -	$ 362,255	$ 129,361	$ 369,317	$ -	$ 971,475	$ 1,832,408
9	EPO Storage[a]	$ -	$ -	$ -	$ 349,172	$ -	$ 1,047,516	$ 1,396,688
10	Database Software[a]	$ -	$ -	$ 55,964	$ 8,479	$ -	$ 193,329	$ 257,772
11	**Subtotal**	$ -	$ 362,255	$ 185,325	$ 726,968	$ -	$ 2,212,320	$ 3,486,868
12	**System Development[a]**	$ -	$ 127,214	$ 474,448	$ 2,495,032	$ 2,153,345	$ 637,598	$ 5,887,636
13	**Total IT Capital Purchases**	$ -	$ 492,436	$ 659,772	$ 3,222,000	$ 2,469,711	$ 2,849,917	$ 9,693,836

Note:

[a] FY 1998 - FY 2001, Worksheet A-4; FY 2002 -2003, Worksheet A-6

Worksheet A-8

Capital Post Depreciation

		TY 2003
1	**Capital**	
2	**Information Technology**	
3	**Product Specific Hardware/Software Depreciation**	
4	Web Servers[a]	$ 38,273
5	Miscellaneous HW/SW[a]	$ 25,593
6	**Subtotal**	$ 63,867
7	**Volume Variable Hardware/Software Depreciation**	
8	EPO Servers[a]	$ 366,482
9	EPO Storage[a]	$ 279,338
10	Database Software[a]	$ 51,554
11	**Subtotal**	$ 697,374
12	**System Development Depreciation[a]**	$ 1,177,527
13	**Total IT Depreciation**	$ 1,938,767

Note:

[a] Depreciated over five years per USPS policy
From Worksheet A-7
Calculation: ([FY 1998 Costs] / 5) + ([FY 1999 Costs] / 5) + ([FY 2000 Costs] / 5) + ([FY 2001 Costs] / 5) + ([FY 2002 Costs] / 5)

Worksheet A-9

Incremental Cost Summary

		TY 2003
1	**Capital**	
2	**Information Technology**	
3	**Product Specific Hardware/Software Depreciation**	
4	Web Servers[a]	$ 38,273
5	Miscellaneous HW/SW[a]	$ 25,593
6	**Subtotal**	$ 63,867
7	**Volume Variable Hardware/Software Depreciation**	
8	EPO Servers[a]	$ 366,482
9	EPO Storage[a]	$ 279,338
10	Database Software[a]	$ 51,554
11	**Subtotal**	$ 697,374
12	**System Development Depreciation[a]**	$ 1,177,527
13	**Total IT Depreciation**	$ 1,938,767
14	**Expense**	
15	**Program Support**	
16	Program Management[b]	$ 163,376
17	Consulting Support[b]	$ 527,702
18	**Total Program Support**	$ 691,078
19	**Field Support**	
20	**Product Specific Field Support**	
21	Field Technology Support[c]	$ 1,199,597
22	Shared Infrastructure[c]	$ -
23	**Subtotal**	$ 1,199,597
24	**Volume Variable Field Support**	
25	Customer Support Helpdesk[c]	$ 394,719
26	**Total Field Support**	$ 1,594,316
27	**Marketing**	
28	Marketing Products[d]	$ 60,174
29	Promotional Activities[d]	$ 750,000
30	**Total Marketing**	$ 810,174
31	**Total Expense**	$ 3,095,568
32	**Total Confirm Incremental Costs**	$ 5,034,335

Note:

[a] From Worksheet A-8
[b] From Worksheet A-3
[c] From Worksheet A-2
[d] From Worksheet A-1

Worksheet A-10

Volume Variable vs. Product Specific Cost Analysis

	TY 2003
Volume Variable Costs[a]	$ 1,092,093
Product Specific Costs[b]	$ 3,942,242
Total Confirm Incremental Costs	$ 5,034,335
Percent Volume Variable	21.7%

Note:

[a] From Worksheet A-9, Sum of Volume Variable Hardware/Software Depreciation and Volume Variable Field Support; Calculation, $697,374 + $394,719

[b] From Worksheet A-9, Sum of Product Specific Hardware/Software Depreciation, System Development Depreciationa, Program Support, Product Specific Field Support and Marketing; Calculation, $63,867 + $1,177,527 + $691,078 + $1,199,597 + $810,174, minus $1 for rounding difference

[c] Volume Variable Costs / Total Confirm Incremental Costs; Calculation, $1,092,093 / $5,034,335

Worksheet A-11

Unit Cost Analysis

	TY 2003
Total Subscriptions[a]	1,126
Volume Variable Costs[b]	$ 1,092,093
Unit Volume Variable Costs[c]	$ 970
Total Incremental Costs[d]	$ 5,034,335
Unit Incremental Costs[e]	$ 4,471

Note:

[a] From Input Sheet A-3

[b] From Worksheet A-10

[c] Volume Variable Costs / Total Subscriptio; Calculation, $1,092,093 / 1,126

[d] From Worksheet A-9

[e] Total Incremental Costs / Total Subscriptio; Calculation, $5,034,335 / 1,126