

USPS-T-2

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

EXPERIMENTAL PARCEL RETURN SERVICES

Docket No. MC2003-2

DIRECT TESTIMONY
OF
JENNIFER EGGLESTON
ON BEHALF OF
UNITED STATES POSTAL SERVICE

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Direct Testimony
of
Witness Eggleston

AUTOBIOGRAPHICAL SKETCH

My name is Jennifer Eggleston. I am an Economist for the Special Studies Division of Corporate Financial Planning. I joined the Postal Service as an Economist in July 1997. Since joining the Postal Service, I have been involved with many issues dealing with Package Services and Standard parcels. I have visited several Bulk Mail Centers (BMCs), Processing and Distribution Centers (P&DCs), delivery units, and other postal facilities.

In Docket No. R2001-1, I filed cost testimony supporting Parcel Post, Bound Printed Matter, Media Mail, Bulk Parcel Return Service (BPRS), and final adjustments. In Docket No. R2000-1, I testified before the Postal Rate Commission concerning Parcel Post, Media Mail, BPRS, and Merchandise Return Service. In addition, I supplied rebuttal testimony for Parcel Post final adjustments and the Transportation Cost System (TRACS). Other previous work includes the BPRS Cost Study provided to the Postal Rate Commission in October 1998 to fulfill the requirements of Docket No. MC97-4 and testimony in Docket No. MC99-4 (BPRS Expedited Minor Classification Case).

Before joining the Postal Service, I worked as an Economist for Research Triangle Institute (RTI), a non-profit research firm in North Carolina. I also worked for one year for the Naval Center for Cost Analysis in Crystal City, VA. I earned a Bachelor's Degree in Economics from James Madison University in 1992 and a Master's degree in Economics from North Carolina State University in 1995.

1 **I. PURPOSE OF TESTIMONY**

2 The purpose of my testimony is to provide witness Kiefer (USPS-T-3) with cost
3 data to support the Parcel Return Services (PRS) rates. Specifically, my testimony will
4 provide cost difference estimates for the two Parcel Select Return Service (PSRS)
5 products: Parcel Select Return Bulk Mail Center (RBMC) and Parcel Select Return
6 Delivery Unit (RDU). Therefore, the remainder of this testimony will only refer to the
7 Parcel Select Return Services (PSRS) product and not the more general Parcel Return
8 Services (PRS) product.

9

10 **II. MATERIALS RELATING TO THIS TESTIMONY**

11 The following attachments relate to this testimony:

12

13 Attachment A: Cost Summary

14 Attachment B: Acceptance Cost Estimates

15 Attachment C: Mail Processing Cost Estimates

16 Attachment D: Storage Cost Estimates

17 Attachment E: Transportation Cost Estimates

18 Attachment F: Scanning Cost Estimates

19 Attachment G: Postage Due Cost Estimates

20 Attachment H: Postage Due Survey Data

21

22 In addition this testimony relies on data previously submitted to the Postal Rate
23 Commission. These data are referenced, as necessary, in this testimony and the cost
24 models contained in the attachments.

25

26 **III. PARCEL SELECT RETURN SERVICE (PSRS) COST METHODOLOGY**

27 For purposes of this testimony, costs are separated into six cost categories:

28

29 A. Acceptance Costs

30 B. Mail Processing Costs

31 C. Storage Costs

- 1 D. Transportation Costs
- 2 E. Scanning Costs
- 3 F. Postage Due Costs

4
5 The cost analysis presented in this testimony employs a cost difference
6 approach. In other words, instead of estimating the average unit cost of the proposed
7 products, the analysis estimates the average cost difference between the proposed
8 products and an existing product used as the benchmark. Therefore, for each cost
9 category, this analysis estimates the average unit cost difference between the Parcel
10 Select Return Services (PSRS) and the relevant benchmark, Intra-BMC Parcel Post.¹
11 In some cases, these cost differences are estimated separately for RBMC and RDU, as
12 well as for machinable, non-machinable and oversize parcels. In other cases, only one
13 cost difference is estimated. The methodology used for each cost category is described
14 in more detail below.

15
16 **A. Acceptance Costs**

17 For the purpose of this testimony, acceptance costs refer to the costs associated
18 with entering the parcel into the mailstream. As discussed by witness Gullo, PSRS
19 parcels may be given to the carrier, placed into a collection box, or accepted over the
20 window (USPS-T-1, Section VII).² However, the number of parcels that are entered into
21 a collection box is limited to parcels that fit into the opening of the blue box.³ In addition,
22 since customers want to ensure that they receive credit for the returned mail piece, it is
23 unlikely that a large number of customers will leave a PSRS parcel for their carrier.
24 Therefore, for the purpose of this cost model, only window service costs are examined.⁴

¹ The benchmark for RDU is specifically local zone Intra-BMC Parcel Post. However, the only cost category that makes a distinction between local zone Intra-BMC and non-local zone Intra-BMC is transportation. This is consistent with the cost data used to support Parcel Post rates.

² The other option is for customers to schedule a pick-up. Since this method involves paying a pick-up fee, the costs associated with this option do not need to be included in the PSRS product.

³ Since PSRS parcels will have a return label on them, they are considered to have originated from a “known” shipper and therefore are not limited to the “under 1 pound” rule.

⁴ Since Intra-BMC parcels could also be entered by placing the parcel in a collection box or giving the parcel to a carrier, the implicit assumption in this cost model is that the percent of parcels that enter through these two means are the same for the proposed products and the benchmark.

1 Since there is no reason to believe that RDU will be entered into the postal system
2 differently than RBMC, only one acceptance cost difference is estimated.

3
4 The acceptance costs for PSRS parcels are compared to two different entry
5 methods for Intra-BMC Parcel Post. The first is window acceptance. The majority of
6 Intra-BMC parcels that are brought to the window will need to be weighed and rated.⁵
7 In contrast, PSRS parcels will only need to be accepted by the window clerk. In these
8 cases, PSRS parcels will be less costly than Intra-BMC parcels. The second Intra-BMC
9 entry method that is compared to PSRS window acceptance is bulk entry. In these
10 cases, PSRS parcels will be more costly than Intra-BMC parcels.

11
12 The PSRS acceptance cost methodology first estimates the cost difference
13 separately for the two Intra-BMC entry methods. First, the model estimates the cost
14 difference between a PSRS parcel accepted over the window and an Intra-BMC Parcel
15 Post parcel accepted over the window with the necessary weighing and rating. Data
16 from the transaction time study provided in Docket No. R97-1 are used to estimate the
17 transaction times for this purpose.⁶ These estimates are shown in Attachment B, pages
18 2 and 3. Next, the model estimates the cost difference between a PSRS parcel
19 accepted over the window and an Intra-BMC parcel entered in bulk. Since data specific
20 to the bulk entry of Intra-BMC Parcel Post are not available, Parcel Select bulk
21 acceptance costs are used as a proxy.⁷ Bulk acceptance costs are calculated in
22 Attachment B, page 4 for comparison to the window acceptance costs.

23
24 The final step is to weight the two cost difference estimates by the appropriate
25 percentages. For this purpose, the model uses the “percent of Parcel Post entered
26 retail” and the “percent of Parcel Post entered non-retail” that were developed for use in

⁵ Parcel Post parcels that are charged Intra-BMC rates and have a Merchandise Return Service label on them will not need to be weighed and rated at the window; however, these parcels will be weighed and rated at the destination end.

⁶ Docket No. R97-1, USPS LR-H-167 (Transaction Time Study).

⁷ By definition, Parcel Select has to be entered in bulk.

1 the Parcel Post mail processing models.⁸ The resulting acceptance unit cost difference
2 estimate for PSRS is shown in Attachment B, page 1.

3

4 **B. Mail Processing Costs**

5 The methodology for estimating the mail processing cost differences for Parcel
6 Select RBMC and Parcel Select RDU utilizes the same methodology used for estimating
7 the mail processing cost differences for workshared Parcel Post in Docket No. R2001-
8 1.⁹ Mailflow models are developed, and the modeled cost of the workshared product is
9 compared to the modeled cost of the appropriate benchmark.¹⁰

10

11 The Intra-BMC mailflow models shown in Attachment C, pages 7-9 are the same
12 models presented in Docket No. R2001-1, USPS LR-J-64 with two modifications.¹¹
13 These modifications are in response to issues raised during the litigation of Docket No.
14 R2001-1. The first modification is a correction of the piggyback factor for the “crossdock
15 containers” operation at the origin plant. The second modification is the “number of
16 handlings” at the destination plant for loading and unloading operations.¹²

17

18 The RBMC and RDU mailflow models are Parcel Post mailflow models revised to
19 reflect the RBMC and RDU products. These models are described separately below.
20 The estimated mail processing unit cost differences are shown on Attachment C,
21 page 1.

22

⁸ Docket No. R2001-1, USPS LR-J-64, Attachment A.

⁹ Docket No. R2001-1, USPS LR-J-64, Attachment A.

¹⁰ Since these mailflow models are used to estimate cost differences, only the operations that are workshare-related need to be included in the model. For a detailed description of the Parcel Post mail flow models, see Docket No. R2001-1, USPS-T-26, Section III.

¹¹ Docket No. R2001-1, USPS LR-J-64, Attachment A, pages 11-13.

¹² This modification actually results in reverting back to the methodology used in Docket No. R2000-1.

1 RBMC

2 The RBMC mailflow models are shown in Attachment C, pages 10-12. There is
3 a different mail flow model for each of the three RBMC mail processing categories:
4 machinable, non-machinable, and oversize. For purposes of the mailflow model, it is
5 assumed that 100 percent of RBMC is entered at the origin AO. As discussed by
6 witness Gullo, it is assumed that machinable RBMC parcels will be consolidated in one
7 run-out on the parcel sorting machine (USPS-T-1, Section IV). From there, the RBMC
8 machinable parcels will be sorted to shipper, moved to the dock, and loaded into the
9 shipper's truck. For non-machinable and oversize parcels, it is assumed these parcels
10 will be isolated after the first non-machinable manual sort, moved to the designated
11 processing area, sorted to the shipper, moved to the dock, and loaded onto the
12 shipper's truck (USPS-T-1, Section VII).

13

14 RDU

15 The RDU mailflow models are shown in Attachment C, pages 13-15. There is a
16 different mail flow model for each of the three RBMC mail processing categories:
17 machinable, non-machinable, and oversize. For purposes of the mailflow model, it is
18 assumed that 100 percent of RDU is entered at the origin associate office (AO). As
19 discussed by witness Gullo, the only mail processing costs incurred are those
20 associated with sorting the parcels to shipper and moving the containers to the dock
21 (USPS-T-1, Section VII). In addition, the cost model assumes that shippers will be
22 responsible for loading their own trucks (USPS-T-1, Section VII). The cost model does
23 not include any mail processing costs beyond the origin AO. This is based on the
24 assumption that any parcel that is not held out at the origin AO, will be sent to the
25 RBMC and pay the RBMC rate (USPS-T-1, Section IV and VII). Therefore, that
26 mailpiece will not be considered an RDU parcel.

27

28 **C. Storage Costs**

29 Given that shippers are only obligated to pick up RBMC parcels every 2 days and
30 RDU parcels every 5 days, PSRS parcels will incur storage costs (USPS-T-1, Section

1 VII). Since Intra-BMC is normally put on the first available transportation, storage costs
2 for PSRS are estimated as costs above the benchmark.

3
4 Storage costs are available on a cost per square foot basis. Therefore, the
5 footprint of the container holding the parcels is the cost driver. Since, on average, a
6 different number of machinable, non-machinable, and oversize parcels fit into a
7 container, storage costs are calculated separately for each category. In addition, since
8 RDU and RBMC have different pick-up requirements, storage costs are estimated
9 separately for each rate category. Storage costs are estimated in Attachment D,
10 page 1.

11

12 **D. Transportation Costs**

13 Parcel Select RBMC will not incur any transportation beyond the origin BMC and
14 Parcel Select RDU will not incur any transportation beyond the origin delivery unit. In
15 contrast, the majority of Intra-BMC parcels will incur transportation from the BMC to the
16 destination plant and from the plant to the destination delivery unit. Therefore, PSRS
17 parcels will incur lower transportation costs than the benchmark rate category, Intra-
18 BMC Parcel Post. Since RDU will avoid more transportation than RBMC, the
19 transportation cost differences are estimated separately for RBMC and RDU. In
20 addition, since the cost driver of transportation is cubic feet, the per-piece transportation
21 cost differences are also estimated separately for machinable, non-machinable, and
22 oversize parcels.

23

24 The transportation cost methodology has four steps. These steps are described
25 below.

26

1 1. Estimate the benchmark (Intra-BMC) cost per cubic foot

2 The Intra-BMC cost per cubic foot estimates are the cost estimates calculated in
3 Docket R2001-1, USPS LR-J-64.¹³

5 2. Estimate the RBMC and RDU cost per cubic foot.

6 The RBMC and RDU cost per cubic foot estimates are calculated by multiplying
7 the costs per cubic foot of Intra-BMC by the following ratios:

8
9 RBMC ratio = assumed # of transportation legs for RBMC /
10 assumed # of transportation legs for Intra-BMC

11
12 RDU ratio = assumed # of transportation legs for RDU /
13 assumed # of transportation legs for Intra-BMC

14
15 These calculations are shown on Attachment E, page 2.

16
17 The Parcel Post transportation model assumes that on average, an Intra-BMC
18 parcel incurs 1.92 local legs, 1.92 intermediate legs, and zero long-distance legs of
19 transportation.¹⁴ Since RBMC will travel from the origin associate office to the origin
20 plant and then from the origin plant to the origin BMC, it is assumed that RBMC parcels
21 will incur 1 local leg and 1 intermediate leg of transportation. Since RDU will not go on
22 any postal transportation, it is assumed that RDU will incur zero legs of local,
23 intermediate and long-distance transportation.

24

¹³ Docket No. R2001-1, USPS LR-J-64, Attachment B, page 11. Revised November 11, 2001. For a full discussion of how Intra-BMC Parcel Post transportation cost estimates are calculated see Docket No. R2001-1, USPS-T-25, Section IV.

¹⁴ Local, Intermediate and Long Distance legs of transportation are terms used in the Parcel Post cost model in Docket R2001-1, LR-J-64, Attachment B. Local transportation is defined as transporting parcels between facilities that are within the service area of the Processing and Distribution Center (P&DC), primarily between AOs and P&DCs. Intermediate transportation is defined as transporting parcels between facilities that are within the service area of a BMC, primarily between P&DCs and BMCs. Long distance transportation is defined as transporting parcels between facilities that are in different BMC service areas, primarily between BMCs.

1 3. Estimate the cost per cubic foot cost savings for RBMC and RDU.

2 The cost per cubic foot cost savings are calculated as the differences between
3 the cost per cubic foot estimates calculated in Step 1 and the cost per cubic foot
4 estimates calculated in Step 2.¹⁵

6 4. Estimate the per piece cost savings of RBMC and RDU.

7 The average cubes of machinable, non-machinable, and oversize parcels are
8 multiplied by the cost per cubic foot cost savings estimates calculated in Step 3. This is
9 the final step. The estimated transportation cost savings are shown in Attachment E,
10 page 1.

12 **E. Scanning Costs**

13 As discussed by witness Gullo (USPS-T-1, Section VII) RDU parcels will receive
14 two active scans at the delivery unit. RBMC on the other hand will not receive any
15 active scans (USPS-T-1, Section VII). Machinable RBMC will receive passive scans
16 and non-machinable RBMC will not receive any scans (USPS-T-1, Section VII). Since
17 passive scans do not result in any additional labor costs, only the cost of active scans is
18 estimated in this testimony. In addition, since the benchmark, Intra-BMC Parcel Post,
19 does not incur any active scans, the estimated unit cost of scanning is considered an
20 additional cost to RDU parcels.¹⁶

22 The methodology for estimating active scanning costs is based on the
23 development of delivery confirmation scanning costs in Docket No. R2001-1 USPS LR-
24 J-135.¹⁷ The transaction times for several scanning activities associated with delivery
25 confirmation are shown in this library reference. From discussions with Operations and
26 witness Gullo, it was determined that box section clerks (or their equivalent) will execute
27 the two PSRS scans. Therefore, I use the “box section clerk scans delivered DC mail

¹⁵ The RDU cost per cubic foot estimates are compared to local zone Intra-BMC cost per cubic foot estimates.

¹⁶ If the customer has purchased delivery confirmation with the Intra-BMC parcel, the parcel will receive an active scan(s). However, the customer would have to pay the delivery confirmation fee to cover the cost of this scan.

¹⁷ Docket No. R2001-1, LR-J-135, Section A, I-1.

1 item barcode” transaction time as a proxy for the active PSRS scan transaction time.
2 The estimated costs of scanning are shown in Attachment F, page 1.

3

4 **F. Postage Due Costs**

5 The methodology described above for acceptance costs (Section III.A) eliminates
6 any postage due costs which would generally be included for Intra-BMC Parcel Post as
7 acceptance costs. Therefore, this section adds back in the correct postage due costs for
8 PSRS.

9

10 According to witness Gullo, the information gathered from the active scanning of
11 the RDU piece will be used to automatically generate the daily postage due manifest
12 that will be used to deduct postage from the shipper’s account. (USPS-T-1, Section V).
13 Therefore, it is assumed that there are no additional postage due costs for RDU.

14

15 RBMC parcels, on the other hand, will incur additional costs associated with
16 postage due. While the shipper is responsible for the bulk of postage due tasks, the
17 Postal Service is responsible for sampling the returns to ensure that postage due
18 charges are being calculated correctly.

19

20 In order to estimate postage due sampling costs, the Postal Service conducted a
21 survey of actual sampling operations. The survey results are shown in Attachment H,
22 pages 1-5. These survey data are used to estimate the average time per piece spent
23 sampling the returns. Next, the per-piece cost of postage due is multiplied by the
24 percent of pieces sampled to derive the average cost of postage due over all returned
25 pieces. This calculation is shown in Attachment G, page 1. The calculation of the
26 “percent of parcels sampled” is shown in Attachment G, page 2.

27

1 **IV. SUMMARY OF RESULTS**

2 The test-year estimated cost differences for RBMC and RDU relative to the
 3 benchmark of Intra-BMC costs are shown in Table 1 below. The cost differences for
 4 each cost category are shown in Attachment A, page 1.

5

6 **Table 1. Summary of Estimated Unit Cost Differences**

	Unit Costs Differences	
	RBMC	RDU
Machinable	(\$1.057)	(\$2.672)
Non-Machinable	(\$3.872)	(\$7.820)
Oversize	(\$11.309)	(\$21.689)

7

**Summary of Estimated Cost Differences Compared to Benchmark
(negative number indicates savings)**

	Acceptance [1]	Mail Processing [2]	Storage [3]	Transportation [4]	Scanning [5]	Postage Due [6]	Total [7]
RBMC							
Machinable	\$0.007	-\$0.156	\$0.024	-\$0.999	\$0.000	\$0.067	-\$1.057
Non-machinable	\$0.007	-\$0.287	\$0.094	-\$3.753	\$0.000	\$0.067	-\$3.872
Oversize	\$0.007	-\$0.479	\$0.289	-\$11.193	\$0.000	\$0.067	-\$11.309
RDU							
Machinable	\$0.007	-\$1.692	\$0.060	-\$1.118	\$0.071	\$0.000	-\$2.672
Non-machinable	\$0.007	-\$3.931	\$0.234	-\$4.201	\$0.071	\$0.000	-\$7.820
Oversize	\$0.007	-\$9.961	\$0.723	-\$12.530	\$0.071	\$0.000	-\$21.689

Sources

- [1]: Attachment B, page 1.
- [2]: Attachment C, page 1.
- [3]: Attachment D, page 1.
- [4]: Attachment E, page 1.
- [5]: Attachment F, page 1.
- [6]: Attachment G, page 1.
- [7]: Sum of [1] through [6].

Acceptance Cost Difference Summary (per piece)

Calculation of cost difference for parcels entered at the window

	Unit Costs	
PRS (accepted)	\$0.215	1/
Intra-BMC (weighted and rated)	\$0.614	2/
Cost Difference	-\$0.400	3/

Cost Difference between PRS and bulk acceptance

	Unit Costs	
PRS (accepted at window)	\$0.215	4/
Bulk mail acceptance	\$0.015	5/
Cost Difference	\$0.200	6/

Cost Difference of PRS compared to benchmark

	Distribution [1]	Cost Difference [2]	
Entered at Window (Retail)	32.2%	-\$0.400	2a
Entered in Bulk (Non-retail)	67.8%	\$0.200	2b
Weighted Average Cost Difference per piece		\$0.007	2c

Sources

1/: Attachment B, page 3.

2/: Attachment B, page 2.

3/: (1) -(2),

4/: Attachment B, page 3.

5/: Attachment B, page 4..

6/: (4) - (5).

[1]: Docket R2001-1, USPS LR-J-64, Attachment A, page 6.

[2]: Estimated cost differences

[2a]: (3).

[2b]: (6).

[2c]: Estimated costs in [2a] and [2b] weighted by percentages in [1].

Retail Transactions
Cost Per "Weight/Rate" Transaction

Transaction Time (in seconds)			64.800		1/
Transaction Time (in minutes)			1.080		2/
FY03 Wage Rate (per hour)			\$32.306		3/
FY03 Wage Rate (per minute)			\$0.538		4/
Direct Cost per transaction			\$0.582		5/
Misc. Volume Variable Window Costs	7.68% x	\$0.58 =	\$0.045		6/
		+	<u>\$0.582</u>		
			\$0.626		
Waiting Time Adjustment	22.17% x	\$0.58 =	\$0.129		7/
		+	<u>\$0.626</u>		
			\$0.755		
Variability	56.37% x	\$0.76 =	\$0.426		8/
Piggyback Factor	1.443 x	\$0.43 =	\$0.614		9/
Cost per minute for Retail Transaction		=	\$0.614		10/

Sources

- 1/: Docket No. R97-1, LR-H-167 (Transaction Time Study)
- 2/: (1) / 60.
- 3/: Attachment C, page 4, line (6).
- 4/: (3) / 60.
- 5/: (2) x (4).
- 6/: Docket No. R2001-1 , LR-J-57, Workpapers B, Worksheet 3.2.1 (break time, clocking in and out, moving equip.).
- 7/: Docket No. R2001-1, LR-J-57, Workpapers B, Worksheet 3.2.1.
- 8/: Docket No. R2001-1, LR-J-57, Workpaper B, Worksheet 3.2.1.
- 9/: Docket No. R2001-1, USPS LR-J-46, page 29.
- 10/: Product from (9).

Retail Transactions
Cost Per "Acceptance" Transaction

Transaction Time (in seconds)		22.650		1/
Transaction Time (in minutes)		0.378		2/
FY03 Wage Rate (per hour)		\$32.306		3/
FY03 Wage Rate (per minute)		\$0.538		4/
Direct Cost per transaction		\$0.203		5/
Misc. Volume Variable Window Costs	7.68% x \$0.20 =	\$0.016		6/
		+ \$0.203		
		\$0.219		
Waiting Time Adjustment	22.17% x \$0.20 =	\$0.045		7/
		+ \$0.219		
		\$0.264		
Variability	56.37% x \$0.26 =	\$0.149		8/
Piggyback Factor	1.443 x \$0.15 =	\$0.215		9/
Cost per minute for Retail Transaction	=	\$0.215		10/

Sources

- 1/: Docket No. R97-1, LR-H-167 (Transaction Time Study)
- 2/: (1) / 60.
- 3/: Attachment C, page 4, line (6).
- 4/: Row (3) / 60.
- 5/: (2) x (4).
- 6/: Docket No. R2001-1 , LR-J-57, Workpapers B, Worksheet 3.2.1 (break time, clocking in and out, moving equip.).
- 7/: Docket No. R2001-1, LR-J-57, Workpapers B, Worksheet 3.2.1.
- 8/: Docket No. R2001-1, LR-J-57, Workpaper B, Worksheet 3.2.1.
- 9/: Docket No. R2001-1, USPS LR-J-46, page 29.
- 10/: Product from (9).

Acceptance/Verification Cost Methodology

Outgoing - Dropship Costs [1]

MODS	LD43	649
MODS	LD79	69
Non-MODS	Allied	2,451

Outgoing OP 7 Dropship related Costs [2]

MODS	1PLATFRM	155
BMC	Platform BMC	244

Total Dropship-related Accept/Verification Costs	1/	3,568,198
Total Dropship Volume	2/	244,274,811
Per piece Cost	3/	\$0.015

Sources

[1]: Docket No. R2001-1, LR-J-180, electronic version, file "ppoobf.xls", worksheet "drop".

[2]: Docket No. R2001-1, LR-J-180, electronic version, file "pp00op7.xls", worksheet "dropbf".

1/: Sum of all rows in [1] and [2] multiplied by 1000.

2/: Docket No. R2001-1, LR-J-64, Attachment A, page 6. Sum of DBMC, DSCF and DDU.

3/: (1) / (2).

Mail Processing Cost Estimate Summary Page

Estimated Mail Processing Costs

	Modeled Costs [1]	CRA Adjustment Factors		Adjusted Costs [4]	
		Proportional [2]	Fixed [3]		
Intra-BMC Machinable	\$1.528	1.231	\$0.170	\$2.051	4a
Intra-BMC Non Machinable	\$3.449	1.231	\$0.170	\$4.414	4b
Intra-BMC Oversize	\$8.660	1.231	\$0.170	\$10.827	4c
RBMC Machinable	\$1.401	1.231	\$0.170	\$1.895	4d
RBMC Nonmachinable	\$3.216	1.231	\$0.170	\$4.127	4e
RBMC Oversize	\$8.271	1.231	\$0.170	\$10.347	4f
RDU Machinable	\$0.153	1.231	\$0.170	\$0.359	4g
RDU Nonmachinable	\$0.254	1.231	\$0.170	\$0.483	4h
RDU Oversize	\$0.565	1.231	\$0.170	\$0.866	4i

Estimated Mail Processing Cost Differences

Rate Category	Benchmark	Cost Difference [5]	
RBMC Machinable	Intra-BMC mach	(\$0.156)	5a
RBMC Nonmachinable	Intra-BMC nmo	(\$0.287)	5b
RBMC Oversize	Intra-BMC over	(\$0.479)	5c
RDU Machinable	Intra-BMC mach	(\$1.692)	5d
RDU Nonmachinable	Intra-BMC nmo	(\$3.931)	5e
RDU Oversize	Intra-BMC over	(\$9.961)	5f

Sources

[1]: Modeled costs from Attachment C, pages 7-15.

[2]: Docket No. R2001-1, LR-J-64, Attachment A, page 1, (3), revised November 27, 2001.

[3]: Docket No. R2001-1, LR-J-64, Attachment A, page 1, (4), revised November 27, 2001.

[4]: [1] * [2] + [3].

[5]: Difference between Cost Category and Benchmark.

[5a]: (4a)-(4d).

[5b]: (4b)-(4e)

[5c]: (4c)-(4f).

[5d]: (4a)-(4g)

[5e]: (4b)-(4h).

[5f]: (4c)-(4i).

Productivities and Variabilities for Direct Labor Operations

	Productivities	
	(Units per Wkhr)	
UNLOADING		
Unload sacked machinable parcels to extended conveyor	186.2	1/
Unload machinable parcels to extended conveyor	620.1	1/
Unload non-machinable parcels	160.7	1/
Unload non-machinable parcels to IHC only (proxy for sacks)	153.5	1/
Unload wheeled containers	20.7	1/
Unload Pallets/Postal Paks/Pallet Box	12.2	1/
DUMPING & SACK HANDLING		
Dump Containers	6.5	1/
Sack shake out	72.3	1/
Manually dump sacks at Non-BMC	110.4	2/
Sack sorter (PIRS 98)	420.0	3/
PARCEL SORTING MACHINE DISTRIBUTION		
Primary Rate	813.0	3/
Secondary Rate	1224.0	3/
100 percent Key Rate	806.0	4/
NONMACHINABLE OUTSIDES DISTRIBUTION		
NMO Distribution	100.0	3/
NMO Distribution at SCFs	497.7	5/
Parcel Sort at AO	460.6	7/
OTHER OPERATIONS		
Tend container loader/sweep runouts	5.4	1/
Crossdock containers	7.0	1/
Sack and Tie	125.4	1/
LOADING		
Bedload NMOs to van from IHCs (proxy for machinables)	175.9	1/
Bedload Sacked Machinables	181.8	1/
Load wheeled containers	10.4	1/
Load Pallets/Postal Paks/Pallet Boxes	13.3	1/
Variabilities		
BMC Platform	0.95	6/
BMC Other	0.98	6/
PSM	1.00	6/
SSM	1.00	6/
SSB	1.00	6/
NMO Distribution at BMCs	1.00	6/
Platform Non-BMC	0.90	6/
NMO Distribution at Non-BMCs	0.44	6/
LDC43	0.94	6/

Sources

- 1/: Docket No. R97-1, LR-H-132, page 329.
2/: Proxy based on Planning Guidelines (PGLs).
3/: National Database, PIRS average 1995 - 2000.
4/: National Database, PIRS FY93, (pure keying, no prebarcode).
5/: Docket No. R2001-1, LR-J-65, MODS, Operation 200.
6/: Docket No. R2001-1, USPS-T-14, Table 1, variabilities.
7/: Docket No. R2001-1, LR-J-64, Attachment D, page 2 (sorting 5-digit to carrier-route).

Arrival and Dispatch Profiles

Mail Flow Arrival Profile at Originating BMCs	Arrival and Dispatch Percentages	
Machinable Parcels Arriving in Bedloaded Sacks at BMC	4.3%	1/
Machinable Parcels Arriving Bedloaded at BMC	7.0%	1/
Machinable Parcels Arriving sacked in OTRs at BMC	11.5%	1/
Machinable Parcels Arriving loose in OTRs at BMC	51.1%	1/
Machinable Parcels Arriving Palletized at BMC	1.6%	1/
Machinable Parcels Arriving in Pallet Boxes at BMC	0.9%	1/
Machinable Parcels Arriving in Hampers/APC/OWC (OWC) at BMC	23.6%	1/
Non-Machinable Parcels Arriving Bedloaded at BMC	4.0%	1/
Non-Machinable Parcels Arriving Palletized at BMC	1.3%	1/
Non-Machinable Parcels Arriving in OTR Containers at BMC	72.5%	1/
Non-Machinable Parcels Arriving in Hampers/APC/OWC (OWC) at BMC	22.2%	1/
Mail Flow Arrival Profile from Origin BMCs to Destination BMCs		
Machinable Parcels Arriving in Postal Paks at Destination BMC (from Origin BMC)	100.0%	2/
NMOs Arriving Palletized at Destination BMC (from Origin BMC)	100.0%	2/
Mail Flow Arrival at Destinating BMCs for DBMC parcels		
Machinable Parcel Arriving Bedloaded at DBMC	96.2%	3/
Machinable Parcels Arriving on Pallets at DBMC	0.3%	3/
Machinable Parcels Arriving in OTRs at BMC	0.8%	3/
Machinable Parcels Arriving in Gaylords at DBMC	2.6%	3/
Machinable Parcels arriving in OWC at DBMC	0.1%	3/
Non-Machinable Parcels Arriving Bedloaded at DBMCs	98.5%	3/
Non-Machinable Parcels Arriving in Pallet Boxes at DBMC	0.7%	3/
Non-Machinable Parcels Arriving on Pallets at DBMC	0.8%	3/
Mail Flow Dispatch Profiles From BMCs to Service Area		
Machinable Parcels Dispatched in Bedloaded Sacks to Service Area	23.8%	4/
Machinable Parcels Dispatched loose in OTRs to Service Area	60.3%	4/
Machinable Parcels Dispatched sacked in OTRs to Service Area	2.9%	4/
Machinable Parcels Dispatched in Hampers/APC/OWC (OWC) to Service Area	13.0%	4/
Non-Machinable Parcels Dispatched Bedloaded to Service Area	12.9%	5/
Non-Machinable Parcels Dispatched on Pallets to Service Area	31.0%	5/
Non-Machinable Parcels Dispatched in OTRs to Service Area	53.6%	5/
Non-Machinable Parcels Dispatched in Hampers/APC/OWC (OWC) to Service Area	2.5%	5/
Mail Flow Dispatch Profiles to Delivery Unit		
Machinable Parcels Dispatched in Bedloaded Sacks to Delivery Unit	26.7%	6/
Machinable Parcels Dispatched loose in OTRs to Service Area to Delivery Unit	60.3%	6/
Machinable Parcels Dispatched in OWC to Delivery Unit	13.0%	6/
Non-Machinable Parcels Dispatched Bedloaded to Delivery Unit	26.7%	7/
Non-Machinable Parcels Dispatched in OTRs to Delivery Unit	60.3%	7/
Non-Machinable Parcels Dispatched in Hampers/APC/OWC (OWC) to Delivery Unit	13.0%	7/

Sources

- 1/: Docket No. R97-1 USPS LR-H-131, Table 1. Assume 61.6 of bedloaded is loose and 38.4 is sacked.
Assume 81.6 percent of mail in OTRs is loose and 18.4 percent is sacked (Docket No. R97-1, LR-H-132, page 277).
- 2/: Assumptions that 100 percent of parcels going from BMC to BMC will be in Postal Paks.
- 3/: Unload Profile and # of handlings are from Docket No. R97-1 USPS-LR-H-131, Table 2.
- 4/: Docket No. R97-1 USPS LR-H-132, Attachment 1, page 274.
- 5/: Docket No. R97-1 USPS LR-H-132, Attachment 3, page 278.
- 6/: Assume same as dispatch profile as BMC, but sacks in OTRs get bedloaded.
- 7/: Use Dispatch profile of machinables as a proxy, use bedloaded sacks for bedloaded NMOs.

Piggyback Factors, Wages, Mail Flow Operating Assumptions

Wage Rate with Premium Pay Factor Applied	30.5933	1/
Premium Pay Factor	0.992	2/
TY Other mail processing wage rate	\$30.840	3/
Window Service Adjustment Factor	1.137	4/
Window Service Base year wage rate	28.422	5/
Window Service Test year wage rate	32.306	6/
Mail Processing Operation Specific Piggyback Factors		
NMO Sorting at BMC	1.567	7/
Other Operations at BMCs	1.482	7/
Platform BMC	1.784	7/
Parcel Sorting Machine	2.140	7/
Sack Sorting Machine - BMC	2.075	7/
NMO Sorting at SCF	1.501	7/
Platform Non-BMC	1.655	7/
NonMODS Allied	1.473	7/
NonMODSMANP	1.458	7/
Window Service Piggyback factor (Parcel Post)	1.465	8/
Secondary PSM (unit costs)	0.063	9/
Mail Flow Operating Assumptions		
Percent with direct transportation to destinating delivery unit from BMC	12.3%	10/
Percent Sorted to 5-Digits by Primary Parcel Sorting Machine	20.1%	11/
Destinating BMCs will feed barcoded destinating mail unfiltered to secondary	20.8%	12/
Probability that mail fed directly to nonspecific secondary will receive more than one sort	50.0%	13/
Probability that barcode on secondary will not be readable	3.0%	14/
Proportion of parcel singulators (SSIU) being at secondary	100.0%	15/
Proportion sent from secondary to primary due to SSIU	3.0%	16/
Probability of Inter-BMC parcel going to primary psm at destination BMC	85.7%	17/
Probability of Inter-BMC parcel being handled by SSIU in destination BMC	94.5%	18/
Probability of Intra-BMC and DBMC parcels going to primary psm (or get keyed)	102.40%	19/
Probability of Intra-BMC and DBMC on secondary psm	79.9%	20/
Probability that NMOs will NOT be inducted on the conveyor system (not used for NMOs over 108	41.2%	21/
Probability that NMOs will be NOT be moved using towveyor (not used for pallets)	31.4%	21/

Sources

- 1/: (2) x (3).
- 2/: Docket No. R2001-1, USPS-T-15, Attachment 14 (all facilities premium pay factor).
- 3/: Docket No. R2001-1, LR-J-55, part VIII, page 2 (other mail processing wage rate).
- 4/: (6) / (5).
- 5/: Docket No. R2001-1, LR-J-55, part VIII, page 2 (base-year wage rate).
- 6/: Docket No. R2001-1, LR-J-55, part VIII, page 2 (test-year wage rate).
- 7/: Docket No. R2001-1, USPS-T-15, Attachment 12 (operation specific piggyback factor).
- 8/: Docket No. R2001-1, USPS-T-15, Attachment 10 (window service piggyback factor).
- 9/: Docket R2001-1, USPS-T15, Attachment 12, page 2 (w/keying labor unit piggyback cost).
- 10/: USPS LR-PCR-40, page 64.
- 11/: Docket R2001-1, USPS LR-J-64, Attachment J, page 1, [10].
- 12/: Docket R2001-1, USPS LR-J-64, Attachment J, page 1, [9].
- 13/: Assumption that mail going to secondary PSM will be evenly split between scheme 1 and scheme 2.
- 14/: Assumption used by Operations.
- 15/: Assumption used by Operations.
- 16/: (14) x (15).
- 17/: $[1 - (12)] + [(16) \times (12)] + \{[(1) - (12)] \times [(1) - (11)] \times (16)\} + \{(11) \times (12) \times [(1) - (16)]\}$.
- 18/: $(12) + [(1) \times (13)] + [1 - (12)] \times [(1) - (11)]$.
- 19/: $1 + [1 - (11)] \times (16)$.
- 20/: $1 - (11)$.
- 21/: Docket R2001-1, USPS LR-J-64, Attachment J, page 1, [11].

Other Inputs

FY2000 Volumes

	Percents		machinable [3]	NMO		Total [6]
	% mach [1]	% over [2]		(non oversize) [4]	Oversize [5]	
Inter-BMC	96.8%	0.038%	46,147,175	1,520,691	18,095	47,685,961
Intra-BMC	96.0%	0.048%	30,907,835	1,282,998	15,520	32,206,353
DBMC	94.0%	0.139%	189,189,330	11,872,241	279,184	201,340,754
DSCF	94.0%	0.139%	4,573,776	287,019	6,749	4,867,545
DDU	94.0%	0.139%	35,769,102	2,244,626	52,784	38,066,512
Total			306,587,217	17,207,575	372,332	324,167,125

Calculation of Percent of Inter and Intra entered at origin AO

Percent of inter-BMC that is retail	36.7%	1/
Percent of intra-BMC that is retail	32.2%	2/

Average Cubic Feet of Parcel Post

	[7]
Machinable	0.597
Non-machinable	2.244
Oversize	6.692

Sources

Rows (1&2): Docket R2001-1, LR-J-64, Attachment A, page 6.

Column [1]: Docket R2001-1, LR-J-67, Attachment A, page 6. Machinable volume / total volume.

Column [2]: Docket R2001-1, LR-J-67, Attachment A, page 6. Nonmachinable volume / total nonmachinable volume.

Column [3]: Column [1] * column [6].

Column [4]: Column [6] - column [3] - column [5].

Column [5]: Column [2] * column [6].

Column [6]: FY2000 RPW volumes.

Column [7]: Docket No. R2001-1, LR-J-67. Cubic feet / Volume.

Conversion Factor Calculations

Container Type	Outside Dim. Per Container (Inches) [1]	Inside Dim. Per Container (Inches) [2]	Cubic Feet Per Container [3]	Effective Parcel Capacity (# of Parcels) [4]	Capacity at Average Fullness (# of Parcels) [5]	Average % FULL [6]
Machinable						
Pallet	48x40x48	48x40x48	53.3	89.3	75.9	85%
Postal Pak	48x40x69	46.5x38.5x69	71.5	108.8	92.5	85%
Pallet Box	48x40x69	46.5x38.5x69	71.5	108.8	95.8	88%
Pallet Box (for space)	48x40x70	46.5x38.5x70	71.5	108.8	81.6	75%
Sacks on In-house Container	65x41.5x36	65x41.5x36	56.2	85.5	72.7	85%
NMOs						
Pallet	48x40x48	48x40x48	53.3	23.8	23.8	100%
Pallet Box	48x40x69	46.5x38.5x69	71.5	29.0	24.6	85%
In-house Container	65x41.5x36	65x41.5x36	56.2	22.8	19.4	85%
Oversize NMOs						
108"-130" on Pallet	48x40x48	48x40x48	53.3	8.0	8.0	100%
108"-130" in IHC	65x41.5x36	65x41.5x36	56.2	7.6	7.6	100%

Pieces Per Container	Machinable		Nonmachinable		108"-130"
	R0-1 (FY98) [7]	R01-1 (FY00) [8]	R2000 [9]	R01-1 (FY00) [10]	(R01-1 (FY00) [11])
Sack	5.1	5.0	n/a	n/a	n/a
Sack in OTR	81.8	79.6	n/a	n/a	n/a
OTR	69.0	67.2	27.1	24.1	8.1
APC	35.7	34.7	14.0	12.4	4.2
Hamper	23.0	22.4	9.0	8.0	2.7

	Cubic Feet Per Parcel Post			No. of Sacks	No. of Sacks
	Machinable [12]	NMO [13]	108"-130" [14]	on IHC [15]	on Postal Pak [16]
R2001 (BY00)	0.597	2.244	6.69	14.61	18.59
R2000 (BY98)	0.581	1.992			

Sources

- Columns [1 & 2]: Container Methods, Handbook PO-502 (September 1992), USPS LR-H-133.
- Column [3]: (Length * width * height) / (12*12*12).
- Column [4]: (Column [3]) / ((column [13]) * air factor), to account for "effective cube" and (column [3]) / ((column [14]) * air factor) and (column [3]) / ((column [16]) * air factor).
Air factor =1 for pallets, and 1.1 for all else.
- Column [5]: Effective cubic capacity (column [4]) * average % fullness (column [6]).
- Column [6]: Pallets, postal paks and IHCs should be as full as practicable before dispatch so it is reasonable to assume these containers will be at least 85% full.
The majority of pallet boxes come from mailers who must have 75 percent full boxes, and tend to fill them to maximize capacity.
Therefore 88 percent, the average of 75 and 100 percent was used.
- Column [7]: Docket No. R84-1, Exhibit USPS-141.
- Column [8]: Pieces per container in Docket No. R84-1 (column [7]) * FY82 cubic feet per piece (column [14]) / FY98 cubic feet per piece (column [14]).
- Column [9]: Docket No. R84-1, Exhibit USPS-141.
- Column [10]: Pieces per container in Docket No. R84-1 (column [9]) * FY82 cubic feet per piece (column [14]) / FY98 cubic feet per piece (column [14]).
- Column [11]: Column [10] * column [13] / column [15].
- Column [12]: Attachment C, page 5, column [7], machinable parcels.
- Column [13]: Attachment C, page 5 column [7], non-machinable parcels.
- Column [14]: Attachment C, page 5, column [7], oversize parcels.
- Column [15]: No. of parcels on IHC (column 5) divided by no. of parcels in a sack (column 8).
- Column [16]: No of parcels on a parcel (column5) divided by no. of parcels in a sack (column 8).

Intra-BMC Machinable Mail Processing Cost Model

	[1] # handlings	[2] units/hr	[3] conversion	[4] piggyback	[5] \$ per oper.	[6] \$ per facility
Origin AO¹						\$0.067
Move Containers to Dock	0.3221	28.0	28.5	1.47	\$0.056	\$0.018
Load Containers	0.3221	10.4	28.5	1.47	\$0.152	\$0.049
Origin SCF						\$0.417
Unload Containers ²	1.0000				\$0.056	\$0.056
Crossdock containers	1.0000	7.0	28.5	1.66	\$0.253	\$0.253
Bedload Sacks	0.0434	181.8	5.0	1.66	\$0.056	\$0.002
Bedload loose	0.0696	175.9	1	1.66	\$0.288	\$0.020
Load Sacks in OTRs	0.1152	10.4	79.6	1.66	\$0.061	\$0.007
Load Loose in OTRs	0.5108	10.4	67.2	1.66	\$0.073	\$0.037
Load Pallets	0.0160	13.3	75.9	1.66	\$0.050	\$0.001
Load Pallet Boxes	0.0090	13.3	95.8	1.66	\$0.040	\$0.000
Load OWCs	0.2360	10.4	28.5	1.66	\$0.171	\$0.040
Destination BMC						\$0.613
Unload Bedload Sack	0.0434	186.2	5.0	1.78	\$0.059	\$0.003
Unload Bedload Loose	0.0696	620.1	1.0	1.78	\$0.088	\$0.006
Unload Sacks in OTR	0.1152	20.7	79.6	1.78	\$0.033	\$0.004
Unload loose in OTR	0.5108	20.7	67.2	1.78	\$0.039	\$0.020
Unload Pallet	0.0160	12.2	75.9	1.78	\$0.059	\$0.001
Unload Pallet Boxes	0.0090	12.2	95.8	1.78	\$0.047	\$0.000
Unload Other Wheeled Cont.	0.2360	20.7	28.5	1.78	\$0.092	\$0.022
Dump OTR of sacks	0.1152	6.5	79.6	1.48	\$0.088	\$0.010
Dump OTR of loose	0.5108	6.5	67.2	1.48	\$0.105	\$0.053
Dump Pallet	0.0160	6.5	75.9	1.48	\$0.092	\$0.001
Dump Pallet Boxes	0.0090	6.5	95.8	1.48	\$0.073	\$0.001
Dump Other Wheeled Cont.	0.2360	6.5	28.5	1.48	\$0.246	\$0.058
Sack Sorter	0.1586	420.0	5.0	2.08	\$0.030	\$0.005
Sack shakeout	0.1586	72.3	5.0	1.48	\$0.126	\$0.020
O. Primary (scan)	1.0240	813.0	1.0	2.14	\$0.081	\$0.082
Secondary (scan)	0.7991			0.06	\$0.063	\$0.051
Sweep Runouts OTR	0.7327	5.4	67.2	1.48	\$0.125	\$0.091
Sack and Tie	0.2673	125.4	1.0	1.48	\$0.362	\$0.097
Bedload Sacks	0.2384	181.8	5.0	1.78	\$0.060	\$0.014
Load OTRs w/ sacks	0.0289	10.4	79.6	1.78	\$0.066	\$0.002
Load OTRs w/ loose	0.6025	10.4	67.2	1.78	\$0.078	\$0.047
Load Hampers/OWC	0.1302	10.4	28.5	1.78	\$0.185	\$0.024
Destination SCF						\$0.224
Unload Bedload Sacks	0.2091	153.5	5.0	1.66	\$0.066	\$0.014
Unload Sacks in OTR	0.0253	20.7	79.6	1.66	\$0.031	\$0.001
Unload loose in OTR	0.5284	20.7	67.2	1.66	\$0.036	\$0.019
Unload OWC	0.1142	20.7	28.5	1.66	\$0.086	\$0.010
Crossdock IHC (Bedload Sack)	0.2091	7.0	72.7	1.66	\$0.099	\$0.021
Crossdock Sacks in OTR	0.0253	7.0	79.6	1.66	\$0.091	\$0.002
Crossdock loose in OTR	0.5284	7.0	67.2	1.66	\$0.108	\$0.057
Crossdock OWC	0.1142	7.0	28.5	1.66	\$0.253	\$0.029
Bedload Sacks	0.2344	181.8	5.0	1.66	\$0.056	\$0.013
Load OTRs w/ loose	0.5284	10.4	67.2	1.66	\$0.073	\$0.038
Load Hampers/OWC	0.1142	10.4	28.5	1.66	\$0.171	\$0.020
Destination Delivery Unit						\$0.208
Unload Bedload Sacks	0.2673	153.5	5.0	1.66	\$0.066	\$0.018
Unload loose in OTR	0.6025	20.7	67.2	1.66	\$0.036	\$0.022
Unload OWC	0.1302	20.7	28.5	1.66	\$0.086	\$0.011
Dump Sacks	0.2673	110.4	5.0	1.66	\$0.092	\$0.025
Move Containers from Dock	1.0000	28.0	45.5	1.47	\$0.035	\$0.035
Sort Parcels	1.0000	460.6	1.0	1.46	\$0.097	\$0.097

Model Cost	\$1.528
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Sources

- Column [1]: Attachment C, page 3 (arrival and dispatch profiles).
- Column [2]: Attachment C, page 2 (units per workhour).
- Column [3]: Attachment C, page 6 (conversion factors).
- Column [4]: Attachment C, page 4 (piggyback factors).
- Column [5]: (TY wage rate * column [4]) / (column [2] * column [3]).
- Column [6]: (column [1] * column [5]).

¹ Number of Handlings at Origin AO from Attachment C, page 5.

² Unload Containers cost at OSCF uses the average cost of unloading containers at origin BMC as proxy.

Intra-BMC Non-machinable Mail Processing Cost Model

	[1] # handlings	[2] units/hr	[3] conversion	[4] piggyback	[5] \$ per oper.	[6] \$ per facility
Origin AO¹						\$0.187
Move Containers to Dock	0.3221	28.0	10.2	1.47	\$0.157	\$0.051
Load Containers	0.3221	10.4	10.2	1.47	\$0.425	\$0.137
Origin SCF						\$1.125
Unload Containers ²	1.0000				\$0.152	\$0.152
Crossdock containers	1.0000	7.0	10.2	1.66	\$0.706	\$0.706
Bedload NMOs	0.0400	175.9	1.0	1.66	\$0.288	\$0.012
Load NMOs in OTRs	0.7250	10.4	24.1	1.66	\$0.203	\$0.147
Load NMOs in OWCs	0.2220	10.4	10.2	1.66	\$0.477	\$0.106
Load NMOs on Pallets	0.0130	13.3	23.8	1.66	\$0.160	\$0.002
Destination BMC						\$1.001
Unload Bedloaded NMOs	0.0400	160.7	1.0	1.78	\$0.340	\$0.014
Unload NMOs in OTRs	0.7250	20.7	24.1	1.78	\$0.109	\$0.079
Unload NMOs in OWC	0.2220	20.7	10.2	1.78	\$0.257	\$0.057
Unload NMOs on Pallets	0.0130	12.2	23.8	1.78	\$0.188	\$0.002
Move IHCs (from bedload)	0.0165	14.0	19.4	1.48	\$0.167	\$0.003
Move OTRs	0.2988	14.0	24.1	1.48	\$0.134	\$0.040
Move OWC	0.0915	14.0	10.2	1.48	\$0.316	\$0.029
Move Pallets	0.0054	14.0	23.8	1.48	\$0.136	\$0.001
D. Primary NMO Sort	1.0000	100.0	1.0	1.57	\$0.479	\$0.479
Move IHCs	0.0405	14.0	22.8	1.48	\$0.142	\$0.006
Move OTRs	0.1681	14.0	24.1	1.48	\$0.134	\$0.023
Move OWC	0.0078	14.0	10.2	1.48	\$0.316	\$0.002
Move Pallets	0.3098	14.0	23.8	1.48	\$0.136	\$0.042
Bedload from IHC	0.1291	175.9	1.0	1.78	\$0.310	\$0.040
Load NMOs in OTRs	0.5363	10.4	24.1	1.78	\$0.219	\$0.117
Load NMOs in OWC	0.0248	10.4	10.2	1.78	\$0.514	\$0.013
Load NMOs on Pallet	0.3098	13.3	23.8	1.78	\$0.172	\$0.053
Destination SCF						\$0.759
Unload Bedload to IHC	0.1061	153.5	1.0	1.66	\$0.330	\$0.035
Unload OTRs	0.4407	20.7	24.1	1.66	\$0.101	\$0.045
Unload OWC	0.0204	20.7	10.2	1.66	\$0.239	\$0.005
Unload Pallet	0.3098	12.2	23.8	1.66	\$0.174	\$0.054
Move IHC	0.1061	14.0	19.4	1.66	\$0.187	\$0.020
Move OTRs	0.4407	14.0	24.1	1.66	\$0.150	\$0.066
Move OWC	0.0204	14.0	10.2	1.66	\$0.353	\$0.007
Move Pallet	0.3098	14.0	23.8	1.66	\$0.152	\$0.047
Manual Sort	0.8770	497.7	1.0	1.50	\$0.092	\$0.081
Move IHC	0.2443	14.0	19.4	1.66	\$0.187	\$0.046
Move OTRs	0.5069	14.0	24.1	1.66	\$0.150	\$0.076
Move OWC	0.1258	14.0	10.2	1.66	\$0.353	\$0.044
Bedload NMOs	0.2443	175.9	1.0	1.66	\$0.288	\$0.070
Load OTRs w/ loose	0.5069	10.4	24.1	1.66	\$0.203	\$0.103
Load Hampers/OWC	0.1258	10.4	10.2	1.66	\$0.477	\$0.060
Destination Delivery Unit						\$0.377
Unload Bedload NMOs	0.2673	153.5	1.0	1.66	\$0.330	\$0.088
Unload loose in OTR	0.6025	20.7	24.1	1.66	\$0.101	\$0.061
Unload OWC	0.1302	20.7	10.2	1.66	\$0.239	\$0.031
Move Containers from Dock	1.0000	28.0	16.1	1.47	\$0.100	\$0.100
Sort Parcels	1.0000	460.6	1.0	1.46	\$0.097	\$0.097
Model Cost						\$3.449

Column [1]: Attachment C, page 3 (arrival and dispatch profiles).
Column [2]: Attachment C, page 2 (units per workhour).
Column [3]: Attachment C, page 6 (conversion factors).
Column [4]: Attachment C, page 4 (piggyback factors).
Column [5]: (TY wage rate * column [4]) / (column [2] * column [3]).
Column [6]: (column [1] * column [5]).

¹ Number of Handlings at Origin AO from Attachment C, page 5.

² Unload Containers cost at OSCF uses the average cost of unloading containers at origin BMC as proxy.

Intra-BMC Non-machinable Oversize Mail Processing Cost Model
Length plus Girth Between 108" and 130"

	[1] # handlings	[2] units/hr	[3] conversion	[4] piggyback	[5] \$ per oper.	[6] \$ per facility
Origin AO¹						\$0.559
Move Containers to Dock	0.3221	28.0	3.4	1.47	\$0.468	\$0.151
Load Containers	0.3221	10.4	3.4	1.47	\$1.267	\$0.408
Origin SCF						\$3.305
Unload Containers ²	1.0000				\$0.428	\$0.428
Crossdock containers	1.0000	7.0	3.4	1.66	\$2.105	\$2.105
Bedload NMOs	0.0400	175.9	1.0	1.66	\$0.288	\$0.012
Load NMOs in OTRs	0.7250	10.4	8.1	1.66	\$0.605	\$0.439
Load NMOs in OWCs	0.2220	10.4	3.4	1.66	\$1.423	\$0.316
Load NMOs on Pallets	0.0130	13.3	8.0	1.66	\$0.476	\$0.006
Destination BMC						\$2.183
Unload Bedloaded to IHC	0.0400	153.5	1.0	1.78	\$0.356	\$0.014
Unload NMOs in OTRs	0.7250	20.7	8.1	1.78	\$0.326	\$0.236
Unload NMOs in OWC	0.2220	20.7	3.4	1.78	\$0.767	\$0.170
Unload NMOs on Pallets	0.0130	12.2	8.0	1.78	\$0.561	\$0.007
Move IHC	0.0400	14.0	7.6	1.48	\$0.424	\$0.017
Move OTR	0.7250	14.0	8.1	1.48	\$0.401	\$0.290
Move OWC	0.2220	14.0	3.4	1.48	\$0.943	\$0.209
Move Pallet	0.0130	14.0	8.0	1.48	\$0.406	\$0.005
D. Primary NMO Sort	1.0000	100.0	1.0	1.57	\$0.479	\$0.479
Move IHC	0.0125	14.0	7.6	1.48	\$0.424	\$0.005
Move OTR	0.2273	14.0	8.1	1.48	\$0.401	\$0.091
Move OWC	0.0696	14.0	3.4	1.48	\$0.943	\$0.066
Move Pallet	0.0130	14.0	8.0	1.48	\$0.406	\$0.005
Bedload from IHC	0.1291	175.9	1.0	1.78	\$0.310	\$0.040
Load NMOs in OTRs	0.5363	10.4	8.1	1.78	\$0.652	\$0.350
Load NMOs on Pallet	0.3098	13.3	8.0	1.78	\$0.513	\$0.159
Load NMOs in OWC	0.0248	10.4	3.4	1.78	\$1.534	\$0.038
Destination SCF						\$1.865
Unload Bedload to IHC	0.1061	153.5	1.0	1.66	\$0.330	\$0.035
Unload OTRs	0.4407	20.7	8.1	1.66	\$0.302	\$0.133
Unload Pallet	0.3098	12.2	8.0	1.66	\$0.520	\$0.161
Unload OWC	0.0204	20.7	3.4	1.66	\$0.711	\$0.014
Move IHC	0.1061	14.0	7.6	1.66	\$0.473	\$0.050
Move OTRs	0.4407	14.0	8.1	1.66	\$0.447	\$0.197
Move Pallet	0.3098	14.0	8.0	1.66	\$0.453	\$0.140
Move OWC	0.0204	14.0	3.4	1.66	\$1.053	\$0.021
Manual Sort	0.8770	497.7	1.0	1.50	\$0.092	\$0.081
Move IHC	0.2443	14.0	7.6	1.66	\$0.473	\$0.116
Move OTRs	0.5069	14.0	8.1	1.66	\$0.447	\$0.227
Move OWC	0.1258	14.0	3.4	1.66	\$1.053	\$0.132
Bedload NMOs	0.2443	175.9	1.0	1.66	\$0.288	\$0.070
Load OTRs w/ loose	0.5069	10.4	8.1	1.66	\$0.605	\$0.307
Load Hampers/OWC	0.1258	10.4	3.4	1.66	\$1.423	\$0.179
Destination Delivery Unit						\$0.748
Unload Bedload NMOs	0.2673	153.5	1.0	1.66	\$0.330	\$0.088
Unload loose in OTR	0.6025	20.7	8.1	1.66	\$0.302	\$0.182
Unload OWC	0.1302	20.7	3.4	1.66	\$0.711	\$0.093
Move Containers from Dock	1.0000	28.0	5.6	1.47	\$0.288	\$0.288
Sort Parcels	1.0000	460.6	1.0	1.46	\$0.097	\$0.097

Model Cost	\$8.660
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Sources

- Column [1]: Attachment C, page 3 (arrival and dispatch profiles).
- Column [2]: Attachment C, page 2 (units per workhour).
- Column [3]: Attachment C, page 6 (conversion factors).
- Column [4]: Attachment C, page 4 (piggyback factors).
- Column [5]: (TY wage rate * column [4]) / (column [2] * column [3]).
- Column [6]: (column [1] * column [5]).

¹ Number of Handlings at Origin AO from Attachment C, page 5.

² Unload Containers cost at OSCF uses the average cost of unloading containers at origin BMC as proxy.

RBMC Machinable Mail Processing Cost Model

	[1] # handlings	[2] units/hr	[3] conversion	[4] piggyback	[5] \$ per oper.	[6] \$ per facility
Origin AO¹						\$0.209
Move Containers to Dock	1.0000	28.0	28.5	1.47	\$0.056	\$0.056
Load Containers	1.0000	10.4	28.5	1.47	\$0.152	\$0.152
Origin SCF						\$0.417
Unload Containers ²	1.0000				\$0.056	\$0.056
Crossdock containers	1.0000	7.0	28.5	1.66	\$0.253	\$0.253
Bedload Sacks	0.0434	181.8	5.0	1.66	\$0.056	\$0.002
Bedload loose	0.0696	175.9	1	1.66	\$0.288	\$0.020
Load Sacks in OTRs	0.1152	10.4	79.6	1.66	\$0.061	\$0.007
Load Loose in OTRs	0.5108	10.4	67.2	1.66	\$0.073	\$0.037
Load Pallets	0.0160	13.3	75.9	1.66	\$0.050	\$0.001
Load Pallet Boxes	0.0090	13.3	95.8	1.66	\$0.040	\$0.000
Load OWCs	0.2360	10.4	28.5	1.66	\$0.171	\$0.040
Destination BMC						\$0.775
Unload Bedload Sack	0.0434	186.2	5.0	1.78	\$0.059	\$0.003
Unload Bedload Loose	0.0696	620.1	1.0	1.78	\$0.088	\$0.006
Unload Sacks in OTR	0.1152	20.7	79.6	1.78	\$0.033	\$0.004
Unload loose in OTR	0.5108	20.7	67.2	1.78	\$0.039	\$0.020
Unload Pallet	0.0160	12.2	75.9	1.78	\$0.059	\$0.001
Unload Pallet Boxes	0.0090	12.2	95.8	1.78	\$0.047	\$0.000
Unload Other Wheeled Cont.	0.2360	20.7	28.5	1.78	\$0.092	\$0.022
Dump OTR of sacks	0.1152	6.5	79.6	1.48	\$0.088	\$0.010
Dump OTR of loose	0.5108	6.5	67.2	1.48	\$0.105	\$0.053
Dump Pallet	0.0160	6.5	75.9	1.48	\$0.092	\$0.001
Dump Pallet Boxes	0.0090	6.5	95.8	1.48	\$0.073	\$0.001
Dump Other Wheeled Cont.	0.2360	6.5	28.5	1.48	\$0.246	\$0.058
Sack Sorter	0.1586	420.0	5.0	2.08	\$0.030	\$0.005
Sack shakeout	0.1586	72.3	5.0	1.48	\$0.126	\$0.020
O. Primary (scan)	1.0240	813.0	1.0	2.14	\$0.081	\$0.082
Secondary (scan)	0.7991			0.06	\$0.063	\$0.051
Sort parcels to mailer	1.0000	125.4	1.0	1.48	\$0.362	\$0.362
Move Pallets	1.0000	14.0	95.8	1.48	\$0.034	\$0.034
Load Pallet Boxes	1.0000	13.3	95.8	1.78	\$0.043	\$0.043

Model Cost	\$1.401
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Sources

- Column [1]: Attachment C, page 3 (arrival and dispatch profiles).
- Column [2]: Attachment C, page 2 (units per workhour).
- Column [3]: Attachment C, page 6 (conversion factors).
- Column [4]: Attachment C, page 4 (piggyback factors).
- Column [5]: (TY wage rate * column [4]) / (column [2] * column [3]).
- Column [6]: (column [1] * column [5]).

¹Assumption that all RBMC will be entered at origin AO.

²Unload Containers cost at OSCF uses the average cost of unloading containers at origin BMC as proxy.

RBMC Non-machinable Mail Processing Cost Model

	[1] # handlings	[2] units/hr	[3] conversion	[4] piggyback	[5] \$ per oper.	[6] \$ per facility
Origin AO¹						\$0.582
Move Containers to Dock	1.0000	28.0	10.2	1.47	\$0.157	\$0.157
Load Containers	1.0000	10.4	10.2	1.47	\$0.425	\$0.425
Origin SCF						\$1.125
Unload Containers ²	1.0000				\$0.152	\$0.152
Crossdock containers	1.0000	7.0	10.2	1.66	\$0.706	\$0.706
Bedload NMOs	0.0400	175.9	1.0	1.66	\$0.288	\$0.012
Load NMOs in OTRs	0.7250	10.4	24.1	1.66	\$0.203	\$0.147
Load NMOs in OWCs	0.2220	10.4	10.2	1.66	\$0.477	\$0.106
Load NMOs on Pallets	0.0130	13.3	23.8	1.66	\$0.160	\$0.002
Destination BMC						\$1.509
Unload Bedloaded NMOs	0.0400	160.7	1.0	1.78	\$0.340	\$0.014
Unload NMOs in OTRs	0.7250	20.7	24.1	1.78	\$0.109	\$0.079
Unload NMOs in OWC	0.2220	20.7	10.2	1.78	\$0.257	\$0.057
Unload NMOs on Pallets	0.0130	12.2	23.8	1.78	\$0.188	\$0.002
Move IHCs (from bedload)	0.0165	14.0	19.4	1.48	\$0.167	\$0.003
Move OTRs	0.2988	14.0	24.1	1.48	\$0.134	\$0.040
Move OWC	0.0915	14.0	10.2	1.48	\$0.316	\$0.029
Move Pallets	0.0054	14.0	23.8	1.48	\$0.136	\$0.001
D. Primary NMO Sort	1.0000	100.0	1.0	1.57	\$0.479	\$0.479
Move NMOs to Mach runoff	1.0000	14.0	23.8	1.48	\$0.136	\$0.136
Sort by Mailer ID	1.0000	100.0	1.0	1.57	\$0.479	\$0.479
Move Pallets	1.0000	14.0	23.8	1.48	\$0.136	\$0.136
Load NMOs on Pallet	0.3098	13.3	23.8	1.78	\$0.172	\$0.053

Model Cost	\$3.216
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Sources

- Column [1]: Attachment C, page 3 (arrival and dispatch profiles).
- Column [2]: Attachment C, page 2 (units per workhour).
- Column [3]: Attachment C, page 6 (conversion factors).
- Column [4]: Attachment C, page 4 (piggyback factors).
- Column [5]: (TY wage rate * column [4]) / (column [2] * column [3]).
- Column [6]: (column [1] * column [5]).

¹Assumption that all RBMC will be entered at origin AO.

²Unload Containers cost at OSCF uses the average cost of unloading containers at origin BMC as proxy.

RBMC Non-machinable Oversize Mail Processing Cost Model
Length plus Girth Between 108" and 130"

	[1] # handlings	[2] units/hr	[3] conversion	[4] piggyback	[5] \$ per oper.	[6] \$ per facility
Origin AO¹						\$1.735
Move Containers to Dock	1.0000	28.0	3.4	1.47	\$0.468	\$0.468
Load Containers	1.0000	10.4	3.4	1.47	\$1.267	\$1.267
Origin SCF						\$3.305
Unload Containers ²	1.0000				\$0.428	\$0.428
Crossdock containers	1.0000	7.0	3.4	1.66	\$2.105	\$2.105
Bedload NMOs	0.0400	175.9	1.0	1.66	\$0.288	\$0.012
Load NMOs in OTRs	0.7250	10.4	8.1	1.66	\$0.605	\$0.439
Load NMOs in OWCs	0.2220	10.4	3.4	1.66	\$1.423	\$0.316
Load NMOs on Pallets	0.0130	13.3	8.0	1.66	\$0.476	\$0.006
Destination BMC						\$3.230
Unload Bedloaded to IHC	0.0400	153.5	1.0	1.78	\$0.356	\$0.014
Unload NMOs in OTRs	0.7250	20.7	8.1	1.78	\$0.326	\$0.236
Unload NMOs in OWC	0.2220	20.7	3.4	1.78	\$0.767	\$0.170
Unload NMOs on Pallets	0.0130	12.2	8.0	1.78	\$0.561	\$0.007
Move IHC	0.0400	14.0	7.6	1.48	\$0.424	\$0.017
Move OTR	0.7250	14.0	8.1	1.48	\$0.401	\$0.290
Move OWC	0.2220	14.0	3.4	1.48	\$0.943	\$0.209
Move Pallet	0.0130	14.0	8.0	1.48	\$0.406	\$0.005
D. Primary NMO Sort	1.0000	100.0	1.0	1.57	\$0.479	\$0.479
Move NMOs to Mach runoff	1.0000	14.0	8.0	1.48	\$0.406	\$0.406
Sort by Mailer ID	1.0000	100.0	1.0	1.57	\$0.479	\$0.479
Move Pallet	1.0000	14.0	8.0	1.48	\$0.404	\$0.404
Load NMOs on Pallet	1.0000	13.3	8.0	1.78	\$0.511	\$0.511
Model Cost						\$8.271

Sources

Column [1]: Attachment C, page 3 (arrival and dispatch profiles).

Column [2]: Attachment C, page 2 (units per workhour).

Column [3]: Attachment C, page 6 (conversion factors).

Column [4]: Attachment C, page 4 (piggyback factors).

Column [5]: (TY wage rate * column [4]) / (column [2] * column [3]).

Column [6]: (column [1] * column [5]).

¹Assumption that all RBMC will be entered at origin AO.

²Unload Containers cost at OSCF uses the average cost of unloading containers at origin BMC as proxy.

RDU Machinable Mail Processing Cost Model

	[1]	[2]	[3]	[4]	[5]	[6]
	# handlings	units/hr	conversion	piggyback	\$ per oper.	\$ per facility
Origin AO						\$0.153
Sort by Shipper ID	1.0000	460.6	1.0	1.46	\$0.097	\$0.097
Move Containers to Dock	1.0000	28.0	28.5	1.47	\$0.056	\$0.056
Load Containers	0.0000	10.4	28.5	1.47	\$0.152	\$0.000
Model Cost						\$0.153

Sources

- Column [1]: All RDU parcels will be sorted to shipper and moved to dock (USPS-T-1, Section VII).
- Column [2]: Attachment C, page 2 (units per workhour).
- Column [3]: Attachment C, page 6 (conversion factors).
- Column [4]: Attachment C, page 4 (piggyback factors).
- Column [5]: (TY wage rate * column [4]) / (column [2] * column [3]).
- Column [6]: (column [1] * column [5]).

RDU Non-machinable Mail Processing Cost Model

	[1] # handlings	[2] units/hr	[3] conversion	[4] piggyback	[5] \$ per oper.	[6] \$ per facility
Origin AO						\$0.254
Sort by Shipper ID	1.0000	460.6	1.0	1.46	\$0.097	\$0.097
Move Containers to Dock	1.0000	28.0	10.2	1.47	\$0.157	\$0.157
Load Containers	0.0000	10.4	10.2	1.47	\$0.425	\$0.000
Model Cost						\$0.254

- Column [1]: All RDU parcels will be sorted to shipper and moved to dock (USPS-T-1, Section VII).
- Column [2]: Attachment C, page 2 (units per workhour).
- Column [3]: Attachment C, page 6 (conversion factors).
- Column [4]: Attachment C, page 4 (piggyback factors).
- Column [5]: (TY wage rate * column [4]) / (column [2] * column [3]).
- Column [6]: (column [1] * column [5]).

RDU Oversize Mail Processing Cost Model
Length plus Girth Between 108" and 130"

	[1] # handlings	[2] units/hr	[3] conversion	[4] piggyback	[5] \$ per oper.	[6] \$ per facility
Origin AO						\$0.565
Sort by Shipper ID	1.0000	460.6	1.0	1.46	\$0.097	\$0.097
Move Containers to Dock	1.0000	28.0	3.4	1.47	\$0.468	\$0.468
Load Containers	0.0000	10.4	3.4	1.47	\$1.267	\$0.000
Model Cost						\$0.565

Sources

- Column [1]: All RDU parcels will be sorted to shipper and moved to dock (USPS-T-1, Section VII).
- Column [2]: Attachment C, page 2 (units per workhour).
- Column [3]: Attachment C, page 6 (conversion factors).
- Column [4]: Attachment C, page 4 (piggyback factors).
- Column [5]: (TY wage rate * column [4]) / (column [2] * column [3]).
- Column [6]: (column [1] * column [5]).

Storage Cost Estimates

	Mail Category			
	Machinable	Non-Machinable	Oversize	
# of pieces in Container (Pallet Box)	95.8	24.6	8.0	1/
Total Square Feet taken up by one container	13.3	13.3	13.3	2/
Cost of Space (\$/sf) - Annual	\$15.95	\$15.95	\$15.95	3/
Space Variability	1.000	1.000	1.000	4/
Space Support Factor	1.354	1.354	1.354	5/
Cost of Space (\$/sf) - Annual	\$21.60	\$21.60	\$21.60	6/
Cost per square foot - Daily (250 days)	\$0.09	\$0.09	\$0.09	7
Cost per Container	\$1.15	\$1.15	\$1.15	8/
Cost per piece per day	\$0.01	\$0.05	\$0.14	9
Storage Days Required				
RBMC	2	2	2	10/
RDU	5	5	5	11/
Cost by PRS Rate Category				
RBMC	\$0.024	\$0.094	\$0.289	12/
RDU	\$0.060	\$0.234	\$0.723	13/

Sources

- 1/: Attachment C, page 6 (Conversion factors).
- 2/: Calculation using dimensions of containers.
- 3/: R2001-1, USPS LR-J-52, page 241, line 19.
- 4/: Variability assumption implicit in data filed in Docket No. R2001-1.
- 5/: Docket No. R94-1, LR-G-120A, Schedule 5, page 1, line 39 and Schedule 4, page 1, line 44.
- 6/: (3) x (4) x (5).
- 7/: (6) / 250 days.
- 8/: (2) x (7).
- 9/: (8) / (1).
- 10/: Assumption from Product Definition (mailers must pick up RBMC parcels every 2 days).
- 11/: Assumption from Product Definition (mailers must pick up RDU parcels every 5 days).
- 12/: (9) x (10).
- 13/: (9) x (11).

Transportation Cost Estimate Summary

PRS Rate Category	Benchmark	Total Cost Impact per Cubic Foot [1]	Average Cubic Feet per Piece [2]	Total Cost Impact per Piece [3]
RBMC - Machinable	Intra-BMC	-\$1.673	0.597	-\$0.999
RBMC - Non-machinable	Intra-BMC	-\$1.673	2.244	-\$3.753
RBMC - Oversize	Intra-BMC	-\$1.673	6.692	-\$11.193
RDU - Machinable	Intra-BMC Local	-\$1.872	0.597	-\$1.118
RDU - Non-machinable	Intra-BMC Local	-\$1.872	2.244	-\$4.201
RDU - Oversize	Intra-BMC Local	-\$1.872	6.692	-\$12.530

Sources

[1]: Attachment E, page 2.

[2]: Attachment C, page 5.

[3]: [1] x [2].

Transportation Cost Difference Estimates

Assumed Legs of Transportation [1]

		Local	Intermediate	Long Distance
Intra-BMC	[1a]	1.92	1.92	0.00
RBMC	[1b]	1.00	1.00	0.00
RDU	[1c]	0.00	0.00	0.00

Benchmark Transportation Cost per Cubic Foot [2]

Zone	Intra-BMC			
	Local	Intermediate	Long Distance	Total
Local	\$0.931	\$0.942	N/A	\$1.872
1-2	\$1.607	\$1.883	N/A	\$3.490
3	\$1.607	\$1.883	N/A	\$3.490
4	\$1.607	\$1.883	N/A	\$3.490
5	\$1.607	\$1.883	N/A	\$3.490
6	N/A	N/A	N/A	N/A
7	N/A	N/A	N/A	N/A
8	N/A	N/A	N/A	N/A

PRS Transportation Cost per Cubic Foot [3]

(Benchmark) Zone	RBMC (Intra-BMC)				RDU (Intra-BMC)			
	Local	Intermediate	Long Distance	Total	Local	Intermediate	Long Distance	Total
Local	\$0.484	\$0.491	N/A	\$0.975	\$0.000	\$0.000	N/A	\$0.000
zone 1-2	\$0.835	\$0.982	N/A	\$1.817	\$0.000	\$0.000	N/A	\$0.000
3	\$0.835	\$0.982	N/A	\$1.817	\$0.000	\$0.000	N/A	\$0.000
4	\$0.835	\$0.982	N/A	\$1.817	\$0.000	\$0.000	N/A	\$0.000
5	\$0.835	\$0.982	N/A	\$1.817	\$0.000	\$0.000	N/A	\$0.000
6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

PRS Transportation Cost Impact per Cubic Foot [4]

(Benchmark) Zone	RBMC (Intra-BMC)				RDU (Intra-BMC)			
	Local	Intermediate	Long Distance	Total	Local	Intermediate	Long Distance	Total
Local	-\$0.447	-\$0.450	N/A	-\$0.898	-\$0.931	-\$0.942	N/A	-\$1.872
1-2	-\$0.772	-\$0.901	N/A	-\$1.673	-\$1.607	-\$1.883	N/A	-\$3.490
3	-\$0.772	-\$0.901	N/A	-\$1.673	-\$1.607	-\$1.883	N/A	-\$3.490
4	-\$0.772	-\$0.901	N/A	-\$1.673	-\$1.607	-\$1.883	N/A	-\$3.490
5	-\$0.772	-\$0.901	N/A	-\$1.673	-\$1.607	-\$1.883	N/A	-\$3.490
6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Sources

[1]: Assumed average number of legs of transportation.

[1a]: Docket No. R2001-1, USPS LR-J-64, Attachment B, page 9.

[1b]: RBMC will travel from origin AO to origin SCF (1 local leg) and from origin SCF to origin BMC (1 intermediate leg).

[1c]: Since mailers pick up RDU at origin AO, it will not incur any transportation legs.

[2]: Docket No. R2001-1, USPS LR-J-64, Attachment B, page 11.

[3]: Ratio of PSRS Rate Category transportation legs [1b&1c] to benchmark [1a] multiplied by benchmark cost [2].

[4]: PSRS transportation cost per cubic foot [3] minus benchmark transportation cost per cubic foot [2].

Scanning Cost Estimates

PRS Rate Category	Transaction Time (hours)	Wage Rate	Piggyback Factor	Cost per active scan	Number of active scans	Scan Cost
	[1]	[2]	[3]	[4]	[5]	[6]
RBMC - Machinable	0.0008	30.84	1.406	\$0.04	0	\$0.000
RBMC - Non-machinable	0.0008	30.84	1.406	\$0.04	0	\$0.000
RBMC - Oversize	0.0008	30.84	1.406	\$0.04	0	\$0.000
RDU - Machinable	0.0008	30.84	1.406	\$0.04	2	\$0.071
RDU - Non-machinable	0.0008	30.84	1.406	\$0.04	2	\$0.071
RDU - Oversize	0.0008	30.84	1.406	\$0.04	2	\$0.071

Sources

- [1]: Docket No. R97-1, USPS T-22.
- [2]: Docket No. R200101, USPS LR-J-55, Part VII.
- [3]: Docket No. R2001-1, USPS LR-J-52, Attachment 10.
- [4]: [1] x [2] x [3]. Follows methodology shown in Docket No. R2001-1 LR-J-135.
- [5]: Assumption taken from USPS product description.
- [6]: [4] x [5].

Postage Due Cost Estimates

RBMC	Value
Average Time per piece (minutes)	6.02 1/
Average Time per piece (hours)	0.10 2/
Wage Rate	\$30.77 3/
Piggyback Factor	1.457 4/
Postage Due Cost (for sampled parcels)	\$4.50 5/
Sampling Ratio	1.5% 6/
Postage Due Cost (for all parcels)	\$0.067 7/
RDU	\$0.00 8/

Sources

1/: Attachment H, page 4, column 7.

2/: (1) / 60 minutes.

3/: Clerk and Mailhandler wage rate, LR-J-50, Chapter 9B.

4/: Docket No. R2001-1, USPS-T-15, Attachment 10, piggyback for mods 18 BUSREPLY.

5/: (2) x (3) x (4).

6/: Attachment G, page 2.

7/: (5) x (6).

8/: Assumed to be insignificant postage due costs since information from the scanned barcodes will generate a daily postage due manifest.

Postage Due Sampling Ratio

USPS Sample Size by Volume Range [1]

Volume		Pieces
Lower Bound	Upper Bound	
1	299	10% of pieces
300	1,999	30 pieces
2,000	3,999	40 pieces
4,000	5,999	50 pieces
6,000	7,999	60 pieces
8,000	9,999	70 pieces
10,000	up	100 pieces

Daily Return Volume (5-day week) [2]

BMC	Pieces	Sample Size	Sampling Ratio
	[2]	[3]	[4]
Site A	2,500	40	1.6%
Site B	3,200	40	1.3%
Site C	1,100	30	2.7%
Site D	2,200	40	1.8%
Site E	4,400	50	1.1%
Total	13,400	200	1.5%

Sources

[1]: Supplied by the Business Mailer's Support HQ division.

[2]: Average returns per BMC per 5-day week.

Data collected by Marketing for existing customer

Data was collected in the Fall of 2002.

Postage Due

	Location A [1]										
USPS Return Technician	A	B	C	D	E	F	G	H	I	J	K
Pieces	30	30	30	30	30	30	30	30	30	30	30
Set Up	25	15	15	15	6	15	15	20	20	20	15
Selecting Samples	15	15	50	30	3	7	1	2	2	30	10
Weighing / Recording Samples	35	10	15	30	18	60	33	20	67	25	25
Matching Worksheet to Manifest	80	120	100	120	--	95	45	25	105	165	55
Validating Postage Statement to Manifest											
Transferring Postage Statement to Post Office											
Other (explanation)		135 meeting									
Post Office Tasks											
Permit System Entry of Postage Due	5	5	5	5	15	15	10	--	15	5	5
TOTAL											

Sources

- [1] through [4]: Data collected directly through survey.
- [5]: Only includes volume when have entered data.
- [6]: Sum of each row.
- [7]: [6] / [5].

Postage Due

USPS Return Technician	Location B [2]								
	A	B	C	D	E	F	G	H	I
Pieces	30	30	30	30	30	30	30	30	30
Set Up	2	2	5	2	3	2	2	2	2
Selecting Samples	10	6	14	6	7	8	8	8	4
Weighing / Recording Samples	20	35	9	21	20	30	20	28	16
Matching Worksheet to Manifest	25	21	30	22	27	25	28	25	18
Validating Postage Statement to Manifest	5	4	9	6	8	5	6	5	4
Transferring Postage Statement to Post Office	5	5	5	6	5	5	36	5	4
Other (explanation)									
Post Office Tasks									
Permit System Entry of Postage Due	5	8	7	15	15	10	5	5	15
TOTAL									

Sources

- [1] through [4]: Data collected directly through s
- [5]: Only includes volume when have entered d
- [6]: Sum of each row.
- [7]: [6] / [5].

Postage Due

USPS Return Technician	Location C [3] ¹							
	A	B	C	D	E	H ²	I	J
Pieces	45	40	45	50	50	80	40	40
Set Up	5	10	15	5	20	5	10	10
Selecting Samples	10	10	10	15	10	20	5	10
Weighing / Recording Samples	35	30	30	30	25	120	35	30
Matching Worksheet to Manifest	30	30	30	30	30	30	30	30
Validating Postage Statement to Manifest								
Transferring Postage Statement to Post Office								
Other	10	5	10	10	10			
(explanation)	travel	travel	travel	travel	travel			
Post Office Tasks								
Permit System Entry of Postage Due	10	10	15	10	30			
TOTAL								

Sources

[1] through [4]: Data collected directly through s
 [5]: Only includes volume when have entered d
 [6]: Sum of each row.
 [7]: [6] / [5].

Postage Due

	Location D [4]												
USPS Return Technician	A	B	C	D	E	F	G	H	I	J	K	L	M
Pieces	30	30	30	30	30	30	30	30	30	30	30	30	30
Set Up	55	35	25	25	30	30	21	29	30	31	30	20	30
Selecting Samples	34	30	--	31	45	25	34	--	63	45	33	32	40
Weighing / Recording Samples	38	28	35	85	70	55	87	65	65	70	37	85	75
Matching Worksheet to Manifest	80	70	70	95	75	67	92	75	80	75	65	90	105
Validating Postage Statement to Manifest	30	40	35	35	35	18	38	50	20	20	20	35	32
Transferring Postage Statement to Post Office													
Other													
(explanation)													
Post Office Tasks													
Permit System Entry of Postage Due													
TOTAL													

Sources

- [1] through [4]: Data collected directly through s
- [5]: Only includes volume when have entered d
- [6]: Sum of each row.
- [7]: [6] / [5].

Postage Due

	Volume	Time	
		Total	Per piece
USPS Return Technician	[5]	[6]	[7]
Pieces			
Set Up	1380	674	0.488405797
Selecting Samples	1320	738	0.559090909
Weighing / Recording Samples	1380	1667	1.207971014
Matching Worksheet to Manifest	1350	2410	1.785185185
Validating Postage Statement to Manifest	660	460	0.696969697
Transferring Postage Statement to Post Office	270	76	0.281
Other	260	180	0.692
(explanation)			
Post Office Tasks			
Permit System Entry of Postage Due	800	245	0.306
TOTAL			6.018

Sources

- [1] through [4]: Data collected directly through s
 [5]: Only includes volume when have entered d
 [6]: Sum of each row.
 [7]: [6] / [5].