

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

RATE AND SERVICE CHANGES TO IMPLEMENT  
BASELINE NEGOTIATED SERVICE AGREEMENT  
WITH BANK OF AMERICA CORPORATION

Docket No. MC2007-1

**RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS AYUB TO INTERROGATORIES OF THE OFFICE OF CONSUMER  
ADVOCATE (OCA/USPS-T1-44-46)  
(April 3, 2007)**

The United States Postal Service hereby provides the response of witness Ayub to the following interrogatories of the Office of Consumer Advocate: OCA/USPS-T1-44-46, filed on March 20, 2007. The interrogatories are stated verbatim and are followed by the response.

UNITED STATES POSTAL SERVICE

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## **RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS AYUB TO INTERROGATORIES OF THE OFFICE OF CONSUMER ADVOCATE**

**OCA/USPS-T1-44.** Please refer to your testimony, Appendix A. Also, please refer to the “Decision of the Governors of the United States Postal Service on the Opinion and Recommended Decision of the Postal Regulatory Commission on Changes in Postal Rates and Fees, Docket No. R2006-1,” dated March 19, 2007. Please provide revisions to Appendix A and to prior interrogatory responses to reflect the referenced decision of the Governors, and the costing methodologies recommended by the Commission. In your revised Appendix A and responses, please identify and highlight all changes and provide citations for such changes.

### **RESPONSE:**

Attached is a revised Appendix A which reflects the decision of the Governors and the costing methodologies recommended by the Commission. All changes have been highlighted in yellow. The Commission’s costing methodologies and recommended prices increase the value of the NSA to the Postal Service from \$5,644,949 to \$12,374,246 over its three year life.

The costing methodologies recommended by the Commission impact mail processing and delivery cost calculations. In both instances, the Commission’s approach increases the estimated savings. Delivery savings increase because the Commission’s approach increases the amount of DPS mail volume associated with the mail processing improvements. Mail processing savings increase because the Commission’s approach increases the Total Mail Processing Costs identified in Appendix A on page 10 for First-Class Mail and page 11 for Standard Mail, thereby increasing the value of incremental improvement.

The Commission’s recommended prices for CONFIRM are lower than those proposed by the Postal Service, thereby decreasing the value of the revenue from CONFIRM from \$593,340 to \$58,500 over the three years of the agreement. This assumes BAC is a Platinum user (which is likely, given the amount of mail for which BAC will use Confirm) and does not request additional user ID’s. The assumption that

the Bank will not request additional user ID's is conservative and likely underestimates the additional revenue that the Postal Service would in fact receive.

**OCA/USPS-T1-45.** Please refer to the Postal Service’s request, Attachment F, “Negotiated Service Agreement Between United States Postal Service and Bank of America Corporation,” Section IV.C.3.a. and b., which states:

- a. The Postal Service will determine the total number of letter-rated First-Class Mail mailpieces of Bank of America Mail that are read and accepted during their first pass through Postal Service mail sorting equipment during an applicable quarter.
- b. The Postal Service will divide the number identified in Section IV.C.3.a above by the total number of letter-rated First-Class Mail mailpieces of Bank of America Mail that receive a first pass through Postal Service mail sorting equipment during the same quarter.

Also, please refer to your response to OCA/USPS-T1-5(a), which states:

- (a) The term “accepted” in the context of this NSA refers to the volume of mailpieces that are presented to the Postal Service for mailing for which postage is paid. Data on the volume of mail that is presented and therefore “accepted” by the Postal Service will be recorded and reported using Seamless Acceptance.

\* \* \* \* \*

The term “read” in the context of this NSA refers to the volume of mailpieces that are accepted by the Postal Service and are processed by the Postal Service’s automated letter mail processing equipment. Mailpieces that cannot be read (i.e., process by the Postal Service’s automated letter mail processing equipment) must be diverted to manual operations for processing.

Please reconcile your response with Attachment F, Section IV.C.3.a. and b.

**RESPONSE:**

My response to OCA/USPS-T1-5(a) refers to the context in which “accepted” and “read” as used primarily in my testimony. The definition in Attachment F, Section IV.C.3.a and b. of the Agreement is consistent with the language used to develop the ACCEPT rates used in USPS-LR-L-110 in Docket No. R2006-1, which is the basis for calculating ACCEPT rates.

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**OCA/USPS-T1-46.** Please refer to your testimony, Appendix A, "Input Data," Page 3, which contains the 2006 Billing Determinants for Standard Mail. Also, please refer to your response to OCA/USPS-T1-12(b).

- a. Please confirm that the ECR letter volume of 2,193,803 was obtained by reducing the reported volume of 3-digit letters by 2,193,803. If you do not confirm, please explain.
- b. Please explain the rationale for reducing the reported volume of 3-digit letters by 2,193,803.

**RESPONSE:**

- a. Confirmed.
- b. Bank of America uses numerous mail service providers in its mailing campaigns. Without the benefit of the combination of the CONFIRM and BEI from the Intelligent Mail Barcode, the Postal Service cannot specifically identify BAC's volume from other mail volumes presented by the service providers. Analysis of the billing determinants of the permits used by the service providers, however, identifies 2,193,803 pieces of ECR letter volume, rather than 3-digit letter volume, that could have been mailed by BAC. Consequently, the 2,193,803 figure was removed from of the reported 3-digit volumes.

# Bank of America NSA Filing Model

## Appendix A: USPS Value

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	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Total</u>
<b>First-Class Mail Letters</b>				
[1] Operational Return Savings	\$112,650	\$254,777	\$402,023	\$769,450
[2] Marketing Return Savings	\$441,168	\$496,430	\$549,959	\$1,487,557
[3] Forwarding	-\$87,147	\$240,693	\$584,661	\$738,207
<b>Standard Mail Letters</b>				
[4] Undeliverable-As-Addressed	\$1,615,637	\$1,776,026	\$1,953,114	\$5,344,777
<b>Mail Processing Improvements</b>				
[5] First-Class Mail letters	\$478,634	\$3,368,745	\$6,290,465	\$10,137,844
[6] Standard Mail letters	\$404,023	\$2,843,048	\$6,329,674	\$9,576,745
<b>Delivery</b>				
[7] First-Class Mail letters	\$182,229	\$1,325,919	\$2,537,200	\$4,045,347
[8] Standard Mail letters	\$154,557	\$1,124,047	\$2,545,216	\$3,823,819
[9] <b>Total Cost Savings</b>	<b>\$3,301,752</b>	<b>\$11,429,683</b>	<b>\$21,192,311</b>	<b>\$35,923,746</b>
<b>Additional Revenue</b>				
Confirm Subscriptions	\$19,500	\$19,500	\$19,500	\$58,500
[10] <b>Total New Revenue</b>	<b>\$19,500</b>	<b>\$19,500</b>	<b>\$19,500</b>	<b>\$58,500</b>
<b>Incentives</b>				
[11] First-Class Mail Operational Returns	\$0	\$286,000	\$286,000	\$572,000
[12] First-Class Mail Marketing Returns	\$0	\$360,000	\$390,000	\$750,000
[13] First-Class Mail Forwarding Returns	\$0	\$182,000	\$420,000	\$602,000
[14] Standard Mail UAA Returns	\$0	\$760,000	\$760,000	\$1,520,000
[15] First-Class Mail Mail Processing Improvement	\$448,000	\$3,178,000	\$5,936,000	\$9,562,000
[16] Standard Mail Mail Processing Improvement	\$456,000	\$3,249,000	\$6,897,000	\$10,602,000
[17] <b>Total Incentives</b>	<b>\$904,000</b>	<b>\$8,015,000</b>	<b>\$14,689,000</b>	<b>\$23,608,000</b>
[18] <b>USPS Value</b>	<b>\$2,417,252</b>	<b>\$3,434,183</b>	<b>\$6,522,811</b>	<b>\$12,374,246</b>

### Sources:

[1] Total Savings [FCM Ops Return Savings]	[10] Total Fees [Confirm]
[2] Total Savings [FCM Mkt Return Savings]	[11] Incentive Earned on Operations Volume x FCM Ops Letters
[3] Total Savings [FCM Forwards]	[12] Incentive Earned on Marketing Volume x FCM Mkt Letters
[4] Total Savings [SM UAA]	[13] Incentive Earned on Marketing Volume x (FCM Ops Letters + FCM Mkt Letters)
[5] Total Savings [FCM MP]	[14] Incentive Earned on Standard Mail Volume x SM Mkt Letters
[6] Total Savings [SM MP]	[15] Incentive Earned on FCM Volume x (FCM Ops Letters + FCM Mkt Letters)
[7] Total Savings [Delivery Adj]	[16] Incentive Earned on Standard Mail Volume x SM Mkt Letters
[8] Total Savings [Delivery Adj]	[17] [11] + [12] + [13] + [14] + [15] + [16]
[9] [1] + [2] + [3] + [4] + [5] + [6] + [7] + [8]	[18] [9] + [10] - [18]

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# Bank of America NSA Filing Model

## Appendix A: Assumptions

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	FY 2007	FY 2008	FY 2009
[1] Inflation	3.1%	2.4%	2.3%
	First-Class Mail		Standard Mail
	Operational	Marketing	Marketing
[2] Before-Rates Return Rate	0.7%	2.7%	6.4%
[3] Before-Rates Total First-Class Mail Forwarding Rate	1.7%		
	FY 2007	FY 2008	FY 2009
[4] Reduction in Operations Return Rate Due to NSA	0.0%	5.0%	10.0%
[5] Reduction in Standard UAA Rate Due to NSA	0.0%	5.0%	10.0%
[6] Reduction in Marketing Return Rate Due to NSA	0.0%	10.0%	20.0%
[7] Reduction in Forwarding Rate Due to NSA	0.0%	10.0%	20.0%
[8] Increase in USPS First-Class Mail Read/Accept Rates	0.1%	0.7%	1.3%
[9] Increase in USPS Standard Mail Read/Accept Rates	0.1%	0.7%	1.6%

#### Sources:

- [1] Docket No. R2006-1 Rollforward and Volume forecast
- [2] BAC-T-1 page 17
- [3] Docket No. R2006-1 USPS LR-L-61, Table 2.3 (FCM Automation Average)  
BAC-T-1 page 18: Year 1 of the agreement assumes no improvement; Year 2 of the agreement is based on BAC witness Jones estimates; and Year 3 is a cumulative improvement of his improvement estimates.
- [4] BAC-T-1 page 18: Year 1 of the agreement assumes no improvement; Year 2 of the agreement is based on BAC witness Jones estimates; and Year 3 is a cumulative improvement of his improvement estimates.
- [5] BAC-T-1 page 18: Year 1 of the agreement assumes no improvement; Year 2 of the agreement is based on BAC witness Jones estimates; and Year 3 is a cumulative improvement of his improvement estimates.
- [6] improvement of his improvement estimates.

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- BAC-T-1 page 18: Year 1 of the agreement assumes no improvement; Year 2 of the agreement is based on BAC witness Jones estimates; and Year 3 is a cumulative improvement of his improvement estimates.
- [7] BAC-T-1 page 17: Year 1 of the agreement assumes no improvement; Year 2 of the agreement is based on BAC witness Jones estimates; and Year 3 is a cumulative improvement of his improvement estimates.
- [8] BAC-T-1 page 17: Year 1 of the agreement assumes no improvement; Year 2 of the agreement is based on BAC witness Jones estimates; and Year 3 is a cumulative improvement of his improvement estimates.
- [9]

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## Appendix A: Input Data

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Before-Rates Volume		FY 2007	FY 2008	FY 2009	2006 Billing Determinants	First-Class Mail	Standard Mail
First-Class Mail					Automation Letters		
[1]	Operational Letters	1,300,000,000	1,300,000,000	1,300,000,000	[4] Mixed AADC	73,024,125	38,289,718
	Return-Waived (%)	10%	10%	10%	[5] AADC	40,282,036	78,650,684
	Physical Return Rights (%)	90%	90%	90%	[6] 3-Digit	856,503,717	929,951,679
[2]	Marketing Letters	100,000,000	100,000,000	100,000,000	[7] 5-Digit	424,653,328	814,263,700
	Standard Mail				Carrier Route	15,747,882	
[3]	Marketing Letters	1,900,000,000	1,900,000,000	1,900,000,000			

### Unit Cost Data

	First-Class Mail	Standard Mail	Letters
[8] Manual Letter Returns	\$ 0.3242		
[9] Electronic Letter Returns	\$ 0.1235		
[10] OneCode Electronic Notice	\$ 0.0044	\$ 0.0045	
[11] USPS Forwarding, Letters	\$ 0.1352		
[12] USPS UAA Mail Treated as Waste			\$ 0.0419
[13] ACS Success Rate	85.0%	85.0%	85.0%
[14] Price of each Standard Mail OneCode ACS Notice		\$0.020	

#### Sources:

- [1] - [3] BAC-T-1 Table 2 page 8
- [4] - [7] BAC FY 2006 Billing Determinants
- [8] - [13] Docket No. R2006-1 USPS LR-L-62
- [14] Docket No. R2006-1 USPS-T-40

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**Appendix A: Incentives**  
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First-Class Mail UAA Incentives			
Improvement	Ops	Mkt	Forwarding
0.00	\$0.000000	\$0.00000	\$0.00000
0.10	\$0.000220	\$0.00360	\$0.00013
0.20	\$0.000370	\$0.00390	\$0.00030
0.30	\$0.000530	\$0.00420	\$0.00047
0.40	\$0.000680	\$0.00450	\$0.00064
0.50	\$0.000830	\$0.00480	\$0.00081
0.60	\$0.000990	\$0.00510	\$0.00098
0.70	\$0.001140	\$0.00540	\$0.00116
0.80	\$0.001300	\$0.00570	\$0.00133
0.90	\$0.001450	\$0.00600	\$0.00150

Standard Mail UAA Incentives	
0.00	\$0.0000
0.10	\$0.0004
0.20	\$0.0006
0.30	\$0.0010
0.40	\$0.0011
0.50	\$0.0013
0.60	\$0.0015
0.70	\$0.0017
0.80	\$0.0019
0.90	\$0.0021

Mail Processing Improvements		
Improvement	FCM	Standard
0.00	\$0.00000	\$0.00000
0.001	\$0.00032	\$0.00024
0.002	\$0.00065	\$0.00049
0.003	\$0.00097	\$0.00073
0.004	\$0.00129	\$0.00097
0.005	\$0.00162	\$0.00122
0.006	\$0.00194	\$0.00146
0.007	\$0.00227	\$0.00171
0.008	\$0.00260	\$0.00195
0.009	\$0.00292	\$0.00220
0.010	\$0.00325	\$0.00244
0.011	\$0.00358	\$0.00269
0.012	\$0.00391	\$0.00294
0.013	\$0.00424	\$0.00319
0.014	\$0.00457	\$0.00343
0.015	\$0.00483	\$0.00363
0.016	\$0.00506	\$0.00379
0.017	\$0.00529	\$0.00396
0.018	\$0.00552	\$0.00419
0.019	\$0.00575	\$0.00466

Incentive Calculation	Year 1	Year 2	Year 3
<b>First-Class Mail UAA Discounts</b>			
Actual Operations Rate Improvement	0.00	0.05	0.10
Rounded Improvement	0.00	0.10	0.10
Incentive Earned on Operations Volume	0	0.00022	0.00022
Actual Marketing Rate Improvement	0.00	0.10	0.20
Rounded Improvement	0.00	0.10	0.20
Incentive Earned on Marketing Volume	0	0.0036	0.0039
Actual Marketing Forwarding Rate Improvement	0.00	0.10	0.20
Rounded Improvement	0.00	0.10	0.20
Incentive Earned on Forwarded Volume	0	0.00013	0.0003
<b>Standard Mail UAA Discounts</b>			
Actual Standard Mail Rate Improvement	0.00	0.05	0.10
Rounded Improvement	0.00	0.10	0.10
Incentive Earned on Standard Mail Volume	0	0.0004	0.0004
<b>Accept Rate Discounts</b>			
Actual FCM Accept Rate Improvement	0.001	0.007	0.013
Rounded Improvement	0.0010	0.0070	0.0130
Incentive Earned on FCM Volume	0.00032	0.00227	0.00424
Actual Standard Mail Accept Rate Improvement	0.001	0.007	0.016
Rounded Improvement	0.0010	0.0070	0.0160
Incentive Earned on Standard Mail Volume	0.00024	0.00171	0.00363

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Appendix A: Delivery Savings Input

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USPS-LR-L-101 - Revised 3/15/06

TEST YEAR PIGGYBACK FACTORS

SOURCE: USPS-LR-L-52, TYPBack.USPS.xls, 2/22/06

Line No.	Class, Subclass, or Special Service Cost Segment	City Delivery 6 & 7	Rural Delivery 10
	Column Number Units Column Source/Notes	(1)	(2)
1	<b>FIRST-CLASS MAIL</b>		
2	SINGLE PIECE LETTERS	1.273	1.196
3	PRESORT LETTERS	1.272	1.196
4	SINGLE PIECE CARDS	1.271	1.196
5	PRESORT CARDS	1.274	1.196
6	<b>PERIODICALS</b>	1.261	1.195
7	<b>STANDARD MAIL:</b>		
8	ENHANCED CARR RTE	1.269	1.195
9	REGULAR	1.269	1.195
10	<b>PACKAGE SERVICES:</b>		
11	BOUND PRINTED MATTER	1.314	1.195
12	MEDIA MAIL	1.302	1.195

USPS-LR-L-101 - Revised 3/15/06

FIRST-CLASS AND STANDARD REGULAR LETTERS DPS PERCENTAGES

SOURCE: City05.xls, CS10.xls, MailChar05 - Final.xls

Line No.	Rate Category	CCS LETTERS	RCS LETTERS	CCS DPS LETTERS	RCS DPS LETTERS	CCS & RCS LETTERS	CCS & RCS DPS LETTERS	DPS%	REVISED DPS %	PERMIT VOLUME
	Column No. Units Source	(1) (000) city05.xls, 1C Presort Data for Kelley.xls	(2)  CS10.xls, Rural 1C Presort for Kelley.xls	(3) (000) city05.xls, 1C Presort Data for Kelley.xls	(4)  CS10.xls, Rural 1C Presort for Kelley.xls	(5)  C1 + C2	(6)  C3 + C4	(7)  % C6 / C5	(8)  % C3 / ((1 - (C9 Nonmachinab le/ Machinable)) * C1)	(9) (000) Nonmachinab le from MailChar05 - Final.xls; Total from ShapeGFY20 05rV.xls
1	<b>First-Class Single-Piece Letters</b>									39,317,031
2	<b>First-Class Presort Letters</b>	29,964,684	13,169,657	25,720,327	10,358,772	43,134,341	36,079,099			
3	Non-Auto	5,903,107	2,671,800	4,666,336	1,955,295	8,574,907	6,621,631	77.22%	77.22%	1,739,317
4	Auto	24,061,577	10,497,857	21,053,991	8,403,477	34,559,434	29,457,468	85.24%	85.24%	46,408,216
5	<b>TOTAL</b>									48,147,533
6	<b>First-Class Cards</b>	1,758,482	744,750	1,360,873	530,923	2,503,232	1,891,796			
7	Non-Auto	436,350	206,132	278,585	121,193	642,482	399,778	63.84%	63.84%	363,570
8	Auto	1,322,132	538,618	1,082,288	409,730	1,860,750	1,492,018	81.86%	81.86%	2,744,131
9	<b>TOTAL</b>									3,107,701
10	<b>Standard Regular</b>	31,365,612	13,477,338	25,580,093	10,216,234	44,842,950	35,796,327	81.55%		
11	Nonmachinable								0.00%	190,428
12	Machinable								81.86%	51,099,081
13	<b>TOTAL</b>									51,289,509

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## Appendix A: FCM Returns

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### Before-Rates FCM Operational Letters

[1]	Volume	1,300,000,000	1,300,000,000	1,300,000,000
[2]	Original Return Rate	0.7%	0.7%	0.7%
[3]	Manual Letter Returns Unit Cost	\$ 0.314	\$ 0.324	\$ 0.332
[4]	Before-Rates Return Volume	8,840,000	8,840,000	8,840,000
[5]	Before-Rates Return Cost	\$ 2,775,831	\$ 2,865,521	\$ 2,932,288

### After-Rates FCM Operational Letters

#### Inputs

[6]	Address Change Service ("ACS") Electronic Letter Returns Unit Cost	\$ 0.120	\$ 0.123	\$ 0.126
[7]	ACS Success Rate	85%	85%	85%
	Percent Return-Waived Mail Pieces	10%	10%	10%
[8]	Reduction in Operations Return Rate Due to NSA	0.0%	5.0%	10.0%

#### Model Results

	Return-Waived Volume	884,000	839,800	795,600
	Physical Return Rights Volume	7,956,000	7,558,200	7,160,400
[9]	Manual Letter Returns Volume w/ OneCode Notice	7,514,000	7,138,300	6,762,600
	Manual Letter Returns Cost			
	Return-Waived Volume	\$ 41,637	\$ 40,834	\$ 39,586
[10]	Physical Return Rights Volume	\$ 2,498,247	\$ 2,450,021	\$ 2,375,153
[11]	Electronic Letter Returns Volume	751,400	713,830	676,260
	Electronic Letter Returns Cost	\$ 89,881	\$ 88,146	\$ 85,452
[12]	OneCode Electronic Notice Total Cost	\$ 33,415	\$ 31,744	\$ 30,073

### Net Savings (Cost)-FCM Operational Letters

[13]	Total Savings	\$112,650	\$254,777	\$402,023
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#### Sources:

[1]	First-Class Mail Marketing Letters [Input Data]	[8]	Reduction in Operations Return Rate [Model Assumptions]
[2]	Before Rates Return Rate [Model Assumptions]	[9]	[1] x [2] x [7] x (1 - [8])
[3]	Manual Letter Returns [Input Data]	[10]	[1] x [2] x [3] x (1 - [8])
[4]	[1] x [2]	[11]	Reduction in Ops letters due to electronic return
[5]	[3] x [4]	[12]	[9] x OneCode Electronic Notice [Input Data]
[6]	Electronic Letter Returns [Input Data]	[13]	[5] - [10] - [12]
[7]	ACS Success Rate [Input Data]		

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## Appendix A: FCM Returns

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### Before-Rates FCM Marketing Letters

[1]	Volume	100,000,000	100,000,000	100,000,000
[2]	Original Return Rate	2.7%	2.7%	2.7%
[3]	Manual Letter Returns Unit Cost	\$ 0.314	\$ 0.324	\$ 0.332
[4]	Before-Rates Return Volume	2,670,000	2,670,000	2,670,000
[5]	Before-Rates Return Cost	\$ 838,401	\$ 865,491	\$ 885,657

### After-Rates FCM Marketing Letters

#### Inputs

[6]	Address Change Service ("ACS") Electronic Letter Returns Unit Cost	\$ 0.120	\$ 0.123	\$ 0.126
[7]	ACS Success Rate	85%	85%	85%
[8]	Reduction in Marketing Return Rate Due to NSA	0.0%	10.0%	20.0%

#### Model Results

[9]	Manual Letter Returns Volume	400,500	360,450	320,400
[10]	Manual Letter Returns Cost	\$ 125,760	\$ 116,841	\$ 106,279
[11]	Electronic Letter Returns Volume	2,269,500	2,042,550	1,815,600
[12]	Electronic Letter Returns Cost	\$ 271,473	\$ 252,220	\$ 229,419

### Net Savings (Cost)-FCM Marketing Return Letters

[13]	Total Savings	\$441,168	\$496,430	\$549,959
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#### Sources:

[1]	First-Class Mail Marketing Letters [Input Data]	[8]	Reduction in Marketing Return Rate [Model Assumptions]
[2]	Before Rates Return Rate [Model Assumptions]	[9]	[1] x [2] x [7] x (1 - [8])
[3]	Manual Letter Returns [Input Data]	[10]	[3] x [9]
[4]	[1] x [2]	[11]	[1] x [2] x [3] x [8]
[5]	[3] x [4]	[12]	[6] x [11]
[6]	Electronic Letter Returns [Input Data]	[13]	[5] - [10] - [12]
[7]	ACS Success Rate [Input Data]		

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# Bank of America NSA Filing Model

## Appendix A: FCM Forwards

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### Before-Rates FCM Forwards

[1]	Total First-Class Mail Letter Volume	1,400,000,000	1,400,000,000	1,400,000,000
[2]	Original Forwarding Rate - Total FCM Letter Volume	1.7%	1.7%	1.7%
[3]	USPS Forwarding Unit Cost	\$0.131	\$ 0.135	\$0.138
[4]	Before-Rates Forwarding Volume	23,800,000	23,800,000	23,800,000
[5]	Before-Rates Forwarding Cost	\$ 3,115,914	\$ 3,216,594	\$ 3,291,540

### After-Rates FCM Forwards

#### Inputs

	Address Change Service ("ACS")			
[6]	OneCode ACS Forwarding Notice Unit Cost	\$ 0.004	\$ 0.004	\$ 0.005
[7]	ACS Success Rate	85%	85%	85%
[8]	Reduction in Forwarding Rate Due to NSA	0.0%	10.0%	20.0%

#### Model Results

[9]	Letter Forwarding Volume	23,800,000	21,420,000	19,040,000
[10]	Letter Forwarding Cost	\$ 3,115,914	\$ 2,894,934	\$ 2,633,232
[11]	OneCode ACS Notices Volume	20,230,000	18,207,000	16,184,000
[12]	OneCode ACS Notices Cost	\$ 87,147	\$ 80,967	\$ 73,647

### Net Savings (Cost) - FCM Forwards

[13]	Total Savings	(\$87,147)	\$ 240,693	\$ 584,661
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#### Sources:

[1]	FCM Operational + FCM Marketing Letters [Input Data]	[8]	Reduction in Forwarding Rate [Model Assumptions]
[2]	Total First-Class Mail Forwarding Rate [Input Data]	[9]	[1] x [2] x (1 - [8])
[3]	USPS Forwarding, Letters [Input Data]	[10]	[3] x [9]
[4]	[1] x [2]	[11]	[7] x [9]
[5]	[3] x [4]	[12]	[6] x [11]
[6]	OneCode Electronic Notice [Input Data]	[13]	[5] - [10] - [12]
[7]	ACS Success Rate [Input Data]		

Appendix A  
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# Bank of America NSA Filing Model

## Appendix A: Standard Mail UAA

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### Before-Rates Standard Mail UAA

[1]	Volume	1,900,000,000	1,900,000,000	1,900,000,000
[2]	Undeliverable-As-Addressed ("UAA") Rate	6.4%	6.4%	6.4%
[3]	USPS UAA Mail Treated as Waste Unit Cost	\$0.041	\$ 0.042	\$0.043
[4]	Before Rates UAA Volume	121,600,000	121,600,000	121,600,000
[5]	Before Rates UAA Cost	\$4,940,984	\$5,100,634	\$5,219,478

### After-Rates Standard Mail UAA

#### Inputs

[6]	USPS OneCode ACS Cost	\$ 0.004	\$ 0.005	\$ 0.005
[7]	ACS Success Rate	85%	85%	85%
[8]	Unit Price of Standard Mail OneCode ACS Notice	\$ 0.020	\$ 0.020	\$ 0.020
[9]	Reduction in Standard UAA Rate Due to NSA	0.0%	5.0%	10.0%

#### Model Results

[10]	UAA Volume	121,600,000	115,520,000	109,440,000
[11]	UAA Cost	\$4,940,984	\$4,845,602	\$4,697,531
[12]	OneCode ACS Volume	103,360,000	98,192,000	93,024,000
[13]	OneCode ACS Cost	\$ 451,563	\$ 442,846	\$ 429,313
[14]	OneCode ACS Revenue	\$2,067,200	\$1,963,840	\$1,860,480

### Net Savings (Cost) - Standard Mail UAA

[15]	Total Savings	\$ 1,615,637	\$ 1,776,026	\$ 1,953,114
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#### Sources:

[1]	Standard Mail Marketing Letters [Input Data]	[9]	Reduction in Standard UAA Rate [Model Assumptions]
[2]	Before-Rates Return Rate [Model Assumptions]	[10]	[4] x [9]
[3]	USPS UAA Mail Treated as Waste [Input Data]	[11]	[3] x [10]
[6]	[1] x [2]	[12]	[7] x [10]
[5]	[3] x [4]	[13]	[6] x [12]
[6]	OneCode Electronic Notice [Input Data]	[14]	[8] x [12]
[7]	ACS Success Rate [Input Data]	[15]	[5] - [11] - [13] + [14]
[8]	Price of each Standard Mail OneCode ACS Notice [Input Data]		

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**Bank of America NSA Filing Model**  
**Appendix A: First-Class Mail Processing Improvements**  
**Page 10**

RATE CATEGORY	R 2006 TOTAL MAIL PROCESSING UNIT COST (CENTS)	[2] BAC First-Class Mail Accept Rate Improvements																		
		0.10%	0.20%	0.30%	0.40%	0.50%	0.60%	0.70%	0.80%	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%
<b>[1] COST PER PIECE PER RATE CATEGORY</b>																				
Automation MAADC Presort Letters	7.720	7.654	7.589	7.523	7.457	7.391	7.325	7.258	7.192	7.125	7.058	6.991	6.924	6.857	6.790	6.729	6.671	6.613	6.555	6.497
Automation AADC Presort Letters	6.071	6.029	5.986	5.943	5.901	5.858	5.815	5.772	5.728	5.685	5.642	5.599	5.555	5.511	5.468	5.431	5.397	5.363	5.329	5.296
Automation 3-Digit Presort Letters	5.488	5.450	5.412	5.374	5.336	5.297	5.259	5.221	5.182	5.144	5.105	5.067	5.028	4.989	4.950	4.918	4.889	4.860	4.832	4.803
Automation 5-Digit Presort Letters	3.616	3.595	3.575	3.555	3.534	3.514	3.493	3.473	3.452	3.432	3.411	3.390	3.370	3.349	3.328	3.314	3.304	3.294	3.283	3.273
Automation Carrier Route Presort Letters	2.367	2.352	2.336	2.320	2.304	2.288	2.273	2.257	2.241	2.225	2.209	2.193	2.177	2.161	2.145	2.136	2.131	2.126	2.121	2.116
<b>[3] SAVINGS PER PIECE PER RATE CATEGORY</b>																				
Automation MAADC Presort Letters	0.00065	0.00131	0.00197	0.00263	0.00329	0.00395	0.00461	0.00528	0.00594	0.00661	0.00728	0.00795	0.00863	0.00930	0.00991	0.01049	0.01107	0.01165	0.01223	
Automation AADC Presort Letters	0.00043	0.00085	0.00128	0.00171	0.00214	0.00257	0.00300	0.00343	0.00386	0.00429	0.00473	0.00516	0.00560	0.00603	0.00641	0.00674	0.00708	0.00742	0.00776	
Automation 3-Digit Presort Letters	0.00038	0.00076	0.00114	0.00152	0.00190	0.00229	0.00267	0.00305	0.00344	0.00382	0.00421	0.00460	0.00499	0.00537	0.00570	0.00599	0.00627	0.00656	0.00685	
Automation 5-Digit Presort Letters	0.00020	0.00041	0.00061	0.00082	0.00102	0.00122	0.00143	0.00163	0.00184	0.00205	0.00225	0.00246	0.00267	0.00287	0.00301	0.00312	0.00322	0.00333	0.00343	
Automation Carrier Route Presort Letters	0.00016	0.00031	0.00047	0.00063	0.00079	0.00095	0.00110	0.00126	0.00142	0.00158	0.00174	0.00190	0.00206	0.00222	0.00231	0.00236	0.00242	0.00247	0.00252	
<b>[4] SAVINGS PER RATE CATEGORY</b>																				
Automation MAADC Presort Letters	73,024,125	\$47,785	\$95,681	\$143,686	\$191,801	\$240,027	\$288,364	\$336,812	\$385,371	\$434,041	\$482,824	\$531,718	\$580,725	\$629,844	\$679,077	\$728,439	\$776,930	\$825,564	\$874,344	\$923,268
Automation AADC Presort Letters	40,282,036	\$17,139	\$34,313	\$51,520	\$68,762	\$86,037	\$103,347	\$120,691	\$138,070	\$155,482	\$172,930	\$190,411	\$207,928	\$225,479	\$243,064	\$259,687	\$271,639	\$285,234	\$298,844	\$312,468
Automation 3-Digit Presort Letters	856,503,717	\$324,906	\$650,407	\$976,503	\$1,303,197	\$1,630,488	\$1,958,378	\$2,286,868	\$2,615,959	\$2,945,651	\$3,275,947	\$3,606,846	\$3,938,350	\$4,270,460	\$4,603,177	\$4,880,044	\$5,126,510	\$5,373,173	\$5,620,033	\$5,867,089
Automation 5-Digit Presort Letters	424,653,328	\$86,335	\$172,797	\$259,383	\$346,096	\$432,935	\$519,899	\$606,990	\$694,207	\$781,551	\$869,021	\$956,618	\$1,044,341	\$1,132,192	\$1,220,169	\$1,279,817	\$1,324,036	\$1,368,264	\$1,412,501	\$1,456,747
Automation Carrier Route Presort Letters	15,747,882	\$2,468	\$4,941	\$7,419	\$9,902	\$12,391	\$14,885	\$17,384	\$19,889	\$22,398	\$24,913	\$27,433	\$29,959	\$32,490	\$35,026	\$36,440	\$37,241	\$38,043	\$38,845	\$39,647
<b>Totals</b>	<b>1,410,211,088</b>	<b>\$478,634</b>	<b>\$958,137</b>	<b>\$1,438,511</b>	<b>\$1,919,758</b>	<b>\$2,401,878</b>	<b>\$2,884,873</b>	<b>\$3,368,745</b>	<b>\$3,853,495</b>	<b>\$4,339,124</b>	<b>\$4,825,634</b>	<b>\$5,313,027</b>	<b>\$5,801,303</b>	<b>\$6,290,465</b>	<b>\$6,780,513</b>	<b>\$7,178,096</b>	<b>\$7,525,356</b>	<b>\$7,872,899</b>	<b>\$8,220,725</b>	<b>\$8,568,836</b>
		Estimated Savings			Year 1	Year 2	Year 3													
		Actual Improvement			0.10%	0.70%	1.30%													
		<b>\$478,634</b>	<b>\$3,368,745</b>	<b>\$6,290,465</b>																
<b>[1] DPS PERCENTAGE PER RATE CATEGORY</b>																				
Automation MAADC Presort Letters	80.07%	80.43%	80.78%	81.14%	81.50%	81.86%	82.22%	82.58%	82.94%	83.30%	83.67%	84.04%	84.40%	84.77%	85.14%	85.45%	85.73%	86.01%	86.28%	86.56%
Automation AADC Presort Letters	82.54%	82.83%	83.12%	83.42%	83.71%	84.01%	84.30%	84.60%	84.90%	85.20%	85.50%	85.80%	86.10%	86.40%	86.70%	86.94%	87.15%	87.36%	87.56%	87.77%
Automation 3-Digit Presort Letters	83.65%	83.93%	84.21%	84.49%	84.77%	85.05%	85.33%	85.61%	85.90%	86.18%	86.47%	86.75%	87.04%	87.32%	87.61%	87.84%	88.03%	88.22%	88.41%	88.60%
Automation 5-Digit Presort Letters	86.60%	86.79%	86.99%	87.19%	87.39%	87.59%	87.79%	87.99%	88.19%	88.39%	88.59%	88.80%	89.00%	89.20%	89.40%	89.54%	89.64%	89.74%	89.85%	89.95%
Automation Carrier Route Presort Letters	52.54%	52.70%	52.86%	53.18%	53.35%	53.51%	53.67%	53.83%	54.00%	54.16%	54.32%	54.49%	54.65%	54.82%	54.91%	54.97%	55.02%	55.08%	55.13%	
<b>[8] Weighted DPS Average Percentage</b>	83.97%	84.23%	84.49%	84.75%	85.01%	85.27%	85.53%	85.79%	86.05%	86.31%	86.57%	86.84%	87.10%	87.37%	87.63%	87.83%	88.00%	88.17%	88.33%	88.50%
<b>[9] Increase in Weighted DPS Average</b>	0.00%	0.26%	0.52%	0.77%	1.03%	1.29%	1.55%	1.81%	2.08%	2.34%	2.60%	2.86%	3.13%	3.39%	3.66%	3.86%	4.03%	4.19%	4.36%	4.53%

**Sources:**  
[1] **Booklet No. R2006-1 PRC-LR-12, FCM Letters Costs Final.xls, "PRESORT LETTERS SUM"**  
[2] BAC First-Class Mail Accept Rate Improvements  
[3] [1] - [2]  
[4] Mail Processing Improvements - FCM (Incentives)  
[5] Sum of Savings Per Rate Category  
[6] Increase in USPS First-Class Mail Read/Accept Rates [Model Assumptions]  
[7] Total Savings for each Actual Improvement  
[8] Calculated based on volumes: (sum(C24-C28) \* sum(rows 36-40))/C29  
[9] Calculated with respect to original weighted value

[1] RATE CATEGORY	TOTAL MAIL PROCESSING UNIT COST (CENTS)	[2] BAC Standard Mail Accept Rate Improvements																		
		0.10%	0.20%	0.30%	0.40%	0.50%	0.60%	0.70%	0.80%	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%
Automation MAADC Presort Letters	6.225	6.179	6.132	6.085	6.038	5.990	5.943	5.896	5.848	5.801	5.753	5.705	5.657	5.609	5.561	5.517	5.476	5.434	5.393	5.351
Automation AADC Presort Letters	5.060	5.029	4.999	4.968	4.938	4.907	4.876	4.845	4.814	4.783	4.752	4.721	4.690	4.659	4.628	4.601	4.576	4.552	4.528	4.503
Automation 3-Digit Presort Letters	4.619	4.593	4.566	4.540	4.513	4.486	4.460	4.433	4.406	4.379	4.352	4.325	4.298	4.271	4.244	4.222	4.202	4.181	4.161	4.141
Automation 5-Digit Presort Letters	3.308	3.294	3.280	3.265	3.251	3.237	3.222	3.208	3.194	3.179	3.165	3.150	3.136	3.121	3.107	3.097	3.090	3.082	3.075	3.068
[3] SAVINGS PER PIECE PER RATE CATEGORY		BAC Standard Mail Accept Rate Improvements																		
Automation MAADC Presort Letters		0.00047	0.00094	0.00141	0.00188	0.00235	0.00282	0.00329	0.00377	0.00425	0.00472	0.00520	0.00568	0.00616	0.00664	0.00709	0.00749	0.00791	0.00832	0.00874
Automation AADC Presort Letters		0.00030	0.00061	0.00092	0.00122	0.00153	0.00184	0.00215	0.00246	0.00277	0.00308	0.00339	0.00370	0.00401	0.00432	0.00459	0.00483	0.00508	0.00532	0.00557
Automation 3-Digit Presort Letters		0.00026	0.00053	0.00080	0.00106	0.00133	0.00160	0.00186	0.00213	0.00240	0.00267	0.00294	0.00321	0.00348	0.00375	0.00398	0.00418	0.00438	0.00458	0.00478
Automation 5-Digit Presort Letters		0.00014	0.00028	0.00043	0.00057	0.00071	0.00086	0.00100	0.00114	0.00129	0.00143	0.00158	0.00172	0.00187	0.00201	0.00211	0.00218	0.00226	0.00233	0.00240
[5] SAVINGS PER RATE CATEGORY		BAC Standard Mail Accept Rate Improvements																		
Automation MAADC Presort Letters	38,289,718	\$17,902	\$35,844	\$53,826	\$71,849	\$89,913	\$108,018	\$126,164	\$144,351	\$162,579	\$180,848	\$199,159	\$217,510	\$235,904	\$254,339	\$271,100	\$288,954	\$302,833	\$318,735	\$334,661
Automation AADC Presort Letters	78,650,684	\$23,985	\$48,016	\$72,093	\$96,217	\$120,387	\$144,604	\$168,868	\$193,179	\$217,536	\$241,941	\$266,393	\$290,891	\$315,437	\$340,031	\$361,085	\$380,214	\$399,362	\$418,530	\$437,716
Automation 3-Digit Presort Letters	929,951,679	\$246,246	\$492,943	\$740,091	\$987,693	\$1,235,749	\$1,484,259	\$1,733,223	\$1,982,644	\$2,232,521	\$2,482,856	\$2,733,649	\$2,984,901	\$3,236,612	\$3,488,784	\$3,698,571	\$3,885,287	\$4,072,151	\$4,259,165	\$4,446,328
Automation 5-Digit Presort Letters	814,263,700	\$115,892	\$231,952	\$348,182	\$464,580	\$581,148	\$697,885	\$814,792	\$931,869	\$1,049,115	\$1,166,532	\$1,284,119	\$1,401,876	\$1,519,804	\$1,637,902	\$1,717,928	\$1,777,219	\$1,836,522	\$1,895,837	\$1,955,164
<b>Total</b>	<b>1,861,155,781</b>	<b>\$404,023</b>	<b>\$808,754</b>	<b>\$1,214,192</b>	<b>\$1,620,340</b>	<b>\$2,027,197</b>	<b>\$2,434,766</b>	<b>\$2,843,048</b>	<b>\$3,252,042</b>	<b>\$3,661,752</b>	<b>\$4,072,177</b>	<b>\$4,483,319</b>	<b>\$4,895,178</b>	<b>\$5,307,757</b>	<b>\$5,721,056</b>	<b>\$6,048,683</b>	<b>\$6,329,674</b>	<b>\$6,610,869</b>	<b>\$6,892,267</b>	<b>\$7,173,870</b>
		Year 1	Year 2	Year 3																
[6] Actual Improvement		0.10%	0.70%	1.60%																
[7] Total Savings		\$404,023	\$2,843,048	\$6,329,674																
[1] DPS PERCENTAGE		0.10%	0.20%	0.30%	0.40%	0.50%	0.60%	0.70%	0.80%	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%
Automation MAADC Presort Letters	80.07%	80.42%	80.78%	81.14%	81.49%	81.85%	82.21%	82.57%	82.94%	83.30%	83.67%	84.03%	84.40%	84.77%	85.14%	85.45%	85.73%	86.00%	86.28%	86.56%
Automation AADC Presort Letters	82.54%	82.83%	83.12%	83.41%	83.71%	84.01%	84.30%	84.60%	84.90%	85.20%	85.50%	85.80%	86.10%	86.40%	86.70%	86.94%	87.15%	87.35%	87.56%	87.77%
Automation 3-Digit Presort Letters	83.65%	83.93%	84.20%	84.48%	84.76%	85.05%	85.33%	85.61%	85.89%	86.18%	86.46%	86.75%	87.03%	87.32%	87.61%	87.83%	88.02%	88.21%	88.40%	88.59%
Automation 5-Digit Presort Letters	86.59%	86.79%	86.99%	87.19%	87.39%	87.59%	87.79%	87.99%	88.19%	88.39%	88.59%	88.79%	88.99%	89.20%	89.40%	89.54%	89.64%	89.74%	89.84%	89.94%
[8] Weighted DPS Average Percentage	84.82%	85.06%	85.31%	85.55%	85.80%	86.05%	86.30%	86.55%	86.80%	87.05%	87.30%	87.55%	87.80%	88.05%	88.30%	88.49%	88.65%	88.80%	88.95%	89.11%
[9] Increase in Weighted DPS Average	0.00%	0.25%	0.49%	0.74%	0.99%	1.23%	1.48%	1.73%	1.98%	2.23%	2.48%	2.73%	2.98%	3.24%	3.49%	3.68%	3.83%	3.98%	4.14%	4.29%

Sources:  
[1] Docket No. R2006-1 PRC-LR-15, PRC StdReg Letter Costs.xls, "PRESORT LETTERS SUM"  
[2] BAC Standard Mail Accept Rate Improvements  
[3] [1] - [2]  
[4] Mail Processing Improvements - SM [Incentives]  
[5] Sum of Savings Per Rate Category  
[6] Increase in USPS Standard Mail Read/Accept Rates [Model Assumptions]  
[7] Total Savings for each Actual Improvement  
[8] Calculated based on volumes: (sum(C24-C28) \* sum(rows 36-40))/C29  
[9] Calculated with respect to original weighted value

**Bank of America NSA Filing Model**

Appendix A: City Delivery Unit Costs

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USPS-LR-L-67 - Revised 3/15/06

IN-OFFICE DIRECT UNIT COST

TY 2008

\*\*Changes from USPS -LR-L-67 are highlighted in yellow

Line No.	Col. No. Units Source/Calculations	(1) Total In-Office Direct Labor Casing Plus Non-Casing Cost , All Route Groups	(2) Casing Portion Of In-Office Direct Labor, All Route Groups	(3) Casing Portion Of In-Office Direct Labor, Letter Routes Only	(4) Other Portion Of In-Office Direct Labor	(5) Assumed % DPS Mail Cased	(6) CCS Volume	(7) % DPS	(8) % Cased	(9) % Non-Cased	(10) In-Office Direct Labor Casing Cost Per CCS Piece - Cased Pieces	(11) In-Office Direct Labor Plus Non-Casing Cost Per CCS Piece - Cased Pieces	(12) In-Office Direct Labor Non-Casing Cost Per CCS Piece - Applied to All Pieces
		C2 + C4	2.SummaryTY C3	C2 x 17.In-OfficeDetail (C3 / C2)	2.SummaryTY C4		17.In-OfficeDetail C6 x 2.SummaryTY C10 / 11.SummaryB Y C11	C13 L7, L11, L15	(1 - C7) + (C7 x C5)	C7 x (1 - C5)	C2 / (C8 x C6)	C2 / (C8 x C6) + C12	C4 / C6
1	FC Presort - Letter-Shape Pieces Only	375,738	325,873	302,918	66,499	10.0%	29,551,026	84.95%	23.55%	76.45%	0.0444	0.0491	0.0023
2	FC Presort - Cards	26,689	21,715	21,246	4,974	10.0%	1,737,096	79.75%	28.22%	71.78%	0.0443	0.0472	0.0029
3	Standard Regular - Letters	305,344	252,121	247,032	53,223	10.0%	35,665,325	81.56%	26.60%	73.40%	0.0266	0.0281	0.0015

**Sources:**

(2) Casing portion of costs were adjusted to include only the pure casing costs from LR-67 in R2006. The costs for First-Class Mail and Standard Mail letters are sourced from the file CARM05\_LL\_Detail\_3RGrpCasing Pure from LR-67 in R2006.

These BY costs are then adjusted to TY by the same factors used in LR-67 from R2006

FC Presort - Letter-Shape Pieces Only	315,543
TY Adjustment Factor	1.0327
FC Presort - Letter-Shape Pieces Only TY	325,873.03
Standard Regular - Letters	263,998
TY Adjustment Factor	1.213469719
Standard Regular - Letters	320353.579

# Bank of America NSA Filing Model

## Appendix A: Rural Delivery Unit Costs

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USPS-LR-L-67 - Revised 3/15/06

DEVELOPMENT OF BY 2005 RURAL CARRIER KEY

SOURCE: USPS-LR-L-5, CS10.XLS, W/S 10.1.2 and 10.2.2 for Costs

SOURCE: USPS-LR-L-5, CS10.xls, Inputs DK for Volumes

Line No.		Letters	Flats	Parcels	Boxholder	DPS	Sec Seg	Postage Due	Ltr/Fit Collected	Parcels Accepted	Total Delivered	Total Incl Collections
	Col. No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Units	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
	Source / Calculations	L4,6,10, = cost / volume								=C1..C9		
1	<b>Evaluated and Other Routes Combined</b>											
2	<b>First-Class</b>											
3	Single-Piece	89,614	34,031	36,264	10	76,112	4,596	445	62,492	10,614	241,072	314,178
4	Unit Cost	0.0451	0.0530	0.2831	0.0310	0.0156	0.0442	0.0803	0.0180	1.1661		
5	Presort	117,746	11,951	966	143	161,358	8,794	16	-	-	300,974	300,974
6	Unit Cost	0.0451	0.0530	0.2831	0.0310	0.0156	0.0442	0.0803	-	-		
7	<b>Periodicals</b>	4,495	144,278	1,538	185	243	84	0	-	-	150,823	150,823
8	Unit Cost	0.0451	0.0530	0.2831	0.0340	0.0156	0.0442	0.0803				
9	<b>Standard Mail (A)</b>											
10	ECR	94,956	341,733	5,199	55,175	19,491	2,122	-			518,676	518,676
11	Unit Cost	0.0451	0.0530	0.2831	0.0310	0.0156	0.0442					
12	Regular	139,479	200,566	67,072	8,152	159,138	7,382	25			581,814	581,814
13	Unit Cost	0.0451	0.0530	0.2831	0.0310	0.0156	0.0442					
14	<b>Package Services</b>											
15	Bound Printed Matter	30	4,000	20,792	216	3	2	8	3	239	25,050	25,050
16	Unit Cost	0.0451	0.0530	0.2831	0.0310	0.0156	0.0442	0.0803	0.0180	1.1661		
17	Media Mail	1	344	9,996	-	1	1	5	21	1,673	10,347	10,347
18	Unit Cost	0.0451	0.0530	0.2831	-	0.0156	0.0442	0.0803	0.0180	1.1661		

# Bank of America NSA Filing Model

## Appendix A: Total Delivery Unit Savings

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### First-Class Mail Delivery Saving Savings

[1]	<b>Total First-Class Mail Volume</b>	<b>1,400,000,000</b>	<b>1,400,000,000</b>	<b>1,400,000,000</b>
<b>First-Class Mail CCS Savings</b>				
	FCM In-Office Direct Labor Casing Plus Non-Casing Cost			
[2]	Per CCS Piece - Cased Pieces	\$0.04755	\$0.04908	\$0.05023
[3]	Test Year Piggyback - City Delivery (PRC)	1.272013241	1.272013241	1.272013241
	FCM Total In-Office Direct Labor Casing Plus Non-Casing			
[4]	Cost Per CCS Piece - Cased Pieces	\$0.06048	\$0.06243	\$0.06389
	FCM In-Office Direct Labor Non-Casing Cost Per CCS			
[5]	Piece - Applied to All Pieces	\$0.00218	\$0.00225	\$0.00230
[6]	Test Year Piggyback (PRC) - City Delivery	1.272013241	1.272013241	1.272013241
	FCM Total In-Office Direct Labor Non-Casing Cost Per			
[7]	CCS Piece - Applied to All Pieces	\$0.00277	\$0.00286	\$0.00293
[8]	<b>FCM CCS Unit Savings from DPS</b>	<b>0.057705519</b>	<b>0.059570062</b>	<b>0.060958045</b>
<b>First-Class Mail RCS Savings</b>				
	FCM Presort Letters Unit Cost	\$0.04367	\$0.04508	\$0.04613
[10]	Test Year Piggyback - City Delivery (PRC)	1.195843741	1.195843741	1.195843741
[11]	<b>Total FCM Presort Letters Unit Cost</b>	<b>\$0.052218</b>	<b>\$0.053905</b>	<b>\$0.055161</b>
[12]	FCM Presort DPS Letters Unit Cost	\$0.01509	\$0.01558	\$0.01594
[13]	Test Year Piggyback (PRC) - City Delivery	1.19584	1.19584	1.19584
[14]	<b>Total FCM Presort Letters Unit Cost</b>	<b>\$0.01804</b>	<b>\$0.01863</b>	<b>\$0.01906</b>
[15]	<b>FCM RCS Unit Savings from DPS</b>	<b>0.034173302</b>	<b>0.035277487</b>	<b>0.036099453</b>
[16]	Estimated Improvement	0.26%	1.81%	3.39%
[17]	Increase in DPS Volume	3,604,410	25,405,172	47,506,927
[18]	USPS CCS Volume Percent	69.62%	69.62%	69.62%
[19]	Increased BAC DPS Volume Estimated at CCS	2,509,526	17,688,036	33,076,109
[20]	USPS RCS Volume Percent	30.38%	30.38%	30.38%
[21]	Increased BAC DPS Volume Estimated at RCS	1,094,884	7,717,136	14,430,819
[22]	BAC FCM CCS Savings	\$144,813	\$1,053,677	\$2,016,255
[23]	BAC FCM RCS Savings	\$37,416	\$272,241	\$520,945
[24]	<b>Total BAC First-Class Mail Delivery Savings</b>	<b>\$182,229</b>	<b>\$1,325,919</b>	<b>\$2,537,200</b>

- |   |  |
|---|--|
| [1] "Input-Data" - 1 + 2                      | [13] USPS-LR-L-101 Line 3  |
| [2] "Savings - CCS Delivery" Column 11        | [14] 12 * 13   |
| [3] USPS-LR-L-101 Line 3                      | [15] 11 - 14   |
| [4] 2 * 3                                     | [16] Increase in Weighted DPS Average based on Model Assumptions, item [8] |
| [5] "Savings - CCS Delivery" Column 12        | [17] 16 * 1  |
| [6] USPS-LR-L-101 Line 3                      | [18] USPS-LR-L-101 First-Class and Standard Mail DPS %                     |
| [7] 5 * 6                                     | [19] 17 * 18   |
| [8] 4 - 7                                     | [20] 1 - 18  |
| [9] "Savings -RCS Delivery" Column 1 Line 5   | [21] 17 * 20   |
| [10] USPS-LR-L-101 Line 3                     | [22] 8 * 19  |
| [11] 9 * 10                                   | [23] 15 * 21   |
| [12] "Savings - RCS Delivery" Column 5 Line 5 | [24] 22 + 23   |

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## Appendix A: Total Delivery Unit Savings

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### Standard Mail Delivery Saving Savings

[1]	<b>Total Standard Mail Volume</b>	<b>1,900,000,000</b>	<b>1,900,000,000</b>	<b>1,900,000,000</b>
<b>Standard Mail CCS Savings</b>				
[2]	Standard Mail In-Office Direct Labor Casing Plus Non-Casing Cost Per CCS Piece - Cased Pieces	\$0.02719	\$0.02807	\$0.02872
[3]	Test Year Piggyback - City Delivery (PRC)	1.268883903	1.268883903	1.268883903
[4]	Standard Mail Total In-Office Direct Labor Casing Plus Non-Casing Cost Per CCS Piece - Cased Pieces	\$0.03450	\$0.03561	\$0.03644
[5]	Standard Mail 'In-Office Direct Labor Non-Casing Cost Per CCS Piece - Applied to All Pieces	\$0.00145	\$0.00149	\$0.00153
[6]	Test Year Piggyback - Rural Delivery (PRC)	1.268883903	1.268883903	1.268883903
[7]	Standard Total 'In-Office Direct Labor Non-Casing Cost Per CCS Piece - Applied to All Pieces	\$0.00183	\$0.00189	\$0.00194
[8]	<b>Standard Mail CCS Unit Savings from DPS</b>	<b>0.032665872</b>	<b>0.033721351</b>	<b>0.034507058</b>
<b>Standard Mail RCS Savings</b>				
[9]	Standard Mail Presort Letters Unit Cost	\$0.04367	\$0.04508	\$0.04613
[10]	Test Year Piggyback - City Delivery (PRC)	1.19470471	1.19470471	1.19470471
[11]	Total Standard Mail Presort Letters Unit Cost	\$0.052168	\$0.053854	\$0.055109
[12]	Standard Mail Presort DPS Letters Unit Cost	\$0.01509	\$0.01558	\$0.01594
[13]	Test Year Piggyback - Rural Delivery (PRC)	1.19470	1.19470	1.19470
[14]	Total Standard Mail Presort Letters Unit Cost	\$0.01803	\$0.01861	\$0.01904
[15]	<b>Standard Mail RCS Unit Savings from DPS</b>	<b>0.034140752</b>	<b>0.035243886</b>	<b>0.036065068</b>
[16]	Estimated Improvement	0.25%	1.73%	3.83%
[17]	Increase in DPS Volume	4,668,100	32,887,119	72,771,782
[18]	USPS CCS Volume Percent	69.95%	69.95%	69.95%
[19]	Increased BAC DPS Volume Estimated at CCS	3,265,125	23,003,050	50,900,565
[20]	USPS RCS Volume Percent	30.05%	30.05%	30.05%
[21]	Increased BAC DPS Volume Estimated at RCS	1,402,976	9,884,069	21,871,217
[22]	BAC Standard Mail CCS Savings	\$106,658	\$775,694	\$1,756,429
[23]	BAC Standard Mail RCS Savings	\$47,899	\$348,353	\$788,787
[24]	<b>Total BAC Standard Mail Delivery Savings</b>	<b>\$154,557</b>	<b>\$1,124,047</b>	<b>\$2,545,216</b>

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|--|--|
| [1] "Input-Data" - Line 3                      | [13] USPS-LR-L-101 Line 3  |
| [2] "Savings - CCS Delivery" Column 11         | [14] 12 * 13   |
| [3] USPS-LR-L-101 Line 3                       | [15] 11 - 14   |
| [4] 2 * 3                                      | [16] Increase in Weighted DPS Average based on Model Assumptions, item [9] |
| [5] "Savings - CCS Delivery" Column 12         | [17] 16 * 1  |
| [6] USPS-LR-L-101 Line 3                       | [18] USPS-LR-L-101 First-Class and Standard Mail DPS %                     |
| [7] 5 * 6                                      | [19] 17 * 18   |
| [8] 4 - 7                                      | [20] 1 - 18  |
| [9] "Savings - RCS Delivery" Column 1 Line 13  | [21] 17 * 20   |
| [10] USPS-LR-L-101 Line 3                      | [22] 8 * 19  |
| [11] 9 * 10                                    | [23] 15 * 21   |
| [12] "Savings - RCS Delivery" Column 5 Line 15 | [24] 22 + 23   |

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## Bank of America NSA Filing Model

### Appendix A: Confirm Pricing

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	Year 1	Year 2	Year 3
[1] Total First-Class Mail Volume	1,400,000,000	1,400,000,000	1,400,000,000
[2] Total Standard Mail Volume	1,900,000,000	1,900,000,000	1,900,000,000

#### Scans

[3] First-Class Mail	1,400,000,000	1,400,000,000	1,400,000,000
[4] Standard Mail	9,500,000,000	9,500,000,000	9,500,000,000
[5] <b>Total Scans</b>	<b>10,900,000,000</b>	<b>10,900,000,000</b>	<b>10,900,000,000</b>

#### Fees

[6] Initial fee (Platinum)	\$19,500	\$19,500	\$19,500
[7] First 9 Blocks			
[8] Next 90 Blocks			
[9] Remaining Blocks			
[10] <b>Total Fees</b>	<b>\$19,500</b>	<b>\$19,500</b>	<b>\$19,500</b>

#### Sources:

- [1] BAC Total First-Class Mail Volume [Input Data: Operational Ltrs + Marketing Ltrs]
- [2] BAC Total Standard Mail Volume [Input Data]
- [3] Number of scans x [1]
- [4] Number of scans x [2]
- [5] [3] + [4]
- [6] Docket No. R2006-1
- [7] Docket No. R2006-1
- [8] Docket No. R2006-1
- [9] Docket No. R2006-1
- [10] [6] + [7] + [8] + [9]

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## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

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Matthew J. Connolly

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April 3, 2007