



March 23, 2007

MEGAN BRENNAN
VICE PRESIDENT, EASTERN AREA OPERATIONS

SUBJECT: Audit Report – Surface Transportation – Processing and Distribution
Center Transportation Routes – Eastern Area
(Report Number NL-AR-07-002)

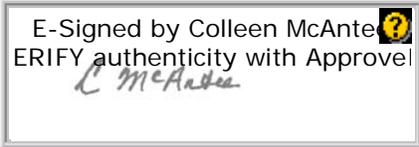
This report presents results from our processing and distribution center (P&DC) transportation routes audit (Project Number 06XG012NL002). Our objectives were to evaluate the effectiveness of P&DC routes and identify opportunities to save money. This report responds to a request from the Vice President, Network Operations, and focuses on routes controlled by the Eastern Area.

The U.S. Postal Service could save \$2,330,769 over the term of existing Eastern Area P&DC highway contracts by canceling, not renewing, or modifying 78 trips. These are funds put to better use and will be reported as such in our *Semiannual Report to Congress*. The Postal Service could eliminate or modify the trips without negatively affecting service because trip volume was low and mail could be consolidated on other trips. We recommended the Vice President, Eastern Area Operations verify the actual cancellation, modification, or substitution of the 46 trips identified by Postal Service managers and the 32 trips identified by the U.S. Postal Service Office of Inspector General (OIG).

Management generally agreed with our finding, recommendations and monetary impact. They stated that 66 of the 78 trip reductions or substituted reductions have been completed, and that they will provide us with documentation when the remaining 12 trip reductions have been completed. Management's comments and our evaluation of these comments are included in the report.

The OIG considers all the recommendations significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. These recommendations should not be closed in the follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

We appreciate the cooperation and courtesies provided by your staff during the audit. If you have any questions or need additional information, please contact Joe Oliva, Director, Transportation, or me at (703) 248-2100.



Colleen A. McAntee
Deputy Assistant Inspector General
for Mission Operations

Attachments

cc: Patrick R. Donahoe
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INTRODUCTION

Background

Processing and distribution centers (P&DCs) are central facilities that receive and process mail and then distribute it to local service areas over the U.S. Postal Service's transportation network. The mail P&DCs process, including First-Class Mail® and Periodicals, is very time-sensitive. As a result, Postal Service transportation managers often must move it from origin to destination overnight and, in making transportation decisions, continually balance on-time service standards with transportation costs. There are approximately 270 P&DCs in the Postal Service network and the Postal Service spends about \$1.5 billion annually on surface transportation contracts moving mail to and from these facilities.

Dock doors at the Philadelphia P&DC, labeled with destination locations and departure times, September 20, 2006.



The Vice President, Network Operations, requested we audit the scheduled contracted transportation routes supporting P&DCs. Individual Postal Service areas control those routes. This report focuses on routes the Eastern Area controls and responds to this request.

Objectives, Scope, and Methodology

The objectives of our audit were to evaluate the effectiveness of the scheduled contracted transportation routes supporting P&DCs and to identify opportunities to save money.

Using Postal Service computer-generated data, we identified 9,760 trips operated under 1,050 Eastern Area

contracts that had at least one P&DC service point. We did not audit or comprehensively validate the data; however, we noted several data quality weaknesses that constrained our work. For example, some computer files had missing records and inaccurate trailer load volumes. Even though data limitations constrained our work, we were able to support our audit conclusions by applying alternate audit procedures, including source document examination, observation, physical inspection, and discussion with appropriate officials.

During our work, we audited 23 facilities, visited four facilities, interviewed officials at headquarters and in the Eastern Area, reviewed relevant Postal Service policies and procedures, interviewed managers and employees, and observed and photographed operations. We also evaluated mail volume and the type of mail carried, considered on-time service standards and area initiatives to improve service, and analyzed all 9,760 trips.

We conducted work associated with this report from August 2006 through March 2007 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. We discussed our observations and conclusions with management officials throughout our audit and included their comments where appropriate.

Prior Audit Coverage

Since September 2002, the U.S. Postal Service Office of Inspector General (OIG) has worked with the Postal Service to reduce surface transportation. As a result, we have issued 30 audit reports that identified potential savings exceeding \$99.1 million over the life of eliminated or reduced transportation contracts. For more detailed information about these audits. (See Appendix A.)

AUDIT RESULTS

Contracted Highway Transportation Trips

The Postal Service could improve the effectiveness of scheduled surface contract routes supporting P&DCs and save \$2,330,769 million over the term of existing Eastern Area highway contracts by canceling, not renewing, or modifying 78 trips. The Postal Service could eliminate or modify the trips without negatively affecting on-time service because trip mail volume was low and mail could be consolidated on other trips. As indicated below, 23 percent of affected trips expire on June 30, 2007. The other 77 percent expire in 2008 or later and have 1 to 3 years remaining.

PROPOSED NONRENEWALS AND CANCELLATIONS

TRIP CATEGORY	AFFECTED TRIPS	NUMBER OF TRIPS	ESTIMATED SAVINGS
Contracts expiring on June 30, 2007	23 percent	18	\$396,328
Contracts expiring in 2008 or later	<u>77 percent</u>	<u>60</u>	<u>1,934,441</u>
All terminated trips	100 percent	78	\$2,330,769

Philadelphia P&DC, September 20, 2006.



The Postal Service transportation network is dynamic and requirements constantly change. As we discussed in the objectives, scope, and methodology section of our report Postal Service data has certain limitations. Accordingly, throughout our audit we coordinated extensively with plant and area transportation officials and proposed service reductions to them. The officials then reviewed each proposal in conjunction with their own assessment of

area wide network requirements and we discussed our proposals with them. Based on these discussions, we believe the Postal Service could attain savings through service reductions by:

- Not renewing unnecessary trips scheduled to expire on June 30, 2007.
- Canceling unnecessary trips currently contracted to expire in 2008 or later, which have 1 to 3 years remaining.

The savings we identified included savings from nonrenewable trips, plus savings from trip cancellations net of cancellation fees totaling approximately \$72,372.

PROPOSED CANCELLATIONS AND MODIFICATIONS

CANCELLATION CATEGORY	NUMBER OF TRIPS	APPENDIX	ESTIMATED SAVINGS
Postal Service identified trip cancellations or modifications during the audit	46	B	\$986,630
Proposals with which area officials agreed	<u>32</u>	C	<u>1,344,139</u>
Total	78		\$2,330,769

On February 12, 2007, we met with Eastern Area officials and discussed our report and recommendations. At that meeting, the officials agreed with our recommendations and with the 78 trip proposals in Appendices B and C.

Recommendations

We recommend the Vice President, Eastern Area Operations:

1. Verify the actual cancellation, modification, or substitution of the 46 trips management identified during our audit.
2. Verify the actual cancellation, modification, or substitution of the 32 trips with which Postal Service managers agreed and provide the dates action was taken.

Management's Comments	Management generally agreed with all of our recommendations. They stated they had already modified or eliminated all of the 46 trips in recommendation 1; completed 20 of the 32 trip reductions in recommendation 2; and anticipated that the 12 remaining trip reductions in recommendation 2 would be completed this month. Management's comments, in their entirety, are included in Appendix D.
Evaluation of Management's Comments	Management's comments are responsive to the finding and recommendations. Management's actions taken or planned should correct the issues identified in the finding.

APPENDIX A

PRIOR AUDIT COVERAGE

Report Name	Report Number	Date Final Report Issued	Number of Trips Identified for Elimination or Modification	Potential Savings Identified	Trips With Which Management Agreed	Trips With Which Management Disagreed	Trips Identified by Management
Highway Network Scheduling - Pacific Area	TD-AR-02-003	9/24/2002	158	\$4,500,417	76	34	48
Highway Network Scheduling - Northeast Area	TD-AR-03-002	11/25/2002	18	776,992	10	8	0
Highway Network Scheduling - Capital Metro Area	TD-AR-03-007	3/28/2003	34	1,144,218	20	14	0
Highway Network Scheduling - New York Metro Area	TD-AR-03-008	3/31/2003	32	470,123	12	20	0
Highway Network Scheduling - Southwest Area	TD-AR-03-010	7/11/2003	249	5,989,082	148	101	0
Highway Network Scheduling - Western Area	TD-AR-03-013	9/23/2003	70	2,721,530	30	40	0
Highway Network Scheduling - Southeast Area	TD-AR-03-014	9/26/2003	101	11,352,881	23	24	54
Highway Network Scheduling - Eastern Area	TD-AR-03-015	9/30/2003	181	10,577,367	128	53	0
Highway Network Scheduling - Great Lakes Area	NL-AR-04-003	3/29/2004	72	5,352,877	48	22	2
BMC Transportation Routes - Great Lakes Area	NL-AR-04-004	9/29/2004	96	7,660,533	49	7	40
BMC Transportation Routes - Eastern Area	NL-AR-05-003	3/17/2005	35	4,791,570	29	6	0
Intermodal Rail and Highway Transportation - Pacific Area	NL-AR-05-004	3/18/2005	0	1,046,240	0	0	0
BMC Transportation Routes - Southeast Area	NL-AR-05-005	3/18/2005	52	6,563,582	52	0	0
BMC Transportation Routes - New York Metro	NL-AR-05-007	6/9/2005	16	1,499,371	16	0	0
BMC Transportation Routes - Southwest Area	NL-AR-05-008	8/3/2005	79	7,175,912	76	0	3
BMC Transportation Routes - Capital Metro Area	NL-AR-05-009	9/2/2005	10	803,060	10	0	0
Intermodal Rail and Highway Transportation Between the Pacific and Southeast Areas	NL-AR-05-011	9/19/2005	0	1,261,308	0	0	0
BMC Transportation Routes - Pacific Area	NL-AR-05-012	9/21/2005	22	3,123,562	10	2	10
BMC Transportation Routes - Northeast Area	NL-AR-05-013	9/26/2005	41	2,491,133	15	0	26
MTEC Network - Highway Transportation Routes New York Metro Area	NL-AR-05-014	9/28/2005	49	1,025,812	17	32	0
BMC Transportation Routes - Western Area	NL-AR-06-001	2/14/2006	77	2,235,812	50	2	25

Report Name	Report Number	Date Final Report Issued	Number of Trips Identified for Elimination or Modification	Potential Savings Identified	Trips With Which Management Agreed	Trips With Which Management Disagreed	Trips Identified by Management
Intermodal Rail and Highway Transportation Between the Western and Great Lakes Areas	NL-AR-06-002	3/10/2006	2	1,942,841	2	0	0
MTEESC Network - Highway Transportation Routes San Francisco	NL-AR-06-003	3/28/2006	77	1,091,640	31	25	21
BMC Transportation Routes - Summary Report	NL-AR-06-004	3/28/2006	0	0	0	0	0
MTEESC Network - Highway Transportation Routes Memphis	NL-AR-06-005	3/28/2006	25	699,397	0	25	0
P&DC Transportation Routes - Great Lakes Area	NL-AR-06-008	7/25/2006	107	5,289,849	73	14	20
MTEESC Network - Highway Transportation Routes Atlanta	NL-AR-06-009	8/18/2006	90	801,097	43	0	47
MTEESC Network - Highway Transportation Routes Greensboro	NL-AR-06-010	9/18/2006	73	1,607,510	41	11	21
P&DC Transportation Routes - Pacific Area	NL-AR-06-011	9/21/2006	84	3,650,035	42	12	30
MTEESC Network - Highway Transportation Routes Dallas	NL-AR-06-012	9/28/2006	66	1,476,981	63	0	3
Totals	30		1,916	\$99,122,732	1,114	452	350

BMC – Bulk Mail Center
 MTEESC – Mail Transport Equipment Service Center
 P&DC – Processing and Distribution Center

APPENDIX B

**TRIPS IDENTIFIED BY POSTAL SERVICE MANAGERS
 DURING AUDIT WORK**

Effective Date of Last Change	Ending Date of Contract	Highway Contract Route Number	Trip Number	Recommendation	Origin to Destination	Annual Budget Cost	Estimated Contract Cost	Indemnity Fees	Estimated Savings
9/1/2006	6/30/2010	15990	n/a	Negotiated service on entire contract	Johnstown, PA P&DF, to Pittsburgh, PA BMC and return	\$15,111	\$50,370	\$0	\$50,370
10/1/2006	6/30/2009	19731	n/a	Negotiated service on entire contract	Delaware P&DC to Winterthur (Contract Station), DE and return	78,125	182,291	0	182,291
10/14/2006	6/30/2007	24765	n/a	Negotiated service on entire contract	Bluefield, WV to Kroger Station, WV and return	19,119	76,474	0	76,474
9/30/2006	6/30/2008	45312	1 - 4	Termination of contract	Springfield, OH to Cincinnati, OH BMC and return	61,577	82,103	0	82,103
6/1/2006	6/30/2007	191FD	n/a	Negotiated service on entire contract	Philadelphia, PA P&DC to Northern, MA HASP and return	10,724	42,898	1,787	41,110*
4/16/2005	6/30/2006	192U0	1 - 8	Eliminate contract	Philadelphia, PA BMC to West Chester, PA, Downingtown, PA and return	50,261	201,044	0	201,044
6/1/2006	6/30/2007	250M8	n/a	Negotiated service on entire contract	Charleston, WV P&DC to Charleston, WV PO and return	5,745	22,979	0	22,979
7/28/2006	6/30/2009	440L2	1 - 2	Canceled service	Cleveland, OH P&DC to Great Lakes Data, OH and return	45,000	105,000	0	105,000

Effective Date of Last Change	Ending Date of Contract	Highway Contract Route Number	Trip Number	Recommendation	Origin to Destination	Annual Budget Cost	Estimated Contract Cost	Indemnity Fees	Estimated Savings
8/27/2006	6/30/2009	453BD	1 - 20	Termination of contract	Dayton, OH THS to Dayton, OH P&DC and Dayton, OH AMF and return	73,450	171,383	0	171,383
7/1/2006	6/30/2010	453L4	n/a	Negotiated service on entire contract	Dayton, OH P&DC to Eldorado, OH and return	16,163	53,875	0	53,875
		Totals	46			\$375,274*	\$988,418*	\$1,787	\$986,630*

P&DC – Processing and Distribution Center
 P&DF – Processing and Distribution Facility
 BMC – Bulk Mail Center
 HASP – Hub and Spoke Program
 PO – Post Office
 AMF – Air Mail Facility
 THS – Terminal Handling Service

* Minor rounding difference

APPENDIX C

**TRIPS IDENTIFIED DURING AUDIT WORK WITH WHICH
 POSTAL SERVICE MANAGERS AGREED**

Effective Date of Last Change	Ending Date of Contract	Highway Contract Route Number	Trip Number	Recommendation	Origin to Destination	Annual Budget Cost	Estimated Contract Cost	Indemnity Fees	Estimated Savings
7/1/2006	6/30/2008	18636	25	Eliminate trip	Kingston Branch, PA to Dallas, PA	\$6,480	\$8,641	\$0	\$8,641
7/1/2006	6/30/2008	18636	26	Eliminate trip	Dallas, PA to Wilkes-Barre, PA P&DF	8,486	11,315	0	11,315
7/1/2006	6/30/2010	19439	1	Eliminate trip	Southeastern, PA P&DC to King of Prussia (Retail), PA	963	3,210	321	2,889
7/1/2006	6/30/2010	19439	2	Eliminate trip	King of Prussia (Retail), PA to Southeastern, PA P&DC	1,047	3,489	349	3,140
7/1/2006	6/30/2010	19439	3	Eliminate trip	Southeastern, PA P&DC to King of Prussia (Retail), PA	5,666	18,886	1,889	16,998*
7/1/2006	6/30/2010	19439	4	Eliminate trip	King of Prussia (Retail), PA to Southeastern, PA P&DC	6,147	20,490	2,049	18,441
7/1/2006	6/30/2010	19439	5	Eliminate trip	Southeastern, PA P&DC to King of Prussia (Retail), PA	5,655	18,851	1,885	16,966
7/1/2006	6/30/2010	19439	6	Eliminate trip	King of Prussia (Retail), PA to Southeastern, PA P&DC	6,147	20,490	2,049	18,441
1/1/2006	6/30/2009	19448	25	Eliminate trip	Southeastern, PA P&DC to Paoli, PA	821	1,917	274	1,643
1/1/2006	6/30/2009	19448	26	Eliminate trip	Paoli, PA to Southeastern, PA P&DC	804	1,877	268	1,609

Surface Transportation – Processing and Distribution Center
 Highway Transportation Routes – Eastern Area

NL-AR-07-002

Effective Date of Last Change	Ending Date of Contract	Highway Contract Route Number	Trip Number	Recommendation	Origin to Destination	Annual Budget Cost	Estimated Contract Cost	Indemnity Fees	Estimated Savings
1/1/2006	6/30/2009	19448	27	Eliminate trip	Southeastern, PA P&DC to Malvern, PA	1,112	2,595	371	2,225*
1/1/2006	6/30/2009	19448	28	Eliminate trip	Malvern, PA to Southeastern, PA P&DC	1,112	2,595	371	2,225*
7/1/2006	6/30/2010	19492	805	Eliminate trip	Southeastern, PA P&DC to Philadelphia, PA BMC	19,925	66,416	6,642	59,775*
7/1/2006	6/30/2010	19492	806	Eliminate trip	Philadelphia, PA BMC to Southeastern, PA P&DC	19,925	66,416	6,642	59,775*
7/1/2006	6/30/2010	19718	1	Eliminate trip	Delaware P&DC to Philadelphia, PA P&DC	24,239	80,797	0	80,797
7/1/2006	6/30/2010	19718	2	Eliminate trip	Philadelphia, PA P&DC to Delaware P&DC	24,239	80,797	0	80,797
7/1/2006	6/30/2010	43037	4	Eliminate trip on all days except Mondays	Washington, OH to Columbus, OH P&DC	18,562	61,872	6,187	55,685
7/1/2006	6/30/2010	43037	7	Eliminate trip on all days except Mondays	Columbus, OH P&DC to Washington, OH	14,512	48,373	4,837	43,536
1/2/2006	6/30/2008	44028	15	Eliminate trip	Cleveland, OH P&DC to Akron, OH P&DC	18,858	25,144	1,756	23,388
1/2/2006	6/30/2008	44028	16	Eliminate trip	Akron, OH P&DC to Cleveland, OH P&DC	18,858	25,144	1,756	23,388
5/17/2005	6/30/2008	44813	1	Eliminate trip on Saturdays	Mansfield, OH to Cleveland, OH P&DC	5,829	7,772	971	6,800*
5/17/2005	6/30/2008	44813	2	Eliminate trip on Saturdays	Cleveland, OH P&DC to Mansfield, OH	5,829	7,772	971	6,800*
3/18/2006	6/30/2007	45034	5	Eliminate trip on Sundays	Cincinnati, OH P&DC (Bldg B) to Feesburg, OH	4,670	18,682	0	18,682
3/18/2006	6/30/2007	45034	8	Eliminate trip on Sundays	Feesburg, OH to Cincinnati, OH P&DC (Bldg B)	4,273	17,092	0	17,092

Surface Transportation – Processing and Distribution Center
 Highway Transportation Routes – Eastern Area

NL-AR-07-002

Effective Date of Last Change	Ending Date of Contract	Highway Contract Route Number	Trip Number	Recommendation	Origin to Destination	Annual Budget Cost	Estimated Contract Cost	Indemnity Fees	Estimated Savings
3/18/2006	6/30/2007	45050	3	Eliminate trip	Cincinnati, OH P&DC, (Bldg B) to Harrison, OH	2,368	9,474	0	9,474
3/18/2006	6/30/2007	45050	4	Eliminate trip	Harrison, OH to Cincinnati, OH P&DC, (Bldg B)	2,368	9,474	0	9,474
10/1/2005	6/30/2008	152Y1	1503	Eliminate trip, Thursdays through Sundays	Pittsburgh, PA L&DC to Philadelphia, PA P&DC	92,989	123,985	15,498	108,487
10/1/2005	6/30/2008	152Y1	1504	Eliminate trip, Thursdays through Sundays	Philadelphia, PA P&DC to Pittsburgh, PA L&DC	92,989	123,985	15,498	108,487
6/1/2006	6/30/2008	190L3	601	Eliminate trip	Philadelphia, PA L&DC to Charlotte, NC P&DC	194,449	259,266	0	259,266
6/1/2006	6/30/2008	190L3	602	Eliminate trip	Charlotte, NC P&DC to Philadelphia, PA L&DC,	194,413	259,217	0	259,217
7/1/2006	6/30/2010	442M6	11	Eliminate trip	Akron, OH P&DC to Kent, OH	1,303	4,345	0	4,345
7/1/2006	6/30/2010	442M6	12	Eliminate trip	Kent, OH to Akron, OH P&DC	1,303	4,345	0	4,345
		Totals	32			\$806,344*	\$1,414,723*	\$70,584	\$1,344,139*

P&DC – Processing and Distribution Center
 P&DF – Processing and Distribution Facility
 BMC – Bulk Mail Center
 L&DC – Logistics and Distribution Center

* Minor rounding difference

APPENDIX D. MANAGEMENT'S COMMENTS

VICE PRESIDENT, AREA OPERATIONS
EASTERN AREA



March 15, 2007

Kim H. Stroud
Office of Inspector General
Director, Audit Operations
1735 N. Lynn St.
Arlington VA 22209-2020

SUBJECT: Draft Audit Report – Surface Transportation – Processing and Distribution Center
Transportation Routes – Eastern Area (Report Number NL-AR-07-DRAFT)

The Eastern Area has reviewed the subject Draft Audit Report (Project Number 06XG012NL002) and is in general agreement with the findings and recommendations. The Eastern Area eliminated or substituted eliminations for 65 of the 78 trips identified in Appendix B and C of the report. The Eastern Area recognizes that there is a philosophical difference in the methodology for the calculation of actual and potential savings between the parties. Therefore the Eastern Area can also generally agree that the application of the OIG methodology for calculating savings could yield a potential cost avoidance of \$2,330,769.

Recommendation 1:

Verify the actual cancellation, modification, or substitution of the 46 trips with which management identified during our audit.

Response

As of this date all of the 46 trips of which management had identified have been implemented and completed. The result of the modification or elimination of these trips was an actual reduction in the annual rate of the contracts of \$369,272. (Ref; Attachment A)

Recommendation 2:

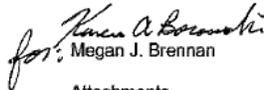
Verify the actual cancellation, modification, or substitution of the 32 trips with which Postal Service managers agreed and provide the date action was taken.

Response

As of this date 20 of the 32 trip proposals have been completed. The 12 remaining trip proposal encompassing three highway contract routes, HCR19439, HCR19448 and HCR44813 have been submitted to the Eastern Area DN and are scheduled for completion March 31, 2007. The result of the modification or elimination of the 20 trips was an actual reduction in the annual rate of the contracts of \$696,508. (Ref; Attachment B)

Once the remaining 12 trip modifications have been completed we will submit the updated attachment B.

If you have any questions or require further information contact Jim Hallstein, Transportation Budget & Financial Analyst at 412-494-2621.


for: Megan J. Brennan

Attachments

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MANAGEMENT’S ATTACHMENT A

HCRID	ORIGIN TERMINUS	DESTINATING TERMINUS	BEGIN DATE	END DATE	SEG	FINANCE NO	BDG ACC NO	DIFFERENCE				
								CHANGE TO ANNUAL HOURS	CHANGE TO ANNUAL MILES	CHANGE TO ANNUAL RATE	CHANGE TO ANNUAL UNITS	ACTUAL INDEMNITY
15990	JOHNSTOWN P&DF, PA	PITTSBURGH BMC, PA	1-Jul-06	30-Jun-10	1	41-6607	53127	(511)	(10,473.8)	(\$15,111.12)	(10,473.8)	\$0.00
191FD	PHILADELPHIA P&DC, PA	NORTHERN HASP, MA	15-Nov-03	30-Jun-07	1	67-0194	53618	(361)	(4,883.3)	(\$10,724.39)	(4,883.3)	\$1,787.40
19731	DELAWARE P&DC, DE	YORKLYN, DE	1-Jul-05	30-Jun-09	1	09-6821	53601	(2,226)	(31,627.9)	(\$78,124.73)	(31,627.9)	\$0.00
24765	BLUEFIELD, WV	PRINCETON, WV	1-Jul-03	30-Jun-07	1	55-1456	53601	(848)	(7,495.5)	(\$13,115.69)	(7,495.5)	\$0.00
250M8	CHARLESTON P&DC, WV	CHARLESTON - STATE HOUSE, WV	1-Nov-03	30-Jun-07	1	55-1459	53605	(436)	(3,095.8)	(\$5,744.70)	(3,095.8)	\$0.00
440L2	CLEVELAND P&DC, OH	GREAT LAKES DATA, OH	1-Jul-05	28-Jul-06	1	38-1670	53601	(898)	(23,710.6)	(\$45,000.00)	(23,710.6)	\$0.00
45312	SPRINGFIELD, OH	CINCINNATI BMC OH	1-Jul-04	30-Sep-06	1	38-2094	53127	(2,270)	(59,017.1)	(\$61,577.34)	(59,017.1)	\$9,500.00
453BD	DAYTON THS, OH	DAYTON THS, OH	1-Jul-06	27-Aug-06	1	38-2096	53601	(613)	(11,700.0)	(\$20,250.00)	(450.0)	\$0.00
453BD	DAYTON THS, OH	DAYTON THS, OH	1-Jul-06	27-Aug-06	2	38-2096	53601	(1,692)	(2,800.0)	(\$53,200.00)	(1,400.0)	\$0.00
453L4	DAYTON P&DC, OH	ELDORADO, OH	1-Jul-06	30-Jun-10	1	38-2094	53601	(376)	(16,558.8)	(\$16,162.57)	(16,558.8)	\$0.00
192U0	PHILADELPHIA BMC, PA	DOWNINGTOWN, PA	19-Oct-02	30-Jun-06	1	41-1627	53127	(1,437)	(38,793.9)	(\$50,261.00)	(38,793.9)	\$0.00
Total								(11,668)	(210,156.7)	(\$369,271.54)	(197,506.7)	\$11,287.40

MANAGEMENT'S ATTACHMENT B

HCRID	ORIGIN TERMINUS	DESTINATING TERMINUS	BEGIN DATE	END DATE	SEG	FINANCE NO	BDG ACC NO	DIFFERENCE				
								CHANGE TO ANNUAL HOURS	CHANGE TO ANNUAL MILES	CHANGE TO ANNUAL RATE	CHANGE TO ANNUAL UNITS	ACTUAL INDEMNITY
152Y1	PITTSBURGH L&DC, PA	PHILADELPHIA L&DC, NJ	19-Apr-05	30-Jun-08	2	67-0194	53131	(3,722)	(166,698.0)	(\$125,057.96)	(166,698.0)	\$0.00
18636	WILKES-BARRE P&DF, PA	PITTSTON, PA	1-Jul-04	30-Jun-08	1	41-9261	53601	(205)	(1,307.6)	(\$5,487.12)	(1,307.6)	\$0.00
190EU	PHILADELPHIA P&DC, PA	CHARLOTTE P&DC, NC	1-Jul-06	27-Oct-06	1	67-0194	53621	0	0.0	(\$445,135.38)	0.0	\$0.00
19492	SOUTHEASTERN P&DC, PA	PHILADELPHIA BMC, PA	1-Jul-06	30-Jun-10	1	41-6545	53127	(766)	(15,583.0)	(\$35,755.82)	(15,583.0)	\$0.00
19718	DELAWARE P&DC, DE	PHILADELPHIA P&DC, PA	1-Jul-06	30-Jun-10	1	09-6821	53614	(1,488)	(19,038.4)	(\$40,949.91)	(19,038.4)	\$0.00
44028	CLEVELAND P&DC, OH	CANTON P&DC, OH	1-Jul-04	30-Jun-08	1	38-1670	53614	(673)	(23,167.2)	(\$21,072.73)	(23,167.2)	\$3,512.12
442M6	AKRON P&DC, OH	RAVENNA, OH	30-Sep-06	30-Jun-10	1	38-0085	53601	(56)	(2,372.9)	(\$1,738.48)	(2,372.9)	\$0.00
45034	CINCINNATI P&DC (BLDG B), OH	DECATUR, OH	1-Jul-03	30-Jun-07	1	38-1605	53601	(50)	(3,382.4)	(\$1,603.73)	(3,382.4)	\$0.00
45050	CINCINNATI P&DC (BLDG B), OH	HARRISON, OH	1-Jul-03	30-Jun-07	1	38-1605	53601	(55)	(1,366.6)	(\$1,523.24)	(1,366.6)	\$0.00
43037	COLUMBUS P&DC, OH	WASHINGTON CH, OH	1-Jul-06	30-Jun-10	1	38-1793	53601	(852)	(31,905.0)	(\$18,183.66)	(31,905.0)	\$0.00
Total								(7,867)	(264,821.1)	(\$696,508.03)	(264,821.1)	\$3,512.12