

FY 2020 Public Cost Segments and Components Report

I. PREFACE

A. Purpose and Content

USPS-FY20-2 is an output (“C” report) of the public FY 2020 Cost and Revenue Analysis (CRA) Model (USPS-FY20-31) that displays the volume variable and product specific costs by cost segment and component for domestic Market Dominant products and for domestic Competitive and International products in aggregate. There are 17 cost segments, including Postmasters, Supervisors, Clerks and Mail Handlers, City Carrier In-Office Activities, City Carrier Street Activities, Rural Carriers, and Purchased Transportation.

B. Predecessor Document

USPS-FY19-2

C. Corresponding Non-Public Document

USPS-FY20-NP12, FY 2020 Non-Public Cost Segments and Components Report

D. Methodology

The starting point for postal costing is the development of volume variable and product specific costs performed in the CRA Model (USPS-FY20-31). Those volume variable and product specific costs flow into the Cost Segments and Components Report presented in this folder. The FY 2020 Public Cost Segments and Components Report documented in USPS-FY20-2 follows the methods applied in the Commission’s FY 2019 Annual Compliance Determination (ACD) for calculating volume variable and product specific costs with the modifications discussed below and in USPS-FY20-31 (CRA Model) and USPS-FY20-32 (“B” Workpapers). This report presents product costs at the component level rather than at a more aggregated level. Components serve as the building blocks for the CRA. The display of volume variable and product specific costs at the component level enables customers to better evaluate and understand the sources of costs.

Modifications:

1. On tab CS02, component 19, named Sunday/Holiday Supervisors, was added in accordance with the approval of Docket No. RM2019-12, Proposal Seven, Order No. 5395 issued on January 6, 2020.
2. On tab CS06, components 44 and 604 were renamed In-Office General Support and In-Office Route Support respectively to better describe their particular activities.

E. Inputs/Outputs

The tables below show the ACR folders that serve as inputs/outputs to/from USPS-FY20-2.

Input ACR Folders

Description	ACR Folder
FY 2020 CRA Model	USPS-FY20-31

Output ACR Folders

Description	ACR Folder
FY 2020 Nonprofit Mail Cost Approximations	USPS-FY20-27
FY 2020 Special Cost Studies Workpapers – Special Services	USPS-FY20-28

II. ORGANIZATION

USPS-FY20-2 consists of an Excel workbook named 'FY20Public Cost Segs and Comps'. The workbook has tabs for each cost segment that show the volume variable and product specific costs by component for individual domestic Market Dominant products and for Competitive and International products in aggregate. The report also contains a tab named 'CSSummary' that displays aggregate volume variable and product specific costs by cost segment for each domestic Market Dominant product and for Competitive and International products in aggregate. Volume variable and product specific costs for several products are further modified by final adjustments performed in the model's "D" report which is contained in folder USPS-FY20-31.