

USPS-LR-L-44

Flats Coverage Factors

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INTRODUCTION

Library reference USPS-LR-L-44 is a Category 2 library reference sponsored by witness Miller (USPS-T-20). This library reference contains the results from a recent coverage factor analysis.¹ The results from this analysis are relied upon to develop the flats mail processing unit cost estimates by rate category for First-Class Mail presort flats, Periodicals Outside County flats, and Standard Mail Regular flats. These estimates are contained in USPS-LR-L-43.

Coverage factors are estimates of the percentage of test year mail volume that will have access to the various equipment and technologies. These estimates were developed using Base Year (BY) 2005 Origin Destination Information System - Revenue, Pieces and Weights (ODIS-RPW) volume data.

ODIS-RPW sample records indicating a flat shape for First-Class Mail Presort, Periodicals and Standard Mail were selected from the four quarterly BY 05 ODIS-RPW raw data files. The volume of each selected record was expanded using the appropriate ODIS-RPW sampling weights and then book revenue adjusted to align the data with the results in the quarterly BY 05 Revenue, Pieces and Weight Reports. The volume data were then aggregated to the three-digit destinating ZIP Code level for the three classes of mail indicated previously. Destinating ZIP Codes corresponding to military mail were deleted. The Processing and Distribution Center (PDC) name and 3-digit code were then looked up for all three-digit ZIP Codes and the results were merged with the aggregated three-digit ZIP Code volume data. At this point, the data were further aggregated by destinating PDC name for the three classes of mail indicated previously. Finally, it was assumed that the originating PDC mail volumes match the estimated destinating PDC volumes for the three mail categories, respectively.

Using these ODIS-RPW results, the coverage factors were calculated by dividing the originating / destinating ODIS-RPW volumes for the "covered" facilities by the total originating / destinating ODIS-RPW volumes for all facilities. The "covered" facilities were defined to be those facilities that will have access to the specific equipment or technology by the midpoint of the test year (March 31, 2008).

¹ Flats coverage factors were last calculated in Docket No. R2005-1, USPS-LR-K-44.

TY 2008 FLATS COVERAGE FACTOR RESULTS (Developed Using BY 2005 ODIS-RPW Data)

Originating Flats	First-Class	Periodicals	Standard	
APPS	43.36%	38.53%	40.42%	Bundle Sorting
SPBS	41.07%	40.14%	41.61%	
Manual	15.56%	21.33%	17.97%	
AFSM100 ONLY	13.52%	13.97%	14.09%	Piece Distribution
UFSM1000 ONLY	6.53%	7.73%	7.02%	
AFSM100 and UFSM1000	74.38%	69.52%	72.04%	
Manual	5.58%	8.78%	6.84%	
AI	38.71%	33.52%	35.08%	
ATHS	64.21%	58.51%	61.31%	
Destinating Flats				
APPS	41.05%	35.45%	38.02%	Bundle Sorting
SPBS	39.66%	38.81%	40.46%	
Manual	19.29%	25.74%	21.52%	
AFSM100 ONLY	13.29%	13.69%	13.83%	Piece Distribution
UFSM1000 ONLY	6.18%	7.32%	6.68%	
AFSM100 and UFSM1000	72.02%	66.87%	69.96%	
Manual	8.51%	12.12%	9.53%	
AI	38.80%	33.19%	35.03%	
ATHS	62.88%	56.57%	59.83%	