

USPS-LR-N2012-1/33
Spare Parts Estimate in Support of USPS-T-5

PREFACE

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Estimated Cost Reduction for Mail Processing Equipment Parts

The attached spreadsheet shows the dollar value of shipments for FY 2011 from the Topeka Material Distribution Center and from suppliers that ship directly to field maintenance stockrooms. The total shipment value is the total identifiable USPS expenditure for mail processing equipment parts. The estimated mail processing equipment fleet reduction is 40%.

Detailed Row Explanation

- 1) MDC Shipment \$ Value: This row includes the shipment value for FY 2011 and a monthly breakdown for shipments from the Topeka Material Distribution Center for mail processing equipment spare parts to field maintenance stockrooms.
- 2) Direct Vendor Shipment \$ Value: This row includes the shipment and invoiced value for mail processing equipment spare parts that are shipped directly from a supplier to field maintenance stockrooms. The dollar value by month and total FY 2011 expenditure is included.
- 3) Total Mail Processing Equipment Parts Shipment Value: This row is the sum of the MDC Shipment \$ Value and Direct Vendor Shipment \$ Value. The dollar value by month and FY 2011 total is the total identifiable USPS expenditure for mail processing equipment parts. (Note: Field maintenance stockrooms buy some mail processing equipment parts locally using a purchase card. These expenditures are not included.)
- 4) Estimated % Mail Processing Equipment Removals as a % of Total Fleet: For purposes of estimating the potential expenditure reduction for mail processing equipment parts, 40% reduction in the fleet was used.
- 5) Estimated Reduction for Mail Processing Equipment Parts: The estimated dollar reduction is calculated by multiplying the total mail processing equipments part shipment value for FY 2011 and estimated % mail processing equipment removals. The result is an estimated expenditure reduction of \$68 M.