

Docket No. N2012-1

USPS Library Reference N2012-1/23

PREFACE

**Workload Reduction Savings**

**PURPOSE:** The purpose of USPS-LR-N2012-1/23 is to present the background materials relating to the workload reductions savings portion of the testimony of witness Smith (USPS-T-9). Use of and reference to this set of materials are facilitated by consolidating it into one library reference. USPS-LR-N2012-1/23 is a Category 2 library reference, and will be sponsored by witness Smith. It was prepared in part by witness Smith and in part by Operations.

**PREDECESSOR MATERIAL:** None.

**INPUT/OUTPUT:** The inputs to this library reference are identified within specific analyses included herein and in part VII of witness Smith's testimony. The outputs of this library reference are used by witness Smith (USPS-T-9).

**CONTENTS:** The library reference consists of this PDF document, plus three Excel spreadsheets:  
LR23Tables.xls  
USPS-FY-10\_FCM\_PRST\_LETTERS\_MPFinal N2012-1.xls  
YRscrub2010 N2012-1.xls

**ORGANIZATION:** This document has five sections. Section One in this document describes the calculation of the savings due to reduction in outgoing secondary. See sheet Section One of LR23Tables.xls. Section Two describes the calculations of savings due to eliminating CSBCS and UFSM 1000 sortation. See sheet Section Two of LR23Tables.xls. Section Three describes savings due to additional automated sorting of letters. See sheet Section Three of LR23Tables.xls. Section Four describes the calculations of the mail processing costs per piece savings utilized in sections one to three. It relies on the other two spreadsheets in this library reference. Section Five describes the calculation of the delivery savings due to more delivery point sequencing (DPS) of letters.

### **SECTION ONE: Reduction in Outgoing Secondary Sorting**

This section supports Table 8 of Smith testimony. Reduction in Outgoing Secondary (OGS) was estimated for AFSM 100 using ODIS and MODS data. It was assumed that 75 bins of an AFSM 100 would be for sorting to other plants in Outgoing Primary. ODIS data was used to determine the share of volumes that would still need an OGS.

Processing labor cost savings were developed using Section Four as a source.

See LR23Tables.xls, sheet Section One.

### **SECTION TWO: Savings Due to Eliminating CSBCS and UFSM 1000 Sorts**

Volumes of CSBCS and UFSM 1000 sorting to be saved are based on FY2010 End of Run (EOR) data. This was adjusted to be consistent with the end of year FY2011 deployments of this equipment.

Processing labor cost savings were developed using Section Four as a source.

See LR23Tables.xls, sheet Section Two.

### **SECTION THREE: Savings Due to Additional Automated Sorting of Letters**

August 2011 EOR data for volumes in 5-digit zips where there was manual incoming secondary, for mail going to carrier or box sections was obtained. Also, August 2011 EOR data for volumes in 5-digit zips where there was automated incoming secondary but no DPS for mail going to carriers or box sections was obtained. Total annual volumes for each of these is obtained by multiplying the volumes by 12.

Processing labor cost savings were developed using Section Four as a source.

See LR23Tables.xls, sheet Section Three.

**SECTION FOUR: Processing Labor Cost Savings Per Piece**

Mail processing labor cost savings for sections one to three were obtained from the following two spreadsheets: USPS-FY-10\_FCM\_PRST\_LETTERS\_MPFinal N2012-1.xls and YRscrub2010 N2012-1.xls.

USPS-FY-10\_FCM\_PRST\_LETTERS\_MPFinal N2012-1.xls is simply the spreadsheet filed in Docket ACR 2010, USPS-FY10-10, USPS-FY-10\_FCM\_PRST\_LETTERS\_MPFinal.xls. It has been modified to remove piggyback factors, premium pay factors. There are four highlighted model tabs containing the results used. See LR23Tables.xls, sheet USPS-FY-10\_FCM .. N2012-1.

YRscrub2010 N2012-1.xls is the spreadsheet YRscrub2010.xls from Docket No. ACR 2010, USPS-FY10-23. It has been modified to calculate the specific labor unit costs needed for Sections One and Two. See LR23Tables.xls, sheet YRscrub2010 N2012-1

**SECTION FIVE: Reduction in Outgoing Secondary Sorting**

The carrier savings due to additional DPS was based on rural carrier costs from Docket No. ACR 2010, USPS-FY10-19, Delivery costs by shape, spreadsheet USPS-FY10-19, UDCmodel10.xls, sheet 6.Rural cost

See LR23Tables.xls, sheet DPS Delivery Savings.