

BOUND PRINTED MATTER TRANSPORTATION COST MODEL / BULK PARCEL RETURN SERVICE COST MODEL

I. PREFACE

A. Purpose and Content

USPS-FY11-16 documents the Bound Printed Matter transportation cost estimates and the Bulk Parcel Return Service cost estimates.

B. Predecessor Documents

Docket No. R2006-1, USPS-LR-L-113
 Docket No. ACR2007, USPS-FY07-16
 Docket No. ACR2008, USPS-FY08-16
 Docket No. ACR2009, USPS-FY09-16
 Docket No. ACR2010, USPS-FY10-16
 Docket No. RM2011-5, Order No. 724

C. Corresponding Non-Public or Public Document

There is no corresponding non-public document to USPS-FY11-16.

D. Methodology

USPS-FY11-16 relies on the Postal Regulatory Commission (PRC) cost methodology from Docket No. R2006-1, and includes the modifications described in USPS-FY08-16. The modifications that were presented by the Postal Service in Docket No. RM2011-5, Proposal Twelve, and approved by the Commission in Order No. 724 have also been incorporated into the cost models.

E. Input/Output

The Bound Printed Matter transportation cost estimates are calculated using the following inputs:

<u>Input Source</u>	<u>Input Description</u>
USPS-FY11-1	Bound Printed Matter pounds
USPS-FY11-24	CS 8 piggyback factor
USPS-FY11-32	Cost segment 8 and 14 data Zone related percentages
USPS-FY11-36	Bound Printed Matter mail piece density

Docket No. R2000-1, USPS-T-26, Attachment N	Percent of Intra-SCF highway and POV costs avoided by DDU parcels
Docket No. R2000-1, USPS-T-27, Attachment K	Average zoned haul
Docket No. R2000-1, USPS-LR-I-109	Entry profile data Zone distribution percentages

The Bound Printed Matter transportation cost estimates are the outputs that are relied upon to develop the discounts and passthrough values contained in USPS-FY11-3.

The Bulk Parcel Return Service cost estimates are calculated using the following inputs:

<u>Input Source</u>	<u>Input Description</u>
USPS-FY11-7	Volume variability factors Wage rates Premium pay factor
USPS-FY11-13	Transportation cost per pound estimates
USPS-FY11-15	Media Mail / Library Mail cost model results
USPS-FY11-23	MODS productivity data
USPS-FY11-25	Piggyback Factors
USPS-FY08-15	Parcel processing assumptions
Docket No. R2001-1, USPS-LR-J-64	Parcel processing assumptions BPRS mailer data
Docket No. R2000-1, USPS-T-11	Base year CRA data
Docket No. R2000-1, USPS-T-21, Attachment 13	Base year piggyback factors
Docket No. R2000-1, USPS-LR-I-11	Base year wage rates
Docket No. R97-1, USPS-LR-H-131	Arrival profile

Docket No. R97-1, USPS-LR-H-132	Productivity data Dispatch profile
Docket No. R97-1, USPS-LR-H-133	Container dimension data
Docket No. R84-1, Exhibit USPS-T-14I	Pieces per container data
Docket No. R2000-1, USPS-T-26	1998 BPRS cubic feet per piece
1982 CRA	1982 Special Standard cubic feet per piece

The Bulk Parcel Return Service cost avoidance estimates are the outputs that are relied upon to develop the discounts and passthrough values contained in USPS-FY11-3.

II. ORGANIZATION

The Bound Printed Matter aggregate, flats, and parcels transportation cost estimates are presented in the Microsoft Excel workbooks ‘USPS-FY11-16.BPM_TOTAL.xls,’ ‘USPS-FY11-16.BPM_FLATS.xls,’ and ‘USPS-FY11-16.BPM_PARCELS.xls’ in the ‘Cost-Sum’ spreadsheets on pages 1, 8, and 15, respectively, of USPS-FY11-16. Data sources are referenced in each spreadsheet throughout the workbook. The results are also reported in Table 1 below.

**Table 1:
Bound Printed Matter Transportation Cost Estimates**

Cost Element	Total Cost Per Pound	Flats Cost Per Pound	Parcels Cost Per Pound
DBMC			
Zone 1 and 2	\$0.0388	\$0.0486	\$0.0333
Zone 3	\$0.0729	\$0.0675	\$0.0760
Zone 4	\$0.0992	\$0.0820	\$0.1088
Zone 5	\$0.1969	\$0.1360	\$0.2309
DSCF	\$0.0262	\$0.0417	\$0.0176
DDU	\$0.0043	\$0.0068	\$0.0029
Non-Dropship			
Zone 1 and 2	\$0.0904	\$0.0947	\$0.0880
Zone 3	\$0.1005	\$0.1013	\$0.1001
Zone 4	\$0.1130	\$0.1095	\$0.1151
Zone 5	\$0.1333	\$0.1227	\$0.1393
Zone 6	\$0.1544	\$0.1363	\$0.1644
Zone 7	\$0.1782	\$0.1518	\$0.1929
Zone 8	\$0.2251	\$0.1823	\$0.2489

The Bulk Parcel Return Service cost estimates are presented in the Microsoft Excel workbook 'USPS-FY11-16.BPRS.xls' in the spreadsheet 'Cost-Sum' on page 22 of USPS-FY11-16. Data sources are referenced in each spreadsheet throughout the workbook. The results are also reported in Table 2 below.

**Table 2:
Bulk Parcel Return Service Cost Estimates**

Task	Unit Costs
Collection	\$0.046
Mail Processing	\$1.118
Transportation	\$0.876
Delivery	\$0.054
Postage Due	\$0.069
Total Cost	\$2.162