

FY 2011 MAIL PROCESSING PIGGYBACK FACTORS (OPERATION SPECIFIC)

I. PREFACE

A. Purpose and Content

USPS-FY11-25 documents development of the mail processing cost pool piggyback factors and operation specific mail processing piggyback factors. Piggyback factors are employed in cost studies indicated below in "E" to augment labor cost estimates for the major functions by adding the costs associated with supervisors and administration, service-wide benefits, and facility-related and equipment-related costs.

B. Predecessor Document

Docket No. R2006-1, USPS-LR-L-98, parts III and IV and Docket No. ACR2010, USPS-FY10-25.

C. Corresponding Non-Public Document

There is no corresponding non-public document.

D. Methodology

USPS-FY11-25 uses the same methodology as USPS-FY10-25 from Docket No. ACR2010. This is the PRC cost methodology from Docket No. R2006-1, as described in the testimony of witness Marc Smith, USPS-T-13. The calculations in USPS-FY11-25 have been modified to accommodate the changes in mail processing labor cost pools as discussed in USPS-FY11-7 and changes in facility and equipment categories as discussed in USPS-FY11-8.

Specifically, new cost pool piggyback factors were developed for the following new mail processing labor cost pools:

FSS (at plants)

NDC: FSS

Post Office, Station & Branch BULKACCP

Post Office, Station & Branch BUSREPLY

Post Office, Station & Branch CFS

Post Office, Station & Branch D.PO BOX

Post Office, Station & Branch OTH ACCT

In addition, the cost pool piggyback factor for OCR was no longer provided since there is no longer an OCR labor cost pool. A new operation piggyback factor was developed for Flat Sequencing System (FSS), which averages together the piggyback factors associated with the two FSS labor cost pools. The only OCR piggyback factor which is provided is based on all Delivery Barcode Sorters (DBCS), excluding the modified DBCS used in forwards and returns called Combined Input Output Sub-System (CISS). All other versions of OCR

piggyback factors are no longer provided due to the removal of all Multi-Line Optical Character Readers (MLOCR). Likewise, no MPBCS piggyback factors were provided due to the removal of the Mail Processing Bar Code Sorters (MPBCS). The total piggyback factor for Remote Barcoding System Equipment (RBCS) or LDC 15 was not provided since it isn't needed, since it covers both plant and Remote Encoding Center (REC) workhours. The other piggyback factors for RBCS and LMLM provide the needed information.

Calculation modifications were made to accommodate the changes in facility space and equipment categories as discussed in USPS-FY11-8.

E. Input/Output

USPS-FY11-25 relies on inputs developed in USPS-FY11-31; CRA Model (Cost Matrices Reports, Control Files, & Changes); USPS-FY11-7, Cost Segment 3 Cost Pools and Other Information, parts I, VI, and VII; USPS-FY11-8, Equipment and Facility Related Costs; USPS-FY11-23, MODS Productivity Data; and USPS-FY11-24, Non-Operation Specific Piggyback Factors,.

Mail Processing Cost Pool and Operation Specific Piggyback Factors are used to develop Letter Cost Models in USPS-FY11-10, Flat Cost Models in USPS-FY11-11, Standard Mail Hybrid/Parcel Cost Study in USPS-FY11-12, Drop Ship Cost Avoidances for Periodicals and Standard Mail in USPS-FY11-13, Parcels Cost Models in USPS-FY11-15, Bound Printed Matter and Parcel Post Transportation Costs/Bulk Parcel Return Service Cost Study in USPS-FY11-16, ECR Mail Processing Unit Costs in USPS-FY11-18, Delivery Cost by Shape in USPS-FY11-19, Window Cost by Shape in USPS-FY11-20, QBRM Costs in USPS-FY11-21, BPM Mail Processing Costs and Parcel Post Window Service Costs in USPS-FY11-22, and Special Cost Studies Workpapers – Special Services in USPS-FY11-28

II. ORGANIZATION

See the Microsoft Office Excel workbook MPPGBY11PRC.XLS.