

## **ROADMAP DOCUMENT TO FY 2011 ANNUAL COMPLIANCE REPORT**

**Purpose:** The purpose of this document is to help readers navigate the costs, revenues, rates, and service materials presented to the Postal Regulatory Commission by the Postal Service as its FY 2011 Annual Compliance Report (ACR) in response to 39 U.S.C. § 3652.

Specifically, with respect to the series of associated items (each denominated as “USPS-FY11-x” or “USPS-FY11-NPx”), this document briefly describes the purpose of each item, the inputs to and outputs from that item, and any changes in methodology incorporated into that item. The intent is to allow reader to understand the flow of information building to the summary data identified in the statute.

USPS-FY11-9 also includes a section responding to Commission Rule 3050.12 which covers data obsolescence.

**Predecessor:** The most recent predecessor document was the Roadmap document (USPS-FY10-9) found in the Postal Services’ FY 2010 Annual Compliance Report.

**Organization:** USPS-FY11-9 is organized into three sections. Section I presents, generally on an item-by-item basis, a brief description of each set of materials. As applicable, this description includes, for items in this ACR, an indication of the sources of the inputs used, and an indication of the downstream materials that make use of the outputs. Section II identifies, again generally on an item-by-item basis, any material changes in methodology incorporated into preparation of the associated data. Section III presents information responsive to Commission Rule 3050.12 on data obsolescence.

There are four relatively distinct major types of items included in the appended material. The first type is essentially the subclass/product costing material formerly filed in omnibus rate cases and, most recently, in the Postal Services’ FY 2010 ACR. The focus of these materials, in terms of the ultimate output, is the domestic Cost and Revenue Analysis (CRA) report. The second type is the comparable costing material with respect to international mail, filed in response to the Commission’s international reporting requirements. The focus of these materials, in terms of output, is the International Cost and Revenue Analysis (ICRA) report. The third type is material relating to intra-product cost analyses, generally relating to workshare cost avoidances. In the past, such workshare information was provided in the context of omnibus rate cases; most recently, this information was provided in the Postal Services’ FY2010 Annual Compliance Report. The fourth type is billing determinant information which, for both

domestic and international mail, has generally been filed with the Commission on an annual basis.

Note, that sections 1 and 2 of these materials are further divided into two broad categories, public information and the non-public annex. Items in the public version are labeled as "USPS-FY11-x." Items in the non-public annex are labeled as "USPS-FY11-NPx." The "NP" refers to Non-public. This roadmap includes descriptions and information regarding methodological changes related to both public and non-public items. Presentation of such information in this document, however, has no effect on the public or non-public status of the underlying set of materials.

All four of these major bodies of material (CRA, ICRA, workshare, and billing determinant) are familiar to the Commission. They are presented in formats similar to what both the Commission and other parties participating in postal rate proceedings, and past ACDs, have seen and worked with before. In that sense, the Postal Service has minimized the burden on parties seeking to review these materials quickly and identify areas of potential interest.

## SECTION ONE: DESCRIPTION OF ITEMS

### Public Information

#### USPS-FY11-1

This item is entitled:

USPS-FY11-1 FY 2011 Public Cost and Revenue Analysis (PCRA) Report

USPS-FY11-1, FY 2011 Public Cost and Revenue Analysis (PCRA) summarizes attributable costs for the United States Postal Service's main products. For market-dominant products, it presents product-specific costs, revenues, and volumes. For competitive products, it presents summary information.

The predecessor document is Docket No: ACR-2010, USPS-FY10-1. The corresponding non-public document is USPS- FY11-NP11: FY 2011 Non-Public Cost and Revenue Analysis (NPCRA).

The USPS-FY11-1, 2011 Public Cost and Revenue Analysis (PCRA) is a 9 page summary of domestic and international attributable costs by rate category, differing from the non-public version (USPS-FY11-NP14) by not presenting data for specific "Competitive" product lines.

The following items found in this report are used as input/output to USPS-FY11-1:

#### Items in this Report Used as Input to USPS-FY11-1

Item Number	Data/Information Used
USPS-FY11-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY11-13	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail</li> </ul>
USPS-FY11-NP18	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Non-public Version)</li> </ul>
USPS-FY11-NP21	<ul style="list-style-type: none"> <li>In-Office Cost System (IOCS) Statistical and Computer Documentation (Source Code and Data on CD-ROM)</li> </ul>
USPS-FY11-NP22	<ul style="list-style-type: none"> <li>City Carrier Cost System (CCCS) Statistical and Computer Documentation (Source Code and Data on CD-ROM)</li> </ul>
USPS-FY11-NP23	<ul style="list-style-type: none"> <li>Rural Carrier Cost System (RCCS) Statistical and Computer Documentation (Source Code and Data on CD-ROM)</li> </ul>

USPS-FY11-NP24	<ul style="list-style-type: none"> <li>• Transportation Cost Systems (TRACS) Statistical and Computer Documentation (Source Code and Data on CD Rom)</li> </ul>
----------------	---

**Items in this Report Utilizing Output from USPS-FY11-1**

Item Number	Data/Information Provided
USPS-FY11-NP2	<ul style="list-style-type: none"> <li>• FY 2011 International Cost and Revenue Analysis (ICRA) report</li> </ul>

**USPS-FY11-2**

This item is entitled:

USPS-FY11-2                      FY 2011 Public Cost Segments and Components Report

USPS-FY11-2 is an output of the FY 2011 Cost and Revenue Analysis (CRA) Model that shows product attributable costs for 18 cost segments, including Postmasters, Supervisors, Clerks and Mail Handlers, In-Office City Carrier Activities, City Carrier and Rural Carrier Street Costs, and Purchased Transportation.

In the Postal Service’s FY 2010 Annual Compliance Report (ACR) filing (Docket No. ACR2010, December 29, 2010), this material was presented as USPS-FY10-2. A non-public version of this document is provided as USPS-FY11-NP12, FY 2011 Non-Public Cost Segments and Components Report.

The FY 2011 Public Cost Segments and Components Report is provided as an Excel workbook. It consists of a 35-page report that presents a summary of costs by mail category for all cost segment totals, followed by component-level detail within each segment. As it is intended for public distribution, it does not contain detail below the total level for the Postal Service’s Competitive products.

The following items found in this report are used as input/output to USPS-FY11-2:

**Items in this Report Used as Input to USPS-FY11-2**

Item Number	Data/Information Used
USPS-FY11-7	<ul style="list-style-type: none"> <li>• Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY11-5	<ul style="list-style-type: none"> <li>• Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)</li> </ul>

USPS-FY11-31	<ul style="list-style-type: none"> <li>FY 2011 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)</li> </ul>
USPS-FY11-32	<ul style="list-style-type: none"> <li>FY 2011 CRA "B" Workpapers (Public Version)</li> </ul>
USPS-FY11-37	<ul style="list-style-type: none"> <li>In-Office Cost System (IOCS) Statistical and Computer Documentation (Public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY11-2**

Item Number	Data/Information Provided
USPS-FY11-NP4	<ul style="list-style-type: none"> <li>FY 2011 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, &amp; Changes)</li> </ul>

**USPS-FY11-3**

This item is entitled:

USPS-FY11-3                      FY 2011 Discounts and Passthroughs of Workshare Items

USPS-FY11-3 reports worksharing discounts, cost avoidances and passthroughs for market dominant products for FY 2011.

Predecessor documents are Docket No. ACR2010, USPS-FY10-3 and Annual Compliance Determination FY 2010, Chapter VII (March 29, 2011).

In addition to a Preface, USPS-FY11-3 consists of an Excel workbook with seventeen tables showing the benchmark pieces, discounts, cost differentials and passthroughs for each type of worksharing offered in FY 2011 for market dominant products. The following tables are included:

- First-Class Mail Single Piece Letters, Cards
- First-Class Mail Bulk Letters, Cards
- First-Class Mail Flats
- First-Class Mail Parcels
- Periodicals Outside County
- Periodicals Bundle-Container Pricing
- Periodicals Within County
- Within County Worksheet
- Standard Mail Letters
- Standard Mail Flats
- Standard Mail Parcels & NFMs
- Standard Mail Carrier Route

Standard Mail HD-Sat Letters  
 Standard Mail HD-Sat Flats - Parcels  
 Media Mail & Library Mail  
 Bound Printed Matter Flats  
 Bound Printed Matter Parcels

The following items found in this report are used as input/output to USPS-FY11-3:

**Items in this Report Used as Input to USPS-FY11-3**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY11-10	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY11-11	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) &amp; Periodicals Cost Model</li> </ul>
USPS-FY11-12	<ul style="list-style-type: none"> <li>Standard Mail Hybrid/Parcel Cost Study</li> </ul>
USPS-FY11-13	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail</li> </ul>
USPS-FY11-15	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)</li> </ul>
USPS-FY11-16	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Bound Printed Matter Transportation Costs / Bulk Parcel Return Service Cost Study</li> </ul>
USPS-FY11-19	<ul style="list-style-type: none"> <li>FY 2011 Delivery Costs By Shape</li> </ul>
USPS-FY11-21	<ul style="list-style-type: none"> <li>FY 2011 QBRM and BRM Costs</li> </ul>

**USPS-FY11-4**

This item is entitled:

USPS-FY11-4                      FY 2011 Market Dominant Billing Determinants

USPS-FY11-4 contains the U.S. Postal Service billing determinants for domestic market dominant products for FY 2011. Billing determinants provide specific information regarding revenue and volume of postal products and services. Domestic Billing Determinants for FY 2010 were filed with the Postal Regulatory Commission as USPS-FY10-4. There is no corresponding nonpublic document for Market Dominant billing determinants.

USPS-FY11-4 consists of eleven Excel workbooks containing FY 2011 billing determinants for market dominant products. The following list indicates the contents of each workbook.

BPM BD FY2011.xls – Bound Printed Matter Billing Determinants  
 FY11 FCM BDs.xls – First-Class Mail Billing Determinants  
 FY11 Free Blind.xls – Free for the Blind Billing Determinants  
 Library Mail BD FY2011.xls – Library Mail Billing Determinants  
 11 Media Mail.xls – Media Mail Billing Determinants  
 FY 2011 Parcel Post BD.xls – Parcel Post Billing Determinants  
 FY 2011 Periodicals BD.xls – Periodicals Billing Determinants  
 FY2011 PO Box BD.xls – P.O. Boxes Billing Determinants  
 Special Services FY2011 BD.xls – Special Services Billing Determinants  
 Standard BDs 2011.xls – Standard Mail Billing Determinants

Sub Folder “Supplemental Data” contains the quarterly billing determinants for those classes that have not historically included that level of detail.

The following items found in this report are used as input/output to USPS-FY11-4:

**Items in this Report Utilizing Output from USPS-FY11-4**

Item Number	Data/Information Provided
USPS-FY11-10	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY11-11	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) &amp; Periodicals Cost Model</li> </ul>
USPS-FY11-12	<ul style="list-style-type: none"> <li>Standard Mail Hybrid/Parcel Cost Study</li> </ul>
USPS-FY11-13	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail</li> </ul>
USPS-FY11-15	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)</li> </ul>
USPS-FY11-16	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Bound Printed Matter and Parcel Post Transportation Costs / Bulk Parcel Return Service Cost Study (Public Version)</li> </ul>
USPS-FY11-17	<ul style="list-style-type: none"> <li>2009 Comprehensive Statement of Postal Operations</li> </ul>

USPS-FY11-18	•	FY 2011 ECR Mail Processing Unit Costs
USPS-FY11-19	•	FY 2011 Delivery Costs By Shape

## **USPS-FY11-5**

This item is entitled:

USPS-FY11-5                      Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)

The Fiscal Year 2011 Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Public Version) is an Excel workbook that adjusts amounts reflected in the September 2011 general ledger for year-end audit adjustments. This results in amounts that underlie the September 30 year-end financial statements. This workbook also reallocates year-end labor contract and performance award accruals back to the appropriate labor sub-account and breaks out cost component expenses not available directly from a general ledger account but obtained from another source such as a unique finance number or a subsidiary reporting system. Because this workbook is intended for public distribution, certain account information that pertains to competitive products has been redacted.

This material was provided as USPS-FY10-5 for the FY 2010 Annual Compliance Report filing (Docket No. ACR2010, December 29, 2010). A non-public version of this document is provided as USPS-FY11-NP29, Fiscal Year 2011 Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Non-Public Version). USPS-FY11-5, the Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Public Version), is provided as an Excel workbook on CD-ROM. Within the workbook are the following worksheets:

1. Title – Title page
2. Rev – Revenue general ledger accounts
3. Seg 1 – Cost Segment 1 (Postmasters)
4. Seg 2 – Cost Segment 2 (Supervisors & Technical Personnel)
5. Seg 3 – Cost Segment 3 (Clerks & Mailhandlers – CAG A-J Offices)
6. Seg 4 – Cost Segment 4 (Clerks – CAG K Offices)
7. Seg 6&7 – Cost Segments 6 & 7 (City Delivery Carriers)
8. Seg 8 – Cost Segment 8 (Vehicle Service Drivers)
9. Seg 10 – Cost Segment 10 (Rural Carriers)
10. Seg 11 – Cost Segment 11 (Custodial & Maintenance Services)
11. Seg 12 – Cost Segment 12 (Motor Vehicle Service)
12. Seg 13 – Cost Segment 13 (Miscellaneous Local Operations)
13. Seg 14 – Cost Segment 14 (Purchased Transportation of Mail)
14. Seg 15 – Cost Segment 15 (Building Occupancy)
15. Seg 16 – Cost Segment 16 (Supplies and Services)

16. Seg 17 – Cost Segment 17 (Research & Development)
17. Seg 18 – Cost Segment 18 (HQ & Area Administration & Corporatewide Personnel Costs)
18. Seg 19 – Cost Segment 19 (Equipment Maintenance & Management Training Support)
19. Seg 20 – Cost Segment 20 (Depreciation, Write-offs, Losses, and Interest)
20. Summary – Cost segment totals and net income calculations
21. Personnel Costs – Summary of personnel costs by cost segment
22. International – Development of International product-specific costs
23. Address Management – Development of Address Management product-specific costs
24. CS 11 Realloc – Reallocation of maintenance personnel expenses
25. MOB Realloc – Reallocation of money order personnel expenses
26. 51111 Realloc – PCES performance award reallocations to subaccount
27. 51112 Realloc – EAS performance awards reallocations tor subaccount
28. Reallocation Summary – Summary of reallocations
29. Outputs to CRA – Worksheet used to organize selected outputs to CRA

The Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Public Version) is generated from general ledger data that are downloaded from the Postal Service’s mainframe Accounting systems. General ledger accounts are sorted and grouped so that they correspond to the Cost and Revenue Analysis (CRA) Model’s cost segments and components.

As shown below, revenue and cost items from USPS-FY11-5 are input to the CRA Model, which is documented in USPS-FY11-31 (public) and USPS-FY11-NP13 (non-public).

The following items found in this report are used as input/output to USPS-FY11-5:

**Items in this Report Utilizing Output from USPS-FY11-5**

Item Number	Data/Information Provided
USPS-FY11-NP13	<ul style="list-style-type: none"> <li>• FY 2011 CRA Model (Model Files, Cost Matrices, and Reports)</li> </ul>
USPS-FY11-31	<ul style="list-style-type: none"> <li>• FY 2011 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)</li> </ul>

**USPS-FY11-6**

This item is entitled:

USPS-FY11-6                      General Classification of Accounts

USPS-FY11-6, General Classification of Accounts, identifies the different types of General Ledger accounts, lists the account numbers, and provides a brief description of each account. It is provided as general background information of a type specifically sought previously, but is not otherwise directly relied upon by the Postal Service in this filing.

In Docket Nos. ACR2009 and ACR2008, this was submitted as USPS-FY09-6 and USPS-FY08-6, and in Docket No. ACR2007, it was submitted as CIR.1.Q.21.Class.Accounts.xls, filed on February 1, 2008, in response to Commission Information Request No. 1, Question 21. Previously, this type of information appeared in Handbook F-8, the USPS Chart of Accounts.

Since this item merely lists and describes accounts, while containing no actual account data, it neither relies on inputs from any other items in this docket, nor generates outputs which are used as inputs to any other items in the is docket.

USPS-FY011-6 consists of a Preface document, and one Excel file, FY11.6.F.8.xls.

### **USPS-FY11-7**

This item is entitled:

USPS-FY11-7                      Cost Segment 3 Cost Pools and Other Related Information

USPS-FY11-7 documents the formation of C/S 3 cost pools, the development of mail processing accrued costs and volume-variable subclass costs by cost pool, and other related calculations that are inputs to the B Workpapers, the CRA model, and the Special Cost Studies.

The predecessor document is USPS-FY10-7 in Docket No. ACR2010. USPS-FY11-7 is the public version of USPS-FY11-NP18. The specific rate categories shown in USPS-FY11-7 are generally the same as those used last year. The domestic market-dominant and total international mail and services are the same ones appearing in USPS-FY11-NP18. However, the competitive domestic mail and services which are detailed in USPS-FY11-NP18 (non-public version) are aggregated in USPS-FY11-7.

USPS-FY11-7 consists of:

- an Excel Workbook with eight Excel files, and
- a SAS Program documentation with txt files for SAS program codes, and rtf files for SAS logs and SAS output tables.

*USPS-FY11-7 Excel Workbook* is comprised of eight parts, each contained in an Excel file. The eight Excel files are named USPS-FY11-7 Part1.xls through USPS-FY11-7 Part8.xls. For each part of the workbook, the actual tables and their titles are listed at the beginning of each Excel file.

USPS-FY11-7 SAS documentation includes a general description of the programming procedures associated with the SAS program codes. *USPS-FY11-7 SAS programs* contains txt files of the SAS program codes. *USPS-FY11-7 SAS logs* contains rtf files of the SAS logs. And *USPS-FY11-7 SAS tables* contains rtf files of the SAS output tables generated by the SAS program codes and the SAS logs.

The following items found in this report are used as input/output to USPS-FY11-7:

#### Items in this Report Used as Input to USPS-FY11-7

Item Number	Data/Information Used
USPS-FY11-23	<ul style="list-style-type: none"> <li>MODS Productivity Data</li> </ul>
USPS-FY11-NP2	<ul style="list-style-type: none"> <li>FY 2011 International Cost and Revenue Analysis (ICRA) report (Hard Copy &amp; Excel)</li> </ul>
USPS-FY11-37	<ul style="list-style-type: none"> <li>In-Office Cost System (IOCS) Statistical and Computer Documentation (Public Version)</li> </ul>

#### Items in this Report Utilizing Output from USPS-FY11-7

Item Number	Data/Information Provided
USPS-FY11-2	<ul style="list-style-type: none"> <li>FY 2011 Public Cost Segments and Components</li> </ul>
USPS-FY11-8	<ul style="list-style-type: none"> <li>Equipment and Facility Related Costs</li> </ul>
USPS-FY11-10	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY11-11	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) &amp; Periodicals Cost Model</li> </ul>
USPS-FY11-12	<ul style="list-style-type: none"> <li>Standard Mail Hybrid/Parcel Cost Study</li> </ul>
USPS-FY11-13	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail</li> </ul>
USPS-FY11-15	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)</li> </ul>
USPS-FY11-21	<ul style="list-style-type: none"> <li>FY 2011 QBRM and BRM Costs</li> </ul>
USPS-FY11-25	<ul style="list-style-type: none"> <li>FY 2011 Mail Processing Piggyback Factors (Operation Specific)</li> </ul>
USPS-FY11-26	<ul style="list-style-type: none"> <li>FY 2011 Mail Processing Costs by Shape (Public Version)</li> </ul>
USPS-FY11-28	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers – Special Services</li> </ul>

USPS-FY11-31	<ul style="list-style-type: none"> <li>FY 2011 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)</li> </ul>
USPS-FY11-32	<ul style="list-style-type: none"> <li>FY 2011 CRA "B" Workpapers (Public Version)</li> </ul>

### **USPS-FY11-8**

This item is entitled:

USPS-FY11-8                      Equipment and Facility Related Costs

The primary purpose of USPS-FY11-8 is to provide inputs to determine the volume variable equipment and facility-related costs by subclass for the CRA. USPS-FY11-8 also provides inputs for the calculation of cost pool and operations specific piggyback factors in USPS-FY11-25.

The CRA equipment-related costs are equipment depreciation (component 20.1), interest expense (component 20.5), maintenance labor (component 11.2), and parts & supplies (component 16.3.2). USPS-FY11-8 provides these costs by 26 cost pools defined by equipment type, using data from Postal Service accounting and engineering records. For each cost pool, costs are related to subclass through distribution keys indicated for each pool. Inputs are also provided to the CRA to calculate the distribution key to apportion costs for Intelligent Mail Devices (IMDs) Scanners.

The CRA facility-related costs are for space provision and space support. The space provision costs are rents (component 15.1), depreciation (component 20.3) and interest (component 20.5). The space support costs are fuel and utilities (component 15.2), custodial services labor (component 11.1), contract cleaners (component 11.1.2), building equipment maintenance labor (component 11.3), custodial supplies and services (component 16.3.1) and building security (component 18.1.2). These costs are divided into cost pools (or by activity) based on the FY 2010 estimates of square feet and rents by operation. These estimates are based on the FY1999 facility survey, updated using information on equipment deployments since FY1999. USPS-FY11-8 also provides a description of the variabilities and distribution keys for these cost pools.

Predecessor documents are Docket No. R2006-1, USPS-LR-L-54 and Docket ACR2010, USPS-FY10-8. There is no corresponding non-public document.

The following items found in this report are used as input/output to USPS-FY11-8:

**Items in this Report Used as Input to USPS-FY11-8**

Item Number	Data/Information Used
USPS-FY11-5	<ul style="list-style-type: none"> <li>Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)</li> </ul>
USPS-FY11-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY11-28	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers – Special Services (Public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY11-8**

Item Number	Data/Information Provided
USPS-FY11-25	<ul style="list-style-type: none"> <li>FY 2011 Mail Processing Piggyback Factors (Operation Specific)</li> </ul>
USPS-FY11-31	<ul style="list-style-type: none"> <li>FY 2011 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)</li> </ul>
USPS-FY11-NP13	<ul style="list-style-type: none"> <li>FY 2011 CRA Model (Model Files, Cost Matrices, and Reports)</li> </ul>

Results for USPS-FY11-8 can be found in the following workbooks. Each workbook contains an overview of its contents:

CRA FACILITY RELATED COST FACTORS,  
VARIABILITIES & DISTRIBUTION .....FCILTY11.XLS

CRA PROCESSING AND OTHER EQUIPMENT MAINTENANCE, PARTS AND SUPPLIES  
COSTS: FACTORS & DISTRIBUTION .....FY11equip.XLS

CRA PROCESSING AND OTHER EQUIPMENT CAPITAL COSTS: FACTORS &  
DISTRIBUTION.....FY11equip.XLS

CRA INPUTS FOR IMD SCANNER DISTRIBUTION  
KEY.....FY11.IMD.SCANNER.KEY.INPUT.XLS

**USPS-FY11-9**

This item is entitled:

USPS-FY11-9      ACR Roadmap Document

The purpose of this Roadmap to the Postal Service's FY 2011 Annual Compliance Report is to present the subject matter of each item, explain the interrelationship between items, and to describe changes in technical methodologies.

This item consolidates in one place a brief description of each of the items provided, as well as the flow of inputs and outputs between items. It includes a discussion of any methodology changes between the FY 2011 analyses included in this presentation, and the Commission's methodologies in their Annual Compliance Determination of the U. S. Postal Service for Fiscal Year 2010, or, if applicable, the methodologies used by the Postal Service under Docket No. ACR2010.

The predecessor document to this item is Docket No. ACR2010, USPS-FY10-9.

**USPS-FY11-10**

This item is entitled:

USPS-FY11-10      FY 2011 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)

USPS-FY11-10 documents the First-Class Mail presort letters and cards mail processing unit cost estimates and worksharing-related savings estimates, and the Standard Mail Regular presort letters mail processing unit cost estimates.

Predecessor documents include Docket No. R2006-1, PRC-LR-12 (First-Class Mail) and PRC-LR-15 (Standard Mail), ACR2007, USPS-FY07-10, ACR2008 USPS-FY08-10, ACR2009 USPS-FY09-10, ACR2010, USPS-FY10-10, Docket No. RM2011-5, Order No. 741, Docket No. RM2012-1, Proposal Twelve, and Docket No. RM2012-2, Proposal Nineteen. There are no corresponding non-public documents.

USPS-FY11-10 contains four EXCEL workbooks. The workbook USPS-FY11-10.FCM\_LTRS.xls contains the First-Class Mail presort letters and cards mail processing unit cost estimates and the First-Class Mail Presort letters and cards worksharing-related savings estimates by price category. These estimates are developed using the Order No. 741 methodology.

The workbook USPS-FY11-10.STD\_LTRS.xls contains the Standard Mail Regular presort letters mail processing unit cost estimates by price category. These estimates are developed using the Order No. 741 methodology.

The workbook USPS-FY11-10.FCM\_LTRS.PROPOSAL19.xls contains the First-Class Mail presort letters mail processing unit cost estimates by price category. These estimates are developed using the Docket No. RM2012-2, Proposal Nineteen methodology.

The workbook USPS-FY11-10.STD\_LTRS.PROPOSAL12.xls contains the Standard Mail Regular presort letters mail processing unit cost estimates by price category. These estimates are developed using the Docket No. RM2012-1, Proposal Twelve methodology.

The following items found in this report are used as input/output to USPS-FY11-10:

**Items in this Report Used as Input to USPS-FY11-10**

Item Number	Data/Information Used
USPS-FY11-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY11-14	• Mail Characteristics Study (Public Version)
USPS-FY11-19	• FY 2011 Delivery Costs By Shape
USPS-FY11-23	• MODS Productivity Data
USPS-FY11-24	• FY 2011 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY11-25	• FY 2011 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY11-26	• FY 2011 Mail Processing Costs by Shape (Public Version)

**Items in this Report Utilizing Output from USPS-FY11-10**

Item Number	Data/Information Provided
USPS-FY11-3	• FY 2011 Discounts and Passthroughs of Workshare Items
USPS-FY11-19	• FY 2011 Delivery Costs By Shape
USPS-FY11-21	• FY 2011 QBRM and BRM Costs
USPS-FY11-30	• FY 2011 Market Dominant NSA Materials

**USPS-FY11-11**

This item is entitled:

USPS-FY11-11                      FY 2011 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model

USPS-FY11-11 documents the development of the FY 2011 mail processing unit cost estimates for First-Class Mail Presort flats, Periodicals Outside-County flats, and Standard Mail Regular flats.

Predecessor documents are First-Class Mail model: Prop18FCMFlatsRevised.xls (Proposal 18 filed in Docket No. RM2012-2 as revised on Dec 12, 2011); Periodicals model: Prop18PERFlatsRevised.xls (Proposal 18 filed in Docket No. RM2012-2 as revised on Dec 9, 2011) and Standard Mail model: Prop18STDFlats.xls (Proposal 18 filed in Docket No. RM2012-2 on Nov 30, 2011).

There are no non-public documents associated with USPS-FY11-11.

The USPS-FY11-11 workpapers consist of three separate Microsoft Office Excel workbooks, one each for the First-Class Mail Presort, Standard Mail Regular, and Periodicals Outside-County flats model cost estimates.

The following items found in this report are used as input/output to USPS-FY11-11:

**Items in this Report Used as Input to USPS-FY11-11**

Item Number	Data/Information Used
USPS-FY11-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY11-14	• Mail Characteristics Study (Public Version)
USPS-FY11-23	• MODS Productivity Data
USPS-FY11-25	• FY 2011 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY11-26	• FY 2011 Mail Processing Costs by Shape (Public Version)

**Items in this Report Utilizing Output from USPS-FY11-11**

Item Number	Data/Information Provided
USPS-FY11-3	• FY 2011 Discounts and Passthroughs of Workshare Items
USPS-FY11-30	• FY 2011 Market Dominant NSA Materials

**USPS-FY11-12**

This item is entitled:

USPS-FY11-12                      Standard Mail Hybrid/Parcel Cost Study

USPS-FY11-12 documents the mail processing unit cost estimates for the Standard Mail parcel and not flat-machinable (NFM) mail pieces.

Predecessor documents are Docket No. RM2010-12, Order No. 658, ACR2010 USPS-FY10-12, and Docket No. RM2011-12, Order No. 920. There is no corresponding non-public document to USPS-FY11-12.

The Standard Mail NFM and parcel cost estimates are presented in the Microsoft Excel workbook 'USPS-FY-11-12.xls' in the spreadsheet tab entitled 'MP Summary', page 1 of USPS-FY11-12.

The following items found in this report are used as input/output to USPS-FY11-12:

**Items in this Report Used as Input to USPS-FY11-12**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY11-4	• FY 2011 Market Dominant Billing Determinants
USPS-FY11-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY11-14	• Mail Characteristics Study (Public Version)
USPS-FY11-23	• MODS Productivity Data
USPS-FY11-25	• FY 2011 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY11-26	• FY 2011 Mail Processing Costs by Shape (Public Version)

**Items in this Report Utilizing Output from USPS-FY11-12**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY11-3	• FY 2011 Discounts and Passthroughs of Workshare Items

**USPS-FY11-13**

This item is entitled:

USPS-FY11-13                      FY 2011 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail

USPS-FY11-13 contains the destination entry cost avoidance estimates for Standard Mail and Periodicals.

Predecessor documents include Docket No. R2006-1, USPS-LR-L-112, Docket No. ACR2007 USPS-FY07-13, Docket No. ACR2008 USPS-FY08-13, Docket No. RM2009-10, Order No. 339, Docket No. ACR2009, USPS-FY09-13, and Docket No. ACR2010 USPS-FY10-13. There is no corresponding non-public document to USPS-FY11-13.

The Standard Mail cost avoidance estimates are the outputs that are relied upon to develop the discounts and passthrough values contained in USPS-FY11-3. They are also used to develop the enhanced carrier route (ECR) cost estimates contained in USPS-FY11-18. The Standard Mail transportation and non-transportation cost avoidance estimates by shape are presented in the Microsoft Excel workbooks 'USPS-FY11-13.STD\_TOTAL.xls,' 'USPS-FY11-13.STD\_LETTERS.xls,' and 'USPS-FY11-13.STD\_FLATS.xls,.'. The results are contained in the 'Summary All Shapes' worksheet in the first workbook (page 1 of USPS-FY11-13). Data sources are referenced in each spreadsheet throughout the workbook.

The Periodicals cost avoidance estimates are the outputs that are relied upon to develop the discounts and passthrough values contained in USPS-FY11-3. The Periodicals non-transportation cost avoidance estimates are presented in the Microsoft Excel workbook 'USPS-FY11-13.PER.xls' in the 'Summary' worksheet (page 113) of USPS-FY11-13. Data sources are referenced in each spreadsheet throughout the workbook.

The following items found in this report are used as input/output to USPS-FY11-13:

**Items in this Report Used as Input to USPS-FY11-13**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY11-1	• FY 2011 Public Cost and Revenue Analysis (PCRA)
USPS-FY11-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY11-14	• Mail Characteristics Study
USPS-FY11-23	• MODS Productivity Data

USPS-FY11-24	• FY 2011 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY11-25	• FY 2011 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY11-32	• FY 2011 CRA "B" Workpapers (Public Version)

**Items in this Report Utilizing Output from USPS-FY11-13**

Item Number	Data/Information Provided
USPS-FY11-3	• FY 2011 Discounts and Passthroughs of Workshare Items
USPS-FY11-18	• FY 2011 ECR Mail Processing Unit Costs

**USPS-FY11-14**

This item is entitled:

USPS-FY11-14                      Mail Characteristics Study (Public Version)

USPS-FY11-14 documents the development of a number of volume and parameter estimates used in the preparation of the 2011 ACR. The section titled "RPW by Shape and Indicia" describes the development of revenue, piece and weight estimates by shape and indicia. Standard Mail and First-Class Mail estimates by weight increment are also developed. The "Mail Characteristics" section describes the development of preparation and entry characteristics for Standard Mail flats and letters, and for Periodicals flats. The re-calibration of the First-Class Mail Characteristics Study (Docket No. R2006-1, LR-L-32) is also described in the "Mail Characteristics" section. The "Coverage Factor Updating" section describes the methodology used to update coverage factor parameters for the flats mail processing models. The methodology is not changed from Docket No. ACR2010.

Predecessor documents are USPS-FY10-14, USPS-FY09-14 in Docket No. ACR2009, USPS-FY08-14 in Docket No. ACR2008, USPS-FY07-14 filed in Docket No. ACR2007, and Docket No. R2001-1, USPS-LR-J-63 for Density Study. The corresponding nonpublic document is USPS-FY11-NP25.

The tables of the characteristics estimates are presented in electronic version in the Microsoft Office Excel workbook 'MAILCHAR11V.xls'. The estimates of RPW by shape and indicia are presented in the Microsoft Office Excel workbook "Shape Indicia FY 2011rV.xls". The coverage factor and results are provided in the workbook "Coverage Factorsm.xls". The programs and workbooks used to estimate these volumes are described in the Program Documentation.

This item relies upon the FY 2011 PostalOne! mailing statement database; FY 2011 Mail.dat data from the PostalOne! eVS system; and USPS-LR-L-32 for First-Class Mail.

The following items found in this report are used as input/output to USPS-FY11-14:

**Items in this Report Utilizing Output from USPS-FY11-14**

Item Number	Data/Information Provided
USPS-FY11-11	<ul style="list-style-type: none"> <li data-bbox="678 579 1193 699">FY 2011 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) &amp; Periodicals Cost Model</li> </ul>
USPS-FY11-10	<ul style="list-style-type: none"> <li data-bbox="678 709 1193 793">FY 2011 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY11-13	<ul style="list-style-type: none"> <li data-bbox="678 804 1193 917">FY 2011 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail</li> </ul>

**USPS-FY11-15**

This item is entitled:

USPS-FY11-15                      FY 2011 Special Cost Studies Workpapers – Bound Printed Matter Mail Processing Cost Model / Media Mail – Library Mail Processing Cost Model

USPS-FY11-15 documents the mail processing and delivery cost estimates for Bound Printed Matter and the mail processing cost estimates for Media Mail - Library Mail.

Predecessor documents include Docket No. R2006-1 USPS-LR-L-103, Docket No. ACR2007 USPS-FY07-15, Docket No. ACR2008 USPS-FY08-15, Docket No. ACR2009 USPS-FY09-15, Docket No. ACR2010 USPS-FY10-15, Docket No. RM2011-5, Order No. 724, and Docket No. RM2011-12, Order No. 920. There is no corresponding non-public document to USPS-FY11-15.

The Bound Printed Matter cost model results are presented in the Microsoft Excel workbook 'USPS-FY11-15.BPM.xls' in the spreadsheet tab entitled 'Summary,' page 1 USPS-FY11-15.

The Media Mail / Library Mail cost model results are presented in the Microsoft Excel workbook 'USPS-FY11-15.MM-LM.xls' in the spreadsheet tab entitled 'Summary,' page 13 USPS-FY11-15.

The following items found in this report are used as input/output to USPS-FY11-15:

**Items in this Report Used as Input to USPS-FY11-15**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY11-1	<ul style="list-style-type: none"> <li>FY 2011 Public Cost and Revenue Analysis (PCRA) Report</li> </ul>
USPS-FY11-2	<ul style="list-style-type: none"> <li>FY 2011 Public Cost Segments and Components</li> </ul>
USPS-FY11-4	<ul style="list-style-type: none"> <li>FY 2011 Market Dominant Billing Determinants</li> </ul>
USPS-FY11-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY11-22	<ul style="list-style-type: none"> <li>FY 2011 Bound Printed Matter Mail Processing Costs and Parcel Post Window Service Costs</li> </ul>
USPS-FY11-23	<ul style="list-style-type: none"> <li>MODS Productivity Data</li> </ul>
USPS-FY11-24	<ul style="list-style-type: none"> <li>FY 2011 Non-Operation Specific Piggyback Factors (Public Version)</li> </ul>
USPS-FY11-25	<ul style="list-style-type: none"> <li>FY 2011 Mail Processing Piggyback Factors (Operation Specific)</li> </ul>
USPS-FY11-26	<ul style="list-style-type: none"> <li>FY 2011 Mail Processing Costs by Shape (Public Version)</li> </ul>
USPS-FY11-36	<ul style="list-style-type: none"> <li>Transportation Cost Systems (TRACS) Statistical and Computer Documentation (Public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY11-15**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY11-3	<ul style="list-style-type: none"> <li>FY 2011 Discounts and Passthroughs of Workshare Items</li> </ul>
USPS-FY11-16	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Bound Printed Matter Transportation Costs / Bulk Parcel Return Service Cost Study</li> </ul>

**USPS-FY11-16**

This item is entitled:

USPS-FY11-16                      FY 2011 Special Cost Studies Workpapers - Bound Printed Matter Transportation Costs / Bulk Parcel Return Service Cost Study (Public Version)

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

Predecessor documents include 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, and Docket No. RM2011-5, Order No. 724. There is no corresponding non-public document to USPS-FY11-16.

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 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 following items found in this report are used as input/output to USPS-FY11-16:

**Items in this Report Used as Input to USPS-FY11-16**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY11-1	• FY 2011 Public Cost and Revenue Analysis (PCRA) Report
USPS-FY11-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY11-13	• FY 2011 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail
USPS-FY11-15	• FY 2011 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)
USPS-FY11-23	• MODS Productivity Data
USPS-FY11-24	• FY 2011 Non-Operation Specific Piggyback Factors (Public Version)

USPS-FY11-25	• FY 2011 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY11-32	• FY 2011 CRA "B" Workpapers (Public Version)
USPS-FY11-36	• Transportation Cost Systems (TRACS) Statistical and Computer Documentation (Public Version)

**Items in this Report Utilizing Output from USPS-FY11-16**

Item Number	Data/Information Provided
USPS-FY11-3	• FY 2011 Discounts and Passthroughs of Workshare Items

**USPS-FY11-17**

This item is entitled:

USPS-FY11-17                      FY 2011 Comprehensive Statement of Postal Operations

The Postal Service publishes a number of reports that are responsive to different legislative requirements. They provide stakeholders with an accounting of our activities and results. To avoid duplication and improve consistency, our Annual Report to Congress, the Comprehensive Statement on Postal Operations, and our Annual Performance Report and Plan are combined in this single document.

Since this item is provided as general background information, it is not directly relied upon by the Postal Service in this filing.

**USPS-FY11-18**

This item is entitled:

USPS-FY11-18                      FY 2011 ECR Mail Processing Unit Costs

USPS-FY11-18 documents the development of mail processing unit costs by shape for Standard Mail ECR rate categories.

It contains printed and electronic documentation of the spreadsheets and programs used to develop these costs.

Predecessor documents are Docket No. R2006-1 USPS-LR-L-107, Docket No. ACR2007 USPS-FY07-18, Docket No. ACR2008 USPS-FY08-18, Docket No. ACR2009 USPS-FY09-18, and Docket No. ACR2010, USPS-FY10-18. There is no corresponding non-public document.

The main results are presented in the Microsoft Office Excel workbook 'FY11 ECR Unit Costs.xls' in the spreadsheet 'Results.' Data sources are referenced in each spreadsheet in workbook 'FY11 ECR Unit Costs.xls.' The programs and workbooks used to estimate these costs are described in the Program Documentation.

The following items found in this report are used as input/output to USPS-FY11-18:

#### Items in this Report Used as Input to USPS-FY11-18

Item Number	Data/Information Used
USPS-FY11-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY11-13	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail</li> </ul>
USPS-FY11-14	<ul style="list-style-type: none"> <li>Mail Characteristics Study (Public Version)</li> </ul>
USPS-FY11-NP21	<ul style="list-style-type: none"> <li>In-Office Cost System (IOCS) Statistical and Computer Documentation (Non-public Version) (Source Code and Data on CD-ROM)</li> </ul>
USPS-FY11-26	<ul style="list-style-type: none"> <li>FY 2011 Mail Processing Costs by Shape (Public Version)</li> </ul>

#### Items in this Report Utilizing Output from USPS-FY11-18

Item Number	Data/Information Provided
USPS-FY11-3	<ul style="list-style-type: none"> <li>FY 2011 Discounts and Passthroughs of Workshare Items</li> </ul>

**USPS-FY11-19**

This item is entitled:

USPS-FY11-19                      FY 2011 Delivery Costs By Shape

USPS-FY11-19 documents the development of FY 2011 attributable delivery costs by rate category for First-Class, Periodicals, Standard, Bound Printed Matter, and Media Mail. Predecessor documents include Docket No. ACR2010, PRC-ACR2010-LR8-FY2010 and USPS-FY10-19. There is no corresponding Non-Public document to USPS-FY11-19.

The following items found in this report are used as input/output to USPS-FY11-19:

**Items in this Report Used as Input to USPS-FY11-19**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY11-10	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY11-14	<ul style="list-style-type: none"> <li>Mail Characteristics Study (Public Version)</li> </ul>
USPS-FY11-24	<ul style="list-style-type: none"> <li>FY 2011 Non-Operation Specific Piggyback Factors (Public Version)</li> </ul>
USPS-FY11-32	<ul style="list-style-type: none"> <li>FY 2011 CRA "B" Workpapers (Public Version)</li> </ul>
USPS-FY11-34	<ul style="list-style-type: none"> <li>City Carrier Cost System (CCCS) Statistical and Computer Documentation (Public Version)</li> </ul>
USPS-FY11-35	<ul style="list-style-type: none"> <li>Rural Carrier Cost System (RCCS) Statistical and Computer Documentation (Public Version)</li> </ul>
USPS-FY11-37	<ul style="list-style-type: none"> <li>In-Office Cost System (IOCS) Statistical and Computer Documentation (Public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY11-19**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY11-3	<ul style="list-style-type: none"> <li>FY 2011 Discounts and Passthroughs of Workshare Items</li> </ul>
USPS-FY11-10	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY11-30	<ul style="list-style-type: none"> <li>FY 2011 Market Dominant NSA Materials</li> </ul>

USPS-FY11-19 contains five Excel workbooks along with the Preface document. The Excel workbooks perform the calculations necessary to calculate the unit delivery costs by rate category. The workbooks KLTable11v1\_All and KLTable11v1\_Casing are pivot tables derived from IOCS CARMM data file contained in USPS-FY10-37. These pivot tables provide casing only and 6.1 direct labor costs by route grouping (letter, SPR, and other) by rate category. The workbook UDCInputs11.xls consists of the necessary cost and volume inputs required to derive the unit delivery costs. The workbook VolAdj11.xls contains all of the volume adjustments needed to calculate the unit delivery costs. Lastly, the workbook UDCModel11.xls takes the inputs and volume adjustments and performs the calculations to get the final unit delivery costs by rate category, including the calculations needed because of the 'D Report Adjustment' for rate categories within the product ECR High Density and Saturation. These calculations are included in worksheet '1a.DAdjustment.' Documentation of the content of each worksheet within the Inputs11, VolAdj11, and Model11 workbooks is included in the worksheet called 'NOTES' within each of the three workbooks. The 'NOTES' worksheet lists all of the worksheets within each workbook along with a brief description of its function.

### **USPS-FY11-20**

This item is entitled:

USPS-FY11-20                      FY 2011 Window Service Cost by Shape

USPS-FY11-20 documents the development of window service volume-variable costs by shape for First-Class Mail Presort, Standard Mail Regular, and Standard Mail ECR.

Predecessor documents are Docket No. R2006-1 USPS-LR-L-106, Docket No. ACR 2007 USPS-FY07-20, Docket No. ACR 2008 USPS-FY08-20, Docket No. ACR 2009 USPS-FY10-20 and Docket No. ACR 2010, USPS-FY10-20. There is no corresponding non-public document.

The main results are presented in the Microsoft Office Excel workbook 'FY11 Window Service Costs.xls' in the spreadsheet 'FY11 Adj Costs.' Data sources are referenced in each spreadsheet in the Microsoft Office Excel workbook 'FY11 Window Service Costs.xls.' The programs and workbooks used to estimate these costs are described in the Program Documentation.

The following items found in this report are used as input/output to USPS-FY11-20:

**Items in this Report Used as Input to USPS-FY11-20**

Item Number	Data/Information Used
USPS-FY11-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY11-NP21	<ul style="list-style-type: none"> <li>In-Office Cost System (IOCS) Statistical and Computer Documentation (Non-public Version) (Source Code and Data on CD-ROM)</li> </ul>
USPS-FY11-24	<ul style="list-style-type: none"> <li>FY 2011 Non-Operation Specific Piggyback Factors (Public Version)</li> </ul>
USPS-FY11-26	<ul style="list-style-type: none"> <li>FY 2011 Mail Processing Costs by Shape (Public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY11-20**

Item Number	Data/Information Provided
USPS-FY11-3	<ul style="list-style-type: none"> <li>FY 2011 Discounts and Passthroughs of Workshare Items</li> </ul>

**USPS-FY11-21**

This item is entitled:

USPS-FY11-21                      FY 2011 QBRM and BRM Costs

USPS-FY11-21 documents the worksharing-related savings estimate for QBRM letters and cards and the Business Reply Mail Fee cost estimates.

Predecessor documents include ACR2007 USPS-FY07-21, ACR2008 USPS-FY08-21, ACR2009 USPS-FY09-21, ACR2010 USPS-FY10-21, and Docket No. RM2012-2, Proposal 20. There is no corresponding non-public document.

USPS-FY11-10 contains two EXCEL workbooks. The workbook USPS-FY11-10.xls contains the Qualified Business Reply Mail worksharing-related savings estimate and the BRM fee cost estimates that have been developed using the cost methodology that has been presented in the past four ACRs. The workbook USPS-FY11-10.PROPOSAL20.xls contains the Qualified Business Reply Mail worksharing-related savings estimate and the BRM fee cost estimates that have been developed using the Docket No. RM2012-2, Proposal Twenty methodology

The following items found in this report are used as input/output to USPS-FY11-21:

**Items in this Report Used as Input to USPS-FY11-21**

Item Number	Data/Information Used
USPS-FY11-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY11-10	• FY 2011 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY11-23	• MODS Productivity Data
USPS-FY11-25	• FY 2011 Mail Processing Piggyback Factors (Operation Specific)

**Items in this Report Utilizing Output from USPS-FY11-21**

Item Number	Data/Information Provided
USPS-FY11-3	• FY 2011 Discounts and Passthroughs of Workshare Items

**USPS-FY11-22**

This item is entitled:

USPS-FY11-22                      FY 2011 Bound Printed Matter Mail Processing Costs

USPS-FY11-22 documents the development of mail processing costs for Bound Printed Matter.

Predecessor documents are Docket No. R2006-1 USPS-LR-L-109; Docket No. ACR2007 USPS-FY07-22; Docket No. ACR2008 USPS-FY08-22; Docket No. ACR2009 USPS-FY09-22 and Docket No. ACR2010, USPS-FY10-22. There is no corresponding non-public document.

The main results are presented in two Microsoft Office Excel workbooks: FY11 BPM Costs ASF.xls and FY11 BPM Costs Op07.xls. Data sources are referenced in each spreadsheet in the Microsoft Office Excel workbooks. The programs and workbooks used to estimate these costs are described in the Program Documentation.

The following items found in this report are used as input/output to USPS-FY11-22:

**Items in this Report Used as Input to USPS-FY11-22**

Item Number	Data/Information Used
USPS-FY11-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY11-NP21	<ul style="list-style-type: none"> <li>In-Office Cost System (IOCS) Statistical and Computer Documentation (Non-public Version) (Source Code and Data on CD-ROM)</li> </ul>
USPS-FY11-26	<ul style="list-style-type: none"> <li>FY 2011 Mail Processing Costs by Shape (Public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY11-22**

Item Number	Data/Information Provided
USPS-FY11-15	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers – Bound Printed Matter Mail Processing Cost Model/Media Mail – Library Mail Processing Cost Model</li> </ul>

**USPS-FY11-23**

This item is entitled:

USPS-FY11-23                      MODS Productivity Data

USPS-FY11-23 provides FY11 productivity data for selected operations at plants, Network Distribution Centers (NDCs, formerly Bulk Mail Centers or BMCs), and Remote Encoding Centers (RECs).

Predecessor documents are Docket No. R2006-1 USPS-LR-L-56 Part III; Docket No. ACR2007 USPS-FY07-23; Docket No. ACR2008 USPS-FY08-23; Docket No. ACR2009, USPS-FY09-23 and . Docket No. ACR2010, USPS-FY10-23. There is no corresponding non-public document.

The main results are presented in the Microsoft Office Excel workbooks 'YRScrub2011.xls,' 'RECProds.xls, 'BMCscrub2011.xls', and 'CSBCS2011.xls'. The data processing steps are described in program documentation.

The following items found in this report are used as input/output to USPS-FY11-23:

**Items in this Report Utilizing Output from USPS-FY11-23**

Item Number	Data/Information Provided
USPS-FY11-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY11-10	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY11-11	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) &amp; Periodicals Cost Model</li> </ul>
USPS-FY11-15	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)</li> </ul>

**USPS-FY11-24**

This item is entitled:

USPS-FY11-24                      FY 2011 Non-Operation Specific Piggyback Factors (Public Version)

USPS-FY11-24 documents development of the piggyback factors for major functions (e.g., mail processing, window service, city delivery, rural delivery, vehicle service drivers, and postmasters) for each Market Dominant product for FY 2011. Piggyback factors are employed in cost studies to augment labor cost estimates for the major functions by adding the costs associated with supervisors and administration, service-wide benefits, along with facility-related and equipment-related costs.

Predecessor documents include Docket No. R2006-1 USPS-LR-L-98, parts I and II, and Docket No. ACR2010, USPS-FY10-24. The corresponding non-public document is USPS-FY11-NP19 which contains the piggyback factors for all classes and subclasses and also links to the CRA model output.

Results can be seen in the Microsoft Office Excel workbook FY11Public.PB.xls.

The following items found in this report are used as input/output to USPS-FY11-24:

**Items in this Report Used as Input to USPS-FY11-24**

Item Number	Data/Information Used
USPS-FY11-31	<ul style="list-style-type: none"> <li>FY 2011 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY11-24**

Item Number	Data/Information Provided
USPS-FY11-10	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY11-11	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) &amp; Periodicals Cost Model</li> </ul>
USPS-FY11-12	<ul style="list-style-type: none"> <li>Standard Mail Hybrid/Parcel Cost Study</li> </ul>
USPS-FY11-13	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail</li> </ul>
USPS-FY11-15	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)</li> </ul>
USPS-FY11-16	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Bound Printed Matter and Parcel Post Transportation Costs / Bulk Parcel Return Service Cost Study (Public Version)</li> </ul>
USPS-FY11-18	<ul style="list-style-type: none"> <li>FY 2011 ECR Mail Processing Unit Costs</li> </ul>
USPS-FY11-19	<ul style="list-style-type: none"> <li>FY 2011 Delivery Costs By Shape</li> </ul>
USPS-FY11-20	<ul style="list-style-type: none"> <li>FY 2011 Window Service Cost by Shape</li> </ul>
USPS-FY11-21	<ul style="list-style-type: none"> <li>FY 2011 QBRM and BRM Costs</li> </ul>
USPS-FY11-22	<ul style="list-style-type: none"> <li>FY 2011 Bound Printed Matter Mail Processing Costs</li> </ul>
USPS-FY11-25	<ul style="list-style-type: none"> <li>FY 2011 Mail Processing Piggyback Factors (Operation Specific)</li> </ul>
USPS-FY11-26	<ul style="list-style-type: none"> <li>FY 2011 Mail Processing Costs by Shape (Public Version)</li> </ul>
USPS-FY11-28	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers – Special Services</li> </ul>
USPS-FY11-NP10	<ul style="list-style-type: none"> <li>FY 2011 ICM Data</li> </ul>
USPS-FY11-NP26	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers – Special Services (Non-public Version)</li> </ul>

**USPS-FY11-25**

This item is entitled:

USPS-FY11-25                      FY 2011 Mail Processing Piggyback Factors  
(Operation Specific)

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 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.

Predecessor documents are Docket No. R2006-1, USPS-LR-L-98, parts III and IV, Docket No. ACR2009, USPS-FY10-25, and Docket No. ACR2010, USPS-FY10-25. There is no corresponding non-public document. Result can be seen in the Microsoft Office Excel workbook MPPGBY11PRC.XLS.

The following items found in this report are used as input/output to USPS-FY11-25:

**Items in this Report Used as Input to USPS-FY11-25**

Item Number	Data/Information Used
USPS-FY11-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY11-8	• Equipment and Facility Related Costs
USPS-FY11-23	• MODS Productivity Data
USPS-FY11-24	• FY 2011 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY11-31	• FY 2011 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)

**Items in this Report Utilizing Output from USPS-FY11-25**

Item Number	Data/Information Provided
USPS-FY11-10	• FY 2011 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY11-11	• FY 2011 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model
USPS-FY11-12	• Standard Mail Hybrid/Parcel Cost Study

USPS-FY11-13	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail</li> </ul>
USPS-FY11-15	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)</li> </ul>
USPS-FY11-16	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Bound Printed Matter and Parcel Post Transportation Costs / Bulk Parcel Return Service Cost Study (Public Version)</li> </ul>
USPS-FY11-18	<ul style="list-style-type: none"> <li>FY 2011 ECR Mail Processing Unit Costs</li> </ul>
USPS-FY11-19	<ul style="list-style-type: none"> <li>FY 2011 Delivery Costs By Shape</li> </ul>
USPS-FY11-20	<ul style="list-style-type: none"> <li>FY 2011 Window Service Cost by Shape</li> </ul>
USPS-FY11-21	<ul style="list-style-type: none"> <li>FY 2011 QBRM and BRM Costs</li> </ul>
USPS-FY11-22	<ul style="list-style-type: none"> <li>FY 2011 Bound Printed Matter Mail Processing Costs</li> </ul>
USPS-FY11-28	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers – Special Services</li> </ul>

### **USPS-FY11-26**

This item is entitled:

USPS-FY11-26                      FY 2011 Mail Processing Costs by Shape (Public Version)

USPS-FY11-26 provides Mail Processing Unit Costs by Shape for FY 2011 for First-Class Mail, Periodicals, Standard Mail and Package Services. These costs are provided by cost pool, and include piggyback or indirect costs.

Predecessor documents are Docket No. R2006-1, USPS-LR-L-99 and PRC-LR-9; Docket No. ACR 2010 USPS-FY10-26, and PRC-ACR2010-LR-8. USPS-FY11-NP20 is the corresponding non-public document, containing mail processing costs by shape for Parcel Select and Parcel Return Services.

Mail Processing Costs by Shape are contained in the Microsoft Office Excel workbook shp11prc.xls.

The following items found in this report are used as input/output to USPS-FY11-26:

**Items in this Report Used as Input to USPS-FY11-26**

Item Number	Data/Information Used
USPS-FY11-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY11-14	• Mail Characteristics Study (Public Version)
USPS-FY11-24	• FY 2011 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY11-25	• FY 2011 Mail Processing Piggyback Factors (Operation Specific)

**Items in this Report Utilizing Output from USPS-FY11-26**

Item Number	Data/Information Provided
USPS-FY11-10	• FY 2011 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY11-11	• FY 2011 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model
USPS-FY11-12	• Standard Mail Hybrid/Parcel Cost Study
USPS-FY11-13	• FY 2011 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail
USPS-FY11-15	• FY 2011 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)
USPS-FY11-16	• FY 2011 Special Cost Studies Workpapers - Bound Printed Matter and Parcel Post Transportation Costs / Bulk Parcel Return Service Cost Study (Public Version)
USPS-FY11-18	• FY 2011 ECR Mail Processing Unit Costs
USPS-FY11-19	• FY 2011 Delivery Costs By Shape
USPS-FY11-20	• FY 2011 Window Service Cost by Shape
USPS-FY11-21	• FY 2011 QBRM and BRM Costs
USPS-FY11-22	• FY 2011 Bound Printed Matter Mail Processing Costs
USPS-FY11-30	• FY 2011 Market Dominant NSA Materials

**USPS-FY11-27**

This item is entitled:

USPS-FY11-27                      FY 2011 Nonprofit Mail Cost Approximations

USPS-FY11-27 approximates the unit costs, total costs and contribution associated with Nonprofit Standard Mail by using the volumes and revenues associated with Nonprofit Standard Mail in conjunction with estimated unit costs by product, shape and rate category for Standard Mail. Because the Postal Service's data systems do not collect cost information separately for Nonprofit and Commercial mail, the estimated costs reported for Standard Mail represent costs for the combined categories. Although it may be reasonable to assume, for instance, that an Automation 5-Digit Nonprofit letter and an Automation 5-Digit Commercial letter would have similar costs, there may be cost-causing characteristics which are not explicitly incorporated into the cost models and which may vary for Nonprofit as opposed to Commercial mail. The Postal Service does not represent that USPS-FY11-27 necessarily reflects the actual costs of Nonprofit mail, but rather, it approximates the costs of Nonprofit mail assuming that the costs of Nonprofit mail are the same as the costs of Standard Mail at the disaggregated level.

The predecessor document is USPS-FY10-27. There is no corresponding non-public document. USPS-FY11-27 consists of a preface and one Excel file, SandardNonprofit2011.xls.

The following items found in this report are used as input/output to USPS-FY11-27:

**Items in this Report Used as Input to USPS-FY11-27**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY11-2	• FY 2011 Public Cost Segments and Components
USPS-FY11-4	• FY 2011 Market Dominant Billing Determinants
USPS-FY11-12	• Standard Mail Hybrid/Parcel Cost Study
USPS-FY11-13	• FY 2011 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail
USPS-FY11-18	• FY 2011 ECR Mail Processing Unit Costs
USPS-FY11-19	• FY 2011 Delivery Costs By Shape
USPS-FY11-30	• FY 2011 Market Dominant NSA Materials

**Items in this Report Utilizing Output from USPS-FY11-27**

Item Number	Data/Information Provided
USPS-FY11-33	<ul style="list-style-type: none"> <li>Rule 3050.14 Alternative Format Report for Market Dominant Products</li> </ul>

**USPS-FY11-28**

This item is entitled:

USPS-FY11-28                      FY 2011 Special Cost Studies Workpapers – Special Services

USPS-FY11-28 documents the unit cost estimates for selected domestic Special Services, supplementing the cost information provided in USPS-FY11-1. These cost studies include: Address Management Services (including Correction of Mailing Lists and ZIP Coding of Mailing Lists), Caller Service, Certificate of Mailing, Confirm, Change of Address Credit Card Authentication (Public Portion), Correction of Mailing Lists, Delivery Confirmation (Public Portion), Insurance, Money Order Inquiry, Periodicals Applications, P.O. Box Key Replacement and Lock Changes, Restricted Delivery, Return Receipt, Signature Confirmation (Public Portion), Stamped Cards, Stamped Envelopes (including Personalized Stamped Envelopes Shipping), Stamp Fulfillment Services, and ZIP Coding of Mailing Lists.

The predecessor document is ACR2010 USPS-FY10-28. USPS-FY11-NP26 cover special services for items designated as non-public.

The following items found in this report are used as input/output to USPS-FY11-28:

**Items in this Report Used as Input to USPS-FY11-28**

Item Number	Data/Information Used
USPS-FY11-1	<ul style="list-style-type: none"> <li>FY 2011 Public Cost and Revenue Analysis (PCRA) Report</li> </ul>
USPS-FY11-2	<ul style="list-style-type: none"> <li>FY 2011 Public Cost Segments and Components Report</li> </ul>
USPS-FY11-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY11-8	<ul style="list-style-type: none"> <li>Equipment and Facility Related Costs</li> </ul>
USPS-FY11-24	<ul style="list-style-type: none"> <li>FY 2011 Non-Operation Specific Piggyback Factors (Public Version)</li> </ul>
USPS-FY11-25	<ul style="list-style-type: none"> <li>FY 2011 Mail Processing Piggyback Factors (Operation Specific)</li> </ul>

Cost Study files include:

1. Address Management Services

This cost study is contained in the EXCEL file "AMS2011.xls." It contains the cost models and cost sheets that are used to develop Address Management Services costs. A Direct Labor Survey was conducted in FY11 to determine the number of hours spent by the employees and contractors for Address Management Services (AMS). Using the surveyed hours and appropriate wage rates, direct labor costs were calculated for FY11. The direct labor to total labor cost ratio is then calculated and applied to the total costs to derive AMS costs. The costs of AMS are reported in the D report (USPS-FY11-31).

2. Caller Service

This cost study is contained in the EXCEL file "Caller Service2011.xls." It contains the cost models and cost sheets that are used to develop Caller Service costs. If the Proposal 14 is approved, the cost study is contained in the EXCEL file "Caller Service2011New.xls." "Caller Service2011 New.xls" contains the proposed cost models and cost sheets that are used to develop Caller Service costs.

3. Certificate of Mailing

This cost study is contained in the EXCEL file "Certificate of Mailing2011.xls." It contains the cost models and cost sheets that are used to develop Certificate of Mailing costs. If the Proposal 14 is approved, the cost study is contained in the EXCEL file "Certificate of Mailing2011New.xls." "Certificate of Mailing2011New.xls" contains the proposed cost models and cost sheets that are used to develop Certificate of Mailing costs.

4. Change of Address Credit Card Authentication (Public Portion)

This cost study is contained in the EXCEL file "COACreditCardPub2011.xls." It contains the cost models and cost sheets that are used to develop Change of Address Credit Card Authentication costs. The Revenue Agreement with Imagitas is implicitly assumed in the calculation in USPS-FY11-28. As a result, the revenue and expense figures in USPS-FY11-28 cannot be used to calculate the cost coverage. The cost of Change of Address Credit Card Authentication is reported in the D report (USPS-FY11-31).

5. Confirm

This cost study is contained in the EXCEL file "Confirm2011.xls." It contains the cost models and cost sheets that are used to develop Confirm costs. The cost for Confirm is reported in the D report (USPS-FY11-31).

6. Correction of Mailing Lists

This cost study is contained in the EXCEL file "Correction of Mailing Lists2011.xls." It contains the cost models and cost sheets that are used to develop Correction of Mailing Lists costs. If the Proposal 14 is approved, the cost study is contained in the EXCEL file "Correction of Mailing

Lists2011New.xls.” “Correction of Mailing Lists2011New.xls” contains the proposed cost models and cost sheets that are used to develop Correction of Mailing Lists costs.

#### 7. Delivery Confirmation (Public Portion)

This cost study is contained in the EXCEL file DelConPub-FY 2011.xls. It contains the cost models and cost sheets that are used to develop Delivery Confirmation unit cost estimates. The distribution of Delivery Confirmation costs (Priority Mail and Parcel Select) is reported in the D report (USPS-FY11-31).

#### 8. Insurance

This cost study is contained in the EXCEL file “Insurance Costs2011.xls.” It contains the cost models and cost sheets that are used to develop Insurance costs.

#### 9. Money Order Inquiry

This cost study is contained in the EXCEL file “Money Order Inquiry Cost2011.xls.” It contains the cost models and cost sheets that are used to develop Money Order inquiry costs.

#### 10. Periodicals Applications

This cost study is contained in the EXCEL file “Periodicals App Fee2011.xls.” It contains the cost models and cost sheets that are used to develop Periodicals Application costs. If the Proposal 14 is approved, the cost study is contained in the EXCEL file “Periodicals App Fee2011New.xls.” “Periodicals App Fee2011New.xls” contains the proposed cost models and cost sheets that are used to develop Periodicals Application costs.

#### 11. P.O. Box Key Replacement and Lock Changes

This cost study is contained in the EXCEL file “PO Boxes2011.xls.” It contains the cost models and cost sheets that are used to develop P.O. Box key replacement and lock change costs. If the Proposal 14 is approved, the cost study is contained in the EXCEL file “PO Boxes2011New.xls.” “PO Boxes2011New.xls” contains the proposed cost models and cost sheets that are used to develop Periodicals Application costs.

#### 12. Restricted Delivery

This cost study is contained in the EXCEL file “Restricted Delivery2011.xls.” It contains the cost models and cost sheets that are used to develop Restricted Delivery costs. If the Proposal 14 is approved, the cost study is contained in the EXCEL file “Restricted Delivery2011New.xls.” “Restricted Delivery2011New.xls” contains the proposed cost models and cost sheets that are used to develop Restricted Delivery costs.

#### 13. Return Receipt

This cost study is contained in the EXCEL file “Return Receipt2011.xls.” It contains the cost models and cost sheets that are used to develop Return

Receipt costs. If the Proposal 15 is approved, the cost study is contained in the EXCEL file "Return Receipt2011New.xls." "Return Receipt2011New.xls" contains the proposed cost models and cost sheets that are used to develop Return Receipt costs.

14. Signature Confirmation (Public Portion)

This cost study is contained in the EXCEL file "SigConPub-FY 2011.xls." It contains the cost models and cost sheets that are used to develop Signature Confirmation costs. If the Proposal 14 is approved, the cost study is contained in the EXCEL file "SigConPub-FY 2011New.xls." "SigConPub-FY 2011New.xls" contains the proposed cost models and cost sheets that are used to develop Signature Confirmation costs.

15. Stamped Cards

This cost study is contained in the EXCEL file "Stamped Cards2011.xls". It contains the cost models and cost sheets that are used to develop Stamped Card costs.

16. Stamped Envelopes

This cost study is contained in the EXCEL file "Stamped Envelopes2011.xls." It contains the cost models and cost sheets that are used to develop Stamped Envelope costs.

17. Stamped Envelopes (Personalized Stamped Envelopes Shipping Costs)

This cost study is contained in the EXCEL file "Stamped Envelopes \_PSES2011.xls." It contains the cost models and cost sheets that are used to develop Personalized Stamped Envelopes (PSE) Shipping costs.

18. Stamp Fulfillment Services

This cost study is contained in the EXCEL file "SFS2011.xls." It contains the cost models and cost sheets that are used to develop Stamp Fulfillment Services costs.

19. ZIP Coding of Mailing Lists

This cost study is contained in the EXCEL file "Zip Coding of Mailing Lists2011.xls." It contains the cost models and cost sheets that are used to develop ZIP Coding of Mailing Lists costs. If the Proposal 14 is approved, the cost study is contained in the EXCEL file "Zip Coding of Mailing Lists2011New.xls." "Zip Coding of Mailing Lists2011New.xls" contains the proposed cost models and cost sheets that are used to develop ZIP Coding of Mailing Lists costs.

**USPS-FY11-29**

This item is entitled:

USPS-FY11-29                      Service Performance of Market Dominant Products

USPS-FY11-29 contains the annual report on the service performance of market dominant products.

USPS-FY10-29 is the predecessor document. There is no corresponding nonpublic document to USPS-FY11-29 and no items in this report are used as input/output to USPS-FY11-30.

A narrative report that addresses each element of 39 C.F.R. §§ 3055.2 and 3055.3(b) is included as a document entitled "Service Performance ACR FY11.pdf." USPS-FY11-29 also includes the following five Microsoft Excel spreadsheets with data required by Part 3055, Subpart A, of the Commission's Rules:

FY11 ACR First-Class Mail.xls  
 FY11 ACR Package Services.xls  
 FY11 ACR Periodicals.xls  
 FY11 ACR Special Services.xls  
 FY11 ACR Standard Mail.xls

In accordance with Rule 3055.7, a document entitled "Special Study of Off-Shore Service Performance FY11" is also included with this report.

**USPS-FY11-30**

This item is entitled:

USPS-FY11-30                      FY 2011 Market Dominant NSA Materials

USPS-FY11-30, FY 2011 Market Dominant NSA Documentation, reports revenues and volumes associated with Market-Dominant NSAs that were in effect during FY11 and had been in effect for one year by the end of FY11. It also calculates the costs and incremental values of those NSAs.

The predecessor document is USPS-FY10-30 (FY 2010 NSA Documentation). There is no corresponding non-public document. Information on competitive domestic NSAs is found in USPS-FY11-NP27.

Besides the preface, USPS-FY11-30 NSA Documentation contains two Microsoft Office Excel workbooks. One file, FY 11 NSA Unit Cost Detail Data Calculations.xls, pulls together unit cost information. The second file, ACR\_NSA\_FY11\_report.xls, contains one worksheet that replicates the summary unit costs information from the first file (FY 11 NSA Unit Cost Detail Data Calculations.xls), a series of worksheets containing calculations related to each NSA, a worksheet that contains the Panzar/Wolak test calculations for all NSAs, and one worksheet that presents summary calculations for the FY 2011 CRA.

The following items found in this report are used as input to USPS-FY11-30:

#### Items in this Report Used as Input to USPS-FY11-30

Item Number	Data/Information Used
USPS-FY11-10	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY11-11	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) &amp; Periodicals Cost Model</li> </ul>
USPS-FY11-18	<ul style="list-style-type: none"> <li>FY 2011 ECR Mail Processing Unit Costs</li> </ul>
USPS-FY11-19	<ul style="list-style-type: none"> <li>FY 2011 Delivery Costs By Shape</li> </ul>
USPS-FY11-24	<ul style="list-style-type: none"> <li>FY 2011 Non-Operation Specific Piggyback Factors (Public Version)</li> </ul>

#### Items in this Report Utilizing Output from USPS-FY11-30

Item Number	Data/Information Provided
USPS-FY11-1	<ul style="list-style-type: none"> <li>FY 2011 Public Cost and Revenue Analysis (PCRA) Report</li> </ul>
USPS-FY11-27	<ul style="list-style-type: none"> <li>FY 2011 Nonprofit Mail Cost Approximations</li> </ul>
USPS-FY11-NP11	<ul style="list-style-type: none"> <li>FY 2011 Non-public Cost and Revenue Analysis (NPCRA) Report</li> </ul>

**USPS-FY11-31**

This item is entitled:

USPS-FY11-31                      FY 2011 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)

USPS-FY11-31 contains the Fiscal Year 2011 Cost and Revenue Analysis (CRA) Model along with public versions of associated cost matrices and reports. In the public cost matrices and reports, costs for Express Mail, Priority Mail, Parcel Select Mail, Parcel Return Service Mail, Premium Forwarding Service, Address Enhancement Services, Greeting Cards, Post Office Box Service (Competitive portion), Shipping and Mailing Supplies, and Competitive Negotiated Service Agreements have been rolled up into a single domestic Competitive products total.

In the Postal Service's FY 2010 Annual Compliance Report (ACR) filing (Docket No. ACR2010, December 29, 2010), this material was presented as USPS-FY10-31. A non-public version of the FY 2011 CRA Model is filed as USPS-FY11-NP13 which contains complete cost data for the domestic Competitive products.

The contents of USPS-FY11-31 are organized in CD-ROM folders as follows:

1. CRA Model

USPS-FY11-31\Model\CRA.Model.xls	CRA run module
USPS-FY11-31\Model\CRA.DIM.xls	CRA data input module
USPS-FY11-31\Model\FY11.cntl.xls	CRA control tables and source
documentation	

2. Cost Files

USPS-FY11-31\Cost\FY11.I.xls	Input matrix
USPS-FY11-31\Cost\FY11.Mod1.xls	GDEI calculations and output matrix
USPS-FY11-31\Cost\FY11.A.xls	"A" calculations and output matrix
USPS-FY11-31\Cost\FY11.F.xls	"F" calculations and output matrix
USPS-FY11-31\Cost\FY11.B.xls	"B" calculations and output matrix

3. Reports

USPS-FY11-31\Reports\FY11.IRpt.xls	Input report
USPS-FY11-31\Reports\FY11.ARpt.xls	"A" report (without PESSA costs)
USPS-FY11-31\Reports\FY11.FRpt.xls	Factor report
USPS-FY11-31\Reports\FY11.BRpt.xls	"B" report (PESSA detail)
USPS-FY11-31\Reports\FY11.CRpt.xls	Cost segments and components report
USPS-FY11-31\Reports\FY11.DRpt.xls	Final adjustments

The following items found in this report are used as input/output to USPS-FY11-31:

**Items in this Report Used as Input to USPS-FY11-31**

Item Number	Data/Information Used
USPS-FY11-5	<ul style="list-style-type: none"> <li>Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)</li> </ul>
USPS-FY11-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY11-8	<ul style="list-style-type: none"> <li>Equipment and Facility Related Costs</li> </ul>
USPS-FY11-NP26	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers – Special Services (Non-public Version)</li> </ul>
USPS-FY11-NP27	<ul style="list-style-type: none"> <li>FY 2011 Competitive NSA Materials &amp; Nonpostals Materials</li> </ul>
USPS-FY11-28	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers – Special Services (Public Version)</li> </ul>
USPS-FY11-30	<ul style="list-style-type: none"> <li>FY 2011 Market Dominant NSA Materials</li> </ul>
USPS-FY11-32	<ul style="list-style-type: none"> <li>FY 2011 CRA “B” Workpapers (Public Version)</li> </ul>
USPS-FY11-37	<ul style="list-style-type: none"> <li>In-Office Cost System (IOCS) Statistical and Computer Documentation (Public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY11-31**

Item Number	Data/Information Provided
USPS-FY11-1	<ul style="list-style-type: none"> <li>FY 2011 Public Cost and Revenue Analysis (PCRA) Report</li> </ul>
USPS-FY11-2	<ul style="list-style-type: none"> <li>FY 2011 Public Cost Segments and Components</li> </ul>
USPS-FY11-24	<ul style="list-style-type: none"> <li>FY 2011 Non-Operation Specific Piggyback Factors (Public Version)</li> </ul>
USPS-FY11-NP4	<ul style="list-style-type: none"> <li>FY 2011 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, &amp; Changes)</li> </ul>
USPS-FY11-NP10	<ul style="list-style-type: none"> <li>FY 2011 Competitive Product Incremental and Group Specific Costs</li> </ul>
USPS-FY11-NP11	<ul style="list-style-type: none"> <li>FY 2011 Nonpublic Cost and Revenue Analysis (NPCRA) Report</li> </ul>
USPS-FY11-NP12	<ul style="list-style-type: none"> <li>FY 2011 Nonpublic Cost Segments and Components Report</li> </ul>
USPS-FY11-NP19	<ul style="list-style-type: none"> <li>FY 2011 Non-Operation Specific Piggyback Factors (Nonpublic Version)</li> </ul>

**USPS-FY11-32**

This item is entitled:

USPS-FY11-32                      FY 2011 CRA “B” Workpapers (Public Version)

USPS-FY11-32, FY 2011 CRA “B” Workpapers are used to input and calculate costs by cost segment which are used by USPS FY11-31, CRA Model, to produce USPS-FY11-2, Cost Segments and Components Report. The workpapers produce some product attributable costs for 13 of the 18 cost segments, including Postmasters, Supervisors, Clerks and Mail Handlers, In-Office City Carrier Activities, City Carrier and Rural Carrier Street Costs, and Purchased Transportation.

The predecessor document is Docket No. ACR2010, USPS-FY10-32. USPS-FY11-NP14 is the corresponding non-public set of documents.

The USPS-FY11-32 “B” Workpapers are thirteen separate Microsoft Office Excel workbooks, twelve of which present cost data by separate cost segments with many worksheets in each, and the other of which, I-forms.xls, exports data to those cost segment workbooks. Data sources are referenced in each spreadsheet.

The following items found in this report are used as input/output to USPS-FY11-32:

**Items in this Report Used as Input to USPS-FY11-32**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY11-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY11-NP18	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Non-public Version)</li> </ul>
USPS-FY11-34	<ul style="list-style-type: none"> <li>City Carrier Cost System (CCCS) Statistical and Computer Documentation</li> </ul>
USPS-FY11-35	<ul style="list-style-type: none"> <li>Rural Carrier Cost System (RCCS) Statistical and Computer Documentation</li> </ul>
USPS-FY11-36	<ul style="list-style-type: none"> <li>Transportation Cost Systems (TRACS) Statistical and Computer Documentation</li> </ul>
USPS-FY11-37	<ul style="list-style-type: none"> <li>In-Office Cost System (IOCS) Statistical and Computer Documentation (Public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY11-32**

Item Number	Data/Information Provided
USPS-FY11-31	<ul style="list-style-type: none"> <li data-bbox="695 289 1183 373">FY 2011 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)</li> </ul>

**USPS-FY11-33**

This item is entitled:

USPS-FY11-33                      Rule 3050.14 Alternative Format Report for Market Dominant Products

USPS-FY11-33 is presented in response to Commission Rule 3050.14. In addition to establishing the format for the Cost and Revenue Analysis Report (CRA) (“reflecting the classification structure in the Mail Classification Schedule”), that rule also for “an alternative, more disaggregated format capable of reflecting the classification structure in effect prior to the adoption of the Postal Accountability and Enhancement Act.” The Appendix to the Order adopting Rule 3050.14 (Order No. 203, April 16, 2009) provided an illustration of the type of alternative format contemplated by the rule. This public folder is limited to the alternative format materials for Domestic Market Dominant mail and International Market Dominant Mail at the products aggregate level already available in the USPS-FY11-01 (FY 2011 Public Cost and Revenue Analysis (PCRA) Report).

The predecessor document is Docket No. ACR2010, USPS-FY10-33. A corresponding non-public folder is being filed as USPS-FY11-NP28, which contains the alternative format material for nonpublic products. USPS-FY11-33 consists of this Preface document, and one Excel file, USPS.FY11.33.Alt.Format.Market.Dom.xls.

None of the outputs of USPS-FY11-33 are specifically used as inputs to any other portions of the ACR, as the purpose of these materials is merely to comply with the rule requiring an alternative format presentation. The inputs used to compile the data displayed in USPS-FY11-33 come from a wide variety of sources, including the cost study models, RPW data, Billing Determinants, alternative runs of the CRA model, and the ICRA. Because postal data systems do not have the ability to gather data, particularly cost data, specifically for many of the categories in the Rule 3050.14 listing (for example, no cost information exists for nonprofit mail separately from commercial mail, nor for the three categories of Outside County Periodicals, and the Inter-BMC and Intra-BMC distinctions no longer exist in Parcel Post and Parcel Select), the methodologies used to attempt to populate this chart vary and the data for some categories of mail may not be available at all. Thus, the aggregation of cost data from underlying categories of mail from one report or estimation methodology may not

always match those developed via a different estimation technique. Ultimately, the costs, volumes and revenues available at the product level in the CRA are used as the defaults in USPS-FY11-33. The data at the more disaggregated levels, to the extent that they exist, may not sum to the CRA aggregate information at the product level.

### **USPS-FY11-34**

This item is entitled:

USPS-FY11-34                      City Carrier Cost System (CCCS) Statistical and  
Computer Documentation (Public Version)

USPS-FY11-NP34 documents the statistical design of the City Carrier Cost System (CCCS) and City Carrier Cost System – Special Purpose Route (CCCS-SPR). It contains documentation of the statistical design and the programs used to develop volume estimates for classes, products, and price categories of mail collected and delivered on city letter routes and city special purpose routes. Also included are proVersions, coefficients of variation (CVs), and confidence intervals for the estimates.

Predecessor documents include USPS-FY10-NP22, USPS-FY10-34, and Docket No. R2006-1, USPS-LR-L-11. A non-public version of this document is provided as USPS-FY11-NP22.

The following items found in this report are used the output from USPS-FY11-34:

#### **Items in this Report Utilizing Output from USPS-FY11-34**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY11-19	• FY 2011 Delivery Costs By Shape
USPS-FY11-32	• FY 2011 CRA “B” Workpapers (Public Version)
USPS-FY11-NP3	• FY 2011 International Cost Segments and Components Report
USPS-FY11-NP14	• FY 2011 CRA “B” Workpapers, (Non-Public Version)

**USPS-FY11-35**

This item is entitled:

USPS-FY11-35                      Rural Carrier Cost System (RCCS) Statistical and Computer Documentation (Public Version)

USPS-FY11-35 documents the statistical design of the Rural Carrier Cost System (RCCS). It contains documentation of the statistical design and the programs used to develop volume estimates for classes, products, and price categories of mail collected and delivered on rural routes. Also included are proportions, coefficients of variation (CVs), and confidence intervals for the estimates.

A non-public version of this document is provided as USPS-FY11-NP23. Predecessor documents are USPS-FY10-35, USPS-FY10-NP23, and Docket No. R2006-1, USPS-LR-L-12.

The following items found in this report use the output from USPS-FY11-NP23:

**Items in this Report Utilizing Output from USPS-FY11-35**

Item Number	Data/Information Provided
USPS-FY11-19	• FY 2011 Delivery Costs By Shape
USPS-FY11-32	• FY 2011 CRA "B" Workpapers (Public Version)
USPS-FY11-NP3	• FY 2011 International Cost Segments and Components Report (Hard Copy & Excel)
USPS-FY11-NP14	• FY 2011 CRA "B" Workpapers, (Non-Public Version)

**USPS-FY11-36**

This item is entitled:

USPS-FY11-36                      Transportation Cost Systems (TRACS) Statistical and Computer Documentation (Public Version)

USPS-FY11-36 documents the development of the estimated distribution keys for purchased transportation costs. It contains documentation for the Transportation Cost Systems (TRACS) subsystems used to develop these costs. It also presents FY11 C.V.s (coefficients of variation) and confidence intervals for TRACS estimates. A non-public version of this document is provided as USPS-FY11-NP24 Transportation Cost System (TRACS).

The development of the TRACS estimated distribution keys and C.V.s material was last presented in Docket No. ACR2010 USPS-FY010-NP24.

USPS-FY11-36 documents the development of the estimated distribution keys for purchased transportation costs. It contains documentation for the Transportation Cost Systems (TRACS) subsystems used to develop these costs. It also presents materials on the FY10 C.V.s (coefficients of variation) for TRACS.

The development of the TRACS estimated distribution keys material was last presented in Docket No. ACR2009 USPS-FY10-36. A non-public version of this document is provided as USPS-FY11-NP24 Transportation Cost System (TRACS).

The following items found in this report are used as input/output to USPS-FY11-36:

**Items in this Report Utilizing Output from USPS-FY11-36**

Item Number	Data/Information Provided
USPS-FY11-NP2	<ul style="list-style-type: none"> <li>• FY 2011 International Cost and Revenue Analysis (ICRA) report (Hard Copy &amp; Excel)</li> </ul>
USPS-FY11-32	<ul style="list-style-type: none"> <li>• FY 2011 CRA "B" Workpapers (Public Version)</li> </ul>
USPS-FY11-NP14	<ul style="list-style-type: none"> <li>• FY 2011 CRA "B" Workpapers</li> </ul>

The relevant source code and outputs from TRACS are provided on an accompanying CD-ROM. The 'README\_TRACS (Public)' file describes the contents of the CD-ROM, which includes an Excel file containing the C.V.s (coefficients of variation) for TRACS. The programs and systems used to develop the TRACS estimated distribution keys are described in three appendixes.

**USPS-FY11-37**

This item is entitled:

USPS-FY11-37                      In-Office Cost System (IOCS) Statistical and  
Computer Documentation (Public Version)

USPS-FY11-37 documents the In-Office Cost System, including statistical design for and estimation of in-office labor costs. It also presents FY11 CVs and confidence intervals for the estimates.

Documentation of statistical design and estimation were provided previously in Docket No. R2006-1, USPS-LR-L-9 and ACR2010, USPS-F10-37.

USPS-FY11-NP21, In-Office Cost System (IOCS) Statistical and Computer Documentation (Source Code and Data on CD-ROM) is the corresponding non-public document to USPS-FY11-37.

This document describes the statistical design of IOCS, and provides information on the system's programs. Appendix A lists changes in data codes since FY10. Electronic data files, programs, data dictionary, flowchart and CVs are provided in the accompanying CD, described in Appendix B.

The following items found in this report are using the output from USPS-FY08 – 37:

**Items in this Report Utilizing Output from USPS-FY11-37**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY11-2	• FY 2011 Public Cost Segments and Components Report
USPS-FY11-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY11-19	• FY 2011 Delivery Costs By Shape
USPS-FY11-31	• FY 2011 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)
USPS-FY11-32	• FY 2011 CRA "B" Workpapers (Public Version)

**USPS-FY11-38**

This item is entitled:

USPS-FY11-38      USPS Market Dominant Product Customer Satisfaction Measurement (CSM) Survey Instruments

USPS-FY11-38 consists of the electronic copies on CD-ROM of four documents. The first three are survey instruments used by the Postal Service to develop measures of customer experience for fiscal year 2011: (a) the Residential Customer Survey used to survey Residential postal customers; (b) the Large Business Customer Questionnaire, which was used to survey Large Commercial business customers; and (c) the mall/Medium Business Customer Survey, which was used to survey small and medium size businesses. The fourth document consists of summary customer experience measurement survey data generated by use of these instruments.

ACR 2010 USPS-FY10-38 is the most recent predecessor document. There are no input or output items listed in ACR2011 in connection with this item as the files merely contain survey instruments.

The survey instruments and data are provided on an accompanying CD-ROM. The 'Residential Survey\_FY11' file contains the USPS Residential Survey instrument, the 'Large Business Survey\_FY11' file contains the USPS Large Commercial Business Survey instrument, and the 'Sm-Md Business Survey\_FY11' file contains the USPS Small & Medium Business Survey instrument. The 'CSM Question Response Counts\_FY11' file is a workbook containing summary customer experience data generated through use of the three survey instruments.

**USPS-FY11-39**

This item is entitled:

USPS-FY11-39      FY 2011 Competitive Products Fund Reporting Materials

USPS-FY11-39, Competitive Products Fund Reporting Materials, includes a copy of the Postal Service's annual report to the Secretary of the Treasury regarding the Competitive Products Fund, required by section 2011(i), and other Competitive Products Fund materials provided in accordance with Commission Rules 3060.20 through 3060.23. Specifically, this includes PRC Forms CP-01, CP-02, CP-03, and Form CP-04.

Last year, predecessor materials were filed as USPS-FY10-39. There is no corresponding non-public document. USPS-FY11-39 consists of one pdf file which includes a Preface, and four Excel files.

For PRC Forms CP-01 and CP-02, inputs are this year's FY11 CRA and last year's PRC Forms CP-01 and CP-02. Inputs for PRC Forms CP-03 and CP-04 come from accounting records.

The following items found in this report are used as input/output to USPS-FY11-39:

**Items in this Report Used as Input to USPS-FY11-39**

Item Number	Data/Information Used
USPS-FY11-NP11	<ul style="list-style-type: none"> <li>FY 2011 Non-public Cost and Revenue Analysis (NPCRA) Report</li> </ul>

**USPS-FY11-40**

This item is entitled:

USPS-FY11-40 Rural Mail Count

USPS-FY11-40 documents the format of Rural Mail Count (RMC) data and the SAS program used to develop the inputs into the USPS-FY11-32 "B" workpapers. For FY2011, the 2010 RMC was used for the inputs of USPS-FY11-32 "B" workpapers (new RMC did not take effect during FY2011). Thus, the RMC database for FY11 is the same as the one submitted as part of the 2010ACR (USPS-FY10-40). These inputs include the variability of rural carriers for Evaluated and Other Routes, and the average daily pieces for each evaluation item.

The predecessor document is ACR 2010, USPS-FY10-40. There is no corresponding non-public document.

Documentation for the RMC includes the RMC data, SAS program listings, and descriptions of all variables. The relevant source code and RMC data are provided on an accompanying CD-ROM.

USPS-FY11-40 relies on no inputs from other ACR materials. As shown below, outputs are used by USPS-FY11-32 and USPS-FY11-NP14.

**Items in this Report Utilizing Output from USPS-FY11-40**

Item Number	Data/Information Provided
USPS-FY11-32	<ul style="list-style-type: none"> <li>FY 2011 CRA "B" Workpapers (Public Version)</li> </ul>
USPS-FY11-NP14	<ul style="list-style-type: none"> <li>FY 2011 CRA "B" Workpapers, (Non-Public Version)</li> </ul>

The relevant source code and RMC data are provided on an accompanying CD-ROM. The contents of the CD-ROM include the following files:

USPS-FY11-40.Preface.pdf	Preface
FY2011.RMCFlat.data	RMC Dataset (same as FY10)
RMC2011AnalysisforCRA.sas	SAS program for analysis of RMC data

### **USPS-FY11-41**

This item is entitled:

USPS-FY11-41      FY 2011 International Market Dominant Billing Determinants

USPS-FY11-41 presents the FY 2011 Market Dominant International Billing Determinants, showing the volume and calculated revenue for each rate cell within a mail product.

FY 2010 International Market Dominant Billing Determinants, most recently filed as USPS-FY10-41.

Inputs come from sources such as GBS Dispatch, PostalOne!, International Accounting Branch (IAB) weight, SIRVO-IODIS and ODIS-RPW. The data uses the same sources that underlie the Fiscal Year 2011 ICRA Report. Outputs are used throughout the ICRA process.

Billing determinants are provided in the file labeled FY2011 International Market Dominant Billing Determinants using the following key:

Spreadsheet Tab:	Product Category:
Cover	Title
FCMI Revenue Adjustment Factors	Adjustment Factor Applied to Input Data to Align to RPW
FY 2011 FCMI Volume & Revenue	FY2011 First-Class Mail International Cards, Letters, Flats and Packages
Q111 FCMI Volume & Revenue	Q1 FY2011 First-Class Mail International Cards, Letters, Flats and Packages
Q211 FCMI Volume & Revenue	Q2 FY2011 First-Class Mail International Cards, Letters, Flats and Packages
Q311 FCMI Volume & Revenue	Q3 FY2011 First-Class Mail International Pre and Post-Rate Change Cards, Letters, Flats and Packages

**USPS-FY11-42**

This item is entitled:

USPS-FY11-42      FY 2011 Revenue, Pieces, and Weight Report

USPS-FY11-42 contains the U.S. Postal Service Revenue, Pieces, and Weight (RPW) Report for FY 2011. It consists of a CD ROM containing the electronic version, and several printouts containing the hard copy version of the FY 2011 RWP material.

Previously, for many years, the RPW materials have been provided to the Commission as part of periodic reporting. (Quarterly RPW reports will continue to be provided as part of periodic reporting.) The most recent quarterly RPW report (for Quarter 4 of FY 2011) and the most recent annual RPW report (FY2011) was filed on November 25, 2011. Revised Quarters 1, 2, and 3 FY2011 were also provided in the November 25, 2011 periodic filing.

The nonpublic version of the RPW material, which contains information on individual competitive products, is presented in USPS-FY11-NP30.

USPS-FY11-42 does not rely on input from any other set of material presented as part of the FY 2011 ACR. The revenue, pieces, and weight data by product provided in USPS-FY11-42, however, are used as inputs for many Versions of the ACR, as well as several other Postal Service reports.

In addition to a Preface, USPS-FY11-42 consists of five Excel files containing annual and quarterly FY 2011 RPW data. The following is a list of those files:

Fy2011Q1.RPWsummaryreport\_public.xls (revised)  
Fy2011Q2.RPWsummaryreport\_public.xls (revised)  
Fy2011Q3.RPWsummaryreport\_public.xls (revised)  
Fy2011Q4.RPWsummaryreport\_public.xls  
Fy2011.RPWsummaryreport\_public.xls

**SECTION ONE: DESCRIPTION OF ITEMS**  
**Non-Public Annex**

**USPS-FY11-NP1**

This item is entitled:

USPS-FY11-NP1                      FY 2011 Domestic Competitive Product Billing  
 Determinants

The purpose of this item is to provide the U.S. Postal Service billing determinants for domestic competitive products for FY 2011. Billing determinants provide specific information regarding revenue and volume of postal products and services.

This item consists of a CD ROM of Excel workbooks containing FY 2011 billing determinants for domestic competitive products.

The predecessor document is Billing Determinants FY 2010, filed with the Postal Regulatory Commission as USPS-FY10-NP1.

The following items found in this report are used as input/output to USPS-FY11-NP1:

**Items in this Report Utilizing Output from USPS-FY11-NP1**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY11-NP15	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers – Parcels Cost Model (Non-public Version)</li> </ul>
USPS-FY11-NP16	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers – Bound Printed Matter and Parcel Post Transportation Costs / Bulk Parcel Return Service Cost Study (Non-public Version)</li> </ul>
USPS-FY11-NP27	<ul style="list-style-type: none"> <li>FY 2011 Competitive NSA &amp; Nonpostals Materials</li> </ul>

**USPS-FY11-NP2**

This item is entitled:

USPS-FY11-NP2 FY 2011 International Cost and Revenue Analysis (ICRA)  
report

USPS-FY11-NP2 contains two ICRA reports: 1) the Imputed version, and 2) the Booked version, and the Excel model that produced the ICRA report. This item was filed as USPS-FY10-NP2 in Docket No. ACR2010. There is no corresponding public document.

The electronic contents are on CD and contain the following folders, each with separate files:

Readme.doc is a narrative explaining how to install and run the model on a PC, and provides a more detailed explanation of the files contained in the directories.

Supporting Files:

- CRA Cost Segments
- CS 14 Distribution Keys
- EPG & EMS Rates
- Exchange Rates
- GXG
- IAB Data Files As Provided
- ICM Costing
- Parcel Settlement Rates
- Processed IAB Files
- RPW PC Postage Data
- Sirvo Inputs

ICRA Core Files:

- CS14.xls
- Domestic Tran Calcs.xls
- EMS & GXG Calcs.xls
- Inbound Calcs.xls
- Inputs.xls
- OldFormat.xls
- Outbound Calcs.xls
- Reports.xls (this file contains the electronic version of the hardcopy Imputed ICRA report)
- Reports(Booked).xls (this file contains the electronic version of the hardcopy Booked ICRA report)
- Workbook Management Tools.xls

The inputs to this item are presented and documented in the Supporting Files folder and they appear in the model at the Inputs.xls file. The processing of the inputs occurs in the ICRA core files and the output is the ICRA report, which appears in the Reports.xls file.

**USPS-FY11-NP3**

This item is entitled:

USPS-FY11-NP3    FY 2011 International Cost Segments and Components Report

USPS-FY11-NP3 is composed of the International Cost Segments and Components Report and an electronic version contained in the Excel file, FY10ICRA.Crpt.xls. This item was filed as USPS-FY10-NP3 in Docket No. ACR2010. There is no corresponding public item.

This item is the International Cost Segments and Components Report, or C Report, output of the Domestic Processing Model, USPS-FY11-NP4.

**Items in this Report Utilizing Output from USPS-FY11-NP3**

Item Number	Data/Information Provided
USPS-FY11-NP4	<ul style="list-style-type: none"> <li data-bbox="675 831 1175 924">FY 2011 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, &amp; Changes)</li> </ul>

**USPS-FY11-NP4**

This item is entitled:

USPS-FY11-NP4                    FY 2011 ICRA Domestic Processing Model  
(Cost matrices, Reports, Control File, & Changes)

USPS-FY11-NP4 contains the Excel ICRA model that produces the international category cost detail associated with the domestic processing, delivery and piggyback cost segments. This shows all international costs except domestic transportation, international transportation and settlement charges. The cost matrices, reports and control files to execute the model are contained here.

This item was filed as USPS-FY10-NP4 in Docket No. ACR2010. There is no corresponding public document.

The electronic contents of the CD are as follows:

SettingupDPMReadme.txt is a narrative explaining how to install and run the model on a PC.

Inputs Folder:

- FY10.B.xls
- ICRA10PRC.xls (also appears in USPS-FY11-NP6)
- FY10distkeys.xls
- FY10.I.xls
- ICRAEQUIP.FLATFY10.xls

- FY10ICRA.ARPT.xls
- FY10ICRA.BRPT.xls
- FY10ICRA.CRPT.xls
- FY10ICRA.FRPT.xls
- FY10ICRA.IRPT.xls
- FY10ICRA.Mod1.xls
- F10ICRA.A.xls
- FY10ICRA.B.xls
- FY10ICRA.Cntl.xls
- FY10ICRA.F.xls
- FY10ICRA.I.xls
- FY10ICRA.KRPT.xls
- FY10ICRA.OutputMatrix.xls

Programs Folder:

- CRA.DIM.ACR10.xls
- CRAModel.20101027.xls

The following items found in this report are used as input/output to USPS-FY11-NP4:

**Items in this Report Used as Input to USPS-FY11-NP4**

Item Number	Data/Information Used
USPS-FY11-NP6	<ul style="list-style-type: none"> <li>• FY 2011 International Cost Segment Spreadsheets</li> </ul>
USPS-FY11-NP7	<ul style="list-style-type: none"> <li>• Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)</li> </ul>
USPS-FY11-NP13	<ul style="list-style-type: none"> <li>• FY 2011 CRA Model (Model Files, Cost Matrices, and Reports)</li> </ul>
USPS-FY11-NP14	<ul style="list-style-type: none"> <li>• FY 2011 CRA "B" Workpapers</li> </ul>

**Items in this Report Utilizing Output from USPS-FY11-NP4**

Item Number	Data/Information Provided
USPS-FY11-NP2	<ul style="list-style-type: none"> <li>• FY 2011 International Cost and Revenue Analysis (ICRA) report (Hard Copy &amp; Excel)</li> </ul>

**USPS-FY11-NP5**

This item is entitled:

USPS-FY11-NP5 FY 2011 ICRA Overview/Technical Description

USPS-FY11-NP5 provides narrative descriptions and documentation of the ICRA production process in two parts. Part 1 is a summary and functional description of the six areas which constitute the development of the ICRA report: domestic processing, domestic transportation, international transportation, settlement charges and foreign origin mail, with example pages of the FY 2011 ICRA Report. Part 2 contains technical descriptions and computational details of the same six development areas, technical descriptions of the SIRVO-IODIS and SIRVI data systems, and the final chapter is a user’s guide to the Excel ICRA model.

The predecessor document is Docket No. ACR2010 USPS-FY10-NP5. There is no corresponding public document.

The following is the table of contents for the document::

**Part 1. Overview and Summary Description**

Overview .....

Summary Description 1 Domestic Processing .....

Summary Description 2 Domestic Transportation .....

Summary Description 3 International Mail Volumes .....

Summary Description 4 International Transportation .....

Summary Description 5 Settlements .....

Summary Description 6 Foreign Origin .....

**Part 2. Technical Description**

Chapter 1 Development of Domestic Processing Costs .....

Chapter 2 Development of Domestic Transportation Costs .....

Chapter 3 Development of International Mail Volume .....

Chapter 4 Development of International Transportation Costs .....

Chapter 5 Development of Settlements Charges .....

Chapter 6 Development of Foreign Origin Volume and Revenue .....

Chapter 7 System for Outbound Revenue, Pieces, and Weight .....

Chapter 8 System for Inbound Revenue, Pieces, and Weight .....

Chapter 9 Development of International Special/Ancillary Services .....

Chapter 10 User’s Guide to Files Provided for the ICRA 2010 .....

**USPS-FY11-NP6**

This item is entitled:

USPS-FY11-NP6 FY 2011 International Cost Segment Spreadsheets

USPS-FY11-NP6 contains the workpapers used as inputs to USPS-FY11-NP4 (FY 2011 ICRA Domestic Processing Model (Cost Matrices, Reports, Control Files, & Changes)). These spreadsheets are also contained in USPS-FY11-NP4 because these files need to be in that directory to execute the model.

This item was filed as USPS-FY10-NP6 in Docket No. ACR2010. There is no corresponding public document.

This item contains three electronic files: ICRA11PRC.xls, FY11distkeys.xls and ICRAEQUIP.FLATFY11.

The following items found in this report are used as input/output to USPS-FY11-NP6:

<b>Items in this Report Used as Input to USPS-FY11-NP6</b>	
<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY11-NP14	• FY 2011 CRA “B” Workpapers

**USPS-FY11-NP7**

This item is entitled:

USPS-FY11-NP7                      Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)

USPS-FY11-NP7 documents detailed international volume-variable subclass costs by cost pool that are inputs to the ICRA model.

The predecessor document is USPS-FY10-NP7. The same SAS programs as those described in USPS-FY11-NP18 are used in USPS-FY11-NP7 but they further disaggregate the international subclass line item in USPS-FY11-NP18 into detailed international categories for the ICRA model.

The following items found in this report are used as input/output to USPS-FY11-NP7:

**Items in this Report Used as Input to USPS-FY11-NP7**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY11-23	<ul style="list-style-type: none"> <li>• MODS Productivity Data</li> </ul>
USPS-FY11-NP2	<ul style="list-style-type: none"> <li>• FY 2011 International Cost and Revenue Analysis (ICRA) report (Hard Copy &amp; Excel)</li> </ul>
USPS-FY11-NP21	<ul style="list-style-type: none"> <li>• In-Office Cost System (IOCS) Statistical and Computer Documentation (Source Code and Data on CD-ROM)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY11-NP7**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY11-NP4	<ul style="list-style-type: none"> <li>• FY 2011 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, &amp; Changes)</li> </ul>
USPS-FY11-NP9	<ul style="list-style-type: none"> <li>• FY 2011 Miscellaneous International Data</li> </ul>

**USPS-FY11-NP8**

This item is entitled:

USPS-FY11-NP8                      FY 2011 Competitive International Billing  
Determinants

USPS-FY11-NP8 presents the FY 2011 Competitive International Billing Determinants, showing the volume and calculated revenue for each rate cell within a mail product.

International Billing Determinants, most recently filed as USPS-FY10-NP8.

Inputs come from sources such as GBS Dispatch, PostalOne!, International Accounting Branch (IAB) weight, SIRVO-IODIS, and ODIS-RPW. The data uses the same sources that underlie the Fiscal Year 2011 ICRA Report. Outputs are used throughout the ICRA process.

Billing determinants provided in the ZIP file labeled FY2011 Competitive International Billing Determinants using the following key:

Spreadsheet Tab:	Product Category:
Cover Sheet	Title
GXG	Global Express Guaranteed
EMI	Express Mail International
PMI	Priority Mail International
International ICM – NSA	Negotiated Service Agreements
Intl Fees & Services	International Certificates of Mailing, International Registered, International Return Receipt, International Restricted Delivery, International Money Orders, International Insured Mail

**USPS-FY11-NP9**

This item is entitled:

USPS-FY11-NP9 FY 2011 Miscellaneous International Data

USPS-FY11-NP9 contains miscellaneous documents that are not used in the development of the ICRA, but generally contain material of the type previously filed in response to Commission Rule 103. The miscellaneous documents include data on international joint ventures and coefficients of variation for various functions.

This item was filed as USPS-FY10-NP9 in Docket No. ACR2010. There is no corresponding public document.

The electronic contents of the CD are as follows:

Documents:

Joint Venture Information  
CVs for GFY 2011 ICRA Inbound

Excel Spreadsheets:

Sirvo-IODIS CV11 (CVs for outbound categories)  
Keys11 (TRACs CVs)  
ICRA PRC Results 11 (for IOCS CVs)  
ICRA11\_ib\_bycgrp\_v

The following items found in this report are used as input/output to USPS-FY11-NP9:

**Items in this Report Used as Input to USPS-FY11-NP9**

Item Number	Data/Information Used
USPS-FY11-NP5	<ul style="list-style-type: none"> <li>FY 2011 ICRA Overview/Technical Description</li> </ul>
USPS-FY11-NP21	<ul style="list-style-type: none"> <li>In-Office Cost System (IOCS) Statistical and Computer Documentation (Source Code and Data on CD-ROM)</li> </ul>

**USPS-FY11-NP10**

This item is entitled:

USPS-FY11-NP10                      FY 2011 Competitive Products Incremental Cost and Group Specific Costs (Non-public Version)

USPS-FY11-NP10 provides incremental costs for the group of competitive products for FY 2011. The incremental costs identified in USPS-FY11-NP10 are used in the ACR to assist in the determination that there is no cross-subsidy of Competitive Products by Market Dominant products.

The most recent predecessor document is Docket No. ACR2010, USPS-FY10-NP10. There is no corresponding public document.

The following items found in this report are used as input to USPS-FY11-NP10:

**Items in this Report Used as Input to USPS-FY11-NP10**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY11-2	<ul style="list-style-type: none"> <li>FY 2011 Public Cost Segments and Components</li> </ul>
USPS-FY11-24	<ul style="list-style-type: none"> <li>FY 2011 Non-Operation Specific Piggyback Factors (Public Version)</li> </ul>
USPS-FY11-NP2	<ul style="list-style-type: none"> <li>FY 2011 International Cost and Revenue Analysis (ICRA) report</li> </ul>
USPS-FY11-NP12	<ul style="list-style-type: none"> <li>FY 2011 Non-public Cost Segments and Components</li> </ul>
USPS-FY11-NP13	<ul style="list-style-type: none"> <li>FY 2011 CRA Model (Model Files, Cost Matrices, and Reports)</li> </ul>
USPS-FY11-NP14	<ul style="list-style-type: none"> <li>FY 2011 CRA "B" Workpapers, (Non-Public Version)</li> </ul>
USPS-FY11-NP18	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Non-public Version)</li> </ul>
USPS-FY11-NP27	<ul style="list-style-type: none"> <li>FY 2011 Competitive NSA Materials &amp; Nonpostals Materials</li> </ul>
USPS-FY11-NP18	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Non-public Version)</li> </ul>

For Group Specific costs, see the Microsoft Excel workbook Competitive Product Group Specific HQ Costs.xls, which shows the cost segment 18 costs for the 14 administrative units and programs that are Competitive Group Specific.

The Incremental Cost (IC) Model is filed as ICMModel.zip. The zip file contains three folders with the files needed to use the IC Model:

Documentation – Reference Files  
 Programs – Program Files  
 FY11CPOnly – Input and Output Files

The Documentation folder contains six files which provide technical descriptions of the model's structure, inputs and outputs, and processing steps. The files in this folder and their functions are as follows:

ICRunInstructions.doc – Instructional Document  
 ICMoelDemo.ppt – Instructional PowerPoint Presentation  
 ICMoel\_DataFlowChart.pdf – General Input/Output Data Flow Chart  
 ICMoel\_ProcedureFlowChart.pdf – Model Processing Flow Chart  
 CostPoolsFY2011.xls – Input Cost Pool Data (added to FY11.B.xls)  
 IC.Routines.xls – Documentation for IC Model Processing Routines

The Programs folder contains the two program files:

IC.Model.xls – IC Model run module  
 IC.DIM.xls – IC Model data input module

The FY11CPOnly folder contains three input files needed to replicate Domestic Competitive Incremental Cost:

FY11.B.xls – Fiscal Year 2011 output matrix  
 IC2011.cntl.xls – Incremental Cost 2011 control tables  
 IC2011.PS.xls – Incremental Cost 2011 product specific

The FY11CPOnly folder also contains five output files that are a result of the model's run:

IC2011.CRpt.xls – IC C (Cost Segments and Components) Report  
 IC2011.ICSummaryRpt.xls – IC Summary Report  
 IC2011.PSRpt.xls – Group Product Specific Report  
 IC2011.CP.xls – Cost Pool calculation workbook  
 IC2011.IC.xls – IC calculation workbook

**USPS-FY11-NP11**

This item is entitled:

USPS-FY11-NP11 FY 2011 Non-Public Cost and Revenue Analysis (NPCRA) Report

USPS-FY11-NP11, FY 2011 Non-Public Cost and Revenue Analysis (NPCRA) summarizes attributable costs for the United States Postal Service's main products. The FY 2011 NPCRA presents most of the same information as in previous years – costs and revenues by product, along with various volume statistics by product, including data for competitive products.

The predecessor document is Docket No: ACR-2010, USPS-FY10-NP11. USPS- FY11-1, FY 2011 Public Cost and Revenue Analysis (PCRA), is the corresponding public document

The USPS-FY11-NP11, FY2011 Non-Public Cost and Revenue Analysis (NPCRA), is a 10 page summary of domestic and international attributable costs by rate category, differing from the public version (USPS-FY11-1) by presenting data for specific “Competitive” product lines.

The following items found in this report are used as input to USPS-FY11-NP11:

**Items in this Report Used as Input to USPS-FY11-NP11**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY11-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY11-NP13	<ul style="list-style-type: none"> <li>FY 2011 CRA Model (Model Files, Cost Matrices, and Reports)</li> </ul>
USPS-FY11-NP18	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Non-public Version)</li> </ul>
USPS-FY11-NP21	<ul style="list-style-type: none"> <li>In-Office Cost System (IOCS) Statistical and Computer Documentation (Source Code and Data on CD-ROM)</li> </ul>
USPS-FY11-NP22	<ul style="list-style-type: none"> <li>City Carrier Cost System (CCCS) Statistical and Computer Documentation (Source Code and Data on CD-ROM)</li> </ul>
USPS-FY11-NP23	<ul style="list-style-type: none"> <li>Rural Carrier Cost System (RCCS) Statistical and Computer Documentation (Source Code and Data on CD-ROM)</li> </ul>
USPS-FY11-NP24	<ul style="list-style-type: none"> <li>Transportation Cost Systems (TRACS) Statistical and Computer Documentation (Source Code and Data on CD Rom)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY11-NP11**

Item Number	Data/Information Provided
USPS-FY11-NP2	<ul style="list-style-type: none"> <li data-bbox="695 369 1190 438">FY 2011 International Cost and Revenue Analysis (ICRA) report</li> </ul>

**USPS-FY11-NP12**

This item is entitled:

USPS-FY11-NP12                      FY 2011 Non-public Cost Segments and Components Report

USPS-FY11-NP12 is an output of the FY 2011 Cost and Revenue Analysis (CRA) Model that shows product attributable costs for 18 cost segments, including Postmasters, Supervisors, Clerks and Mail Handlers, In-Office City Carrier Activities, City Carrier and Rural Carrier Street Costs, and Purchased Transportation.

In the Postal Service's FY 2010 Annual Compliance Report (ACR) filing (Docket No. ACR2010, December 29, 2010), this material was presented as USPS-FY10-NP12.

A public version of this document is provided as USPS-FY11-2, FY 2011 Public Cost Segments and Components Report.

The FY 2011 Non-Public Cost Segments and Components Report is provided as an Excel workbook. It consists of a 35-page report that presents a summary of costs by mail category for all cost segment totals, followed by component-level detail within each segment. As it is not intended for public distribution, it includes detailed costs for Express Mail, Priority Mail, Parcel Select Mail, Parcel Return Service Mail, and Premium Forwarding Service. In addition, partial costs are shown for the Competitive portion of Post Office Box Service and for Shipping and Mailing Supplies; these are augmented by final adjustments in the model's "D" report (USPS-FY11-NP13).

The following items found in this report are used as input/output to USPS-FY11-NP12:

**Items in this Report Used as Input to USPS-FY11-NP12**

Item Number	Data/Information Used
USPS-FY11-NP13	<ul style="list-style-type: none"> <li>FY 2011 CRA Model (Model Files, Cost Matrices, and Reports)</li> </ul>
USPS-FY11-NP14	<ul style="list-style-type: none"> <li>FY 2011 CRA "B" Workpapers</li> </ul>
USPS-FY11-NP18	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Non-public Version)</li> </ul>
USPS-FY11-NP21	<ul style="list-style-type: none"> <li>In-Office Cost System (IOCS) Statistical and Computer Documentation (Source Code and Data on CD-ROM)</li> </ul>
USPS-FY11-NP29	<ul style="list-style-type: none"> <li>Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY11-NP12**

Item Number	Data/Information Provided
USPS-FY11-NP4	<ul style="list-style-type: none"> <li>FY 2011 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, &amp; Changes)</li> </ul>

**USPS-FY11-NP13**

This item is entitled:

USPS-FY11-NP13                      FY 2011 CRA Model (Model Files, Cost Matrices, and Reports) (Non-Public Version)

USPS-FY11-NP13 contains the Fiscal Year 2011 Cost and Revenue Analysis (CRA) Model along with associated cost matrices and reports. Files are provided in Excel format on CD-ROM.

In the Postal Service's FY 2010 Annual Compliance Report (ACR) filing (Docket No. ACR2010, December 29, 2010), this material was presented as USPS-FY10-NP13.

A public version of the FY 2011 CRA Model is filed as USPS-FY11-31. The public version excludes detailed cost data for Express Mail, Priority Mail, Parcel Select Mail, Parcel Return Service Mail, Premium Forwarding Service, Address Enhancement Services, Greeting Cards, Post Office Box Service (Competitive portion), Shipping and Mailing Supplies, and Competitive Negotiated Service Agreements.

The contents of USPS-FY11-NP13 are organized in CD-ROM folders as follows:

1. CRA Model

USPS-FY11-NP13\Model\CRA.Model.xls	CRA run module
USPS-FY11-NP13\Model\CRA.DIM.xls	CRA data input module
USPS-FY11-NP13\Model\FY11.cntl.xls	CRA control tables and data source
documentation	

2. Cost Files

USPS-FY11-NP13\Cost\FY11.I.xls	Input matrix
USPS-FY11-NP13\Cost\FY11.Mod1.xls	GDEI calculations and output matrix
USPS-FY11-NP13\Cost\FY11.A.xls	"A" calculations and output matrix
USPS-FY11-NP13\Cost\FY11.F.xls	"F" calculations and output matrix
USPS-FY11-NP13\Cost\FY11.B.xls	"B" calculations and output matrix

3. Reports

USPS-FY11-NP13\Reports\FY11.IRpt.xls	Input report
USPS-FY11-NP13\Reports\FY11.ARpt.xls	"A" report (without PESSA costs)
USPS-FY11-NP13\Reports\FY11.FRpt.xls	Factor report
USPS-FY11-NP13\Reports\FY11.BRpt.xls	"B" report (PESSA detail)
USPS-FY11-NP13\Reports\FY11.CRpt.xls	Cost segments and components report
USPS-FY11-NP13\Reports\FY11.DRpt.xls	Final adjustments

The following items found in this report are used as input/output to USPS-FY11-NP13:

**Items in this Report Used as Input to USPS-FY11-NP13**

Item Number	Data/Information Used
USPS-FY11-8	• Equipment and Facility Related Costs
USPS-FY11-28	• FY 2011 Special Cost Studies Workpapers – Special Services (Public Version)
USPS-FY11-30	• FY 2011 Market Dominant NSA Materials
USPS-FY11-NP14	• FY 2011 CRA "B" Workpapers
USPS-FY11-NP18	• Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY11-NP21	• In-Office Cost System (IOCS) Statistical and Computer Documentation (Source Code and Data on CD-ROM)

USPS-FY11-NP26	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers – Special Services (Non-public Version)</li> </ul>
USPS-FY11-NP27	<ul style="list-style-type: none"> <li>FY 2011 Competitive NSA Materials &amp; Nonpostals Materials</li> </ul>
USPS-FY11-NP29	<ul style="list-style-type: none"> <li>Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY11-NP13**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY11-1	<ul style="list-style-type: none"> <li>FY 2011 Public Cost and Revenue Analysis (PCRA) Report</li> </ul>
USPS-FY11-2	<ul style="list-style-type: none"> <li>FY 2011 Public Cost Segments and Components</li> </ul>
USPS-FY11-24	<ul style="list-style-type: none"> <li>FY 2011 Non-Operation Specific Piggyback Factors (Public Version)</li> </ul>
USPS-FY11-NP4	<ul style="list-style-type: none"> <li>FY 2011 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, &amp; Changes)</li> </ul>
USPS-FY11-NP10	<ul style="list-style-type: none"> <li>FY 2011 Competitive Product Incremental and Group Specific Costs</li> </ul>
USPS-FY11-NP11	<ul style="list-style-type: none"> <li>FY 2011 Nonpublic Cost and Revenue Analysis (NPCRA) Report</li> </ul>
USPS-FY11-NP12	<ul style="list-style-type: none"> <li>FY 2011 Nonpublic Cost Segments and Components Report</li> </ul>
USPS-FY11-NP19	<ul style="list-style-type: none"> <li>FY 2011 Non-Operation Specific Piggyback Factors (Nonpublic Version)</li> </ul>

**USPS-FY11-NP14**

This item is entitled:

USPS-FY11-NP14                    FY 2011 CRA “B” Workpapers, (Non-Public Version)

USPS-FY11-NP14, FY 2011 CRA “B” Workpapers input and calculate costs by cost segment which are used by USPS FY11-NP13, CRA Model, to produce USPS-FY11-NP12, Cost Segments and Components Report. The workpapers produce some product attributable costs for 13 of the 18 cost segments, including Postmasters, Supervisors, Clerks and Mail Handlers, In-Office City Carrier Activities, City Carrier and Rural Carrier Street Costs, and Purchased Transportation.

The predecessor document is Docket No. ACR2010, USPS-FY10-NP14. USPS-FY11-32 is the corresponding public set of documents.

The USPS-FY11-NP14 “B” Workpapers are thirteen separate Microsoft Office Excel workbooks, twelve of which present cost data by separate cost segments with many worksheets in each, and the other of which, I-forms.xls, exports data to those cost segment workbooks. Data sources are referenced in each spreadsheet.

The following items found in this report are used as input/output to USPS-FY11-NP14:

**Items in this Report Used as Input to USPS-FY11-NP14**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY11-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY11-34	<ul style="list-style-type: none"> <li>City Carrier Cost System (CCCS) Statistical and Computer Documentation (Public Version)</li> </ul>
USPS-FY11-37	<ul style="list-style-type: none"> <li>In-Office Cost System (IOCS) Statistical and Computer Documentation (Public Version)</li> </ul>
USPS-FY11-NP18	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Non-public Version)</li> </ul>
USPS-FY11-NP23	<ul style="list-style-type: none"> <li>Rural Carrier Cost System (RCCS) Statistical and Computer Documentation (Source Code and Data on CD-ROM)</li> </ul>
USPS-FY11-NP24	<ul style="list-style-type: none"> <li>Transportation Cost Systems (TRACS) Statistical and Computer Documentation (Source Code and Data on CD Rom)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY11-NP14**

Item Number	Data/Information Provided
USPS-FY11-NP13	<ul style="list-style-type: none"> <li>FY 2011 CRA Model (Model Files, Cost Matrices, and Reports)</li> </ul>

**USPS-FY11-NP15**

This item is entitled:

USPS-FY11-NP15                      FY 2011 Special Cost Studies Workpapers – Parcels Cost Model (Non-public Version)

USPS-FY11-NP15 documents the mail processing cost estimates for the Parcel Select / Parcel Return Service (PRS) price categories.

Predecessor documents include Docket No. R2006-1 USPS-LR-L-103, Docket No. ACR2007 USPS-FY07-15, Docket No. ACR2008 USPS-FY08-15, Docket No. RM2009-1 Order No. 339, Docket No. ACR2009 USPS-FY09-NP27, Docket No. ACR2010 USPS-FY10-NP15, Docket No. RM2011-6 Order No. 719, and Docket No. RM2011-12 Order No. 920. There is no corresponding public document to USPS-FY11-NP15.

The Parcel Select / Parcel Return service mail processing unit cost estimates are presented in the Microsoft Excel workbook ‘USPS-FY11-NP15.xls’ in the spreadsheet tab entitled ‘Summary,’ page 1 of USPS-FY11-NP15.

The following items found in this report are used as input/output to USPS-FY11-NP15:

**Items in this Report Used as Input to USPS-FY11-NP15**

Item Number	Data/Information Used
USPS-FY11-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY11-23	<ul style="list-style-type: none"> <li>MODS Productivity Data</li> </ul>
USPS-FY11-25	<ul style="list-style-type: none"> <li>FY 2011 Mail Processing Piggyback Factors (Operation Specific)</li> </ul>
USPS-FY11-NP18	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Non-public Version)</li> </ul>
USPS-FY11-NP20	<ul style="list-style-type: none"> <li>FY 2011 Mail Processing Costs by Shape (Non-public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY11-NP15**

Item Number	Data/Information Provided
USPS-FY11-NP27	<ul style="list-style-type: none"> <li>FY 2011 Competitive NSA Materials &amp; Nonpostals Materials</li> </ul>

**USPS-FY11-NP16**

This item is entitled: USPS-FY11-NP16 FY 2011 Special Cost Studies Workpapers – Parcel Select / Parcel Return Service Transportation Cost Model (Non-public Version)

USPS-FY11-NP16 documents the transportation cost estimates for the Parcel Select / Parcel Return Service (PRS) price categories.

Predecessor documents include Docket No. R2006-1 USPS-LR-L-113, Docket No. ACR2007 USPS-FY07-16, Docket No. ACR2008 USPS-FY08-16, Docket No. RM2009-10 Order No. 339, Docket No. ACR2009 USPS-FY09-NP27, Docket No. ACR2010 USPS-FY10-NP16, and Docket No. RM2011-6 Order No.719. There is no corresponding public document to USPS-FY11-NP16.

The Parcel Select / Parcel Return Service transportation cost estimates are presented in the Microsoft Excel workbook 'USPS-FY11-NP16.xls' in the spreadsheet 'Cost-Sum' on page 1 of USPS-FY11-NP16. Data sources are referenced in each spreadsheet throughout the workbook.

The following items found in this report are used as input/output to USPS-FY11-NP16:

**Items in this Report Used as Input to USPS-FY11-NP16**

Item Number	Data/Information Used
USPS-FY11-NP1	<ul style="list-style-type: none"> <li>FY 2011 Competitive Product Billing Determinants</li> </ul>
USPS-FY11-NP14	<ul style="list-style-type: none"> <li>FY 2011 CRA "B" Workpapers, (Non-Public Version)</li> </ul>
USPS-FY11-NP17	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Parcel Post Regression Analysis (Non-public Version)</li> </ul>
USPS-FY11-NP19	<ul style="list-style-type: none"> <li>FY 2011 Non-Operation Specific Piggyback Factors (Non-public Version)</li> </ul>
USPS-FY11-NP27	<ul style="list-style-type: none"> <li>FY 2011 Competitive NSA Materials &amp; Nonpostals Materials</li> </ul>

**Items in this Report Utilizing Output from USPS-FY11-NP16**

Item Number	Data/Information Provided
USPS-FY11-NP27	<ul style="list-style-type: none"> <li>FY 2011 Competitive NSA Materials &amp; Nonpostals Materials</li> </ul>

**USPS-FY11-NP17**

This item is entitled:

USPS-FY11-NP17                      FY 2011 Special Cost Studies Workpapers – Parcel Select/Parcel Return Service Cube-Weight Estimation

USPS-FY11-NP17 describes and documents the econometric analysis used to estimate the cubic feet per piece for Parcel Select / Parcel Return Service (PRS) mail pieces.

Predecessor documents include Docket No. ACR2007 USPS-FY07-17, Docket No. ACR2008 USPS-FY08-17, Docket No. ACR2009 USPS-FY09-NP17, Docket No. RM2009-10 Order No. 339, and Docket No. ACR2010, USPS-FY10-NP17. There is no corresponding public document to USPS-FY11-NP17.

The FY 2011 dataset used in this analysis is contained in the Microsoft Excel workbook 'PP11DATAPSPRS.xls.' The program used to estimate the econometric equations is contained in the SAS software file 'PP11DATAPSPRS.SAS. This analysis was performed on a personal computer using version 9.2 of the SAS software. The output file includes a listing of the working dataset, the econometric result, the Breusch-Pagan heteroskedasticity test result,

The following items found in this report are used as input/output to USPS-FY11-NP17:

**Items in this Report Utilizing Output from USPS-FY11-NP17**

Item Number	Data/Information Provided
USPS-FY11-NP16	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers – Parcel Select / Parcel Return Service Transportation Cost Model (Non-public Version)</li> </ul>

**USPS-FY11-NP18**

This item is entitled:

USPS-FY11-NP18                      Cost Segment 3 Cost Pools & Other Related  
Information (Non-public Version)

USPS-FY11-NP18 documents the formation of C/S 3 cost pools, the development of mail processing accrued costs and volume-variable subclass costs by cost pool, and other related calculations that are inputs to the B Workpapers, the CRA model, the Special Cost Studies and the NSAs.

The predecessor document is ACR2010 USPS-FY10-NP18. Parts I through VIII correspond to parts I through VIII of USPS-FY10-NP18 in Docket No. ACR2010.

USPS-FY11-NP18 is the non-public version of USPS-FY11-7. The specific rate categories shown in USPS-FY11-NP18 are generally the same as those used last year. The domestic market-dominant and total international mail and services are the same ones appearing in USPS-FY11-7. However, the competitive domestic mail and services which are aggregated in USPS-FY11-7 (public version) are detailed as separate rate categories in USPS-FY11-NP18.

USPS-FY11-NP18 consists of:

- an Excel Workbook with eight Excel files, and
- a SAS Program documentation with txt files for SAS program codes, and rtf files for SAS logs and SAS output tables.

*USPS-FY11-NP18 Excel Workbook.zip* comprises eight parts, each contained in an Excel file. The eight Excel files are named USPS-FY11-NP18 Part I.xls through USPS-FY11-NP18 Part VIII.xls. The contents of each Excel file are indicated under section III.A. For each part of the workbook, the actual tables and their titles are listed at the beginning of each Excel file.

USPS-FY11-NP18 SAS documentation includes a general description of the programming procedures associated with the SAS program codes, as indicated under section III.B. *USPS-FY11-NP18 SAS programs.zip* contains txt files of the SAS program codes. *USPS-FY11-NP18 SAS logs.zip* contains rtf files of the SAS logs. And *USPS-FY11-NP18 SAS tables.zip* contains rtf files of the SAS output tables generated by the SAS program codes and the SAS logs.

The following items found in this report are used as input/output to USPS-FY11-NP18:

**Items in this Report Used as Input to USPS-FY11-NP18**

Item Number	Data/Information Used
USPS-FY11-23	<ul style="list-style-type: none"> <li>MODS Productivity Data</li> </ul>
USPS-FY11-NP2	<ul style="list-style-type: none"> <li>FY 2011 International Cost and Revenue Analysis (ICRA) report</li> </ul>
USPS-FY11-NP21	<ul style="list-style-type: none"> <li>In-Office Cost System (IOCS) Statistical and Computer Documentation (Source Code and Data on CD-ROM)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY11-NP18**

Item Number	Data/Information Provided
USPS-FY11-2	<ul style="list-style-type: none"> <li>FY 2011 Public Cost Segments and Components Report</li> </ul>
USPS-FY11-8	<ul style="list-style-type: none"> <li>Equipment and Facility Related Costs</li> </ul>
USPS-FY11-10	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY11-11	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) &amp; Periodicals Cost Model</li> </ul>
USPS-FY11-12	<ul style="list-style-type: none"> <li>Standard Mail Hybrid/Parcel Cost Study</li> </ul>
USPS-FY11-13	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail</li> </ul>
USPS-FY11-15	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)</li> </ul>
USPS-FY11-21	<ul style="list-style-type: none"> <li>FY 2011 QBRM and BRM Costs</li> </ul>
USPS-FY11-25	<ul style="list-style-type: none"> <li>FY 2011 Mail Processing Piggyback Factors (Operation Specific)</li> </ul>
USPS-FY11-26	<ul style="list-style-type: none"> <li>FY 2011 Mail Processing Costs by Shape (Public Version)</li> </ul>
USPS-FY11-28	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers – Special Services</li> </ul>
USPS-FY11-31	<ul style="list-style-type: none"> <li>FY 2011 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)</li> </ul>
USPS-FY11-32	<ul style="list-style-type: none"> <li>FY 2011 CRA “B” Workpapers (Public Version)</li> </ul>
USPS-FY11-NP10	<ul style="list-style-type: none"> <li>FY 2011 ICM Data</li> </ul>
USPS-FY11-NP13	<ul style="list-style-type: none"> <li>FY 2011 CRA Model (Model Files, Cost Matrices, and Reports)</li> </ul>
USPS-FY11-NP14	<ul style="list-style-type: none"> <li>FY 2011 CRA “B” Workpapers</li> </ul>

USPS-FY11-NP15	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers – Parcels Cost Model (Non-public Version)</li> </ul>
USPS-FY11-NP20	<ul style="list-style-type: none"> <li>FY 2011 Mail Processing Costs by Shape (Non-public Version)</li> </ul>
USPS-FY11-NP26	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers – Special Services (Non-public Version)</li> </ul>
USPS-FY11-NP27	<ul style="list-style-type: none"> <li>FY 2011 Competitive NSA Materials &amp; Nonpostals Materials</li> </ul>

**USPS-FY11-NP19**

This item is entitled:

USPS-FY11-NP19                      FY 2011 Non-Operation Specific Piggyback Factors (Non-public Version)

USPS-FY11-NP19 documents development of the piggyback factors for major functions (e.g., mail processing, window service, city delivery, rural delivery, vehicle service drivers, and postmasters) for each product. Piggyback factors are employed in cost studies to augment labor cost estimates for the major functions by adding the costs associated with supervisors and administration, service-wide benefits, along with facility-related and equipment-related costs.

Predecessor documents include Docket No. R2006-1 USPS-LR-L-98, parts I and II, and Docket No. ACR2010, USPS-FY10-NP19. The corresponding public document is USPS-FY11-24 which contains a portion of the information contained in USPS-FY11-NP19 or this document, relating to Market Dominant products.

Results can be seen in the Microsoft Office Excel workbook FY11NP.PB.xls.

The following items found in this report are used as input/output to USPS-FY11-NP19:

**Items in this Report Used as Input to USPS-FY11-NP19**

Item Number	Data/Information Used
USPS-FY11-NP13	<ul style="list-style-type: none"> <li>FY 2011 CRA Model (Model Files, Cost Matrices, and Reports)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY11-NP19**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY11-24	• FY 2011 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY11-NP20	• FY 2011 Mail Processing Costs by Shape (Non-public Version)
USPS-FY11-NP27	• FY 2011 Competitive NSA Materials & Nonpostals Materials

**USPS-FY11-NP20**

This item is entitled:

USPS-FY11-NP20                      FY 2011 Mail Processing Costs by Shape (Non-public Version)

USPS-FY11-NP20 provides Mail Processing Unit Costs by Shape for Parcel Select and Parcel Return Services. These costs are provided by cost pool, and include piggyback or indirect costs.

Docket No. R2006-1, USPS-LR-L-99 and PRC-LR-9; and Docket No. ACR2010, USPS-FY10-NP20 are predecessors as far as methodology. USPS-FY11-26 is the corresponding public document, containing costs for First-Class Mail, Periodicals, Standard Mail and Package Services.

Results can be seen in the Microsoft Office Excel workbook shp11prc.parcel select prs.xls.

The following items found in this report are used as input/output to USPS-FY11-NP20:

**Items in this Report Used as Input to USPS-FY11-NP20**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY11-25	• FY 2011 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY11-NP18	• Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY11-NP19	• FY 2011 Non-Operation Specific Piggyback Factors (Non-public Version)
USPS-FY11-NP25	• Mail Characteristics Study (Non-public Version)

**Items in this Report Utilizing Output from USPS-FY11-NP20**

Item Number	Data/Information Provided
USPS-FY11-27	• FY 2011 Nonprofit Mail Cost Approximations
USPS-FY11-NP15	• FY 2011 Special Cost Studies Workpapers – Parcels Cost Model (Non-public Version)

**USPS-FY11-NP21**

This item is entitled:

USPS-FY11-NP21                      In-Office Cost System (IOCS) Statistical and Computer Documentation (Source Code and Data on CD-ROM)

USPS-FY11-NP21 documents the In-Office Cost System, including statistical design for and estimation of in-office labor costs. It also presents FY11 CVs and confidence intervals for the estimates.

Documentation of statistical design and estimation were provided previously in Docket No. R2006-1, USPS-LR-L-9 and ACR2010, USPS- FY10-NP21. The corresponding public document is USPS-FY11-37, In-Office Cost System (IOCS) Statistical and Computer Documentation (Source Code and Data on CD-ROM).

This document describes the statistical design of IOCS, and provides information on the system's programs. Appendix A lists changes in data codes since FY10. Electronic data files, programs, data dictionary, flowchart and CVs are provided in the accompanying CD, described in Appendix B.

The following items found in this report are using the output from USPS-FY11 – NP21:

**Items in this Report Utilizing Output from USPS-FY11-NP21**

Item Number	Data/Information Provided
USPS-FY11-1	• FY 2011 Public Cost and Revenue Analysis (PCRA) Report
USPS-FY11-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
	•
USPS-FY11-18	• FY 2011 ECR Mail Processing Unit Costs
USPS-FY11-20	• FY 2011 Window Service Cost by Shape
USPS-FY11-22	• FY 2011 Bound Printed Matter Mail Processing Costs
USPS-FY11-19	• FY 2011 Delivery Costs By Shape

USPS-FY11-NP2	<ul style="list-style-type: none"> <li>FY 2011 International Cost and Revenue Analysis (ICRA) report</li> </ul>
USPS-FY11-NP7	<ul style="list-style-type: none"> <li>Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)</li> </ul>
USPS-FY11-NP9	<ul style="list-style-type: none"> <li>FY 2011 Miscellaneous International Data</li> </ul>
USPS-FY11-NP11	<ul style="list-style-type: none"> <li>FY 2011 Nonpublic Cost and Revenue Analysis (NPCRA) Report</li> </ul>
USPS-FY11-NP12	<ul style="list-style-type: none"> <li>FY 2011 Nonpublic Cost Segments and Components Report</li> </ul>
USPS-FY11-NP13	<ul style="list-style-type: none"> <li>FY 2011 CRA Model (Model Files, Cost Matrices, and Reports)</li> </ul>
USPS-FY11-NP14	<ul style="list-style-type: none"> <li>FY 2011 CRA "B" Workpapers, (Non-Public Version)</li> </ul>
USPS-FY11-NP18	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Nonpublic Version)</li> </ul>

### **USPS-FY11-NP22**

This item is entitled:

USPS-FY11-NP22                      City Carrier Cost System (CCCS) Statistical and Computer Documentation (Source Code and Data on CD-ROM)

USPS-FY11-NP22 documents the statistical design of the City Carrier Cost System (CCCS) and City Carrier Cost System – Special Purpose Route (CCCS-SPR). It contains printed and electronic documentation of the statistical design and the programs used to develop volume estimates for classes, products, and price categories of mail collected and delivered on city letter routes and city special purpose routes. Also included are proportions, coefficients of variation (CVs), and confidence intervals for the estimates.

Predecessor documents are ACR2010 USPS-FY10-NP22, and Docket No. R2006-1, USPS-LR-L-11. A public version of this document is provided as USPS-FY11-34.

The following items found in this report are used the output from USPS-FY11-NP22:

**Items in this Report Utilizing Output from USPS-FY11-NP22**

Item Number	Data/Information Provided
USPS-FY11-19	• FY 2011 Delivery Costs By Shape
USPS-FY11-32	• FY 2011 CRA "B" Workpapers (Public Version)
USPS-FY11-NP3	• FY 2011 International Cost Segments and Components Report
USPS-FY11-NP14	• FY 2011 CRA "B" Workpapers, (Non-Public Version)

**USPS-FY11-NP23**

This item is entitled:

USPS-FY11-NP23 Rural Carrier Cost System (RCCS) Statistical and Computer Documentation (Source Code and Data on CD-ROM)

USPS-FY11-NP23 documents the statistical design of the Rural Carrier Cost System (RCCS). It contains printed and electronic documentation of the statistical design and the programs used to develop volume estimates for classes, products, and price categories of mail collected and delivered on rural routes. Also included are proportions, coefficients of variation (CVs), and confidence intervals for the estimates.

Predecessor documents include USPS-FY10-NP23 and Docket No. R2006-1, USPS-LR-L-12. A public version of this document is provided as USPS-FY11-35.

The following items found in this report use the output from USPS-FY11-NP23:

**Items in this Report Utilizing Output from USPS-FY11-NP23**

Item Number	Data/Information Provided
USPS-FY11-19	• FY 2011 Delivery Costs By Shape
USPS-FY11-32	• FY 2011 CRA "B" Workpapers (Public Version)
USPS-FY11-NP3	• FY 2011 International Cost Segments and Components Report
USPS-FY11-NP14	• FY 2011 CRA "B" Workpapers, (Non-Public Version)

**USPS-FY11-NP24**

This item is entitled:

USPS-FY11-NP24 Transportation Cost Systems (TRACS)  
Statistical and Computer Documentation (Source Code and  
Data on CD-ROM)

USPS-FY11-NP24 documents the development of the estimated distribution keys for purchased transportation costs. It contains documentation for the Transportation Cost Systems (TRACS) subsystems used to develop these costs. It also presents FY11 C.V.s (coefficients of variation) and confidence intervals for TRACS estimates.

The development of the TRACS estimated distribution keys and C.V.s material was last presented in Docket No. ACR2010 USPS-FY010-NP24. A public version of this item is provided as USPS-FY11-36 Transportation Cost System (TRACS).

The relevant source code and outputs from TRACS are provided on the accompanying CD-ROM. The 'README\_TRACS' file describes the contents of the CD-ROM, which includes an Excel file containing the C.V.s (coefficients of variation) for TRACS. The programs and systems used to develop the TRACS estimated distribution keys are described. The documentation is contained in three appendixes:

- Appendix A : Highway Subsystem
- Appendix B : Air Subsystem
- Appendix C : Tables

The following items found in this report are used as input/output to USPS-FY11-NP24:

**Items in this Report Utilizing Output from USPS-FY11-NP24**

Item Number	Data/Information Provided
USPS-FY11-NP2	• FY 2011 International Cost and Revenue Analysis (ICRA) report
USPS-FY11-32	• FY 2011 CRA "B" Workpapers (Public Version)
USPS-FY11-NP14	• FY 2011 CRA "B" Workpapers

**USPS-FY11-NP25**

This item is entitled:

USPS-FY11-NP25                      Mail Characteristics Study (Non-public Version)

USPS-FY11-NP25 is the nonpublic portion of USPS-FY11-14. This version includes the detailed distribution by shape and indicia by product category for Priority Mail and Parcel Select, which are not included in the public version (USPS-FY11-14).

The information reflected in this item relies upon the FY 2011 PostalOne! mailing statement database.

Predecessor documents are Docket No. ACR2010 USPS-FY10-NP25, Docket No. ACR2009 USPS-FY09-NP25, Docket No. ACR2008 USPS-FY08-NP25, Docket No ACR2007 USPS-FY07-14 and Docket No. R2006-1 USPS-LR-L-87.

The results of the RPW by shape and indicia are presented in the Microsoft Office Excel workbook "Shape Indicia FY 2011rVxls". The programs used to aggregate the PostalOne! data for Priority Mail and Package Services are described below:

1. Preparation of Package Services RPW by Shape and Indicia.

Program: pack\_shape\_mth.f – Aggregates PostalOne! mailing statement data by VIP and shape.

Input: PostalOne! mailing statement database.  
           Vipmap\_shape.prn – Map of Package Services VIPS.  
 Output: pshape.11.{month}.

2. Preparation of Priority Mail RPW by Shape and Indicia.

Program: pri\_shape\_custom.f – Aggregates PostalOne! mailing statement data by VIP and shape.

Input: PostalOne! mailing statement database.  
           vip7dig.srt – Map of Priority VIPS.  
 Output: pshape.custom.11.m{month}.

**USPS-FY11-NP26**

This item is entitled:

USPS-FY11-NP26                      FY 2011 Special Cost Studies Workpapers – Special Services (Non-public Version)

USPS-FY11-NP26 documents the unit cost estimates for Address Enhancement Services, Delivery Confirmation, Signature Confirmation, and Change of Address Credit Card Authentication services. It also documents the calculation of the attributable costs for Competitive and Market Dominant Post Office Box services, Greeting Cards, and Shipping and Mailing Supplies.

The predecessor document is ACR2010 USPS-FY10-NP26. The public version of this item for special services is USPS-FY11-28.

The following items found in this report are used as input/output to USPS-FY11-NP26:

**Items in this Report Used as Input to USPS-FY11-NP26**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY11-1	• FY 2011 Public Cost and Revenue Analysis (PCRA) Report
USPS-FY11-2	• FY 2011 Public Cost Segments and Components Report
USPS-FY11-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY11-8	• Equipment and Facility Related Costs
USPS-FY11-24	• FY 2011 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY11-25	• FY 2011 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY11-26	• FY 2011 Mail Processing Costs by Shape (Public Version)
USPS-FY11-NP1	• FY 2011 Competitive Product Billing Determinants

Cost study files include:

Address Enhancement Services

This cost study is contained in the EXCEL file "AES2011.xls." It contains the cost models and cost sheets that are used to develop Address Enhancement Services (AES) costs. A Direct Labor Survey was conducted in FY11 to determine the number of hours spent by the employees and contractors for AES. Using the surveyed hours and appropriate wage rates, direct labor costs were calculated for FY11. The direct labor to total labor cost ratio was then calculated and applied to the total costs to derive AES costs. The costs of AES are reported in the D report (USPS-FY11-31 and USPS-FY11-NP13).

Change of Address Credit Card Authentication

This cost study is contained in the EXCEL file COACreditCard2011.xls. It contains the cost models and cost sheets that are used to develop Change of Address Credit Card Authentication costs.

The Revenue Agreement with Imagitas is implicitly assumed in the calculation in USPS-FY11-28. As a result, the revenue and expense figures in USPS-FY11-28 cannot be used to calculate the cost coverage. Based on the calculations, the costs reported in the CRA for "Other Ancillary Services" would increase by approximately \$5.3 million, with costs decreasing for Other Costs (Institutional) so that the overall cost is unchanged.

The cost of Change of Address Credit Card Authentication is reported in the D report (USPS-FY11-31 and USPS-FY11-NP13).

Delivery Confirmation

This cost study is contained in the EXCEL file DelCon-FY 2011.xls. It contains the cost models and cost sheets that are used to develop Delivery Confirmation unit cost estimates. The distribution of Delivery Confirmation costs to the Priority Mail and Parcel Select products is reported in the D report (USPS-FY11-31 and USPS-FY11-NP13).

Signature Confirmation

This cost study is contained in the EXCEL file "SigCon-FY 2011.xls." It contains the cost models and cost sheets that are used to develop Signature Confirmation unit cost estimates. If Proposal 14 is approved, the cost study contained in the EXCEL file "SigCon-FY 2011New.xls" should be used. "SigCon-FY 2011New.xls" contains the proposed cost models and cost sheets that are used to develop Signature Confirmation costs.

Competitive Post Office Box Service

The spreadsheet "Competitive and Market Dominant P.O. Box Attributable Costs 2011.xls" contains the calculation of the attributable costs for Competitive and Market Dominant Post Office Box services. Post Office box costs from the

FY2011 segments and components report is used to develop attributable costs by fee group. As per Docket No. RM2011-9, Proposal 1, the costs associated with Fee Group E are to be part of institutional costs. Attributable costs for

Competitive Post Office boxes are calculated using the attributable costs for “Fee group 1” (where Fee Group 1 refers to the combination of Fee Group 1 and C31), based on the share of occupied boxes and installed post office box square feet for the Competitive offices. The remaining Post Office box costs – net of Fee Group E and Competitive costs are the Market Dominant Post Office Box Service attributable costs. This is reported in the D report (USPS-FY11-31 and USPS-FY11-NP13)

#### Greeting Cards

The spreadsheet “Greeting Cards 2011.xls” contains the calculation of the attributable costs for Greeting Cards and Stationary.

#### Shipping and Mailing Supplies

The spreadsheet “ShipMail Supplies 2011.xls” contains the calculation of the attributable costs for Shipping and Mailing Supplies.

### **USPS-FY11-NP27**

This item is entitled:

USPS-FY11-NP27	FY 2011 Competitive NSA Materials & Nonpostals Materials
----------------	--

USPS-FY11-NP27 develops FY 2011 costs for competitive Negotiated Service Agreements (NSAs), market tests, and nonpostal services.

Competitive NSA and Nonpostals materials were provided previously in ACR2010, USPS-FY10-NP27. There is no corresponding public document.

The following items found in this report are used as input/output to USPS-FY11-NP27:

**Items in this Report Used as Input to USPS-FY11-NP27**

Item Number	Data/Information Used
USPS-FY11-5	<ul style="list-style-type: none"> <li>Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)</li> </ul>
USPS-FY11-NP1	<ul style="list-style-type: none"> <li>FY 2011 Competitive Product Billing Determinants</li> </ul>
USPS-FY11-NP12	<ul style="list-style-type: none"> <li>FY 2011 Non-public Cost Segments and Components Report</li> </ul>
USPS-FY11-NP13	<ul style="list-style-type: none"> <li>FY 2011 CRA Model (Model Files, Cost Matrices, and Reports)</li> </ul>
USPS-FY11-NP14	<ul style="list-style-type: none"> <li>FY 2011 CRA "B" Workpapers, (Non-Public Version)</li> </ul>
USPS-FY11-NP15	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers – Parcels Cost Model (Non-public Version)</li> </ul>
USPS-FY11-NP16	<ul style="list-style-type: none"> <li>FY 2011 Special Cost Studies Workpapers – Bound Printed Matter and Parcel Post Transportation Costs / Bulk Parcel Return Service Cost Study (Non-public Version)</li> </ul>
USPS-FY11-NP18	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Non-public Version)</li> </ul>
USPS-FY11-NP19	<ul style="list-style-type: none"> <li>FY 2011 Non-Operation Specific Piggyback Factors (Non-public Version)</li> </ul>
USPS-FY11-NP20	<ul style="list-style-type: none"> <li>FY 2011 Mail Processing Costs by Shape (Non-public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY11-NP27**

Item Number	Data/Information Provided
USPS-FY11-NP13	<ul style="list-style-type: none"> <li>FY 2011 CRA Model (Model Files, Cost Matrices, and Reports)</li> </ul>
USPS-FY11-NP28	<ul style="list-style-type: none"> <li>Rule 3050.14 Alternative Format Report for Competitive Products</li> </ul>

**USPS-FY11-NP28**

This item is entitled:

USPS-FY11-NP28                      Rulw 3050.14 Alternative Format Report for  
Competitive Products

USPS-FY11-NP28 is presented in response to Commission Rule 3050.14. In addition to establishing the format for the Cost and Revenue Analysis Report (CRA) (“reflecting the classification structure in the Mail Classification Schedule”), that rule also called for “an alternative, more disaggregated format capable of reflecting the classification structure in effect prior to the adoption of the Postal Accountability and Enhancement Act.” The Appendix to the Order adopting Rule 3050.14 (Order No. 203, April 16, 2009) provided an illustration of the type of alternative format contemplated by the rule. This non-public folder is limited to the alternative format materials for Competitive mail and disaggregated data for certain International Market Dominant mail.

The predecessor document is Docket No. ACR2010, USPS-FY10-NP28. A corresponding public folder, which contains the alternative format public report for Market Dominant products, is being filed as USPS-FY11-33.

USPS-FY11-NP28 consists of this Preface, and one Excel file, USPS.FY11.NP28.Alt.Format.Competitive.xls.

None of the outputs of USPS-FY11-NP28 are specifically used as inputs to any other portions of the ACR, as the purpose of these materials is merely to comply with the rule requiring an alternative format presentation. The inputs used to compile the data displayed in USPS-FY11-NP28 come from a wide variety of sources, including the cost study models, RPW data, Billing Determinants, alternative runs of the CRA model, and the ICRA. Because postal data systems do not have the ability to gather data, particularly cost data, specifically for many of the categories in the Rule 3050.14 listing (for example, the Inter-BMC and Intra-BMC distinctions no longer exist in Parcel Post and Parcel Select), the methodologies used to attempt to populate this chart vary. Thus, the aggregation of cost data from underlying categories of mail from one report or estimation methodology may not always match those developed via a different estimation technique and data for some categories may not exist at all. Ultimately, the costs, volumes and revenues available at the product level in the CRA are used as the defaults in USPS-FY11-NP28. The data at the more disaggregated levels, to the extent that they exist, may not sum to the CRA aggregate information at the product level.

**USPS-FY11-NP29**

This item is entitled:

USPS-FY11-NP29                      Fiscal Year 2010 Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Non-Public Version)

The Fiscal Year 2011 Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Public Version) is an Excel workbook that adjusts amounts reflected in the September 2011 general ledger for year-end audit adjustments. This results in amounts that underlie the September 30 year-end financial statements. This workbook also reallocates year-end labor contract and performance award accruals back to the appropriate labor sub-account and breaks out cost component expenses not available directly from a general ledger account but obtained from another source such as a unique finance number or a subsidiary reporting system.

This material was provided as USPS-FY10-NP29 for the FY 2010 Annual Compliance Report filing (Docket No. ACR2010, December 29, 2010). A public version of this document is provided as USPS-FY11-5, Fiscal Year 2011 Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Public Version).

USPS-FY11-NP29, the Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Non-Public Version), is provided as an Excel workbook on CD-ROM. Within the workbook are the following worksheets:

1. Title – Title page
2. Rev – Revenue general ledger accounts
3. Seg 1 – Cost Segment 1 (Postmasters)
4. Seg 2 – Cost Segment 2 (Supervisors & Technical Personnel)
5. Seg 3 – Cost Segment 3 (Clerks & Mailhandlers – CAG A-J Offices)
6. Seg 4 – Cost Segment 4 (Clerks – CAG K Offices)
7. Seg 6&7 – Cost Segments 6 & 7 (City Delivery Carriers)
8. Seg 8 – Cost Segment 8 (Vehicle Service Drivers)
9. Seg 10 – Cost Segment 10 (Rural Carriers)
10. Seg 11 – Cost Segment 11 (Custodial & Maintenance Services)
11. Seg 12 – Cost Segment 12 (Motor Vehicle Service)
12. Seg 13 – Cost Segment 13 (Miscellaneous Local Operations)
13. Seg 14 – Cost Segment 14 (Purchased Transportation of Mail)
14. Seg 15 – Cost Segment 15 (Building Occupancy)
15. Seg 16 – Cost Segment 16 (Supplies and Services)
16. Seg 17 – Cost Segment 17 (Research & Development)
17. Seg 18 – Cost Segment 18 (HQ & Area Administration & Corporatewide Personnel Costs)
18. Seg 19 – Cost Segment 19 (Equipment Maintenance & Management Training Support)
19. Seg 20 – Cost Segment 20 (Depreciation, Write-offs, Losses, and Interest)

- 20. Summary – Cost segment totals and net income calculations
- 21. Personnel Costs – Summary of personnel costs by cost segment
- 22. International – Development of International product-specific costs
- 23. Address Management – Development of Address Management product-specific costs
- 24. CS 11 Realloc – Reallocation of maintenance personnel expenses
- 25. MOB Realloc – Reallocation of money order personnel expenses
- 26. 51111 Realloc – PCES performance award reallocations to subaccount
- 27. 51112 Realloc – EAS performance awards reallocations tor subaccount
- 28. Reallocation Summary – Summary of reallocations
- 29. Outputs to CRA – Worksheet used to organize selected outputs to CRA

The following items found in this report are used as input/output to USPS-FY11-NP29:

**Items in this Report Used as Input to USPS-FY11-NP29**

Item Number	Data/Information Used
USPS-FY11-5	<ul style="list-style-type: none"> <li>• Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)</li> </ul>
USPS-FY11-31	<ul style="list-style-type: none"> <li>• FY 2011 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)</li> </ul>
USPS-FY11-NP13	<ul style="list-style-type: none"> <li>• FY 2011 CRA Model (Model Files, Cost Matrices, and Reports)</li> </ul>

**USPS-FY11-NP30**

This item is entitled:

USPS-FY11-NP30                      FY 2011 Revenue, Pieces, and Weight Report (Non-Public Version)

USPS-FY11-NP30 contains the Nonpublic U.S. Postal Service Revenue, Pieces, and Weight (RPW) Report for FY 2011. It consists of a CD ROM containing the electronic version, and several printouts containing the hard copy version of the FY 2011 RPW material.

Previously, for many years, the RPW materials have been provided to the Commission as part of periodic reporting. (Quarterly RPW reports will continue to be provided as part of periodic reporting.) The most recent quarterly RPW report (for Quarter 4 of FY 2011) and the most recent annual RPW report (FY2011) was filed on November 25, 2011. Revised Quarters 1, 2, and 3 FY2011 were also provided in the November 25 2011 periodic filing.

The public version of the RPW material, which omits information on individual competitive products, is presented in USPS-FY11-42.

USPS-FY11-NP30 does not rely on input from any other set of material presented as part of the FY 2011 ACR. The revenue, pieces, and weight data by product provided in USPS-FY11-NP30, however, are used as inputs for many Versions of the ACR, as well as several other Postal Service reports.

In addition to a Preface, USPS-FY11-NP30 consists of five Excel files containing annual and quarterly FY 2011 RPW data. The following is a list of those files:

Fy2011Q1.RPWsummaryreport\_restricted.xls (revised)  
Fy2011Q2.RPWsummaryreport\_restricted.xls (revised)  
Fy2011Q3.RPWsummaryreport\_restricted.xls (revised)  
Fy2011Q4.RPWsummaryreport\_restricted.xls  
Fy2011.RPWsummaryreport\_restricted.xls

## **SECTION TWO:           METHODOLOGY CHANGES Public Information**

This section identifies the material changes in methodology reflected in the associated materials. In most instances, more detailed discussion can be found in the individual items references.

### **USPS-FY11-1   FY 2011 Public Cost and Revenue Analysis (PCRA) Report**

The PCRA conforms to the Postal Regulatory Commission (PRC) methods for calculating attributable costs, which are revised annually. The Negotiated Service Agreement costs reported in the CRA, however, reflect a final adjustment made to the costs from separate analyses as the data became available.

Note that, High Density and Saturation Letters must meet presorting, machinability, addressing, barcoding, walk-sequencing, and other preparation requirements as specified in the Domestic Mail Manual. Letters failing to meet such machinability and barcoding requirements must be paid at flats rates and fall under the Standard High Density and Saturation Flats and Parcels category. DMM 243.6.4.1 and 243.6.5.1.

### **USPS-FY11-2   FY 2011 Public Cost Segments And Components Report**

The FY 2011 Public Cost Segments and Components Report conforms to the methodology most recently reflected in the Commission's FY 2010 Annual Compliance Determination, except for methodology changes to the CRA 'B' workpapers discussed in USPS-FY-32.

### **USPS-FY11-3   FY 2011 Discounts and Passthroughs of Workshare Items**

Similar in method to last year in USPS-FY10-3, discounts are developed by taking the differences between the current prices of the workshared pieces and benchmark pieces as shown on USPS Notice 123—Price List, effective April 17, 2011. Passthroughs are calculated for each discount as the ratio of the discount to the avoided cost.

**USPS-FY11-4 FY 2011 Market Dominant Billing Determinants**

The methodologies used to produce the FY 2011 Billing Determinants follow the methodologies used in the FY 2010 and earlier versions of the billing determinants.

**USPS-FY11-5 Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)**

A lump sum for early-out incentive payments made to personnel from all areas of the Postal Service was moved from Cost Segment 2 (Supervisors & Technical Personnel) to Cost Segment 18 (HQ & Area Administration & Corporatewide Personnel Costs), component 1430 (Miscellaneous Personnel Compensation). Also, a worksheet was added to separate out the costs from the finance numbers associated with Address Management, in order to facilitate the calculation of Address Management costs in FY11-31 and FY11-NP13, in accordance with the methodology applied by the Commission in the FY 2010 Annual Compliance Determination. Otherwise, no substantive changes were made to cost segments or components or to the structure of the workbook in FY 2011.

**USPS-FY11-6 General Classification of Accounts**

The contents of USPS-FY011-6 were downloaded from the Postal Service's mainframe computer on December 19, 2011. Therefore, it reflects account information as of that date. Account numbers and account descriptions can change on a monthly basis.

### **USPS-FY11-7 Cost Segment 3 Cost Pools and Other Related Information**

USPS-FY11-7 uses the same methodology as described in the preface to USPS-FY10-7, but it includes the following changes and updates/corrections for FY 2011:

1. The proposed modifications to cost pools and distribution keys (Proposals 5, 6, and 7) submitted in Docket RM2012-11 and accepted by the Postal Regulatory Commission in Order\_No\_920 are now incorporated in the FY11 methodology. These modifications consist of:

- a. Establishing a separate FSS costpool for MODS facilities and for NDCs to reflect the operational deployment and use of FSS and the differences in distribution of attributable costs by product.

FSS operations were previously included in the AFSM cost pool for MODS facilities and in the 'OTHR' cost pool for NDCs. Consistent with the AFSM100 cost pool, the FY11 FSS operations include both the relevant LDC 12 (#531-#539) and LDC17 (#530) MODS operations. The separation of cost pool by types of facilities necessary for the derivation of the CRA model component 035 premium adjustment is consistent with the FY10 methodology.

- b. Adding five nonMODS cost pools based on IOCS Questions18 to improve alignment between MODS and nonMODS mail processing cost pools for post offices and to assign product costs to the operations that incur them.

The 'D.PO Box' activities are separated from the IOCS-based distribution operations (MANF, MANL, MANP) to distinguish shape-related work (e.g., casing letters and flats) from mixed-shape work at box sections, and are similar to the MODS-based LD44 cost pool.

The activities for bulk mail acceptance (BULKACCP), computer forwarding system (CFS), business reply mail (BUSREPLY); and other accountable work (OTH ACCT) are disaggregated from the IOCS-based 'MISC' operations and represent nonMODS counterparts to the MODS-based LD79, LD49, LD42 and LD48\_SSV cost pools.

- c. Distributing 'plant' costs to IOCS product categories tallied in plants. This would exclude post office and ISC (International Service Center) direct tallies from the distribution keys for 'plant' allied mixed mail and not-handling costs to reduce a potential bias

in overassigning plant costs to products that either by-pass the plants or are not often observed in domestic operations.

2. The following updates/corrections are implemented in the FY11 methodology to reflect current operational reality:
  - a. The LDC11 operations are all grouped in one cost pool (D/BCS) for FY11. Previous to FY10, the 'OCR' cost pool consisted primarily of labor hours associated with MLOCR operations. Over time, MLOCR machines have been phased out and replaced by BCS equipment run in OCR mode. In FY10, there were no MLOCR labor hours, so the 'OCR' cost pool labor hours were of those clocked into some operations associated with BCS equipment run in OCR mode. However, the assignment of BCS run in OCR mode has not been consistent in that the 'DIOSS Bulky OCR mode' have been grouped in the OCR cost pool while other DBCS/DIOSS OCR types have been left in the D/BCS cost pool. With MLOCRs phased out, there is no need for a separate OCR cost pool as the only automated equipment consists of D/BCS and the percentage of hours for D/BCS run in OCR mode has dwindled below 1% in FY11.
  - b. Although a small percent, the LDC15 share of LCREM hours grew from 0.1 % in FY10 to 1.6% in FY11. LCREM operations (#487, #490) are phased in to replace the LMLM (#776) and the LD15LMLM cost pool name is updated to 'LD15PLNT' to denote that it incorporates operations other than the LMLM. Since both LMLMs and LCREMs are 'plant' operations, the FY10 methodology used for the 'LD15LMLM' applies to the 'LD15PLNT' cost pool. Plants are sampled in IOCS, and IOCS tallies are used to distribute MODS operation costs to product categories observed in these operations.

The other LDC15 operations are at the Remote Encoding Centers (RECS). RECS are not sampled in IOCS. The LDC15 costs at the RECs continue, as in the FY10 methodology, to be allocated to various image streams based on the percent of webROADS keying hours logged at consoles set up to receive those various image streams, i.e. PARS, APPS, FLAT, LETTER, COA (see USPS-FY11-23). They are then distributed to product categories based on IOCS proxy distribution keys. Note that even as the FSS emerges as a separate cost pool in FY11 (see 1.i above), the proxy distribution key for the LD15 FLAT activities continues to include the direct tallies for both the AFSM100 and the FSS cost pools – similarly to the way they were previously combined in a single AFSM100 cost pool.

3. The C/S 3 distribution keys reflect the changes made to IOCS described in USPS-FY11-37 section D. Methodology.

### **USPS-FY11-8 Equipment and Facility Related Costs**

USPS-FY11-8 uses the same facility space costing methodology as USPS-FY10-8 from Docket No. ACR2010, with the exception of the following which are consistent with PRC approved methodology changes in mail processing labor.

The first modification adds Flat Sequencing System (FSS) as a space category to reflect current operations. In FY2010, the depreciation and maintenance expenses for FSS had been included with the AFSM 100 category. The second modification of facility space calculations is done to be consistent with Proposal Six of Docket No. RM2011-12, which added five additional mail processing labor cost pools for non-MODS post offices. The third change simply corrects an error in past work by eliminating the DDU Accountables Cage category and incorporating this space into the three processing space categories that include this activity.

### **USPS-FY11-9 ACR Roadmap Document**

There have been no changes in methodology for this item.

### **USPS-FY11-10 FY 2011 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)**

The First-Class Mail presort letters and cards and Standard Mail presort letters cost models rely on the Docket No. R2006-1 Postal Regulatory Commission (PRC) methodology and also incorporate the modifications described in Docket No. RM2011-5, Proposal Nine. The Proposal Nine modifications include updates to several cost model inputs and a revised bundle sorting cost methodology that were approved by the Commission in Order No. 741. In addition, alternative versions of the First-Class Mail presort letters mail processing cost model and the Standard Mail presort letters mail processing cost model are provided; these versions incorporate the modifications described in Docket No. RM2012-2, Proposal Nineteen and Docket No. RM2012-1, Proposal Twelve, respectively.

The Postal Service proposed the addition of new mail processing cost pools in Docket No. RM2011-12, Proposal Five and Proposal Six. The Commission subsequently approved those proposals in Order No. 920. The USPS-FY11-26 cost by shape estimates therefore contain seven additional cost pools that need to be distributed using the Commission's cost pool classification methodology.

Order No. 920 contains a description of cost pools that are similar to the seven new cost pools. The similar cost pools are shown below:

New Cost Pool	Similar Cost Pool
MODS FSS	AFSM100
NDC FSS	AFSM100
NONMODS BULKACC	LD79
NONMODS BUSREPLY	LD42
NONMODS CFS	LD49
NONMODS D.PO BOX	LD44
NONMODS OTH ACCT	LD48_SSV

The distribution methodology for the similar cost pools has been applied to the new cost pools in all versions of the models that are provided.

In preparing this document, an error was discovered in the First-Class Mail presort letters mail processing cost model. The formula in cell AE50 of the 'Auto 5-digit CSBCS-Man Model' tab (page 16) was found to be incorrect. The formula accessed an accept rate from cell C22 in the 'ACCEPT' tab (page 39), but should have been accessing the accept rate in cell C19 of that same tab. This error has been corrected in both versions of the First-Class Mail presort letters mail processing cost model presented in this document.

### **USPS-FY11-11 FY 2011 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model**

USPS-FY11-11 uses the PRC's Docket No. ACR2010 cost methodology. Proposal 18 (Docket No. RM2012-2) modifications are also shown and described below:

#### Modification 1:

This modification incorporates FSS processing costs in all three flats costs models.

#### Modification 2

Correct anomalous cost difference between MADC auto and ADC auto costs by excluding single data from MADC mail in all three models.

#### Modification 3

This modification corrects an error in the calculation of the ADC pallet mechanized bundle sortation in the Periodicals costs model.

#### Modification 4

This modification calculates the costs for bundles entered on MADC pallets – a new classification approved for Periodicals in Docket No. R2012-3.

The model allows each of the Proposal 18 modifications to be turned on or off. The results reflect all the modifications turned off except for modification 1, which needs to be on to reflect the actual processing environment during FY 2011.

### **USPS-FY11-12 Standard Hybrid/Parcel Cost Study**

USPS-FY11-12 relies on the methodology presented in Docket No. RM2010-12, Proposal Seven, which was subsequently approved by the Commission in Order No. 658.

The Postal Service proposed the addition of new mail processing cost pools in Docket No. RM2011-12, Proposal Five and Proposal Six. The Commission subsequently approved those proposals in Order No. 920. The USPS-FY11-26 cost by shape estimates therefore contain seven additional cost pools that need to be distributed using the Commission's cost pool classification methodology.

Order No. 920 contains a description of cost pools that are similar to the seven new cost pools. The similar cost pools are shown below:

New Cost Pool	Similar Cost Pool
MODS FSS	AFSM100
NDC FSS	AFSM100
NONMODS BULKACC	LD79
NONMODS BUSREPLY	LD42
NONMODS CFS	LD49
NONMODS D.PO BOX	LD44
NONMODS OTH ACCT	LD48_SSV

The distribution methodology for the similar cost pools has been applied to the new cost pools in columns G and H of the "Cost Pool Data" tab on page 3 of the model. In addition, the formulas in the "Total Assigned" proVersional cell (G82) and fixed cell (H82) have been modified accordingly.

### **USPS-FY11-13 FY 2011 Special Cost Studies Workpapers – Drop Ship Cost Avoidances for Periodicals and Standard Mail**

USPS-FY11-13 relies on the Postal Regulatory Commission (PRC) cost methodology from Docket No. R2006-1, and subsequent cost model modifications initially described in USPS-FY08-13 and formally presented in Docket No. RM2009-10, Proposal 13. These modifications were implemented in order to de-average the analysis into destination entry cost avoidance estimates by shape. The Commission approved these modifications in Order No. 339.

### **USPS-FY11-14 Mail Characteristics Study (Public Version)**

The methods employed here are functionally identical to those used by the Revenue, Volume and Performance Measurement group as approved in Commission Order No. 354 in Docket No. RM2009-7. The estimates reported are used only as relative percentages to distribute the official estimates across mail characteristics. No methodological changes have been made since Docket No. ACR 2010.

### **USPS-FY11-15 FY 2011 Special Cost Studies Workpapers – Bound Printed Matter Mail Processing Cost Model / Media Mail – Library Mail Processing Cost Model**

USPS-FY11-15 relies on the Postal Regulatory Commission (PRC) cost methodology from Docket No. R2006-1, and includes the modifications described in USPS-FY08-15. In addition, the Media Mail – Library Mail mail processing cost model incorporates the modifications that were approved by the Commission in Order No. 724. A second version of the Media Mail – Library Mail mail processing cost model is also being presented in this document. This latter model incorporates the modifications presented by the Postal Service in Docket No. RM2012-1, Proposal Thirteen.

The Postal Service proposed the addition of new mail processing cost pools in Docket No. RM2011-12, Proposal Five and Proposal Six. The Commission subsequently approved those proposals in Order No. 920. The USPS-FY11-26 cost by shape estimates therefore contain seven additional cost pools that need to be distributed using the Commission’s cost pool classification methodology.

Order No. 920 contains a description of cost pools that are similar to the seven new cost pools. The similar cost pools are shown below:

New Cost Pool	Similar Cost Pool
MODS FSS	AFSM100
NDC FSS	AFSM100
NONMODS BULKACC	LD79
NONMODS BUSREPLY	LD42
NONMODS CFS	LD49
NONMODS D.PO BOX	LD44
NONMODS OTH ACCT	LD48_SSV

The distribution methodology for the similar cost pools has been applied to the new cost pools in columns H and I of the “Cost By Shape” tab on page 14 of the model contained in the file ‘USPS-FY11-15.MM-LM’. In addition, the formulas in the “Total Assigned” total cell (G83), proportional cell (H83) and fixed cell (I83) have been modified accordingly.

The distribution methodology for the similar cost pools has been applied to the new cost pools in columns G and H of the “Cost Pool Data” tab on page 2 of the model contained in the file ‘USPS-FY11-15.MM-LM.PROPOSAL13’. In addition, the formulas in the “Total Assigned” total cell (F82), proportional cell (G82) and fixed cell (H82) have been modified accordingly.

### **USPS-FY11-16 FY 2011 Special Cost Studies Workpapers – Bound Printed Matter Transportation Costs / Bulk Parcel Return service Cost Study**

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.

### **USPS-FY11-17 2010 Comprehensive Statement of Postal Operations**

In order to reduce duplication of information and improve clarity, the Postal Service is this year combining its Annual Report to Congress and its Comprehensive Statement on Postal Operations into a single report. Wherever possible, more detailed financial and operational data is provided online and in other more specialized reports, such as this Annual Compliance Report to the Postal Regulatory Commission, financial reports such as the 10-K and 10-Q, safety reporting to the Occupational Safety and Health Administration (OSHA), sustainability and energy reports to the Environmental Protection Agency, and other reports.

### **USPS-FY11-18 FY08 ECR Mail Processing Unit Costs**

This analysis uses the same basic methodology as described in Docket No. R2006-1, USPS-LR-L-107. The methodology for the calculation of Standard ECR unit costs is the same as used in Docket No. ACR2010, USPS-FY10-18 (FY2010 ECR Mail Processing Costs), spreadsheet FY10 ECR Unit Costs.xls.

**USPS-FY11-19 FY 2011 Delivery Costs By Shape**

USPS-FY11-19 utilizes the established methodology from PRC-ACR2010-LR8.

However, two corrections are made in the current version. One, prepaid collected parcels less than two pounds on rural routes are correctly counted as flats (UDC Inputs, Tab Rural Vols, column 12). This was included last year in USPS-FY10-32 (Workbook CS10) but not in USPS-FY10-19. See Docket No. RM2010-12, Order No. 658, Proposal Five. Two, a spreadsheet link error is corrected in the UDCModel Worksheet, Tab 'SummaryBY' line 24 column 10 (comment provided in cell). In USPS-FY10-19, the link referenced the incorrect piggyback factor.

**USPS-FY11-20 FY 2011 Window Service Cost by Shape**

This analysis uses the same methodology as described in Docket No. R2006-1, USPS-LR-L-106. This methodology was also used in Docket No. ACR2007, USPS-FY07-20, Docket No. ACR2008, USPS-FY08-20, Docket No. ACR2009, USPS-FY09-20, and Docket No. ACR2010, USPS-FY10-20.

**USPS-FY11-21 FY 2011 QBRM and BRM Costs**

The Business Reply Mail cost model relies on the same methodology as the models presented in the past four ACRs. In addition, a second version of the cost model is provided which incorporates the modifications described in Docket No. RM2012-2, Proposal 20.

In Docket No. ACR2010, USPS-FY10-21, the Postal Service relied on a target RBCS leakage rate of 5 percent. In Docket No. RM2011-5, Proposal Nine, the Postal Service proposed that this target leakage rate should also be used in the USPS-FY10-10 letter models. In Order No. 741, the Commission rejected that proposal and directed the Postal Service to rely on the FY 2005 leakage rate of 8.26 percent. In addition, the BRM cost model filed in Docket No. RM2012-2, Proposal 20 errantly relied on the target leakage rate of 5 percent. Both BRM models presented in USPS-FY11-21 rely on the Commission-approved 8.26-percent leakage rate figure.

**USPS-FY11-22 FY 2011 Bound Printed Matter Mail Processing Costs**

This analysis uses the same methodology as described in Docket No. R2006-1, USPS-LR-L-109. This methodology was also used in Docket No. ACR2007, USPS-FY07-22, Docket No. ACR2008, USPS-FY08-22, Docket No. ACR2009, USPS-FY09-22, and Docket No. ACR2010, USPS-FY10-22.

**USPS-FY11-23 MODS Productivity Data**

The productivities for plant and NDC operations employ data from the Management Operating Data System (MODS) processed using the methodology from Docket No. R2006-1, USPS-LR-L-56, Part III. Productivities for REC operations are based on images and console hours from the WebROADS system, adjusted for "overhead" workhours included in the MODS workhour total. CSBCS productivity is calculated using the methodology described in RM2010-5 Proposal Twenty-Seven (approved in Postal Regulatory Commission Order No. 394). These methodologies are unchanged from Docket No. ACR2010, USPS-FY10-23 and predecessor documents.

Additionally, FY2011 FSS productivity data and an alternate set of letter automation (DBCS/DIOSS) productivities are provided in the file YRscrub2011.Prop16-17.xls, applying the methods from Docket No. RM2012-2, Proposals Sixteen and Seventeen, to FY2011 data. This file uses established methodology for MODS operation groups not affected by Proposal Sixteen or Proposal Seventeen.

**USPS-FY11-24 FY 2011 Non-Operation Specific Piggyback Factors (Public Version)**

USPS-FY11-24 uses the PRC cost methodology from Docket No. R2006-1, as described in the testimony of witness Marc Smith, USPS-T-13 and also Docket No. ACR2007, USPS-FY07-24.

**USPS-FY11-25 FY 2011 Mail Processing Piggyback Factors (Operation Specific)**

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.

**USPS-FY11-26 FY 2011 Mail Processing Costs by Shape (Public Version)**

USPS-FY11-26 uses the same methodology as USPS-FY10-26 from Docket No. ACR2010. The calculations in USPS-FY11-26 have been modified to accommodate the changes in mail processing labor cost pools as discussed in USPS-FY11-7.

**USPS-FY11-27 FY 2011 Nonprofit Mail Cost Approximations**

The methodology used is similar to that found in ACR2010 USPS-FY10-27 except for the addition of the tab “ECR FLATS (ltr-shaped) P. C2-3”. This tab appears in the billing determinants for the first time in FY 2011. The unit costs for these letter-shaped flats are derived by reference to the same unit costs used for other Carrier Route Basic, High Density and Saturation flats.

**USPS-FY11-28 FY 2011 Special Cost Studies Workpapers – Special Services**

USPS-FY11-28 relies on the same Postal Regulatory Commission (PRC) cost methodology used in USPS-FY10-28.

In order to be consistent with the current Cost and Revenue Analysis (CRA) methodology, the Postal Service proposed Proposal 14 (Docket No. RM2011-15) to update the following Special Services’ cost models by adding the appropriate waiting time adjustment factor and miscellaneous factors. These models include: Caller Service, Certificate of Mailing, Correction of Mailing List, Signature Confirmation, Periodicals Applications, PO Box Key and Lock, Restricted Delivery, and Zip Coding of Mailing List. The approval to Proposal 14 is still pending. The Postal Service is submitting the original and the proposed version of the cost models.

The Postal Service also seeks to correct and improve the cost models related to Return Receipt service in Proposal 15 (Docket No. RM2011-15). The approval to Proposal 15 is still pending. The Postal Service is submitting the original and the proposed version.

**USPS-FY11-29 FY 2011 Service Performance of Market Dominant Products**

The basic methodology used for service performance measurement is the same as described in ACR2010 USPS-FY10-29.

In sum, USPS-FY11-29 relies on service standards, targets, and measurement methods established by the Postal Service upon consultation with the Commission, as reflected in 72 Fed. Reg. 58,946 and 72 Fed. Reg. 72,216 and in PRC Docket Nos. PI2008-1, RM2009-11, RM2010-11, RM2010-14, RM2011-1, and RM2011-4. As required by 39 C.F.R. § 3055.2(e), the measurement systems, methodologies, and proxies used for each product are described in the attached reports.

**USPS-FY11-30 FY 2011 Market Dominant NSA Materials**

Consistent with the Postal Accountability and Enhancement Act, the NSA Documentation for FY 2011 conforms to the Postal Regulatory Commission (PRC) methods.

The NSA Documentation calculates the cost associated with each NSA based on implicit unit cost data from the unit cost model (FY 11 NSA Unit Cost Detail Data Calculations.xls). For each NSA, the implicit unit cost for each rate category is multiplied by the volume in that rate category. The resulting costs by rate category are summed for each NSA. Subtracting this total cost from the total revenue associated with each NSA results in the total contribution for the NSA, which is then divided by the total volume to yield average contribution per piece. This figure is then multiplied by the volume above the threshold to calculate the incremental contribution from the NSA. Finally, the rebate paid is subtracted from the incremental contribution to calculate the net value of the NSA to the Postal Service. In addition, the Panzar/Wolak test is applied to each NSA. Using the actual volume, the incremental discount, and the subclass average own-price elasticity, the hypothetical volume in the absence of the discount is calculated. As above, the net value to the Postal Service is calculated as the incremental contribution on the difference between the actual and the hypothetical volumes less the discounts paid to the mailer.

**USPS-FY11-31 FY 2011 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)**

The CRA model documented in USPS-FY11-31 uses the same cost methodology and structure as that filed in Docket No. ACR2010, with the following modifications:

1. The advertising and COGS portion of Shipping and Mailing Supplies and the advertising portion of Competitive Post Office Box Service are not included in the C Report, but are included in the D Report Final Adjustment.
2. In CRA.DIM.xls, Shipping and Mailing Supplies (class 173) and Competitive Post Office Service (class 174) were set to print in the D Report.
3. The “D” report was modified to eliminate the Contingency columns for Attributable and Product Specific cost, as these columns are no longer used.
4. The following changes were made to the Comp Master worksheet on FY11.cntl.xls:
  - a. A new FSS space category was added. The title for component 902 was changed from “Not Used” to “FSS”.
  - b. The title for components 1002 and 1102 was changed from “Not Used” to “FSS”, distributed on component 902 in the “F” Module.
  - c. The OCR and BCS on OCR space category was eliminated. The title for component 903 was changed from “OCR and BCS on OCR” to “Not Used” and any instructions were removed.
  - d. The title for components 1003 and 1103 was changed from “OCR and BCS on OCR” to “Not Used” and any distribution instructions were removed.
  - e. The DDU Accountables Cage space category was eliminated and a space category was added for Non-MODS Post Office Box Service. The title of component 960 was changed from “DDU Accountables Cage” to “Non-MODS Post Office Box Service”, with a manual input variability entered on Comp Master.

- f. The title for components 1060 and 1160 was changed from “DDU Accountables Cage” to “Non-MODS Post Office Box Service”, distributed on 960 in the “F” Module.
  - g. The title for component 1098 was changed from “Dist Key - Used to develop variability of Accountable Cage Space Key” to “Not Used”, as this component is no longer needed. Any additional instructions were removed.
  - h. The OCR and MPBCS equipment categories were eliminated. A new equipment category was added for FSS. The title for component 976 was changed from “OCR” to “FSS”, and the title for component 977 was changed from “Mail Processing BCS” to “Not Used”.
  - i. The title for components 1202, 1233, and 1262 was changed from “OCR” to “FSS”. Component 1202 is distributed on component 976 in the “F” Module. Components 1233 and 1262 are distributed on component 976 in the “A” Module.
  - j. The title for components 1204, 1234, and 1264 was changed from “Mail Processing BCS” to “Not Used” and any distribution instructions were removed.
5. The following changes were made to DK Master on FY11.cntl.xls:
- a. For component 976, an ‘X’ was placed under the Used in “A” Module and Used in “F” Module columns.
  - b. For component 977, the ‘X’ was removed in the Used in “A” Module and Used in “F” Module columns.
  - c. For component 902, an ‘X’ was placed in the Used in “F” Module column.
  - d. For component 903, the ‘X’ was removed in the Used in “F” Module column.
  - e. For component 1098, the ‘X’ was removed in the Addends and Used in “F” module columns.
6. The following changes were made to the DK Addends worksheet on FY11.cntl.xls:
- a. Component 1002 was added as an addend and component 1003 was removed as an addend to distribution keys 1097

(Total Mail Processing Related Space Key) and 1099 (Total Mail Processing Related Space Key).

- b. Component 1102 was added as an addend and component 1103 was removed as an addend to distribution keys 1197 (Total Mail Processing Related Rental Value Key) and 1199 (Total Rental Value Key).
- c. Component 1202 was added as an addend and component 1204 was removed as an addend to distribution keys 1228 (Capital Equip. Subtotal for Mail Proc. Eq.) and 1229 (Total Capital Equipment Key).
- d. Component 1233 was added as an addend and component 1234 was removed as an addend to distribution keys 1258 (Maint. Labor Subtotal for Mail Proc. Eq.) and 1259 (Total Maintenance Labor Distribution Key).
- e. Component 1262 was added as an addend and component 1264 was removed as an addend to distribution keys 1288 (Parts and Supplies Subtotal for Mail Proc Eq.) and 1289 (Total Parts and Supplies Distribution Key).
- f. The column for distribution key 1098 was deleted.
- g. Components 195, 1429, and 1437 were added as addends to component 493 (Total Product Specific).

### **USPS-FY11-32 FY 2011 CRA “B” Workpapers (Public Version)**

For purposes of this annual report, and consistent with the Postal Accountability and Enhancement Act, the “B” Workpapers for FY 2011 adhere to the Postal Regulatory Commission (PRC) methods. The USPS-FY11-32, “B” Workpapers, include the following methodological changes from FY 2010.

#### Cost Segment 3

Cost Segment 3.1 defined a MODS cost pool for Flat Sequencing System (FSS) operations. This cost pool was added to reflect the existing operational environment. (See Docket No. RM2011-12, Order No. 920, Proposal Five, October 21, 2011)

Cost Segment 3.1 defined the following five new non-MODS cost pools 1) PO-BOX, 2) BULKACCP, 3) CFSCMU, 4) BUSREPLY, and 5) OTH ACCT. The cost pools were added to improve the alignment between MODS and non-MODS mail

processing cost pools for post offices. (See Docket No. RM2011-12, Order 920, Proposal Six, October 21, 2011)

Cost Segment 3.1 changed the Mixed Mail distribution key for MODS Allied Labor cost pools. This change is intended to correct a possible bias that may occur by pooling IOCS direct tallies from all MODS operations. (See Docket No. RM2011-12, Order 920, Proposal Seven, October 21, 2011)

As of June 24, 2011, IOCS tallies for Parcel Select pieces that are Undeliverable as Addressed (UAA) are designated as Parcel Select. This reflects a corresponding pricing change (See Docket No. RM2012-1, Proposal Ten, November 1, 2011).

#### Cost Segment 6

As of June 24, 2011, IOCS tallies for Parcel Select pieces that are Undeliverable as Addressed (UAA) are designated as Parcel Select. This reflects a corresponding pricing change (See Docket No. RM2012-1, Proposal Ten, November 1, 2011).

#### Cost Segment 7

Cost Segment 7 attributes street delivery costs to Insured pieces using relevant city carrier volume. This is a correction as last year the costs were incorrectly attributed on the basis of RPW volume (See Order No. 339, Proposal Six, November 13, 2009).

Cost Segment 7 treats Express Mail pieces with Signature Waiver as Non-Accountable pieces (See Order No. 920, October 21, 2011). Express Mail pieces with signature waiver now receive a scan cost and the appropriate costs depending on their characteristics (letter, flat, regular parcel, or deviation parcel).

#### Cost Segment 10

Cost Segment 10 attributes street delivery costs to Insured pieces using relevant rural carrier volume. This is a correction as last year the costs were incorrectly attributed on the basis of RPW volume (See Order No. 339, Proposal Six, November 13, 2009).

**USPS-FY11-33 FY 2011 Rule 3050.14 alternative Format Report for Market Dominant Products**

To the extent that cost, volume and revenue figures are available for inclusion in the alternative format, the methodologies used in developing these figures are generally the same methodologies used in developing the cost, volume, and revenue figures presented in the FY11 CRA and other portions of the FY11 ACR where similar figures (and in many instances, identical figures) are presented for mail categories reflecting the MCS classification structure.

**USPS-FY11-34 City Carrier Cost System (CCCS) Statistical and Computer Documentation (Public Version) (Source Code and Data on CD-ROM)**

Documentation for the CCCS provided in USPS-LR-L-11, Docket No. R2006-1 included complete programs and descriptions for sample frame development and sample selection. Those programs and descriptions have incurred no substantive changes and are not reproduced herein. The estimation programs and output formats have incurred no substantive changes and are described in the CCCS System Documentation section.

Estimates of Express Mail are now disaggregated by whether or not the carrier will attempt to obtain a signature (see RM2011-12 Proposal Eight, approved by PRC Order 920 on October 21, 2011).

**USPS-FY11-35 Rural Carrier Cost System (RCCS) Statistical and Computer Documentation (Public Version) (Source Code and Data on CD-ROM)**

Documentation for the RCCS provided in USPS-LR-L-12, Docket No. R2006-1 included complete programs and descriptions for sample frame development and sample selection. Those programs and descriptions have incurred no substantive changes and are not reproduced herein. The estimation programs and output formats have incurred no substantive changes and are described in a RCCS System Documentation section.

Estimates of Express Mail are now disaggregated by whether or not the carrier will attempt to obtain a signature (see RM2011-12 Proposal Eight, approved by PRC Order 920 on October 21, 2011).

**USPS-FY11-36 Transportation Cost Systems (TRACS) Statistical and Computer Documentation (Public Version) (Source Code and Data on CD-ROM)**

The methodology is the same as in Docket No. ACR2010: USPS-FY10-36.

**USPS-FY11-37 In-Office Cost System (IOCS) Statistical and Computer Documentation (Public Version) (Source Code and Data on CD-ROM)**

For most of FY2011 the Postal Service charged Parcel Post prices for Parcel Select that were Undeliverable As Addressed (UAA). Beginning June 24, 2011, these pieces are charged the equivalent Parcel Select non-presort price plus an additional \$3.00 fee, and the revenue is ascribed to Parcel Select. In IOCS, therefore, UAA Parcel Select pieces found after June 24, 2011 are assigned to Parcel Select rather than to Parcel Post. (Docket RM2010, Proposal 10, November 1, 2011)

PRC Order No. 703 (March 28, 2011) approved the introduction of Adult Signature service. The IOCS data instrument was modified to identify these new services and corresponding changes made to mainframe processing. Costs are assigned to activity code, 0140, which has been relabeled Signature Confirmation Services.

Updates were made to reflect changes in the bilateral agreement for parcels from Canada and corresponding changes in operations. Inbound expedited parcels are now no longer specially coded as a surface parcel post, and XPRESSPOST, now an EMS product, is no longer specially coded as air LC/AO. (Docket MC 2010-37, November 5, 2010)

During FY11, the Postal Service introduced Tracking and Signature Tracking barcodes for parcels. These are somewhat similar to Delivery Confirmation barcodes. Changes were made so that pieces with these new barcodes that were for tracking purposes only were not incorrectly assigned to an Extra Service like Delivery Confirmation.

**USPS-FY11-38 USPS Market Dominant Product Customer Satisfaction Measurement (CSM) Survey Instruments**

Randomly selected residential customers are mailed surveys and given the option of returning them by mail or completing them online. Small and Medium-sized business customers (with fewer than 250 employees at one site) are also randomly selected to be mailed surveys and can choose to respond by mail or online. Large business survey customers with 250 or more employees at one location are mailed an invitation and asked to complete an online survey.

### **USPS-FY11-39 FY 2011 Competitive Products Fund Reporting Materials**

These materials draw upon cost and revenue data reported throughout the Postal Service's FY11 ACR, and therefore are implicitly based on the methodologies upon which the ACR is based. For purposes of specifically developing the PRC Forms, the procedures employed track those previously endorsed by the Commission.

### **USPS-FY11-40 Rural Mail Court**

.For FY2011, the 2010 RMC was used for the inputs of USPS-FY11-32 "B" workpapers (new RMC did not take effect during FY2011). Thus, the RMC database for FY11 is the same as the one submitted as part of the 2010ACR (USPS-FY10-40). These inputs include the variability of rural carriers for Evaluated and Other Routes, and the average daily pieces for each evaluation item.

### **USPS-FY11-41 2011 International Market Dominant Billing Determinants**

The methodology used to assemble these billing determinants is consistent with that used in ACR2010 USPS-FY10-41.

### **USPS-FY11-42 FY 2011 Revenue, Pieces, and Weights**

USPS-FY11-42 generally uses the same methodologies to produce previous RPW reports, but also reflects the following specific changes in methodology and format for FY 2011:

1. POS: Under Proposal Fifteen in Docket No, RM2009-10, the Postal Service asked the Commission to allow the use of all POS data to replace statistical sampling estimates of these pieces paid by the application of a Postal Validation Imprint (PVI) label at a retail counter using a POS terminal. The Commission approved this request in Order No. 339. Mail entered at a retail POS unit includes many mail products in the Market Dominant and Competitive categories. Using these data, the RPW reports for Quarters 1, 2, and 3 were revised, including their SPLY references from FY 2010. The Quarter 4 and FY2011 reports use this newly-approved methodology.
2. PIHOP: Under Proposal Three of Docket No. RM 2011-11, the Postal Service asked that stamp PIHOP be allocated to mail products using the ODIS-RPW stamp indicia distribution key, and that the meter PIHOP likewise be allocated using the meter indicia key. Order No. 816 approved this proposal. Using this methodology, the RPW reports for Quarters 1, 2, and 3 of FY 2011 were revised, including their SPLY references from FY

2010. The Quarter 4 and FY2011 reports use this newly-approved methodology.

3. Express Mail and Express Mail International Insurance: The revised Quarters 1, 2, and 3 (as well as the Quarter 4 and FY2011) reports now include these insurance fees in the "Insurance" line for Express Mail insurance, and in the "Outbound International Insurance Services" line for Express Mail International Insurance. Previously, these small amounts were not assigned specifically to the insurance services.

4. Miscellaneous: Several minor corrections are also included for the revised Quarters 1, 2, and 3 FY2011 RPW reports. For example, Critical Mail had been incorrectly reported in Quarter 2 of FY2011. Other corrections/updates are made to products/services where errors occurred in the preliminary RPW reports,

## **SECTION TWO:           METHODOLOGY CHANGES Non-Public Annex**

### **USPS-FY11-NP1   FY 2011 Competitive Product Billing Determinants**

The methodologies used to produce the FY 2011 Billing Determinants follow the methodologies used in the FY 2010 and earlier versions of the billing determinants. Modifications were made to the structure of the billing determinants as necessary to reflect changes to postal product classifications that were implemented during the fiscal year.

### **USPS-FY11-NP2   FY 2011 International Cost and Revenue Analysis (ICRA) Report**

This item uses the PRC cost methodology from Docket No. R2006-1 case, with any modifications defined in USPS-FY11-NP13 and the following Modifications of Analytical Principles in Periodic Reporting:

RM2010-12 (Order No. 658) Proposal Six—Proposal to Incorporate Certain IOCS Tally Analysis Directly into the ICRA

RM2011-5 (Order No. 724) Proposal Eleven—Separate Reporting of Financial Results for Inbound and Outbound IMTS

RM2012-1 (Order No. 963) Proposal Nine—Proposed Change in Method for International Cost and Revenue Analysis (ICRA) Reporting

Additionally, the FY11 hardcopy format reflects the Market Dominant and Competitive product distinctions, although the FY07 format is available in the OldFormat.xls file in the Excel model.

### **USPS-FY11-NP3   FY 2011 International Cost Segments and Components Report (Hard Copy and Excel)**

This item uses the PRC cost methodology from Docket No. R2006-1 case, with any modifications defined in USPS-FY11-NP13.

**USPS-FY11-NP4 FY 2011 ICRA Domestic Processing Model (Cost matrices, Reports, Control File, & Changes)**

This item uses the PRC cost methodology from Docket No. R2006-1 case, with any modifications defined in USPS-FY11-NP13.

**USPS-FY11-NP5 FY 2011 ICRA Overview/Technical Description**

This item uses the PRC cost methodology from Docket No. R2006-1 case, with any modifications defined in USPS-FY11-NP13.

**USPS-FY11-NP6 FY 2011 International Cost Segment Spreadsheets**

This item uses the PRC cost methodology from Docket No. R2006-1 case, with any modifications defined in USPS-FY11-NP13.

**USPS-FY11-NP7 FY 2011 Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)**

USPS-FY11-NP7 uses the PRC mail processing methodology described in the preface to USPS-FY11-NP18. As such, it incorporates the FY11 methodological modifications summarized in section I-D of USPS-FY11-NP18.

USPS-FY11-NP7 product categories are consistent with those listed in USPS-FY11-NP2. As such, of the two new products introduced in FY 2010, Expedited Parcels continues as a product category in FY11 but not XpressPost.

As in FY10 data, USPS-FY11-NP7 includes country grouping details for inbound international mail resulting from the relevant IOCS changes described in USPS-FY10-NP21. IOCS assigns inbound international products to country groupings so that normal downstream CRA and ICRA processes can automatically distribute costs to country groupings that are consistent with other mail products. The three country groupings comprise Canada, the Industrialized Countries, and the Developing Countries.

**USPS-FY11-NP8 FY 2011 International Billing Determinants**

The methodology used to assemble these billing determinants is consistent with that used in ACR2010 USPS-FY10-NP8.

**USPS-FY11-NP9 FY 2011 Miscellaneous International Data**

This item uses the PRC cost methodology from Docket No. R2006-1 case, with any modifications defined in USPS-FY11-NP13.

**USPS-FY11-NP10 FY 2011 Competitive Product Incremental and Group Specific Costs (Non-public Version)**

USPS-FY11-NP10 applies the same methodology as applied in the FY 2010 ACR.

The methodology was developed in Proposal 22, Docket No. RM2010-4 and approved by the Commission in Order No. 399.

As indicated in Proposal 22, the calculation of incremental costs, including any group specific costs, is based on the methodology presented by witness Bradley and implemented by witness Kay in Docket No. R2000-1 (See, Direct Testimony of Michael D. Bradley on Behalf of the United States Postal Service, Docket No. R2000-1, USPS-T-22; and Direct Testimony of Nancy R. Kay on Behalf the United States Postal Service, Docket No. R2000-1, USPS-T-23). The methodology was successfully implemented in subsequent rate cases, such as Docket No. R2001-1 and Docket No. R2005-1.

**USPS-FY11-NP11 2011 Non-Public Cost and Revenue Analysis (NPCRA) Report**

The NPCRA conforms to the Postal Regulatory Commission (PRC) methods for calculating attributable costs, which are revised annually.

Note that, High Density and Saturation Letters must meet presorting, machinability, addressing, barcoding, walk-sequencing, and other preparation requirements as specified in the Domestic Mail Manual. Letters failing to meet such machinability and barcoding requirements must be paid at flats rates and fall under the Standard High Density and Saturation Flats and Parcels category. DMM 243.6.4.1 and 243.6.5.1.

**USPS-FY11-NP12 FY 2011 Non-Public Cost Segments and Components Report**

The FY 2011 Non-Public Cost Segments and Components Report conforms to the methodology most recently reflected in the Commission's FY 2010 Annual Compliance Determination, except for the methodology changes to the CRA 'B' workpapers discussed in USPS-FY-NP-14.

**USPS-FY11-NP13 FY 2011 CRA Model (Model Files, Cost Matrices, and Reports)**

The CRA model documented in USPS-FY11-NP13 uses the same cost methodology and structure as that filed in Docket No. ACR2010, with the following modifications:

1. The advertising and COGS portion of Shipping and Mailing Supplies and the advertising portion of Competitive Post Office Box Service are not included in the C Report, but are included in the D Report Final Adjustment.
2. In CRA.DIM.xls, Shipping and Mailing Supplies (class 173) and Competitive Post Office Service (class 174) were set to print in the D Report.
3. The “D” report was modified to eliminate the Contingency columns for Attributable and Product Specific cost, as these columns are no longer used.
4. The following changes were made to the Comp Master worksheet on FY11.cntl.xls:
  - a. A new FSS space category was added. The title for component 902 was changed from “Not Used” to “FSS”.
  - b. The title for components 1002 and 1102 was changed from “Not Used” to “FSS”, distributed on component 902 in the “F” Module.
  - c. The OCR and BCS on OCR space category was eliminated. The title for component 903 was changed from “OCR and BCS on OCR” to “Not Used” and any instructions were removed.
  - d. The title for components 1003 and 1103 was changed from “OCR and BCS on OCR” to “Not Used” and any distribution instructions were removed.
  - e. The DDU Accountables Cage space category was eliminated and a space category was added for Non-MODS Post Office Box Service. The title of component 960 was changed from “DDU Accountables Cage” to “Non-MODS Post Office Box Service”, with a manual input variability entered on Comp Master.

- f. The title for components 1060 and 1160 was changed from “DDU Accountables Cage” to “Non-MODS Post Office Box Service”, distributed on 960 in the “F” Module.
  - g. The title for component 1098 was changed from “Dist Key - Used to develop variability of Accountable Cage Space Key” to “Not Used”, as this component is no longer needed. Any additional instructions were removed.
  - h. The OCR and MPBCS equipment categories were eliminated. A new equipment category was added for FSS. The title for component 976 was changed from “OCR” to “FSS”, and the title for component 977 was changed from “Mail Processing BCS” to “Not Used”.
  - i. The title for components 1202, 1233, and 1262 was changed from “OCR” to “FSS”. Component 1202 is distributed on component 976 in the “F” Module. Components 1233 and 1262 are distributed on component 976 in the “A” Module.
  - j. The title for components 1204, 1234, and 1264 was changed from “Mail Processing BCS” to “Not Used” and any distribution instructions were removed.
5. The following changes were made to DK Master on FY11.cntl.xls:
- a. For component 976, an ‘X’ was placed under the Used in “A” Module and Used in “F” Module columns.
  - b. For component 977, the ‘X’ was removed in the Used in “A” Module and Used in “F” Module columns.
  - c. For component 902, an ‘X’ was placed in the Used in “F” Module column.
  - d. For component 903, the ‘X’ was removed in the Used in “F” Module column.
  - e. For component 1098, the ‘X’ was removed in the Addends and Used in “F” module columns.
6. The following changes were made to the DK Addends worksheet on FY11.cntl.xls:

- a. Component 1002 was added as an addend and component 1003 was removed as an addend to distribution keys 1097 (Total Mail Processing Related Space Key) and 1099 (Total Mail Processing Related Space Key).
- b. Component 1102 was added as an addend and component 1103 was removed as an addend to distribution keys 1197 (Total Mail Processing Related Rental Value Key) and 1199 (Total Rental Value Key).
- c. Component 1202 was added as an addend and component 1204 was removed as an addend to distribution keys 1228 (Capital Equip. Subtotal for Mail Proc. Eq.) and 1229 (Total Capital Equipment Key).
- d. Component 1233 was added as an addend and component 1234 was removed as an addend to distribution keys 1258 (Maint. Labor Subtotal for Mail Proc. Eq.) and 1259 (Total Maintenance Labor Distribution Key).
- e. Component 1262 was added as an addend and component 1264 was removed as an addend to distribution keys 1288 (Parts and Supplies Subtotal for Mail Proc Eq.) and 1289 (Total Parts and Supplies Distribution Key).
- f. The column for distribution key 1098 was deleted.
- g. Components 195, 1429, and 1437 were added as addends to component 493 (Total Product Specific).

**USPS-FY11-NP14 FY 2011 CRA “B” Workpapers**

For purposes of this annual report, and consistent with the Postal Accountability and Enhancement Act, the “B” Workpapers for FY 2011 adhere to the Postal Regulatory Commission (PRC) methods. The USPS-FY11-NP14, “B” Workpapers, include the following methodological changes from FY 2010.

**Cost Segment 3**

Cost Segment 3.1 defined a MODS cost pool for Flat Sequencing System (FSS) operations. This cost pool was added to reflect the existing operational environment. (See Docket No. RM2011-12, Order No. 920, Proposal Five, October 21, 2011)

Cost Segment 3.1 defined the following five new non-MODS cost pools 1) PO-BOX, 2) BULKACCP, 3) CFSCMU, 4) BUSREPLY, and 5) OTH ACCT. The cost pools were added to improve the alignment between MODS and non-MODS mail processing cost pools for post offices. (See Docket No. RM2011-12, Order 920, Proposal Six, October 21, 2011)

Cost Segment 3.1 defined a MODS cost pool for Flat Sequencing System (FSS) operations. This cost pool was added to reflect the existing operational environment. (See Docket No. RM2011-12, Order No. 920, Proposal Five, October 21, 2011)

Cost Segment 3.1 defined the following five new non-MODS cost pools 1) PO-BOX, 2) BULKACCP, 3) CFSCMU, 4) BUSREPLY, and 5) OTH ACCT. The cost pools were added to improve the alignment between MODS and non-MODS mail processing cost pools for post offices. (See Docket No. RM2011-12, Order 920, Proposal Six, October 21, 2011)

Cost Segment 3.1 changed the Mixed Mail distribution key for MODS Allied Labor cost pools. This change is intended to correct a possible bias that may occur by pooling IOCS direct tallies from all MODS operations. (See Docket No. RM2011-12, Order 920, Proposal Seven, October 21, 2011)

As of June 24, 2011, IOCS tallies for Parcel Select pieces that are Undeliverable as Addressed (UAA) are designated as Parcel Select. This reflects a corresponding pricing change (See Docket No. RM2012-1, Proposal Ten, November 1, 2011).

#### Cost Segment 6

As of June 24, 2011, IOCS tallies for Parcel Select pieces that are Undeliverable as Addressed (UAA) are designated as Parcel. This reflects a corresponding pricing change (See Docket No. RM2012-1, Proposal Ten, November 1, 2011).

#### Cost Segment 7

Cost Segment 7 attributes street delivery costs to Insured pieces using relevant city carrier volume. This is a correction as last year the costs were incorrectly attributed on the basis of RPW volume (See Order No. 339, Proposal Six, November 13, 2009).

Cost Segment 7 treats Express Mail pieces with Signature Waiver as Non-Accountable pieces (See Order No. 920, October 21, 2011). Express Mail pieces with signature waiver now receive a scan cost and the appropriate costs depending on their characteristics (letter, flat, regular parcel, or deviation parcel).

## Cost Segment 10

Cost Segment 10 attributes street delivery costs to Insured pieces using relevant rural carrier volume. This is a correction as last year the costs were incorrectly attributed on the basis of RPW volume (See Order No. 339, Proposal Six, November 13, 2009).

**USPS-FY11-NP15 FY 2011 Special Cost Studies Workpapers – Parcels Cost Model (Non-public Version)**

USPS-FY11-NP15 relies on the Postal Regulatory Commission (PRC) cost methodology from Docket No. R2006-1, and subsequent cost model modifications described and formally presented in Docket No. RM2009-10, Proposal Fourteen. The Commission approved these modifications in Order No. 339. USPS-FY11-NP15 also relies on the modifications described and formally presented in Docket No. RM2011-6, Proposal Thirteen. The Commission approved these modifications in Order No. 719.

The Postal Service proposed the addition of new mail processing cost pools in Docket No. RM2011-12, Proposal Five and Proposal Six. The Commission subsequently approved those proposals in Order No. 920. The USPS-FY11-26 cost by shape estimates therefore contain seven additional cost pools that need to be distributed using the Commission’s cost pool classification methodology.

Order No. 920 contains a description of cost pools that are similar to the seven new cost pools. The similar cost pools are shown below:

New Cost Pool	Similar Cost Pool
MODS FSS	AFSM100
NDC FSS	AFSM100
NONMODS BULKACC	LD79
NONMODS BUSREPLY	LD42
NONMODS CFS	LD49
NONMODS D.PO BOX	LD44
NONMODS OTH ACCT	LD48_SSV

The distribution methodology for the similar cost pools has been applied to the new cost pools in the “Cost Pool Data” tab on page 2 of the model.

**USPS-FY11-NP16 FY 2011 Special Cost Studies Workpapers – Parcel Select / Parcel Return Service Transportation Cost Estimates (Non-public Version)**

USPS-FY11-NP16 relies on the Postal Regulatory Commission (PRC) cost methodology from Docket No. R2006-1, and subsequent cost model modifications described and formally presented in Docket No. RM2009-10, Proposal Fourteen. The Commission approved these modifications in Order No. 339. USPS-FY11-NP16 also relies on the modifications described and formally presented in Docket No. RM2011-6, Proposal Fourteen. The Commission approved these modifications in Order No. 719.

**USPS-FY11-NP17 FY 2011 Special Cost Studies Workpapers – Parcel Select / Parcel Return Service (PRS) Cube-Weight Relationship Estimation**

In general, parcel mail pieces that are larger in size tend to weigh more. The relationship between the average cubic feet per piece for each weight increment and the weight increment values has historically been measured using econometrics.

In Docket No. ACR2007, separate econometric equations were developed to estimate this relationship for three categories of Parcel Post: Inter-Bulk Mail Center (BMC), Intra-BMC, and Parcel Select / PRS. The latter category represented an aggregate of the Destination Bulk Mail Center (DBMC), Destination Sectional Center Facility (DSCF), Destination Delivery Unit (DDU), Return Bulk Mail Center (RBMC), and Return Delivery Unit (RDU) price categories.

The dependent and independent variables in those equations were expressed in natural logarithm (log) form. The dependent variable was the natural log of the average cubic feet per piece. The two independent variables were the natural log of the weight increment in pounds and the squared value of the natural log of the weight increment in pounds. The ACR2007 model specification, as shown below, was identical to that presented by the Postal Service in Docket No. RM2009-10, Proposal 14, and subsequently approved by the Commission in Order No. 339 (Nov. 13, 2009).

$$\text{LN(CU FT / PC)} = \beta_0 + \beta_1 * \text{LN(LBS)} + \beta_2 * [\text{LN(LBS)}]^2 + \xi$$

The equation parameters for the intercept and the two independent variables were estimated using weighted least squares (WLS), with a weight factor equivalent to the square root of the number of pieces.

In Fiscal Year (FY) 2008, the cost data for all of Parcel Post were disaggregated into separate and distinct cost data for Parcel Post single-piece, Parcel Select, and Parcel Return Service. Separate Parcel Post single-piece and Parcel Select

econometric equations were estimated in documents USPS-FY08-17 and USPS-FY08-NP17, respectively.

In FY 2009, the Parcel Post single-piece Inter-BMC and Intra-BMC price categories were collapsed into one “Nonpresort” price category. Parcel Post single-piece mail processing and transportation cost models were no longer maintained. A regression equation was therefore calculated for Parcel Select only using the Order No. 339 model specification. The results were used to estimate the Parcel Select and Parcel Return Service transportation cost estimates presented in USPS-FY09-NP16. The same regression methodology was subsequently followed in Docket No. ACR2010. The Docket No. ACR2009 regression methodology is also relied upon in the instant proceeding.

**USPS-FY11-NP18 Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)**

USPS-FY11-NP18 uses the same methodology as described in the preface to USPS-FY10-NP18, but it includes the following changes and updates/corrections for FY 2011:

1. The proposed modifications to cost pools and distribution keys (Proposals 5, 6, and 7) submitted in Docket RM2012-11 and accepted by the Postal Regulatory Commission in Order\_No\_920 are now incorporated in the FY11 methodology. These modifications consist of:

- a. Establishing a separate FSS costpool for MODS facilities and for NDCs to reflect the operational deployment and use of FSS and the differences in distribution of attributable costs by product.

FSS operations were previously included in the AFSM cost pool for MODS facilities and in the ‘OTHR’ cost pool for NDCs. Consistent with the AFSM100 cost pool, the FY11 FSS operations include both the relevant LDC 12 (#531-#539) and LDC17 (#530) MODS operations. The separation of cost pool by types of facilities necessary for the derivation of the CRA model component 035 premium adjustment is consistent with the FY10 methodology.

- b. Adding five nonMODS cost pools based on IOCS Questions18 to improve alignment between MODS and nonMODS mail processing cost pools for post offices and to assign product costs to the operations that incur them.

The ‘D.PO Box’ activities are separated from the IOCS-based distribution operations (MANF, MANL, MANP) to distinguish shape-related work (e.g., casing letters and flats) from mixed-shape work at box sections, and are similar to the MODS-based LD44 cost pool.

The activities for bulk mail acceptance (BULKACCP), computer forwarding system (CFS), business reply mail (BUSREPLY); and other accountable work (OTH ACCT) are disaggregated from the IOCS-based 'MISC' operations and represent nonMODS counterparts to the MODS-based LD79, LD49, LD42 and LD48\_SSV cost pools.

- c. Distributing 'plant' costs to IOCS product categories tallied in plants. This would exclude post office and ISC (International Service Center) direct tallies from the distribution keys for 'plant' allied mixed mail and not-handling costs to reduce a potential bias in overassigning plant costs to products that either by-pass the plants or are not often observed in domestic operations.
2. The following updates/corrections are implemented in the FY11 methodology to reflect current operational reality:
    - a. The LDC11 operations are all grouped in one cost pool (D/BCS) for FY11. Previous to FY10, the 'OCR' cost pool consisted primarily of labor hours associated with MLOCR operations. Over time, MLOCR machines have been phased out and replaced by BCS equipment run in OCR mode. In FY10, there were no MLOCR labor hours, so the 'OCR' cost pool labor hours were of those clocked into some operations associated with BCS equipment run in OCR mode. However, the assignment of BCS run in OCR mode has not been consistent in that the 'DIOSS Bulky OCR mode' have been grouped in the OCR cost pool while other DBCS/DIOSS OCR types have been left in the D/BCS cost pool. With MLOCRs phased out, there is no need for a separate OCR cost pool as the only automated equipment consists of D/BCS and the percentage of hours for D/BCS run in OCR mode has dwindled below 1% in FY11..
    - b. Although a small percent, the LDC15 share of LCREM hours grew from 0.1 % in FY10 to 1.6% in FY11. LCREM operations (#487, #490) are phased in to replace the LMLM (#776) and the LD15LMLM cost pool name is updated to 'LD15PLNT' to denote that it incorporates operations other than the LMLM. Since both LMLMs and LCREMs are 'plant' operations, the FY10 methodology used for the 'LD15LMLM' applies to the 'LD15PLNT' cost pool. Plants are sampled in IOCS, and IOCS tallies are used to distribute MODS operation costs to product categories observed in these operations.

The other LDC15 operations are at the Remote Encoding Centers (RECS). RECS are not sampled in IOCS. The LDC15 costs at the RECs continue, as in the FY10 methodology, to be allocated to various image streams based on the percent of webROADS keying hours logged at consoles set up to receive those various image streams, i.e. PARS, APPS, FLAT, LETTER, COA (see USPS-FY11-23). They are then distributed to product categories based on IOCS proxy distribution keys. Note that even as the FSS emerges as a separate cost pool in FY11 (see 1.i above), the proxy distribution key for the LD15 FLAT activities continues to include the direct tallies for both the AFSM100 and the FSS cost pools – similarly to the way they were previously combined in a single AFSM100 cost pool.

3. The C/S 3 distribution keys reflect the changes made to IOCS described in USPS-FY11-NP21 Section D. Methodology.

**USPS-FY11-NP19 FY 2011 Non-Operation Specific Piggyback Factors (Non-public Version)**

USPS-FY11-NP19 uses the PRC cost methodology from Docket No. R2006-1, as described in the testimony of witness Marc Smith, USPS-T-13 and also Docket No. ACR2010, USPS-FY10-NP19.

**USPS-FY11-NP20 FY 2011 Mail Processing Costs by Shape (Non-public Version)**

USPS-FY11-NP20 uses the same methodology as USPS-FY10-NP20 from Docket No. ACR2010. This is based on the PRC cost methodology from Docket No. R2006-1, as contained in PRC-LR-9. The calculations in USPS-FY11-NP20 have been modified to accommodate the changes in mail processing labor cost.

**USPS-FY11-NP21 In-Office Cost System (IOCS) Statistical and Computer Documentation (Source Code and Data on CD-ROM)**

For most of FY2011 the Postal Service charged Parcel Post prices for Parcel Select that were Undeliverable As Addressed (UAA). Beginning June 24, 2011, these pieces are charged the equivalent Parcel Select non-presort price plus an additional \$3.00 fee, and the revenue is ascribed to Parcel Select. In IOCS, therefore, UAA Parcel Select pieces found after June 24, 2011 are assigned to Parcel Select rather than to Parcel Post. (Docket RM2010, Proposal 10, November 1, 2011)

PRC Order No. 703 (March 28, 2011) approved the introduction of Adult Signature service. The IOCS data instrument was modified to identify these new services and corresponding changes made to mainframe processing. Costs are assigned to activity code, 0140, which has been relabeled Signature Confirmation Services.

Updates were made to reflect changes in the bilateral agreement for parcels from Canada and corresponding changes in operations. Inbound expedited parcels are now no longer specially coded as a surface parcel post, and XPRESSPOST, now an EMS product, is no longer specially coded as air LC/AO. (Docket MC 2010-37, November 5, 2010)

During FY11, the Postal Service introduced Tracking and Signature Tracking barcodes for parcels. These are somewhat similar to Delivery Confirmation barcodes. Changes were made so that pieces with these new barcodes that were for tracking purposes only were not incorrectly assigned to an Extra Service like Delivery Confirmation.

**USPS-FY11-NP22 City Carrier Cost System (CCCS) Statistical and Computer Documentation (Source Code and Data on CD-ROM)**

USPS-FY11-NP22 documents the statistical design of the City Carrier Cost System (CCCS) and City Carrier Cost System – Special Purpose Route (CCCS-SPR). It contains documentation of the statistical design and the programs used to develop volume estimates for classes, products, and price categories of mail collected and delivered on city letter routes and city special purpose routes. Also included are proportions, coefficients of variation (CVs), and confidence intervals for the estimates.

**USPS-FY11-NP23 Rural Carrier Cost System (RCCS) Statistical and Computer Documentation (Source Code and Data on CD-ROM)**

Documentation for the RCCS provided in USPS-LR-L-12, Docket No. R2006-1 included complete programs and descriptions for sample frame development and sample selection. Those programs and descriptions have incurred no substantive changes and are not reproduced herein. The estimation programs and output formats have incurred no substantive changes and are described in the RCCS System Documentation section.

Estimates of Express Mail are now disaggregated by whether or not the carrier will attempt to obtain a signature (see RM2011-12 Proposal Eight, approved by PRC Order 920 on October 21, 2011).

**USPS-FY11-NP24 Transportation Cost Systems (TRACS) Statistical and Computer Documentation (Source Code and Data on CD-ROM)**

The methodology is the same as in Docket No. ACR2010: USPS-FY10-NP24.

**USPS-FY11-NP25 Mail Characteristics Study (Non-public Version)**

The methods employed here are functionally identical to those used by the Revenue, Volume and Performance Measurement group as approved in Commission Order No. 354 in Docket No. RM2009-7. The estimates reported are used only as relative percentages to distribute the official estimates across mail characteristics. No methodological changes have been made since Docket No. ACR 2010.

**USPS-FY11-NP26 FY 2011 Special Cost Studies Workpapers – Special Services (Non-public Version)**

In the case of Competitive and Market Dominant Post Office Box services, USPS-FY11-NP26 relies on the methodology from Docket No. MC2010-20, specifically see Response of the United States Postal Service to Chairman’s Information Request No. 1 (April 1, 2010), and Docket No. RM2011-9, Proposal 1 on PO Box costing, approved in Order No. 744. For Greeting Cards and Shipping and Mailing Supplies, the Postal Service relies on the methodologies applied by the PRC in its FY 2010 Annual Compliance Determination.

In order to be consistent with the current Cost and Revenue Analysis (CRA) methodology, the Postal Service filed Proposal 14 (Docket No. RM2012-1) on November 1, 2011. Proposal 14 seeks to update the Signature Confirmation cost model by adding the appropriate waiting time adjustment and miscellaneous factors. Proposal 14 is still pending before the Commission. The Postal Service is submitting the original and the proposed version of the cost models.

**USPS-FY11-NP27 FY 2011 Competitive NSA Materials & Nonpostals Materials**

The methodology used to produce the data is the same as described in ACR 2010, with the following changes.

The Express Mail Delivery Cost model was revised in accordance with Proposal Eleven in Docket RM2012-1, November 1, 2011.

In the text of the ACR, certain information regarding Competitive market tests and nonpostal services was omitted or redacted, with the notation that full or unredacted information would be available. That information is presented in USPS-FY11-NP27.

**USPS-FY11-NP28 Rule 3045.14 Alternative Format Report for Competitive Products**

To the extent that cost, volume and revenue figures are available for inclusion in the alternative format, the methodologies used in developing these figures are generally the same methodologies used in developing the cost, volume, and revenue figures presented in the FY11 CRA and other portions of the FY11 ACR where similar figures (and in many instances, identical figures) are presented for mail categories reflecting the mail classification structure.

**USPS-FY11-NP29 Fiscal Year 2010 Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Non-Public Version)**

A lump sum for early-out incentive payments made to personnel from all areas of the Postal Service was moved from Cost Segment 2 (Supervisors & Technical Personnel) to Cost Segment 18 (HQ & Area Administration & Corporatewide Personnel Costs), component 1430 (Miscellaneous Personnel Compensation). Also, a worksheet was added to separate out the costs from the finance numbers associated with Address Management, in order to facilitate the calculation of Address Management costs in FY11-31 and FY11-NP13, in accordance with the methodology applied by the Commission in the FY 2010 Annual Compliance Determination. Otherwise, no substantive changes were made to cost segments or components or to the structure of the workbook in FY 2011.

**USPS-FY11-NP30 FY 2011 Revenue, Pieces, and Weight Report (Non-Public Version)**

USPS-FY11-NP30 generally uses the same methodologies used to produce previous RPW reports, but also reflects the following specific changes in methodology and format for FY 2011:

1. POS: Under Proposal Fifteen in Docket No, RM2009-10, the Postal Service asked the Commission to allow the use of all POS data to replace statistical sampling estimates of these pieces paid by the application of a Postal Validation Imprint (PVI) label at a retail counter using a POS terminal. The Commission approved this request in Order No. 339. Mail entered at a retail POS unit includes many mail products in the Market Dominant and Competitive categories. Using these data, the RPW reports for Quarters 1, 2, and 3 were revised, including their SPLY references from FY 2010. The Quarter 4 and FY2011 reports use this newly-approved methodology.

2. PIHOP: Under Proposal Three of Docket No. RM 2011-11, the Postal Service asked that stamp PIHOP be allocated to mail products using the ODIS-RPW stamp indicia distribution key, and that the meter PIHOP likewise be allocated using the meter indicia key. Order No. 816 approved this proposal. Using this methodology, the RPW reports for Quarters 1, 2, and 3 of FY 2011 were revised, including their SPLY references from FY 2010. The Quarter 4 and FY2011 reports use this newly-approved methodology.
3. Express Mail and Express Mail International Insurance: The revised Quarters 1, 2, and 3 (as well as the Quarter 4 and FY2011) reports now include these insurance fees in the "Insurance" line for Express Mail insurance, and in the "Outbound International Insurance Services" line for Express Mail International Insurance. Previously, these small amounts were not assigned specifically to the insurance services.
4. Miscellaneous: Several minor corrections are also included for the revised Quarters 1, 2, and 3 FY2011 RPW reports. For example, Critical Mail had been incorrectly reported in Quarter 2 of FY2011. Other corrections/updates are made to products/services where errors occurred in the preliminary RPW reports,

**SECTION THREE:                      Material in Response to  
COMMISSION RULE 3050.12**

In Order No. 203, issued April 16, 2009, the Commission introduced new rules regarding special studies. Section 3050.12, Obsolescence of special studies relied on to produce the Postal Service's annual periodic reports to the Commission, required the Postal Service to: "provide a list of special studies whose results are used to produce the estimates in its annual periodic reports to the Commission. It shall indicate the date the study was completed and whether the study reflects current operating conditions and procedures. The Postal Service shall update the list annually."

As there has not yet been a determination establishing the definition of and listing of the "special studies" to which this rule applies, the Postal Service submits that it is characterizing "special studies" as those analyses that cannot be updated routinely by reference to information contained in ongoing data systems. Analyses that rely solely on information collected and maintained on an ongoing basis in such systems as IOCS, TRACS, CCCS, RCCS, MODS, WebEOR, PostalOne! and other postal databases can be routinely updated and will never be considered "obsolete". Therefore, such analyses are not being considered "special studies" for purposes of complying with §3050.12. Any studies relying on material developed from the ongoing data systems will necessarily contain documentation that provides the time period for which the data was collected.

For some studies, the data collection was a point in time and all data contained in the study was of the same vintage. For those studies, the "date the study was completed" is relatively easy to ascertain. For other special studies that rely on variety of inputs from a variety of sources, the "date the study was completed" is not as obvious. Therefore, for each special study of that nature, a short litigation history is provided, describing the dockets in which significant changes to the model were introduced.

With regard to the requirement that the Postal Service indicate "whether the study reflects current operating conditions and procedures", the Postal Service interprets that requirement to mean that the processes represented were those in place during the fiscal year for which the study results are presented. As with regard to the "date the study was completed", there are two types of special studies. One type is those studies for which the data collection took place at one point in time, and the other type is those studies comprising a model of postal processes and using inputs from various sources, some from ongoing data systems and some from data collections at a point in time. The question for the first type is whether the information collected at that point in time adequately reflects the processes in place during the fiscal year for which the Annual

Compliance Report was prepared, and the question for the second type of study is whether the processes as modeled represent adequately the processes in place during the fiscal year, and also whether the inputs used to populate the models are of recent enough vintage to reasonably be considered to represent the processes in place during the fiscal year for which the Annual Compliance Report was prepared.

Finally, with regard to longer-term data collection requirements, the Commission issued an order on November 18, 2010 establishing Docket No. RM2011-3 on 'Priorities for Future Data collection and analytical Work Relating to Periodic Reporting.' The Commission has scheduled a technical conference in its hearing room regarding Docket No. RM2011-3 for January 12, 2012 at 9:30 a.m.

### **Studies Subject to § 3050.12**

In accordance with Commission reporting rule 3050.12, the Postal Service is providing the following list of special studies whose results are used to produce the estimates in its annual periodic reports:

#### **Postmaster Variability Study**

The Postmaster Variability Study was completed in 1984. It provides a variability for determining Postmaster attributable costs at post offices at level EAS-23 and below. It is used in the 2011 ACR. The duties of Postmasters have remained fairly stable at these smaller post offices since the time of the study, making the variability produced in this study likely to be applicable to current operational conditions in 2011. The study used an operational data set of Work Service Credits for postmasters to estimate the rate at which postmaster costs vary with volume changes. Because postmasters' hours at large post offices are unrelated to the volume of mail at those offices, the estimated variability is not used at those sites and the minor impact of the variability on product costs at the smaller post offices make updating it a low priority. However, the study could be replaced or updated as resources permit, to account for any changes in postmaster activities.

#### **Special Purpose Route Study**

In the R97-1 rate case, the Postal Service provided testimony from four special studies: the Motorized Letter Route Survey, the Special purpose Route Survey, The Expedited Mail Delivery Survey, and the LDC 24 Survey. The studies produced new accrued cost pools, volume variabilities, and distribution keys. The results from the studies are currently used in cost segments 3 and 7 of the 2011 ACR to derive the attributable costs incurred by SPR carriers and by CS3 personnel making out of the office delivery of Express Mail. The study was done in 1997 by sampling craft employees and having them write down during the day a detailed account of their activities, such as the time spent driving or delivering, as well as maintaining a record of delivered volume. The information collected was used to estimate, 1) cost pool proportions applied to current accrued

street-time costs estimated annually from the In-Office Cost System (IOCS) for various activities (i.e. collection and delivery), 2) variabilities for activities such as driving and loading, and 3) distribution factors for the products delivered and collected on these routes. The distribution factors for the products delivered on SPR have been updated since the original study with the introduction of CCCS-SPR (Order 339, Proposal Eight, November 13, 2009), however the cost pool proportions, variabilities, and distribution factors for collected mail remain the same as the original study filed with Docket No. R97-1. Due to the fact that SPR carriers performed primarily the same activities as they did when the study was conducted, delivering parcels and sweeping collection boxes in large metropolitan areas, the results generally reflect the operating environment in FY11. However, as resources permit, the portions of the 1997 study being used as part of the 2011 ACR could be updated to reflect potential changes that might have occurred to the mail mix, collection box volumes and pickup times, and SPR network structure since the original study was conducted. Any such changes might affect the cost pool proportions, variabilities, and collection distribution factors.

### **Vehicle Service Driver Study**

The Vehicle Service Driver (VSD) Study was completed in FY 1993 and its findings presented and accepted in Docket R97-1. Vehicle service drivers provide transportation between post offices, stations and branches, other postal facilities including air mail facilities, as well as some private firms. The study provided new volume variabilities and also provided proportions to divide total accrued costs based on the types of trips. Data sources for the study consisted of a survey of plants and facilities that employ VSDs, and the Postal Service Form 4533 that details route and scheduling information. The distribution of costs was unchanged and used cubic feet of total mail as obtained from RPW. In the ACR for FY 2008, the Postal Service substituted the Intra- SCF key from TRACS to distribute the Intra-SCF share of VSD costs. In Docket No. RM2008-2 Order No. 115, dated October 10, 2008, the Commission approved the temporary use of Intra-SCF cubic-foot miles to distribute VSD costs. The Commission agreed that this was an improvement over the previous RPW cubic foot proxy. However, the Commission stressed that this was only a temporary solution and that the Postal Service must demonstrate a good faith effort to directly measure how these VSD costs are distributed to products.

The Postal Service has been working intensively on developing an accurate and complete sampling frame using operations databases that contain VSD trip information. Millions of records were examined from which a sampling frame based on relatively stable trips was established. A pilot sample of VSD was implemented beginning in PQ1 of FY2010. However, upon evaluation of the sample data, the Postal Service learned that it was difficult to link the sampled truck with the records of the operations databases. For example, VSD often make multiple daily runs from point A to point B. To overcome these challenges, additional data elements have begun to be collected in the VSD sample that will

enable a clean link of sample data to operational database records. The Postal Service will continue to evaluate the VSD sample data using the additional information to ensure that the new estimates accurately reflect the mail being carried on VSD transportation. Since driving activities have remained the same, the study generally reflects current operational reality. However, significant network changes may drive the need to update the variabilities.

### **Alaska Preferential Study**

The Alaska Preferential study was completed in 1994 and filed with Docket No. R97-1. The study provided distribution factors which were applied to FY11 accrued costs incurred by preferential mail transported by air within Alaska. In the 2011 ACR, the accrued costs are part of cost segment 14 and are derived by aggregating certain general ledger accounts. The study sampled mail flow on the network, and used the data to estimate distribution factors by product. Since no alternative network was used within Alaska to transport preferential mail, the results of the study generally reflect the FY11 operating environment. However, as resources permit, the distribution factors could be updated to account for changes in the mail mix that may have occurred since the study was conducted.

### **Alaska Non-Preferential Study**

The Alaska Non-Preferential study was completed in 1994 and filed with Docket No. R97-1. The study provided distribution factors which are applied to FY11 accrued costs incurred by non-preferential mail transported by air within Alaska. In the 2011 ACR, the accrued costs are part of cost segment 14 and are derived by aggregating certain general ledger accounts. The study sampled mail flow on the network, and used the data to estimate distribution factors by product. Since no alternative network was used within Alaska to transport non-preferential mail, the results of the study generally reflected the FY11 operating environment. However, as resources permit, the distribution factors could be updated to account for changes in the mail mix that may have occurred since the study was conducted.

### **Hawaii Study**

The Hawaii study was completed in 1994 and filed with Docket No. R97-1. The study provided distribution factors which are applied to FY11 accrued costs incurred by mail transported by air within Hawaii. In the 2011 ACR, the accrued costs are part of cost segment 14 and are derived by aggregating certain general ledger accounts. The study sampled mail flow on the network, and used the data to estimate distribution factors by product. Since no alternative network was used within Hawaii to transport mail by air, the results of the study generally reflected the FY11 operating environment. However, as resources permit, the distribution factors could be updated to account for changes in the mail mix that may have occurred since the study was conducted.

**Highway Variability Study**

The Highway Variability study was most recently conducted in 1999 and filed with Docket No. R2000-1. This was an update to a study originally done for Docket No. R87-1 and updated in Docket No. R97-1. The study estimated an econometric model which was used to calculate highway variabilities, which measure the change in cost caused by changes in capacity. The variabilities are estimated for different highway contract types and are used in the 2011 ACR in the determination of attributable purchased highway contract costs. Previous updates demonstrated that as long as the highway network is stable, the variabilities do not change much through time. Because the highway contract network has remained similar to it was when the study was conducted, the results generally reflect the FY11 operating environment. However, as resources permit, the variabilities should be updated because: 1) the highway network potentially could undergo significant changes with the implementation of Network Distribution Centers (NDC) and Network Redesign; 2) declining mail volumes that have occurred since the study was done may have impacted the relationship between cost and capacity at the margin; and 3) the proportional assumption between capacity and volume needs to be investigated.

**Surface Density Study**

The Surface Density study was updated in 2009 as part of Proposal Twenty, filed on October 6, 2009. The surface densities are used in the derivation the Transportation Cost System (TRACS) distribution factors for highway transportation for FY11. These distribution factors are used to distribute attributable contract highway costs in cost segment 14 as part of the 2011 ACR.

**City Carrier Street Time Study**

The City Carrier Street Time Study (CCSTS) was conducted in 2002 and filed with Docket No. R2005-1. The study is used in the 2011 ACR to determine attributable city street letter route costs in cost segment 7. The study sampled city letter routes and had the carriers keep track of their daily activities with the use of a hand-held scanner, and also recorded daily volumes by shape and type of mail (letters, flats, parcels, and accountables etc) delivered on the sampled routes. The study used that information to estimate 1) cost pool proportions for various activities that occur on city letter routes (i.e. network driving, delivering, etc) and 2) variabilities to deliver different types of mail (i.e. letters, flats, sequenced, etc). These variabilities measure the change in letter route delivery time caused by a change in delivered volume, by shape. Since the street activities of a city letter route carrier have remained largely the same in FY11 as to when the study was conducted, the study in many respects reflected the operating environment in FY11. Two notable exceptions are the more widespread use of DPS operations and the implementation of FSS operations. However, as resources permit, the study could be updated to reflect changes that have occurred in city street activities.

**Facility Space Survey**

The Facility Space Survey was done in FY 1999, and was filed with the Commission in R2005-1, See USPS-T-13, Part III and USPS LR-K-62. Previous facility space surveys had been conducted in FYs 1977, 1985, and 1992. The survey provides the amount of facility space and rental costs by major operation and function. The 1999 survey included about 750 facilities with 50 million square feet of interior space, selected using a stratified random sample. Data were collected on the amount of facility space used for each operation and function for the facilities selected. While the survey included only about two percent of the Postal Service's facilities, over one-sixth of the Postal Service's 300 million sq. ft. of facility space was surveyed due to its focus on large facilities. The FY1999 estimates of facility space by category are adjusted each Fiscal Year, based on information on equipment deployments, operational changes and overall Postal Service facility space growth. This adjusted data provides the share of facility space and rental costs by operation, which is used to apportion facility costs (rents, depreciation, custodial, utilities, and building maintenance) costs to operation as a step in determining the variability and the distribution of these costs. These shares are called the Facility Space and Rents Factors used in the F Report. Overall facility space has grown about approximately 7 percent since this FY1999 survey, and at least until recently there has been much stability in the operations and facility space usage, so the Facility Factors should generally reflect current operations. However, the survey should be updated as resources permit due to changes now underway in facility space use due to mail volume declines and network changes.

**Highway Plant Load Study**

The Highway Plant Load study was conducted in 2003 and filed with Docket No. R2005-1. The study provided distribution factors for mail transported utilizing highway plant load transportation. In the 2011 ACR, the accrued costs are part of cost segment 14 and derived by aggregating certain general ledger accounts. The study sampled the mail transported utilizing highway plant load transportation. Since highway plant load transportation costs were used by a small number of long-time mailers in FY11 and the accrued costs were similar as to when the study was conducted, the existing distribution factors generally reflect the FY11 highway plant load operating environment.

**Rail Plant Load Study**

The Rail Plant Load study was conducted in 2003 and filed with Docket No. R2005-1. The study provided distribution factors for mail utilizing rail plant load transportation. In the 2011 ACR, the accrued costs are part of cost segment 14 and are derived by aggregating certain general ledger accounts. The study sampled the mail transported utilizing rail plant load transportation. Since rail plant load transportation costs were small and at relatively the same level as to when the study was conducted, the results generally reflect the FY11 rail plant load operating environment.

### **Alaska Air Adjustment Factor**

The Alaska Air Adjustment Factor was last updated in FY2004 and filed with Docket No. R2005-1. The factor was the ratio of the hypothetical costs of transporting mail in Alaska by highway to the accrued cost incurred for nonpreferential Alaska air service. In the 2011 ACR, the factor is applied to accrued non-preferential Alaska air costs in the Cost Segments and Components Report. The factor was derived by utilizing operational data to compute the highway cost per cubic-foot-mile by contract type. Due to the continued high correlation between highway and jet fuel costs, the ratio used generally reflects the FY11 operating environment. However, as resources permit, the factor could be updated to ensure that the amount of attributable non-preferential Alaska air costs is computed accurately according to the established methodology.

### **Window Service Transaction Study**

The Window Service Transaction Time Study was completed in 2005 and was presented as part of the Docket No. R2006-1. It provides variabilities for estimating attributable window service costs. It is used as part of the 2011 ACR. The study was conducted by measuring transaction times at a national sample of post offices, and measuring how window service time varies with changes in volume. The study updated the previous window service transaction study done in 1996, and generally reflects current operating reality. Updating this study has a lower priority since the last one was relatively recent, but it should be updated as resources permit to account for any changes in activity at the retail window.

### **Letter Cost Models (First-Class Mail and Standard)**

The First-Class Mail presort letters and cards and Standard Mail presort letters cost models rely on the overall Docket No. R2006-1 Postal Regulatory Commission (PRC) methodology. These models rely on a “hybrid” cost methodology that uses both Cost and Revenue Analysis (CRA) mail processing unit costs and model-based mail processing unit costs to estimate the mail processing unit costs by price category. For First-Class Mail presort letters and cards, worksharing-related savings estimates are also calculated using single-piece Bulk Metered Mail (BMM) letters and nonautomation presort cards as cost benchmarks, respectively.

In Order No. 536 (Docket No. RM2009-3), the Commission effectively rejected the continued use of the BMM letters cost benchmark. However, no new benchmark was established in that docket. Instead, Order No. 537 established Docket No. RM2010-13 as a proceeding in which interested parties could address cost benchmark issues. Given that the Commission has not yet issued a ruling in that docket, the USPS-FY11-10 First-Class Mail presort letters cost model continues to rely on the BMM letters cost benchmark.

Other modifications have been made to the letters models since the Commission issued its Opinion and Recommended Decision in Docket No. R2006-1. In

Docket No. ACR2008, the Postal Service presented an updated version of the automated and manual density tables, which the Commission subsequently approved.

In Docket No. RM2011-5, Proposal Nine, the Postal Service recommended that the following input data be incorporated into the First-Class Mail presort letters and Standard Mail presort letters mail processing cost models: (1) a revised automation density table, (2) a revised manual density table, (3) a post office box destination percentage developed using carrier piece count (CPC) data, (4) a modified plant carrier route finalization percentage, (5) new manual incoming secondary and post office box walling productivity data that were collected during a 2010 field study, and (6) a revised remote bar code system (RBCS) leakage target. The Postal Service also recommended that a new bundle sorting methodology should be incorporated into the cost models. In Order No. 741, the Commission accepted some elements of Proposal Nine and rejected others. Specifically, the Commission rejected the use of the new productivity values and the RBCS leakage target. The official versions of the cost models that are presented in USPS-FY11-10 are therefore Order No. 741 versions of the cost models.

Additional versions of both cost models are also contained in USPS-FY11-10. In the 2010 Annual Compliance Determination (ACD), the Commission directed the Postal Service to disaggregate the mail processing unit cost estimates for nonautomation machinable mixed automation area distribution center (MAADC) and AADC Standard Mail letters. The Postal Service therefore filed a revised version of the Standard Mail presort letters mail processing cost model in Docket No. RM2012-1, Proposal Twelve. The Proposal Twelve model corrects an error in the machinable AADC letters mail flow. In previous versions of the model, the first operation through which these mail pieces were processed was the outgoing input sub system (ISS) operation. In Proposal Twelve, the Postal Service recommended that the first operation should be the incoming, rather than the outgoing, ISS operation. This modification also affects the First-Class Mail presort letters and cards mail processing cost model. Consequently, the Postal Service proposed that the same change should be made to that model in Docket No. RM2012-2, Proposal Nineteen. Proposal Twelve and Proposal Nineteen versions of the cost models can also be found in USPS-FY11-10.

In Docket No. RM2011-12, Proposal Five and Proposal Six, the Postal Service proposed the addition of new mail processing cost pools. The Commission subsequently approved those proposals in Order No. 920. The USPS-FY11-26 cost by shape estimates therefore contain seven additional cost pools that need to be distributed using the Commission's cost pool classification methodology. Order No. 920 contained a description of cost pools that were similar to the seven new cost pools. The distribution methodology for the similar cost pools has therefore been applied to the new cost pools in all four cost models presented in USPS-FY11-10.

As the processing environment for letters has been stable in recent years, the letter and cards mail processing models can be viewed as representing the current operating conditions and procedures with the exception of the changes that have been presented in outstanding proposals and the modifications that the Commission rejected in Order No. 741. Although the Postal Service views the Commission-approved Proposal Nine models as an improvement over former versions of the models, they will continued to evolve as the network, price structure, and CRA reporting requirements change.

### **QBRM and BRM Costs**

The Commission has not always filed a business reply mail (BRM) cost model in the library references that have accompanied its Opinion and Recommended Decisions in past rate cases. The official version of the cost model presented in USPS-FY11-21 therefore relies on the same methodology presented by the Postal Service in Docket No. R2006-1 and in subsequent annual compliance reports.

In the past, however, the Commission has expressed a fair amount of skepticism concerning elements of the BRM cost model. In Docket No. R2006-1, it was hesitant to adapt to the results from a new BRM Practices Study, which indicated that a significant percentage of BRM was counting, rated, and billed manually. In its 2010 annual compliance determination (ACD), it expressed a concern that the qualified business reply mail (QBRM) savings estimate was understated.

In addition, many of the productivity values that have been used to estimate the fee costs in the BRM cost model have either been dated or have never actually been developed. In the latter instance, proxy values have been used. In order to address this issue, the Postal Service conducted a comprehensive BRM field study during the summer of 2011 in which new counting, rating, and billing productivity data were collected.

The Postal Service presented these new data in Docket No. RM2012-2, Proposal Twenty. In addition, the Postal Service addressed the Commission's concerns with both the results of the 2005 BRM Practices Study and the QBRM savings estimate cost methodology. A Proposal Twenty version of the BRM cost model is therefore also contained in USPS-FY11-21.

Although the Postal Service views the Proposal Twenty model as an improvement over former versions of the model, it will continued to evolve as the network, price structure, and CRA reporting requirements change.

**Flat Cost Models (First-Class Mail and Standard) & Periodicals Cost Model**

These models develop the mail processing unit cost estimates for First-Class Mail Presort flats, Periodicals Outside-County flats, and Standard Mail flats. The Periodicals flats model was altered completely in Docket No. R2006-1 as a result of the PRC's adoption of a new price structure. Subsequent changes to the model were made in preparation for Docket No. ACR2007, and in the years since, including proposals and additional data collected in FY 2008 - 2011 in efforts to support the model, and incorporate new equipment deployment and mail classifications.

Although extensive data collection has taken place in recent years in support of the Periodicals flats model, there remain some undocumented assumptions in the model leftover from the Time Warner model from Docket No. R2006-1, TW-LR-2, such as the percentages of 5-digit and Carrier Route sacks that are opened at the destination delivery unit. Until extensive data collection in the field can substitute data for these assumptions, the model may not reflect the operating procedures and environment as closely as it could. Additionally, some of the allied cost inputs should be validated by systematic field observations.

Other areas of concern for the flats models include, but are not limited to, examination of the extent of manual processing of flats in non-automated zones, and the extent and reasons for manual processing in zones where automated processing does exist. This examination may include consideration of allied costs for flats that are deemed to merit extraordinary handling. In support of the joint Postal Service and Postal Regulatory Commission report to Congress on Periodicals mandated by Section 708 of the Postal Accountability and Enhancement Act (PAEA) and completed in September 2011, site visits were made to postal plants and delivery units in FY 2010 to investigate the reasons for manual processing, but those visits did not translate into data systematically collected in a way that could readily be incorporated into the Periodicals model. In fact, the site visits indicated that such a systematic undertaking will require significant planning and design, and would be very labor-intensive and expensive.

The full incorporation of the FSS machines and possible impacts of NDC activation, particularly on residue flats processing, into the models will be necessary once the operating environment has settled down and representative data collection is possible. Participation of the mailing community by entering mail prepared for FSS is critical as well. The FSS cost-estimation methodology proposal (Docket No. RM2012-2) was filed with the Commission on Nov 30, 2011. Order No. 1053 (Dec 16, 2011) was issued by the PRC inviting comments by the interested parties. The proposal will be pending approval at the time of filing of this ACR. In subsequent ACRs, Commission-approved methodology and data can be presented for more accurate cost estimation.

### **Standard Mail Parcel/ Not Flat-Machinable Mail Processing Unit Cost Estimates**

Prior to Docket No. R2006-1, the Postal Service did not develop and maintain a Standard Mail parcel mail processing cost model because there was no need to do so. Standard Mail flats and parcels were both assessed “nonletter” prices, with parcels also being assessed a residual shape surcharge. In Docket No. R2006-1, the Postal Service proposed separate and distinct prices for Standard Mail flats and parcels, and proposed a new classification for “not flat-machinable” (NFM) mail pieces. NFMs were classified to be mail pieces that were typically assessed flats prices, but were often processed as parcels.

In the absence of any formal Standard Mail parcel mail processing cost model, a cost analysis to support these proposals was provided in Docket No. R2006-1 as USPS-LR-L-45. This analysis estimated the additional mail processing costs required to process parcels and NFM mail pieces in comparison to an average Standard Mail flat. This study was subsequently updated in Docket Nos. ACR2007, USPS-FY07-12, ACR2008, USPS-FY08-12, and ACR 2009, USPS-FY09-12.

This study did not develop unique costs for NFMs because many of the usual data elements (conversion factors, downflow densities, etc.) required by mailflow models had not been available for NFMs in isolation from parcels. In its 2008 Annual Compliance Determination (ACD), the Commission directed the Postal Service to develop “reliable cost data for these categories and make the necessary adjustments to discounts to reflect 100 percent or less of the avoided costs.” ACD2008, page 70.

In response, the Postal Service introduced a complete overhaul of this model in Docket No. RM2010-12, Proposal Seven, which was filed at Postal Regulatory Commission (PRC) on September 8, 2010. Proposal Seven introduced a mailflow-based model of mail processing costs for Standard Parcels and NFMs (Not Flat Machinables). This new model, using methodological approaches similar to those embedded in the mail processing models for letters, flat and Parcel Post and Parcel Select parcels, disaggregates the CRA costs for Standard Parcels and NFMs, producing separate cost estimates for machinable, irregular and NFM price categories by presort and entry level. The proposed model did not change the aggregate costs for Standard parcels and NFMs, but rather disaggregated by mail characteristic within those aggregate costs.

Much of the data used to populate this proposed new model may be updated each year using existing postal data systems. For this ACR, the following inputs to the model are based on FY 2011 data and may be updated on an annual basis:

- Standard Mail Billing Determinants
- Volume variability factors
- Premium pay factors

- Other mail processing wage rate
- Overhead factors
- Percentage of NFMs weighing over 6 ounces
- Productivity data
- Piggyback factors
- Standard Mail parcels / NFM mail processing unit cost estimate by cost pool
- Equipment reject rates from WebEOR Reports

Other inputs to the model were based on data available at the time the model was developed, including the ASF coverage factor, ASF dock transfer percentage, and SCF IPP / NFM coverage factors derived from 2009 ODIS Data; the PPSM transfer volume percentage and PPSM finalization percentage derived from 2009 WebEOR Data; and the PSM keying productivity estimate, obtained from USPS-FY08-15.

The inputs that were key to the development of the proposed model as a stand-alone model providing complete and separate mailflow models for Standard parcels and NFMs were obtained through a 2009 field study which focused on the collection of the data hitherto unavailable from existing sources. These data include:

- Irregular rolls percentage
- Productivity data
- Pieces per sack estimates
- Average container heights
- Average container fullness percentages
- Mailer arrival profile
- Postal arrival and dispatch profiles
- Container space utilization percentages
- IPP operation outgoing volume percentage
- Average cubic feet per piece by mail type

The Commission conditionally approved the Proposal Seven cost model in Order No. 658. Although the Postal Service views this Commission-approved model as an improvement over former versions of the model, it will continue to evolve as the network, price structure, and CRA reporting requirements change.

### **Drop Ship Cost Avoidances for Periodicals and Standard Mail**

These models provide the destination entry cost avoidance estimates for Standard Mail and Periodicals. A discount for Periodicals for entry at the destination SCF was first developed in Docket No. R84-1 based on the cost work prepared by witness Byrne. The cost analysis was revised in Docket No. R87-1 and in Docket No. R90-1, at which time a savings estimate was developed to support the destination delivery unit discount. In Docket No. R2001-1, a cost avoidance for entry at the destination Area Distribution Center (DADC) was

introduced. The current Periodicals destination entry cost methodology approach continues to rely on the Postal Regulatory Commission (PRC) cost methodology from Docket No. R2006-1.

The Standard Mail destination entry cost avoidance methodology was first presented in Docket No. R90-1. The Standard Mail methodological approach relies on the Commission cost methodology from Docket No. R2006-1 and subsequent cost model modifications described in Docket No. ACR2007, USPSFY07-13. While the overall estimating methodology is the same as that relied upon in the earlier models, the Standard Mail analysis was expanded in Docket No. ACR08 to estimate cost avoidances by shape (letters, flats, and Non-Flat Machinables/parcels). A shape-specific analysis was possible in that docket because the Standard Mail line items in the Cost and Revenue Analysis (CRA) report became available in more disaggregated form. In the 2008 ACD, however, the Commission continued to rely on the aggregate (all shapes combined) cost avoidance estimates and recommended that the Postal Service present the shape-specific analysis in a separate docket. A shape-specific analysis was subsequently presented in Docket No. RM2009-10, Proposal Thirteen.

The Commission approved the Proposal Thirteen destination entry cost model in Order No. 339. Although the Postal Service views this Commission-approved model as an improvement over former versions of the model, it will continue to evolve as the network, price structure, and CRA reporting requirements change.

#### **Parcel Post, Parcel Select and Parcel Return Service**

These models provide the transportation and mail processing costs and cost avoidances associated with the various levels of presorting, destination entry and/or facility at which the parcels are picked up, depending on the parcel service. The transportation and mail processing models for these services were, in the past, integrated as Parcel Select product offerings were viewed as workshared options within Parcel Post, and as Parcel Return Service was originally created as an adjunct to the Parcel Post array of services. As the postal data systems began collecting data separately for Single-Piece Parcel Post, Parcel Select, and Parcel Return Service, it became possible to isolate the data and model each service independently, although with reference to many of the same process flows and methodological approaches.

#### Transportation Costs

The transportation cost analysis for Parcel Post and Parcel Select presented in Docket No. R2006-1 was essentially an update of the development of transportation cost analysis provided in Docket No. R2005-1, using the transportation costs allocated to Parcel Post and developing the unit cost per cubic foot estimates for each zone for each of the then Parcel Post rate categories: Inter-NDC, Intra-NDC, DNDC, DSCF and DDU. On October 17, 2005, the Postal Service filed a request for a permanent Parcel Return Service

classification. Changes were necessary in order to more fully acknowledge PRS. The data systems used to develop the cubic feet and cubic foot mile estimates for Parcel Post were, at that time, unable to identify the Parcel Return Service (PRS) pieces and provide independently-estimated cubic feet and cubic foot miles for PRS. However, the volume of PRS as a proportion of Parcel Select Parcel Post was not insignificant, and the transportation costs incurred by the PRS pieces were attributed to Parcel Post. Thus, in order to develop the estimated transportation costs for Parcel Select, including PRS, the cubic feet and cubic foot miles associated with PRS had to be added to the Parcel Select cubic feet and cubic foot mile data.

The Parcel Post transportation cost model employed the basic methodology developed in Docket No. R97-1, incorporating two major concepts: dividing transportation costs into transportation function (local, intermediate, and long distance) and dividing costs into zone-related (ZR) and non-zone-related (NZR). The transportation functions are defined in the Parcel Post transportation cost model as follows:

- Local: Costs associated with the transportation of parcels between facilities that are within the service area of a Processing and Distribution Center (P&DC), primarily between Delivery Units (DUs) and P&DCs. Local costs include the costs of postal-owned vehicles (cost segment 8).
- Intermediate: Costs associated with the transportation of parcels between facilities that are within the service area of a NDC, primarily between P&DCs and NDCs.
- Long distance: Costs associated with the transportation of parcels between facilities that are within the service areas of two different NDCs. Long distance cost is associated only with Inter-ND parcels.

The cube-weight relationships for the three major rate categories, estimated by a regression analysis, were used to estimate the total cubic feet in each zone for each rate category, necessary to develop Parcel Post transportation costs. The cube-weight relationships were estimated for Intra- NDC, Inter-NDC and Parcel Select (including DNDC, DSCF and DDU). Individual analyses could not be performed for DNDC, DSCF and DDU separately because the necessary detailed cubic feet and weight data were not available for the three price categories separately.

In Docket No. RM2010-5, Proposal 28, the Postal Service proposed to eliminate the Single-Piece Parcel Post models filed previously, so as to reflect the more recent price structure of Single-Piece Parcel Post, which no longer distinguished between Intra-NDC and Inter-NDC. As the postal data systems were now able to distinguish costs separately for Single-Piece Parcel Post, Parcel Select, and Parcel Return Service, the models for Single-Piece Parcel Post no longer were necessary to support the existing price structure for Single-Piece Parcel Post, were no longer tied to the calculation of workshare cost avoidances for Parcel

Select and PRS, and could not be supported by data from existing data systems. The Commission approved this methodology change in Order No. 394.

However, the lack of data distinguishing between Intra-NDC and Inter-NDC left a gap in data necessary to support the Parcel Select transportation cost models. In May 2009, the Postal Service eliminated the price distinction between Inter-NDC and Intra-NDC within the Parcel Select nonpresort rate structure. As a result, the Postal Service stopped collecting separate Inter-NDC and Intra-NDC volume data after the rate structure change. Thus, the first three quarters reflected separated price distinction data, while the subsequent data did not. However, Parcel Select/PRS mail processing and transportation cost models required the disaggregated Inter-NDC and Intra-NDC billing determinants to apportion certain costs. Thus, in Docket No. RM2010-7, Proposal Thirty, the Postal Service proposed to apportion the FY 2009 Quarter 4 Parcel Select nonpresort billing determinant volume data between the former Inter-NDC and Intra-NDC rate categories to reflect the former rate structure by using the following method: (1) Zones 6 through 8 would be assigned to Inter-BMC; (2) Zones 1 through 5 would be assigned to Inter-NDC and Intra-NDC categories in the same proportion as FY 2009 Quarters 1 through 3; and (3) ONDC and NDC presort would be assigned to Inter-NDC. The Commission approved this methodology change in Order No. 398.

In Docket No. RM2011-6, the Postal Service proposed further changes to the Parcel Select/Parcel Return Service transportation cost model in Proposal Fourteen, filed December 22, 2010. In the 2009 annual compliance report (ACR), the Postal Service inadvertently filed two versions of the Parcel Select / Parcel Return Service transportation cost model. One version of the transportation cost model (USPS-FY09-NP16) did not include the new return sectional center facility (RSCF) product for PRS, and the second version of the model (USPS-FY10-NP27) did include RSCF. In Proposal Fourteen, the Postal Service proposes that the Parcel Select / Parcel Return Service transportation cost model be modified in the following five ways: (1) the transportation cost estimates should only be presented for the current price categories, (2) the transportation legs for the non-dropship price categories should be estimated using 2010 PostalOne! data, (3) the official revenue, pieces, and weights (RPW) volumes should be incorporated into the analysis, (4) the Parcel Return Service transportation costs should be distributed using the same method that is relied upon to distribute the Parcel Select transportation costs, and (5) a new methodology should be used to estimate the return network distribution center (RNDC) cubic foot miles by zone.

The Commission approved the Proposal Fourteen transportation cost model in Order No. 719. Although the Postal Service views this Commission-approved model as an improvement over former versions of the model, it will continue to evolve as the network, price structure, and CRA reporting requirements change.

## Mail Processing Cost Models

The Parcel Post/Parcel Select/Parcel Return Service mail processing cost models presented in Docket No. R2006-1 relied on previous methodologies with the exception of the incorporation of the Parcel Return Service, and modifications to accommodate NDC Management Operating Data System (MODS) productivity data. In the mail processing cost models, mail flow cost models were first developed for each Parcel Post mail stream (e.g, machinable Inter-NDC parcels) using a hybrid modeling approach. Each mail flow cost model depicted the direct labor operations in which those mail pieces incurred costs, estimating the "number of handlings" each mail piece incurred in each operation. A percentage distribution was used to reflect the fact that a given activity can be performed using a variety of methods. The productivities of each operation were adjusted using volume variability factors. Conversion factors indicated the number of parcels per container that can be processed per handling. Indirect costs were incorporated via the use of piggyback factors. The sum of the operation costs per facility was the model cost for that particular mail stream. These model costs were weighted together using mail volumes, and then the weighted model cost estimate was then compared to the sum of the CRA mail processing proportional cost pools. A proportional adjustment factor was calculated by dividing the sum of the proportional CRA mail processing cost pools by the aggregate weighted model cost for all mail streams. The sum of the nonproportional (non-modeled) cost pools was used as a fixed adjustment factor.

For each mail stream, the CRA-adjusted total mail processing unit cost estimate was calculated by adding the CRA fixed adjustment factor to the product of the CRA proportional adjustment factor and the model cost for that mail stream. These data were used to develop aggregate (machinable, NMO, and oversize) total mail processing unit cost estimates by rate category. These figures were also used to calculate cost savings estimates and additional cost estimates. There were, however, five instances in which a more narrowly defined cost avoidance methodology was relied upon, as indicated below.

1. PRS Cost Savings Estimates: The PRS cost study had been incorporated into the Parcel Post mail processing models and generally relied on the same cost methodologies described in Docket No. MC2006-1, with the exception that the acceptance cost savings were removed from the model. The Intra-NDC machinable, non-machinable, and oversize categories were used as the benchmarks for the corresponding RNDC and RDU rate categories. Saving estimates were calculated in the following five areas: mail processing, storage, transportation, scanning, and postage due.

2. DNDC Window Service Unit Cost Savings Estimate: The DNDC window service unit cost savings estimate was calculated using the same methodology described in Docket No. R2005-1. First, the cost distribution between Parcel Select and NonParcel Select window service costs was calculated in a separate

model. The distribution percentages were then applied to base year window service costs. Base year unit costs were obtained by dividing the Parcel Select and Non Parcel Select base year costs by the corresponding base year volumes. Test year costs were calculated by multiplying the base year unit costs by a piggyback factor and wage adjustment factor. This latter factor was equal to the test year window service wage rate divided by the base year window service wage rate. The DNDC window service savings estimate was then calculated to be the difference between the Non Parcel Select window service unit cost estimate and the Parcel Select window service unit cost estimate.

3. NDC Presort Mail Processing Unit Cost Savings Estimate: The NDC presort mail processing unit cost savings estimate was calculated to be the mail processing unit cost difference between a nonpresorted (inter-NDC) mail piece and a NDC presorted mail piece. The nonpresorted costs were taken from two other Parcel Post cost models. The machinable origin NDC costs, the destinating NDC Postal Pak unloading costs, the NMO origin NDC cost and the destinating NDC pallet unloading costs are taken from the cost models. The NDC presort costs for machinable parcels and NMOs were calculated separately, using the mail flow cost model methodology. The operations in the model were changed to reflect the fact that NDC presorted parcels only need to be crossdocked at the origin NDC. In addition, the conversion factors were changed to accommodate NDC presort requirements. The machinable and NMO NDC presort model costs were subtracted from the machinable and NMO nonpresorted model costs. These figures were then weighted together using the percentage distribution of inter-NDC machinable and NMO parcels.

4. NDC Unit Cost Savings Estimate: The Origin NDC (ONDC) cost savings consisted of two estimates. The first estimate was the cost an ONDC parcel avoids by being entered at the origin NDC. Since an ONDC parcel avoids costs at the facilities upstream from the NDC, these costs are equivalent to the costs a DNDC parcel avoids, including window services costs. The second estimate related to the fact that ONDC parcels are presorted by destination NDC. These avoided costs are the same as the NDC-presorted parcel unit cost savings. Therefore, the estimated unit costs avoided by an ONDC parcel were the sum of the DNDC unit cost savings estimate and the NDC presort unit cost savings estimate.

5. Pre-Barcode Unit Cost Savings Estimate: On the PPSM, pre-barcode parcels and non-barcode parcels were processed differently. For non-barcode parcels, a PPSM clerk keyed the 5-digit ZIP Code found on the parcel. In contrast, the clerk simply positioned and faced a prebarcode parcel so that the scanners could read the barcode. The cost savings estimate associated with pre-barcode parcels was derived using PIMS productivity figures that reflect these keying task differences.

In the 2009 annual compliance report (ACR), the Postal Service inadvertently filed two versions of the Parcel Select / Parcel Return Service mail processing cost model. One version of the mail processing cost model did not include the new return sectional center facility (RSCF) product for PRS, and was filed in document USPS-FY09-NP15. The second version of the model did include RSCF, and was filed in document USPS-FY09-NP27.

The Postal Service filed Proposal Seven on September 8, 2010, presenting a new Standard Mail parcel / non-flat machinable (NFM) mail processing cost model that was developed in response to Commission comments in the previous two annual compliance determinations (ACD). This model was developed using data collected over the summer of 2009. Much of the data contained in the Standard Mail parcel / NFM mail processing cost model can also be applied to Parcel Select and Parcel Return Service mail. In addition, arrival profile data for Parcel Select were also collected from PS forms 3605 and 8125 during the summer of 2009.

In Docket No. RM2011-6, the Postal Service proposed further changes to the Parcel Select/Parcel Return Service mail processing cost model in Proposal Thirteen, filed December 22, 2010. The new Parcel Select / PRS mail processing cost model was developed using the Standard model as a starting point. Much of the input data and cost methodology are the same as that relied upon in Proposal Seven. The cost model relies on a methodology similar to that used for other mail processing cost models. Model cost estimates are developed that represent the mail processing tasks required to process the mail for each price category. The model cost estimates and the mail volume estimates for each price category are then used to de-average a CRA cost-by-shape estimate into CRA-adjusted price category cost estimates.

The Commission conditionally approved the Proposal Thirteen mail processing cost model in Order No. 719. Although the Postal Service views this Commission-approved model as an improvement over former versions of the model, it will continue to evolve as the network, price structure, and CRA reporting requirements change.

#### **Bound Printed Matter Transportation and Mail Processing Cost Estimates**

The cost models used to develop the transportation unit costs per pound and mail processing unit costs and cost avoidances for the Bound Printed Matter (BPM) categories: non-dropship, DNDC, DSCF and DDU presented in Docket No. R2006-1 were updates of the models presented in R2005-1, using the same general methodologies, with new input data and updates of parameters to reflect the most recent available data. The models filed as part of the Annual Compliance Report since PAEA have used the same basic methodological approaches.

A cost avoidance methodology is relied upon to develop estimates for the Destination NDC (DNDC), Destination Sectional Center Facility (DSCF), Destination Delivery Unit (DDU), and carrier route presort BPM rate categories. The mail processing unit cost savings estimates were developed using a methodology identical to that used in Docket No. R2005-1. The percentage of outgoing NDC costs that are avoided by DNDC parcels is first calculated and then used as an input to further analysis, along with outgoing NDC, ASF, and non-NDC costs calculated separately. The avoided outgoing NDC costs are calculated by multiplying the percentage avoided by the total outgoing NDC costs. The total avoided costs are calculated by adding the avoided outgoing NDC costs to the outgoing non-NDC costs and a portion of the outgoing ASF costs. The DNDC mail processing unit cost savings estimate is then calculated by dividing the total avoided test year costs by the volume of mail entered upstream from the NDC. The DSCF mail processing unit cost savings estimate is calculated to be the cost difference between the DNDC mail flow cost model and the DSCF mail flow cost model. The DDU mail processing unit cost savings estimate is measured in comparison to a DSCF benchmark. It is calculated to be the total DSCF model cost less the portion of the model costs that are incurred at the DDU. The carrier route presort unit cost savings estimate is calculated to be the cost difference between carrier route presort mail compared to basic presort mail. The savings are driven by the fact that carrier route presort parcels do not have to be sorted to the carrier route at the destination facility.

After the 2009 annual compliance report (ACR) was filed, the Commission issued Chairman's Information Request No. 1 on January 22, 2010. Question 18 of that request noted that there were several instances where the Bound Printed Matter and Media Mail models referenced the former Single-Piece Parcel Post split between Intra-BMC and Inter-BMC. Because the Single-Piece Parcel Post distinction between Intra-BMC and Inter-BMC no longer exists, the existing models used the FY 2008 Intra-BMC/Inter-BMC volume split as a proxy. The Commission requested the rationale for continuing to use the FY 2008 disaggregation, and asked if this methodology would continue in the future models. On February 2, 2010, the Postal Service responded by indicating that the FY 2008 data were used as proxies because no other data were available, but that the methodology and the availability of alternative cost model input data would be evaluated.

Proposal Twelve (Docket No. RM2011-5), filed on December 20, 2010, offered the Postal Service's proposed alternative data inputs. As the Commission noted, the Bound Printed Matter transportation cost model relied on zone-related percentages from the Single-Piece Parcel Post data. Upon further review, the Postal Service determined that even though the Parcel Post single-piece transportation cost model was no longer presented in ACRs, the cost segment 14.3 data that were used to calculate the zone-related percentages were still available. It was proposed that these data be used to estimate the zone-related

percentages in future versions of the Bound Printed Matter transportation cost model.

The Commission approved the Proposal Twelve cost model in Order No. 724. Although the Postal Service views this Commission-approved model as an improvement over former versions of the model, it will continued to evolve as the network, price structure, and CRA reporting requirements change.

### **Media Mail, Library Mail and Bulk Parcel Return Service Cost Estimates**

The cost models presented for Media Mail and Library Mail in Docket No. R2006-1 and in the ACR since the passage of PAEA, have relied upon a hybrid cost methodology to develop total mail processing unit cost estimates for the single-piece, basic presort and 5-digit presort rate categories. These estimates were then used to calculate mail processing unit cost savings estimates for the basic presort and 5-digit presort rate categories. A combination of mail flow cost models and CRA mail processing unit cost estimates by shape were used to develop the estimates by rate category, similar to what was described for Parcel Post and Parcel Select. The one exception was that the CRA mail processing unit cost by shape estimate represented the aggregate costs for Media Mail and Library Mail, which have identical rate structures. The basic presort and 5-digit presort mail processing unit cost savings estimates were calculated by subtracting the total mail processing unit cost estimates for each rate category from the total mail processing unit cost estimate for the single-piece benchmark.

After the 2009 ACR was filed, the Commission issued Chairman's Information Request No. 1 on January 22, 2010. Question 18 of that request noted that there were several instances where the Bound Printed Matter and Media Mail models referenced the former Single-Piece Parcel Post split between Intra-NDC and Inter-NDC. Because the Single-Piece Parcel Post distinction between Intra-NDC and Inter-NDC no longer exists, the existing models used the FY 2008 Intra-NDC/Inter-NDC volume split as a proxy. The Commission requested the rationale for continuing to use the FY 2008 disaggregation, and asked if this methodology would continue in the future models. On February 2, 2010, the Postal Service responded by indicating that the FY 2008 data were used as proxies because no other data were available, but that the methodology and the availability of alternative cost model input data would be evaluated.

Proposal Twelve (Docket No. RM2011-5), filed on December 20, 2010, offered the Postal Service's proposed alternative data inputs to the Media Mail / Library Mail mail processing cost model and the Bulk Parcel Return Service cost model. As the Commission noted, these models have relied on 2008 Parcel Post single-piece data. The Media Mail / Library Mail mail processing cost model relied on Inter-NDC and Intra-NDC volume percentages and the Bulk Parcel Return Service cost model relied on transportation leg and cost data.

Upon further review, the Postal Service determined that the best estimate of the

Parcel Post single-piece Intra-NDC volume percentage was obtained by dividing the sum of the volumes for zones 1, 2, and 3, by the total volume. In FY08, the last year Intra-NDC Parcel Post volume data were available separately from Inter-NDC data, nearly 96 percent of the mail volume was found in zones 1, 2, and 3, indicating that the percentage of mail volume represented by those zones would be a good approximation for the Intra-NDC volume percentage. The Postal Service therefore proposed that this estimate be calculated annually from the Parcel Post volume, cubic feet, and weight data and incorporated into future versions of the Media Mail / Library Mail mail processing cost model.

Bulk Parcel Return Service (BPRS) parcels, by definition, are returned Standard Mail machinable parcels. The Postal Service therefore proposed that data from the Standard Mail destination entry cost model be used to estimate the BPRS transportation and delivery costs. A cost per pound estimate for transporting origin entered Standard Mail parcels and non-flat machinables (NFM) to the delivery unit can be found in the Standard Mail destination entry cost model, and a pound per cubic foot estimate can be calculated using data from the BPRS cost model. The average cubic feet per piece can also be found in the BPRS model. The Postal Service proposed that the new BPRS transportation cost estimate should be calculated by multiplying these three figures together. Using ACR2009 data, the calculation would be performed as follows:

$$(\$0.879 / \text{pound}) * (9.022 \text{ pound} / \text{cubic foot}) * (0.084 \text{ cubic feet} / \text{piece}) = \$0.670$$

The delivery unit cost estimate has historically been based on a cost per cubic foot leg estimate for local transportation. These estimates were previously derived using Parcel Post single-piece transportation cost data. The Postal Service proposed that the new figures should also be derived using data from the Standard Mail destination entry cost model. The difference between the DSCF and DDU cost per pound savings estimates for parcels and NFM, presented in the destination entry cost model, was a good approximation for a local transportation leg. That cost per pound figure could then again be multiplied by the pounds per cubic foot estimate derived using data from the BPRS cost model, as described above. The end result was a cost per cubic foot estimate for local transportation that was based on Standard Mail data. The Commission approved the Proposal Twelve changes in Order No. 724.

Proposal Thirteen (Docket No. RM2012-1), filed on November 1, 2011, presents a revised version of the Media Mail / Library Mail mail processing cost model that relies on the same cost model format, data, and methodology as the models that were presented in Docket No. RM2010-12, Proposal Seven, and Docket No. RM2011-6, Proposal Thirteen, and subsequently approved by the Commission in Order No. 658 and Order No. 719, respectively. Although the Postal Service views this model as an improvement over former versions of the model, it will continue to evolve as the network, price structure, and CRA reporting requirements change.

**ECR Mail Processing Unit Costs**

This analysis develops mail processing unit costs by shape for Standard Mail rate categories in the categories of mail formerly known as Enhanced Carrier Route (ECR). The analysis pulls relies on the PRC cost methodology from Docket No. R2006-1 and subsequent cost model modifications described in Docket No. ACR2007, USPS-FY07-18, in which separate unit cost estimates were available for High Density and Saturation mail to provide more detail. The analysis relies on computer programs to extract clerk and mailhandler tallies from the IOCS data set and distributes them to mail processing and administrative/window service costs. Adjustments are made for dropship cost differences.

To the extent that the dropship models do not reflect current operational conditions, the ECR model could be affected. However, as the model relies primarily on distributions of tallies rather than mailflow model assumptions and the model necessarily relies on the most recent IOCS tallies, this analysis may be of a different nature from those “special studies” to which the considerations of Section 3050.12 would apply.

**Window Service Cost by Shape**

This analysis develops window service volume-variable costs by shape for First-Class Mail Presort, Standard Mail Regular, and Standard Mail ECR, relying on the PRC cost methodology from Docket No. R2006-1 and subsequent cost model modifications described in Docket No. ACR2007, USPS-FY07-20. The analysis extracts clerk and mail handler tallies from the IOCS data set, and primarily distributes costs. As such, this analysis may be of a different nature from those “special studies” to which the considerations of Section 3050.12 would apply.