

USPS-LR-R2013-1/3

Periodicals Cap Compliance

PREFACE

A. Overview of the Workpapers

USPS-R2013-1/3 contains the workpapers demonstrating that the percentage change in Periodicals prices complies with the Annual Limitation Authority. This preface is accompanied by an Excel file, CAPCALC-PER-R2013.xls, which documents both data sources and calculations for Periodicals price cap compliance. Because of the timing of this filing, hybrid year billing determinants are used throughout. These billing determinants cover the following periods: Q4 FY 2011 and Q1 through Q3 FY 2012.

In the Excel file, after the cover page and index, the next three tabs are: **Regular Rate BD**, **Nonprofit BD**, and **Classroom BD**. These three sheets provide the billing determinants for all of Outside County Periodicals including Science of Agriculture (SOA). Note that SOA volume is combined with Regular Rate volume except for the advertising pound volume rate cells in the Delivery Unit (DDU), Sectional Center Facility (SCF), Area Distribution Center (ADC), and Zones 1 and 2 entries. These SOA rate cells receive preferential treatment under the statute. There is one adjustment that was made to the billing determinants data ("preferred rate discount"), which is discussed below in section B. This adjustment relates to the recalculation of preferred rate discounts affecting both the Nonprofit and Classroom billing determinants.

The **Outside County** tab calculates the postage using the current prices as well as the new prices. The Limited Circulation discount dollar amount cannot be calculated for the adjusted prices because the billing determinants for these pieces are not available. Since this discount applies to the same rate cells as the preferred rate discount, the percent change in the calculated "preferred rate discount" dollar amount is used to calculate the Limited Circulation discount dollar amount for the adjusted prices. See section B.

The **Within County** tab - Determining Within County revenue is straightforward. The hybrid year billing determinants are used to calculate the postage revenue for cap compliance.

The **Passthroughs - OC Pcs** tab provides in a summary form the presort and automation passthroughs (discounts divided by avoided costs) for Outside County piece rates.

The **Price % of Cost-Bundle Contrib** tab provides the percentage of costs that are recognized in the various bundle, sack, and pallet prices.

The **Passthroughs - Within County** tab provides the presort, automation, and dropship passthroughs for Within County pieces.

B. Adjustment to the Billing Determinants

No adjustments to the billing determinants were needed.

C. The Revenue Calculations

The last tab, **Summary**, shows the revenue under current and new rates, along with the overall percentage change of 2.560% for the Periodicals mail class.

The **Summary** also details Periodicals banked authority resulting from the filing, citing Attachment C of this rate notice for the New CPI Authority (cell F18), and presenting new CPI Authority Used (cell F19), Unused New Authority (cell F20), Banked Authority (cell F22), Banked Authority Used (cell F23), Unused Banked Authority (cell F24), and, finally, New Banked Authority (cell F26).