

## FY12 ECR MAIL PROCESSING UNIT COSTS

### I. PREFACE

#### A. Purpose and Content

USPS-FY12-18 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.

#### B. Predecessor Documents

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  
Docket No. ACR2010, USPS-FY10-18  
Docket No. ACR2011, USPS-FY11-18

#### C. Corresponding Non-Public Document

There is no corresponding non-public document.

#### D. Methodology

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. ACR2011, USPS-FY11-18 (FY2011 ECR Mail Processing Costs), spreadsheet FY11 ECR Unit Costs.xls.

#### E. Input/Output

USPS-FY12-18 relies upon mail processing cost inputs as developed in USPS-FY12-26; volume inputs from USPS-FY12-14 and USPS-FY12-26; and drop shipment avoidances from USPS-FY12-13. It also relies upon the 2012 IOCS data set in USPS-FY12-NP21 and replicates cost distribution and cost pool assignment methodology in USPS-FY12-7.

### II. ORGANIZATION

The main results are presented in the Microsoft Office Excel workbook 'FY12 ECR Unit Costs.xls' in the spreadsheet 'Results.' This spreadsheet is also reported in Table 1 below. Data sources are referenced in each spreadsheet in

workbook 'FY12 ECR Unit Costs.xls.' The programs and workbooks used to estimate these costs are described in the Program Documentation section below.

ECR Rate Category	Unit Cost (cents)
Basic Letters	21.854
Saturation Letters	2.029
High Density Letters	1.856
Basic Flats	7.385
Basic Parcels	142.967
Total Basic Nonletters	7.391
Saturation Flats	2.043
Saturation Parcels	41.968
Total Saturation Nonletters	2.044
High Density Flats	3.589
High Density Parcels	1.981
Total High Density Nonletters	3.589

### III. PROGRAM DOCUMENTATION

#### A. Computer Hardware and Software

The FORTRAN programs are run on a HP ProLiant DL580G5 with four Intel Xeon X3750 (each with 4 cores @ 2.93GHz) microprocessors and 16 GB of RAM. The operating system on this computer is Red Hat Enterprise Linux Server release 5.5 (Tikanga) with the kernel 2.6.18-194.17.1.el5 SMP x86\_64. FORTRAN programs are compiled using GFORTRAN from GNU Compiler Collection (GCC) version 4.3.0, which can be downloaded from <http://gcc.gnu.org/fortran>. The manual processing spreadsheet work is performed on PCs running the Windows XP Professional Version 2002 Service Pack 3 operating system and using Microsoft Office Excel 2003 Service Pack 3 from the Microsoft Office Professional Edition 2003.

USPS-FY12-18 includes electronic versions of all relevant programs, maps, and data files. The compiler used to run the PC-based FORTRAN programs can be downloaded freely from <http://gcc.gnu.org/wiki/GFortranBinaries>. Download the Windows 64-bit version of GFORTRAN. To compile use the command line: x86\_64-pc-mingw32-gfortran.exe -O2 -ffixed-line-length-132 -finit-local-zero -fbounds-check -o {executable name} {program name.f}. The PC-based FORTRAN programs should be run in the same order as the programs are described below.

#### B. Preparation of the IOCS Data

The following program extracts clerk and mail handler tallies from the 2012 IOCS data set and prepares the tallies for the volume-variable cost distribution for both mail processing and administration/window service costs for clerks and mail handlers as described in USPS-FY12-7.

Program: **cadoc12\_prc.f** – Separates the clerk and mail handler tallies from the entire 2012 IOCS data set, separates the tallies between mail processing and administrative/window service, and assigns a cost pool to each tally using the method described in USPS-FY12-7.

Input: **FY12 IOCS Data** – Text flat file version of the submitted SAS IOCS nonpublic data set (USPS-FY12-NP21)  
**iocs2012.h** – Declaration of IOCS tally fields  
**mods\_fins12.prn** – List of MODS 1&2 finance numbers used to identify MODS 1&2 offices (USPS-FY12-7)  
**costpools12.prn** – Map of mail processing cost pools

Output: **clk\_mh\_mp12.dat** – IOCS mail processing tallies  
**clk\_mh\_aw12.dat** – IOCS administrative and window service tallies

## B. Cost Estimates – Clerks and Mail Handlers, Mail Processing

The following FORTRAN programs replicate the function of the mail processing cost distribution SAS programs documented in USPS-FY12-7. The results of these programs are exported into Microsoft Office Excel where final results are summarized and reported.

Program: **mpproc12\_ecr.f** – Estimates the mail processing volume-variable costs by activity code and cost pool.

Input: **clk\_mh\_mp12.dat** – IOCS mail processing tallies  
**iocs2012.h** – Declaration of IOCS tally fields  
**activity12\_ecr.dat** – List of the direct and class specific mixed activity codes  
**mixclass.intl** – List of class specific mixed mail activity codes  
**mxmail.ecr.dat** – Maps the direct activity codes to their respective class specific mixed mail activity codes  
**costpools12\_ld15.prn** – List of mail processing cost pools and cost pool dollars (USPS-FY12-7)

Output: **mp12prc\_ecr.data** – Estimated mail processing volume-variable costs by cost pool and activity code

Program: **sumclass\_ecr.f** – Rolls up the output from mpproc12\_ecr.f from activity code to Standard ECR rate category by cost pool and shape

Input: **mp12prc\_ecr.data** – Estimated mail processing costs by cost pool and activity code  
**costpools12\_ld15.prn** – List of mail processing cost pools  
**activity12\_ecr.dat** – List of the direct and class specific mixed activity codes  
**classes.cra.new** – List of CRA subclasses

Output: **mp12cra\_ecr.csv** – Estimated volume-variable costs for Standard ECR mail by cost pool, shape, and ECR rate category

Workbook: **FY12 ECR Mail Proc Costs.xls** – Summarizes estimated mail processing volume-variable costs for Standard ECR mail by cost pool, rate category, and shape.

Input: **mp12cra\_ecr.csv** – Estimated volume-variable costs for Standard ECR mail by cost pool, shape, and ECR rate category

**FY12 Mail Processing Volume-Variable Costs** – ECR mail processing costs by shape (USPS-FY12-26)

Workbook: **FY12 ECR Unit Costs.xls** – Development of FY12 ECR mail processing unit costs.

Input: **FY12 ECR Mail Proc Costs.xls**

**FY12 RPW Volumes** – USPS-FY12-26

**FY12 RPW Weights** – USPS-FY12-14

**FY12 Piggyback Factors, Cost Ratios, Volumes, and Reconciliation Factors** – USPS-FY12-26

**Nontransportation unit cost avoidance per pound per entry point** - USPS-FY12-13