

FY 2012 CRA “B” Workpapers Public Version

I. PREFACE

A. Purpose and Content

USPS-FY12-32, FY 2012 CRA “B” Workpapers, input and calculate costs by cost segment, which are then used by USPS FY12-31, CRA Model, to produce USPS-FY12-2, 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, Purchased Transportation, etc. It contains electronic documentation of the spreadsheets and programs used to develop these costs.

B. Predecessor Documents

Docket No. ACR2011, PRCACR2011-LR1, USPS-FY11-32,

C. Corresponding Non-Public Document

USPS-FY12-NP14 is the corresponding non-public folder.

D. Methodology

For purposes of this Annual Compliance Report, and consistent with the Postal Accountability and Enhancement Act, the “B” Workpapers for FY 2012 adhere to the Postal Regulatory Commission (PRC) methods. The USPS-FY12-32, “B” Workpapers, include the following methodological changes from FY 2011.

Cost Segment 3

Updated encirclement rules in the In-Office Cost System (IOCS) for Inbound International Registered Mail and for certain other Extra Services to reflect changes in operations and to correct inconsistencies. For Collect on Delivery (COD), Certified, Insured, and Signature Confirmation Extra Services, encirclement were added for certain mail processing and window operations (Docket No. RM2012-5, Proposal Three, Order 1462, September 10, 2012).

IOCS made the following changes to its reporting codes: (1) streamlined In-Office Cost System (IOCS) activity codes by eliminating codes that were no longer used for costing; (2) combined the operation codes for Outgoing Primary Distribution and Outgoing Secondary Distribution into one code; (3) added a code for Managed Mail Distribution; and (4) added or changed codes to account for the recent transfers of Parcel Select Lightweight and First-Class Package Service to

the competitive product list (Docket No. RM2012-5, Proposal Four, Order No 1462, September 10, 2012).

Cost Segment 6

Updated encirclement rules in the In-Office Cost System (IOCS) for Inbound International Registered Mail and for certain other Extra Services to reflect changes in operations and to correct inconsistencies. For Collect on Delivery (COD), Certified, Insured, and Signature Confirmation Extra Services, encirclement were added for certain mail processing and window operations (Docket No. RM2012-5, Proposal Three, Order 1462, September 10, 2012).

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Cost Segment 7

Extended an existing costing methodology to: (1) the costs of USPS Tracking Barcode delivery scans performed by city carriers during street activities (cost segment 7); and (2) the costs of all non-accountable delivery scans performed by city carriers during street activities, including any other non-accountable delivery scans that the Postal Service may introduce in the future (Docket No. RM2012-5, Proposal Two, Order 1462, September 10, 2012).

Cost Segment 8

Assigned attributable Vehicle Service Driver costs to products using distribution factors derived from a new subsystem of the Transportation Cost System (TRACS) called TRACS-VSD (Docket No. RM2012-5, Proposal Five, Order No 1462, September 10, 2012).

Replaced the current, study-based parcel densities in the Transportation Cost System (TRACS) Highway Subsystem with actual parcel dimensional data now regularly captured on TRACS-Highway tests. These densities are used to develop distribution keys for assigning volume-variable costs to postal products in Cost Segment 8 and Cost Segment 14 (Docket No. RM2012-7, Proposal Seven, Order No 1462, October 24, 2012).

Cost Segment 10

The rural evaluation factor for random letters has been corrected to 0.6978 from 0.6999 seconds per piece. Consistent with the treatment of these scans in the Rural Mail Count, tracking barcode scans have been added to the distribution key for non-signature scan items.

Cost Segment 14

Replaced the current, study-based parcel densities in the Transportation Cost System (TRACS) Highway Subsystem with actual parcel dimensional data now regularly captured on TRACS-Highway tests. These densities are used to develop distribution keys for assigning volume-variable costs to postal products in Cost Segment 8 and Cost Segment 14 (Docket No. RM2012-7, Proposal Seven, Order No 1462, October 24, 2012).

E. Input/Output

This attachment relies on inputs from USPS-FY12-7, Cost Segment 3 Cost Pools and Other Related Information and USPS-FY12-NP18, and USPS-FY12-37 ECR Mail Processing Unit Costs, In Office Cost System (IOCS) Documentation, USPS-FY12-34, City Carrier Cost System (CCCS) Documentation, USPS-FY12-35, Rural Carrier Cost System (RCCS) Documentation, and USPS-FY12-36, Transportation Cost System (TRACS) Documentation. Outputs from this attachment contribute to USPS-FY12-31, FY 2012 CRA Model.

II. ORGANIZATION

The USPS-FY12-32 "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.