

**Docket No. R2013-10**  
**USPS-LR-R2013-10/4**  
**Package Services Workpapers**

**PREFACE**

**Revisions of 10/18/2013** are discussed after original document in **BOLD**

## A. Overview of the Workpapers

The Package Services workpapers consist of one Excel workbook: CAPCALC-PSVC-R2013-10.xls. For purposes of calculating the percentage change in prices, the Package Services class includes Alaska Bypass Service, Inbound Surface Parcel Post (at UPU rates), Bound Printed Matter Flats, Bound Printed Matter Parcels, and Media/Library Mail.

Workbook CAPCALC-PSVC-R2013-10.xls performs all the revenue calculations required to determine the overall average price increase for Package Services resulting from the prices in this announcement.

The calculations in CAPCALC-PSVC-R2013-10.xls are arranged by product and are summarized as follows:

- Alaska Bypass Service: The revenue calculations are contained in six worksheets. The first, titled "Alaska Bypass," is a description of the content of the other worksheets in the Alaska Bypass section. The second worksheet, "R2013-10 Prices" contains the current prices for Alaska Bypass Service which are from the R2013-10 docket. The third worksheet, Alaska Bypass BD", shows the Billing Determinants for Alaska Bypass in the hybrid year Q4FY2012-Q3FY2013. The fourth worksheet, "New Alaska Bypass Prices", shows the proposed Alaska Bypass prices. The fifth worksheet, "Alaska Bypass @ R2013-10 Prices", calculates the revenues with the hybrid year (Q412-Q313) billing determinants at the R2013-10 prices. The sixth and final worksheet, "Alaska Bypass Rev @ New Prices" calculates the revenues using the Q412-Q313 volumes and the proposed rates.
- Inbound Surface Parcel Post (at UPU rates): The revenue calculations are contained in four worksheets. The first, titled "Inbound Surface Parcel Post," is a description of the content of the other worksheets in the Inbound Surface Parcel Post section. The second worksheet, "Inbound Surface Parcel Post BD," contains the billing determinants; the third, "Inb. Surface Parcel Post Prices," has the 2014 prices; and the fourth, "Inb. Sur. PP @R2013-10&New Prices," calculates the revenues at both sets of prices.
- BPM Flats: This section consists of nine worksheets. The first, titled "BPM Flats," is a description of the content of the other worksheets in the BPM

Flats section. The next two worksheets contain the single piece and presorted BPM Flats billing determinants for the hybrid year Q4FY2012-Q3FY2013. The next four worksheets contain prices: the first two have the R2013-10 prices for single piece and presorted BPM Flats, followed by two that contain the new prices for single piece and presorted BPM Flats. The final two worksheets contain the calculations of single piece and presorted BPM Flats revenues at R2013-10 prices and at the new prices. Details of the content and calculations are contained below in section B, and in the CAPCALC-PSVC-R2013-10.xls workbook in the “BPM Flats” worksheet and the individual worksheets themselves.

- **BPM Parcels:** This section consists of nine worksheets. The first, titled “BPM Parcels,” is a description of the content of the other worksheets in the BPM Parcels section. The next two contain the single piece and presorted BPM Parcels billing determinants for the hybrid year Q4FY2012-Q3FY2013. The next two contain the R2013-10 prices for single piece and presorted BPM Parcels followed by two worksheets with the new prices for single piece and presorted BPM Parcels. The final two worksheets contain the calculations of single piece and presorted BPM Parcels revenues at R2013-10 prices and at the new prices. Details of the content and calculations are contained below in section B, and in the CAPCALC-PSVC-R2013-10.xls workbook in the “BPM Parcels” worksheet and the individual worksheets themselves.

- **Media Mail and Library Mail:** This section consists of five worksheets. The first, titled “MM-LM,” is a description of the content of the other worksheets in the section. The second worksheet contains the Media Mail and Library Mail billing determinants for the Hybrid Year Q4FY2012-Q3FY2013, as well as the R2013-10 prices. The next worksheet has the new prices for Media Mail and Library Mail. The final two worksheets contain the calculations of revenues at R2013-10 prices and at the new prices. Details of the content and calculations are contained below in section B, and in the CAPCALC-PSVC-R2013-10.xls workbook in the “MM-LM” worksheet and the individual worksheets themselves.

- The final section of CAPCALC-PSVC-R2013-1.xls is the “Package Services Summary” worksheet. This worksheet contains the price change calculation for all Package Services. It adds up the revenues at R2013-10 prices from the R2013-10 prices revenue sheets in the workbook to obtain total Package Services revenue at R2013-10 prices. It adds up the revenues at new prices from the new prices revenue sheets in the workbook to obtain total class revenue at the new prices. It then calculates the percent change in the Package Services average price. This worksheet also calculates the new unused price change authority for Package Services. Details are supplied in section B, below, and in the “All Package Services Summary” worksheet.

## B. The Revenue Calculations

### 1. Alaska Bypass

The billing determinants, R2013-10 and new prices, and revenue calculations for Alaska Bypass are presented in workbook CAPCALC-PSVC-R2013-10.xls. Revenues at R2013-10 prices are calculated by multiplying the total volumes for each zone times the R2013-10 prices for each zone and weight. Revenues at the proposed prices are calculated by multiplying the same volumes times the proposed prices for each zone and weight.

### 2. Inbound Surface Parcel Post (at UPU rates)

The billing determinants and prices for Inbound Surface Parcel Post (ISPP) are contained in workbook CAPCALC-PSVC-R2013-10.xls. Billing determinants are in worksheet "Inbound Surface Parcel Post BD" with references to where the data are found in the ICRA. Worksheet "Inb. Surface Parcel Post Prices" contains the UPU determined prices we charge for delivery of ISPP. For all countries except Canada, which has a negotiated agreement for provision of Inbound Surface Parcel Post, there is one per-item and one per-kilogram charge. The prices are denominated in Special Drawing Rights (SDR). Price changes take place on a calendar year basis so the price change is the difference in the rates from December 31, 2013 to January 1, 2014.

Worksheet "Inb. Surface Parcel Post Prices" also contains data on the conversion of the item charge from SDR to US\$. The conversion factor used was the July 1, 2013 exchange rate of 1 SDR equals \$1.50220. Worksheet "Inb. Surface Parcel Post Prices" also contains data on the conversion of the kilogram charge to pounds. In addition, kilograms were converted to pounds by using the conversion factor of 1 kilogram equals 2.2046 pounds.

Worksheet "Inb. Sur. PP @R2013-10&New Prices" contains the volume and weight data contained in "Inbound Surface Parcel Post BD" and the 2014 rates for ISPP in "Inb. Surface Parcel Post Prices." Multiplying the volume and weight by the CY 2014 inward land rate equals \$26,101,313, the revenue at R2013-10 prices. Using the same volume and weight as the above calculation and multiplying these by the inward land rate effective January 1, 2014, equals \$26,101,313, the revenue at new prices. "Inb. Sur. PP @Cur&New Prices" then shows that the total percent change for ISPP is 0.000 percent.

### 3. BPM Flats

The billing determinants, R2013-10 and new prices, and revenue calculations for Bound Printed Matter Flats are all contained in workbook

CAPCALC-PSVC-R2013-10.xls in nine worksheets. The worksheet “BPM Flats” with the red tab contains a description of the BPM Flats section of the workbook.

The billing determinants for BPM Flats are in the two worksheets “Q4FY12-Q3FY13 BDs BPM SP Flats” and “Q4FY12-Q3FY13 BDs BPM Prst Flats.” The current prices are in the worksheets “R2013-10 BPM SP Flats Prices” and “R2013-10. BPM Prsrt Flts Prcs” and the new prices are in worksheets “New BPM SP Flats Prices” and “New BPM Presort Flats Prices.” Sources for these data are given in the individual worksheets. Revenues are calculated using R2013-10 and new prices by multiplying the volumes from the billing determinants by the R2013-10 and new prices. Details are presented in worksheets “BPM Flats Revs.@R2013-10. Prices” and “BPM Flats Revs.@New Prices.”

#### 4. BPM Parcels

The billing determinants, R2013-10 and new prices, and revenue calculations for Bound Printed Matter Parcels are contained in workbook CAPCALC-PSVC-R2013-10.xls in nine worksheets. The worksheet “BPM Parcels” with the red tab contains a description of the BPM Parcels section of the workbook.

BPM Parcels billing determinants are in the next two worksheets “Hybrid BDs BPM SP Parcels” and “Hybrid BDs BPM Presort Parcels.” R2013-10 BPM Parcels prices are in the worksheets “R2013-10 BPM SP Parcels Prices” and “R2013-10. BPM Prsrt. Parcels Prices”, and the new prices are in worksheets “New BPM SP Parcels Prices” and “New BPM Presort Parcels Prices.” Sources for data are given in the individual worksheets. Revenues are calculated using R2013-10 and new prices by multiplying the volumes from the billing determinants by the R2013-10 and new prices. Details are presented in worksheets “BPM Parcels Revs.@R2013-10. Prices” and “BPM Parcels Revs.@New Prices.”

#### 5. Media Mail and Library Mail

The billing determinants, current and new prices, and revenue calculations for Media Mail and Library Mail are contained in workbook CAPCALC-PSVC-FY2010-4.xls in four worksheets. The worksheet “MM-LM” with the red tab contains a description of the Media Mail and Library Mail section of the workbook.

The billing determinants and R2013-10 prices for both Media Mail and Library Mail are in the worksheet “FY2012Q4-FY2013Q3 MM & LM BDs.” The new prices are in the worksheet “MM & LM New Prices.” Sources for data are given in the individual worksheets. Revenues are calculated using R2013-10 and new prices by multiplying the volumes from the billing determinants by the R2013-10 and new prices; details are presented in worksheets “MM & LM Revs. @ R2013-10 Prices” and “MM & LM Revs. @ New Prices.”

## 6. All Package Services

Worksheet "Package Services Summary" in CAPCALC-PSVC-R2013-10.xls contains revenues at R2013-10 and new prices for the products in Package Services are read directly from their respective worksheets in CAPCALC-PSVC-R2013-10.xls. Specific sources and details are contained in worksheet "All Package Services Summary." The new prices in this announcement increase the average Package Services class price by 4.303 percent.

### Revisions of 10/18/2013

The primary impetus for the revisions of 10/18/2013 was the publication by the UPU of actual Inbound Surface Parcel rates, which required replacing the placeholder estimated prices used in the September 26<sup>th</sup> filing with the actual prices established by the UPU. In preparing the consequent revisions to this Preface, however, the need for further errata became apparent. These further errata correct version-control errors, in which portions of the Preface for the corresponding material in the Exigent Filing were inadvertently used in this Preface. (These errors did not reflect any actual errors in the spreadsheets or in the Notice, but merely caused misstatements to appear in this Preface.) Both types of necessary revisions (new UPU prices, version control errors) are corrected with the following changes:

In the section on page 3 entitled 2. Inbound Surface Parcel Post (at UPU Rates), substitute the following language for the portion highlighted in gray on page 3:

Multiplying the volume and weight by the CY 2013 inward land rate equals \$25,551,397, the revenue at the old CY 2013 prices. Using the same volume and weight as the above calculation and multiplying these by the inward land rate effective January 1, 2014, equals \$25,143,245, the revenue at new prices. "Inb. Sur. PP @Cur&New Prices" then shows that the total percent change for ISPP is -1.597 percent.

In the section on page 5 entitled 6. All Package Services, substitute the following language for the portion highlighted in gray on page 5:

The new prices in this announcement increase the average Package Services class price by 1.453 percent.