

**Docket No. R2010-4R  
USPS-R2010-4R/3  
Standard Mail Cap Compliance**

**I. PREFACE**

**Revisions of 10/29/13** are explained in **BOLD** at the end of this document.

The overall percentage increase for Standard Mail is 4.264 percent. USPS R2010-4R/3 contains the workpapers which demonstrate that the percentage change in Standard Mail prices complies with the Exigent request of 4.3 percent. It consists of this summary document, and one Excel workpaper described in detail below.

**II. ORGANIZATION**

A. Overview of the Workpaper

The Standard Mail workpaper consist of one Excel workbook, CAPCALC-STD-R2010-4R.xls, that performs the revenue calculations required to determine the overall average price increase for Standard Mail resulting from the prices in this filing.

The workbook, CAPCALC-STD-R2010-4R.xls, takes the FY 2012Q4-FY 2013Q3 billing determinants volume weights and, using current and new prices, develops the total Standard Mail revenues at current and new prices. The details of these calculations are described in subsection (B), below, and in the first worksheet in CAPCALC-STD-R2010-4R.xls, titled "Description," which provides references to specific worksheets in the workbook. The last worksheet in CAPCALC-STD-R2010-4R.xls performs the price change calculation for Standard Mail, showing that the overall price change is below the cap. It also calculates the Banked authority for Standard Mail resulting from the filing.

B. The Revenue Calculations

The adjusted billing determinants are used to calculate the price increase for Standard Mail in workbook CAPCALC-STD-R2010-4R.xls. The data and calculations are described in the first worksheet "Description" and in the individual worksheets. The volumes used for the revenue calculations are taken from the FY 2012Q4-FY 2013Q3 Standard Mail billing determinants and are shown in worksheets "L-F-P Com. Cap Weights," "L-F-P NP Cap Weights," "HD-Sat-CR Com. Cap Wts.," "Parcels-Regular Samples Wts," "HD-Sat-CR NP Cap Wts," and "Parcels-NP Samples Wt.s" As described in the "Description" worksheet, the billing determinants were adjusted to

- (i) Reflect the new Simple Samples pricing structure:

This pricing structure was introduced in Docket No. R2013-1 and went into effect in January 2013. The volume is mapped in this docket again because of residual Carrier Route, High Density, and Saturation volume in Q3 and Q4 2012 and part of Q1 2013. As a reminder the new pricing structure of Simple Samples is based on volume tiers, small and large. In addition, there will be handling fees if the sample parcels are not entered at the DDU, but instead are entered at the DNDC and DSCF. The volume for the mailings entered at the DNDC and DSCF are also mapped.

- (ii) Reflect the introduction of FSS pricing:  
The hybrid billing determinants in this price filing for 5-Digit, High Density, High Density Plus, and Carrier Route were adjusted. The 5-Digit, High Density, High Density Plus, and Carrier Route volume is the 5-Digit, High Density, High Density Plus, and Carrier Route volume that is currently in non-FSS zones, while the volume shown in the DFSS Facility pallet and DFSS Scheme pallet rows is the flats volume in the FSS zones.
- (iii) Reflect the introduction of new prices for Every Door Direct Mail-Commercial at every entry point.  
In this price filing, the Postal Service has introduced new prices for Every Door Direct Mail – Commercial at each entry point: Origin, DNDC, DSCF, and DDU. The volume that was mapped to these cells was disaggregated from the DDU Saturation volume.

The prices are the current Standard Mail prices from the MCS rate schedules and the new prices set forth in Attachment A to the Postal Service's Notice of Market-Dominant Rate Adjustment. The revenue calculations are presented in the four worksheets: "LFP Revenue@Current Prices," "LFP Revenue@New Prices," "HD-Sat-CR Revenue@Curr. Prices," and "HD-Sat-CR Revenue@New Prices." The final revenue calculation and percentage price increase for Standard Mail as a whole is presented in worksheet "Price Change Summary," which also contains the calculation of Banked authority and the average revenue calculation for all commercial and all nonprofit Standard Mail, showing that the new prices meet the 60 percent ratio requirement.

### REVISIONS OF 10/29/13

**The revisions of 10/29/13 in the Standard Mail Exigent workpapers are the result of adjustments to a few of the Standard Mail prices presented in Attachment A (the MCS) to the Exigent Request. As explained in the accompanying Notice of Further Errata to the Request, these adjustments were made to the rates for High Density Plus Letters in the 3.3 through 3.5 ounce cells, in order to eliminate anomalies between those rates (as initially presented on September 26, 2013) and the rates for the**

corresponding cells of the Saturation category. Similar revisions are also being made on 10/29/13 to the same rate cells in the CPI filing.

An additional set of revisions, made in the Exigent filing only, relates to the commercial High Density Plus Letters in the 3.5 through 16 ounce rate cells. Rates for these cells (which were previously determined by an MCS formula) were not entered correctly in the Standard Mail workpapers for the Exigent case. The Exigent workpapers are consequently being additionally revised to reflect the correct Exigent rates (i.e., those derived from proper application of the previous MCS formula) for commercial High Density Plus Letters above 3.5 ounces, and those rates in the workpapers thus now match the rates in the MCS (which, after today's MCS revisions, now appear explicitly in rate tables, rather than implicitly by formula). The effect of this revision in the Exigent workpapers is even smaller in magnitude than the miniscule effects of the revised rates for pieces between 3.3 and 3.5 ounces.

In the Excel files, the tabs affected by these price adjustments are highlighted in yellow, and within those tabs, the cells that change are also highlighted in yellow. The effect of these changes is so small that the overall percentage increase for Standard Mail (as presented in the first sentence of this Preface), remains unchanged at 4.624 percent.

In preparing this revised Preface, it was discovered that the first sentence of the last paragraph of the original Preface, highlighted in gray above, was unintentionally reproduced verbatim from the CPI workpapers, resulting in an inaccurate description of the price changes being compared in these Exigent workpapers. Therefore the sentence should be changed to read as follows:

**The baseline prices are the Standard Mail prices from the MCS rate schedules appended to the Notice of Market-Dominant Rate Adjustments in the CPI case (as also revised on 10/xx.13 in order to eliminate the same anomalies), and the new prices are those set forth in Attachment A to the Postal Service's Renewed Request for Exigent Relief in the Exigent case.**

The same problem (inadvertent verbatim reproduction of the CPI Preface) requires a similar change on the first page of the Preface, where the first highlighted sentence on that page should be revised to read:

**The workbook, CAPCALC-STD-R2010-4R.xls, takes the FY 2012Q4-FY 2013Q3 billing determinants volume weights and, using proposed R2013-10 and new Exigent prices, develops the total Standard Mail revenues at proposed R2013-10 and new Exigent prices.**

Similarly, the Banked authority calculation made in the CPI worksheets are omitted from the Exigent worksheets, and therefore the references to Banked authority calculations highlighted in gray above on page 1 and page 2 should be deleted.