

**Docket No. R2013-10
USPS-LR-R2013-10/2
Standard Mail Workpapers**

PREFACE

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

The overall percentage increase for Standard Mail is 1.609 percent, slightly less than the annual limitation authority of 1.696 percent. USPS-LRR2013-10/2 contains the workpapers which demonstrate that the percentage change in Standard Mail prices complies with the Available Rate Change Authority. It consists of this summary document, and two sets of Excel workpapers described in detail below.

A. Overview of the Workpapers

The Standard Mail workpapers consist of one Excel workbook, CAPCALC-STD-R2013-10.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-R2013-10.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-R2013-10.xls, titled "Description," which provides references to specific worksheets in the workbook. The last worksheet in CAPCALC-STD-R2013-10.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-R2013-10.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 Wts." As described in the "Description" worksheet, the billing determinants were adjusted to

- (i) Reflect the 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 CPI workpapers are the result of adjustments to a few of the Standard Mail prices presented in the MCS appended to the Notice of Market-Dominant Rate Adjustment. As explained in the accompanying errata to the Notice of Market Dominant

Rate Adjustments, these further 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.

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 1.609 percent.