

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

RATE ADJUSTMENT DUE TO EXTRAORDINARY
OR EXCEPTIONAL CIRCUMSTANCES

Docket No. R2013-11

**UNITED STATES POSTAL SERVICE NOTICE OF FURTHER
REVISIONS TO THE STATEMENT OF STEPHEN NICKERSON -- ERRATA**
(November 22, 2013)

On September 26, 2013, the Postal Service filed its renewed Request for Exigent Relief, which was docketed by the Commission as Docket No. R2013-11. The Postal Service hereby provides notice of updates to the Statement of Stephen Nickerson. These updates are in response to Question 2 of POIR No. 6, which requested updates to reflect the effects of the November 13th Competitive Services filing (Docket No. CP2014-5) on the financial information provided in the Exigent filing. The effects of the Competitive Services filing are reflected in the updated Attachments 15-28, and those effects further require some modifications in the text of the Statement to the discussion of the Postal Service's expected financial condition..

The specific revisions to the text of the Statement of Stephen Nickerson are described below. While the actual changes are fairly minor, they are extensive enough in length to cause page and line numbers to change. So, the descriptions below use as a reference point the page and line numbers from the Statement as revised on October 25, 2013, which differ slightly from the page and line numbers where these portions of the newly revised text appear in the attached version of the Statement.

Text

Page 5, following line 3, discussion has been added to describe the net contribution effects of the recently announced Competitive Product changes (adds \$0.56 billion on a full-year basis).

Page 12, lines 2-5, discussion has been added to indicate the combined effects on liquidity at the end of FY2014, expressed in terms of both dollars and days, of the exigent change, the CPI change, and the competitive products change, such that "\$4.161 billion" changes to "\$4.505 billion," and "15 days" changes to "17 days."

Page 15, lines 8-14, the discussion of documentation has been modified to reflect that the relevant Attachments no longer assume no change in rates for Competitive Products, but instead reflect the effects of the recently announced Competitive Product proposals.

Attachments

Attachments 15-18, 21-22, and 25-28 are revised today to reflect the financial effects of the Competitive Products proposals in Docket No. CP2014-5. In general, compared with the October 25th version of these Attachments, changes appear in rows that relate to domestic or international competitive products, or rows that reflect totals of both market dominant and competitive products, or columns that relate to FY14 After Rates (either October or January implementation). There are no revisions to Attachments 19-20 or 23-24 associated with the Competitive Products proposals, as

they do not present any after-rates data. Similarly, Attachments 1-14 were not affected by the Competitive Product proposals.

Additional Change in Text

In addition to the revision relating to the Competitive Products filing, there is one additional unrelated change in the text. On what were lines 6-7 of page 8 of the October 25th version, “could reduce liquidity by approximately \$600 million” has been corrected to more accurately state “could reduce liquidity by approximately \$400 to \$500 million, depending on mail volume and mix.”

Because these limited revisions nonetheless bump page and line numbers throughout the Statement, a complete copy of the entire revised text of the Statement is attached, as well as a complete set of Attachments 1-28 with the most current revisions (if any) to each Attachment. An Excel version of the Attachments (as revised) is also attached electronically.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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November 22, 2013

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001**

**RATE ADJUSTMENT DUE TO EXTRAORDINARY
OR EXCEPTIONAL CIRCUMSTANCES**

Docket No. R2010-4R

**STATEMENT OF
STEPHEN J. NICKERSON
ON BEHALF OF THE
UNITED STATES POSTAL SERVICE**

1 **I. Biographical Sketch**

2 My name is Stephen J. Nickerson. I was appointed Manager, Finance
3 (Headquarters), of the United States Postal Service in July 2013, reporting to the Vice
4 President for Finance and Planning. I am responsible for forward-looking financial
5 information, including budgets and multi-year financial forecasts. I have been employed
6 by the Postal Service since 1990, serving in a variety of professional and management
7 positions within the finance and accounting functions.

8 I have 28 years of experience in financial management. Prior to being appointed
9 to my present position, I was Manager, Corporate Accounting, since 2007. I began my
10 career in 1984 with Big Four accounting firm Touche Ross & Co., predecessor to
11 Deloitte & Touche.

12 I graduated cum laude from Lebanon Valley College with a Bachelor of Science
13 degree in Accounting. I also earned a Masters in Accounting Science degree from the
14 University of Illinois at Urbana-Champaign.

15 **II. Overview of Statement**

16 The purpose of this statement is to provide a financial context for the Postal
17 Service's request for exigent price increases for market dominant products. I begin by
18 calculating the amount of contribution that the Postal Service lost due to the recent
19 recession, as well as the amount of contribution that the Postal Service expects to gain
20 from the proposed price increases. Next, I show why the expected additional
21 contribution is necessary to ensure that the Postal Service continues to provide prompt,
22 reliable, and effective universal postal services. Then, I discuss the initiatives and other
23 measures that the Postal Service has undertaken to improve its financial position, and

1 will continue to pursue going forward. I close by explaining the models and calculations
2 underlying the projections provided herein.

3 **III. Contribution Lost Due to the Recession**

4 In his statement, Thomas Thress updates the estimate he provided in November
5 2011 of the amount of mail volume that the Postal Service has lost due to the recession.
6 His updated estimates are reproduced in the table below:

Table 1
Exigent Volume Losses (in millions), FY 2008 – FY 2012

	Volume
FY 2008	(11,061)
FY 2008 thru 2009	(34,759)
FY 2008 thru 2010	(42,333)
FY 2008 thru 2011	(47,981)
FY 2008 thru 2012	(53,546)

7
8 In November 2011, Virginia Mayes converted Mr. Thress's volume losses into lost
9 revenue and contribution.¹ Below, I update that calculation into FY 2012 terms, using
10 Mr. Thress's updated volume losses and figures from the FY 2012 Annual Compliance
11 Determination:

Table 2
Exigent Revenue and Contribution Losses (in millions),
FY 2008 – FY 2012

	Volume	Revenue	Contribution
FY 2008	(11,061)	(\$3,398)	(\$1,246)
FY 2008 thru 2009	(34,759)	(\$9,973)	(\$3,634)
FY 2008 thru 2010	(42,333)	(\$12,763)	(\$4,816)
FY 2008 thru 2011	(47,981)	(\$14,898)	(\$5,770)
FY 2008 thru 2012	(53,546)	(\$16,883)	(\$6,644)

12

¹ Statement of Virginia J. Mayes, Docket No. R2010-4R (Nov. 21, 2011).

1 **IV. Expected Contribution Gain from Proposed Prices**

2 The contribution loss due to volume declines caused by the recession during the
3 2008 – 2012 period is over \$6.6 billion.² This represents a continuing loss of annual
4 volume, revenue and contribution. As discussed in section VI, the Postal Service made
5 numerous cost reductions in response to the revenue loss, which have allowed it to
6 maintain a minimal level of liquidity (excepting defaults on retiree health benefits (RHB)
7 prefunding requirements). However, even as cost reductions are implemented, this
8 level of liquidity is intolerably low and must, under prudent management, be increased.

9 The Governors have therefore determined that, in the absence of legislation, it is
10 necessary to seek additional contribution through an exigent price increase. However,
11 they have determined that it would not be prudent to request a price increase in 2014 to
12 replace 100 percent of the contribution lost through the recession, out of concern for the
13 potential adverse effects that such a large price increase could have on mailers. The
14 Postal Service’s intent in requesting this exigent price increase is to strike a balance
15 between this concern and the Postal Service’s need for additional liquidity to satisfy
16 current and future financial demands. The result of this balancing is the Postal
17 Service’s proposal to raise market dominant prices by 4.3 percent, on top of the price
18 increases within the price cap set forth in Docket No. R2013-10. The Docket No.

² The above quantification of lost contribution reflects the value in FY2012 of lost contribution from recession-related volume losses, based as it is on unit contribution figures from the FY2012 ACD. In fact, when the same volume losses are evaluated using unit contribution figures from FY2014, the time period I use to estimate the value of the new contribution from the exigent price adjustments, the harm estimates are even higher. For example, the estimated contribution loss from Market Dominant volumes lost in FY08-FY09 increases from \$3.634 billion in FY2012 terms to \$4.257 billion in FY2014 terms, and the estimated contribution loss from volume lost over the entire FY08-FY12 period increases from \$6.644 billion to \$7.669 billion. The FY14 Before-Rates unit contribution figures used for these estimates are those appearing in my Attachment 10 below, and full details on both sets of calculations (using FY12 ACD and FY14BR unit contributions) can be found in the spreadsheet provided in USPS-R2010-4R/11.

1 R2013-10 price increases are expected to result in \$577 million in additional annualized
2 contribution, and the exigent price increases are expected to result in \$1.78 billion in
3 additional contribution, resulting in a total of \$2.36 billion in additional market dominant
4 contribution. In addition, price increases for Competitive Products (Docket No.
5 CP2014-5) are estimated to generate an additional \$0.56 billion in annualized
6 contribution, resulting in a total of \$2.92 billion in additional annualized contribution from
7 both market dominant and competitive products combined.

8 **V. Necessity of Additional Contribution**

9 The Postal Service's problem is a lack of adequate liquidity.³ This problem is not
10 adequately addressed in a normal price change for market dominant products, where
11 price increases are constrained by inflation, as costs are also generally rising with (or
12 above) inflation. This exigent price change is necessary to help improve liquidity to
13 ensure that the Postal Service can continue providing effective and regular postal
14 services.

15 The Postal Service has borrowed its full \$15 billion of legally allowed debt and
16 cannot pay all of its obligations. It has defaulted on \$11.1 billion of retiree health
17 benefits prefunding payments due in FY2012, and will default again in FY2013, and on
18 every foreseeable future scheduled RHB pre-funding payment due under current law.
19 The Postal Service has no foreseeable means of paying off its \$15 billion debt, and its
20 ability to meet its other financial obligations will ultimately come into question without
21 additional liquidity.

³ The discussion of liquidity assumes that the Postal Service will not use any cash to pay past due or future Retiree Health Benefits Fund (RHB) payments but will be able to use cash that was not used for that purpose to pay other obligations as they come due. The Postal Service does not have adequate cash to fully pay its RHB obligations, and if it used its available cash to partially pay those obligations it would have no cash to fund operations.

1 The table below presents the Postal Service’s available liquidity (i.e., unrestricted
 2 cash plus available borrowing capacity) at the end of each of the last five fiscal years⁴:

3 **Table 3**
 4 **Available Liquidity (in millions), FY 2008 – FY 2012**

	Sept. 30, 2012	Sept. 30, 2011	Sept. 30, 2010	Sept. 30, 2009	Sept. 30, 2008
Liquidity (Cash + Available Borrowing Capacity)	\$2,319	\$3,488	\$4,161	\$8,889	\$9,232
Unpaid Retiree Health Benefits (RHB) Prefunding	\$11,100	-	-	-	-
Liquidity if RHB Had Been Paid ⁵	(\$8,781)	\$3,488	\$4,161	\$8,889	\$9,232

5
 6 The table illustrates the dramatic erosion in the Postal Service’s available liquidity over
 7 a short time period. From September 30, 2008 to September 30, 2012, the Postal
 8 Service’s liquidity declined by almost \$7 billion. Had the Postal Service not defaulted
 9 on the two Retiree Health Benefits Fund payments due at the close of FY 2012, its
 10 liquidity then would have been negative \$8.8 billion. In other words, it would not have
 11 had any cash to fund its operations. Even after defaulting, the Postal Service’s liquidity
 12 was very low.

13 The numbers in the table above include cash that can only be used by the
 14 Inspection Service for specified activities; thus, available liquidity is effectively about
 15 \$194 million lower in 2012 than shown in the table above.

⁴ As of September 30, 2012, the Postal Service had approximately \$194 million of cash that may only be used as specified by the Postal Inspection Service for approved law enforcement expenditures, and for consumer education programs intended to prevent fraud. Thus, available liquidity is effectively \$194 million lower than shown in the table above. Similar, albeit lesser, amounts of cash not available for operating activities are included in each prior year.

⁵ Liquidity in each year from 2009 - 2012 would have been \$4.0 billion lower had Congress not passed P.L.111-68, which deferred \$4.0 billion of retiree health benefits prefunding that would have been due in 2009. The \$4.0 billion that was deferred is included in the unfunded liability and will be included in the amortization payment calculated by OPM scheduled to begin in 2017.

1 biweekly payroll is \$1.7 billion. In other words, at the end of FY 2013 and FY 2014, the
2 Postal Service will have only \$700 million in cash above its biweekly payroll.
3 Additionally, the Postal Service is required to make a payment of approximately \$1.4
4 billion to the Department of Labor in mid-October of each year, for workers'
5 compensation. Sufficient liquidity must be available to make this annual payment, along
6 with biweekly payrolls and other operating expenses, while maintaining some margin of
7 safety. Any number of possible events or circumstances could push the amount of cash
8 at some point during the year below the payroll amount, imperiling the continued
9 operation of the organization.

10 For example, a \$1 billion reduction in revenues below what is projected, which is
11 the average revenue decrease over the last three completed fiscal years, could reduce
12 liquidity by approximately \$400 million to \$500 million, depending on mail volume and
13 mix, and assuming timely execution of work hour reductions commensurate with the
14 volume loss. One can easily posit a scenario in which economic circumstances result in
15 an even greater reduction in revenue, and therefore reduction in liquidity. Likewise,
16 increases in inflation adversely affect the Postal Service's costs. A one percent
17 increase in the CPI would increase our annual wage costs by approximately \$155
18 million. Costs for transportation, healthcare and other expenses would also increase as
19 well. Fuel prices can be particularly volatile. The current and projected levels of
20 liquidity are not sufficient to allow the organization to absorb any significant financial
21 adversity.

22 Contrast the Postal Service's minimal level of liquidity to what a healthy private-
23 sector enterprise would prudently maintain. FedEx Corporation, an organization roughly

1 2/3 the size of the Postal Service (\$44 billion in revenue in their FY 2013) had \$4.9
2 billion in cash at May 31, 2013, plus an available \$1 billion line of credit, for total
3 immediately available liquidity of \$5.9 billion, or roughly 2 ½ times that of the Postal
4 Service. In addition, they have ready access to the public debt and equity markets via a
5 shelf registration on file with the Securities and Exchange Commission, where they
6 could likely raise billions more. UPS, a company with \$54 billion in 2012 revenues, had
7 \$7.9 billion of cash and marketable securities on their December 31, 2012 balance
8 sheet. They also had an unused \$10 billion commercial paper program, giving them
9 access to total liquidity of \$17.9 billion. Compared to these two smaller enterprises, the
10 financial weakness of the Postal Service is obvious.

11 Looking even further forward, as any prudent business must, the liquidity
12 pressures upon the Postal Service will only increase. Many of the financial benefits that
13 the Postal Service expects to realize through the operational and workforce initiatives
14 outlined in the April 16, 2013 Five-Year Plan result from initiatives that will largely be
15 completed in 2014. Beyond that time, planned cost savings (excluding those requiring
16 legislation) will not be sufficient to offset inflationary pressures on costs; these will
17 become more evident in 2015 and beyond, as discussed below. Further, the cost
18 savings initiatives that are within the Postal Service's control will not, by themselves, be
19 sufficient to improve the Postal Service's critically low liquidity position. In fact, without
20 legislative relief and/or an exigent price increase, the Postal Service will likely reach a
21 point of insolvency (even putting aside continuing defaults on RHB prefunding) even
22 assuming that significant adverse conditions do not arise.

1 During 2013, the Postal Service worked to maximize the number of lower-cost
2 non-career employees under the recently enacted contracts with its four largest unions.
3 In 2014, we will capture the full year effects of that maximization. Going forward,
4 however, the savings from non-career employees will decrease in 2015 and 2016; as
5 the total career employee complement decreases, the number of non-career employees
6 must also decrease in order to maintain a constant ratio. Beyond the expiration dates of
7 the current union contracts (May of 2015 and 2016), the Postal Service can only
8 increase the proportion of non-career employees if it secures new agreements with its
9 unions to do so, or secures an arbitration award that provides for an increase; either of
10 these outcomes are uncertain.

11 Additionally, contracts with each of the major unions call for annual wage
12 increases of 1.0 percent to 1.5 percent, plus cost-of-living adjustments, each year from
13 2014 through their expiration. These increases are offset in 2014 by planned
14 operational and cost savings. In years beyond 2015, when the effects of 2013 and
15 2014 cost saving initiatives have been fully realized, these inflationary cost pressures
16 will become more apparent.

17 Likewise, savings from consolidating mail processing operations, delivery units
18 and routes, and transportation can only be achieved once. Savings from closing or
19 consolidating facilities or transportation, for example, are by their very nature one-time
20 occurrences; once the savings have been realized they cannot be repeated unless
21 further consolidations are undertaken. Additionally, there is a practical limit below which
22 the infrastructure cannot be reduced without reducing service.

1 It is also extremely likely that mail volumes will continue to decline beyond 2014.
2 First-Class Mail volumes have decreased every year since 2001, and there is no reason
3 to believe this trend will change. The anticipated growth in package volume will not be
4 enough to offset the contribution lost by the continuing decline of First-Class Mail.

5 Lastly, it must be recognized that one of the mechanisms the Postal Service has
6 used to remain solvent is the deferral of capital investments. Capital cash outlays
7 declined from \$2.0 billion in 2008 to \$0.7 billion in 2012. This low level of capital
8 spending cannot be maintained indefinitely. For instance, much of the Postal Service's
9 delivery vehicle fleet is nearing the end of its useful life. The Government Accountability
10 Office, in a May 2011 report, expressed concern that "USPS's financial condition poses
11 a significant barrier to its ability to fund a major acquisition of its delivery fleet", which
12 was estimated to cost \$5.8 billion. Implementation of the exigent price increase will give
13 Postal Service greater ability to make necessary capital investments.

14 Added to these operational and contractual requirements are two significant,
15 legally-mandated cash outlays that will begin in 2017. The size of these mandates
16 dictates that the Postal Service begin to generate additional liquidity now. As required
17 by the Postal Accountability and Enhancement Act of 2006 (PAEA), beginning in 2017,
18 the Office of Personnel Management will establish a 27 year amortization schedule to
19 fund any unfunded CSRS actuarial liability (which was \$19 billion at September 2012).
20 Likewise, the retiree health benefits obligation does not cease just because the
21 scheduled prefunding payments have not been made. Beginning in 2017, the Postal
22 Service will be required to pay the actuarially-determined normal cost of providing

1 retiree health benefits, plus OPM-determined amortization of the remaining unfunded
2 liability. These additional payment requirements will further strain future liquidity.

3 Further, the Postal Service currently has (as of August 31, 2013) \$15.0 billion in
4 debt, a workers' compensation liability of \$16.5 billion, and an unpaid RHB prefunding
5 liability of \$16.3 billion. The modest increase in cash flow accomplished by the exigent
6 price increase represents merely one, albeit important, step in alleviating the Postal
7 Service's financial difficulties so that it can continue to provide effective and regular
8 postal services, as it will allow the organization to pay down some of its debt in the short
9 term.

10 If the Postal Service in January 2014 implements the exigent price increases, the
11 price increases set forth in Docket No. R2013-10, and the Competitive price increases
12 set forth in Docket No. CP2014-5, and continues to default on its legally-mandated RHB
13 payment obligation, it expects its available liquidity to be \$4.505 billion, or 17 days, by
14 the end of 2014,⁸ with the \$1.4 billion workers' compensation payment due just 15 days
15 later. This remains well below the level of cash that a financially sound private sector
16 company would have, as demonstrated above. It is also less than one RHB prefunding
17 payment. It bears emphasizing that this minimal level of liquidity can only be
18 accomplished if the Postal Service continues to default on the legally-mandated
19 prefunding payments for the Retiree Health Benefits Fund.

20 **VI. Cost Saving and Efficiency Initiatives**

21 In response to the significant losses of mail volume beginning in FY 2008, postal
22 management took numerous actions to reduce costs. These actions resulted in the

⁸ If the two increases were to be instituted in October 2013, then available liquidity at the end of FY 2014 would be an estimated \$4.659 billion, or 18 days. These figures illustrate the annualized effect of the price increases.

1 reduction of work hours from 1,423 million in 2007 to 1,122 million in 2012. This 21
2 percent reduction was accomplished by reducing the number of career employees by
3 157,000 through efforts that included separation and retirement incentives that were
4 accepted by approximately 30,000 people, reductions in overtime and consolidation of
5 six district offices and one area office. Recognizing that comprehensive reforms are
6 required to update the Postal Service's obsolete business model, the Postal Service
7 issued its first Five-Year Business plan in March 2010 and its latest update in April
8 2013. The most recent plan outlines continuing management efforts to enhance
9 revenue, improve productivity and reduce cost, as follows.

- 10 • Redesigning and increasing the efficiency of the mail processing network,
11 including a reduction in the number of mail processing locations and distribution
12 plants, and the rescheduling of transportation routes.
- 13 • The Post Office Structure Plan (POStPlan), which keeps existing Post Offices in
14 place, but with reduced retail hours to match customer use.
- 15 • Delivery Optimization, which consolidates delivery offices (non-retail) and
16 expands centralized delivery.
- 17 • Expanding customer access to postal services through the establishment of
18 Village Post Offices, along with expanded and improved online access.
- 19 • Reducing labor costs in new contracts with the four largest labor unions that
20 included a two-year wage freeze, a lower wage scale for new career employees,
21 creation of new, lower-cost, non-career employee categories, and a decrease in
22 the employer share of health insurance premiums.

- 1 • Substantially reducing the career postal workforce by 156,000 (23 percent) from
2 2007 to 2012, with additional reductions planned for the next five years.
- 3 • Approximately \$14 billion of annualized savings from 2008 to 2012 with
4 workhours reduced by 21 percent.

5 These efforts continued to pay dividends in 2013, as workhours were reduced by
6 1.3 percent and compensation and benefits costs decreased by \$558 million for the first
7 nine months of 2013. In fact, if the unaffordable RHB prefunding payment and non-
8 cash workers' compensation costs are excluded, the Postal Service's net loss for the
9 first nine months of 2013 dropped by almost \$900 million compared to the first nine
10 months of FY 2012. The Plan calls for savings by FY 2016 of \$6.0 billion from
11 operational initiatives in mail processing, delivery, and retail, and \$1.8 billion from wage
12 restraint and workforce flexibility.

13 The Five-Year Plan also identifies a number of significant cost saving initiatives
14 which require legislation, including the implementation of a Postal Service-sponsored
15 health care plan outside of Federal Employee Health Benefit Plan (FEHBP), refund of
16 Federal Employee Retirement System (FERS) overfunding, and transition to a six-days-
17 per-week delivery schedule for packages and five-day mail delivery. As the timely
18 passage of comprehensive postal reform legislation that adequately addresses the
19 shortcomings in our business model has not occurred in the past three years, nor can it
20 be assured to occur at any time in the future, the Postal Service must consider
21 additional actions to assure that it has sufficient liquidity to continue operations, which is
22 why this increase is being proposed.

23

1 **VII. Guide to Documentation**

2 At the end of my Statement are Lists of Attachments and Related Folders. The
3 Attachments provide details of the financial impacts of the CPI price increases and
4 comparisons of three different forecast scenarios. Following the CPI price increase
5 Attachments, numbered 1–14, are similar Attachments for the exigent price increase
6 (including CPI) , numbered 15 – 28.

- 7 • The Before Rates Forecast assumes that Market Dominant prices will not be
8 increased in FY 2014.
- 9 • The After Rates Forecast assumes that the exigent price changes, discussed
10 in the Statement of Altaf Taufique are implemented on January 26, 2014.
- 11 • The After Rates-Full Year Forecast assumes that the same price changes are
12 implemented on October 1, 2013, the first day of FY 2014. This After Rates-
13 Full Year Forecast supports the *pro forma* financial analysis that describes
14 the impact of the price increases over the course of a full year, and is for
15 comparative analysis purposes only.
- 16 • All three forecast scenarios include forecasts of Market Dominant mailing and
17 special services transactions.
- 18 • The After Rates forecast scenarios include the price increase for Competitive
19 Products that will also be effective on January 26, 2014. These price
20 changes were decided by the USPS Board of Governors, announced on
21 November 13, 2013 and filed with the Commission as Docket No. CP2014-5.
22 Given that Competitive products' revenues are less than 20 percent of total

1 revenues, the price increase on this population does not materially impact our
2 liquidity or the analyses in this filing.

3 The following discussion briefly explains the approach to developing the
4 forecasts and identifies the supporting material provided in the related folders.

5 A. Volume and Revenue

6 The volume forecast in support of the exigent price increase is based on an
7 update of the econometric demand analysis filed with the Commission by the Postal
8 Service on January 22, 2013. The original analysis was filed in compliance with
9 Commission Rule 3050.26 and was based on information available in the fall of 2012.⁹
10 The demand models and forecasts used in the instant docket are based on information
11 available in July 2013. This information includes Postal Service revenue and volume
12 data through Quarter 3, FY 2013. Historical and forecasted exogenous economic data
13 were obtained from Global Insight's July 2013 baseline forecast. Historical and
14 forecasted data for other exogenous variables, such as those measuring the effects of
15 electronic diversion and competitors, were obtained from RCF Economic and Financial
16 Analysis, Inc. (RCF).

17 Revenue forecasts for this docket are developed by multiplying the forecasted
18 volumes by the appropriate average revenues per piece. Therefore, a 5.9 percent price
19 increase, for example, increases the forecast of the revenue per piece by 5.9 percent.

20 Attachment 1 – Mail Volume by Fiscal Year, shows the actual FY 2012 mail
21 volume, our current projection for FY 2013, and the FY 2014 mail volumes projected

⁹ See, USPS Demand Analyses FY 2012 - Market Dominant:
[http://www.prc.gov/prc-
pages/library/detail.aspx?docketId=&docketPart=Documents&docid=86286&docType=Periodic
Reports/Data Reports&attrID=&attrName=](http://www.prc.gov/prc-pages/library/detail.aspx?docketId=&docketPart=Documents&docid=86286&docType=Periodic Reports/Data Reports&attrID=&attrName=)

1 under the three sets of Market Dominant price change assumptions. The Before Rates
2 (BR) forecast shows volume results assuming no price increase. The After Rates (AR)
3 forecast assumes CPI and exigent price increases are implemented on January 26,
4 2014. The After Rates-Full Year (ARFY) forecast assumes rate implementation on
5 October 1, 2013 and is provided solely to demonstrate the effect of the increases for a
6 full year.

7 Attachment 2 - Mail and Special Services Revenue by Fiscal Year, shows the
8 2014 revenues associated with the volumes in Attachment 1.

9 The detailed revenue and volume forecasts for Market Dominant products, along
10 with the demand equations, are included in Folder USPS-R2010-4R/9 Revenue and
11 Volume Forecast Materials (Public Version). Comparable information for Competitive
12 Products, which are not the subject of this proceeding, is presented in Folder USPS-
13 R2010-4R /NP3 Revenue and Volume Forecast Materials (Non-Public Version).

14 B. Expenses

15 The determination of costs is described in more detail in the next and succeeding
16 paragraphs, but Attachment 3 summarizes Revenue and Expenses for each of the FY
17 2012 Actual results, FY 2013 Forecast, and the three forecasts for FY 2014 assuming
18 the different pricing scenarios. Attachment 4 presents Statements of Cash Flows based
19 upon the same five sets of financial criteria for 2012 through 2014.

20 Cost change factors are developed using the methodologies described in the
21 Cost Factor Development Model, which is documented in Folder USPS-R2010-4R /8
22 Cost Factor Development (Public Version). The approach to the development of the
23 cost factors relies on the methodologies used in former Revenue Requirement filings.

1 Cost factors include Cost Level, Non-Volume Workload, Additional Day, Cost
2 Reductions, Other Programs, Corporatewide Activities, and Servicewide Costs. A full
3 description of these factors is included in Folder USPS-R2010-4R/8 at RfdescrR2010-
4 4R.

5 These cost factors are applied to FY 2012 and FY 2013 accrued and estimated
6 costs by cost component using the Product Cost & Contribution Estimation Model
7 (PCCEM) documented in Folder USPS-R2010-4R/7 PCCEM (Public Version). Non-
8 public versions of the Cost Factor Development Model and the Product Cost &
9 Contribution Model, which include certain sensitive materials omitted from the public
10 versions, are filed under seal as Folder USPS-R2010-4R /NP1 and NP2, respectively.
11 Additionally, the PCCEM calculates and applies adjustments based on volume changes.
12 The output is a projection of costs by cost segment by year, as shown in Attachment 5
13 through Attachment 8 to this Statement.

14 Attachments 9 through 12 provide information with respect to the CPI price
15 increase on contribution by class of mail for FY2013 and FY2014. FY 2014 contribution
16 reports are provided on before rates, after rates (January 26, 2014 implementation), and
17 after rates (October 1, 2013 implementation pro forma) bases. These Attachments are
18 provided on a basis consistent with the 2012 Cost and Revenue Analysis report.
19 Attachments 13 and 14 provide the additional product contribution and cost coverage on
20 a basis consistent with the proposed product classifications included in the current price
21 filing.

22 Attachments 15 through 28 present the same information for the exigent plus CPI
23 price increases.

List of Attachments

- Attachment 1: Mail Volume by Fiscal Year – CPI Price Increase
- Attachment 2: Mail and Special Services Revenue by Fiscal Year – CPI Price Increase
- Attachment 3: Statements of Revenue and Expenses – CPI Price Increase
- Attachment 4: Statements of Cash Flows – CPI Price Increase
- Attachment 5: FY 2013 Before Rates, Cost Segment Summary Table
- Attachment 6: FY 2014 Before Rates, Cost Segment Summary Table
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List of Related Folders

- USPS-R2010-4R/7 - Product Cost & Contribution Estimation Model (Public Version)
- USPS-R2010-4R/8 - Cost Factor Development (Public Version)
- USPS-R2010-4R/9 - Revenue and Volume Forecast Materials (Public Version)
- USPS-R2010-4R/11 – Calculation of Contribution Lost from Recession-Related Volume Losses
- USPS-R2010-4R/NP1 - Product Cost & Contribution Estimation Model (Non-Public Version)
- USPS-R2010-4R/NP2 - Cost Factor Development (Non-Public Version)
- USPS-R2010-4R/NP3 - Revenue and Volume Forecast Materials (Non-Public Version)

US Postal Service
R2010-4R - CPI 1.6%
Mail Volume by Fiscal Year
 (Billions of pieces)

Mail Class	2012 Actual	2013 Forecast	2014 BR Forecast	2014 AR Forecast (Jan 26, 2014)	2014 ARFY Forecast (Oct 1, 2013)
Market Dominant Products:					
First Class	69.0	66.1	62.4	62.3	62.2
Standard Mail	79.8	80.7	81.9	81.6	81.4
Periodicals	6.7	6.4	6.1	6.1	6.1
International	0.6	0.6	0.6	0.6	0.6
Package Services	0.6	0.6	0.5	0.5	0.5
U.S.Postal Service	0.4	0.5	0.5	0.5	0.5
Free for the Blind	0.1	0.1	0.1	0.1	0.1
Total Market Dominant Products	157.3	155.0	152.1	151.6	151.3
Competitive Products	2.6	3.1	3.5	3.5	3.5
Total Mail Volume	159.9	158.0	155.5	155.1	154.8

US Postal Service
R2010-4R - CPI 1.6%
Mail and Special Services Revenue by Fiscal Year
(\$ Billions)

Mail Class	2012 Actual	2013 Forecast	2014 BR Forecast	2014 AR Forecast (Jan 26, 2014)	2014 ARFY Forecast (Oct 1, 2013)
Market Dominant Products:					
First Class	29.5	28.8	27.4	27.6	27.7
Standard Mail	16.7	16.9	17.4	17.5	17.5
Periodicals	1.7	1.7	1.6	1.6	1.6
International	0.6	0.6	0.6	0.6	0.6
Package Services	1.6	1.5	0.8	0.8	0.8
Special Services	2.3	2.0	2.0	2.0	2.1
Total Market Dominant Products	52.4	51.6	49.8	50.2	50.3
Total Competitive	11.8	13.5	15.2	15.2	15.2
Total Mail & Services Revenue	64.2	65.1	65.0	65.4	65.5
Other Income*	1.0	1.0	0.8	0.8	0.8
Total Revenue	65.2	66.1	65.9	66.2	66.3

* Other Income includes Appropriations, Interest & Investment Income, Philatelic, Real Estate, etc

US Postal Service
R2010-4R - CPI 1.6%
Statements of Revenue and Expenses
(\$ millions)

LINE NUMBER		2012 Actual	2013 Forecast	2014 BR Forecast	2014 AR Forecast (Jan 26, 2014)	2014 ARFY Forecast (Oct 1, 2013)
REVENUE						
1	OPERATING REVENUE	64,233	65,058	65,042	65,354	65,492
2	OTHER INCOME*	1,014	1,044	820	820	820
3	TOTAL REVENUE	65,247	66,102	65,863	66,174	66,313
OPERATING EXPENSES						
4	POSTMASTERS	2,234	2,237	2,065	2,064	2,063
5	MANAGERS, SUPERVISORS & TECHNICAL PERSONNEL	3,279	3,270	3,162	3,157	3,154
6	CLERKS & MAILHANDERS	14,371	13,715	13,457	13,436	13,423
7	CLERKS, CAG K POST OFFICES	5	5	5	5	5
8	CITY DELIVERY CARRIERS	15,833	15,253	14,917	14,902	14,892
9	VEHICLE SERVICE DRIVERS	588	594	504	503	503
10	SPECIAL DELIVERY MESSENGERS	0	0	0	0	0
11	RURAL CARRIERS	6,745	6,813	7,142	7,134	7,129
12	CUSTODIAL & MAINTENANCE SERVICES	3,200	3,095	2,704	2,701	2,699
13	MOTOR VEHICLE SERVICES	1,434	1,457	1,492	1,490	1,490
14	MISCELLANEOUS LOCAL OPERATIONS	449	393	395	394	394
15	CONTRACTURAL TRANSPORTATION OF MAIL	6,630	6,752	6,640	6,633	6,628
16	BUILDING OCCUPANCY	1,807	1,845	1,848	1,848	1,848
17	SUPPLIES & SERVICES	2,565	2,684	2,516	2,514	2,512
18	RESEARCH & DEVELOPMENT	17	17	17	17	17
19	HQ & AREA ADMIN. & CORPORATEWIDE PERSONNEL COSTS	19,425	11,009	13,143	13,143	13,143
20	EQUIPMENT MAINT. & MANAGEMENT TRAINING SUPPORT	51	78	78	78	78
21	DEPRECIATION, WRITE-OFFS, CLAIMS, & INTEREST	2,520	2,441	2,479	2,479	2,479
22	FINAL ADJUSTMENTS (not allocated to cost segment)	0	0	0	0	0
24	TOTAL OPERATING EXPENSES	81,153	71,659	72,566	72,498	72,458
25	NET INCOME (LOSS)	(\$15,906)	(5,557)	(6,703)	(6,324)	(6,145)

* Other Income includes Appropriations, Interest & Investment Income, Philatelic, Real Estate, etc

US Postal Service
R2010-4R - CPI 1.6%
Statements of Cash Flows

(\$ millions)

	2012 Actual	2013 Forecast	2014 BR Forecast	2014 AR Forecast (Jan 26, 2014)	2014 ARFY Forecast (Oct 1, 2013)
Cash flows from operating activities:					
Net Loss	(\$15,906)	(\$5,557)	(\$6,703)	(\$6,324)	(\$6,145)
Adjustments to reconcile net loss to cash from operations:					
Depreciation and amortization	2,075	1,987	2,129	2,129	2,129
(Gain) Loss on disposals of PPE, net	(5)	(51)	-	-	-
(increase) decrease in appropriations receivable	14	6	-	-	-
Workers' Compensation, POD WC (Net)	2,425	(967)	722	722	722
Increase (decrease) employees accumulated leave	(175)	(80)	(100)	(100)	(100)
(Decrease) increase in non-current deferred appropriations receivable	-	-	-	-	-
Increase (Decrease) in other non-current liabilities	78	105	-	-	-
Changes in current assets and liabilities:					
(increase) decrease in receivables, net	108	-	(25)	(25)	(25)
Decrease (increase) in supplies, advances & prepayments	(6)	-	-	-	-
(Decrease) Increase in compensation and benefits	(534)	(180)	16	16	16
Retiree Health Benefits	11,198	5,600	5,700	5,700	5,700
Increase (Decrease) in payables & accrued expenses	23	(85)	(200)	(200)	(200)
(Decrease) increase in customer deposit accounts	(176)	25	-	-	-
(Decrease) Increase in prepaid postage - deferred revenue	517	233	-	-	-
(Decrease) increase in outstanding postal money orders	(11)	15	(25)	(25)	(25)
(Decrease) Increase in prepaid box rent and deferred revenue	(57)	-	-	-	-
Net cash provided by operating activities	(432)	1,050	1,514	1,893	2,072
Cash Flows from investing activities					
Purchase of Property & Equipment, Net (Ex. EPP)	(705)	(807)	(1,491)	(1,491)	(1,491)
Proceeds from Deferred Building sale	40	-	-	-	-
Proceeds from the sale of Property and Equipment	108	150	100	100	100
Net cash used in investing activities	(557)	(657)	(1,391)	(1,391)	(1,391)
Cash Flows from financing activities:					
Increase (decrease) in debt outstanding	2,000	-	-	-	-
Payments for Capital Lease	(51)	(59)	(58)	(58)	(58)
U.S. government emergency preparedness appropriations	(129)	(49)	(63)	(63)	(63)
Net cash (used in) provided by financing activities	1,820	(108)	(121)	(121)	(121)
Net Increase (Decrease) in Cash	831	285	2	380	560
Cash balance at beginning of year	1,488	2,319	2,604	2,604	2,604
Cash Balance (Shortfall) at end of year	\$2,319	2,604	2,605	2,984	3,163

BR-Final - FY2013 BR
 Cost Segment Summary Table
 for TOTAL COSTS \$(000)

Attachment 5

C/S	Cost Segment	Comp	FY2012	Cost Level Change	Mail Volume Change	Non-Volume Workload	Additional Workday	Cost Reductions	Productivity Goals	Other Programs	Corporate-wide Activities	Service-wide Costs	FY2013BR Before Workyear Mix Adj.	Workyear Mix Adjustment	FY2013BR After Workyear Mix Adj.
1	Postmasters	251	2,233,513	37,168	-3,394	0	867	-126,298	0	94,787	0	0	2,236,642	0	2,236,642
2	Supervisors & Technicians	284	3,279,069	46,320	-20,009	2,886	723	-69,740	0	31,101	0	0	3,270,351	0	3,270,351
3	Clerks and Mailhandlers	478	14,371,015	179,336	-162,768	820	1,080	-345,071	0	102,856	0	0	14,147,267	-432,145	13,715,122
4	Clerks, CAG K Post Offices	254	5,221	88	-105	0	1	0	0	0	0	0	5,205	0	5,205
6	City Delivery Carriers, Office	256	3,743,731	-6,121	-50,322	981	242	-1,428	0	18,878	0	0	3,705,961	-149,925	3,556,036
7	City Delivery Carriers, Street	257	12,089,498	-19,766	-10,047	24,631	3,647	-9,239	0	111,511	0	0	12,190,236	-493,157	11,697,079
8	Vehicle Service Drivers	258	588,130	7,684	-1,723	0	113	-149,353	0	179,109	0	0	623,961	-29,896	594,065
10	Rural Carriers	260	6,745,341	123,233	27,840	38,810	2,169	-84,610	0	0	0	0	6,852,782	-40,220	6,812,561
11	Custodial and Maint Svcs	359	3,199,531	45,902	-29,770	0	933	-252,655	0	209,883	50	0	3,173,874	-78,718	3,095,156
12	Motor Vehicle Service	262	1,434,342	21,280	1,238	4,023	508	-15,503	0	23,317	4	0	1,469,209	-11,764	1,457,445
13	Misc Local Operations	263	449,006	4,633	98	6	92	0	0	-62,437	1,831	0	393,228	0	393,228
14	Transportation	264	6,629,890	200,292	-47,090	0	373	-115,247	0	83,899	0	0	6,752,117	0	6,752,117
15	Building Occupancy	289	1,806,751	37,401	0	0	332	-34,701	0	36,743	-1,095	0	1,845,431	0	1,845,431
16	Supplies and Services	490	2,564,792	2,625	-11,534	1,213	321	-60,623	0	159,468	27,972	0	2,684,233	0	2,684,233
17	Research and Development	267	16,608	0	0	0	0	0	0	669	-24	0	17,253	0	17,253
18	Admin and Area Operations	459	19,425,093	14,729	0	0	668	0	0	36,209	-42,272	-8,425,565	11,008,862	0	11,008,862
19	General Mgmt Systems	269	51,369	706	0	0	2	-5,577	0	26,181	5,056	0	77,737	0	77,737
20	Other Accrued Expenses	475	2,520,416	1,626	-933	0	0	0	0	-1,504	6,341	-85,050	2,440,897	0	2,440,897
	Total All C/S		81,153,316	697,136	-308,519	73,370	12,071	-1,270,044	0	1,050,670	-2,137	-8,510,615	72,895,247	-1,235,826	71,659,421

BR-Final - FY2014 BR
 Cost Segment Summary Table
 for TOTAL COSTS \$(000)

Attachment 6

C/S	Cost Segment	Comp	FY2013BR Before Workyear Mix Adj	Cost Level Change	Mail Volume Change	Non-Volume Workload	Additional Workday	Cost Reductions	Productivity Goals	Other Programs	Corporate- wide Activities	Servicewide Costs	FY2014BR Before Workyear Mix Adj.	Workyear Mix Adjustment	FY2014BR After Workyear Mix Adj.
1	Postmasters	251	2,236,642	39,662	-5,969	0	0	-205,290	0	0	0	0	2,065,045	0	2,065,045
2	Supervisors & Technicians	284	3,270,351	49,170	-20,877	2,912	0	-139,068	0	0	0	0	3,162,488	0	3,162,488
3	Clerks and Mailhandlers	478	14,147,267	456,546	-137,435	856	0	-670,774	0	199,745	0	0	13,996,205	-538,840	13,457,366
4	Clerks, CAG K Post Offices	254	5,205	264	-69	0	0	0	0	0	0	0	5,400	0	5,400
6	City Delivery Carriers, Office	256	3,705,961	47,258	-55,383	998	0	0	0	0	0	0	3,698,834	-226,346	3,472,488
7	City Delivery Carriers, Street	257	12,190,236	155,450	-44,263	25,231	0	-135,975	0	0	0	0	12,190,678	-745,995	11,444,683
8	Vehicle Service Drivers	258	623,961	20,959	-653	0	0	-114,188	0	0	0	0	530,079	-26,464	503,616
10	Rural Carriers	260	6,852,782	320,508	15,497	40,469	0	-3,244	0	0	0	0	7,226,011	-84,031	7,141,981
11	Custodial and Maint Srvcs	359	3,173,874	101,470	-28,644	0	0	-454,124	0	0	0	0	2,792,576	-88,686	2,703,891
12	Motor Vehicle Service	262	1,469,209	42,469	-511	4,188	0	-7,248	0	0	0	0	1,508,107	-16,522	1,491,585
13	Misc Local Operations	263	393,228	2,569	-1,128	6	0	0	0	0	0	0	394,674	0	394,674
14	Transportation	264	6,752,117	185,402	-83,695	0	0	-379,000	0	165,588	0	0	6,640,412	0	6,640,412
15	Building Occupancy	289	1,845,431	51,978	0	0	0	-49,547	0	0	0	0	1,847,862	0	1,847,862
16	Supplies and Services	490	2,684,233	4,203	-15,778	1,396	0	-161,666	0	4,000	0	0	2,516,388	0	2,516,388
17	Research and Development	267	17,253	0	0	0	0	0	0	0	0	0	17,253	0	17,253
18	Admin and Area Operations	459	11,008,862	17,824	0	0	0	0	0	0	0	2,115,907	13,142,593	0	13,142,593
19	General Mgmt Systems	269	77,737	1,006	0	0	0	-351	0	0	0	0	78,392	0	78,392
20	Other Accrued Expenses	475	2,440,897	1,513	-1,955	0	0	0	0	0	0	38,986	2,479,441	0	2,479,441
	Total All C/S		72,895,247	1,498,253	-380,864	76,055	0	-2,320,476	0	369,333	0	2,154,893	74,292,440	-1,726,883	72,565,558

CPI-1.6%_January Implementation -
FY2014 AR
Cost Segment Summary Table
for TOTAL COSTS \$(000)

Attachment 7

C/S	Cost Segment	Comp	FY2013AR Before Workyear Mix Adj	Cost Level Change	Mail Volume Change	Non-Volume Workload	Additional Workday	Cost Reductions	Productivity Goals	Other Programs	Corporate- wide Activities	Servicewide Costs	FY2014AR Before Workyear Mix Adj.	Workyear Mix Adjustment	FY2014AR After Workyear Mix Adj.
1	Postmasters	251	2,236,642	39,662	-6,950	0	0	-205,290	0	0	0	0	2,064,064	0	2,064,064
2	Supervisors & Technicians	284	3,270,351	49,170	-25,878	2,912	0	-139,068	0	0	0	0	3,157,486	0	3,157,486
3	Clerks and Mailhandlers	478	14,147,267	456,589	-169,901	856	0	-670,776	0	199,745	0	0	13,963,781	-528,181	13,435,600
4	Clerks, CAG K Post Offices	254	5,205	264	-81	0	0	0	0	0	0	0	5,388	0	5,388
6	City Delivery Carriers, Office	256	3,705,961	47,270	-63,755	998	0	0	0	0	0	0	3,690,473	-224,417	3,466,056
7	City Delivery Carriers, Street	257	12,190,236	155,486	-58,985	25,231	0	-135,976	0	0	0	0	12,175,993	-740,419	11,435,574
8	Vehicle Service Drivers	258	623,961	20,961	-1,298	0	0	-114,188	0	0	0	0	529,436	-26,454	502,982
10	Rural Carriers	260	6,852,782	320,571	5,319	40,470	0	-3,244	0	0	0	0	7,215,896	-82,024	7,133,872
11	Custodial and Maint Srvcs	359	3,173,874	101,481	-31,710	0	0	-454,126	0	0	0	0	2,789,520	-88,670	2,700,850
12	Motor Vehicle Service	262	1,469,209	42,471	-1,738	4,188	0	-7,248	0	0	0	0	1,506,883	-16,459	1,490,424
13	Misc Local Operations	263	393,228	2,569	-1,507	6	0	0	0	0	0	0	394,295	0	394,295
14	Transportation	264	6,752,117	185,402	-91,406	0	0	-379,000	0	165,588	0	0	6,632,700	0	6,632,700
15	Building Occupancy	289	1,845,431	51,978	0	0	0	-49,547	0	0	0	0	1,847,862	0	1,847,862
16	Supplies and Services	490	2,684,233	4,203	-18,270	1,396	0	-161,666	0	4,000	0	0	2,513,897	0	2,513,897
17	Research and Development	267	17,253	0	0	0	0	0	0	0	0	0	17,253	0	17,253
18	Admin and Area Operations	459	11,008,862	17,824	0	0	0	0	0	0	0	2,115,907	13,142,593	0	13,142,593
19	General Mgmt Systems	269	77,737	1,006	0	0	0	-351	0	0	0	0	78,392	0	78,392
20	Other Accrued Expenses	475	2,440,897	1,513	-1,976	0	0	0	0	0	0	38,608	2,479,042	0	2,479,042
	Total All C/S		72,895,247	1,498,421	-468,136	76,055	0	-2,320,480	0	369,333	0	2,154,515	74,204,955	-1,706,624	72,498,331

CPI-1.6%_October Implementation -
FY2014 AR
Cost Segment Summary Table
for TOTAL COSTS \$(000)

Attachment 8

C/S	Cost Segment	Comp	FY2013AR Before Workyear Mix Adj	Cost Level Change	Mail Volume Change	Non-Volume Workload	Additional Workday	Cost Reductions	Productivity Goals	Other Programs	Corporate- wide Activities	Servicewide Costs	FY2014AR Before Workyear Mix Adj.	Workyear Mix Adjustment	FY2014AR After Workyear Mix Adj.
1	Postmasters	251	2,236,642	39,662	-7,551	0	0	-205,290	0	0	0	0	2,063,464	0	2,063,464
2	Supervisors & Technicians	284	3,270,351	49,170	-28,892	2,912	0	-139,068	0	0	0	0	3,154,473	0	3,154,473
3	Clerks and Mailhandlers	478	14,147,267	456,603	-189,326	856	0	-670,778	0	199,746	0	0	13,944,369	-521,804	13,422,565
4	Clerks, CAG K Post Offices	254	5,205	264	-88	0	0	0	0	0	0	0	5,381	0	5,381
6	City Delivery Carriers, Office	256	3,705,961	47,277	-69,071	998	0	0	0	0	0	0	3,685,165	-223,224	3,461,941
7	City Delivery Carriers, Street	257	12,190,236	155,511	-67,835	25,231	0	-135,976	0	0	0	0	12,167,167	-737,009	11,430,158
8	Vehicle Service Drivers	258	623,961	20,963	-1,697	0	0	-114,189	0	0	0	0	529,038	-26,451	502,587
10	Rural Carriers	260	6,852,782	320,602	-651	40,470	0	-3,244	0	0	0	0	7,209,959	-80,847	7,129,111
11	Custodial and Maint Svcs	359	3,173,874	101,489	-33,635	0	0	-454,127	0	0	0	0	2,787,601	-88,708	2,698,893
12	Motor Vehicle Service	262	1,469,209	42,472	-2,472	4,188	0	-7,248	0	0	0	0	1,506,149	-16,421	1,489,728
13	Misc Local Operations	263	393,228	2,569	-1,708	6	0	0	0	0	0	0	394,094	0	394,094
14	Transportation	264	6,752,117	185,402	-96,152	0	0	-379,000	0	165,588	0	0	6,627,954	0	6,627,954
15	Building Occupancy	289	1,845,431	51,978	0	0	0	-49,547	0	0	0	0	1,847,862	0	1,847,862
16	Supplies and Services	490	2,684,233	4,203	-19,783	1,396	0	-161,666	0	4,000	0	0	2,512,384	0	2,512,384
17	Research and Development	267	17,253	0	0	0	0	0	0	0	0	0	17,253	0	17,253
18	Admin and Area Operations	459	11,008,862	17,825	0	0	0	0	0	0	0	2,115,907	13,142,594	0	13,142,594
19	General Mgmt Systems	269	77,737	1,006	0	0	0	-351	0	0	0	0	78,392	0	78,392
20	Other Accrued Expenses	475	2,440,897	1,513	-1,995	0	0	0	0	0	0	38,254	2,478,669	0	2,478,669
	Total All C/S		72,895,247	1,498,509	-520,855	76,056	0	-2,320,483	0	369,334	0	2,154,161	74,151,968	-1,694,464	72,457,505

**US Postal Service
R2010-4R
Contribution by Class of Mail - FY2013**

		Revenue (in millions)	Volume (in millions)	Attributable Cost (in millions)	Volume Variable Cost (in millions)	Product Specific Cost (in millions)	Revenue \$ (per piece)	Attributable Cost \$ (per piece)	Contribution \$ (per piece)	Cost Coverage
DOMESTIC MARKET DOMINANT PRODUCTS										
First-Class Mail										
Single Piece Letters	3	\$10,250	21,697	\$5,670	\$5,634	\$37	\$0.472	\$0.261	\$0.211	180.8%
Single Piece Postcards	4	\$350	1,041	\$252	\$250	\$2	\$0.336	\$0.242	\$0.094	138.8%
Total Single Piece Letters and Cards	5	\$10,600	22,737	\$5,922	\$5,884	\$39	\$0.466	\$0.260	\$0.206	179.0%
Presort Letters	8	\$14,366	38,814	\$4,584	\$4,567	\$17	\$0.370	\$0.118	\$0.252	313.4%
Presort Postcards	9	\$591	2,434	\$192	\$191	\$1	\$0.243	\$0.079	\$0.164	307.5%
Total Presort Letters and Cards	10	\$14,957	41,248	\$4,776	\$4,758	\$18	\$0.363	\$0.116	\$0.247	313.1%
Flats	14	\$2,525	1,911	\$1,592	\$1,592	\$1	\$1.322	\$0.833	\$0.488	158.6%
Parcels	19	\$584	248	\$532	\$531	\$0	\$2.352	\$2.143	\$0.209	109.8%
Fees	18	\$136	0	\$0	\$0	\$0				
Total First-Class	100	\$28,802	66,144	\$12,823	\$12,765	\$58	\$0.435	\$0.194	\$0.242	224.6%
Standard Mail										
High Density and Saturation Letters	21	\$797	5,624	\$333	\$329	\$4	\$0.142	\$0.059	\$0.083	239.4%
High Density and Saturation Flats and Parcels	22	\$2,066	12,335	\$898	\$889	\$9	\$0.167	\$0.073	\$0.095	230.1%
Carrier Route	23	\$2,411	9,679	\$1,732	\$1,725	\$7	\$0.249	\$0.179	\$0.070	139.2%
Letters	25	\$9,396	47,352	\$4,912	\$4,875	\$36	\$0.198	\$0.104	\$0.095	191.3%
Flats	26	\$2,146	5,594	\$2,468	\$2,464	\$5	\$0.384	\$0.441	-\$0.058	87.0%
Not Flat-Machinables and Parcels	27	\$71	72	\$77	\$76	\$0	\$0.993	\$1.067	-\$0.073	93.1%
Fees	29	\$58	0	\$0	\$0	\$0				
Total Standard Mail	105	\$16,945	80,656	\$10,419	\$10,358	\$61	\$0.210	\$0.129	\$0.081	162.6%
Periodicals										
In County	31	\$65	598	\$85	\$85	\$0	\$0.108	\$0.143	-\$0.035	75.7%
Outside County	32	\$1,595	5,784	\$2,080	\$2,080	\$1	\$0.276	\$0.360	-\$0.084	76.7%
Fees	39	\$8	0	\$0	\$0	\$0				
Total Periodicals	110	\$1,667	6,382	\$2,166	\$2,165	\$1	\$0.261	\$0.339	-\$0.078	77.0%
Package Services										
Single Piece Parcel Post	41	\$717	57	\$725	\$725	\$0	\$12.640	\$12.781	-\$0.141	98.9%
Bound Printed Matter Flats	42	\$188	234	\$134	\$134	\$0	\$0.803	\$0.574	\$0.229	139.9%
Bound Printed Matter Parcels	43	\$276	218	\$242	\$242	\$0	\$1.270	\$1.110	\$0.160	114.4%
Media and Library Mail	44	\$310	93	\$341	\$341	\$0	\$3.326	\$3.661	-\$0.335	90.9%
Fees	49	\$3	0	\$0	\$0	\$0				
Total Package Services	115	\$1,493	601	\$1,441	\$1,441	\$0	\$2.484	\$2.397	\$0.086	103.6%
U.S. Postal Service										
Free Mail	130	\$0	53	\$35	\$35	\$0	\$0.000	\$0.666		
Total Domestic Market Dominant Mail	135	\$48,908	154,330	\$26,884	\$26,764	\$120	\$0.317	\$0.174	\$0.143	181.9%
Special Services										
Ancillary Services										
Certified	51	\$706	0	\$583	\$582	\$0	\$3.056			
COD	52	\$5	0	\$2	\$2	\$0	\$9.149			
Insurance	54	\$110	0	\$90	\$90	\$0	\$3.794			
Registered Mail	55	\$32	0	\$21	\$21	\$0	\$17.177			
Stamped Envelopes	56	\$22	0	\$7	\$7	\$0	\$0.000			
Stamped Cards	57	\$1	0	\$1	\$1	\$0	\$0.000			
Other Ancillary Services	58	\$529	0	\$432	\$431	\$1	\$0.220			
Address Management Services	61	\$16	0	\$7	\$0	\$7	\$0.000			
Caller Service	62	\$96	0	\$26	\$26	\$0	\$0.000			
Money Orders	73	\$158	0	\$99	\$96	\$3	\$1.540			
Post Office Box Service	74	\$357	0	\$280	\$276	\$5	\$0.000			
Other Special Services	76	\$0	0	\$0	\$0	\$0	\$0.000			
All Other Special Services	191	\$19	0	\$7	\$7	\$0	\$0.000			
Total Domestic Market Dominant Services	140	\$2,049	0	\$1,556	\$1,540	\$16	\$0.741			
Total Domestic Market Dominant Attributable Costs	143	\$50,957	154,330	\$28,440	\$28,304	\$136	\$0.324	\$0.181	\$0.143	179.2%
DOMESTIC COMPETITIVE PRODUCTS										
Total Domestic Competitive Mail	175	\$11,107	2,789	\$7,944	\$7,827	\$118	\$3.983	\$2.849	\$1.134	139.8%
INTERNATIONAL MAIL AND SERVICES										
	185	\$2,995	917	\$2,046	\$1,982	\$64	\$3.265	\$2.230	\$1.035	146.4%
TOTAL ATTRIBUTABLE COSTS	198	\$65,058	158,036	\$38,430	\$38,112	\$317	\$0.405	\$0.239	\$0.166	169.3%
OTHER COSTS	199	\$1,044	0	\$33,230	\$33,547	-\$317				
TOTAL COSTS	200	\$66,102	158,036	\$71,659	\$71,659	\$0				

**US Postal Service
R2010-4R
Contribution by Class of Mail - FY2014 Before Rates**

		Revenue (in millions)	Volume (in millions)	Attributable Cost (in millions)	Volume Variable Cost (in millions)	Product Specific Cost (in millions)	Revenue \$ (per piece)	Attributable Cost \$ (per piece)	Contribution \$ (per piece)	Cost Coverage
DOMESTIC MARKET DOMINANT PRODUCTS										
First-Class Mail										
Single Piece Letters	3	\$9,517	19,993	\$5,171	\$5,135	\$37	\$0.476	\$0.259	\$0.217	184.0%
Single Piece Postcards	4	\$336	980	\$235	\$233	\$2	\$0.343	\$0.240	\$0.103	143.0%
Total Single Piece Letters and Cards	5	\$9,854	20,973	\$5,406	\$5,368	\$39	\$0.470	\$0.258	\$0.212	182.3%
Presort Letters	8	\$13,870	37,095	\$4,343	\$4,326	\$17	\$0.374	\$0.117	\$0.257	319.4%
Presort Postcards	9	\$568	2,325	\$183	\$182	\$1	\$0.244	\$0.079	\$0.166	310.8%
Total Presort Letters and Cards	10	\$14,438	39,420	\$4,526	\$4,507	\$18	\$0.366	\$0.115	\$0.251	319.0%
Flats	14	\$2,380	1,795	\$1,480	\$1,479	\$1	\$1.326	\$0.825	\$0.501	160.8%
Parcels	19	\$616	257	\$544	\$544	\$0	\$2.402	\$2.121	\$0.281	113.2%
Fees	18	\$132	0	\$0	\$0	\$0				
Total First-Class	100	\$27,420	62,444	\$11,956	\$11,898	\$58	\$0.439	\$0.191	\$0.248	229.3%
Standard Mail										
High Density and Saturation Letters	21	\$809	5,619	\$331	\$327	\$4	\$0.144	\$0.059	\$0.085	244.2%
High Density and Saturation Flats and Parcels	22	\$2,108	12,496	\$919	\$910	\$9	\$0.169	\$0.074	\$0.095	229.2%
Carrier Route	23	\$2,443	9,652	\$1,728	\$1,721	\$7	\$0.253	\$0.179	\$0.074	141.4%
Letters	25	\$9,722	48,432	\$4,977	\$4,941	\$36	\$0.201	\$0.103	\$0.098	195.3%
Flats	26	\$2,168	5,588	\$2,444	\$2,440	\$5	\$0.388	\$0.437	-\$0.049	88.7%
Not Flat-Machinables and Parcels	27	\$69	69	\$74	\$74	\$0	\$1.005	\$1.072	-\$0.067	93.7%
Fees	29	\$57	0	\$0	\$0	\$0				
Total Standard Mail	105	\$17,376	81,856	\$10,475	\$10,413	\$61	\$0.212	\$0.128	\$0.084	165.9%
Periodicals										
In County	31	\$63	577	\$83	\$83	\$0	\$0.109	\$0.144	-\$0.035	75.9%
Outside County	32	\$1,548	5,553	\$1,989	\$1,989	\$1	\$0.279	\$0.358	-\$0.080	77.8%
Fees	39	\$7	0	\$0	\$0	\$0				
Total Periodicals	110	\$1,618	6,130	\$2,073	\$2,072	\$1	\$0.264	\$0.338	-\$0.074	78.1%
Package Services										
Single Piece Parcel Post	41	\$724	50	\$686	\$686	\$0	\$14.480	\$13.732	\$0.749	105.5%
Bound Printed Matter Flats	42	\$187	232	\$132	\$132	\$0	\$0.805	\$0.569	\$0.236	141.5%
Bound Printed Matter Parcels	43	\$284	221	\$248	\$248	\$0	\$1.284	\$1.120	\$0.164	114.7%
Media and Library Mail	44	\$287	85	\$317	\$317	\$0	\$3.363	\$3.713	-\$0.350	90.6%
Fees	49	\$2	0	\$0	\$0	\$0				
Total Package Services	115	\$1,483	588	\$1,383	\$1,383	\$0	\$2.521	\$2.350	\$0.171	107.3%
U.S. Postal Service										
Free Mail	125	\$0	463	\$0	\$0	\$0	\$0.000	\$0.000		
Free Mail	130	\$0	52	\$34	\$34	\$0	\$0.000	\$0.658		
Total Domestic Market Dominant Mail	135	\$47,897	151,535	\$25,921	\$25,801	\$120	\$0.316	\$0.171	\$0.145	184.8%
Special Services										
Ancillary Services										
Certified	51	\$714	0	\$593	\$593	\$0	\$3.101			
COD	52	\$4	0	\$2	\$2	\$0	\$9.414			
Insurance	54	\$100	0	\$73	\$73	\$0	\$3.861			
Registered Mail	55	\$29	0	\$18	\$18	\$0	\$17.337			
Stamped Envelopes	56	\$19	0	\$6	\$6	\$0	\$0.000			
Stamped Cards	57	\$1	0	\$1	\$1	\$0	\$0.000			
Other Ancillary Services	58	\$512	0	\$472	\$472	\$1	\$0.198			
Address Management Services	61	\$16	0	\$7	\$0	\$7	\$0.000			
Caller Service	62	\$98	0	\$26	\$26	\$0	\$0.000			
Money Orders	73	\$152	0	\$96	\$93	\$3	\$1.574			
Post Office Box Service	74	\$375	0	\$275	\$270	\$5	\$0.000			
Other Special Services	76	\$0	0	\$0	\$0	\$0	\$0.000			
All Other Special Services	191	\$19	0	\$7	\$7	\$0	\$0.000			
Total Domestic Market Dominant Services	140	\$2,039	0	\$1,577	\$1,561	\$16	\$0.694			
Total Domestic Market Dominant Attributable Costs	143	\$49,936	151,535	\$27,498	\$27,362	\$136	\$0.323	\$0.178	\$0.145	181.6%
DOMESTIC COMPETITIVE PRODUCTS										
Total Domestic Competitive Mail	175	\$12,048	3,144	\$8,350	\$8,232	\$118	\$3.832	\$2.656	\$1.176	144.3%
INTERNATIONAL MAIL AND SERVICES	185	\$3,059	869	\$1,895	\$1,831	\$64	\$3.520	\$2.181	\$1.339	161.4%
TOTAL ATTRIBUTABLE COSTS	198	\$65,042	155,547	\$37,743	\$37,425	\$318	\$0.410	\$0.238	\$0.172	172.3%
OTHER COSTS	199	\$820	0	\$34,823	\$35,141	-\$318				
TOTAL COSTS	200	\$65,863	155,547	\$72,566	\$72,566	\$0				

**US Postal Service
R2010-4R
Contribution by Class of Mail - FY2014 After Rates - CPI 1.6%
(January 26, 2014 Implementation)**

		Revenue (in millions)	Volume (in millions)	Attributable Cost (in millions)	Volume Variable Cost (in millions)	Product Specific Cost (in millions)	Revenue \$ (per piece)	Attributable Cost \$ (per piece)	Contribution \$ (per piece)	Cost Coverage
DOMESTIC MARKET DOMINANT PRODUCTS										
First-Class Mail										
Single Piece Letters	3	\$9,582	19,978	\$5,171	\$5,134	\$37	\$0.480	\$0.259	\$0.221	185.3%
Single Piece Postcards	4	\$336	980	\$235	\$233	\$2	\$0.343	\$0.240	\$0.103	143.0%
Total Single Piece Letters and Cards	5	\$9,918	20,958	\$5,406	\$5,367	\$39	\$0.473	\$0.258	\$0.215	183.5%
Presort Letters	8	\$13,952	36,980	\$4,332	\$4,315	\$17	\$0.377	\$0.117	\$0.260	322.1%
Presort Postcards	9	\$575	2,313	\$182	\$181	\$1	\$0.249	\$0.079	\$0.170	316.3%
Total Presort Letters and Cards	10	\$14,527	39,293	\$4,514	\$4,496	\$18	\$0.370	\$0.115	\$0.255	321.8%
Flats	14	\$2,395	1,793	\$1,479	\$1,478	\$1	\$1.336	\$0.825	\$0.511	161.9%
Parcels	19	\$630	252	\$535	\$534	\$0	\$2.502	\$2.122	\$0.379	117.9%
Fees	18	\$133	0	\$0	\$0	\$0				
Total First-Class	100	\$27,603	62,295	\$11,934	\$11,876	\$58	\$0.443	\$0.192	\$0.252	231.3%
Standard Mail										
High Density and Saturation Letters	21	\$811	5,601	\$330	\$326	\$4	\$0.145	\$0.059	\$0.086	245.3%
High Density and Saturation Flats and Parcels	22	\$2,114	12,459	\$917	\$908	\$9	\$0.170	\$0.074	\$0.096	230.5%
Carrier Route	23	\$2,460	9,614	\$1,723	\$1,716	\$7	\$0.256	\$0.179	\$0.077	142.8%
Letters	25	\$9,777	48,271	\$4,964	\$4,928	\$36	\$0.203	\$0.103	\$0.100	197.0%
Flats	26	\$2,186	5,566	\$2,437	\$2,432	\$5	\$0.393	\$0.438	-\$0.045	89.7%
Not Flat-Machinables and Parcels	27	\$70	69	\$74	\$73	\$0	\$1.017	\$1.073	-\$0.056	94.8%
Fees	29	\$57	0	\$0	\$0	\$0				
Total Standard Mail	105	\$17,474	81,579	\$10,444	\$10,383	\$61	\$0.214	\$0.128	\$0.086	167.3%
Periodicals										
In County	31	\$64	577	\$83	\$83	\$0	\$0.111	\$0.144	-\$0.034	76.7%
Outside County	32	\$1,562	5,548	\$1,989	\$1,988	\$1	\$0.281	\$0.358	-\$0.077	78.5%
Fees	39	\$7	0	\$0	\$0	\$0				
Total Periodicals	110	\$1,633	6,125	\$2,072	\$2,071	\$1	\$0.267	\$0.338	-\$0.072	78.8%
Package Services										
Single Piece Parcel Post	41	\$724	50	\$686	\$686	\$0	\$14.487	\$13.738	\$0.750	105.5%
Bound Printed Matter Flats	42	\$187	232	\$132	\$132	\$0	\$0.807	\$0.569	\$0.237	141.7%
Bound Printed Matter Parcels	43	\$286	220	\$247	\$247	\$0	\$1.299	\$1.121	\$0.178	115.9%
Media and Library Mail	44	\$289	85	\$315	\$315	\$0	\$3.409	\$3.715	-\$0.306	91.8%
Fees	49	\$2	0	\$0	\$0	\$0				
Total Package Services	115	\$1,488	587	\$1,380	\$1,380	\$0	\$2.535	\$2.352	\$0.183	107.8%
U.S. Postal Service	125	\$0	463	\$0	\$0	\$0	\$0.000	\$0.000		
Free Mail	130	\$0	52	\$34	\$34	\$0	\$0.000	\$0.659		
Total Domestic Market Dominant Mail	135	\$48,198	151,101	\$25,865	\$25,744	\$120	\$0.319	\$0.171	\$0.148	186.3%
Special Services										
Ancillary Services										
Certified	51	\$721	0	\$593	\$592	\$0	\$3.135			
COD	52	\$4	0	\$2	\$2	\$0	\$9.677			
Insurance	54	\$102	0	\$73	\$73	\$0	\$3.934			
Registered Mail	55	\$30	0	\$18	\$18	\$0	\$17.590			
Stamped Envelopes	56	\$19	0	\$6	\$6	\$0	\$0.000			
Stamped Cards	57	\$1	0	\$1	\$1	\$0	\$0.000			
Other Ancillary Services	58	\$504	0	\$451	\$450	\$1	\$0.200			
Address Management Services	61	\$16	0	\$7	\$0	\$7	\$0.000			
Caller Service	62	\$99	0	\$26	\$26	\$0	\$0.000			
Money Orders	73	\$152	0	\$96	\$93	\$3	\$1.574			
Post Office Box Service	74	\$381	0	\$275	\$270	\$5	\$0.000			
Other Special Services	76	\$0	0	\$0	\$0	\$0	\$0.000			
All Other Special Services	191	\$19	0	\$7	\$7	\$0	\$0.000			
Total Domestic Market Dominant Services	140	\$2,047	0	\$1,555	\$1,539	\$16	\$0.712			
Total Domestic Market Dominant Attributable Costs	143	\$50,245	151,101	\$27,420	\$27,283	\$136	\$0.326	\$0.178	\$0.148	183.2%
DOMESTIC COMPETITIVE PRODUCTS										
Total Domestic Competitive Mail	175	\$12,048	3,144	\$8,354	\$8,236	\$118	\$3.832	\$2.657	\$1.175	144.2%
INTERNATIONAL MAIL AND SERVICES	185	\$3,061	868	\$1,893	\$1,829	\$64	\$3.527	\$2.181	\$1.345	161.7%
TOTAL ATTRIBUTABLE COSTS	198	\$65,354	155,112	\$37,666	\$37,349	\$318	\$0.414	\$0.238	\$0.175	173.5%
OTHER COSTS	199	\$820	0	\$34,832	\$35,150	-\$318				
TOTAL COSTS	200	\$66,174	155,112	\$72,498	\$72,498	\$0				

**US Postal Service
R2010-4R
Contribution by Class of Mail - FY2014 After Rates CPI - 1.6% - Full Year
(October 1, 2013 Implementation)**

		Revenue (in millions)	Volume (in millions)	Attributable Cost (in millions)	Volume Variable Cost (in millions)	Product Specific Cost (in millions)	Revenue \$ (per piece)	Attributable Cost \$ (per piece)	Contribution \$ (per piece)	Cost Coverage
DOMESTIC MARKET DOMINANT PRODUCTS										
First-Class Mail										
Single Piece Letters	3	\$9,616	19,966	\$5,170	\$5,133	\$37	\$0.482	\$0.259	\$0.223	186.0%
Single Piece Postcards	4	\$337	980	\$235	\$233	\$2	\$0.344	\$0.240	\$0.103	143.0%
Total Single Piece Letters and Cards	5	\$9,953	20,946	\$5,405	\$5,366	\$39	\$0.475	\$0.258	\$0.217	184.1%
Presort Letters	8	\$13,987	36,913	\$4,326	\$4,309	\$17	\$0.379	\$0.117	\$0.262	323.3%
Presort Postcards	9	\$578	2,306	\$181	\$180	\$1	\$0.251	\$0.079	\$0.172	318.9%
Total Presort Letters and Cards	10	\$14,565	39,218	\$4,507	\$4,489	\$18	\$0.371	\$0.115	\$0.256	323.2%
Flats	14	\$2,403	1,791	\$1,479	\$1,478	\$1	\$1.341	\$0.825	\$0.516	162.5%
Parcels	19	\$638	250	\$530	\$530	\$0	\$2.554	\$2.123	\$0.431	120.3%
Fees	18	\$133	0	\$0	\$0	\$0				
Total First-Class	100	\$27,692	62,206	\$11,921	\$11,863	\$58	\$0.445	\$0.192	\$0.254	232.3%
Standard Mail										
High Density and Saturation Letters	21	\$811	5,589	\$330	\$326	\$4	\$0.145	\$0.059	\$0.086	245.8%
High Density and Saturation Flats and Parcels	22	\$2,116	12,433	\$916	\$907	\$9	\$0.170	\$0.074	\$0.097	231.1%
Carrier Route	23	\$2,467	9,588	\$1,719	\$1,712	\$7	\$0.257	\$0.179	\$0.078	143.5%
Letters	25	\$9,798	48,164	\$4,955	\$4,918	\$36	\$0.203	\$0.103	\$0.101	197.8%
Flats	26	\$2,193	5,551	\$2,431	\$2,427	\$5	\$0.395	\$0.438	-\$0.043	90.2%
Not Flat-Machinables and Parcels	27	\$70	68	\$73	\$73	\$0	\$1.023	\$1.073	-\$0.050	95.3%
Fees	29	\$57	0	\$0	\$0	\$0				
Total Standard Mail	105	\$17,512	81,395	\$10,424	\$10,362	\$61	\$0.215	\$0.128	\$0.087	168.0%
Periodicals										
In County	31	\$64	577	\$83	\$83	\$0	\$0.111	\$0.144	-\$0.033	77.1%
Outside County	32	\$1,568	5,545	\$1,989	\$1,988	\$1	\$0.283	\$0.359	-\$0.076	78.9%
Fees	39	\$7	0	\$0	\$0	\$0				
Total Periodicals	110	\$1,640	6,122	\$2,072	\$2,071	\$1	\$0.268	\$0.338	-\$0.071	79.2%
Package Services										
Single Piece Parcel Post	41	\$724	50	\$686	\$686	\$0	\$14.491	\$13.741	\$0.750	105.5%
Bound Printed Matter Flats	42	\$187	231	\$132	\$132	\$0	\$0.808	\$0.570	\$0.238	141.8%
Bound Printed Matter Parcels	43	\$287	220	\$246	\$246	\$0	\$1.306	\$1.121	\$0.185	116.5%
Media and Library Mail	44	\$289	84	\$313	\$313	\$0	\$3.432	\$3.717	-\$0.284	92.4%
Fees	49	\$2	0	\$0	\$0	\$0				
Total Package Services	115	\$1,489	585	\$1,378	\$1,378	\$0	\$2.544	\$2.354	\$0.190	108.1%
U.S. Postal Service	125	\$0	463	\$0	\$0	\$0	\$0.000	\$0.000		
Free Mail	130	\$0	52	\$34	\$34	\$0	\$0.000	\$0.659		
Total Domestic Market Dominant Mail	135	\$48,333	150,823	\$25,829	\$25,708	\$120	\$0.320	\$0.171	\$0.149	187.1%
Special Services										
Ancillary Services										
Certified	51	\$724	0	\$592	\$592	\$0	\$3.151			
COD	52	\$4	0	\$2	\$2	\$0	\$9.805			
Insurance	54	\$103	0	\$73	\$73	\$0	\$3.979			
Registered Mail	55	\$30	0	\$18	\$18	\$0	\$17.715			
Stamped Envelopes	56	\$19	0	\$6	\$6	\$0	\$0.000			
Stamped Cards	57	\$1	0	\$1	\$1	\$0	\$0.000			
Other Ancillary Services	58	\$500	0	\$440	\$439	\$1	\$0.201			
Address Management Services	61	\$16	0	\$7	\$0	\$7	\$0.000			
Caller Service	62	\$100	0	\$26	\$26	\$0	\$0.000			
Money Orders	73	\$152	0	\$96	\$93	\$3	\$1.574			
Post Office Box Service	74	\$383	0	\$275	\$270	\$5	\$0.000			
Other Special Services	76	\$0	0	\$0	\$0	\$0	\$0.000			
All Other Special Services	191	\$19	0	\$7	\$7	\$0	\$0.000			
Total Domestic Market Dominant Services	140	\$2,050	0	\$1,544	\$1,528	\$16	\$0.722			
Total Domestic Market Dominant Attributable Costs	143	\$50,383	150,823	\$27,372	\$27,236	\$136	\$0.328	\$0.178	\$0.150	184.1%
DOMESTIC COMPETITIVE PRODUCTS										
Total Domestic Competitive Mail	175	\$12,048	3,144	\$8,356	\$8,238	\$118	\$3.832	\$2.658	\$1.174	144.2%
INTERNATIONAL MAIL AND SERVICES	185	\$3,062	867	\$1,892	\$1,828	\$64	\$3.531	\$2.182	\$1.349	161.8%
TOTAL ATTRIBUTABLE COSTS	198	\$65,492	154,834	\$37,620	\$37,302	\$318	\$0.415	\$0.239	\$0.177	174.1%
OTHER COSTS	199	\$820	0	\$34,837	\$35,155	-\$318				
TOTAL COSTS	200	\$66,313	154,834	\$72,458	\$72,458	\$0				

CPI 1.6% - MARKET DOMINANT RATE INCREASE

MAILING SERVICE PRODUCT CONTRIBUTION & COST COVERAGE ANALYSIS					
Fiscal Year 2014	FY2014	FY2014	FY2014	FY2014	FY2014
January 26, 2014 Implementation	Revenue	Volume	Attributable Cost	Contribution	Cost Coverage
	(000's)	(000's)	(000's)	(000's)	
First Class Mail					
Current Prices	\$ 27,419,815	62,444,044	\$ 11,956,315	\$ 15,463,501	229.3%
New Prices	\$ 27,603,451	62,295,216	\$ 11,933,835	\$ 15,669,616	231.3%
Change	\$ 183,636	(148,827)	\$ (22,480)	\$ 206,116	
Standard Mail					
Current Prices	\$ 17,375,949	81,856,429	\$ 10,474,828	\$ 6,901,121	165.9%
New Prices	\$ 17,474,371	81,578,886	\$ 10,444,338	\$ 7,030,033	167.3%
Change	\$ 98,422	(277,543)	\$ (30,491)	\$ 128,913	
Periodicals					
Current Prices	\$ 1,618,401	6,130,490	\$ 2,072,626	\$ (454,225)	78.1%
New Prices	\$ 1,632,801	6,124,648	\$ 2,071,996	\$ (439,195)	78.8%
Change	\$ 14,401	(5,842)	\$ (630)	\$ 15,030	
Package Services					
Current Prices	\$ 792,132	539,557	\$ 711,252	\$ 80,880	111.4%
New Prices	\$ 796,538	537,907	\$ 708,243	\$ 88,295	112.5%
Change	\$ 4,407	(1,651)	\$ (3,008)	\$ 7,415	
Total Domestic Special Services					
Current Prices	\$ 2,038,703	-	\$ 1,576,966	\$ 461,737	129.3%
New Prices	\$ 2,047,094	-	\$ 1,555,017	\$ 492,076	131.6%
Change	\$ 8,391		\$ (21,948)	\$ 30,339	
International					
Current Prices	\$ 596,795	576,179	\$ 758,755	\$ (161,960)	78.7%
New Prices	\$ 598,595	575,118	\$ 758,048	\$ (159,452)	79.0%
Change	\$ 1,800	(1,062)	\$ (707)	\$ 2,507	
Total Market Dominant Products (Current)	\$ 49,841,795	151,546,699	\$ 27,550,742	\$ 22,291,054	180.9%
Total Market Dominant Products (New)	\$ 50,152,852	151,111,774	\$ 27,471,478	\$ 22,681,374	182.6%
Differences	\$ 311,056	(434,924)	\$ (79,264)	\$ 390,321	

* Excludes Free Mail and US Postal Mail

CPI 1.6% - MARKET DOMINANT RATE INCREASE

MAILING SERVICE PRODUCT CONTRIBUTION & COST COVERAGE ANALYSIS					
Fiscal Year 2014	FY2014	FY2014	FY2014	FY2014	FY2014
<i>October 1, 2013 Implementation</i>	Revenue	Volume	Attributable Cost	Contribution	Cost Coverage
	(000's)	(000's)	(000's)	(000's)	
First Class Mail					
Current Prices	\$ 27,419,815	62,444,044	\$ 11,956,315	\$ 15,463,501	229.3%
New Prices	\$ 27,692,010	62,205,622	\$ 11,920,699	\$ 15,771,311	232.3%
Change	\$ 272,195	(238,422)	\$ (35,615)	\$ 307,810	
Standard Mail					
Current Prices	\$ 17,375,949	81,856,429	\$ 10,474,828	\$ 6,901,121	165.9%
New Prices	\$ 17,512,078	81,394,621	\$ 10,423,622	\$ 7,088,456	168.0%
Change	\$ 136,129	(461,807)	\$ (51,206)	\$ 187,335	
Periodicals					
Current Prices	\$ 1,618,401	6,130,490	\$ 2,072,626	\$ (454,225)	78.1%
New Prices	\$ 1,639,915	6,121,808	\$ 2,071,845	\$ (431,930)	79.2%
Change	\$ 21,514	(8,682)	\$ (781)	\$ 22,295	
Package Services					
Current Prices	\$ 792,132	539,557	\$ 711,252	\$ 80,880	111.4%
New Prices	\$ 798,004	536,617	\$ 706,160	\$ 91,844	113.0%
Change	\$ 5,872	(2,940)	\$ (5,092)	\$ 10,964	
Total Domestic Special Services					
Current Prices	\$ 2,038,703	-	\$ 1,576,966	\$ 461,737	129.3%
New Prices	\$ 2,050,024	-	\$ 1,543,754	\$ 506,270	132.8%
Change	\$ 11,321		\$ (33,212)	\$ 44,533	
International					
Current Prices	\$ 596,795	576,179	\$ 758,755	\$ (161,960)	78.7%
New Prices	\$ 599,691	574,447	\$ 757,594	\$ (157,902)	79.2%
Change	\$ 2,896	(1,732)	\$ (1,161)	\$ 4,058	
Total Market Dominant Products (Current)	\$ 49,841,795	151,546,699	\$ 27,550,742	\$ 22,291,054	180.9%
Total Market Dominant Products (New)	\$ 50,291,723	150,833,115	\$ 27,423,674	\$ 22,868,048	183.4%
Differences	\$ 449,928	(713,583)	\$ (127,067)	\$ 576,995	

* Excludes Free Mail and US Postal Mail

REVISED: 11/22/13

Attachment 15

US Postal Service
R2010-4R - (CPI + Exigent + Competitive)
Mail Volume by Fiscal Year
 (Billions of pieces)

REVISED: 11/22/13

Mail Class	2012 Actual	2013 Forecast	2014 BR Forecast	2014 AR Forecast (Jan 26, 2014)	2014 ARFY Forecast (Oct 1, 2013)
Market Dominant Products:					
First Class	69.0	66.1	62.4	61.9	61.6
Standard Mail	79.8	80.7	81.9	80.8	80.1
Periodicals	6.7	6.4	6.1	6.1	6.1
International	0.6	0.6	0.6	0.6	0.6
Package Services	0.6	0.6	0.5	0.5	0.5
U.S.Postal Service	0.4	0.5	0.5	0.5	0.5
Free for the Blind	0.1	0.1	0.1	0.1	0.1
Total Market Dominant Products	157.3	155.0	152.1	150.5	149.4
Competitive Products	2.6	3.1	3.5	3.5	3.5
Total Mail Volume	159.9	158.0	155.5	154.0	153.0

REVISED: 11/22/13

Attachment 16

US Postal Service
R2010-4R - (CPI + Exigent + Competitive)
Mail and Special Services Revenue by Fiscal Year
(\$ Billions)

REVISED: 11/22/13

Mail Class	2012 Actual	2013 Forecast	2014 BR Forecast	2014 AR Forecast (Jan 26, 2014)	2014 ARFY Forecast (Oct 1, 2013)
Market Dominant Products:					
First Class	29.5	28.8	27.4	28.2	28.6
Standard Mail	16.7	16.9	17.4	17.8	18.0
Periodicals	1.7	1.7	1.6	1.7	1.7
International	0.6	0.6	0.6	0.6	0.6
Package Services	1.6	1.5	0.8	0.8	0.8
Special Services	2.3	2.0	2.0	2.1	2.1
Total Market Dominant Products	52.4	51.6	49.8	51.2	51.8
Total Competitive	11.8	13.5	15.2	15.9	16.0
Total Mail & Services Revenue	64.2	65.1	65.0	67.1	67.8
Other Income*	1.0	1.0	0.8	0.8	0.8
Total Revenue	65.2	66.1	65.9	67.9	68.6

* Other Income includes Appropriations, Interest & Investment Income, Philatelic, Real Estate, etc

REVISED: 11/22/13

Attachment 17

US Postal Service
R2010-4R - (CPI + Exigent + Competitive)
Statements of Revenue and Expenses
(\$ millions)

REVISED: 11/22/13

LINE NUMBER		2012 Actual	2013 Forecast	2014 BR Forecast	2014 AR Forecast (Jan 26, 2014)	2014 ARFY Forecast (Oct 1, 2013)
REVENUE						
1	OPERATING REVENUE	64,233	65,058	65,042	67,095	67,778
2	OTHER INCOME*	1,014	1,044	820	820	820
3	TOTAL REVENUE	65,247	66,102	65,863	67,915	68,599
OPERATING EXPENSES						
4	POSTMASTERS	2,234	2,237	2,065	2,064	2,061
5	MANAGERS, SUPERVISORS & TECHNICAL PERSONNEL	3,279	3,270	3,162	3,153	3,142
6	CLERKS & MAILHANDERS	14,371	13,715	13,457	13,429	13,378
7	CLERKS, CAG K POST OFFICES	5	5	5	5	5
8	CITY DELIVERY CARRIERS	15,833	15,253	14,917	14,873	14,839
9	VEHICLE SERVICE DRIVERS	588	594	504	505	503
10	SPECIAL DELIVERY MESSENGERS	0	0	0	0	0
11	RURAL CARRIERS	6,745	6,813	7,142	7,121	7,105
12	CUSTODIAL & MAINTENANCE SERVICES	3,200	3,095	2,704	2,697	2,690
13	MOTOR VEHICLE SERVICES	1,434	1,457	1,492	1,490	1,487
14	MISCELLANEOUS LOCAL OPERATIONS	449	393	395	394	394
15	CONTRACTURAL TRANSPORTATION OF MAIL	6,630	6,752	6,640	6,699	6,669
16	BUILDING OCCUPANCY	1,807	1,845	1,848	1,848	1,848
17	SUPPLIES & SERVICES	2,565	2,684	2,516	2,513	2,508
18	RESEARCH & DEVELOPMENT	17	17	17	17	17
19	HQ & AREA ADMIN. & CORPORATEWIDE PERSONNEL COSTS	19,425	11,009	13,143	13,143	13,143
20	EQUIPMENT MAINT. & MANAGEMENT TRAINING SUPPORT	51	78	78	78	78
21	DEPRECIATION, WRITE-OFFS, CLAIMS, & INTEREST	2,520	2,441	2,479	2,477	2,475
22	FINAL ADJUSTMENTS (not allocated to cost segment)	0	0	0	0	0
24	TOTAL OPERATING EXPENSES	81,153	71,659	72,566	72,507	72,343
25	NET INCOME (LOSS)	(\$15,906)	(5,557)	(6,703)	(4,592)	(3,744)

* Other Income includes Appropriations, Interest & Investment Income, Philatelic, Real Estate, etc

US Postal Service
R2010-4R - (CPI + Exigent + Competitive)
Statements of Cash Flows

(\$ millions)

	REVISED: 11/22/13				
	2012 Actual	2013 Forecast	2014 BR Forecast	2014 AR Forecast (Jan 26, 2014)	2014 ARFY Forecast (Oct 1, 2013)
Cash flows from operating activities:					
Net Loss	(\$15,906)	(\$5,557)	(\$6,703)	(\$4,592)	(\$3,744)
Adjustments to reconcile net loss to cash from operations:					
Depreciation and amortization	2,075	1,987	2,129	2,129	2,129
(Gain) Loss on disposals of PPE, net	(5)	(51)	-	-	-
(increase) decrease in appropriations receivable	14	6	-	-	-
Workers' Compensation, POD WC (Net)	2,425	(967)	722	722	722
Increase (decrease) employees accumulated leave	(175)	(80)	(100)	(100)	(100)
(Decrease) increase in non-current deferred appropriations receivable	-	-	-	-	-
Increase (Decrease) in other non-current liabilities	78	105	-	-	-
Changes in current assets and liabilities:					
(increase) decrease in receivables, net	108	-	(25)	(25)	(25)
Decrease (increase) in supplies, advances & prepayments	(6)	-	-	-	-
(Decrease) Increase in compensation and benefits	(534)	(180)	16	16	16
Retiree Health Benefits	11,198	5,600	5,700	5,700	5,700
Increase (Decrease) in payables & accrued expenses	23	(85)	(200)	(200)	(200)
(Decrease) increase in customer deposit accounts	(176)	25	-	-	-
(Decrease) Increase in prepaid postage - deferred revenue	517	233	-	-	-
(Decrease) increase in outstanding postal money orders	(11)	15	(25)	(25)	(25)
(Decrease) Increase in prepaid box rent and deferred revenue	(57)	-	-	-	-
Net cash provided by operating activities	(432)	1,050	1,514	3,625	4,473
Cash Flows from investing activities					
Purchase of Property & Equipment, Net (Ex. EPP)	(705)	(807)	(1,491)	(1,491)	(1,491)
Proceeds from Deferred Building sale	40	-	-	-	-
Proceeds from the sale of Property and Equipment	108	150	100	100	100
Net cash used in investing activities	(557)	(657)	(1,391)	(1,391)	(1,391)
Cash Flows from financing activities:					
Increase (decrease) in debt outstanding	2,000	-	-	-	-
Payments for Capital Lease	(51)	(59)	(58)	(58)	(58)
U.S. government emergency preparedness appropriations	(129)	(49)	(63)	(63)	(63)
Net cash (used in) provided by financing activities	1,820	(108)	(121)	(121)	(121)
Net Increase (Decrease) in Cash	831	285	2	2,113	2,961
Cash balance at beginning of year	1,488	2,319	2,604	2,604	2,604
Cash Balance (Shortfall) at end of year	\$2,319	2,604	2,605	4,717	5,564

BR-Final - FY2013 BR
 Cost Segment Summary Table
 for TOTAL COSTS \$(000)

Attachment 19

C/S	Cost Segment	Comp	FY2012	Cost Level Change	Mail Volume Change	Non-Volume Workload	Additional Workday	Cost Reductions	Productivity Goals	Other Programs	Corporate-wide Activities	Service-wide Costs	FY2013BR Before Workyear Mix Adj.	Workyear Mix Adjustment	FY2013BR After Workyear Mix Adj.
1	Postmasters	251	2,233,513	37,168	-3,394	0	867	-126,298	0	94,787	0	0	2,236,642	0	2,236,642
2	Supervisors & Technicians	284	3,279,069	46,320	-20,009	2,886	723	-69,740	0	31,101	0	0	3,270,351	0	3,270,351
3	Clerks and Mailhandlers	478	14,371,015	179,336	-162,768	820	1,080	-345,071	0	102,856	0	0	14,147,267	-432,145	13,715,122
4	Clerks, CAG K Post Offices	254	5,221	88	-105	0	1	0	0	0	0	0	5,205	0	5,205
6	City Delivery Carriers, Office	256	3,743,731	-6,121	-50,322	981	242	-1,428	0	18,878	0	0	3,705,961	-149,925	3,556,036
7	City Delivery Carriers, Street	257	12,089,498	-19,766	-10,047	24,631	3,647	-9,239	0	111,511	0	0	12,190,236	-493,157	11,697,079
8	Vehicle Service Drivers	258	588,130	7,684	-1,723	0	113	-149,353	0	179,109	0	0	623,961	-29,896	594,065
10	Rural Carriers	260	6,745,341	123,233	27,840	38,810	2,169	-84,610	0	0	0	0	6,852,782	-40,220	6,812,561
11	Custodial and Maint Svcs	359	3,199,531	45,902	-29,770	0	933	-252,655	0	209,883	50	0	3,173,874	-78,718	3,095,156
12	Motor Vehicle Service	262	1,434,342	21,280	1,238	4,023	508	-15,503	0	23,317	4	0	1,469,209	-11,764	1,457,445
13	Misc Local Operations	263	449,006	4,633	98	6	92	0	0	-62,437	1,831	0	393,228	0	393,228
14	Transportation	264	6,629,890	200,292	-47,090	0	373	-115,247	0	83,899	0	0	6,752,117	0	6,752,117
15	Building Occupancy	289	1,806,751	37,401	0	0	332	-34,701	0	36,743	-1,095	0	1,845,431	0	1,845,431
16	Supplies and Services	490	2,564,792	2,625	-11,534	1,213	321	-60,623	0	159,468	27,972	0	2,684,233	0	2,684,233
17	Research and Development	267	16,608	0	0	0	0	0	0	669	-24	0	17,253	0	17,253
18	Admin and Area Operations	459	19,425,093	14,729	0	0	668	0	0	36,209	-42,272	-8,425,565	11,008,862	0	11,008,862
19	General Mgmt Systems	269	51,369	706	0	0	2	-5,577	0	26,181	5,056	0	77,737	0	77,737
20	Other Accrued Expenses	475	2,520,416	1,626	-933	0	0	0	0	-1,504	6,341	-85,050	2,440,897	0	2,440,897
	Total All C/S		81,153,316	697,136	-308,519	73,370	12,071	-1,270,044	0	1,050,670	-2,137	-8,510,615	72,895,247	-1,235,826	71,659,421

BR-Final - FY2014 BR
 Cost Segment Summary Table
 for TOTAL COSTS \$(000)

Attachment 20

C/S	Cost Segment	Comp	FY2013BR Before Workyear Mix Adj	Cost Level Change	Mail Volume Change	Non-Volume Workload	Additional Workday	Cost Reductions	Productivity Goals	Other Programs	Corporate- wide Activities	Servicewide Costs	FY2014BR Before Workyear Mix Adj.	Workyear Mix Adjustment	FY2014BR After Workyear Mix Adj.
1	Postmasters	251	2,236,642	39,662	-5,969	0	0	-205,290	0	0	0	0	2,065,045	0	2,065,045
2	Supervisors & Technicians	284	3,270,351	49,170	-20,877	2,912	0	-139,068	0	0	0	0	3,162,488	0	3,162,488
3	Clerks and Mailhandlers	478	14,147,267	456,546	-137,435	856	0	-670,774	0	199,745	0	0	13,996,205	-538,840	13,457,366
4	Clerks, CAG K Post Offices	254	5,205	264	-69	0	0	0	0	0	0	0	5,400	0	5,400
6	City Delivery Carriers, Office	256	3,705,961	47,258	-55,383	998	0	0	0	0	0	0	3,698,834	-226,346	3,472,488
7	City Delivery Carriers, Street	257	12,190,236	155,450	-44,263	25,231	0	-135,975	0	0	0	0	12,190,678	-745,995	11,444,683
8	Vehicle Service Drivers	258	623,961	20,959	-653	0	0	-114,188	0	0	0	0	530,079	-26,464	503,616
10	Rural Carriers	260	6,852,782	320,508	15,497	40,469	0	-3,244	0	0	0	0	7,226,011	-84,031	7,141,981
11	Custodial and Maint Srvcs	359	3,173,874	101,470	-28,644	0	0	-454,124	0	0	0	0	2,792,576	-88,686	2,703,891
12	Motor Vehicle Service	262	1,469,209	42,469	-511	4,188	0	-7,248	0	0	0	0	1,508,107	-16,522	1,491,585
13	Misc Local Operations	263	393,228	2,569	-1,128	6	0	0	0	0	0	0	394,674	0	394,674
14	Transportation	264	6,752,117	185,402	-83,695	0	0	-379,000	0	165,588	0	0	6,640,412	0	6,640,412
15	Building Occupancy	289	1,845,431	51,978	0	0	0	-49,547	0	0	0	0	1,847,862	0	1,847,862
16	Supplies and Services	490	2,684,233	4,203	-15,778	1,396	0	-161,666	0	4,000	0	0	2,516,388	0	2,516,388
17	Research and Development	267	17,253	0	0	0	0	0	0	0	0	0	17,253	0	17,253
18	Admin and Area Operations	459	11,008,862	17,824	0	0	0	0	0	0	0	2,115,907	13,142,593	0	13,142,593
19	General Mgmt Systems	269	77,737	1,006	0	0	0	-351	0	0	0	0	78,392	0	78,392
20	Other Accrued Expenses	475	2,440,897	1,513	-1,955	0	0	0	0	0	0	38,986	2,479,441	0	2,479,441
	Total All C/S		72,895,247	1,498,253	-380,864	76,055	0	-2,320,476	0	369,333	0	2,154,893	74,292,440	-1,726,883	72,565,558

**Exigent January Implementation -
FY2014 AR
Cost Segment Summary Table
for TOTAL COSTS \$(000)**

**Attachment 21
REVISED: 11/22/13**

C/S	Cost Segment	Comp	FY2013AR Before Workyear Mix Adj	Cost Level Change	Mail Volume Change	Non-Volume Workload	Additional Workday	Cost Reductions	Productivity Goals	Other Programs	Corporate- wide Activities	Servicewide Costs	FY2014AR Before Workyear Mix Adj.	Workyear Mix Adjustment	FY2014AR After Workyear Mix Adj.
1	Postmasters	251	2,236,642	39,662	-7,291	0	0	-205,290	0	0	0	0	2,063,724	0	2,063,724
2	Supervisors & Technicians	284	3,270,351	49,170	-30,196	2,912	0	-139,068	0	0	0	0	3,153,169	0	3,153,169
3	Clerks and Mailhandlers	478	14,147,267	456,660	-180,540	856	0	-670,777	0	199,746	0	0	13,953,212	-524,689	13,428,523
4	Clerks, CAG K Post Offices	254	5,205	264	-103	0	0	0	0	0	0	0	5,366	0	5,366
6	City Delivery Carriers, Office	256	3,705,961	47,292	-81,217	998	0	0	0	0	0	0	3,673,034	-220,771	3,452,263
7	City Delivery Carriers, Street	257	12,190,236	155,560	-83,670	25,231	0	-135,976	0	0	0	0	12,151,380	-730,368	11,421,012
8	Vehicle Service Drivers	258	623,961	20,966	1,325	0	0	-114,188	0	0	0	0	532,063	-27,128	504,936
10	Rural Carriers	260	6,852,782	320,671	-10,674	40,470	0	-3,244	0	0	0	0	7,200,004	-78,871	7,121,133
11	Custodial and Maint Svcs	359	3,173,874	101,504	-36,057	0	0	-454,126	0	0	0	0	2,785,195	-87,992	2,697,203
12	Motor Vehicle Service	262	1,469,209	42,475	-2,518	4,188	0	-7,248	0	0	0	0	1,506,106	-16,406	1,489,700
13	Misc Local Operations	263	393,228	2,569	-1,754	6	0	0	0	0	0	0	394,048	0	394,048
14	Transportation	264	6,752,117	185,402	-25,074	0	0	-379,000	0	165,588	0	0	6,699,033	0	6,699,033
15	Building Occupancy	289	1,845,431	51,978	0	0	0	-49,547	0	0	0	0	1,847,862	0	1,847,862
16	Supplies and Services	490	2,684,233	4,203	-19,041	1,396	0	-161,666	0	4,000	0	0	2,513,126	0	2,513,126
17	Research and Development	267	17,253	0	0	0	0	0	0	0	0	0	17,253	0	17,253
18	Admin and Area Operations	459	11,008,862	17,826	0	0	0	0	0	0	0	2,115,907	13,142,595	0	13,142,595
19	General Mgmt Systems	269	77,737	1,006	0	0	0	-351	0	0	0	0	78,392	0	78,392
20	Other Accrued Expenses	475	2,440,897	1,513	-1,962	0	0	0	0	0	0	36,809	2,477,257	0	2,477,257
	Total All C/S		72,895,247	1,498,719	-478,770	76,056	0	-2,320,483	0	369,334	0	2,152,716	74,192,820	-1,686,224	72,506,596

Exigent_October Implementation -
 FY2014 AR
 Cost Segment Summary Table
 for TOTAL COSTS \$(000)

C/S	Cost Segment	Comp	FY2013AR Before Workyear Mix Adj	Cost Level Change	Mail Volume Change	Non-Volume Workload	Additional Workday	Cost Reductions	Productivity Goals	Other Programs	Corporate- wide Activities	Servicewide Costs	FY2014AR Before Workyear Mix Adj.	Workyear Mix Adjustment	FY2014AR After Workyear Mix Adj.
1	Postmasters	251	2,236,642	39,662	-9,608	0	0	-205,290	0	0	0	0	2,061,407	0	2,061,407
2	Supervisors & Technicians	284	3,270,351	49,170	-41,398	2,912	0	-139,068	0	0	0	0	3,141,967	0	3,141,967
3	Clerks and Mailhandlers	478	14,147,267	456,688	-254,385	856	0	-670,781	0	199,747	0	0	13,879,393	-501,270	13,378,122
4	Clerks, CAG K Post Offices	254	5,205	264	-129	0	0	0	0	0	0	0	5,340	0	5,340
6	City Delivery Carriers, Office	256	3,705,961	47,310	-101,102	998	0	0	0	0	0	0	3,653,167	-216,450	3,436,717
7	City Delivery Carriers, Street	257	12,190,236	155,621	-115,028	25,231	0	-135,977	0	0	0	0	12,120,082	-718,114	11,401,969
8	Vehicle Service Drivers	258	623,961	20,967	-846	0	0	-114,189	0	0	0	0	529,893	-26,555	503,338
10	Rural Carriers	260	6,852,782	320,784	-30,583	40,471	0	-3,244	0	0	0	0	7,180,209	-74,974	7,105,235
11	Custodial and Maint Srvcs	359	3,173,874	101,511	-43,390	0	0	-454,130	0	0	0	0	2,777,865	-88,146	2,689,719
12	Motor Vehicle Service	262	1,469,209	42,475	-5,343	4,188	0	-7,248	0	0	0	0	1,503,282	-16,267	1,487,015
13	Misc Local Operations	263	393,228	2,569	-2,279	6	0	0	0	0	0	0	393,523	0	393,523
14	Transportation	264	6,752,117	185,402	-55,024	0	0	-379,000	0	165,588	0	0	6,669,083	0	6,669,083
15	Building Occupancy	289	1,845,431	51,978	0	0	0	-49,547	0	0	0	0	1,847,862	0	1,847,862
16	Supplies and Services	490	2,684,233	4,204	-24,587	1,396	0	-161,666	0	4,000	0	0	2,507,580	0	2,507,580
17	Research and Development	267	17,253	0	0	0	0	0	0	0	0	0	17,253	0	17,253
18	Admin and Area Operations	459	11,008,862	17,827	0	0	0	0	0	0	0	2,115,907	13,142,596	0	13,142,596
19	General Mgmt Systems	269	77,737	1,006	0	0	0	-351	0	0	0	0	78,392	0	78,392
20	Other Accrued Expenses	475	2,440,897	1,513	-2,010	0	0	0	0	0	0	35,030	2,475,430	0	2,475,430
	Total All C/S		72,895,247	1,498,951	-685,713	76,057	0	-2,320,492	0	369,335	0	2,150,937	73,984,323	-1,641,776	72,342,547

**US Postal Service
R2010-4R
Contribution by Class of Mail - FY2013**

		Revenue (in millions)	Volume (in millions)	Attributable Cost (in millions)	Volume Variable Cost (in millions)	Product Specific Cost (in millions)	Revenue \$ (per piece)	Attributable Cost \$ (per piece)	Contribution \$ (per piece)	Cost Coverage
DOMESTIC MARKET DOMINANT PRODUCTS										
First-Class Mail										
Single Piece Letters	3	\$10,250	21,697	\$5,670	\$5,634	\$37	\$0.472	\$0.261	\$0.211	180.8%
Single Piece Postcards	4	\$350	1,041	\$252	\$250	\$2	\$0.336	\$0.242	\$0.094	138.8%
Total Single Piece Letters and Cards	5	\$10,600	22,737	\$5,922	\$5,884	\$39	\$0.466	\$0.260	\$0.206	179.0%
Presort Letters	8	\$14,366	38,814	\$4,584	\$4,567	\$17	\$0.370	\$0.118	\$0.252	313.4%
Presort Postcards	9	\$591	2,434	\$192	\$191	\$1	\$0.243	\$0.079	\$0.164	307.5%
Total Presort Letters and Cards	10	\$14,957	41,248	\$4,776	\$4,758	\$18	\$0.363	\$0.116	\$0.247	313.1%
Flats	14	\$2,525	1,911	\$1,592	\$1,592	\$1	\$1.322	\$0.833	\$0.488	158.6%
Parcels	19	\$584	248	\$532	\$531	\$0	\$2.352	\$2.143	\$0.209	109.8%
Fees	18	\$136	0	\$0	\$0	\$0				
Total First-Class	100	\$28,802	66,144	\$12,823	\$12,765	\$58	\$0.435	\$0.194	\$0.242	224.6%
Standard Mail										
High Density and Saturation Letters	21	\$797	5,624	\$333	\$329	\$4	\$0.142	\$0.059	\$0.083	239.4%
High Density and Saturation Flats and Parcels	22	\$2,066	12,335	\$898	\$889	\$9	\$0.167	\$0.073	\$0.095	230.1%
Carrier Route	23	\$2,411	9,679	\$1,732	\$1,725	\$7	\$0.249	\$0.179	\$0.070	139.2%
Letters	25	\$9,396	47,352	\$4,912	\$4,875	\$36	\$0.198	\$0.104	\$0.095	191.3%
Flats	26	\$2,146	5,594	\$2,468	\$2,464	\$5	\$0.384	\$0.441	-\$0.058	87.0%
Not Flat-Machinables and Parcels	27	\$71	72	\$77	\$76	\$0	\$0.993	\$1.067	-\$0.073	93.1%
Fees	29	\$58	0	\$0	\$0	\$0				
Total Standard Mail	105	\$16,945	80,656	\$10,419	\$10,358	\$61	\$0.210	\$0.129	\$0.081	162.6%
Periodicals										
In County	31	\$65	598	\$85	\$85	\$0	\$0.108	\$0.143	-\$0.035	75.7%
Outside County	32	\$1,595	5,784	\$2,080	\$2,080	\$1	\$0.276	\$0.360	-\$0.084	76.7%
Fees	39	\$8	0	\$0	\$0	\$0				
Total Periodicals	110	\$1,667	6,382	\$2,166	\$2,165	\$1	\$0.261	\$0.339	-\$0.078	77.0%
Package Services										
Single Piece Parcel Post	41	\$717	57	\$725	\$725	\$0	\$12.640	\$12.781	-\$0.141	98.9%
Bound Printed Matter Flats	42	\$188	234	\$134	\$134	\$0	\$0.803	\$0.574	\$0.229	139.9%
Bound Printed Matter Parcels	43	\$276	218	\$242	\$242	\$0	\$1.270	\$1.110	\$0.160	114.4%
Media and Library Mail	44	\$310	93	\$341	\$341	\$0	\$3.326	\$3.661	-\$0.335	90.9%
Fees	49	\$3	0	\$0	\$0	\$0				
Total Package Services	115	\$1,493	601	\$1,441	\$1,441	\$0	\$2.484	\$2.397	\$0.086	103.6%
U.S. Postal Service	125	\$0	495	\$0	\$0	\$0	\$0.000	\$0.000		
Free Mail	130	\$0	53	\$35	\$35	\$0	\$0.000	\$0.666		
Total Domestic Market Dominant Mail	135	\$48,908	154,330	\$26,884	\$26,764	\$120	\$0.317	\$0.174	\$0.143	181.9%
Special Services										
Ancillary Services										
Certified	51	\$706	0	\$583	\$582	\$0	\$3.056			
COD	52	\$5	0	\$2	\$2	\$0	\$9.149			
Insurance	54	\$110	0	\$90	\$90	\$0	\$3.794			
Registered Mail	55	\$32	0	\$21	\$21	\$0	\$17.177			
Stamped Envelopes	56	\$22	0	\$7	\$7	\$0	\$0.000			
Stamped Cards	57	\$1	0	\$1	\$1	\$0	\$0.000			
Other Ancillary Services	58	\$529	0	\$432	\$431	\$1	\$0.220			
Address Management Services	61	\$16	0	\$7	\$0	\$7	\$0.000			
Caller Service	62	\$96	0	\$26	\$26	\$0	\$0.000			
Money Orders	73	\$158	0	\$99	\$96	\$3	\$1.540			
Post Office Box Service	74	\$357	0	\$280	\$276	\$5	\$0.000			
Other Special Services	76	\$0	0	\$0	\$0	\$0	\$0.000			
All Other Special Services	191	\$19	0	\$7	\$7	\$0	\$0.000			
Total Domestic Market Dominant Services	140	\$2,049	0	\$1,556	\$1,540	\$16	\$0.741			
Total Domestic Market Dominant Attributable Costs	143	\$50,957	154,330	\$28,440	\$28,304	\$136	\$0.324	\$0.181	\$0.143	179.2%
DOMESTIC COMPETITIVE PRODUCTS										
Total Domestic Competitive Mail	175	\$11,107	2,789	\$7,944	\$7,827	\$118	\$3.983	\$2.849	\$1.134	139.8%
INTERNATIONAL MAIL AND SERVICES	185	\$2,995	917	\$2,046	\$1,982	\$64	\$3.265	\$2.230	\$1.035	146.4%
TOTAL ATTRIBUTABLE COSTS	198	\$65,058	158,036	\$38,430	\$38,112	\$317	\$0.405	\$0.239	\$0.166	169.3%
OTHER COSTS	199	\$1,044	0	\$33,230	\$33,547	-\$317				
TOTAL COSTS	200	\$66,102	158,036	\$71,659	\$71,659	\$0				

US Postal Service
R2010-4R
Contribution by Class of Mail - FY2014 Before Rates

REVISED: 10/25/13

Attachment 24
REVISED: 10/25/13

		Revenue (in millions)	Volume (in millions)	Attributable Cost (in millions)	Volume Variable Cost (in millions)	Product Specific Cost (in millions)	Revenue \$ (per piece)	Attributable Cost \$ (per piece)	Contribution \$ (per piece)	Cost Coverage
DOMESTIC MARKET DOMINANT PRODUCTS										
First-Class Mail										
Single Piece Letters	3	\$9,517	19,993	\$5,171	\$5,135	\$37	\$0.476	\$0.259	\$0.217	184.0%
Single Piece Postcards	4	\$336	980	\$235	\$233	\$2	\$0.343	\$0.240	\$0.103	143.0%
Total Single Piece Letters and Cards	5	\$9,854	20,973	\$5,406	\$5,368	\$39	\$0.470	\$0.258	\$0.212	182.3%
Presort Letters	8	\$13,870	37,095	\$4,343	\$4,326	\$17	\$0.374	\$0.117	\$0.257	319.4%
Presort Postcards	9	\$568	2,325	\$183	\$182	\$1	\$0.244	\$0.079	\$0.166	310.8%
Total Presort Letters and Cards	10	\$14,438	39,420	\$4,526	\$4,507	\$18	\$0.366	\$0.115	\$0.251	319.0%
Flats	14	\$2,380	1,795	\$1,480	\$1,479	\$1	\$1.326	\$0.825	\$0.501	160.8%
Parcels	19	\$616	257	\$544	\$544	\$0	\$2.402	\$2.121	\$0.281	113.2%
Fees	18	\$132	0	\$0	\$0	\$0				
Total First-Class	100	\$27,420	62,444	\$11,956	\$11,898	\$58	\$0.439	\$0.191	\$0.248	229.3%
Standard Mail										
High Density and Saturation Letters	21	\$809	5,619	\$331	\$327	\$4	\$0.144	\$0.059	\$0.085	244.2%
High Density and Saturation Flats and Parcels	22	\$2,108	12,496	\$919	\$910	\$9	\$0.169	\$0.074	\$0.095	229.2%
Carrier Route	23	\$2,443	9,652	\$1,728	\$1,721	\$7	\$0.253	\$0.179	\$0.074	141.4%
Letters	25	\$9,722	48,432	\$4,977	\$4,941	\$36	\$0.201	\$0.103	\$0.098	195.3%
Flats	26	\$2,168	5,588	\$2,444	\$2,440	\$5	\$0.388	\$0.437	-\$0.049	88.7%
Not Flat-Machinables and Parcels	27	\$69	69	\$74	\$74	\$0	\$1.005	\$1.072	-\$0.067	93.7%
Fees	29	\$57	0	\$0	\$0	\$0				
Total Standard Mail	105	\$17,376	81,856	\$10,475	\$10,413	\$61	\$0.212	\$0.128	\$0.084	165.9%
Periodicals										
In County	31	\$63	577	\$83	\$83	\$0	\$0.109	\$0.144	-\$0.035	75.9%
Outside County	32	\$1,548	5,553	\$1,989	\$1,989	\$1	\$0.279	\$0.358	-\$0.080	77.8%
Fees	39	\$7	0	\$0	\$0	\$0				
Total Periodicals	110	\$1,618	6,130	\$2,073	\$2,072	\$1	\$0.264	\$0.338	-\$0.074	78.1%
Package Services										
Single Piece Parcel Post	41	\$724	50	\$686	\$686	\$0	\$14.480	\$13.732	\$0.749	105.5%
Bound Printed Matter Flats	42	\$187	232	\$132	\$132	\$0	\$0.805	\$0.569	\$0.236	141.5%
Bound Printed Matter Parcels	43	\$284	221	\$248	\$248	\$0	\$1.284	\$1.120	\$0.164	114.7%
Media and Library Mail	44	\$287	85	\$317	\$317	\$0	\$3.363	\$3.713	-\$0.350	90.6%
Fees	49	\$2	0	\$0	\$0	\$0				
Total Package Services	115	\$1,483	588	\$1,383	\$1,383	\$0	\$2.521	\$2.350	\$0.171	107.3%
U.S. Postal Service	125	\$0	463	\$0	\$0	\$0	\$0.000	\$0.000		
Free Mail	130	\$0	52	\$34	\$34	\$0	\$0.000	\$0.658		
Total Domestic Market Dominant Mail	135	\$47,897	151,535	\$25,921	\$25,801	\$120	\$0.316	\$0.171	\$0.145	184.8%
Special Services										
Ancillary Services										
Certified	51	\$714	0	\$593	\$593	\$0	\$3.101			
COD	52	\$4	0	\$2	\$2	\$0	\$9.414			
Insurance	54	\$100	0	\$73	\$73	\$0	\$3.861			
Registered Mail	55	\$29	0	\$18	\$18	\$0	\$17.337			
Stamped Envelopes	56	\$19	0	\$6	\$6	\$0	\$0.000			
Stamped Cards	57	\$1	0	\$1	\$1	\$0	\$0.000			
Other Ancillary Services	58	\$512	0	\$472	\$472	\$1	\$0.198			
Address Management Services	61	\$16	0	\$7	\$0	\$7	\$0.000			
Caller Service	62	\$98	0	\$26	\$26	\$0	\$0.000			
Money Orders	73	\$152	0	\$96	\$93	\$3	\$1.574			
Post Office Box Service	74	\$375	0	\$275	\$270	\$5	\$0.000			
Other Special Services	76	\$0	0	\$0	\$0	\$0	\$0.000			
All Other Special Services	191	\$19	0	\$7	\$7	\$0	\$0.000			
Total Domestic Market Dominant Services	140	\$2,039	0	\$1,577	\$1,561	\$16	\$0.694			
Total Domestic Market Dominant Attributable Costs	143	\$49,936	151,535	\$27,498	\$27,362	\$136	\$0.323	\$0.178	\$0.145	181.6%
DOMESTIC COMPETITIVE PRODUCTS										
Total Domestic Competitive Mail	175	\$12,048	3,144	\$8,350	\$8,232	\$118	\$3.832	\$2.656	\$1.176	144.3%
INTERNATIONAL MAIL AND SERVICES										
Total International Mail and Services	185	\$3,059	869	\$1,895	\$1,831	\$64	\$3.520	\$2.181	\$1.339	161.4%
TOTAL ATTRIBUTABLE COSTS										
Total Attributable Costs	198	\$65,042	155,547	\$37,743	\$37,425	\$318	\$0.410	\$0.238	\$0.172	172.3%
OTHER COSTS										
Other Costs	199	\$820	0	\$34,823	\$35,141	-\$318				
TOTAL COSTS	200	\$65,863	155,547	\$72,566	\$72,566	\$0				

Contribution by Class of Mail - FY2014 After Rates - CPI + Exigent + Competitive
(January 26, 2014 Implementation)

		Revenue (in millions)	Volume (in millions)	Attributable Cost (in millions)	Volume Variable Cost (in millions)	Product Specific Cost (in millions)	Revenue \$ (per piece)	Attributable Cost \$ (per piece)	Contribution \$ (per piece)	Cost Coverage
DOMESTIC MARKET DOMINANT PRODUCTS										
First-Class Mail										
Single Piece Letters	3	\$9,822	19,924	\$5,160	\$5,124	\$37	\$0.493	\$0.259	\$0.234	190.3%
Single Piece Postcards	4	\$343	978	\$235	\$233	\$2	\$0.350	\$0.240	\$0.110	145.8%
Total Single Piece Letters and Cards	5	\$10,164	20,902	\$5,395	\$5,357	\$39	\$0.486	\$0.258	\$0.228	188.4%
Presort Letters	8	\$14,217	36,686	\$4,301	\$4,284	\$17	\$0.388	\$0.117	\$0.270	330.6%
Presort Postcards	9	\$587	2,293	\$180	\$179	\$1	\$0.256	\$0.079	\$0.177	325.4%
Total Presort Letters and Cards	10	\$14,805	38,980	\$4,481	\$4,463	\$18	\$0.380	\$0.115	\$0.265	330.4%
Flats	14	\$2,457	1,784	\$1,473	\$1,472	\$1	\$1.377	\$0.826	\$0.552	166.8%
Parcels	19	\$641	249	\$528	\$528	\$0	\$2.574	\$2.123	\$0.451	121.3%
Fees	18	\$136	0	\$0	\$0	\$0				
Total First-Class	100	\$28,202	61,915	\$11,878	\$11,819	\$58	\$0.455	\$0.192	\$0.264	237.4%
Standard Mail										
High Density and Saturation Letters	21	\$823	5,546	\$328	\$323	\$4	\$0.148	\$0.059	\$0.089	251.4%
High Density and Saturation Flats and Parcels	22	\$2,149	12,335	\$909	\$900	\$9	\$0.174	\$0.074	\$0.101	236.5%
Carrier Route	23	\$2,504	9,517	\$1,707	\$1,699	\$7	\$0.263	\$0.179	\$0.084	146.7%
Letters	25	\$9,984	47,835	\$4,923	\$4,887	\$36	\$0.209	\$0.103	\$0.106	202.8%
Flats	26	\$2,228	5,516	\$2,416	\$2,412	\$5	\$0.404	\$0.438	-\$0.034	92.2%
Not Flat-Machinables and Parcels	27	\$71	68	\$73	\$73	\$0	\$1.046	\$1.073	-\$0.027	97.5%
Fees	29	\$58	0	\$0	\$0	\$0				
Total Standard Mail	105	\$17,818	80,817	\$10,355	\$10,294	\$61	\$0.220	\$0.128	\$0.092	172.1%
Periodicals										
In County	31	\$65	575	\$83	\$83	\$0	\$0.114	\$0.144	-\$0.031	78.8%
Outside County	32	\$1,602	5,533	\$1,984	\$1,984	\$1	\$0.290	\$0.359	-\$0.069	80.7%
Fees	39	\$8	0	\$0	\$0	\$0				
Total Periodicals	110	\$1,675	6,108	\$2,067	\$2,067	\$1	\$0.274	\$0.338	-\$0.064	81.0%
Package Services										
Single Piece Parcel Post	41	\$682	45	\$625	\$625	\$0	\$15.112	\$13.859	\$1.253	109.0%
Bound Printed Matter Flats	42	\$191	229	\$131	\$131	\$0	\$0.832	\$0.570	\$0.262	146.0%
Bound Printed Matter Parcels	43	\$292	218	\$245	\$245	\$0	\$1.337	\$1.121	\$0.216	119.2%
Media and Library Mail	44	\$293	83	\$310	\$310	\$0	\$3.506	\$3.718	-\$0.212	94.3%
Fees	49	\$2	0	\$0	\$0	\$0				
Total Package Services	115	\$1,459	576	\$1,311	\$1,311	\$0	\$2.532	\$2.276	\$0.257	111.3%
U.S. Postal Service										
Free Mail	130	\$0	52	\$34	\$34	\$0	\$0.000	\$0.659		
Total Domestic Market Dominant Mail	135	\$49,154	149,932	\$25,645	\$25,525	\$120	\$0.328	\$0.171	\$0.157	191.7%
Special Services										
Ancillary Services										
Certified	51	\$742	0	\$591	\$590	\$0	\$3.238			
COD	52	\$5	0	\$2	\$2	\$0	\$9.944			
Insurance	54	\$104	0	\$72	\$72	\$0	\$4.046			
Registered Mail	55	\$30	0	\$18	\$18	\$0	\$18.071			
Stamped Envelopes	56	\$20	0	\$7	\$7	\$0	\$0.000			
Stamped Cards	57	\$1	0	\$1	\$1	\$0	\$0.000			
Other Ancillary Services	58	\$507	0	\$416	\$415	\$1	\$0.208			
Address Management Services	61	\$16	0	\$7	\$0	\$7	\$0.000			
Caller Service	62	\$101	0	\$26	\$26	\$0	\$0.000			
Money Orders	73	\$156	0	\$96	\$93	\$3	\$1.617			
Post Office Box Service	74	\$389	0	\$275	\$270	\$5	\$0.000			
Other Special Services	76	\$0	0	\$0	\$0	\$0	\$0.000			
All Other Special Services	191	\$19	0	\$7	\$7	\$0	\$0.000			
Total Domestic Market Dominant Services	140	\$2,089	0	\$1,517	\$1,501	\$16	\$0.749			
Total Domestic Market Dominant Attributable Costs	143	\$51,243	149,932	\$27,162	\$27,026	\$136	\$0.336	\$0.178	\$0.158	188.7%
DOMESTIC COMPETITIVE PRODUCTS										
Total Domestic Competitive Mail	175	\$12,632	3,195	\$8,601	\$8,484	\$118	\$3.953	\$2.692	\$1.261	146.9%
INTERNATIONAL MAIL AND SERVICES										
TOTAL ATTRIBUTABLE COSTS	185	\$3,220	873	\$1,906	\$1,842	\$64	\$3.687	\$2.183	\$1.504	168.9%
OTHER COSTS										
TOTAL COSTS	200	\$67,915	154,000	\$72,507	\$72,507	\$0	\$0.428	\$0.240	\$0.188	178.1%

Contribution by Class of Mail - FY2014 After Rates - CPI + Exigent + Competitive - Full Year
(October 1, 2013 Implementation)

		Revenue (in millions)	Volume (in millions)	Attributable Cost (in millions)	Volume Variable Cost (in millions)	Product Specific Cost (in millions)	Revenue \$ (per piece)	Attributable Cost \$ (per piece)	Contribution \$ (per piece)	Cost Coverage
DOMESTIC MARKET DOMINANT PRODUCTS										
First-Class Mail										
Single Piece Letters	3	\$9,984	19,872	\$5,154	\$5,117	\$37	\$0.502	\$0.259	\$0.243	193.7%
Single Piece Postcards	4	\$346	977	\$235	\$233	\$2	\$0.354	\$0.241	\$0.114	147.3%
Total Single Piece Letters and Cards	5	\$10,330	20,849	\$5,389	\$5,350	\$39	\$0.495	\$0.258	\$0.237	191.7%
Presort Letters	8	\$14,371	36,447	\$4,278	\$4,261	\$17	\$0.394	\$0.117	\$0.277	335.9%
Presort Postcards	9	\$596	2,275	\$179	\$178	\$1	\$0.262	\$0.079	\$0.183	332.4%
Total Presort Letters and Cards	10	\$14,967	38,722	\$4,458	\$4,439	\$18	\$0.387	\$0.115	\$0.271	335.8%
Flats	14	\$2,496	1,777	\$1,469	\$1,468	\$1	\$1.405	\$0.827	\$0.579	170.0%
Parcels	19	\$653	245	\$521	\$520	\$0	\$2.665	\$2.126	\$0.540	125.4%
Fees	18	\$137	0	\$0	\$0	\$0				
Total First-Class	100	\$28,584	61,593	\$11,836	\$11,778	\$58	\$0.464	\$0.192	\$0.272	241.5%
Standard Mail										
High Density and Saturation Letters	21	\$829	5,499	\$325	\$321	\$4	\$0.151	\$0.059	\$0.092	254.9%
High Density and Saturation Flats and Parcels	22	\$2,165	12,227	\$902	\$893	\$9	\$0.177	\$0.074	\$0.103	240.0%
Carrier Route	23	\$2,529	9,426	\$1,693	\$1,686	\$7	\$0.268	\$0.180	\$0.089	149.4%
Letters	25	\$10,090	47,442	\$4,889	\$4,853	\$36	\$0.213	\$0.103	\$0.110	206.4%
Flats	26	\$2,253	5,469	\$2,399	\$2,395	\$5	\$0.412	\$0.439	-\$0.027	93.9%
Not Flat-Machinables and Parcels	27	\$72	67	\$72	\$72	\$0	\$1.068	\$1.075	-\$0.008	99.3%
Fees	29	\$59	0	\$0	\$0	\$0				
Total Standard Mail	105	\$17,997	80,130	\$10,281	\$10,220	\$61	\$0.225	\$0.128	\$0.096	175.0%
Periodicals										
In County	31	\$67	574	\$83	\$83	\$0	\$0.116	\$0.145	-\$0.029	80.3%
Outside County	32	\$1,629	5,523	\$1,984	\$1,983	\$1	\$0.295	\$0.359	-\$0.064	82.1%
Fees	39	\$8	0	\$0	\$0	\$0				
Total Periodicals	110	\$1,703	6,097	\$2,067	\$2,066	\$1	\$0.279	\$0.339	-\$0.060	82.4%
Package Services										
Single Piece Parcel Post	41	\$664	43	\$597	\$597	\$0	\$15.481	\$13.930	\$1.551	111.1%
Bound Printed Matter Flats	42	\$192	227	\$130	\$130	\$0	\$0.845	\$0.571	\$0.274	148.1%
Bound Printed Matter Parcels	43	\$294	216	\$242	\$242	\$0	\$1.365	\$1.123	\$0.241	121.5%
Media and Library Mail	44	\$294	82	\$306	\$306	\$0	\$3.580	\$3.724	-\$0.144	96.1%
Fees	49	\$2	0	\$0	\$0	\$0				
Total Package Services	115	\$1,446	568	\$1,276	\$1,276	\$0	\$2.547	\$2.246	\$0.301	113.4%
U.S. Postal Service										
Free Mail	130	\$0	52	\$34	\$34	\$0	\$0.000	\$0.660		
Total Domestic Market Dominant Mail	135	\$49,730	148,903	\$25,494	\$25,374	\$120	\$0.334	\$0.171	\$0.163	195.1%
Special Services										
Ancillary Services										
Certified	51	\$753	0	\$589	\$589	\$0	\$3.301			
COD	52	\$5	0	\$2	\$2	\$0	\$10.203			
Insurance	54	\$107	0	\$72	\$72	\$0	\$4.160			
Registered Mail	55	\$31	0	\$18	\$18	\$0	\$18.436			
Stamped Envelopes	56	\$20	0	\$7	\$7	\$0	\$0.000			
Stamped Cards	57	\$1	0	\$1	\$1	\$0	\$0.000			
Other Ancillary Services	58	\$503	0	\$398	\$397	\$1	\$0.212			
Address Management Services	61	\$16	0	\$7	\$0	\$7	\$0.000			
Caller Service	62	\$103	0	\$26	\$26	\$0	\$0.000			
Money Orders	73	\$157	0	\$95	\$92	\$3	\$1.637			
Post Office Box Service	74	\$395	0	\$275	\$270	\$5	\$0.000			
Other Special Services	76	\$0	0	\$0	\$0	\$0	\$0.000			
All Other Special Services	191	\$19	0	\$7	\$7	\$0	\$0.000			
Total Domestic Market Dominant Services	140	\$2,109	0	\$1,497	\$1,481	\$16	\$0.774			
Total Domestic Market Dominant Attributable Costs	143	\$51,839	148,903	\$26,991	\$26,855	\$136	\$0.342	\$0.178	\$0.164	192.1%
DOMESTIC COMPETITIVE PRODUCTS										
Total Domestic Competitive Mail	175	\$12,712	3,179	\$8,593	\$8,475	\$118	\$3.999	\$2.703	\$1.296	147.9%
INTERNATIONAL MAIL AND SERVICES										
TOTAL ATTRIBUTABLE COSTS	198	\$67,778	152,954	\$37,489	\$37,172	\$318	\$0.435	\$0.241	\$0.195	180.8%
OTHER COSTS	199	\$820	0	\$34,853	\$35,171	-\$318				
TOTAL COSTS	200	\$68,599	152,954	\$72,343	\$72,343	\$0				

(CPI + Exigent + Competitive) Rate Changes

MAILING SERVICE PRODUCT CONTRIBUTION & COST COVERAGE ANALYSIS					
Fiscal Year 2014	FY2014	FY2014	FY2014	FY2014	FY2014
January 26, 2014 Implementation	Revenue	Volume	Attributable Cost	Contribution	Cost Coverage
	(000's)	(000's)	(000's)	(000's)	
First Class Mail					
Current Prices	\$ 27,419,815	62,444,044	\$ 11,956,634	\$ 15,463,181	229.3%
New Prices	\$ 28,202,217	61,914,930	\$ 11,877,534	\$ 16,324,682	237.4%
Change	\$ 782,401	(529,113)	\$ (79,100)	\$ 861,501	
Standard Mail					
Current Prices	\$ 17,375,949	81,856,429	\$ 10,475,231	\$ 6,900,718	165.9%
New Prices	\$ 17,817,585	80,817,485	\$ 10,355,155	\$ 7,462,430	172.1%
Change	\$ 441,636	(1,038,943)	\$ (120,075)	\$ 561,711	
Periodicals					
Current Prices	\$ 1,618,401	6,130,490	\$ 2,072,703	\$ (454,302)	78.1%
New Prices	\$ 1,675,234	6,107,956	\$ 2,067,426	\$ (392,192)	81.0%
Change	\$ 56,833	(22,534)	\$ (5,277)	\$ 62,110	
Package Services					
Current Prices	\$ 792,132	539,557	\$ 713,478	\$ 78,654	111.0%
New Prices	\$ 810,044	532,053	\$ 701,861	\$ 108,184	115.4%
Change	\$ 17,913	(7,504)	\$ (11,617)	\$ 29,530	
Total Domestic Special Services					
Current Prices	\$ 2,038,703	-	\$ 1,577,711	\$ 460,992	129.2%
New Prices	\$ 2,088,940	-	\$ 1,517,067	\$ 571,872	137.7%
Change	\$ 50,237		\$ (60,644)	\$ 110,881	
International					
Current Prices	\$ 596,795	576,179	\$ 758,835	\$ (162,040)	78.6%
New Prices	\$ 602,656	572,743	\$ 763,346	\$ (160,690)	78.9%
Change	\$ 5,861	(3,437)	\$ 4,511	\$ 1,350	
Total Market Dominant Products (Current)	\$ 49,841,795	151,546,699	\$ 27,554,592	\$ 22,287,203	180.9%
Total Market Dominant Products (New)	\$ 51,196,676	149,945,167	\$ 27,282,389	\$ 23,914,286	187.7%
Differences	\$ 1,354,881	(1,601,532)	\$ (272,202)	\$ 1,627,083	

* Excludes Free Mail and US Postal Mail

(CPI + Exigent + Competitive) Rate Changes

MAILING SERVICE PRODUCT CONTRIBUTION & COST COVERAGE ANALYSIS					
Fiscal Year 2014	FY2014	FY2014	FY2014	FY2014	FY2014
October 1, 2013 Implementation	Revenue	Volume	Attributable Cost	Contribution	Cost Coverage
	(000's)	(000's)	(000's)	(000's)	
First Class Mail					
Current Prices	\$ 27,419,815	62,444,044	\$ 11,956,634	\$ 15,463,181	229.3%
New Prices	\$ 28,583,660	61,592,619	\$ 11,835,921	\$ 16,747,739	241.5%
Change	\$ 1,163,845	(851,424)	\$ (120,713)	\$ 1,284,558	
Standard Mail					
Current Prices	\$ 17,375,949	81,856,429	\$ 10,475,231	\$ 6,900,718	165.9%
New Prices	\$ 17,996,710	80,129,918	\$ 10,281,110	\$ 7,715,599	175.0%
Change	\$ 620,761	(1,726,510)	\$ (194,120)	\$ 814,881	
Periodicals					
Current Prices	\$ 1,618,401	6,130,490	\$ 2,072,703	\$ (454,302)	78.1%
New Prices	\$ 1,703,297	6,097,057	\$ 2,066,724	\$ (363,426)	82.4%
Change	\$ 84,897	(33,433)	\$ (5,979)	\$ 90,876	
Package Services					
Current Prices	\$ 792,132	539,557	\$ 713,478	\$ 78,654	111.0%
New Prices	\$ 815,951	526,090	\$ 694,167	\$ 121,784	117.5%
Change	\$ 23,819	(13,467)	\$ (19,310)	\$ 43,129	
Total Domestic Special Services					
Current Prices	\$ 2,038,703	-	\$ 1,577,711	\$ 460,992	129.2%
New Prices	\$ 2,109,369	-	\$ 1,497,232	\$ 612,137	140.9%
Change	\$ 70,666		\$ (80,479)	\$ 151,145	
International					
Current Prices	\$ 596,795	576,179	\$ 758,835	\$ (162,040)	78.6%
New Prices	\$ 606,228	570,586	\$ 763,073	\$ (156,845)	79.4%
Change	\$ 9,433	(5,593)	\$ 4,238	\$ 5,195	
Total Market Dominant Products (Current)	\$ 49,841,795	151,546,699	\$ 27,554,592	\$ 22,287,203	180.9%
Total Market Dominant Products (New)	\$ 51,815,215	148,916,271	\$ 27,138,228	\$ 24,676,987	190.9%
Differences	\$ 1,973,420	(2,630,428)	\$ (416,364)	\$ 2,389,784	

* Excludes Free Mail and US Postal Mail