

## **MPA et al.-LR-R2013-11/1 – Calculation of Recession-Related Mail Volume and Contribution Losses**

This library reference is composed of two spreadsheets –

- LR-1 – USPS Approach.xlsx
- LR-1 – Improved Approach.xlsx

**LR-1 – USPS Approach.xlsx** translates the FY 2008-FY 2014 recession-related volume losses provided by witness Thress in response to POIR No. 6, Question 14 into contribution losses. This spreadsheet performs the same calculations as USPS-R2010-4R-10, Exigent Impact.xlsx and USPS-R2010-4R-11, R2010.4R.11.Contribution.Calculation.xlsx in the Postal Service's initial filing. It, however, differs from those spreadsheets in two ways.

1. It combines the two aforementioned spreadsheets and links the two previously separate spreadsheets using formulae (rather than pasted values). This change is implemented by linking tabs "Rev & Cont Calc\_08," "Rev & Cont Calc\_08\_09," "Rev & Cont Calc\_08\_10," "Rev & Cont Calc\_08\_11," and "Rev & Cont Calc\_08\_12" to tab "CRA Level." The cells in which values are replaced with formulae are highlighted in yellow.
2. It adds two additional tabs -- "Rev & Cont Calc\_08\_13" and "Rev & Cont Calc\_08\_14", which calculate FY 2013 and FY 2014 contribution losses

**LR-1 – Improved Approach.xlsx** calculates FY 2008-FY 2014 recession-related volumes and contribution losses based upon the classification of variables described by Dr. Lundblad and shown in Table 4 of his statement. This spreadsheet differs from LR-1 – USPS Approach.xlsx in two major ways:

1. It treats the effect of (1) trend components of macroeconomic variables; and (2) time trend variables on mail volume as not recession-related.
2. It includes the positive effects that macroeconomic variables have had on mail volumes during the post-recession recovery period in calculating recession-related volume losses.

These two changes are implemented through adjustments to the formulae in ExigentImpact.xls, tab "Volume," Column AA. Specifically:

- For First-Class Mail Single-Piece and Standard Mail Nonprofit products, the formulae in Column AA are deleted.
- For all other products, the formulae are changed to sum columns D:G of the row.