

## ROADMAP DOCUMENT TO FY 2013 ANNUAL COMPLIANCE REPORT

**Purpose:** The purpose of this document is to help readers navigate the costs, revenues, rates, and service materials presented to the Postal Regulatory Commission by the Postal Service as its FY 2013 Annual Compliance Report (ACR) in response to 39 U.S.C. § 3652.

Specifically, with respect to the series of associated items (each denominated as “USPS-FY13-x” or “USPS-FY13-NPx”), this document briefly describes the purpose of each item, the inputs to and outputs from that item, and any changes in methodology incorporated into that item. The intent is to allow the reader to understand the flow of information building to the summary data identified in the statute.

USPS-FY13-9 also includes a section responding to Commission Rule 3050.12 which covers data obsolescence.

**Predecessor:** The most recent predecessor document was the Roadmap document (USPS-FY12-9) found in the Postal Services’ FY 2012 Annual Compliance Report.

**Organization:** USPS-FY13-9 is organized into three sections. Section I presents, generally on an item-by-item basis, a brief description of each set of materials. As applicable, this description includes, for items in this ACR, an indication of the sources of the inputs used, and an indication of the downstream materials that make use of the outputs. Section II identifies, again generally on an item-by-item basis, any material changes in methodology incorporated into preparation of the associated data. Section III presents information responsive to Commission Rule 3050.12 on data obsolescence.

There are four relatively distinct major types of items included in the appended material. The first type is essentially the subclass/product costing material, most recently filed in the Postal Services’ FY 2012 ACR. The focus of these materials, in terms of the ultimate output, is the domestic Cost and Revenue Analysis (CRA) report. The second type is the comparable costing material with respect to international mail, filed in response to the Commission’s international reporting requirements. The focus of these materials, in terms of output, is the International Cost and Revenue Analysis (ICRA) report. The third type is material relating to intra-product cost analyses, generally relating to workshare cost avoidances. Most recently, this information was provided in the Postal Services’ FY2012 Annual Compliance Report. The fourth type is billing determinant information which, for both domestic and international mail, has generally been filed with the Commission on an annual basis.

Note, that sections 1 and 2 of these materials are further divided into two broad categories, public information and the non-public annex. Items in the public version are labeled as “USPS-FY13-x.” Items in the non-public annex are labeled as “USPS-FY13-NPx.” The “NP” refers to Non-public. This roadmap includes descriptions and information regarding methodological changes related to both public and non-public items. Presentation of such information in this document, however, has no effect on the public or non-public status of the underlying set of materials.

All four of these major bodies of material (CRA, ICRA, workshare, and billing determinant) are familiar to the Commission. They are presented in formats similar to what both the Commission and other parties participating in historical postal rate proceedings, and past ACDs, have seen and worked with before. In that sense, the Postal Service has minimized the burden on parties seeking to review these materials quickly and identify areas of potential interest.

## SECTION ONE: DESCRIPTION OF ITEMS

### Public Information

#### USPS-FY13-1

This item is entitled:

USPS-FY13-1      FY 2013 Public Cost and Revenue Analysis (PCRA) Report

USPS-FY13-1, FY 2013 Public Cost and Revenue Analysis (PCRA) summarizes attributable costs for the United States Postal Service's main products. For market-dominant products, it presents product-specific costs, revenues, and volumes. For competitive products, it presents summary information.

Docket No: ACR-2012, USPS-FY12-1 is the most recent predecessor document. USPS- FY13-NP11 is the corresponding non-public document.

The USPS-FY13-1, 2013 Public Cost and Revenue Analysis (PCRA) is a 8-page summary of domestic and international attributable costs by rate category, differing from the non-public version (USPS-FY13-NP11) by not presenting product-specific data for competitive products.

Among the primary outputs from the CRA report are the attributable costs by subclass. The following items found in this report are used as input/output to USPS-FY13-1:

#### Items in this Report Used as Input to USPS-FY13-1

Item Number	Data/Information Used
USPS-FY13-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY13-NP2	• FY 2013 International Cost and Revenue Analysis (ICRA) report
USPS-FY13-NP13	• FY 2013 CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY13-NP18	• Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY13-NP21	• In-Office Cost System (IOCS) Documentation (Nonpublic Version)
USPS-FY13-NP22	• City Carrier Cost System (CCCS) Documentation (Nonpublic Version)
USPS-FY13-NP23	• Rural Carrier Cost System (RCCS) Documentation (Nonpublic Version)
USPS-FY13-NP24	• Transportation Cost Systems (TRACS) Documentation (Nonpublic Version)

**USPS-FY13-2**

This item is entitled:

USPS-FY13-2                      FY 2013 Public Cost Segments and Components Report

USPS-FY13-2 is an output of the FY 2013 Cost and Revenue Analysis (CRA) Model that shows product attributable costs for 18 cost segments, including Postmasters, Supervisors, Clerks and Mail Handlers, In-Office City Carrier Activities, City Carrier and Rural Carrier Street Costs, and Purchased Transportation.

In the Postal Service's FY 2012 Annual Compliance Report (ACR) filing (Docket No. ACR2012, December 28, 2012), this material was presented as USPS-FY12-2. A non-public version of this document is provided as USPS-FY13-NP12, FY 2013 Non-Public Cost Segments and Components Report.

The FY 2013 Public Cost Segments and Components Report is provided as an Excel workbook. It consists of a 48-page report that presents a summary of costs by mail category for all cost segment totals, followed by component-level detail within each segment. As it is intended for public distribution, it does not contain detail below the total level for the Postal Service's Competitive products.

The following items found in this report are used as input/output to USPS-FY13-2:

**Items in this Report Used as Input to USPS-FY13-2**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY13-5	<ul style="list-style-type: none"> <li>Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)</li> </ul>
USPS-FY13-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY13-8	<ul style="list-style-type: none"> <li>Equipment and Facility Related Costs</li> </ul>
USPS-FY13-31	<ul style="list-style-type: none"> <li>FY 2013 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)</li> </ul>
USPS-FY13-32	<ul style="list-style-type: none"> <li>FY 2013 CRA "B" Workpapers (Public Version)</li> </ul>
USPS-FY13-37	<ul style="list-style-type: none"> <li>In-Office Cost System (IOCS) Documentation (Public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY13-2**

Item Number	Data/Information Provided
USPS-FY13-NP4	<ul style="list-style-type: none"> <li data-bbox="690 285 1182 371">FY 2013 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, &amp; Changes)</li> </ul>

**USPS-FY13-3**

This item is entitled:

USPS-FY13-3                      FY 2013 Discounts and Passthroughs of Workshare Items

USPS-FY13-3 reports worksharing discounts, cost avoidances and passthroughs for market dominant products for FY 2013.

Predecessor documents include Docket No. ACR2012, USPS-FY12-3 and Annual Compliance Determination FY 2012 (Revised May 7, 2013), Chapter VII (March 28, 2013).

In addition to this Preface, USPS-FY13-3 includes an Excel workbook entitled FY13.3.Worksharing Discount Table\_Final.xls. This workbook contains seventeen worksheets showing the benchmark pieces, discounts, cost differentials and passthroughs for each type of worksharing offered in FY 2013 for market dominant products. The following worksheets are included:

- FCM Single Piece Letters, Cards
- FCM Bulk Letters, Cards\*
- FCM Flats\*
- Periodicals Outside County\*
- Periodicals Bundle-Container Pricing\*
- Periodicals Within County\*
- Within County Worksheet\*
- Standard Mail Letters\*
- Order No. 1793\*
- Standard Mail Flats\*
- Standard Mail Parcels & Mkt Prcls
- Standard Mail Carrier Route
- Standard Mail HD-Sat Letters
- Standard Mail HD-Sat Flts - Prcls
- Media Mail & Library Mail
- Bound Printed Matter Flats
- Bound Printed Matter Parcels

USPS-FY13-3 also includes an Excel workbook entitled FY13.3Alternate.Worksharing Discount Table\_Final.xls. This workbook contains nine worksheets (those marked with an asterisk above) reflecting the pending methodological changes filed with the Postal Regulatory Commission in Docket No. RM2014-1. The worksheets show the cost avoidances and passthroughs which would result should these proposed methodological changes be approved.

Discounts rely on prices from USPS Notice 123—Price List, effective January 27, 2013. Avoided cost estimates due to worksharing are developed from the following items found in this report:

**Items in this Report Used as Input to USPS-FY13-3**

Item Number	Data/Information Used
USPS-FY13-10	<ul style="list-style-type: none"> <li>• FY 2013 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY13-11	<ul style="list-style-type: none"> <li>• FY 2013 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) &amp; Periodicals Cost Model</li> </ul>
USPS-FY13-12	<ul style="list-style-type: none"> <li>• Standard Mail Hybrid/Parcel Cost Study</li> </ul>
USPS-FY13-13	<ul style="list-style-type: none"> <li>• FY 2013 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail</li> </ul>
USPS-FY13-15	<ul style="list-style-type: none"> <li>• FY 2013 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)</li> </ul>
USPS-FY13-19	<ul style="list-style-type: none"> <li>• FY 2013 Delivery Costs By Shape</li> </ul>
USPS-FY13-21	<ul style="list-style-type: none"> <li>• FY 2013 QBRM and BRM Costs</li> </ul>

**USPS-FY13-4**

This item is entitled:

USPS-FY13-4                      FY 2013 Market Dominant Billing Determinants

USPS-FY13-4 contains the U.S. Postal Service billing determinants for domestic market dominant products for FY 2013. Billing determinants provide specific information regarding revenue and volume of postal products and services. Domestic Billing Determinants for FY 2012 were filed with the Postal Regulatory Commission as USPS-FY12-4. There is no corresponding non-public document for Market Dominant billing determinants.

USPS-FY13-4 consists of eleven Excel workbooks containing FY 2013 billing determinants for market dominant products. The following list indicates the contents of each workbook.

FY 2013 BPM.xls – Bound Printed Matter Billing Determinants  
 FY 2013 FCM.xls – First-Class Mail Billing Determinants  
 FY 2013 Free Blind.xls – Free for the Blind Billing Determinants  
 FY 2013 Library Mail.xls – Library Mail Billing Determinants  
 FY 2013 Media Mail.xls – Media Mail Billing Determinants  
 FY 2013 Parcel Post.xls – Parcel Post Billing Determinants  
 FY 2013 Periodicals.xls – Periodicals Billing Determinants  
 FY 2013 PO Box.xls – P.O. Boxes Billing Determinants  
 FY 2013 Special Services.xls – Special Services Billing Determinants  
 FY 2013 Standard Mail.xls – Standard Mail Billing Determinants

Sub Folder “Supplemental Data” contains the quarterly billing determinants for those classes that have not historically included that level of detail.

The following items found in this report are used as input/output to USPS-FY13-4:

**Items in this Report Utilizing Output from USPS-FY13-4**

Item Number	Data/Information Provided
USPS-FY13-10	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY13-11	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) &amp; Periodicals Cost Model</li> </ul>
USPS-FY13-12	<ul style="list-style-type: none"> <li>Standard Mail Hybrid/Parcel Cost Study</li> </ul>
USPS-FY13-13	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail</li> </ul>
USPS-FY13-15	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)</li> </ul>
USPS-FY13-16	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Bound Printed Matter and Parcel Post Transportation Costs / Bulk Parcel Return Service Cost Study (Public Version)</li> </ul>
USPS-FY13-17	<ul style="list-style-type: none"> <li>2009 Comprehensive Statement of Postal Operations</li> </ul>
USPS-FY13-18	<ul style="list-style-type: none"> <li>FY 2013 ECR Mail Processing Unit Costs</li> </ul>
USPS-FY13-19	<ul style="list-style-type: none"> <li>FY 2013 Delivery Costs By Shape</li> </ul>

**USPS-FY13-5**

This item is entitled:

USPS-FY13-5                      Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)

The Fiscal Year 2013 Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Public Version) is an Excel workbook that adjusts amounts reflected in the September 2013 general ledger for year-end audit adjustments. This results in amounts that underlie the September 30 year-end financial statements. This workbook also reallocates year-end labor contract and performance award accruals back to the appropriate labor sub-account and breaks out cost component expenses not available directly from a general ledger account but obtained from another source such as a unique finance number or a subsidiary reporting system. Because this workbook is intended for public distribution, certain account information that pertains to competitive products has been redacted.

USPS-FY13-5, the Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Public Version), is provided as an Excel workbook. This material was provided as USPS-FY12-5 for the FY 2012 Annual Compliance Report filing (Docket No. ACR2012, December 28, 2012). A non-public version of this document is provided as USPS-FY13-NP29, Fiscal Year 2013 Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Non-Public Version).

The Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Public Version) is generated from general ledger data that are downloaded from the Postal Service's mainframe Accounting systems. General ledger accounts are sorted and grouped so that they correspond to the Cost and Revenue Analysis (CRA) Model's cost segments and components.

Revenue and cost data from USPS-FY13-5 are input to the CRA Model, which is documented in USPS-FY13-31 (public) and USPS-FY13-NP13 (non-public).

The following items found in this report are used as input/output to USPS-FY13-5:

<b>Items in this Report Utilizing Output from USPS-FY13-5</b>	
<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY13-NP13	<ul style="list-style-type: none"> <li>FY 2013 CRA Model (Model Files, Cost Matrices, and Reports)</li> </ul>
USPS-FY13-31	<ul style="list-style-type: none"> <li>FY 2013 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)</li> </ul>

**USPS-FY13-6**

This item is entitled:

USPS-FY13-6                      General Classification of Accounts

USPS-FY13-6, General Classification of Accounts, identifies the different types of General Ledger accounts, lists the account numbers, and provides a brief description of each account. It is provided as general background information of a type specifically sought previously, but is not otherwise directly relied upon by the Postal Service in this filing.

In all ACR dockets since ACR2007, this was submitted as Folder 6 (e.g., in Docket No. ACR2012, as USPS-FY12-6), while in Docket No. ACR2007, it was submitted as CIR.1.Q.21.Class.Accounts.xls, filed on February 1, 2008, in response to Commission Information Request No. 1, Question 21. Previously, this type of information appeared in *Handbook F-8, the USPS Chart of Accounts*.

Since USPS-FY13-6 merely lists and describes accounts, while containing no actual account data, it neither relies on inputs from any other items in this docket, nor generates outputs which are used as inputs to any other items in the is docket.

USPS-FY013-6 consists of a Preface document, and one Excel file, FY13.6-F8-ANCM.csv.

**USPS-FY13-7**

This item is entitled:

USPS-FY13-7                      Cost Segment 3 Cost Pools and Other Related Information

USPS-FY12-7 documents the formation of C/S 3 cost pools, the development of mail processing accrued costs and volume-variable subclass costs by cost pool, and other related calculations that are inputs to the B Workpapers, the CRA model, and the Special Cost Studies.

The predecessor document is USPS-FY12-7 in Docket No. ACR2012. USPS-FY13-7 is the public version of USPS-FY13-NP18.

USPS-FY13-7 consists of:

- an Excel Workbook with eight Excel files, and
- a SAS Program documentation with text files for SAS program code, SAS logs, and SAS output tables.

*USPS-FY13-7 Excel Workbook* comprises eight parts, each contained in an Excel file. The eight Excel files are named USPS-FY13-7 Part1.xls through USPS-FY13-7 Part8.xls. The contents of each Excel file are indicated below under section III.A. For each part of the workbook, the actual tables and their titles are listed at the beginning of each Excel file.

USPS-FY13-7 SAS documentation includes a general description of the programming procedures associated with the SAS program codes, as indicated below under section III.B. *USPS-FY13-7 SAS programs* contains the SAS programs. *USPS-FY13-7 SAS logs* contains the SAS logs. And *USPS-FY13-7 SAS tables* contains the SAS output tables generated by the SAS program codes and the SAS logs.

The following items in this report are used as input/output to USPS-FY13-7:

#### Items in this Report Used as Input to USPS-FY13-7

Item Number	Data/Information Used
USPS-FY13-23	<ul style="list-style-type: none"> <li>MODS Productivity Data</li> </ul>
USPS-FY13-NP2	<ul style="list-style-type: none"> <li>FY 2013 International Cost and Revenue Analysis (ICRA) report (Hard Copy &amp; Excel)</li> </ul>
USPS-FY13-37	<ul style="list-style-type: none"> <li>In-Office Cost System (IOCS) Documentation (Public Version)</li> </ul>

#### Items in this Report Utilizing Output from USPS-FY13-7

Item Number	Data/Information Provided
USPS-FY13-2	<ul style="list-style-type: none"> <li>FY 2013 Public Cost Segments and Components</li> </ul>
USPS-FY13-8	<ul style="list-style-type: none"> <li>Equipment and Facility Related Costs</li> </ul>
USPS-FY13-10	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY13-11	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) &amp; Periodicals Cost Model</li> </ul>
USPS-FY13-12	<ul style="list-style-type: none"> <li>Standard Mail Hybrid/Parcel Cost Study</li> </ul>
USPS-FY13-13	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail</li> </ul>
USPS-FY13-15	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)</li> </ul>

USPS-FY13-21	• FY 2013 QBRM and BRM Costs
USPS-FY13-25	• FY 2013 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY13-26	• FY 2013 Mail Processing Costs by Shape (Public Version)
USPS-FY13-28	• FY 2013 Special Cost Studies Workpapers – Special Services
USPS-FY13-31	• FY 2013 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)
USPS-FY13-32	• FY 2013 CRA “B” Workpapers (Public Version)

### **USPS-FY13-8**

This item is entitled:

USPS-FY13-8                      Equipment and Facility Related Costs

The primary purpose of USPS-FY13-8 is to provide inputs to determine the volume variable equipment and facility-related costs by subclass for the CRA. USPS-FY13-8 also provides inputs for the calculation of cost pool and operations specific piggyback factors in USPS-FY13-25.

The CRA equipment-related costs are equipment depreciation (component 20.1), interest expense (component 20.5), maintenance labor (component 11.2), and parts & supplies (component 16.3.2). USPS-FY13-8 provides these costs by 25 cost pools defined by equipment type, using data from Postal Service accounting and engineering records. For each cost pool, costs are related to subclass through distribution keys indicated for each pool. Inputs are also provided to the CRA to calculate the distribution key to apportion costs for Intelligent Mail Devices (IMDs) Scanners.

The CRA facility-related costs are for space provision and space support. The space provision costs are rents (component 15.1), depreciation (component 20.3) and interest (component 20.5). The space support costs are fuel and utilities (component 15.2), custodial services labor (component 11.1), contract cleaners (component 11.1.2), building equipment maintenance labor (component 11.3), custodial supplies and services (component 16.3.1) and building security (component 18.1.2). These costs are divided into cost pools (or by activity) based on the FY 2013 estimates of square feet and rents by operation. These estimates are based on the FY1999 facility survey, updated using information on equipment deployments and other operational changes since FY1999. USPS-FY13-8 also provides a description of the variabilities and distribution keys for these cost pools.

Predecessor documents are Docket No. R2006-1, USPS-LR-L-54 and Docket ACR, FY 2012, USPS-FY12-8. There is no corresponding non-public document.

The following items found in this report are used as input/output to USPS-FY13-8:

**Items in this Report Used as Input to USPS-FY13-8**

Item Number	Data/Information Used
USPS-FY13-5	<ul style="list-style-type: none"> <li>Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)</li> </ul>
USPS-FY13-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY13-28	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers – Special Services (Public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY13-8**

Item Number	Data/Information Provided
USPS-FY13-25	<ul style="list-style-type: none"> <li>FY 2013 Mail Processing Piggyback Factors (Operation Specific)</li> </ul>
USPS-FY13-31	<ul style="list-style-type: none"> <li>FY 2013 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)</li> </ul>
USPS-FY13-NP13	<ul style="list-style-type: none"> <li>FY 2013 CRA Model (Model Files, Cost Matrices, and Reports)</li> </ul>

Results for USPS-FY13-8 can be found in the following workbooks. Each workbook contains an overview of its contents:

CRA FACILITY RELATED COST FACTORS, VARIABILITIES & DISTRIBUTION .....FCILTY13.XLS

CRA PROCESSING AND OTHER EQUIPMENT MAINTENANCE, PARTS AND SUPPLIES COSTS: FACTORS & DISTRIBUTION .....FY13equip.XLS

CRA PROCESSING AND OTHER EQUIPMENT CAPITAL COSTS: FACTORS & DISTRIBUTION.....FY13equip.XLS

CRA INPUTS FOR IMD SCANNER DISTRIBUTION KEY .....FY13.IMD.SCANNER.KEY.INPUT.XLS

**USPS-FY13-9**

This item is entitled:

USPS-FY13-9      ACR Roadmap Document

The purpose of this Roadmap to the Postal Service's FY 2013 Annual Compliance Report is to present the subject matter of each item, explain the interrelationship between items, and to describe changes in technical methodologies.

This item consolidates in one place a brief description of each of the items provided, as well as the flow of inputs and outputs between items. It includes a discussion of any methodology changes between the FY 2013 analyses included in this presentation, and the Commission's methodologies in their Annual Compliance Determination of the U. S. Postal Service for Fiscal Year 2012, or, if applicable, the methodologies used by the Postal Service under Docket No. ACR2012.

The predecessor document to this item is Docket No. ACR2012, USPS-FY12-9.

**USPS-FY13-10**

This item is entitled:

USPS-FY13-10      FY 2013 Special Cost Studies Workpapers - Letter  
Cost Models (First and Standard)

USPS-FY13-10 documents the First-Class Mail presort letters and cards mail processing unit cost estimates and worksharing-related savings estimates, and the Standard Mail presort letters mail processing unit cost estimates.

Predecessor documents include Docket Nos. R2006-1, PRC-LR-12 (First-Class Mail) and PRC-LR-15 (Standard Mail); ACR2007, USPS-FY07-10 thru ACR2012; Docket No. RM2010-13, Order No. 1320; Docket No. RM2011-5, Order No. 741; Docket No. RM2011-12, Order No. 920; Docket No. RM2012-1, Proposal Twelve, Order No. 1153; Docket No. RM2012-2, Proposal Seventeen and Nineteen, Order No. 1383; and Docket No. RM2014-1, Proposal Eight.

There is no corresponding non-public document to USPS-FY13-10.

USPS-FY13-10 contains two sets of MS Excel workbooks. First set contains First-Class and Standard letter cost models for the Annual Compliance Report based on latest PRC methodology. Second set contains First-Class and Standard letter cost models with the Proposal Eight (Docket No. RM2014-1) methodology necessary to show FY 13 cost data calculations with the proposed methodology.

The following items found in this report are used as input/output to USPS-FY13-10:

**Items in this Report Used as Input to USPS-FY13-10**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY13-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY13-14	• Mail Characteristics Study (Public Version)
USPS-FY13-19	• FY 2013 Delivery Costs By Shape
USPS-FY13-23	• MODS Productivity Data
USPS-FY13-24	• FY 2013 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY13-25	• FY 2013 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY13-26	• FY 2013 Mail Processing Costs by Shape (Public Version)

**Items in this Report Utilizing Output from USPS-FY13-10**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY13-3	• FY 2013 Discounts and Passthroughs of Workshare Items
USPS-FY13-19	• FY 2013 Delivery Costs By Shape
USPS-FY13-21	• FY 2013 QBRM and BRM Costs
USPS-FY13-30	• FY 2013 Market Dominant NSA Materials

**USPS-FY13-11**

This item is entitled:

USPS-FY13-11                      FY 2013 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model

USPS-FY13-11 documents the development of the FY 2013 mail processing unit cost estimates for First-Class Mail Presort flats, Periodicals Outside-County flats, and Standard Mail flats. There are no corresponding non-public documents associated with USPS-FY13-11.

Predecessor documents include:

First-Class Mail ACR model: FY2012 FCM\_Prsrcr\_Flats\_PRC2.xls; PRC-ACR2012-LR2 - FY 2012 First-Class Mail (Docket No. ACR2012)  
First-Class Mail Alternate model: Prop.8.FCM.Flts.xls (Docket No. RM2014-1)

Periodicals ACR model: USPS-FY12-11.PER.OC Flats Prop 9.xls; PRC-ACR2012-LR4 - FY 2012 Periodicals (Docket No. ACR2012)  
Periodicals Alternate model: Prop.8.PER.xls (Docket No. RM2014-1) and;

Standard Mail ACR model: FY2012 STD Flats PRC2.xls; PRC-ACR2012-LR3 – FY 2012 Standard Mail (Docket No. ACR2012)  
Standard Mail Alternate model: Prop.8.STD.Flts.xls (Docket No. RM2014-1)

The USPS-FY13-11 workpapers consist of six separate Microsoft Office Excel workbooks, two each for the First-Class Mail Presort, Standard Mail, and Periodicals Outside-County model cost estimates. The Regular ACR model files end with suffix "...PRC.xls". These files follow the ACR2012 methodology unless stated. The alternate model files end with the suffix "...PROP8.xls". These files follow the Proposal Eight (Docket No. RM2014-1) methodology with FY 2013 data.

The following items found in this report are used as input/output to USPS-FY13-11:

**Items in this Report Used as Input to USPS-FY13-11**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY13-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY13-14	• Mail Characteristics Study (Public Version)
USPS-FY13-23	• MODS Productivity Data
USPS-FY13-25	• FY 2013 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY13-26	• FY 2013 Mail Processing Costs by Shape (Public Version)

**Items in this Report Utilizing Output from USPS-FY13-11**

Item Number	Data/Information Provided
USPS-FY13-3	<ul style="list-style-type: none"> <li>FY 2013 Discounts and Passthroughs of Workshare Items</li> </ul>
USPS-FY13-30	<ul style="list-style-type: none"> <li>FY 2013 Market Dominant NSA Materials</li> </ul>

**USPS-FY13-12**

This item is entitled:

USPS-FY13-12                      Standard Mail Parcel/ Not Flat-Machinable Cost Study

USPS-FY13-12 documents the mail processing unit cost estimates for Standard Mail machinable, irregular, and marketing parcels. The Standard Mail cost estimate outputs are relied upon to develop the discounts and passthrough values contained in USPS-FY13-3.

The most recent predecessor document is Docket No. ACR2012, USPS-FY12-12. There is no corresponding non-public document to USPS-FY13-12.

The Standard Mail parcel cost estimates are presented in the Microsoft Excel workbook 'USPS-FY-13-12.xls' in the spreadsheet tab entitled 'MP Summary' (page 1). Data sources are referenced in each spreadsheet throughout the workbook.

The following items found in this report are used as input/output to USPS-FY13-12:

**Items in this Report Used as Input to USPS-FY13-12**

Item Number	Data/Information Used
USPS-FY13-4	<ul style="list-style-type: none"> <li>FY 2013 Market Dominant Billing Determinants</li> </ul>
USPS-FY13-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY13-14	<ul style="list-style-type: none"> <li>Mail Characteristics Study (Public Version)</li> </ul>
USPS-FY13-23	<ul style="list-style-type: none"> <li>MODS Productivity Data</li> </ul>
USPS-FY13-25	<ul style="list-style-type: none"> <li>FY 2013 Mail Processing Piggyback Factors (Operation Specific)</li> </ul>
USPS-FY13-26	<ul style="list-style-type: none"> <li>FY 2013 Mail Processing Costs by Shape (Public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY13-12**

Item Number	Data/Information Provided
USPS-FY13-3	<ul style="list-style-type: none"> <li>FY 2013 Discounts and Passthroughs of Workshare Items</li> </ul>

**USPS-FY13-13**

This item is entitled:

USPS-FY13-13                      FY 2013 Special Cost Studies Workpapers - DropShip Cost Avoidances for Periodicals and Standard Mail

USPS-FY13-13 documents the destination entry cost avoidance estimates for Standard Mail and Periodicals. Docket No. ACR2012, USPS-FY12-13 is the predecessor document.. There is no non-public document that corresponds to USPS-FY13-13.

The Standard Mail cost avoidance outputs are relied upon to develop the discounts and passthrough values contained in USPS-FY13-3. They are also used to develop the enhanced carrier route (ECR) cost estimates contained in USPS-FY13-18. The Standard Mail transportation and non-transportation cost avoidance estimates by shape are presented in the Microsoft Excel workbooks 'USPS-FY13-13.STD\_TOTAL.xls,' 'USPS-FY13-13.STD\_LETTERS.xls,' and 'USPS-FY13-13.STD\_FLATS.xls,'. The results are contained in the 'Summary All Shapes' worksheet in the first workbook (page 1). Data sources are referenced in each spreadsheet throughout the workbook.

The Periodicals cost avoidance outputs are relied upon to develop the discounts and passthrough values contained in USPS-FY13-3. The Periodicals non-transportation cost avoidance estimates are presented in the Microsoft Excel workbook 'USPS-FY13-13.PER.xls' in the 'Summary' worksheet (page 113). Data sources are referenced in each spreadsheet throughout the workbook.

The following items found in this report are used as input/output to USPS-FY13-13:

**Items in this Report Used as Input to USPS-FY13-13**

Item Number	Data/Information Used
USPS-FY13-1	<ul style="list-style-type: none"> <li>FY 2013 Public Cost and Revenue Analysis (PCRA)</li> </ul>
USPS-FY13-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>

USPS-FY13-14	• Mail Characteristics Study
USPS-FY13-23	• MODS Productivity Data
USPS-FY13-24	• FY 2013 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY13-25	• FY 2013 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY13-32	• FY 2013 CRA "B" Workpapers (Public Version)

#### Items in this Report Utilizing Output from USPS-FY13-13

Item Number	Data/Information Provided
USPS-FY13-3	• FY 2013 Discounts and Passthroughs of Workshare Items
USPS-FY13-18	• FY 2013 ECR Mail Processing Unit Costs

#### USPS-FY13-14

This item is entitled:

USPS-FY13-14                      Mail Characteristics Study (Public Version)

USPS-FY13-14 documents the development of a number of volume and parameter estimates used in the preparation of the 2013 ACR. The section titled "RPW by Shape and Indicia" describes the development of revenue, piece and weight estimates by shape and indicia. Standard Mail and First-Class Mail estimates by weight increment are also developed. The "Mail Characteristics" section describes the development of preparation and entry characteristics for Standard Mail flats and letters, and for Periodicals flats. The re-calibration of the First-Class Mail Characteristics Study (Docket No. R2006-1, LR-L-32) is also described in the "Mail Characteristics" section. The "Coverage Factor Updating" section describes the methodology used to update coverage factor parameters for the flats mail processing models.

Predecessor Documents include USPS-FY12-14, Docket No. ACR 2012, USPS-FY11-14, Docket No. ACR 2011 USPS-FY10-14 in Docket No. ACR2010, USPS-FY09-14 in Docket No. ACR2009, USPS-FY08-14 in Docket No. ACR2008, USPS-FY07-14 filed in Docket No. ACR2007, and Docket No. R2001-1, USPS-LR-J-63 for Density Study. The corresponding non-public document is USPS-FY13-NP25.

The tables of the characteristics estimates are presented below and in electronic version in the Microsoft Office Excel workbook 'MAILCHAR13V.xls'. The estimates of RPW by shape and indicia are presented in the Microsoft Office Excel workbook "Shape Indicia FY 2013V.xls". The coverage factor and results

are provided in the workbook “Coverage Factors 13m.xls”. The programs and workbooks used to estimate these volumes are described in the Program Documentation.

This item relies upon the FY 2013 PostalOne! mailing statement database; FY 2013 Mail.dat data from the PostalOne! eVS system; and USPS-LR-L-32 for First-Class Mail.

The following items found in this report are used as input/output to USPS-FY13-14:

**Items in this Report Utilizing Output from USPS-FY13-14**

Item Number	Data/Information Provided
USPS-FY13-10	<ul style="list-style-type: none"> <li data-bbox="683 653 1159 737">FY 2013 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY13-11	<ul style="list-style-type: none"> <li data-bbox="683 747 1159 863">FY 2013 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) &amp; Periodicals Cost Model</li> </ul>
USPS-FY13-13	<ul style="list-style-type: none"> <li data-bbox="683 873 1159 993">FY 2013 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail</li> </ul>

**USPS-FY13-15**

This item is entitled:

USPS-FY13-15                      FY 2013 Special Cost Studies Workpapers – Bound Printed Matter Mail Processing Cost Model / Media Mail – Library Mail Processing Cost Model

USPS-FY13-15 documents the mail processing and delivery cost estimates for Bound Printed Matter and the mail processing cost estimates for Media Mail - Library Mail.

The most recent predecessor document is Docket No. ACR2012, USPS-FY12-15. There is no non-public document that corresponds to USPS-FY13-15.

The Bound Printed Matter and Media Mail / Library Mail cost estimate outputs are relied upon to develop the discounts and passthrough values contained in USPS-FY13-3. The Media Mail / Library Mail weighted average model cost, proportional adjustment factor and fixed adjustment factor are also relied upon in the Bulk Parcel Return Service (BPRS) cost study contained in USPS-FY13-16.

The Bound Printed Matter cost estimates are presented in the Microsoft Excel workbook 'USPS-FY13-15.BPM.xls' in the spreadsheet tab entitled 'Summary' (page 1). Data sources are referenced in each spreadsheet throughout the workbook. The Media Mail / Library Mail cost estimates are presented in the Microsoft Excel workbook 'USPS-FY13-15.MM-LM.xls' in the spreadsheet tab entitled 'Summary' (page 1). Data sources are referenced in each spreadsheet throughout the workbook.

The following items found in this report are used as input/output to USPS-FY13-15:

#### Items in this Report Used as Input to USPS-FY13-15

Item Number	Data/Information Used
USPS-FY13-1	<ul style="list-style-type: none"> <li>FY 2013 Public Cost and Revenue Analysis (PCRA) Report</li> </ul>
USPS-FY13-2	<ul style="list-style-type: none"> <li>FY 2013 Public Cost Segments and Components</li> </ul>
USPS-FY13-4	<ul style="list-style-type: none"> <li>FY 2013 Market Dominant Billing Determinants</li> </ul>
USPS-FY13-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY13-22	<ul style="list-style-type: none"> <li>FY 2013 Bound Printed Matter Mail Processing Costs and Parcel Post Window Service Costs</li> </ul>
USPS-FY13-23	<ul style="list-style-type: none"> <li>MODS Productivity Data</li> </ul>
USPS-FY13-24	<ul style="list-style-type: none"> <li>FY 2013 Non-Operation Specific Piggyback Factors (Public Version)</li> </ul>
USPS-FY13-25	<ul style="list-style-type: none"> <li>FY 2013 Mail Processing Piggyback Factors (Operation Specific)</li> </ul>
USPS-FY13-26	<ul style="list-style-type: none"> <li>FY 2013 Mail Processing Costs by Shape (Public Version)</li> </ul>
USPS-FY13-36	<ul style="list-style-type: none"> <li>Transportation Cost Systems (TRACS) Documentation (Public Version)</li> </ul>

#### Items in this Report Utilizing Output from USPS-FY13-15

Item Number	Data/Information Provided
USPS-FY13-3	<ul style="list-style-type: none"> <li>FY 2013 Discounts and Passthroughs of Workshare Items</li> </ul>
USPS-FY13-16	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Bound Printed Matter Transportation Costs / Bulk Parcel Return Service Cost Study</li> </ul>

**USPS-FY13-16**

This item is entitled:

USPS-FY13-16                      FY 2013 Special Cost Studies Workpapers - Bound Printed Matter Transportation Costs / Bulk Parcel Return Service Cost Study (Public Version)

USPS-FY13-16 documents the Bound Printed Matter transportation cost estimates and the Bulk Parcel Return Service cost estimates. The Bound Printed Matter transportation cost estimate outputs and the Bulk Parcel Return Service cost avoidance outputs are relied upon to develop the discounts and passthrough values contained in USPS-FY13-3.

Docket No. ACR2012, USPS-FY12-16 is the predecessor document. There is no non-public document that corresponds to USPS-FY13-16.

The Bound Printed Matter aggregate, flats, and parcels transportation cost estimates are presented in the Microsoft Excel workbooks 'USPS-FY13-16.BPM\_TOTAL.xls,' 'USPS-FY13-16.BPM\_FLATS.xls,' and 'USPS-FY13-16.BPM\_PARCELS.xls' in the 'Cost-Sum' spreadsheets on pages 1, 8, and 15, respectively, of USPS-FY13-16. The Bulk Parcel Return Service cost estimates are presented in the Microsoft Excel workbook 'USPS-FY13-16.BPRS.xls' in the spreadsheet 'Cost-Sum' on page 22 of USPS-FY13-16. Data sources are referenced in each spreadsheet throughout the

The following items found in this report are used as input/output to USPS-FY13-16:

**Items in this Report Used as Input to USPS-FY13-16**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY13-1	• FY 2013 Public Cost and Revenue Analysis (PCRA) Report
USPS-FY13-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY13-13	• FY 2013 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail
USPS-FY13-15	• FY 2013 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)
USPS-FY13-23	• MODS Productivity Data
USPS-FY13-24	• FY 2013 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY13-25	• FY 2013 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY13-32	• FY 2013 CRA "B" Workpapers (Public Version)

USPS-FY13-36	<ul style="list-style-type: none"> <li>Transportation Cost Systems (TRACS) Documentation (Public Version)</li> </ul>
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**Items in this Report Utilizing Output from USPS-FY13-16**

Item Number	Data/Information Provided
USPS-FY13-3	<ul style="list-style-type: none"> <li>FY 2013 Discounts and Passthroughs of Workshare Items</li> </ul>

**USPS-FY13-17**

This item is entitled:

USPS-FY13-17                      FY 2013 Annual Report

The Postal Service publishes a number of reports that are responsive to different legislative requirements. They provide stakeholders with an accounting of our activities and results. To avoid duplication and improve consistency, our Annual Report to Congress, the Comprehensive Statement on Postal Operations, and our Annual Performance Report and Plan are combined in a single document. USPS-FY13-17 consists of that combined Annual Report and includes the FY 2013 Comprehensive Statement on Postal Operations and also contains the Annual Performance Report and Plan.

Since this item is provided as general background information, it is not directly relied upon by the Postal Service in this filing.

**USPS-FY13-18**

This item is entitled:

USPS-FY13-18                      FY 2013 ECR Mail Processing Unit Costs

USPS-FY13-18 documents the development of mail processing unit costs by shape for Standard Mail ECR rate categories. It contains printed and electronic documentation of the spreadsheets and programs used to develop these costs.

Predecessor documents include Docket No. R2006-1, USPS-LR-L-107 and most recently Docket No. ACR2012, USPS-FY12-18. There is no corresponding non-public document.

The main results are presented in the Microsoft Office Excel workbook 'FY13 ECR Unit Costs.xls' in the spreadsheet 'Results.' Data sources are referenced in each spreadsheet in workbook 'FY13 ECR Unit Costs.xls.' The programs and workbooks used to estimate these costs are described in the Program Documentation section.

The following items found in this report are used as input/output to USPS-FY13-18:

**Items in this Report Used as Input to USPS-FY13-18**

Item Number	Data/Information Used
USPS-FY13-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY13-13	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail</li> </ul>
USPS-FY13-14	<ul style="list-style-type: none"> <li>Mail Characteristics Study (Public Version)</li> </ul>
USPS-FY13-NP21	<ul style="list-style-type: none"> <li>In-Office Cost System (IOCS) Documentation (Nonpublic Version)</li> </ul>
USPS-FY13-26	<ul style="list-style-type: none"> <li>FY 2013 Mail Processing Costs by Shape (Public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY13-18**

Item Number	Data/Information Provided
USPS-FY13-3	<ul style="list-style-type: none"> <li>FY 2013 Discounts and Passthroughs of Workshare Items</li> </ul>

**USPS-FY13-19**

This item is entitled:

USPS-FY13-19                      FY 2013 Delivery Costs By Shape

USPS-FY13-19 documents the development of FY 2013 delivery costs by rate category for First-Class, Periodicals, Standard, Bound Printed Matter, and Media Mail.

Predecessor documents include Docket No. ACR2012, PRC-ACR2012-LR6-FY2012 and USPS-FY12-19. There is no corresponding non-public document to USPS-FY13-19.

USPS-FY13-19 contains six Excel workbooks and three SAS log files. The three Excel workbooks titled KLTable13\_Casing, KLTable13.\_All, and KLTable13\_FCSP\_Collection\_Cost\_By\_Indicia, are outputs from running the respective SAS programs against the IOCS CARMM data file which is contained in USPS-FY13-37. These workbooks provide 6.1 casing only costs, 6.1 direct labor costs, and First Class Single Piece letter collection costs by indicia by route grouping (letter USPS-FY13-19 route, SPR, and other) by rate category. The workbook UDCInputs13.xls consists of the necessary cost and volume inputs. The workbook VolAdj13.xls contains all of the volume adjustments that are part of the established methodology. Lastly, the workbook UDCModel13.xls takes the inputs and volume adjustments and performs the calculations to get the final required unit delivery and collection costs by rate category.

The following items found in this report are used as input/output to USPS-FY13-19:

**Items in this Report Used as Input to USPS-FY13-19**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY13-10	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY13-14	<ul style="list-style-type: none"> <li>Mail Characteristics Study (Public Version)</li> </ul>
USPS-FY13-24	<ul style="list-style-type: none"> <li>FY 2013 Non-Operation Specific Piggyback Factors (Public Version)</li> </ul>
USPS-FY13-32	<ul style="list-style-type: none"> <li>FY 2013 CRA "B" Workpapers (Public Version)</li> </ul>
USPS-FY13-34	<ul style="list-style-type: none"> <li>City Carrier Cost System (CCCS) Documentation (Public Version)</li> </ul>
USPS-FY13-35	<ul style="list-style-type: none"> <li>Rural Carrier Cost System (RCCS) Documentation (Public Version)</li> </ul>
USPS-FY13-37	<ul style="list-style-type: none"> <li>In-Office Cost System (IOCS) Documentation (Public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY13-19**

Item Number	Data/Information Provided
USPS-FY13-3	• FY 2013 Discounts and Passthroughs of Workshare Items
USPS-FY13-10	• FY 2013 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY13-27	• FY 2013 Nonprofit Mail Cost Approximations
USPS-FY13-30	• FY 2013 Market Dominant NSA Materials

**USPS-FY13-20**

This item is entitled:

USPS-FY13-20                      FY 2013 Window Service Cost by Shape

USPS-FY13-20 documents the development of window service volume-variable costs by shape for market dominant Presorted First-Class Mail, Standard Mail Regular, and Standard Mail ECR. It contains printed and electronic documentation of the spreadsheets and programs used to develop these costs.

Predecessor documents include Docket No. R2006-1, USPS-LR-L-106; Docket No. ACR 2007, USPS-FY07-20; Docket No. ACR 2008, USPS-FY08-20; Docket No. ACR 2009, USPS-FY09-20; Docket No. ACR 2010, USPS-FY10-20; Docket No. ACR 2011, USPS-FY11-20; and most recently Docket No. ACR 2012, USPS-FY12-20. There is no corresponding non-public document.

The main results are presented in the Microsoft Office Excel workbook 'FY13 Window Service Costs.xls' in the spreadsheet 'FY13 Adj Costs.' Data sources are referenced in each spreadsheet in the Microsoft Office Excel workbook 'FY13 Window Service Costs.xls.' The programs and workbooks used to estimate these costs are described in the Program Documentation section.

The following items found in this report are used as input/output to USPS-FY13-20:

**Items in this Report Used as Input to USPS-FY13-20**

Item Number	Data/Information Used
USPS-FY13-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY13-NP21	• In-Office Cost System (IOCS) Documentation (Nonpublic Version)
USPS-FY13-24	• FY 2013 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY13-26	• FY 2013 Mail Processing Costs by Shape (Public Version)

**USPS-FY13-21**

This item is entitled:

USPS-FY13-21                      Business Reply Mail Cost Model

USPS-FY13-21 documents the worksharing-related savings estimate for QBRM letters and cards and the Business Reply Mail Fee cost estimates.

Docket No. ACR2012, USPS-FY12-21 is the predecessor document. There is no non-public document that corresponds to USPS-FY13-21.

The Qualified Business Reply Mail cost avoidance estimate is presented in the Microsoft Excel workbook 'USPS-FY13-21.xls' in the spreadsheet tab entitled 'QBRM COST AVOIDANCE SUMMARY' (Section A, page 1). The Business Reply Mail fee cost estimates are presented in the Microsoft Excel workbook 'USPS-FY13-21.xls' in the spreadsheet tab entitled 'BRM FEES SUMMARY' (Section B, page 1). Data sources are referenced in each spreadsheet throughout the workbook.

The following items found in this report are used as input/output to USPS-FY13-21:

**Items in this Report Used as Input to USPS-FY13-21**

Item Number	Data/Information Used
USPS-FY13-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY13-10	• FY 2013 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY13-23	• MODS Productivity Data
USPS-FY13-24	• FY 2013 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY13-25	• FY 2013 Mail Processing Piggyback Factors (Operation Specific)

**Items in this Report Utilizing Output from USPS-FY13-21**

Item Number	Data/Information Provided
USPS-FY13-3	<ul style="list-style-type: none"> <li>FY 2013 Discounts and Passthroughs of Workshare Items</li> </ul>

**USPS-FY13-22**

This item is entitled:

USPS-FY13-22                      FY 2013 Bound Printed Matter Mail Processing Costs

USPS-FY13-22 documents the development of mail processing costs for Bound Printed Matter. It contains printed and electronic documentation of the spreadsheets and programs used to develop these costs.

Predecessor documents include Docket No. R2006-1, USPS-LR-L-109; Docket No. ACR2007, USPS-FY07-22; Docket No. ACR2008, USPS-FY08-22; Docket No. ACR2009, USPS-FY09-22; Docket No. ACR2010, USPS-FY10-22; Docket No. ACR2011, USPS-FY11-22; and most recently Docket No. ACR2012, USPS-FY12-22. There is no corresponding non-public document.

The main results are presented in two Microsoft Office Excel workbooks: FY13 BPM Costs ASF.xls and FY13 BPM Costs Op07.xls. Data sources are referenced in each spreadsheet in the Microsoft Office Excel workbooks. The programs and workbooks used to estimate these costs are described in the Program Documentation section.

The following items found in this report are used as input/output to USPS-FY13-22:

**Items in this Report Used as Input to USPS-FY13-22**

Item Number	Data/Information Used
USPS-FY13-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY13-NP21	<ul style="list-style-type: none"> <li>In-Office Cost System (IOCS) Documentation (Nonpublic Version)</li> </ul>
USPS-FY13-26	<ul style="list-style-type: none"> <li>FY 2013 Mail Processing Costs by Shape (Public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY13-22**

Item Number	Data/Information Provided
USPS-FY13-15	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers – Bound Printed Matter Mail Processing Cost Model/Media Mail – Library Mail Processing Cost Model</li> </ul>

**USPS-FY13-23**

This item is entitled:

USPS-FY13-23                      MODS Productivity Data

USPS-FY13-23 provides FY13 productivity data for selected operations at plants, Network Distribution Centers (NDCs, formerly Bulk Mail Centers or BMCs), and Remote Encoding Centers (RECs).

The most recent predecessor document is Docket No. ACR2012, USPS-FY12-23. There is no corresponding non-public document.

The productivity data are presented in the Microsoft Office Excel workbooks 'YRScrub2013.xlsx', 'NDCscrub2013.xlsx', 'RECProds2013.xlsx', and 'CSBCS2013.xlsx'.

The following items found in this report are used as input/output to USPS-FY13-23:

**Items in this Report Utilizing Output from USPS-FY13-23**

Item Number	Data/Information Provided
USPS-FY13-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY13-10	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY13-11	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) &amp; Periodicals Cost Model</li> </ul>
USPS-FY13-15	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)</li> </ul>

**USPS-FY13-24**

This item is entitled:

USPS-FY13-24                      FY 2013 Non-Operation Specific Piggyback Factors  
(Public Version)

USPS-FY13-24 documents development of the piggyback factors for major functions (e.g., mail processing, window service, city delivery, rural delivery, vehicle service drivers, and postmasters) for each Market Dominant product for FY 2013. Piggyback factors are employed in cost studies to augment labor cost estimates for the major functions by adding the costs associated with supervisors and administration, service-wide benefits, along with facility-related and equipment-related costs.

Predecessor documents include Docket No. R2006-1, USPS-LR-L-98, parts I and II; and Docket No. ACR2012, USPS-FY12-24. USPS-FY13-NP19 is the corresponding non-public document.

Results can be seen in the Microsoft Office Excel workbook FY13Public.PB.xls. The following items found in this report are used as input/output to USPS-FY13-24:

**Items in this Report Used as Input to USPS-FY13-24**

Item Number	Data/Information Used
USPS-FY13-31	<ul style="list-style-type: none"> <li>FY 2013 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY13-24**

Item Number	Data/Information Provided
USPS-FY13-10	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY13-11	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) &amp; Periodicals Cost Model</li> </ul>
USPS-FY13-12	<ul style="list-style-type: none"> <li>Standard Mail Hybrid/Parcel Cost Study</li> </ul>
USPS-FY13-13	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail</li> </ul>
USPS-FY13-15	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)</li> </ul>

USPS-FY13-16	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Bound Printed Matter and Parcel Post Transportation Costs / Bulk Parcel Return Service Cost Study (Public Version)</li> </ul>
USPS-FY13-18	<ul style="list-style-type: none"> <li>FY 2013 ECR Mail Processing Unit Costs</li> </ul>
USPS-FY13-19	<ul style="list-style-type: none"> <li>FY 2013 Delivery Costs By Shape</li> </ul>
USPS-FY13-20	<ul style="list-style-type: none"> <li>FY 2013 Window Service Cost by Shape</li> </ul>
USPS-FY13-21	<ul style="list-style-type: none"> <li>FY 2013 QBRM and BRM Costs</li> </ul>
USPS-FY13-22	<ul style="list-style-type: none"> <li>FY 2013 Bound Printed Matter Mail Processing Costs</li> </ul>
USPS-FY13-25	<ul style="list-style-type: none"> <li>FY 2013 Mail Processing Piggyback Factors (Operation Specific)</li> </ul>
USPS-FY13-26	<ul style="list-style-type: none"> <li>FY 2013 Mail Processing Costs by Shape (Public Version)</li> </ul>
USPS-FY13-28	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers – Special Services</li> </ul>
USPS-FY13-NP10	<ul style="list-style-type: none"> <li>FY 2013 ICM Data</li> </ul>
USPS-FY13-NP26	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers – Special Services (Non-public Version)</li> </ul>

### **USPS-FY13-25**

This item is entitled:

USPS-FY13-25                      FY 2013 Mail Processing Piggyback Factors  
(Operation Specific)

USPS-FY13-25 documents development of the mail processing cost pool piggyback factors and operation specific mail processing piggyback factors. Piggyback factors are employed in cost studies to augment labor cost estimates for the major functions by adding the costs associated with supervisors and administration, service-wide benefits, and facility-related and equipment-related costs. Detail results are shown in the Microsoft Office Excel workbook PPGBY12PRC.XLS.

Predecessor documents are Docket No. R2006-1, USPS-LR-L-98, parts III and IV and Docket No. ACR2012, USPS-FY12-25. There is no corresponding non-public document.

The following items found in this report are used as input/output to USPS-FY13-25:

**Items in this Report Used as Input to USPS-FY13-25**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY13-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY13-8	<ul style="list-style-type: none"> <li>Equipment and Facility Related Costs</li> </ul>
USPS-FY13-23	<ul style="list-style-type: none"> <li>MODS Productivity Data</li> </ul>
USPS-FY13-24	<ul style="list-style-type: none"> <li>FY 2013 Non-Operation Specific Piggyback Factors (Public Version)</li> </ul>
USPS-FY13-31	<ul style="list-style-type: none"> <li>FY 2013 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY13-25**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY13-10	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY13-11	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) &amp; Periodicals Cost Model</li> </ul>
USPS-FY13-12	<ul style="list-style-type: none"> <li>Standard Mail Hybrid/Parcel Cost Study</li> </ul>
USPS-FY13-13	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail</li> </ul>
USPS-FY13-15	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)</li> </ul>
USPS-FY13-16	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Bound Printed Matter and Parcel Post Transportation Costs / Bulk Parcel Return Service Cost Study (Public Version)</li> </ul>
USPS-FY13-18	<ul style="list-style-type: none"> <li>FY 2013 ECR Mail Processing Unit Costs</li> </ul>
USPS-FY13-19	<ul style="list-style-type: none"> <li>FY 2013 Delivery Costs By Shape</li> </ul>
USPS-FY13-20	<ul style="list-style-type: none"> <li>FY 2013 Window Service Cost by Shape</li> </ul>
USPS-FY13-21	<ul style="list-style-type: none"> <li>FY 2013 QBRM and BRM Costs</li> </ul>
USPS-FY13-22	<ul style="list-style-type: none"> <li>FY 2013 Bound Printed Matter Mail Processing Costs</li> </ul>
USPS-FY13-26	<ul style="list-style-type: none"> <li>FY 2013 Mail Processing Costs by Shape (Public Version)</li> </ul>
USPS-FY13-28	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers – Special Services</li> </ul>
USPS-FY13-NP20	<ul style="list-style-type: none"> <li>FY 2013 Mail Processing Costs by Shape (Nonpublic Version)</li> </ul>

**USPS-FY13-26**

This item is entitled:

USPS-FY13-26                      FY 2013 Mail Processing Costs by Shape (Public Version)

USPS-FY13-26 provides Mail Processing Unit Costs by Shape for FY 2013 for First-Class Mail, Periodicals, Standard Mail and Package Services. These costs are provided by cost pool, and include piggyback or indirect costs.

Predecessor documents are Docket No. R2006-1, USPS-LR-L-99 and PRC-LR-9; Docket No. ACR 2007, USPS-FY07-26 and Docket No. ACR 2012, USPS-FY11-26 and PRC-ACR2012-LR-6. USPS-FY13-NP20 is the corresponding non-public document, containing mail processing costs by shape for First-Class Package Service, Parcel Select and Parcel Return Services.

Mail Processing Costs by Shape are contained in the Microsoft Office Excel workbook shp13prc.xls.

The following items found in this report are used as input/output to USPS-FY13-26:

**Items in this Report Used as Input to USPS-FY13-26**

Item Number	Data/Information Used
USPS-FY13-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY13-14	• Mail Characteristics Study (Public Version)
USPS-FY13-24	• FY 2013 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY13-25	• FY 2013 Mail Processing Piggyback Factors (Operation Specific)

**Items in this Report Utilizing Output from USPS-FY13-26**

Item Number	Data/Information Provided
USPS-FY13-10	• FY 2013 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY13-11	• FY 2013 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model
USPS-FY13-12	• Standard Mail Hybrid/Parcel Cost Study

USPS-FY13-13	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail</li> </ul>
USPS-FY13-15	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)</li> </ul>
USPS-FY13-16	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Bound Printed Matter and Parcel Post Transportation Costs / Bulk Parcel Return Service Cost Study (Public Version)</li> </ul>
USPS-FY13-18	<ul style="list-style-type: none"> <li>FY 2013 ECR Mail Processing Unit Costs</li> </ul>
USPS-FY13-19	<ul style="list-style-type: none"> <li>FY 2013 Delivery Costs By Shape</li> </ul>
USPS-FY13-20	<ul style="list-style-type: none"> <li>FY 2013 Window Service Cost by Shape</li> </ul>
USPS-FY13-21	<ul style="list-style-type: none"> <li>FY 2013 QBRM and BRM Costs</li> </ul>
USPS-FY13-22	<ul style="list-style-type: none"> <li>FY 2013 Bound Printed Matter Mail Processing Costs</li> </ul>
USPS-FY13-30	<ul style="list-style-type: none"> <li>FY 2013 Market Dominant NSA Materials</li> </ul>

### **USPS-FY13-27**

This item is entitled:

USPS-FY13-27                      FY 2013 Nonprofit Mail Cost Approximations

USPS-FY13-27 approximates the unit costs, total costs and contribution associated with Nonprofit Standard Mail by using the volumes and revenues associated with Nonprofit Standard Mail in conjunction with estimated unit costs by product, shape and rate category for Standard Mail. Because the Postal Service's data systems do not collect cost information separately for Nonprofit and Commercial mail, the estimated costs reported for Standard Mail represent costs for the combined categories. Although it may be reasonable to assume, for instance, that an Automation 5-Digit Nonprofit letter and an Automation 5-Digit Commercial letter would have similar costs, there may be cost-causing characteristics which are not explicitly incorporated into the cost models and which may vary for Nonprofit relative to those for Commercial mail. The Postal Service does not represent that USPS-FY13-27 necessarily reflects the actual costs of Nonprofit mail, but rather, it approximates the costs of Nonprofit mail assuming that the costs of Nonprofit mail are the same as the costs of Standard Mail, at the disaggregated level.

The predecessor document is USPS-FY12-27. There is no corresponding non-public document. USPS-FY13-27 consists of a preface and one Excel file, StandardNonprofit2013.xls.

The following items found in this report are used as input/output to USPS-FY13-27:

**Items in this Report Used as Input to USPS-FY13-27**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY13-2	<ul style="list-style-type: none"> <li>FY 2013 Public Cost Segments and Components</li> </ul>
USPS-FY13-4	<ul style="list-style-type: none"> <li>FY 2013 Market Dominant Billing Determinants</li> </ul>
USPS-FY13-12	<ul style="list-style-type: none"> <li>Standard Mail Hybrid/Parcel Cost Study</li> </ul>
USPS-FY13-13	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail</li> </ul>
USPS-FY13-18	<ul style="list-style-type: none"> <li>FY 2013 ECR Mail Processing Unit Costs</li> </ul>
USPS-FY13-19	<ul style="list-style-type: none"> <li>FY 2013 Delivery Costs By Shape</li> </ul>
USPS-FY13-30	<ul style="list-style-type: none"> <li>FY 2013 Market Dominant NSA Materials</li> </ul>
USPS-FY13-42	<ul style="list-style-type: none"> <li>Revenues, Pieces, &amp; Weight (Public Version)</li> </ul>

**USPS-FY13-28**

This item is entitled:

USPS-FY13-28                      FY 2013 Special Cost Studies Workpapers – Special Services

USPS-FY13-28 documents the unit cost estimates for selected domestic Special Services, supplementing the cost information provided in USPS-FY13-1. These cost studies include: Address Management Services (including Correction of Mailing Lists and ZIP Coding of Mailing Lists), Caller Service, Certificate of Mailing, Credit Card Authentication (Public Portion), Insurance, Money Order Inquiry and Money Order Float, Periodicals Applications, Philatelic Sales, P.O. Box Key Replacement and Lock Changes, Restricted Delivery, Return Receipt, Signature Confirmation (Public Portion), Stamped Cards, Stamped Envelopes (including Personalized Stamped Envelopes Shipping), Stamp Fulfillment Services, and USPS Tracking (Public Portion).

USPS-FY12-28 is the predecessor document. USPS-FY13-NP26 covers special services for items designated as non-public.

The following items found in this report are used as input/output to USPS-FY13-28:

**Items in this Report Used as Input to USPS-FY13-28**

Item Number	Data/Information Used
USPS-FY13-1	• FY 2013 Public Cost and Revenue Analysis (PCRA) Report
USPS-FY13-2	• FY 2013 Public Cost Segments and Components Report
USPS-FY13-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY13-8	• Equipment and Facility Related Costs
USPS-FY13-24	• FY 2013 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY13-25	• FY 2013 Mail Processing Piggyback Factors (Operation Specific)

**Items in this Report Utilizing Output from USPS-FY13-28**

Item Number	Data/Information Provided
USPS-FY13-1	• FY 2013 Public Cost and Revenue Analysis (PCRA) Report

The cost analyzes for Special Services are organized as follows:

1. Address Management Services	EXCEL file "AMS2013.xlsx
2. Caller Service	EXCEL file "Caller Service2013.xlsx
3. Certificate of Mailing	EXCEL file "Certificate of Mailing2013.xlsx
4. Change of Address	EXCEL file "COACreditCardPub2013.xlsx
5. Correction of Mailing Lists	EXCEL file "Correction of Mailing Lists2013.xlsx
6. USPS Tracking	EXCEL file DelConPub-FY 2013.xlsx
7. Insurance	EXCEL file "Insurance Costs2013.xlsx
8. Money Order Inquiry	EXCEL file "Money Order Inquiry and
Float2013.xlsx	
9. Periodicals Applications	EXCEL file "Periodicals App Fee2013.xlsx
10. P.O. Box Key Replacement	EXCEL file "PO Boxes2013.xlsx
11. Restricted Delivery	EXCEL file "Restricted Delivery2013.xlsx
12. Return Receipt	EXCEL file "Return Receipt2013.xlsx
13. Signature Confirmation	EXCEL file "SigConPub-FY 2013.xlsx
14. Stamped Cards	EXCEL file "Stamped Cards2013.xlsx
15. Stamped Envelopes	EXCEL file "Stamped Envelopes2013.xlsx
16. Stamped Envelopes	EXCEL file "Stamped Envelopes _
PSES2013.xlsx	
17. Stamp Fulfillment (Handling)	EXCEL file "SFS2013.xlsx
18. Stamp Fulfillment (Handling)	EXCEL file "SFS2013_proposed.xlsx
19. Stamp Fulfillment (Philatelic)	EXCEL file "SFS Philatelic2013.xlsx
20. Stamp Fulfillment (Philatelic)	EXCEL file "SFS Philatelic2013_proposed.xlsx
21. ZIP Coding of Mailing Lists	EXCEL file "Zip Coding of Mailing Lists2013.xlsx

**USPS-FY13-29**

This item is entitled:

USPS-FY13-29                      Service Performance of Market Dominant Products

USPS-FY13-29 contains the annual report on the service performance of market dominant products.

USPS-FY12-29 is the most recent predecessor document. There is no corresponding nonpublic document to USPS-FY13-29.

There are no external inputs or outputs for USPS-FY13-29 and no items in this report are used as input/output to USPS-FY13-29. USPS-FY13-29 relies on service standards, targets, and measurement methods established by the Postal Service upon consultation with the Commission, as reflected in 72 Fed. Reg. 58,946 and 72 Fed. Reg. 72,216 and in PRC Docket Nos. PI2008-1, RM2009-11, RM2010-11, RM2010-14, RM2011-1, and RM2011-4. As required by 39 C.F.R. § 3055.2(e), the measurement systems, methodologies, and proxies used for each product are described in the enclosed reports.

A narrative report that addresses each element of 39 C.F.R. §§ 3055.2 and 3055.3(b) is included as a PDF document entitled "Service Performance ACR FY13.pdf." USPS-FY13-29 also includes the following six Microsoft Excel spreadsheets with data required by Part 3055, Subpart A, of the Commission's Rules:

FY13 ACR First-Class Mail.xls  
FY13 ACR Package Services.xls  
FY13 ACR Periodicals.xls  
FY13 ACR Special Services.xls  
FY13 ACR Standard Mail.xls  
FY13 ACR Address List Services.xls

In accordance with Rule 3055.7, a PDF document entitled "Special Study of Off-Shore Service Performance FY13" is also included in USPS-FY13-29.

**USPS-FY13-30**

This item is entitled:

USPS-FY13-30                      FY 2013 Market Dominant NSA Materials

USPS-FY13-30, FY 2013 Market Dominant NSA Documentation, reports revenues and volumes associated with Market-Dominant NSAs that were in effect during FY13 and had been in effect for one year by the end of FY13. It also calculates the costs and incremental values of those NSAs. This item also includes some information about certain Address Management products.

USPS-FY12-30 (FY 2012 Market Dominant NSA Documentation) is the predecessor document. There is no corresponding non-public document. Information on competitive domestic NSAs is found in USPS-FY13-NP27.

Besides this preface, USPS-FY13-30 NSA Documentation contains two Microsoft Office Excel workbooks. One file, FY 13 NSA Unit Cost Detail Data Calculations.xls, pulls together unit cost information. The second file, ACR FY 2013\_ narrative\_2013.12.19.docx, contains one worksheet that replicates the summary unit costs information from the first file (FY 13 NSA Unit Cost Detail Data Calculations.xls), one worksheet containing calculations related to the current NSA, and one worksheet that presents summary calculations for the FY 2013 CRA.

The following items found in this report are used as input to USPS-FY13-30:

**Items in this Report Used as Input to USPS-FY13-30**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY13-4	<ul style="list-style-type: none"> <li>FY 2013 Market Dominant Billing Determinants</li> </ul>
USPS-FY13-10	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY13-11	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) &amp; Periodicals Cost Model</li> </ul>
USPS-FY13-18	<ul style="list-style-type: none"> <li>FY 2013 ECR Mail Processing Unit Costs</li> </ul>
USPS-FY13-19	<ul style="list-style-type: none"> <li>FY 2013 Delivery Costs By Shape</li> </ul>
USPS-FY13-24	<ul style="list-style-type: none"> <li>FY 2013 Non-Operation Specific Piggyback Factors (Public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY13-30**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY13-1	• FY 2013 Public Cost and Revenue Analysis (PCRA) Report
USPS-FY13-27	• FY 2013 Nonprofit Mail Cost Approximations
USPS-FY13-NP11	• FY 2013 Non-public Cost and Revenue Analysis (NPCRA) Report

**USPS-FY13-31**

This item is entitled:

USPS-FY13-31                      FY 2013 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)

USPS-FY13-31 contains the Fiscal Year 2013 Cost and Revenue Analysis (CRA) Model along with public versions of associated cost matrices and reports. In the public cost matrices and reports, costs for First Class Package Service, Priority Mail Express, Priority Mail, Standard Post, Parcel Select Mail, Parcel Return Service Mail, Premium Forwarding Service, Address Enhancement Services, Greeting Cards, Post Office Box Service (Competitive portion), Shipping and Mailing Supplies, and Competitive Negotiated Service Agreements have been rolled up into a single domestic Competitive products total. All files are provided in Excel format.

In the Postal Service's FY 2012 Annual Compliance Report (ACR) filing (Docket No. ACR2012, December 28, 2012), this material was presented as USPS-FY12-31. A non-public version of the FY 2013 CRA Model is filed as USPS-FY13-NP13. The non-public version contains complete cost data for the domestic Competitive products listed above.

The following items found in this report are used as input/output to USPS-FY13-31:

**Items in this Report Used as Input to USPS-FY13-31**

Item Number	Data/Information Used
USPS-FY13-5	<ul style="list-style-type: none"> <li>Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)</li> </ul>
USPS-FY13-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY13-8	<ul style="list-style-type: none"> <li>Equipment and Facility Related Costs</li> </ul>
USPS-FY13-28	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers – Special Services (Public Version)</li> </ul>
USPS-FY13-30	<ul style="list-style-type: none"> <li>FY 2013 Market Dominant NSA Materials</li> </ul>
USPS-FY13-32	<ul style="list-style-type: none"> <li>FY 2013 CRA “B” Workpapers (Public Version)</li> </ul>
USPS-FY13-37	<ul style="list-style-type: none"> <li>In-Office Cost System (IOCS) Documentation (Public Version)</li> </ul>
USPS-FY13-42	<ul style="list-style-type: none"> <li>Revenues, Pieces, &amp; Weight (Public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY13-31**

Item Number	Data/Information Provided
USPS-FY13-1	<ul style="list-style-type: none"> <li>FY 2013 Public Cost and Revenue Analysis (PCRA) Report</li> </ul>
USPS-FY13-2	<ul style="list-style-type: none"> <li>FY 2013 Public Cost Segments and Components</li> </ul>
USPS-FY13-24	<ul style="list-style-type: none"> <li>FY 2013 Non-Operation Specific Piggyback Factors (Public Version)</li> </ul>
USPS-FY13-NP10	<ul style="list-style-type: none"> <li>FY 2013 Competitive Product Incremental and Group Specific Costs</li> </ul>
USPS-FY13-NP4	<ul style="list-style-type: none"> <li>FY 2013 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, &amp; Changes)</li> </ul>

The contents of USPS-FY13-31 are organized in Electronic folders as follows:

1. CRA Model

USPS-FY13-31\Model\CRA.Model.xls	CRA run module
USPS-FY13-31\Model\CRA.DIM.xls	CRA data input module
USPS-FY13-31\Model\FY13.cntl.xls	CRA control tables and source
documentation	

2. Cost Files

USPS-FY13-31\Cost\FY13.I.xls	Input matrix
USPS-FY13-31\Cost\FY13.Mod1.xls	GDEI calculations and output matrix
USPS-FY13-31\Cost\FY13.A.xls	"A" calculations and output matrix
USPS-FY13-31\Cost\FY13.F.xls	"F" calculations and output matrix
USPS-FY13-31\Cost\FY13.B.xls	"B" calculations and output matrix

3. Reports

USPS-FY13-31\Reports\FY13.IRpt.xls	Input report
USPS-FY13-31\Reports\FY13.ARpt.xls	"A" report (without PESSA costs)
USPS-FY13-31\Reports\FY13.FRpt.xls	Factor report
USPS-FY13-31\Reports\FY13.BRpt.xls	"B" report (PESSA detail)
USPS-FY13-31\Reports\FY13.CRpt.xls	Cost segments and components report
USPS-FY13-31\Reports\FY13.DRpt.xls	Final adjustments

## **USPS-FY13-32**

This item is entitled:

USPS-FY13-32                      FY 2013 CRA "B" Workpapers (Public Version)

USPS-FY13-32, FY 2013 CRA "B" Workpapers, input and calculate costs by cost segment which are used by USPS FY13-31, CRA Model, to produce USPS-FY13-2, Cost Segments and Components Report. The workpapers calculate attributable costs by product for 13 of the 18 cost segments, including Postmasters, Supervisors, Clerks and Mail Handlers, In-Office City Carrier Activities, City Carrier and Rural Carrier Street Costs, Purchased Transportation, etc. It contains electronic documentation of the spreadsheets and programs used to develop these costs.

Predecessor documents include Docket No. ACR2012, PRCACR2012-LR1, and USPS-FY12-32. USPS-FY13-NP14 is the corresponding non-public folder.

The USPS-FY13-32 "B" Workpapers are thirteen separate Microsoft Office Excel workbooks, twelve of which present cost data by separate cost segments with many worksheets in each, and the other of which, I-forms.xls, exports data to those cost segment workbooks. Data sources are referenced in each spreadsheet.

The following items found in this report are used as input/output to USPS-FY13-32:

**Items in this Report Used as Input to USPS-FY13-32**

Item Number	Data/Information Used
USPS-FY13-NP7	<ul style="list-style-type: none"> <li>Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)</li> </ul>
USPS-FY13-NP18	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Non-public Version)</li> </ul>
USPS-FY13-NP21	<ul style="list-style-type: none"> <li>In-Office Cost System (IOCS) Documentation (Nonpublic Version)</li> </ul>
USPS-FY13-NP22	<ul style="list-style-type: none"> <li>City Carrier Cost System (CCCS) Documentation (Nonpublic Version)</li> </ul>
USPS-FY13-NP23	<ul style="list-style-type: none"> <li>Rural Carrier Cost System (RCCS) Documentation (Nonpublic Version)</li> </ul>
USPS-FY13-NP24	<ul style="list-style-type: none"> <li>Transportation Cost Systems (TRACS) Documentation (Nonpublic Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY13-32**

Item Number	Data/Information Provided
USPS-FY13-19	<ul style="list-style-type: none"> <li>FY 2013 Delivery Costs By Shape</li> </ul>
USPS-FY13-NP10	<ul style="list-style-type: none"> <li>FY 2013 Competitive Product Incremental and Group Specific Costs</li> </ul>
USPS-FY13-NP13	<ul style="list-style-type: none"> <li>FY 2013 CRA Model (Model Files, Cost Matrices, and Reports)</li> </ul>

**USPS-FY13-33**

This item is entitled:

USPS-FY13-33                      Consumer Access to Postal Services

USPS-FY13-33 provides information regarding consumer access to postal services. In particular, it provides information regarding post offices, delivery points, collection boxes, and wait time in line.

The predecessor document is USPS-FY12-33. There is no corresponding non-public document.

In addition to this preface, USPS-FY13-33 contains four Excel files:

PostOfficesFY2013.xls  
 DeliveryPointsFY2013.xls  
 CollectionBoxesFY2013.xls  
 WaitTimeInLineFY2013.xls

### **USPS-FY13-34**

This item is entitled:

USPS-FY13-34                      City Carrier Cost System (CCCS) Documentation  
 (Public Version)

USPS-FY13-34 documents the statistical design of the City Carrier Cost System (CCCS) and City Carrier Cost System – Special Purpose Route (CCCS-SPR). It contains documentation of the statistical design and the programs used to develop volume estimates for classes, products, and price categories of mail collected and delivered on city letter routes and city special purpose routes. Also included are proportions, coefficients of variation (CVs), and confidence intervals for the estimates.

Predecessor documents include USPS-FY12-NP22, USPS-FY12-34, and Docket No. R2006-1, USPS-LR-L-11. A nonpublic version of this document is provided as USPS-FY13-NP22.

Volume estimates from the CCCS and CCCS-SPR rely on no input data. The following items found in this report are used the output from USPS-FY13-34:

#### **Items in this Report Utilizing Output from USPS-FY13-34**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY13-19	• FY 2013 Delivery Costs By Shape
USPS-FY13-32	• FY 2013 CRA “B” Workpapers (Public Version)
USPS-FY13-NP3	• FY 2013 International Cost Segments and Components Report
USPS-FY13-NP14	• FY 2013 CRA “B” Workpapers, (Non-Public Version)

**USPS-FY13-35**

This item is entitled:

USPS-FY13-35                      Rural Carrier Cost System (RCCS) Documentation  
(Public Version)

USPS-FY13-35 documents the statistical design of the Rural Carrier Cost System (RCCS). It contains documentation of the statistical design and the programs used to develop volume estimates for classes, products, and price categories of mail collected and delivered on rural routes. Also included are proportions, coefficients of variation (CVs), and confidence intervals for the estimates.

Predecessor documents are USPS-FY12-NP23, USPS-FY12-35, and Docket No. R2006-1, USPS-LR-L-12. A nonpublic version of this document is provided as USPS-FY13-NP23.

Volume estimates from the RCCS rely on no input data. The following items found in this report use the output from USPS-FY13-NP23:

**Items in this Report Utilizing Output from USPS-FY13-35**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY13-19	• FY 2013 Delivery Costs By Shape
USPS-FY13-32	• FY 2013 CRA "B" Workpapers (Public Version)
USPS-FY13-NP3	• FY 2013 International Cost Segments and Components Report (Hard Copy & Excel)
USPS-FY13-NP14	• FY 2013 CRA "B" Workpapers, (Non- Public Version)

**USPS-FY13-36**

This item is entitled:

USPS-FY13-36                      Transportation Cost Systems (TRACS)

USPS-FY13-36 documents the development of the estimated distribution keys for purchased transportation costs. It contains documentation for the two Transportation Cost System (TRACS) subsystems, TRACS Air and TRACS Surface (Highway), used to develop these costs. It also presents FY13 CV's (coefficients of variation) and confidence intervals for TRACS estimates.

The development of the TRACS estimated distribution keys and C.V.s material was presented in Docket No. ACR2012 USPS-FY12-36. A non-public version of this document is provided as: USPS-FY13-NP24 Transportation Cost System (TRACS).

The relevant source code and outputs from TRACS are provided on the accompanying CD-ROM. The 'README\_TRACS' file describes the contents of the CD-ROM, which includes an Excel file containing the C.V.s (coefficients of variation) for TRACS. Since the TRACS Surface and Air subsystems are dissimilar, each subsystem is addressed separately in its own appendix. The documentation is contained in three appendices:

- Appendix A : Surface Subsystem
- Appendix B : Air Subsystem
- Appendix C : Tables

The following items found in this report are used as input/output to USPS-FY13-36:

**Items in this Report Utilizing Output from USPS-FY13-36**

Item Number	Data/Information Provided
USPS-FY13-32	<ul style="list-style-type: none"> <li>• FY 2013 CRA "B" Workpapers (Public Version)</li> </ul>
USPS-FY13-NP2	<ul style="list-style-type: none"> <li>• FY 2013 International Cost and Revenue Analysis (ICRA) report (Hard Copy &amp; Excel)</li> </ul>
USPS-FY13-NP14	<ul style="list-style-type: none"> <li>• FY 2013 CRA "B" Workpapers</li> </ul>

**USPS-FY13-37**

This item is entitled:

USPS-FY13-37                      In-Office Cost System (IOCS) Documentation (Public Version)

USPS-FY13-37 documents the In-Office Cost System, including statistical design for and estimation of in-office labor costs. It also presents FY13 CVs and confidence intervals for the estimates.

Documentation of statistical design and estimation were provided previously in Docket No. R2006-1, USPS-LR-L-9 and ACR2012, USPS-FY12-37.

USPS-FY13-NP21, In-Office Cost System (IOCS) Documentation is the corresponding non-public document to USPS-FY13-37.

This document describes the statistical design of IOCS, and provides information on the system's programs. Appendix A lists changes in data codes since FY12. Electronic data files, programs, data dictionary, flowchart and CVs are provided in the accompanying CD, described in Appendix B.

Cost estimates from the In-Office Cost System rely on no input data found in this report. The following items found in this report are using the output from USPS-FY13 –37:

**Items in this Report Utilizing Output from USPS-FY13-37**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY13-2	<ul style="list-style-type: none"> <li>FY 2013 Public Cost Segments and Components Report</li> </ul>
USPS-FY13-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY13-19	<ul style="list-style-type: none"> <li>FY 2013 Delivery Costs By Shape</li> </ul>
USPS-FY13-31	<ul style="list-style-type: none"> <li>FY 2013 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)</li> </ul>
USPS-FY13-32	<ul style="list-style-type: none"> <li>FY 2013 CRA "B" Workpapers (Public Version)</li> </ul>

**USPS-FY13-38**

This item is entitled:

USPS-FY13-38      USPS Market Dominant Product Customer Satisfaction Measurement (CSM) Survey Instruments

**USPS-FY13-38** consists of four documents. The first three are survey instruments that have been used by the Postal Service to develop measures of customer experience for fiscal year 2013: (a) the Residential Customer Survey, which was used to survey Residential postal customers; (b) the Large Business Customer Questionnaire, which was used to survey Large Commercial business customers; and (c) the Small/Medium Business Customer Survey, which was used to survey small and medium size businesses. The fourth document consists of summary customer experience measurement survey data generated by use of the three survey instruments.

USPS-FY12-38 is the most recent predecessor document. There is no corresponding non-public document to USPS-FY12-38. USPS-FY12-38 relies on no input from items in this ACR nor does it produce output used by items in this ACR.

In addition to a preface, USPS-FY13-38 contains four files:

- The 'Residential Survey\_FY13' file contains the USPS Residential Survey instrument.
- The 'Large Business Survey\_FY13' file contains the USPS Large Commercial Business Survey instrument.
- The 'Sm-Md Business Survey\_FY13' file contains the USPS Small & Medium Business Survey instrument.
- The 'CEM Question Response Counts\_FY13' file is a workbook containing summary customer experience data generated through use of the three survey instruments.

**USPS-FY13-39**

This item is entitled:

USPS-FY13-39      FY 2013 Competitive Products Fund Reporting Materials

USPS-FY13-39, Competitive Products Fund Reporting Materials, includes a copy of the Postal Service’s annual report to the Secretary of the Treasury regarding the Competitive Products Fund, required by section 2011(i), and other Competitive Products Fund materials provided in accordance with Commission Rules 3060.20 through 3060.23. Specifically, this includes PRC Forms CP-01, CP-02, CP-03, and Form CP-04.

Last year, predecessor materials were filed as USPS-FY12-39. There is no corresponding non-public document. USPS-FY13-39 consists of one pdf file which includes a Preface, and four Excel files.

For PRC Forms CP-01 and CP-02, inputs are this year’s FY13 CRA and last year’s PRC Forms CP-01 and CP-02. Inputs for PRC Forms CP-03 and CP-04 come from accounting records.

The following items found in this report are used as input/output to USPS-FY13-39:

**Items in this Report Used as Input to USPS-FY13-39**

Item Number	Data/Information Used
USPS-FY13-NP11	<ul style="list-style-type: none"> <li>• FY 2013 Non-public Cost and Revenue Analysis (NPCRA) Report</li> </ul>

**USPS-FY13-40**

This item is entitled:

USPS-FY13-40 Rural Mail Count

USPS-FY13-40 aggregates data collected from the most recent (September 2012 and February/March 2013) Rural Mail Counts (RMC) for two purposes: 1) to determine the sizes of the cost pools by route type ( ‘Evaluated’ and ‘Other’); and 2) to use the results from part 1) to calculate volume variability factors for by route type. The relevant results of this aggregation are included in USPS-FY13-32 and USPS-FY13-NP14 (commonly called the “B” Workpapers) in workbook I-Forms, tab I-Factors.

ACR 2012, USPS-FY12-40 is the predecessor document to USPS-FY13-40.

The relevant source code and RMC data are provided on an accompanying CD-ROM. The contents of the CD-ROM are:

- USPS-FY13-40.Preface.pdf Preface
- FY2012.Sept.RMCFlat.data RMC Dataset
- FY2013.March.RMCFlat.data RMC Dataset
- RMC2013AnalysisforCRA.sas SAS program for analysis of RMC data

USPS-FY13-40 relies on no inputs from other ACR materials. As shown below, outputs are used by USPS-FY13-32 and USPS-FY13-NP14.

**Items in this Report Utilizing Output from USPS-FY13-40**

Item Number	Data/Information Provided
USPS-FY13-32	<ul style="list-style-type: none"> <li>• FY 2013 CRA “B” Workpapers (Public Version)</li> </ul>
USPS-FY13-NP14	<ul style="list-style-type: none"> <li>• FY 2013 CRA “B” Workpapers, (Non-Public Version)</li> </ul>

**USPS-FY13-41**

This item is entitled:

USPS-FY13-41 FY 2013 International Market Dominant Billing Determinants

USPS-FY13-41 presents the FY 2013 Market Dominant International Billing Determinants, showing the volume and calculated revenue for each rate cell within a mail product.

The most recent predecessor document was filed as USPS-FY12-41. The corresponding nonpublic document, showing competitive international billing determinants, is USPS-FY13-NP8.

The data is from the same sources used in the Fiscal Year 2013 International Cost and Revenue Analysis Report. Billing determinants are provided in the file labeled FY2013 International Market Dominant Billing Determinants using the following key:

Spreadsheet Tab:	Product Category:
Cover	Title
FCMI Revenue Adjustment Factors	Adjustment Factor Applied to Input Data to Align to RPW
FY 2013 FCMI Volume & Revenue	FY2013 First-Class Mail International Cards, Letters, Flats and Packages
Q113 FCMI Volume & Revenue	Q1 FY2013 First-Class Mail International Cards, Letters, Flats and Packages
Q213 FCMI Volume & Revenue	Q2 FY2013 First-Class Mail International Cards, Letters, Flats and Packages
Q313 FCMI Volume & Revenue	Q3 FY2013 First-Class Mail International Pre and Post-Rate Change Cards, Letters, Flats and Packages
Q413 FCMI Volume & Revenue	Q4 FY2013 First-Class Mail International
FY2013 Intl Fees & Services	FY2013 International Certificate of Mailing, International Registered Mail, International Return Receipt, International Restricted Delivery
Q113 Intl Fees & Services	Q1 FY2013 International Certificate of Mailing, International Registered Mail, International Return Receipt, International Restricted Delivery
Q213 Intl Fees & Services	Q2 FY2013 International Certificate of Mailing, International Registered Mail, International Return Receipt, International Restricted Delivery
Q313 Intl Fees & Services	Q3 FY2013 International Certificate of Mailing, International Registered Mail, International Return Receipt, International Restricted Delivery
Q413 Intl Fees & Services	Q4 FY2013 International Certificate of Mailing, International Registered Mail, International Return Receipt, International Restricted Delivery

**USPS-FY13-42**

This item is entitled:

USPS-FY13-42      FY 2013 Revenue, Pieces, and Weight Report

USPS-FY13-42 contains the U.S. Postal Service Revenue, Pieces, and Weight (RPW) Report for FY 2013.

The material in USPS-FY13-42 was provided in USPS-FY12-42 for the FY 2012 Annual Compliance Report. In addition, these RPW materials have been provided to the Commission as part of periodic reporting. The most recent periodic reports were filed on November 27, 2012.

The nonpublic version of the RPW material, which contains information on individual competitive products, is presented in USPS-FY13-NP30.

USPS-FY13-42 does not rely on input from any other set of material presented as part of the FY 2013 ACR. The revenue, pieces, and weight data by product provided in USPS-FY13-42, however, are used as inputs for many portions of the ACR, as well as several other Postal Service reports.

In addition to a Preface, USPS-FY13-42 consists of five Excel files containing annual and quarterly FY 2013 RPW data. The following is a list of those files:

FY2013Q1\_RPWSUMMARYREPORT\_PUBLIC.XLS (revised)  
FY2013Q2\_RPWSUMMARYREPORT\_PUBLIC.XLS (revised)  
FY2013Q3\_RPWSUMMARYREPORT\_PUBLIC.XLS (revised)  
FY2013Q4\_RPWSUMMARYREPORT\_PUBLIC.XLS  
FY2013\_RPWSUMMARYREPORT\_PUBLIC.XLS

**SECTION ONE: DESCRIPTION OF ITEMS**  
**Non-Public Annex**

**USPS-FY13-NP1**

This item is entitled:

USPS-FY13-NP1                      FY 2013 Domestic Competitive Product Billing  
 Determinants

The purpose of this item is to provide the U.S. Postal Service billing determinants for domestic competitive products for FY 2013. Billing determinants provide specific information regarding revenue and volume of postal products and services. It consists of a CD ROM containing the electronic version, and several printouts containing the hard copy version of the billing determinants.

This item consists of Excel workbooks containing FY 2013 billing determinants for domestic competitive products.

The predecessor document is FY 2012 Domestic Competitive Product Billing Determinants, filed with the Postal Regulatory Commission as USPS-FY12-NP1.

The following items found in this report are used as input/output to USPS-FY13-NP1:

**Items in this Report Utilizing Output from USPS-FY13-NP1**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY13-NP15	<ul style="list-style-type: none"> <li>FY 2013 Parcel Select / PRS mail processing cost model</li> </ul>
USPS-FY13-NP16	<ul style="list-style-type: none"> <li>FY 2013 Parcel Select / PRS transportation cost model</li> </ul>
USPS-FY13-NP27	<ul style="list-style-type: none"> <li>FY 2013 Domestic Competitive NSA &amp; Nonpostal Materials</li> </ul>

**USPS-FY13-NP2**

This item is entitled:

USPS-FY13-NP2 FY 2013 International Cost and Revenue Analysis (ICRA) report

USPS-FY13-NP2 contains two hardcopy ICRA reports: 1) the Imputed version, and 2) the Booked version, and the Excel model that produced the ICRA report. This item was filed as USPS-FY12-NP2 in Docket No. ACR2012. There is no corresponding public document.

The inputs to this item are presented and documented in the Supporting Files folder and they appear in the model at the Inputs.xls file. The processing of the inputs occurs in the ICRA core files and the output is the ICRA report, which appears in the Reports.xls file. The electronic contents of the CD are the following folders, each containing separate files:

ICM Costing:

- eBay
- IBRS
- IDE Sack Handling
- ISAL IPA Cost Study
- PC Postage
- ICM Costing (Booked).xls
- ICM Costing (Imputed).xls
- ICM Costing Module User Guide.DOC
- NSA Summary (Booked).pdf
- NSA Summary (Booked).xls
- NSA Summary (Imputed).pdf
- NSA Summary (Imputed).xls

ICRA Core Files:

- cs14.fy13.nonpublic.xls
- Domestic Tran Calcs.xls
- EMS & GXG Calcs.xls
- Inbound Calcs.xls
- Inputs.xls
- OldFormat.xls
- Outbound Calcs.xls
- Reports (Booked).xls
- Reports.xls
- Workbook Management Tools.xls

Supporting Files:

- CRA Cost Segments
- CS 14 Distribution Keys
- FPS Inbound Data
- GXG
- IAB Data Files as Provided
- Parcel Settlement Rates
- Processed IAB Files
- SIRVO Inputs

Readme.doc is a narrative explaining how to install and run the model on a PC, and provides a more detailed explanation of the files contained in the directories.

**USPS-FY13-NP3**

This item is entitled:

USPS-FY13-NP3    FY 2013 International Cost Segments and Components Report

USPS-FY13-NP3 contains the hardcopy International Cost Segments and Components Report and the electronic version contained in the Excel file, FY12ICRA.Crpt.xls. This item was filed as USPS-FY12-NP3 in Docket No. ACR2012.

This item is the International Cost Segments and Components Report, or C Report, output of the Domestic Processing Model, USPS-FY13-NP4. This item contains the hardcopy and electronic versions of the FY 2013 International Cost Segments and Components Report.

**USPS-FY13-NP3 is an Output from Item below in this Report**

Item Number	Data/Information Provided
USPS-FY13-NP4	<ul style="list-style-type: none"> <li data-bbox="673 1089 1180 1182">FY 2013 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, &amp; Changes)</li> </ul>

**USPS-FY13-NP4**

This item is entitled:

USPS-FY13-NP4                    FY 2013 ICRA Domestic Processing Model (Cost matrices, Reports, Control File, & Changes)

USPS-FY13-NP4 contains the Excel ICRA model that produces the international category cost detail associated with the domestic processing, delivery and piggyback cost segments. This item shows all international costs except domestic transportation, international transportation and settlement charges. The cost matrices, reports and control files to execute the model are contained in this item. This item was filed as USPS-FY12-NP4 in Docket No. ACR2012.

The electronic contents of the CD are as follows:

FY13 Folder:

- FY13ICRA.ARPT.xls
- FY13ICRA.BRPT.xls
- FY13ICRA.CRPT.xls
- FY13ICRA.FRPT.xls
- FY13ICRA.IRPT.xls
- FY13ICRA.Mod1.xls
- FY13ICRA.A.xls
- FY13ICRA.B.xls
- FY13ICRA.Cntl.xls
- FY13ICRA.F.xls
- FY13ICRA.I.xls
- FY13ICRA.KRPT.xls
- FY13ICRA.OutputMatrix.xls

Inputs Folder:

- FY13.B.xls
- ICRA13PRC.xls (also appears in USPS-FY13-NP6)
- FY13distkeys.xls
- FY13.I.xls
- ICRAEQUIP FLATFY13.xls

Programs Folder:

- CRA.DIM.ACR13.xls
- CRAModel.xls

SettingupDPMReadme.txt is a narrative explaining how to install and run the model on a PC.

The following items found in this report are used as input/output to USPS-FY13-NP4:

**Items in this Report Used as Input to USPS-FY13-NP4**

Item Number	Data/Information Used
USPS-FY13-NP6	<ul style="list-style-type: none"> <li>• FY 2013 International Cost Segment Spreadsheets</li> </ul>
USPS-FY13-NP7	<ul style="list-style-type: none"> <li>• Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)</li> </ul>
USPS-FY13-NP13	<ul style="list-style-type: none"> <li>• FY 2013 CRA Model (Model Files, Cost Matrices, and Reports)</li> </ul>
USPS-FY13-NP14	<ul style="list-style-type: none"> <li>• FY 2013 CRA "B" Workpapers</li> </ul>

**Items in this Report Utilizing Output from USPS-FY13-NP4**

Item Number	Data/Information Provided
USPS-FY13-NP2	<ul style="list-style-type: none"> <li>• FY 2013 International Cost and Revenue Analysis (ICRA) report (Hard Copy &amp; Excel)</li> </ul>

**USPS-FY13-NP5**

This item is entitled:

USPS-FY13-NP5 FY 2013 ICRA Overview/Technical Description

USPS-FY13-NP5 provides narrative descriptions and documentation of the ICRA production process in two parts. Part 1 is a summary and functional description of the six areas which constitute the development of the ICRA report: domestic processing, domestic transportation, international transportation, international transportation, settlement charges and foreign origin mail, with example pages of the FY 2013 ICRA Report. Part 2 contains technical descriptions and computational details of the same six development areas, technical descriptions of the SIRVO-IODIS and SIRVI data systems, and the final chapter is a user's guide to the Excel ICRA model.

This item was filed as USPS-FY12-NP5 in Docket No. ACR2012. There is no corresponding public document.

The following is the table of contents for USPS-FY13-NP5:

**Part 1. Overview and Summary Description**

Overview .....	1
Summary Description 1 Domestic Processing .....	3
Summary Description 2 Domestic Transportation ...	3
Summary Description 3 International Mail Volumes ...	4
Summary Description 4 International Transportation ...	5
Summary Description 5 Settlements .....	5
Summary Description 6 Foreign Origin .....	6

**Part 2. Technical Description**

Chapter 1 Development of Domestic Processing Costs .....	1
Chapter 2 Development of Domestic Transportation Costs.....	9
Chapter 3 Development of International Mail Volume .....	11
Chapter 4 Development of International Transportation Costs .....	14
Chapter 5 Development of Settlements Charges .....	16
Chapter 6 Development of Foreign Origin Volume and Revenue .....	20
Chapter 7 System for Outbound Revenue, Pieces, and Weight .....	22
Chapter 8 System for Inbound Revenue, Pieces, and Weight .....	28
Chapter 9 Development of International Special/Ancillary Services ...	29
Chapter 10 User's Guide to Files Provided for the ICRA 2012 .....	32

**USPS-FY13-NP6**

This item is entitled:

USPS-FY13-NP6 FY 2013 International Cost Segment Spreadsheets

USPS-FY13-NP6 contains the workpapers used as inputs to USPS-FY13-NP4 (FY 2013. ICRA Domestic Processing Model (Cost Matrices, Reports, Control Files, & Changes)). These spreadsheets are also contained in USPS-FY13-NP4 because these files need to be in that directory to execute the model.

This item was filed as USPS-FY12-NP6 in Docket No. ACR2012. There is no corresponding public document. This item contains three electronic files: ICRA13PRC.xls, FY13distkeys.xls and ICRAEQUIP.FLATFY13.

The following items found in this report are used as input/output to USPS-FY13-NP6:

<b>Items in this Report Used as Input to USPS-FY13-NP6</b>	
<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY13-NP14	• FY 2013 CRA "B" Workpapers

**USPS-FY13-NP7**

This item is entitled:

USPS-FY13-NP7 Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)

USPS-FY13-NP7 documents detailed international volume-variable subclass costs by cost pool that are inputs to the ICRA model.

The predecessor document is USPS-FY12-NP7. The same SAS programs as those described in USPS-FY13-NP18 are used in USPS-FY13-NP7 but they further disaggregate the international subclass line item in USPS-FY13-NP18 into detailed international categories for the ICRA model.

The following items found in this report are used as input/output to USPS-FY13-NP7:

**Items in this Report Used as Input to USPS-FY13-NP7**

Item Number	Data/Information Used
USPS-FY13-23	<ul style="list-style-type: none"> <li>MODS Productivity Data</li> </ul>
USPS-FY13-NP2	<ul style="list-style-type: none"> <li>FY 2013 International Cost and Revenue Analysis (ICRA) report (Hard Copy &amp; Excel)</li> </ul>
USPS-FY13-NP21	<ul style="list-style-type: none"> <li>In-Office Cost System (IOCS) Documentation (Nonpublic Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY13-NP7**

Item Number	Data/Information Provided
USPS-FY13-NP4	<ul style="list-style-type: none"> <li>FY 2013 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, &amp; Changes)</li> </ul>
USPS-FY13-NP9	<ul style="list-style-type: none"> <li>FY 2013 Miscellaneous International Data</li> </ul>

**USPS-FY13-NP8**

This item is entitled:

USPS-FY13-NP8                      FY 2013 Competitive International Billing Determinants

USPS-FY13-NP8 presents the FY 2013 Competitive International Billing Determinants, showing the volume and calculated revenue for each rate cell within a mail product.

The most recent predecessor document was filed as USPS-FY12-NP8. The corresponding public document, showing market dominant international billing determinants, is USPS-FY13-41.

Inputs come from sources such as GBS Dispatch, PostalOne!, International Accounting Branch (IAB) weight, SIRVO-IODIS, and ODIS-RPW. The data uses the same sources that underlie the Fiscal Year 2013 ICRA Report. Outputs are used throughout the ICRA process.

Billing determinants are provided in the ZIP file labeled FY2013 Competitive International Billing Determinants using the following key:

Spreadsheet Tab:	Product Category:
Cover Sheet	Title
GXG	Global Express Guaranteed
EMI	Express Mail International
PMI	Priority Mail International
International ICM – NSA	Negotiated Service Agreements
Intl Fees & Services	International Certificates of Mailing, International Registered, International Return Receipt, International Restricted Delivery, International Money Orders, International Insured Mail, Express Mail International Insurance

**USPS-FY13-NP9**

This item is entitled:

USPS-FY13-NP9 FY 2013 Miscellaneous International Data

USPS-FY13-NP9 contains miscellaneous documents that are not used in the development of the ICRA, but generally contain material of the type previously filed in response to Commission Rule 103. The miscellaneous documents include data on international joint ventures and coefficients of variation for various functions.

This item was filed as USPS-FY12-NP9 in Docket No. ACR2012. There is no corresponding public document. The electronic contents of the CD are as follows:

Word Documents:

Joint Venture Information  
CVs for GFY 2013 ICRA Inbound

Excel Spreadsheets:

FY13 CV by Product (CVs for outbound categories)  
TRACS ICRA CVs FY2013 (TRACs CVs)  
ICRA PRC Results FY13 (for IOCS CVs)  
ICRA13\_ib\_bycgrp\_v

The following items found in this report are used as input/output to USPS-FY13-NP9:

<b>Items in this Report Used as Input to USPS-FY13-NP9</b>	
<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY13-NP5	<ul style="list-style-type: none"> <li>FY 2013 ICRA Overview/Technical Description</li> </ul>
USPS-FY13-NP21	<ul style="list-style-type: none"> <li>In-Office Cost System (IOCS) Documentation (Nonpublic Version)</li> </ul>

**USPS-FY13-NP10**

This item is entitled:

USPS-FY13-NP10                      FY 2013 Competitive Products Incremental Cost and Group Specific Costs (Non-public Version)

USPS-FY13-NP10 provides incremental costs for the group of competitive products for FY 2013. The incremental costs identified in USPS-FY13-NP10 are used in the ACR to assist in the determination that there is no cross-subsidy of Competitive Products by Market Dominant products.

Docket No. ACR2011, USPS-FY12-NP10 is the most recent predecessor document. Prior materials on incremental costs have been filed in rate cases, most recently the testimony of witness Pifer (USPS-T-18) in Docket No. R2006-1. There is no corresponding public document to USPS-FY12-NP10.

The following items found in this report are used as input to USPS-FY13-NP10:

**Items in this Report Used as Input to USPS-FY13-NP10**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY13-2	• FY 2013 Public Cost Segments and Components
USPS-FY13-24	• FY 2013 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY13-NP2	• FY 2013 International Cost and Revenue Analysis (ICRA) report
USPS-FY13-NP12	• FY 2013 Non-public Cost Segments and Components
USPS-FY13-NP13	• FY 2013 CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY13-NP14	• FY 2013 CRA "B" Workpapers, (Non-Public Version)
USPS-FY13-NP18	• Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY13-NP27	• FY 2013 Domestic Competitive NSA & Nonpostal Materials

For Group Specific costs, see the Microsoft Excel workbook Competitive Product Group Specific HQ Costs.xls, which shows the cost segment 18 costs for the 14 administrative units and programs that are Competitive Group Specific.

The Incremental Cost (IC) Model is filed as ICMModel.zip. The zip file contains three folders with the files needed to use the IC Model:

- Documentation – Reference Files
- Programs – Program Files
- FY13CPOnly – Input and Output Files

The Documentation folder contains two files. The files in this folder and their functions are as follows:

- ICRunInstructions.doc – Instructional Document
- CostPoolsFY2013.xls – Input Cost Pool Data (added to FY2013.OutputMatrix.xls)

The Programs folder contains the two program files:

- IC.Model.xls – IC Model run module
- IC.DIM.xls – IC Model data input module

The FY13CPOnly folder contains three input files needed to replicate Domestic Competitive Incremental Cost:

- FY2013.OutputMatrix.xls – Fiscal Year 2013 output matrix
- IC2013.cntl.xls – Incremental Cost 2013 control tables
- IC2013.PS.xls – Incremental Cost 2013 product specific

The FY13CPOnly folder also contains five output files that are a result of the model's run:

- IC2013.CRpt.xls – IC C (Cost Segments and Components) Report
- IC2013.ICSummaryRpt.xls – IC Summary Report
- IC2013.PSRpt.xls – Group Product Specific Report
- IC2013.CP.xls – Cost Pool calculation workbook
- IC2013.IC.xls – IC calculation workbook

**USPS-FY13-NP11**

This item is entitled:

**USPS-FY13-NP11 FY 2013 Non-Public Cost and Revenue Analysis (NPCRA) Report**

USPS-FY13-NP11, FY 2013 Non-Public Cost and Revenue Analysis (NPCRA) summarizes attributable costs for the United States Postal Service's main products. The FY 2013 NPCRA presents most of the same information as in previous years – costs and revenues by product, along with various volume statistics by product, including data for mail products designated as “Competitive” products.

Docket No: ACR-2012, USPS-FY12-NP11 is the predecessor document. USPS-FY13-1 is the corresponding public document

The USPS-FY13-NP11, 2013 Non-Public Cost and Revenue Analysis (NPCRA) is a 10 page summary of domestic and international attributable costs by rate category, differing from the public version (USPS-FY13-1) by presenting data for specific “Competitive” product lines. Among the primary outputs from the CRA report are the attributable costs by subclass.

The following items found in this report are used as input to USPS-FY13-NP11:

**Items in this Report Used as Input to USPS-FY13-NP11**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY13-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY13-NP2	• FY 2013 International Cost and Revenue Analysis (ICRA) report
USPS-FY13-NP13	• FY 2013 CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY13-NP18	• Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY13-NP21	• In-Office Cost System (IOCS) Documentation (Nonpublic Version)
USPS-FY13-NP22	• City Carrier Cost System (CCCS) Documentation (Nonpublic Version)
USPS-FY13-NP23	• Rural Carrier Cost System (RCCS) Documentation (Nonpublic Version)
USPS-FY13-NP24	• Transportation Cost Systems (TRACS) Documentation (Nonpublic Version)

**USPS-FY13-NP12**

This item is entitled:

USPS-FY13-NP12                      FY 2013 Non-public Cost Segments and Components Report

USPS-FY13-NP12 is an output of the FY 2013 Cost and Revenue Analysis (CRA) Model that shows product attributable costs for 18 cost segments, including Postmasters, Supervisors, Clerks and Mail Handlers, In-Office City Carrier Activities, City Carrier and Rural Carrier Street Costs, and Purchased Transportation.

In the Postal Service’s FY 2012 Annual Compliance Report (ACR) filing (Docket No. ACR2012, December 28, 2012), this material was presented as USPS-FY12-NP12. A public version of this document is provided as USPS-FY13-2, FY 2013 Public Cost Segments and Components Report.

The FY 2013 Non-Public Cost Segments and Components Report is provided as an Excel workbook. It consists of a 48-page report that presents a summary of costs by mail category for all cost segment totals, followed by component-level detail within each segment. As it is not intended for public distribution, it includes detailed costs for Priority Mail Express, Priority Mail, Parcel Select Mail, Parcel Return Service Mail, and Premium Forwarding Service. In addition, partial costs are shown for the Competitive portion of Post Office Box Service and for Shipping and Mailing Supplies; these are augmented by final adjustments in the model’s “D” report (USPS-FY13-NP13).

The following items found in this report are used as input/output to USPS-FY13-NP12:

**Items in this Report Used as Input to USPS-FY13-NP12**

Item Number	Data/Information Used
USPS-FY13-8	<ul style="list-style-type: none"> <li>• Equipment and Facility Related Costs</li> </ul>
USPS-FY13-NP13	<ul style="list-style-type: none"> <li>• FY 2013 CRA Model (Model Files, Cost Matrices, and Reports)</li> </ul>
USPS-FY13-NP14	<ul style="list-style-type: none"> <li>• FY 2013 CRA “B” Workpapers</li> </ul>
USPS-FY13-NP18	<ul style="list-style-type: none"> <li>• Cost Segment 3 Cost Pools &amp; Other Related Information (Non-public Version)</li> </ul>
USPS-FY13-NP21	<ul style="list-style-type: none"> <li>• In-Office Cost System (IOCS) Documentation (Nonpublic Version)</li> </ul>
USPS-FY13-NP29	<ul style="list-style-type: none"> <li>• Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY13-NP12**

Item Number	Data/Information Provided
USPS-FY13-NP4	<ul style="list-style-type: none"> <li>FY 2013 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, &amp; Changes)</li> </ul>

**USPS-FY13-NP13**

This item is entitled:

USPS-FY13-NP13                      FY 2013 CRA Model (Model Files, Cost Matrices, and Reports) (Non-Public Version)

USPS-FY13-NP13 contains the Fiscal Year 2013 Cost and Revenue Analysis (CRA) Model along with associated cost matrices and reports. Files are provided in Excel format.

In the Postal Service's FY 2012 Annual Compliance Report (ACR) filing (Docket No. ACR2012, December 28, 2012), this material was presented as USPS-FY12-NP13. A public version of the FY 2013 CRA Model is filed as USPS-FY13-31. The public version excludes detailed cost data for First Class Package Service, Priority Mail, Priority Mail Express, Standard Post, Parcel Select Mail, Parcel Return Service Mail, Premium Forwarding Service, Address Enhancement Services, Greeting Cards, Post Office Box Service (Competitive portion), Shipping and Mailing Supplies, and Competitive Negotiated Service Agreements.

The contents of USPS-FY13-NP13 are organized in Electronic folders as follows:

1. CRA Model
 

USPS-FY13-NP13\Model\CRA.Model.xls	CRA run module
USPS-FY13-NP13\Model\CRA.DIM.xls	CRA data input module
USPS-FY13-NP13\Model\FY13.cntl.xls	CRA control tables and data source doc
  
2. Cost Files
 

USPS-FY13-NP13\Cost\FY13.I.xls	Input matrix
USPS-FY13-NP13\Cost\FY13.Mod1.xls	GDEI calculations and output matrix
USPS-FY13-NP13\Cost\FY13.A.xls	"A" calculations and output matrix
USPS-FY13-NP13\Cost\FY13.F.xls	"F" calculations and output matrix
USPS-FY13-NP13\Cost\FY13.B.xls	"B" calculations and output matrix
  
3. Reports
 

USPS-FY13-NP13\Reports\FY13.IRpt.xls	Input report
USPS-FY13-NP13\Reports\FY13.ARpt.xls	"A" report (without PESSA costs)
USPS-FY13-NP13\Reports\FY13.FRpt.xls	Factor report
USPS-FY13-NP13\Reports\FY13.BRpt.xls	"B" report (PESSA detail)
USPS-FY13-NP13\Reports\FY13.CRpt.xls	Cost segments and components report
USPS-FY13-NP13\Reports\FY13.DRpt.xls	Final adjustments

The following items found in this report are used as input/output to USPS-FY13-NP13:

**Items in this Report Used as Input to USPS-FY13-NP13**

Item Number	Data/Information Used
USPS-FY13-8	• Equipment and Facility Related Costs
USPS-FY13-NP14	• FY 2013 CRA "B" Workpapers
USPS-FY13-NP18	• Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY13-NP21	• In-Office Cost System (IOCS) Documentation (Nonpublic Version)
USPS-FY13-NP26	• FY 2013 Special Cost Studies Workpapers – Special Services (Non-public Version)
USPS-FY13-NP27	• FY 2013 Domestic Competitive NSA & Nonpostal Materials
USPS-FY13-NP29	• Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)
USPS-FY13-NP30	• FY 2013 Revenue, Pieces, & Weight (Nonpublic Version)

**Items in this Report Utilizing Output from USPS-FY13-NP13**

Item Number	Data/Information Provided
USPS-FY13-NP4	• FY 2013 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, & Changes)
USPS-FY13-NP10	• FY 2013 Competitive Product Incremental and Group Specific Costs
USPS-FY13-NP11	• FY 2013 Nonpublic Cost and Revenue Analysis (NPCRA) Report
USPS-FY13-NP12	• FY 2013 Nonpublic Cost Segments and Components Report
USPS-FY13-NP19	• FY 2013 Non-Operation Specific Piggyback Factors (Nonpublic Version)

**USPS-FY13-NP14**

This item is entitled:

USPS-FY13-NP14            FY 2013 CRA “B” Workpapers, (Non-Public Version)

USPS-FY13-NP14, FY 2013 CRA “B” Workpapers, input and calculate costs by cost segment which are used by USPS FY 2013-NP13, CRA Model, to produce USPS-FY13-NP12, Cost Segments and Components Report. The workpapers calculate attributable costs by product for 13 of the 18 cost segments, including Postmasters, Supervisors, Clerks and Mail Handlers, In-Office City Carrier Activities, City Carrier and Rural Carrier Street Costs, Purchased Transportation, etc. It contains electronic documentation of the spreadsheets and programs used to develop these costs.

Predecessor documents Docket No. ACR2012, PRC-ACR2012-NP-LR1 and USPS-FY12-NP14. USPS-FY13-32 is the corresponding public folder.

The USPS-FY13-NP14 “B” Workpapers are thirteen separate Microsoft Office Excel workbooks, twelve of which present cost data by separate cost segments with many worksheets in each, and the other of which, I-forms.xls, exports data to those cost segment workbooks. Data sources are referenced in each spreadsheet.

The following items found in this report are used as input/output to USPS-FY13-NP14:

**Items in this Report Used as Input to USPS-FY13-NP14**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY13-NP7	<ul style="list-style-type: none"> <li>• Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)</li> </ul>
USPS-FY13-NP18	<ul style="list-style-type: none"> <li>• Cost Segment 3 Cost Pools &amp; Other Related Information (Non-public Version)</li> </ul>
USPS-FY13-NP21	<ul style="list-style-type: none"> <li>• In-Office Cost System (IOCS) Documentation (Nonpublic Version)</li> </ul>
USPS-FY13-NP22	<ul style="list-style-type: none"> <li>• City Carrier Cost System (CCCS) Documentation (Nonpublic Version)</li> </ul>
USPS-FY13-NP23	<ul style="list-style-type: none"> <li>• Rural Carrier Cost System (RCCS) Documentation (Nonpublic Version)</li> </ul>
USPS-FY13-NP24	<ul style="list-style-type: none"> <li>• Transportation Cost Systems (TRACS) Documentation (Nonpublic Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY13-NP14**

Item Number	Data/Information Provided
USPS-FY13-19	• FY 2013 Delivery Costs By Shape
USPS-FY13-NP10	• FY 2013 Competitive Product Incremental and Group Specific Costs
USPS-FY13-NP13	• FY 2013 CRA Model (Model Files, Cost Matrices, and Reports)

**USPS-FY13-NP15**

This item is entitled:

USPS-FY13-NP15                      FY 2013 Special Cost Studies Workpapers – Parcel Select/Parcel Return Service Mail Processing Cost Model

USPS-FY13-NP15 documents the mail processing cost estimates for the Parcel Select / Parcel Return Service (PRS) price categories.

Docket No. ACR2012, USPS-FY12-NP15 is the predecessor document. There is no corresponding public document to USPS-FY13-NP15.

The Parcel Select / Parcel Return Service mail processing cost estimate outputs are relied upon to support the negotiated service agreements (NSA) presentation in USPS-FY13-NP27.

The Parcel Select / Parcel Return service mail processing unit cost estimates are presented in the Microsoft Excel workbook 'USPS-FY13-NP15.xls' in the spreadsheet tab entitled 'Summary' (page 1).

The following items found in this report are used as input/output to USPS-FY13-NP15:

**Items in this Report Used as Input to USPS-FY13-NP15**

Item Number	Data/Information Used
USPS-FY13-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY13-23	• MODS Productivity Data
USPS-FY13-25	• FY 2013 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY13-NP18	• Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY13-NP20	• FY 2013 Mail Processing Costs by Shape (Non-public Version)

**Items in this Report Utilizing Output from USPS-FY13-NP15**

Item Number	Data/Information Provided
USPS-FY13-NP27	• FY 2013 Domestic Competitive NSA & Nonpostal Materials

**USPS-FY13-NP16**

This item is entitled: USPS-FY13-NP16 FY 2013 Special Cost Studies Workpapers – Parcel Select / Parcel Return Service Transportation Cost Model

USPS-FY13-NP16 documents the transportation cost estimates for the Parcel Select / Parcel Return Service (PRS) price categories.

The most recent predecessor document is Docket No. ACR2012, USPS-FY12-NP16. There is no public document that corresponds to USPS-FY13-NP16.

The Parcel Select / Parcel Return Service transportation cost estimate outputs are relied upon to support the negotiated service agreements (NSA) presentation in USPS-FY13-NP27.

The Parcel Select / Parcel Return Service transportation cost estimates are presented in the Microsoft Excel workbook 'USPS-FY13-NP16.xls' in the spreadsheet 'Cost-Sum' (page 1). Data sources are referenced in each spreadsheet throughout the workbook.

The following items found in this report are used as input/output to USPS-FY13-NP16:

**Items in this Report Used as Input to USPS-FY13-NP16**

Item Number	Data/Information Used
USPS-FY13-NP1	• FY 2013 Competitive Product Billing Determinants
USPS-FY13-NP14	• FY 2013 CRA "B" Workpapers, (Non-Public Version)
USPS-FY13-NP17	• FY 2013 Special Cost Studies Workpapers - Parcel Post Regression Analysis (Non-public Version)
USPS-FY13-NP19	• FY 2013 Non-Operation Specific Piggyback Factors (Non-public Version)
USPS-FY13-NP27	• FY 2013 Domestic Competitive NSA & Nonpostal Materials

**Items in this Report Utilizing Output from USPS-FY13-NP16**

Item Number	Data/Information Provided
USPS-FY13-28	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers – Special Services (Public Version)</li> </ul>
USPS-FY13-NP27	<ul style="list-style-type: none"> <li>FY 2013 Domestic Competitive NSA &amp; Nonpostal Materials</li> </ul>

**USPS-FY13-NP17**

This item is entitled:

USPS-FY13-NP17                      FY 2013 Special Cost Studies Workpapers – Parcel Select/Parcel Return Service Cube-Weight Estimation

USPS-FY13-NP17 documents the econometric analysis used to estimate the cubic feet per piece for Parcel Select / Parcel Return Service (PRS) mail pieces. Docket No. ACR2012, USPS-FY12-NP17 is the most recent predecessor document. There is no public document that corresponds to USPS-FY13-NP17.

The FY 2013 dataset used in this analysis is contained in the Microsoft Excel workbook 'PP13DATAPSPRS.xls.' The program used to estimate the econometric equations is contained in the SAS software file 'PP13DATAPSPRS.SAS.' This analysis was performed on a personal computer using version 9.2 of the SAS software. The SAS log file results are shown below starting on page 2. The SAS output file is shown below starting on page 4. The output file includes a listing of the working dataset, the econometric result, the Breusch-Pagan heteroskedasticity test result, and the econometric residuals.

The inputs to this analysis are the FY 2013 Parcel Select volume, cubic feet, and weight data. The output from this analysis is the econometric equation for Parcel Select. This equation is used to distribute the Parcel Select and Parcel Return Service transportation costs in USPS-FY13-NP16. The econometric equation derived in this analysis is shown below. The results from Breusch-Pagan test indicate that the data do not exhibit heteroskedasticity.

$$\text{Incfperpc} = -1.91486 + 1.14730 * \text{Inlbs} - 0.11394 * \text{Inlbs}^2$$

The following items found in this report are used as input/output to USPS-FY13-NP17:

**Items in this Report Utilizing Output from USPS-FY13-NP17**

Item Number	Data/Information Provided
USPS-FY13-NP16	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers – Parcel Select / Parcel Return Service Transportation Cost Model (Non-public Version)</li> </ul>

**USPS-FY13-NP18**

This item is entitled:

USPS-FY13-NP18                      Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)

USPS-FY13-NP18 documents the formation of C/S 3 cost pools, the development of mail processing accrued costs and volume-variable subclass costs by cost pool, and other related calculations that are inputs to the B Workpapers, the CRA model, the Special Cost Studies and the NSAs.

USPS-FY13-NP18 Excel Workbook consists of 8 parts. Parts I through VIII correspond to parts I through VIII of USPS-FY12-NP18 in Docket No. ACR2012. USPS-FY13-NP18 SAS program codes, SAS logs and SAS output tables generated by the SAS programs correspond to those submitted for USPS-FY12-NP18.

USPS-FY13-NP18 is the non-public version of USPS-FY13-7. The competitive domestic mail and services which are aggregated in USPS-FY13-7 (public version) are reported as separate products in USPS-FY13-NP18.

USPS-FY13-NP18 consists of:

- an Excel workbook section with eight Excel files, and
- SAS Program documentation with text files providing SAS program code, SAS logs, and SAS output tables.

The following items found in this report are used as input/output to USPS-FY13-NP18:

**Items in this Report Used as Input to USPS-FY13-NP18**

Item Number	Data/Information Used
USPS-FY13-23	• MODS Productivity Data
USPS-FY13-NP2	• FY 2013 International Cost and Revenue Analysis (ICRA) report
USPS-FY13-NP21	• In-Office Cost System (IOCS) Documentation (Nonpublic Version)

**Items in this Report Utilizing Output from USPS-FY13-NP18**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY13-2	<ul style="list-style-type: none"> <li>FY 2013 Public Cost Segments and Components Report</li> </ul>
USPS-FY13-8	<ul style="list-style-type: none"> <li>Equipment and Facility Related Costs</li> </ul>
USPS-FY13-10	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY13-11	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) &amp; Periodicals Cost Model</li> </ul>
USPS-FY13-12	<ul style="list-style-type: none"> <li>Standard Mail Hybrid/Parcel Cost Study</li> </ul>
USPS-FY13-13	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail</li> </ul>
USPS-FY13-15	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)</li> </ul>
USPS-FY13-21	<ul style="list-style-type: none"> <li>FY 2013 QBRM and BRM Costs</li> </ul>
USPS-FY13-25	<ul style="list-style-type: none"> <li>FY 2013 Mail Processing Piggyback Factors (Operation Specific)</li> </ul>
USPS-FY13-26	<ul style="list-style-type: none"> <li>FY 2013 Mail Processing Costs by Shape (Public Version)</li> </ul>
USPS-FY13-28	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers – Special Services</li> </ul>
USPS-FY13-31	<ul style="list-style-type: none"> <li>FY 2013 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)</li> </ul>
USPS-FY13-32	<ul style="list-style-type: none"> <li>FY 2013 CRA “B” Workpapers (Public Version)</li> </ul>
USPS-FY13-NP7	<ul style="list-style-type: none"> <li>Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)</li> </ul>
USPS-FY13-NP10	<ul style="list-style-type: none"> <li>FY 2013 ICM Data</li> </ul>
USPS-FY13-NP13	<ul style="list-style-type: none"> <li>FY 2013 CRA Model (Model Files, Cost Matrices, and Reports)</li> </ul>
USPS-FY13-NP14	<ul style="list-style-type: none"> <li>FY 2013 CRA “B” Workpapers</li> </ul>
USPS-FY13-NP15	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers – Parcels Cost Model (Non-public Version)</li> </ul>
USPS-FY13-NP20	<ul style="list-style-type: none"> <li>FY 2013 Mail Processing Costs by Shape (Non-public Version)</li> </ul>
USPS-FY13-NP26	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers – Special Services (Non-public Version)</li> </ul>
USPS-FY13-NP27	<ul style="list-style-type: none"> <li>FY 2013 Domestic Competitive NSA &amp; Nonpostal Materials</li> </ul>

**USPS-FY13-NP19**

This item is entitled:

USPS-FY13-NP19                      FY 2013 Non-Operation Specific Piggyback Factors  
(Non-public Version)

USPS-FY13-NP19 documents development of the piggyback factors for major functions (e.g., mail processing, window service, city delivery, rural delivery, vehicle service drivers, and postmasters) for each product. Piggyback factors are employed in cost studies to augment labor cost estimates for the major functions by adding the costs associated with supervisors and administration, service-wide benefits, along with facility-related and equipment-related costs.

Predecessor documents Include Docket No. R2006-1, USPS-LR-L-98, parts I and II; and Docket No. ACR2012, USPS-FY12-NP19. USPS-FY13-24 is the corresponding public document.

Results can be seen in the Microsoft Office Excel workbook FY13NP.PB.xls.

The following items found in this report are used as input/output to USPS-FY13-NP19:

**Items in this Report Used as Input to USPS-FY13-NP19**

Item Number	Data/Information Used
USPS-FY13-NP13	<ul style="list-style-type: none"> <li>FY 2013 CRA Model (Model Files, Cost Matrices, and Reports)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY13-NP19**

Item Number	Data/Information Provided
USPS-FY13-24	<ul style="list-style-type: none"> <li>FY 2013 Non-Operation Specific Piggyback Factors (Public Version)</li> </ul>
USPS-FY13-NP20	<ul style="list-style-type: none"> <li>FY 2013 Mail Processing Costs by Shape (Non-public Version)</li> </ul>
USPS-FY13-NP27	<ul style="list-style-type: none"> <li>FY 2013 Domestic Competitive NSA &amp; Nonpostal Materials</li> </ul>

**USPS-FY13-NP20**

This item is entitled:

USPS-FY13-NP20                      FY 2013 Mail Processing Costs by Shape (Non-public Version)

USPS-FY13-NP20 provides Mail Processing Unit Costs by Shape for First-Class Package Service, Parcel Select and Parcel Return Services. These costs are provided by cost pool, and include piggyback or indirect costs.

Docket No. R2006-1, USPS-LR-L-99 and PRC-LR-9; and Docket No. ACR2012, USPS-FY12-NP20 are predecessors as far as methodology. USPS-FY13-26 is the corresponding public document, containing costs for First-Class Mail, Periodicals, Standard Mail and Package Services.

Results can be seen in the Microsoft Office Excel workbook shp13.prc.parcel select prs.xls.

The following items found in this report are used as input/output to USPS-FY13-NP20:

**Items in this Report Used as Input to USPS-FY13-NP20**

Item Number	Data/Information Used
USPS-FY13-25	• FY 2013 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY13-NP18	• Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY13-NP19	• FY 2013 Non-Operation Specific Piggyback Factors (Non-public Version)
USPS-FY13-NP25	• Mail Characteristics Study (Non-public Version)

**Items in this Report Utilizing Output from USPS-FY13-NP20**

Item Number	Data/Information Provided
USPS-FY13-27	• FY 2013 Nonprofit Mail Cost Approximations
USPS-FY13-NP15	• FY 2013 Special Cost Studies Workpapers – Parcels Cost Model (Non-public Version)

**USPS-FY13-NP21**

This item is entitled:

USPS-FY13-NP21                      In-Office Cost System (IOCS) Documentation  
(Nonpublic Version)

USPS-FY13-NP21 documents the In-Office Cost System, including statistical design for and estimation of in-office labor costs. It also presents FY13 CVs and confidence intervals for the estimates.

Documentation of statistical design and estimation were provided previously in Docket No. R2006-1, USPS-LR-L-9 and ACR2012, USPS-FY12-NP21. USPS-FY13-37, In-Office Cost System (IOCS) Documentation is the corresponding public document

This document describes the statistical design of IOCS, and provides information on the system's programs. Appendix A lists changes in data codes since FY12. Electronic data files, programs, data dictionary, flowchart and CVs are provided in the accompanying CD, described in Appendix B.

Cost estimates from the In-Office Cost System rely on no input data found in this report. The following items found in this report use the output from USPS-FY13 –NP21:

**Items in this Report Utilizing Output from USPS-FY13-NP21**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY13-1	• FY 2013 Public Cost and Revenue Analysis (PCRA) Report
USPS-FY13-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY13-18	• FY 2013 ECR Mail Processing Unit Costs
USPS-FY13-20	• FY 2013 Window Service Cost by Shape
USPS-FY13-22	• FY 2013 Bound Printed Matter Mail Processing Costs
USPS-FY13-19	• FY 2013 Delivery Costs By Shape
USPS-FY13-NP2	• FY 2013 International Cost and Revenue Analysis (ICRA) report
USPS-FY13-NP7	• Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)
USPS-FY13-NP9	• FY 2013 Miscellaneous International Data
USPS-FY13-NP11	• FY 2013 Nonpublic Cost and Revenue Analysis (NPCRA) Report

USPS-FY13-NP12	• FY 2013 Nonpublic Cost Segments and Components Report
USPS-FY13-NP13	• FY 2013 CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY13-NP14	• FY 2013 CRA “B” Workpapers, (Non-Public Version)
USPS-FY13-NP18	• Cost Segment 3 Cost Pools & Other Related Information (Nonpublic Version)

**USPS-FY13-NP22**

This item is entitled:

USPS-FY13-NP22                      City Carrier Cost System (CCCS) Documentation (Nonpublic Version)

USPS-FY13-NP22 documents the statistical design of the City Carrier Cost System (CCCS) and City Carrier Cost System – Special Purpose Route (CCCS-SPR). It contains documentation of the statistical design and the programs used to develop volume estimates for classes, products, and price categories of mail collected and delivered on city letter routes and city special purpose routes. Also included are proportions, coefficients of variation (CVs), and confidence intervals for the estimates.

Predecessor documents include USPS-FY12-NP22, USPS-FY12-34, and Docket No. R2006-1, USPS-LR-L-11. A public version of this document is provided as USPS-FY13-34.

Volume estimates from the CCCS and CCCS-SPR rely on no input data. Outputs from the CCCS and CCCS-SPR are used as inputs to the following items found in this report:

**Items in this Report Utilizing Output from USPS-FY13-NP22**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY13-19	• FY 2013 Delivery Costs By Shape
USPS-FY13-32	• FY 2013 CRA “B” Workpapers (Public Version)
USPS-FY13-NP3	• FY 2013 International Cost Segments and Components Report
USPS-FY13-NP14	• FY 2013 CRA “B” Workpapers, (Non-Public Version)

**USPS-FY13-NP23**

This item is entitled:

USPS-FY13-NP23                      Rural Carrier Cost System (RCCS) Documentation  
(Nonpublic Version)

USPS-FY13-NP23 documents the statistical design of the Rural Carrier Cost System (RCCS). It contains documentation of the statistical design and the programs used to develop volume estimates for classes, products, and price categories of mail collected and delivered on rural routes. Also included are proportions, coefficients of variation (CVs), and confidence intervals for the estimates.

Predecessor documents include USPS-FY12-NP23, USPS-FY12-35, and Docket No. R2006-1, USPS-LR-L-12. A public version of this document is provided as USPS-FY13-35.

Volume estimates from the RCCS rely on no input data. Outputs from the RCCS are used as inputs to the following items found in this report:

**Items in this Report Utilizing Output from USPS-FY13-NP23**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY13-19	• FY 2013 Delivery Costs By Shape
USPS-FY13-32	• FY 2013 CRA "B" Workpapers (Public Version)
USPS-FY13-NP3	• FY 2013 International Cost Segments and Components Report
USPS-FY13-NP14	• FY 2013 CRA "B" Workpapers, (Non-Public Version)

**USPS-FY13-NP24**

This item is entitled:

USPS-FY13-NP24 Transportation Cost Systems (TRACS) Documentation  
(Nonpublic Version)

USPS-FY13-NP24 documents the development of the estimated distribution keys for purchased transportation costs. It contains documentation for the two Transportation Cost System (TRACS) subsystems, TRACS Air and TRACS Surface (Highway), used to develop these costs. It also presents FY13 CV's (coefficients of variation) and confidence intervals for TRACS estimates.

The development of the TRACS estimated distribution keys and C.V.s material was presented in Docket No. ACR2012 USPS-FY12-NP24. A public version of this document is provided as: USPS-FY13-36 Transportation Cost System (TRACS).

The relevant source code and outputs from TRACS are provided on the accompanying CD-ROM. The 'README\_TRACS' file describes the contents of the CD-ROM, which includes an Excel file containing the C.V.s (coefficients of variation) for TRACS. Since the TRACS Surface and Air subsystems are dissimilar, each subsystem is addressed separately in its own appendix.

The programs and systems used to develop the TRACS estimated distribution keys are described in three appendices:

- Appendix A : Surface Subsystem
- Appendix B : Air Subsystem
- Appendix C : Tables

The following items found in this report are used as input/output to USPS-FY13-NP24:

**Items in this Report Utilizing Output from USPS-FY13-NP24**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY13-NP2	<ul style="list-style-type: none"> <li>• FY 2013 International Cost and Revenue Analysis (ICRA) report</li> </ul>
USPS-FY13-32	<ul style="list-style-type: none"> <li>• FY 2013 CRA "B" Workpapers (Public Version)</li> </ul>
USPS-FY13-NP14	<ul style="list-style-type: none"> <li>• FY 2013 CRA "B" Workpapers</li> </ul>

**USPS-FY13-NP25**

This item is entitled:

USPS-FY13-NP25                      Mail Characteristics Study (Non-public Version)

USPS-FY13-NP25 is the nonpublic portion of USPS-FY13-14. This version includes the detailed distribution by shape and indicia by product category for Priority Mail and Parcel Select, which are not included in the public version (USPS-FY13-14).

Predecessor documents include Docket No. ACR2012 USPS-FY12-NP25; Docket No. ACR2011 USPS-FY11-NP25; Docket No. ACR2010 USPS-FY10-NP25; Docket No. ACR2009 USPS-FY09-NP25; Docket No. ACR2008 USPS-FY08-NP25; Docket No ACR2007, USPS-FY07-14; and Docket No. R2006-1 USPS-LR-L-87.

This item relies upon the FY 2013 PostalOne! mailing statement database.

The mail results of the RPW by shape and indicia are presented in the Microsoft Office Excel workbook "Shape Indicia FY 2013V.xls". The programs used to aggregate the PostalOne! data for Priority Mail and Package Services are described in the Program Documentation. Program documentation for other classes is contained in USPS-FY13-14.

**USPS-FY13-NP26**

This item is entitled:

USPS-FY13-NP26                      FY 2013 Special Cost Studies Workpapers – Special Services (Non-Public Version)

USPS-FY13-NP26 documents the unit cost estimates for Address Enhancement Services, Adult Signature Required service, USPS Tracking (formerly Delivery Confirmation) service, Signature Confirmation service, and Credit Card Authentication service. It also documents the calculation of the attributable costs for Competitive and Market Dominant Post Office Box services, Greeting Cards, and Shipping and Mailing Supplies.

The predecessor document is ACR2012 USPS-FY12-NP26. The public version of this item for special services is USPS-FY13-28.

The following items found in this report are used as input/output to USPS-FY13-NP26:

**Items in this Report Used as Input to USPS-FY13-NP26**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY13-1	<ul style="list-style-type: none"> <li>FY 2013 Public Cost and Revenue Analysis (PCRA) Report</li> </ul>
USPS-FY13-2	<ul style="list-style-type: none"> <li>FY 2013 Public Cost Segments and Components Report</li> </ul>
USPS-FY13-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY13-8	<ul style="list-style-type: none"> <li>Equipment and Facility Related Costs</li> </ul>
USPS-FY13-24	<ul style="list-style-type: none"> <li>FY 2013 Non-Operation Specific Piggyback Factors (Public Version)</li> </ul>
USPS-FY13-25	<ul style="list-style-type: none"> <li>FY 2013 Mail Processing Piggyback Factors (Operation Specific)</li> </ul>
USPS-FY13-26	<ul style="list-style-type: none"> <li>FY 2013 Mail Processing Costs by Shape (Public Version)</li> </ul>
USPS-FY13-NP1	<ul style="list-style-type: none"> <li>FY 2013 Competitive Product Billing Determinants</li> </ul>

**Items in this Report Utilizing Output from USPS-FY13-NP26**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY13-31	<ul style="list-style-type: none"> <li>FY 2013 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)</li> </ul>
USPS-FY13-NP13	<ul style="list-style-type: none"> <li>FY 2013 CRA Model (Model Files, Cost Matrices, and Reports) (Non-Public Version)</li> </ul>

Cost study files include:

**1. Address Enhancement Services**

This cost study is contained in the EXCEL file "AES2013.xls." It contains the cost models and cost sheets that are used to develop Address Enhancement Services (AES) costs. A Direct Labor Survey was conducted in FY13 to determine the number of hours spent by the employees and contractors for AES. Using the surveyed hours and appropriate wage rates, direct labor costs were calculated for FY13. The direct labor to total labor cost ratio was then calculated and applied to the total costs to derive AES costs. The costs of AES are reported in the D report (USPS-FY13-31 and USPS-FY13-NP13).

## 2. Adult Signature Required

This cost study is contained in the EXCEL file "AdultSigCon-FY2013.xls." It contains the cost models and cost sheets that are used to develop Adult Signature Required unit cost estimates. The cost of Adult Signature Required is reported in the D report (USPS-FY13-NP13).

## 3. Competitive Post Office Box Service

The spreadsheet "Competitive and Market Dominant P.O. Box Attributable Costs 2013.xls" contains the calculation of the attributable costs for Competitive and Market Dominant Post Office Box services. A new element of this calculation relies on Proposal Seven of Docket No RM2014-1 for the cost for service enhancements for Competitive Post Office Boxes. This is described below. Apart from this, the split of total Post Office Box service costs into Market Dominant and Competitive is done using the same method as for FY2012. As in FY2012, Post Office box attributable costs from the segments and component report are still apportioned to fee group, and competitive or market dominant, based on the proportions of the same three factors: numbers of occupied boxes, square footage of installed capacity, and square footage of installed capacity adjusted for rental values. In addition to splitting the costs into Fee Groups 1-7 and E, Post Office box costs are split into an additional 7 categories to include the competitive fee groupings. Costs for Fee Groups 1-7 are Market Dominant Post Office Box service costs. As per Docket No. RM2011-9, Proposal 1, the costs associated with Fee Group E are to be part of institutional costs. Attributable costs for Competitive Post Office boxes are calculated by summing the costs for the 7 Competitive fee group pairs (which are Fee Group 31/38, Fee Group 32/39, Fee Group 33/40, Fee Group 34/41, Fee Group 35/42, Fee Group 36/43 and Fee Group 37/44). This split of Post Office box costs is reported in the D report (USPS-FY13-31 and USPS-FY13-NP13). The results of the calculation also differ from last year, since FY2013 was the first full FY to include the significant shifts of boxes to competitive products which occurred in FY2012.

There are two types of costs which are included for service enhancements offered with competitive Post Office Box service. The first cost is that associated with handling private carrier packages going to Post Office boxes with Street Addressing. An estimate of these costs has been made based on the estimated number of private carrier packages delivered in FY2013, relying on the method described in Proposal Seven of Docket No. RM2014-1. This updated estimate of the number of third-party packages going to Street Addressed Post Office boxes is based on data collection from a sample of 200 offices during the week of June 3 -7, 2013, as indicated in Proposal Seven of Docket No. RM2014-1. The per piece cost for handling a private carrier package is developed, as done previously, on tab "Private Carrier Parcel Costs." As shown there, the calculation relies on the previously developed time estimates for acceptance at the window and use of the rural carrier contract time allotment for parcel delivery as a proxy for clerk time for putting a package in a Post Office box.

The second type of cost for the service enhancements is Information Technology (or IT). Information Technology costs have in the past consisted of costs for the internal Move To Competitive (MTC) website, and additional servers and Engineering staff time needed to support the service enhancements. The spreadsheet "Competitive and Market Dominant P.O. Box Attributable Costs 2013.xls" contains the calculation of the IT costs consistent with Proposal Seven of Docket No. RM2014-1. As shown in this spreadsheet, this FY's costs consist of only Engineering staff time needed to support the service enhancements. These costs are detailed in the spreadsheet. The resulting cost is reported in the D report (USPS-FY13-31 and USPS-FY13-NP13)

## 4. Credit Card Authentication

This cost study is contained in the EXCEL file CreditCard2013.xls. It contains the cost models and cost sheets that are used to develop Credit Card Authentication costs.

The calculation in USPS-FY13-28 does not reflect the Revenue Agreement with Imagitas. As a result, the revenue and expense figures in USPS-FY13-28 cannot be used to calculate the cost coverage. Based on the calculations in USPS-FY13-NP26, the costs reported in the CRA for "Other Ancillary Services" would increase by approximately \$5.0 million, with costs decreasing for Other Costs (Institutional) so that the overall cost is unchanged.

The cost of Credit Card Authentication is reported in the D report (USPS-FY13-31 and USPS-FY13-NP13).

#### **5. Greeting Cards**

The spreadsheet "Greeting Cards 2013.xls" contains the calculation of the attributable costs for Greeting Cards and Stationary.

#### **6. Package Intercept**

This cost study is contained in the EXCEL file "PackageIntercept-FY 2013.xls." It contains the cost models and cost sheets that are used to develop Package Intercept unit cost estimates. The model was originally provided in USPS-FY12-NP35.

#### **7. Signature Confirmation**

This cost study is contained in the EXCEL file "SigCon-FY 2013.xls." It contains the cost models and cost sheets that are used to develop Signature Confirmation unit cost estimates.

#### **8. Shipping and Mailing Supplies**

The spreadsheet "Shipping and Mailing Supplies2013.xls" contains the calculation of the attributable costs for Shipping and Mailing Supplies.

#### **9. USPS Tracking (Formerly Delivery Confirmation)**

This cost study is contained in the EXCEL file USPS Tracking-FY 2013.xls. It contains the cost models and cost sheets that are used to develop USPS Tracking unit cost estimates. The distribution of costs to the host products is reported in the D report (USPS-FY13-31 and USPS-FY13-NP13).

### **USPS-FY13-NP27**

This item is entitled:

USPS-FY13-NP27                      FY 2013 Domestic Competitive NSA and Nonpostal  
Materials

USPS-FY13-NP27 develops FY 2013 costs for competitive Negotiated Service Agreements (NSAs), market tests, and nonpostal services. These materials were provided previously in ACR2012, USPS-FY12-NP27. There is no corresponding public document.

In addition to the preface, USPS-FY13-NP27 includes following NSA workbooks:

Overall summary of NSAs:

NSACostRevenueSummaryFY13.xls:

Partner cost analysis templates, with the naming convention:

[PartnerName]\_[Product]\_Analysis\_FY13.xls

And if applicable,

[PartnerName]\_[Product]\_Summary\_Analysis\_FY13.xls

Support workbooks that summarize costs for each competitive product category:

SupportPriority\_FY13.xls

SupportExpress\_FY13.xls

SupportGround\_FY13.xls

Subfolders for each product category with detailed cost models:

Priority

Express

Ground (includes Parcel Select and Parcel Return Service)

First-Class Package Service

The following items found in this report are used as input/output to USPS-FY13-NP27:

**Items in this Report Used as Input to USPS-FY13-NP27**

Item Number	Data/Information Used
USPS-FY13-5	<ul style="list-style-type: none"> <li>Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)</li> </ul>
USPS-FY13-NP1	<ul style="list-style-type: none"> <li>FY 2013 Competitive Product Billing Determinants</li> </ul>
USPS-FY13-NP12	<ul style="list-style-type: none"> <li>FY 2013 Non-public Cost Segments and Components Report</li> </ul>
USPS-FY13-NP13	<ul style="list-style-type: none"> <li>FY 2013 CRA Model (Model Files, Cost Matrices, and Reports)</li> </ul>
USPS-FY13-NP14	<ul style="list-style-type: none"> <li>FY 2013 CRA "B" Workpapers, (Non-Public Version)</li> </ul>
USPS-FY13-NP15	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers – Parcels Cost Model (Non-public Version)</li> </ul>
USPS-FY13-NP16	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers – Bound Printed Matter and Parcel Post Transportation Costs / Bulk Parcel Return Service Cost Study (Non-public Version)</li> </ul>
USPS-FY13-NP18	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Non-public Version)</li> </ul>

USPS-FY13-NP19	<ul style="list-style-type: none"> <li>FY 2013 Non-Operation Specific Piggyback Factors (Non-public Version)</li> </ul>
USPS-FY13-NP26	<ul style="list-style-type: none"> <li>FY 2013 Special Cost Studies Workpapers – Special Services (Nonpublic Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY13-NP27**

Item Number	Data/Information Provided
USPS-FY13-NP13	<ul style="list-style-type: none"> <li>FY 2013 CRA Model (Model Files, Cost Matrices, and Reports)</li> </ul>

**USPS-FY13-NP28 RESERVED**

**USPS-FY13-NP29**

This item is entitled:

USPS-FY13-NP29                      Fiscal Year 2010 Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Non-Public Version)

The Fiscal Year 2013 Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Non-Public Version) is an Excel workbook that adjusts amounts reflected in the September 2013 general ledger for year-end audit adjustments. This results in amounts that underlie the September 30 year-end financial statements. This workbook also reallocates year-end labor contract and performance award accruals back to the appropriate labor sub-account and breaks out cost component expenses not available directly from a general ledger account but obtained from another source such as a unique finance number or a subsidiary reporting system.

This material was provided as USPS-FY12-NP29 for the FY 2012 Annual Compliance Report filing (Docket No. ACR2012, December 28, 2012). A public version of this document is provided as USPS-FY13-5, Fiscal Year 2013 Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Public Version).

The Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Non-Public Version) is generated from general ledger data that are downloaded from the Postal Service's mainframe Accounting systems. General ledger accounts are sorted and grouped so that they correspond to the Cost and Revenue Analysis (CRA) Model's cost segments and components.

The following items found in this report are used as input/output to USPS-FY13-NP29:

**Items in this Report Used as Input to USPS-FY13-NP29**

Item Number	Data/Information Used
USPS-FY13-31	<ul style="list-style-type: none"> <li>FY 2013 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)</li> </ul>
USPS-FY13-NP13	<ul style="list-style-type: none"> <li>FY 2013 CRA Model (Model Files, Cost Matrices, and Reports)</li> </ul>

USPS-FY13-NP29, the Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Non-Public Version), is provided as an Excel workbook on CD-ROM. Within the workbook are the following worksheets:

1. Title – Title page
2. Rev – Revenue general ledger accounts
3. Seg 1 – Cost Segment 1 (Postmasters)
4. Seg 2 – Cost Segment 2 (Supervisors & Technical Personnel)
5. Seg 3 – Cost Segment 3 (Clerks & Mailhandlers – CAG A-J Offices)
6. Seg 4 – Cost Segment 4 (Clerks – CAG K Offices)
7. Seg 6&7 – Cost Segments 6 & 7 (City Delivery Carriers)
8. Seg 8 – Cost Segment 8 (Vehicle Service Drivers)
9. Seg 10 – Cost Segment 10 (Rural Carriers)
10. Seg 11 – Cost Segment 11 (Custodial & Maintenance Services)
11. Seg 12 – Cost Segment 12 (Motor Vehicle Service)
12. Seg 13 – Cost Segment 13 (Miscellaneous Local Operations)
13. Seg 14 – Cost Segment 14 (Purchased Transportation of Mail)
14. Seg 15 – Cost Segment 15 (Building Occupancy)
15. Seg 16 – Cost Segment 16 (Supplies and Services)
16. Seg 17 – Cost Segment 17 (Research & Development)
17. Seg 18 – Cost Segment 18 (HQ & Area Administration & Corporatewide Personnel Costs)
18. Seg 19 – Cost Segment 19 (Equipment Maintenance & Management Training Support)
19. Seg 20 – Cost Segment 20 (Depreciation, Write-offs, Losses, and Interest)
20. Summary – Cost segment totals and net income calculations
21. Personnel Costs – Summary of personnel costs by cost segment
22. International – Development of International product-specific costs
23. Address Management – Development of Address Management product-specific costs
24. CS 11 Realloc – Reallocation of maintenance personnel expenses

25. MOB Realloc – Reallocation of money order personnel expenses
26. 51111 Realloc – PCES performance award reallocations to subaccount
27. 51112 Realloc – EAS performance awards reallocations to subaccount
28. Reallocation Summary – Summary of reallocations
29. Outputs to CRA – Worksheet used to organize selected outputs to CRA
30. Product Specific – Worksheet used to organize Product Specific Costs

### **USPS-FY13-NP30**

This item is entitled:

USPS-FY13-NP30                      FY 2013 Revenue, Pieces, and Weight Report (Non-Public Version)

USPS-FY13-NP30 contains the U.S. Postal Service Revenue, Pieces, and Weight (RPW) Report for FY 2013.

The material in USPS-FY13-42 was provided in USPS-FY12-42 for the FY 2012 Annual Compliance Report. In addition, these RPW materials have been provided to the Commission as part of periodic reporting. The most recent periodic reports were filed on November 27, 2012.

The public version of the RPW material, which contains information on individual competitive products, is presented in USPS-FY13-42.

USPS-FY13-NP30 does not rely on input from any other set of material presented as part of the FY 2013 ACR. The revenue, pieces, and weight data by product provided in USPS-FY13-NP30, however, are used as inputs for many portions of the ACR, as well as several other Postal Service reports.

In addition to this Preface, USPS-FY13-NP30 consists of five Excel files containing annual and quarterly FY 2013 RPW data. The following is a list of those files:

FY2013Q1\_RPWSUMMARYREPORT\_RESTRICTED.XLS (revised)  
 FY2013Q2\_RPWSUMMARYREPORT\_RESTRICTED.XLS (revised)  
 FY2013Q3\_RPWSUMMARYREPORT\_RESTRICTED.XLS (revised)  
 FY2013Q4\_RPWSUMMARYREPORT\_RESTRICTED.XLS  
 FY2013\_RPWSUMMARYREPORT\_RESTRICTED.XLS

## **SECTION TWO:           METHODOLOGY CHANGES**

### **Public Information**

This section identifies the material changes in methodology reflected in the associated materials. In most instances, more detailed discussion can be found in the individual items references.

#### **USPS-FY13-1 FY 2013 Public Cost and Revenue Analysis (PCRA) Report**

The PCRA conforms to the Postal Regulatory Commission (PRC) methods for calculating attributable costs, which are revised annually. The Negotiated Service Agreement costs reported in the CRA, however, reflect a final adjustment made to the costs from separate analyses as the data became available.

#### **USPS-FY13-2 FY 2013 Public Cost Segments And Components Report**

The FY 2013 Public Cost Segments and Components Report conforms to the methodology most recently applied in the Commission's FY 2012 Annual Compliance Determination, except for the methodology changes to the CRA 'B' workpapers discussed in USPS-FY2013-32.

#### **USPS-FY13-3 FY 2013 Discounts and Passthroughs of Workshare Items**

Similar in method to last year in ACR2012, USPS-FY12-3, discounts are developed by taking the differences between the current prices of the workshared pieces and benchmark pieces as shown on USPS Notice 123—Price List, effective January 27, 2013. Passthroughs are calculated for each discount as the ratio of the discount to the avoided cost.

For the Periodicals class, bundle and container prices are presented as a percentage of cost. It should be noted that these calculations are not cost avoidances or worksharing passthroughs.

The cost methodologies used are described in folders for the individual input items.

#### **USPS-FY13-4 FY 2013 Market Dominant Billing Determinants**

The methodologies used to produce the FY 2013 Billing Determinants follow the methodologies used in the FY 2012 and earlier versions of the billing determinants.

**USPS-FY13-5 Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)**

Lump sums for early-out incentive payments made to personnel from all areas of the Postal Service were moved from Cost Segment 3: Clerks & Mailhandlers to Cost Segment 18 (HQ & Area Administration & Corporatewide Personnel Costs), component 1430 (Miscellaneous Personnel Compensation). Otherwise, no substantive changes were made to cost segments or components or to the structure of the workbook in FY 2013.

**USPS-FY13-6 General Classification of Accounts**

There have been no changes in methodology for this item.

The contents of USPS-FY013-6 were downloaded from the Postal Service's mainframe computer and bear a "last load date" of December 2, 2013. Therefore, it reflects account information as of that date. Account numbers and account descriptions can change on a monthly basis.

**USPS-FY13-7 Cost Segment 3 Cost Pools and Other Related Information**

USPS-FY13-7 uses the same general methodology as described in USPS-FY12-7, with no substantive changes to the MODS- and IOCS-based cost pools or cost distribution methods for FY2013. However, the SAS processing for FY2013 was carried out using PC SAS, rather than a mainframe environment. The use of PC SAS requires minor modifications to inequality statements in some SAS modules to accommodate different character set ordering between the PC ASCII and IBM mainframe character sets. These modifications ensure the quantification of costs is identical across platforms, and have no effect on the cost estimates.

The product categories reported in USPS-FY13-7 are generally the same as those used last year, but reflect the introduction in FY13 of two new products. First, a new market-dominant product, Every Door Direct Mail (EDDM), is included with Standard Mail. Second, a new competitive domestic product called Standard Post replaces the old retail Package Service Parcel Post. SAS modules assigning IOCS activity codes to mail categories have been updated to accommodate cost reporting for these products. USPS-FY13-7 does not report the new Standard Post costs separately, but includes them in the reported total competitive domestic mail costs. The domestic market-dominant and total international mail and services costs are the same as in USPS-FY13-NP18.

**USPS-FY13-8 Equipment and Facility Related Costs**

USPS-FY13-8 uses the same facility space costing methodology and the same equipment cost methodology as USPS-FY12-8 from Docket No ACR2012.

Of note, processing equipment depreciation continued to decline due to significant declines in the depreciation associated with AFSM 100s, as much of this equipment is now fully depreciated.

**USPS-FY13-9 ACR Roadmap Document**

There have been no changes in methodology for this item.

**USPS-FY13-10 FY 2013 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)**

The First-Class Mail presort letters and cards and Standard Mail presort letters cost models rely on the Docket No. R2006-1 Postal Regulatory Commission (PRC) methodology and also incorporate the modifications described in Docket No. RM2011-5, Proposal Nine. The Proposal Nine modifications include updates to several cost model inputs and a revised bundle sorting cost methodology that was approved by the Commission in Order No. 741.

The Postal Service proposed the addition of new mail processing cost pools in Docket No. RM2011-12, Proposal Five and Proposal Six. The Commission subsequently approved those proposals in Order No. 920. The USPS-FY11-26 cost by shape estimates therefore contain seven additional cost pools that need to be distributed using the Commission's cost pool classification methodology.

Docket No. RM2012-1; Proposal Twelve, Order No. 1153 modifies the mail processing cost model applicable to the Standard mail presort letters to disaggregate the mail processing costs of Standard nonautomation machinable MAADC and AADC presort letters.

Docket No. RM2012-2, Proposal Seventeen, Order No. 1383 consolidates MODS operation groups associated with the productivity calculations for the DBCS/DIOSS automated letter image reading and sorting operations. This change responds to changes in the definition of certain MODS operations.

Docket No. RM2012-2, Proposal Nineteen, Order No. 1383 modifies the mail processing cost model applicable to the First-Class mail presort letters to develop separate cost estimates for the nonautomation machinable MAADC and the AADC categories.

Docket No. RM 2014-1, Proposal Eight (Petition filed November 8, 2013) proposes to consolidate MODS operation groups associated with productivity calculations into Manual Incoming and Outgoing groups. PRC issued a notice in Order No. 1877 (November 14, 2013) on proposed rulemaking. The proposal is pending approval. For this reason, an alternate set of First-Class and Standard letter models have been filed in USPS-FY13-10 with the proposed methodology.

**USPS-FY13-11 FY 2013 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model**

USPS-FY13-11 ACR models use the PRC's Docket No. ACR2012 cost methodology, except for the methodological changes below:

In Docket No. RM 2014-1, Proposal Eight (Petition filed November 8, 2013) The Postal Service proposed to consolidate several MODS operation groups associated with productivity calculations into UFSM1000 Outgoing and Incoming, Manual Flats Incoming and Outgoing groups. PRC issued a notice in Order No. 1877 (November 14, 2013) on proposed rulemaking. The proposal is pending approval. For this reason, an alternate set of First-Class, Periodicals, and Standard letter models have been filed in USPS-FY13-11 with the proposed methodology.

In USPS-FY13-11 Regular ACR model files suffixed by "...PRC.xls", a toggle switch has been deployed in the *Modification* worksheet of each file in cell C11 labeled 'UFSM Switch'. The switch was necessary to avoid cascading #DIV/0! errors in cost calculations in the 'cost' worksheets in all models, if the switch is turned "off". The reason for the errors are the zero hours and volumes in Group 53 (row 60 of YRscrub2013.xls; USPS-FY13-23) labeled 'UFSM1000 Key In MMP'. To prevent such errors a modification from established methodology was necessary. The modification uses the Proposal 8 (Docket No. RM2014-1) methodology by using productivity of 'UFSM1000 Incoming' instead with a value of 1,736 TPF/hour (cell I50 from 'YRscrub2013.Prop8.xlsx' also filed in USPS-FY13-23). As default, the UFSM Switch is "on".

The modification was not necessary in the alternate files suffixed by "...PROP8.xls".

The Postal Service has made all attempts to minimize any modifications from established methodology and kept the modification restricted to one cell to prevent crashing of the cost models. The PRC is aware of this proposed methodology in Proposal Eight petition. None of the intervenors commented on this methodology and the Public Representative (PR) recommended approval of UFSM1000 modification in that Docket (see page 15 of PR's comments filed December 5, 2013).

**USPS-FY13-12 Standard Mail Parcel/ Not Flat Machinable Cost Study**

The Standard Mail parcel mail processing cost model relies on the same methodology presented in Docket No. ACR2012, USPS-FY12-12.

**USPS-FY13-13 FY 2013 Special Cost Studies Workpapers – Drop Ship Cost Avoidances for Periodicals and Standard Mail**

The Standard Mail and Periodicals destination entry cost models rely on the same methodologies presented in Docket No. ACR2012, USPS-FY12-13.

**USPS-FY13-14 Mail Characteristics Study (Public Version)**

The methodology is not changed from Docket No. ACR2012, however numerous additional rate elements have been introduced since Docket No. ACR2012, such as Standard High Density Plus and First Class DVD mailers. In this analysis the mapping of these new categories follows mappings used in the RPW report.

**USPS-FY13-15 FY 2013 Special Cost Studies Workpapers – Bound Printed Matter Mail Processing Cost Model / Media Mail – Library Mail Processing Cost Model**

The Bound Printed Matter mail processing cost model relies on the same methodology presented in Docket No. ACR2012, USPS-FY12-15. The Media Mail – Library Mail mail processing cost model also relies on the same methodology presented in Docket No. ACR2012, USPS-FY12-15.

**USPS-FY13-16 FY 2013 Special Cost Studies Workpapers – Bound Printed Matter Transportation Costs / Bulk Parcel Return service Cost Study**

The Bound Printed Matter transportation cost model and the Bulk Parcel Return Service cost model rely on the same methodologies presented in Docket No. ACR2012, USPS-FY12-16.

**USPS-FY13-17 FY2013 Annual Report**

To avoid duplication and improve consistency, our Annual Report to Congress, the Comprehensive Statement on Postal Operations, and our Annual Performance Report and Plan are combined in a single document for FY 2013. USPS-FY13-17 consists of that combined Annual Report and includes the FY 2013 Comprehensive Statement on Postal Operations and also contains the Annual Performance Report and Plan.

**USPS-FY13-18 FY2012 ECR Mail Processing Unit Costs**

This item uses the same basic methodology as described in Docket No. R2006-1, USPS-LR-L-107. The methodology for the calculation of Standard ECR unit costs is the same as used in Docket No. ACR2012, USPS-FY12-18 (FY2012 ECR Mail Processing Costs), spreadsheet FY12 ECR Unit Costs.xls.

**USPS-FY13-19 FY 2013 Delivery Costs By Shape**

USPS-FY13-19 utilizes the established methodology from PRC-ACR2012-LR6. However, a correction was implemented regarding the assignment of relevant special purpose route street costs to parcels. Now, those costs are correctly assigned to parcel shaped pieces rather than, as was done previously, to letter, flat, and parcel shaped pieces. This assignment method is consistent with the method used in cost segment 7.

**USPS-FY13-20 FY 2013 Window Service Cost by Shape**

This analysis uses the same methodology as described in Docket No. R2006-1, USPS-LR-L-106. This methodology was also used in Docket No. ACR2012, USPS-FY12-20, and predecessor documents provided with the 2008 through 2012 Annual Compliance Reports.

**USPS-FY13-21 Business Reply Mail Cost Model**

The Business Reply Mail cost model relies on the same cost methodology that was presented by the Postal Service in Docket No. ACR2012, USPS-FY12-21.

**USPS-FY13-22 FY 2013 Bound Printed Matter Mail Processing Costs**

This item uses the same methodology as described in Docket No. R2006-1, USPS-LR-L-109. This methodology was also used in Docket No. ACR2007, USPS-FY07-22, Docket No. ACR2008, USPS-FY08-22, Docket No. ACR2009, USPS-FY09-22, Docket No. ACR2010, USPS-FY10-22, Docket No. ACR2011, USPS-FY11-22, and Docket No. ACR2012, USPS-FY12-22.

**USPS-FY13-23 MODS Productivity Data**

The productivities for plant and NDC operations employ data from the Management Operating Data System (MODS) processed using the methodology from Docket No. R2006-1, USPS-LR-L-56, Part III, as modified in Docket No. RM2012-2, Proposals Sixteen and Seventeen (approved in Commission Order No. 1383). Productivities for Remote Encoding Center (REC) operations are based on image volumes and console hours from the WebROADS system, adjusted for "overhead" workhours included in the MODS workhour total.

Carrier Sequence Barcode Sorter (CSBCS) productivity is calculated using the methodology described in Docket No. RM2010-5, Proposal Twenty-Seven (approved in Postal Regulatory Commission Order No. 394). The last CSBCS equipment was withdrawn from service at the end of FY2013, so there will be no end-of-run data with which to update the CSBCS calculation in FY2014.

USPS-FY13-23 also provides an alternative version of the plant productivity spreadsheet, YRscrub2013.Prop8.xlsx, reflecting changes to productivity reporting for certain operation groups proposed in Docket No. RM2014-1, Proposal Eight. These modifications consolidate operation groups for manual letters, manual flats, and UFSM 1000 activities; add productivity measures for outgoing and incoming mechanized tray sorting operations; and eliminate some

operation groups that are unused and/or no longer are associated with active MODS operations.

**USPS-FY13-24 FY 2013 Non-Operation Specific Piggyback Factors (Public Version)**

USPS-FY13-24 uses the PRC cost methodology from Docket No. R2006-1, as described in the testimony of witness Marc Smith, USPS-T-13 and also Docket No. ACR2007, USPS-FY07-24.

**USPS-FY13-25 FY 2013 Mail Processing Piggyback Factors (Operation Specific)**

USPS-FY13-25 uses the same methodology as USPS-FY12-25 from Docket No. ACR2012. This is the PRC cost methodology from Docket No. R2006-1, as described in the testimony of witness Marc Smith, USPS-T-13.

**USPS-FY13-26 FY 2013 Mail Processing Costs by Shape (Public Version)**

USPS-FY13-26 uses the same methodology as USPS-FY12-26 from Docket No. ACR2012.

**USPS-FY13-27 FY 2013 Nonprofit Mail Cost Approximations**

The basic methodology, described below, for USPS-FY13-27 is the same as used in ACR2012 USPS-FY12-27.

The billing determinants for Nonprofit Standard Mail from USPS-FY13-4 for the full fiscal year 2013 were used as the source of the file display and the revenue and volume data. The estimated unit costs by product, shape, and rate category from USPS-FY13-30, FY13 NSA Unit Cost Detail Data Calculations.xls, were used as the source of most of the estimated unit costs, with the detailed estimated mail processing unit costs for Standard Mail Parcels obtained from USPS-FY13-12. The “Other Costs” were obtained by volume-weighting the unit costs already determined, summing and subtracting from the “CRASummary” total unit cost. As necessary, those unit costs were adjusted to accommodate the destination entry cost avoidances by shape from USPS-FY13-13. As the average costs for the categories of Standard Mail do not represent the transportation and nontransportation costs of “nondropship” mail, but rather, the weighted average of dropship and nondropship mail, the unit costs for nondropship mail are increased whereas the costs for dropshipped mail are decreased relative to the national average costs. The dropship adjustments for letters and flats include both the transportation and nontransportation cost avoidances, but for Standard Mail Parcels and Marketing Parcels, the nontransportation cost avoidances for various levels of destination entry are already included in the unit costs provided by USPS-FY13-12. Thus, the adjustments to Standard Mail Parcels and Marketing Parcels in tab “Dropship Adjustment” only include the transportation dropship cost avoidances. The barcode cost is obtained from USPS-FY13-12, the Standard Mail Parcel Mail Processing Unit Cost model.

For Parcels and Marketing Parcels in the category formerly known as ECR, the Mail Processing costs were derived from USPS-FY13-18, FY13 ECR Unit Costs.xlsx, tab "Table 1". Window Costs, Vehicle Service Driver Costs, and Transportation Costs were obtained from FY 13 NSA Unit Cost Detail Data Calculation.xls, tab "CRASummary" multiplied by the appropriate piggyback in tab "Piggys" and divided by the appropriate RPW volume. Costs are developed separately for Carrier Route Basic, and for High Density and Saturation, but not all of the costs for High Density and Saturation could be separated out for these categories. The Delivery costs for Carrier Route Basic, High Density and Saturation were provided separately and were from tab "Delivery" in the same workbook. The "Other Costs" were obtained by volume-weighting the unit costs already determined, summing and subtracting from the CRASummary total unit costs for Carrier Route Basic, and High Density and Saturation Flats and Parcels. Total Costs for each were the sums of the unit costs, including the "Other Costs".

The unit costs were applied to the appropriate Nonprofit volumes to approximate the total costs. The total costs, revenues and contribution by product are summarized.

**USPS-FY13-28 FY 2013 Special Cost Studies Workpapers – Special Services**

USPS-FY13-28 relies on the Postal Regulatory Commission (PRC) cost methodology as found in USPS-FY12-28 and in Order No. 1153, Docket No. RM2012-1.

In order to be consistent with the current Cost and Revenue Analysis (CRA) methodology, the Postal Service filed Proposal 14 (Docket No. RM2012-1) on November 1, 2011. Proposal 14 proposed updates to several Special Services cost models by adding the appropriate waiting time adjustment factor and miscellaneous factors. These models include: Caller Service, Certificate of Mailing, Correction of Mailing List, Signature Confirmation, Periodicals Applications, PO Box Key and Lock, Restricted Delivery, and ZIP Coding of Mailing List. Proposal 14 was subsequently approved in Order No. 1153, after the FY11 ACR was filed. The latest approved version of these Special Services cost models is used for FY13.

The Postal Service also proposed to correct and improve the cost models related to Return Receipt service in Proposal 15 (also in Docket No. RM2012-1). Proposal 15 was also approved in Order No. 1153. As a result, the latest approved version of the Return Receipt cost model is used for FY13. In order to align with the product descriptions in the Mail Classification Schedule (MCS), the Postal Service filed Proposal Six (Docket No. RM2014-1) on November 8, 2013. Proposal Six seeks to update the methodology for calculating the costs of Philatelic Sales and the handling costs of Stamp

Fulfillment Services (SFS). Proposal Six is still pending before the Commission. The Postal Service intends to submit the original and the proposed version of the cost models.

### **USPS-FY13-29 FY 2013 Service Performance of Market Dominant Products**

The basic methodology used for service performance measurement is the same as in ACR2012 USPS-FY12-29.

USPS-FY13-29 relies on service standards, targets, and measurement methods established by the Postal Service upon consultation with the Commission, as reflected in 72 Fed. Reg. 58,946 and 72 Fed. Reg. 72,216 and in PRC Docket Nos. PI2008-1, RM2009-11, RM2010-11, RM2010-14, RM2011-1, and RM2011-4. As required by 39 C.F.R. § 3055.2(e), the measurement systems, methodologies, and proxies used for each product are described in attached reports.

### **USPS-FY13-30 FY 2013 Market Dominant NSA Materials**

The NSA Documentation calculates the cost associated with each NSA based on implicit unit cost data from the unit cost model (FY 13 NSA Unit Cost Detail Data Calculations.xls). For each NSA, the implicit unit cost for each rate category is multiplied by the volume in that rate category. The resulting costs by rate category are summed for each NSA. Subtracting this total cost from the total revenue associated with each NSA results in the total contribution for the NSA, which is then divided by the total volume to yield average contribution per piece. This figure is then multiplied by the volume above the threshold to calculate the incremental contribution from the NSA. Finally, the rebate paid is subtracted from the incremental contribution to calculate the net value of the NSA to the Postal Service.

In the FY 13 NSA Unit Cost Detail Data Calculations.xls spreadsheet, disaggregated data are used for First Class Presort Flats where available and combined single and presort data are used where not available. Extraneous data which did not feed the summary data sheet have been eliminated since the USPS FY12-30 report filing. A “Note” tab has been added to explain the data contained on each tab and the source of the data. Lastly, “Attributable Costs D Report” was added to provide adjusted cost data for the ECR categories, and the “RPW” tab was removed because the data it contained are found in other tabs in the report.

### **USPS-FY13-31 FY 2013 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)**

The CRA model documented in USPS-FY13-31 uses the same cost methodology and structure as that filed in Docket No. ACR2012, with the following modifications:

1. The name of Express Mail was changed to Priority Mail Express.
2. Standard Post was added to the CRA.DIM as mail class 145.
3. Alaska Bypass was added to the CRA.DIM as mail class 45.
4. Every Door Direct Mail – Retail was added to the CRA.DIM as mail class 24.
5. Priority Mail Express is now class 140, First Class Package Service is 143, Priority Mail is 148, Parcel Select is 151 Parcel Return Service is 154, and Free Mail is now class 86.
6. The application of the Alaska Air Adjustment Factor is now done in USPS-FY13-32, tab CS14. See Docket RM2013-6, Proposal One, August 16, 2013.
7. Attributable costs for competitive Post Office Box Service are calculated using an updated method. This updated calculation is for the costs for Service Enhancements (.e.g. Street Addressing, Real Mail Notification, etc.) See Docket No. RM2014-1, Proposal Seven, dated November, 8, 2013.

### **USPS-FY13-32 FY 2013 CRA “B” Workpapers (Public Version)**

For purposes of this annual report, and consistent with the Postal Accountability and Enhancement Act, the “B” Workpapers for FY 2013 adhere to the Postal Regulatory Commission (PRC) methods. The USPS-FY13-32, “B” Workpapers, include the following methodological changes from FY 2012.

#### **Cost Segment 3**

The encirclement costs at acceptance for delivery confirmation are no longer assigned Priority Mail (retail), Standard Post (retail), Parcel Select Lightweight, and First Class Package Service after January 27, 2013 (See Docket No. RM2014-1, Proposal Nine).

#### **Cost Segment 6**

Every Door Direct Mail – Retail (EDDM-R) is being reported as a product for the first time in the 2013 CRA. Identifying new products often require an adjustment period for mailers and data collectors and it was discovered that EDDM-R pieces frequently were mismarked or misidentified. Since EDDM-R and High Density and Saturation Flats & Parcels are similar products with like city in-office cost causing characteristics, High Density and Saturation Flats & Parcels and EDDM-R in-office tallies were aggregated and assigned to each product based on respective Revenue Pieces and Weight (RPW) proportions.

#### **Cost Segment 7**

Every Door Direct Mail – Retail (EDDM-R) is being reported as a product for the first time in the 2013 CRA. Identifying new products often require an adjustment period for mailers and data collectors and it was suspected that EDDM-R pieces

frequently were mismarked or misidentified. Since EDDM-R and High Density and Saturation Flats & Parcels are similar products with like city street cost causing characteristics, High Density and Saturation Flats & Parcels and EDDM-R city carrier volumes were aggregated by relevant cost pool and costs were assigned to each product based on respective RPW proportions. Since Detached Address Labels (DALs) are not permissible with EDDM-R, all street time DAL costs are assigned to the product High Density and Saturation Flats & Parcels.

A correction was made to the method used to assign the delivery confirmation costs to the product 'Other Ancillary Services'. The established method multiplies the City Carrier Cost System (CCCS) total delivery confirmation volume by the scan time by the wage rate and assigns the results of the calculation to the product 'Other Ancillary Services'. USPS-FY13-NP26 later takes a portion of those scan costs and assigns them to various domestic products (Priority Mail, Parcel Select, and others). The correction made this year was to partition the scan costs into two categories, domestic and international, based on CCCS volumes. The costs associated with domestic scans are assigned to the product 'Other Ancillary Services'. Similarly, the costs associated with international scans are assigned to 'International Mail'.

A correction was made to the method used to assign letter route collection costs to products. The established method assigns letter route collection costs based on CCCS collection volumes. CCCS, however, often only gathers collection volumes on broad collections of products (e.g., 'Package Services'). In those instances, the established method for assigning costs to individual products is to use the relevant RPW proportions. The correction made this year was to split the Package Services letter route collection costs amongst Single Piece Parcel Post, Bound Printed Matter Flats, Bound Printed Matter Parcels, Media/Library Mail, and Standard Post using RPW proportions. Similarly, letter route collection costs for First Class parcels (shape) were split between First Class Parcels and First Class Package Services. In FY14, CCCS has started collecting information on these products individually so the RPW proxy will no longer be needed.

### Cost Segment 10

Every Door Direct Mail – Retail (EDDM-R) is being reported as a product for the first time in the 2013 CRA. Identifying new products often require an adjustment period for mailers and data collectors and it was suspected that EDDM-R pieces frequently were mismarked or misidentified. Since EDDM-R and High Density and Saturation Flats & Parcels are similar products with like rural cost causing characteristics, High Density and Saturation Flats & Parcels and EDDM-R rural carrier volumes were aggregated by relevant cost pool and costs were assigned to each product based on respective RPW proportions. Since Detached Address Labels (DALs) are not permissible with EDDM-R, all street time DAL costs are assigned to the product High Density and Saturation Flats & Parcels.

The evaluation factors that are used to form the cost pools had two changes for FY13. One, the evaluation for DPS letters now depends on the type of vehicle used. Routes that use a government vehicle get 0.0232 minute per DPS letter, others receive 0.0333 minute per DPS letter. Two, Prepaid Accepted Parcels greater than two pounds have the same evaluation factor as Package (formerly Carrier) Pickup Items – 0.15 minutes per piece and 1.5 minutes for each Package Pickup Request/Prepaid Parcel Event.

A correction was made to the method used to assign the delivery confirmation costs to the product 'Other Ancillary Services'. The established method multiplies the Rural Carrier Cost System (RCCS) total delivery confirmation volume by the scan time evaluation factor and assigns the results of the calculation to the product 'Other Ancillary Services'. USPS-FY13-NP26 later takes a portion of those scan costs and assigns them to various domestic products (Priority Mail, Parcel Select, and others). The correction made this year was to partition the scan costs into two categories, domestic and international, based on RCCS volumes. The costs associated with domestic scans are assigned to the product 'Other Ancillary Services'. Similarly, the costs associated with international scans are assigned to 'International Mail'.

A correction was made to the method used to assign collection costs to products. The established method assigns the collection costs based on RCCS collection volumes and evaluation factors. RCCS, however, often only gathers collection volumes on broad collections of products (e.g., 'Package Services'). In those instances, the established method for assigning costs to individual products is to use the relevant RPW proportions. The corrections made this year were to split First Class parcels (shape) collection costs between First Class Parcels and First Class Package Services and Registered and Certified based on RPW proportions.

In FY14, RCCS has started collecting information on First Class Parcels and First Class Package Services separately, so the use of RPW proportions will no longer be needed to determine the collection costs for those products.

### Cost Segment 12

The established method uses current Vehicle Maintenance System (VMAS) data to distribute the attributable costs across functional areas (i.e. city carriers, rural carriers, vehicle service drivers, and administrative) for personnel, supplies and maintenance, and vehicle hire costs. VMAS was a mainframe standalone system where vehicle maintenance facility cost data were stored. The maintenance facility cost data were moved to be a part of a web-based system called Solution for Enterprise Asset Management (SEAM). During the transition from the mainframe to the web, the information utilized to distribute the relevant costs to the functional areas was lost. Thus, these FY13 costs are distributed to

functional areas using FY12 distribution factors. The Postal Service has verified that in FY14, these costs will be assigned using current data from the new web-based system SEAM, in accordance with the established method.

#### Cost Segment 14

The Alaska Adjustment Factor is calculated using a new method and it is applied within CS14 rather than in the CRA Model (See Docket RM2013-6, Proposal One, Order).

The relevant attributable costs from the Non-Preferential Alaska, Preferential Alaska, Hawaii, and Air Taxi cost pools are assigned to products using one set of distribution factors that use current Transportation Cost System (TRACS) data (See Docket RM2013-6, Proposal Two)

The relevant attributable costs from the Highway Plant Load and Rail Plant Load cost pools are assigned to products using a set of distribution factors based on eligible products and the current Inter-NDC distribution factors estimated from TRACS.

In the Freight Rail cost pool, the distribution factor for Single Piece Parcel Post was transferred to Standard Post in accordance with the product definition shift on January 27, 2013. Freight Rail transportation is not sampled on an ongoing basis by TRACS. For more information, see Docket No. RM2010-8, Order 424, Proposal One, dated March 17, 2010.

#### Cost Segment 20

The established method assigns attributable vehicle depreciation costs to functional areas (i.e. city carriers, rural carriers, vehicle service drivers, and administrative) using data from the Vehicle Maintenance System (VMAS). VMAS was a mainframe standalone system where vehicle maintenance facility cost data were stored. The maintenance facility cost data were moved to be a part of a web-based system called Solution for Enterprise Asset Management (SEAM). During the transition from the mainframe to the web, the information utilized to distribute the relevant costs to functional areas was lost. Thus, the FY13 depreciation costs are distributed to vehicle type using FY12 distribution factors. The Postal Service has verified that in FY14 the depreciation costs will be assigned to functional areas using current information from the new web-based system SEAM, in accordance with the established method.

#### **USPS-FY13-33 Consumer Access to Postal Services**

There is no change in methodology for this item.

**USPS-FY13-34 City Carrier Cost System (CCCS) Documentation (Public Version)**

Documentation for the CCCS provided in USPS-LR-L-11, Docket No. R2006-1, included complete programs and descriptions for sample frame development and sample selection. Those programs and descriptions have incurred no substantive changes and are not reproduced herein. The estimation programs and output formats have incurred no substantive changes and are described in the CCCS System Documentation section.

**USPS-FY13-35 Rural Carrier Cost System (RCCS) Documentation (Public Version)**

Documentation for the RCCS provided in USPS-LR-L-12, Docket No. R2006-1 included complete programs and descriptions for sample frame development and sample selection. Those programs and descriptions have incurred no substantive changes and are not reproduced herein. The estimation programs and output formats have incurred no substantive changes and are described in the RCCS System Documentation section.

The PS Form 2848 Rural Carrier Route Mail Acceptance Data is updated for FY 2013 to include a new compensation category for Prepaid Parcels greater than 2 pounds. To make room on the form for this category, collected mail volumes for Registered and Certified Mail are now combined.

**USPS-FY13-36 Transportation Cost Systems (TRACS) Documentation (Public Version)**

TRACS had no methodology changes in FY13.

**USPS-FY13-37 In-Office Cost System (IOCS) Documentation (Public Version)**

For FY13, IOCS methodology is the same as described in Docket ACR2012: USPS-FY12-37, except for the changes listed below.

Modifications have been made due to the introduction of new products Every Door Direct Mail – Retail (EDDM-R, approved by Order No. 1460) and First-Class Package International Service (FCPIS, approved by Order No. 1461) and the transfer of Parcel Post to Standard Post (approved by Order No. 1536). To accommodate the introduction of FCPIS, the IOCS activity code for Priority Mail International Flat-Rate Envelope and Small Box has been changed. See Appendix A for a list of all changes in IOCS codes.

A change was made to the encirclement rules for Delivery Confirmation (Tracking) because Tracking became free for several products on January 27, 2013 (Proposal Nine in Docket No. RM2014-1).

**USPS-FY13-38 USPS Market Dominant Product Customer Satisfaction Measurement (CSM) Survey Instruments**

The CSM methodology is the same as in Docket No. ACR2012, USPS-FY12-38.

Randomly selected Residential customers have been mailed surveys and given the option of returning them by mail or completing them online. Small and Medium-sized business customers (those with fewer than 250 employees at one site) were also randomly selected to be mailed surveys and can choose to respond by mail or online. Large business survey customers with 250 or more employees at one location are mailed an invitation and asked to complete an online survey.

Survey Type	Number of Surveys Initiated	Number of Surveys Received*
Residential	2,215,626	301,654
Small/Medium Business	4,074,717	299,792
Large	50,499	3,434

\* This is the number of surveys which were sufficiently complete to be analyzed and have their results reported.

Note that Question 20 in the Residential and Small/Medium Business surveys is a “rotating” question with the subject of the question changing quarterly. The four rotating questions asked in FY 2013 were:

Quarter 1: If you have used the [www.usps.com](http://www.usps.com) Web site recently, please indicate your agreement with each statement below. (Strongly Agree, Somewhat Agree, Neither Agree nor Disagree, Somewhat Disagree, Strongly Disagree, Don't Know)

- a. Useful to find pricing information
- b. Useful to find USPS regulations
- c. Satisfied with the tracking information available online
- d. Useful to ship packages
- e. Useful to purchase stamps and other USPS products

Quarter 2: Please indicate your agreement with each statement based on your most recent telephone contact with your local Post Office. (Strongly Agree, Somewhat Agree, Neither Agree nor Disagree, Somewhat Disagree, Strongly Disagree, Don't Know)

- a. Time it took for a Postal employee to answer the phone was reasonable.
- b. If placed on hold, my time waiting to speak with a USPS employee was reasonable.
- c. I was provided the information I needed by the first person who spoke with me.
- d. Followed through with any actions that were promised.
- e. Seemed to genuinely care about my question or problem.

Quarter 3: Please indicate your agreement with each statement based on your experience using USPS Self-Service Mailing and Shipping Center (automated kiosk machine). (Strongly Agree, Somewhat Agree, Neither Agree nor Disagree, Somewhat Disagree, Strongly Disagree, Don't Know)

- a. Self-service Mailing and Shipping Center is easy to use.
- b. Self-service is a better option than a retail associate to complete my mailing needs.
- c. Allowed me to complete transaction needed.
- d. Quickly allowed me to complete transaction.
- e. I would recommend the Self-Service Mailing and Shipping Center to friends.

Quarter 4: Please indicate your agreement with each statement based on your most recent telephone contact with your local Post Office. (Strongly Agree, Somewhat Agree, Neither Agree nor Disagree, Somewhat Disagree, Strongly Disagree, Don't Know)

- a. Time it took for a Postal employee to answer the phone was reasonable.
- b. If placed on hold, my time waiting to speak with a USPS employee was reasonable.
- c. I was provided the information I needed by the first person who spoke with me.
- d. Followed through with any actions that were promised.
- e. Seemed to genuinely care about my question or problem.

### **USPS-FY13-39 FY 2013 Competitive Products Fund Reporting Materials**

There have been no changes in methodology for this item.

These materials draw upon cost and revenue data reported throughout the Postal Service's FY13 ACR, and therefore are implicitly based on the methodologies upon which the ACR is based. For purposes of specifically developing the required PRC Forms, the procedures employed are the same as those previously endorsed by the Commission.

### **USPS-FY13-40 Rural Mail Court**

Two changes to the evaluation factors took effect with these RMC. One, the evaluation for DPS letters now depends on the type of vehicle used. Routes that use a government vehicle get 0.0232 minute per DPS letter, others receive 0.0333 minute per DPS letter. Two, Prepaid Accepted Parcels greater than two pounds are now included and receive the same evaluation factors as Carrier Pickup (now called Package Pickup) pieces which are 90 seconds per request and 9 seconds per piece collected.

### **USPS-FY13-41 2013 International Market Dominant Billing Determinants**

The methodology used to assemble these billing determinants is consistent with that used in ACR2012 USPS-FY12-41.

### **USPS-FY13-42 FY 2013 Revenue, Pieces, and Weights**

USPS-FY13-42 generally uses the same methodologies as ACR2012, USPS-FY12-42, but also reflects the following specific changes:

1. RPW Report Format Changes: There is a format change for the Quarter 4 and Fiscal Year 2013 Reports on page 2 and page 5 for deferred revenue prepaid postage change in estimate. These new lines have been added to show the revenue amount of stamped deferred liability separately from Other Revenue.
2. USPS Tracking and Priority Mail Express: For Quarters 2, 3, 4 and Fiscal Year Reports, Delivery Confirmation has been renamed to USPS Tracking and Express Mail has been renamed to Priority Mail Express.

## **SECTION TWO:           METHODOLOGY CHANGES Non-Public Annex**

### **USPS-FY13-NP1   FY 2013 Domestic Competitive Product Billing**

#### **Determinants**

The methodologies used to produce the FY 2013 Domestic Competitive Product Billing Determinants follow the methodologies used in the FY 2012 and earlier versions of the billing determinants. Modifications were made to the structure of the billing determinants as necessary to reflect changes to postal product classifications that were implemented during the fiscal year.

### **USPS-FY13-NP2   FY 2013 International Cost and Revenue Analysis (ICRA) Report**

This item uses the PRC cost methodology from Docket No. R2006-1, with any modifications defined in USPS-FY13-NP13 and the following Modifications of Analytical Principles in Periodic Reporting:

RM2010-12 (Order No. 658) Proposal Six—Proposal to Incorporate Certain IOCS Tally Analysis Directly into the ICRA

RM2011-5 (Order No. 724) Proposal Eleven—Separate Reporting of Financial Results for Inbound and Outbound IMTS

RM2012-1 (Order No. 963) Proposal Nine—Proposed Change in Method for International Cost and Revenue Analysis (ICRA) Report

RM2012-5 (Order No. 1388) Proposal One—Elimination of Separate Delivery Costs For Carrier Route Letters, Flats, and Parcels

RM2012-5 (Order No. 1388) Proposal Two—Calculation of Scanning Costs for All Non-Accountable Delivery Scans

RM2012-5 (Order No. 1388) Proposal Three—Changes in IOCS Encirclement Rules

RM2012-5 (Order No. 1388) Proposal Four—Changes to IOCS Reporting Codes

RM2012-5 (Order No. 1388) Proposal Five—Change to Methodology of Distributing Costs Incurred by Vehicle Service Drivers

RM2012-5 (Order No. 1388) Proposal Six— Use of Foreign Postal Settlement System

Data for Reporting of Inbound International Revenue, Pieces, and Weights in the ICRA

Additionally, the FY13 hardcopy format reflects the Market Dominant and Competitive product distinctions, although the FY07 format is available in the OldFormat.xls file in the Excel model.

**USPS-FY13-NP3 FY 2013 International Cost Segments and Components Report**

This item uses the PRC cost methodology from Docket No. R2006-1, with any modifications defined in USPS-FY13-NP13 and USPS-FY13-NP2.

**USPS-FY13-NP4 FY 2013 ICRA Domestic Processing Model (Cost matrices, Reports, Control File, & Changes)**

This item uses the PRC cost methodology from Docket No. R2006-1, with any modifications defined in USPS-FY13-NP13 and USPS-FY13-NP2.

**USPS-FY13-NP5 FY 2013 ICRA Overview/Technical Description**

This item uses the PRC cost methodology from Docket No. R2006-1, with any modifications defined in USPS-FY13-NP13 and USPS-FY13-NP2.

**USPS-FY13-NP6 FY 2013 International Cost Segment Spreadsheets**

This item uses the PRC cost methodology from Docket No. R2006-1, with any modifications defined in USPS-FY13-NP13 and USPS-FY13-NP2.

**USPS-FY13-NP7 FY 2013 Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)**

USPS-FY13-NP7 uses the Commission's mail processing cost methodology described in the USPS-FY13-NP18. Thus, as with USPS-FY13-NP18, there are no substantive methodological changes, but calculations previously performed in mainframe SAS have been transitioned to PC SAS with no impact on the estimates. Also, costs for certain new products are reported.

USPS-FY13-NP7 product categories are consistent with those listed in USPS-FY13-NP2. For FY2013, there is a new Outbound product called First-Class Package International Service, with Canada (class code 108) and rest-of-world (class code 109) reported separately. Also, Priority Mail International (PMI) parcels shift to the PMI Flat Rate Boxes and Parcels category, with Canada (class code 013) and rest-of-world (class code 053) reported separately.

As in FY2012, USPS-FY13-NP7 includes costs by country groups for inbound international mail resulting from the relevant IOCS activity codes described in USPS-FY13-NP21. IOCS assigns activity codes by country group for inbound international products so that normal downstream CRA and ICRA processes can directly compute costs by country groups (incorporating mixed-mail cost distributions, etc.) without requiring additional programming. The three country groups comprise Canada, Industrialized Countries, and Developing Countries.

**USPS-FY13-NP8 FY 2013 International Competitive Billing Determinants**

The methodology used to assemble these billing determinants is consistent with that used in ACR2012 USPS-FY12-NP8.

**USPS-FY13-NP9 FY 2013 Miscellaneous International Data**

This item uses the PRC cost methodology from Docket No. R2006-1, with any modifications defined in USPS-FY13-NP13 and USPS-FY13-NP2.

**USPS-FY13-NP10 FY 2013 Competitive Product Incremental and Group Specific Costs (Non-public Version)**

USPS-FY13-NP10 applies the same methodology as applied in the FY 2012 ACR. The methodology was developed in Proposal 22, Docket No. RM2010-4 (approved by the Commission in Order No. 399).

**USPS-FY13-NP11 2011 Non-Public Cost and Revenue Analysis (NPCRA) Report**

The NPCRA conforms to the Postal Regulatory Commission (PRC) methods for calculating attributable costs, which are revised annually.

**USPS-FY13-NP12 FY 2013 Non-Public Cost Segments and Components Report**

The FY 2013 Non-Public Cost Segments and Components Report conforms to the methodology most recently applied in the Commission's FY 2012 Annual Compliance Determination, except for the methodology changes to the CRA 'B' workpapers discussed in USPS-FY-NP14.

**USPS-FY13-NP13 FY 2013 CRA Model (Model Files, Cost Matrices, and Reports)**

The CRA model documented in USPS-FY13-NP13 uses the same cost methodology and structure as USPS-FY12-NP13 filed in Docket No. ACR2012, with the following modifications:

1. The name of component 186 was changed to 'Incentive Fees'.
2. Other Competitive Ancillary Services was added to the CRA.DIM.xls as mail class 176, and was marked as 'Print in D Report Only'.
3. First-Class Package Service was added to the CRA.DIM.xls as mail class 180.
4. In the CRA.DIM.xls, First-Class Presort, class 20, and Total First-Class Parcels, class 15, were removed. The label for class 19 was changed to Parcels, with a parent class of 100
5. The name of Express Mail was changed to Priority Mail Express.
6. Standard Post was added to the CRA.DIM as mail class 145.
7. Alaska Bypass was added to the CRA.DIM as mail class 45.

8. Every Door Direct Mail – Retail was added to the CRA.DIM as mail class 24.
9. Priority Mail Express is now class 140, First Class Package Service is 143, Priority Mail is 148, Parcel Select is 151 Parcel Return Service is 154, and Free Mail is now class 86.
10. The application of the Alaska Air Adjustment Factor is now done in USPS-FY13-NP14, tab CS14. See Docket RM2013-6, Proposal One, August 16, 2013.
11. Attributable costs for competitive Post Office Box Service are calculated using an updated method. This updated calculation is for the costs for Service Enhancements (.e.g. Street Addressing, Real Mail Notification, etc.) See Docket No. RM2014-1, Proposal Seven, dated November, 8, 2013.

### **USPS-FY13-NP14 FY 2013 CRA “B” Workpapers**

For purposes of this annual report, and consistent with the Postal Accountability and Enhancement Act, the “B” Workpapers for FY 2013 conform to the Postal Regulatory Commission (PRC) methods, which are different from the Postal Services methods. The USPS-FY13-NP14, “B” Workpapers, include the following methodological changes from FY 2012.

#### **Cost Segment 3**

The costs of acceptance of pieces with Tracking are no longer encircled to Delivery Confirmation for Priority Mail (retail), Standard Post (retail), Parcel Select Lightweight, and First Class Package Service after January 27, 2013 (See Docket No. RM2014-1, Proposal Nine).

#### **Cost Segment 6**

Every Door Direct Mail – Retail (EDDM-R) is being reported as a product for the first time in the 2013 CRA. Identifying new products often require an adjustment period for mailers and data collectors and it was discovered that EDDM-R pieces frequently were mismarked or misidentified. Since EDDM-R and High Density and Saturation Flats & Parcels are similar products with like city in-office cost causing characteristics, High Density and Saturation Flats & Parcels and EDDM-R in-office tallies were aggregated and assigned to each product based on respective Revenue Pieces and Weight (RPW) proportions.

#### **Cost Segment 7**

Every Door Direct Mail – Retail (EDDM-R) is being reported as a product for the first time in the 2013 CRA. Identifying new products often require an adjustment period for mailers and data collectors and it was suspected that EDDM-R pieces frequently were mismarked or misidentified. Since EDDM-R and High Density and Saturation Flats & Parcels are similar products with like city street cost

causing characteristics, High Density and Saturation Flats & Parcels and EDDM-R city carrier volumes were aggregated by relevant cost pool and costs were assigned to each product based on respective RPW proportions. Since Detached Address Labels (DALs) are not permissible with EDDM-R, all street time DAL costs are assigned to the product High Density and Saturation Flats & Parcels.

A correction was made to the method used to assign the delivery confirmation costs to the product 'Other Ancillary Services'. The established method multiplies the City Carrier Cost System (CCCS) total delivery confirmation volume by the scan time by the wage rate and assigns the results of the calculation to the product 'Other Ancillary Services'. USPS-FY13-NP26 later takes a portion of those scan costs and assigns them to various domestic products (Priority Mail, Parcel Select, and others). The correction made this year was to partition the scan costs into two categories, domestic and international, based on CCCS volumes. The costs associated with domestic scans are assigned to the product 'Other Ancillary Services'. Similarly, the costs associated with international scans are assigned to 'International Mail'.

A correction was made to the method used to assign letter route collection costs to products. The established method assigns letter route collection costs based on CCCS collection volumes. CCCS, however, often only gathers collection volumes on broad collections of products (e.g., 'Package Services'). In those instances, the established method for assigning costs to individual products is to use the relevant RPW proportions. The correction made this year was to split the Package Services letter route collection costs amongst Single Piece Parcel Post, Bound Printed Matter Flats, Bound Printed Matter Parcels, Media/Library Mail, and Standard Post using RPW proportions. Similarly, letter route collection costs for First Class parcels (shape) were split between First Class Parcels and First Class Package Services. In FY14, CCCS has started collecting information on these products individually so the RPW proxy will no longer be needed.

#### Cost Segment 10

Every Door Direct Mail – Retail (EDDM-R) is being reported as a product for the first time in the 2013 CRA. Identifying new products often require an adjustment period for mailers and data collectors and it was suspected that EDDM-R pieces frequently were mismarked or misidentified. Since EDDM-R and High Density and Saturation Flats & Parcels are similar products with like rural cost causing characteristics, High Density and Saturation Flats & Parcels and EDDM-R rural carrier volumes were aggregated by relevant cost pool and costs were assigned to each product based on respective RPW proportions. Since Detached Address Labels (DALs) are not permissible with EDDM-R, all street time DAL costs are assigned to the product High Density and Saturation Flats & Parcels.

The evaluation factors that are used to form the cost pools had two changes for FY13. One, the evaluation for DPS letters now depends on the type of vehicle used. Routes that use a government vehicle get 0.0232 minute per DPS letter, others receive 0.0333 minute per DPS letter. Two, Prepaid Accepted Parcels greater than two pounds have the same evaluation factor as Package (formerly Carrier) Pickup Items – 0.15 minutes per piece and 1.5 minutes for each Package Pickup Request/Prepaid Parcel Event.

A correction was made to the method used to assign the delivery confirmation costs to the product 'Other Ancillary Services'. The established method multiplies the Rural Carrier Cost System (RCCS) total delivery confirmation volume by the scan time evaluation factor and assigns the results of the calculation to the product 'Other Ancillary Services'. USPS-FY13-NP26 later takes a portion of those scan costs and assigns them to various domestic products (Priority Mail, Parcel Select, and others). The correction made this year was to partition the scan costs into two categories, domestic and international, based on RCCS volumes. The costs associated with domestic scans are assigned to the product 'Other Ancillary Services'. Similarly, the costs associated with international scans are assigned to 'International Mail'.

A correction was made to the method used to assign collection costs to products. The established method assigns the collection costs based on RCCS collection volumes and evaluation factors. RCCS, however, often only gathers collection volumes on broad collections of products (e.g., 'Package Services'). In those instances, the established method for assigning costs to individual products is to use the relevant RPW proportions. The corrections made this year were to split First Class parcels (shape) collection costs between First Class Parcels and First Class Package Services and Registered and Certified based on RPW proportions.

In FY14, RCCS has started collecting information on First Class Parcels and First Class Package Services separately, so the use of RPW proportions will no longer be needed to determine the collection costs for those products.

### Cost Segment 12

The established method uses current Vehicle Maintenance System (VMAS) data to distribute the attributable costs across functional areas (i.e. city carriers, rural carriers, vehicle service drivers, and administrative) for personnel, supplies and maintenance, and vehicle hire costs. VMAS was a mainframe standalone system where vehicle maintenance facility cost data were stored. The maintenance facility cost data were moved to be a part of a web-based system called Solution for Enterprise Asset Management (SEAM). During the transition from the mainframe to the web, the information utilized to distribute the relevant costs to the functional areas was lost. Thus, these FY13 costs are distributed to functional areas using FY12 distribution factors. The Postal Service has verified

that in FY14, these costs will be assigned using current data from the new web-based system SEAM, in accordance with the established method.

#### Cost Segment 14

The Alaska Adjustment Factor is calculated using a new method and it is applied within CS14 rather than in the CRA Model (See Docket RM2013-6, Proposal One).

The relevant attributable costs from the Non-Preferential Alaska, Preferential Alaska, Hawaii, and Air Taxi cost pools are assigned to products using one set of distribution factors that use current Transportation Cost System (TRACS) data (See Docket RM2013-6, Proposal Two)

The relevant attributable costs from the Highway Plant Load and Rail Plant Load cost pools are assigned to products using a set of distribution factors based on eligible products and the current Inter-NDC distribution factors estimated from TRACS.

In the Freight Rail cost pool, the distribution factor for Single Piece Parcel Post was transferred to Standard Post in accordance with the product definition shift on January 27, 2013. Freight Rail transportation is not sampled on an ongoing basis by TRACS. For more information, see Docket No. RM2010-8, Order 424, Proposal One, dated March 17, 2010.

#### Cost Segment 20

The established method assigns attributable vehicle depreciation costs to functional areas (i.e. city carriers, rural carriers, vehicle service drivers, and administrative) using data from the Vehicle Maintenance System (VMAS). VMAS was a mainframe standalone system where vehicle maintenance facility cost data were stored. The maintenance facility cost data were moved to be a part of a web-based system called Solution for Enterprise Asset Management (SEAM). During the transition from the mainframe to the web, the information utilized to distribute the relevant costs to functional areas was lost. Thus, the FY13 depreciation costs are distributed to vehicle type using FY12 distribution factors. The Postal Service has verified that in FY14 the depreciation costs will be assigned to functional areas using current information from the new web-based system SEAM, in accordance with the established method.

**USPS-FY13-NP15 FY 2013 Special Cost Studies Workpapers – Parcel Select/ Parcel Return Service Cost Model**

The Parcel Select / Parcel Return Service mail processing cost model relies on the same methodology presented by the Postal Service in Docket No. ACR2012 USPS-FY12-NP15.

**USPS-FY13-NP16 FY 2013 Special Cost Studies Workpapers – Parcel Select / Parcel Return Service Transportation Cost Estimates**

The Parcel Select / Parcel Return Service transportation cost model relies on the same methodology presented in Docket No. ACR2012, USPS-FY12-NP16.

**USPS-FY13-NP17 FY 2013 Special Cost Studies Workpapers – Parcel Select / Parcel Return Service (PRS) Cube-Weight Relationship Estimation**

The USPS-FY13-NP17 econometric analysis relies on the same methodology presented in Docket No. ACR2012, USPS-FY12-NP17.

**USPS-FY13-NP18 Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)**

USPS-FY13-NP18 uses the same general methodology as described in USPS-FY12-NP18, with no substantive changes to the MODS- and IOCS-based cost pools or cost distribution methods for FY2013. However, the SAS processing for FY2013 was carried out using PC SAS, rather than a mainframe environment. The use of PC SAS requires minor modifications to inequality statements in some SAS modules to accommodate different character set ordering between the PC ASCII and IBM mainframe character sets. These modifications ensure the quantification of costs is identical across platforms, and have no effect on the cost estimates.

The product categories reported in USPS-FY13-NP18 are generally the same as those used last year, but reflect the introduction in FY13 of two new products. First, a new market-dominant product, Every Door Direct Mail (EDDM), is included with Standard Mail. Second, a new competitive domestic product called Standard Post replaces the old retail Package Service Parcel Post. SAS modules assigning IOCS activity codes to mail categories have been updated to accommodate cost reporting for these products. The remaining domestic market-dominant and total international mail and services are the same ones appearing in USPS-FY13-7.

**USPS-FY13-NP19 FY 2013 Non-Operation Specific Piggyback Factors (Non-public Version)**

USPS-FY13-NP19 uses the PRC cost methodology from Docket No. R2006-1, as described in the testimony of witness Marc Smith, USPS-T-13 and it is the same methodology as used in Docket No. ACR2012, USPS-FY12-NP19.

**USPS-FY13-NP20 FY 2013 Mail Processing Costs by Shape (Non-public Version)**

USPS-FY13-NP20 uses the same methodology as USPS-FY12-NP20 from Docket No. ACR2012. This is based on the PRC cost methodology from Docket No. R2006-1, as contained in PRC-LR-9.

**USPS-FY13-NP21 In-Office Cost System (IOCS) Documentation (Nonpublic Version)**

For FY13, IOCS methodology is the same as described in Docket ACR2012, USPS-FY12-NP21, except for the changes listed below.

Modifications have been made due to the introduction of new products Every Door Direct Mail – Retail (EDDM-R, approved by Order No. 1460) and First-Class Package International Service (FCPIS, approved by Order No. 1461) and the transfer of Parcel Post to Standard Post (approved by Order No. 1536). To accommodate the introduction of FCPIS, the IOCS activity code for Priority Mail International Flat-Rate Envelope and Small Box has been changed. See Appendix A for a list of all changes in IOCS codes.

A change was made to the encirclement rules for Delivery Confirmation (Tracking) because Tracking became free for several products on January 27, 2013 (Proposal Nine in Docket No. RM2014-1).

**USPS-FY13-NP22 City Carrier Cost System (CCCS) Documentation (Nonpublic Version)**

Documentation for the CCCS provided in USPS-LR-L-11, Docket No. R2006-1, included complete programs and descriptions for sample frame development and sample selection. Those programs and descriptions have incurred no substantive changes and are not reproduced herein. The estimation programs and output formats have incurred no substantive changes and are described in the CCCS System Documentation section.

**USPS-FY13-NP23 Rural Carrier Cost System (RCCS) Documentation (Nonpublic Version)**

Documentation for the RCCS provided in USPS-LR-L-12, Docket No. R2006-1 included complete programs and descriptions for sample frame development and sample selection. Those programs and descriptions have incurred no substantive changes and are not reproduced herein. The estimation programs and output formats have incurred no substantive changes and are described in the RCCS System Documentation section.

The PS Form 2848 Rural Carrier Route Mail Acceptance Data is updated for FY 2013 to include a new compensation category for Prepaid Parcels greater than 2 pounds. To make room on the form for this category, collected mail volumes for Registered and Certified Mail are now combined.

**USPS-FY13-NP24 Transportation Cost Systems (TRACS) Documentation (Nonpublic Version)**

TRACS had no methodology changes in FY13.

**USPS-FY13-NP25 Mail Characteristics Study (Non-public Version)**

There have been no changes in methodology for this item. This item uses the estimation methodologies used in USPS-FY13-14 with updated input data.

**USPS-FY13-NP26 FY 2013 Special Cost Studies Workpapers – Special Services (Non-public Version)**

USPS-FY13-NP26 relies on the Postal Regulatory Commission (PRC) cost methodology as found in USPS-FY12-NP26 and in Order No. 1153, Docket No. RM2013-1.

In order to be consistent with the current Cost and Revenue Analysis (CRA) methodology, the Postal Service filed Proposal 14 (Docket No. RM2012-1) on November 1, 2011. Proposal 14 proposed to update the Signature Confirmation cost model by adding the appropriate waiting time adjustment and miscellaneous factors. Proposal 14 was subsequently approved in Order No. 1153, after the FY11 ACR was filed. The latest approved version of the Signature Confirmation cost model is used for FY13.

In the case of Competitive and Market Dominant Post Office Box services, the Postal Service relies on the methodology from Docket No. MC2010-20 (specifically see Response of the United States Postal Service to Chairman's Information Request No. 1 (April 1, 2010)), and Docket No. RM2011-9, Proposal 1 on PO Box costing, approved in Order No. 744. In addition, the attributable costs for enhanced services are based on Proposal Seven of Docket No. RM2014-1 (Petition submitted 11/08/2013, and Notice of Proposed Rulemaking, Order No. 1877, 11/14/2013).

For Greeting Cards and Shipping and Mailing Supplies, the Postal Service relies on the methodologies applied by the PRC in its FY 2010 Annual Compliance Determination.

**USPS-FY13-NP27 FY 2013 Domestic Competitive NSA and Nonpostal Materials**

The methodology used to produce the data is the same as described in ACR 2012.

**USPS-FY13-NP28 RESERVED**

**USPS-FY13-NP29 Fiscal Year 2010 Cost Segments and Components  
Reconciliation to Financial Statements and Account Reallocations  
(Non-Public Version)**

Lump sums for early-out incentive payments made to personnel from all areas of the Postal Service were moved from Cost Segment 3: Clerks & Mailhandlers to Cost Segment 18 (HQ & Area Administration & Corporatewide Personnel Costs), component 1430 (Miscellaneous Personnel Compensation). Otherwise, no substantive changes were made to cost segments or components or to the structure of the workbook in FY 2013.

**USPS-FY13-NP30 FY 2013 Revenue, Pieces, and Weight Report (Non-Public Version)**

USPS-FY13-NP30 generally uses the same methodologies as in ACR2012, USPS-FY12-NP30, but also reflects the following specific changes:

1. RPW Report Format Changes: There is a format change for the Quarter 4 and Fiscal Year 2013 Reports on page 2 and page 5 for deferred revenue prepaid postage change in estimate. These new lines have been added to show the revenue amount of stamped deferred liability separately from Other Revenue.
2. USPS Tracking and Priority Mail Express: For Quarters 2, 3, 4 and Fiscal Year Reports, Delivery Confirmation has been renamed to USPS Tracking and Express Mail has been renamed to Priority Mail Express.

**SECTION THREE:                      Material in Response to  
COMMISSION RULE 3050.12**

In Order No. 203, issued April 16, 2009, the Commission introduced new rules regarding special studies. Section 3050.12, Obsolescence, requires the Postal Service to: “provide a list of special studies whose results are used to produce the estimates in its annual periodic reports to the Commission. It shall indicate the date the study was completed and whether the study reflects current operating conditions and procedures. The Postal Service shall update the list annually.”

As there has not been a determination establishing the definition of and listing of the “special studies” to which this rule applies, the Postal Service submits that it is characterizing “special studies” as those analyses that cannot be updated routinely by reference to information contained in ongoing data systems. Analyses that rely solely on information collected and maintained on an ongoing basis in such systems as IOCS, TRACS, CCCS, RCCS, MODS, WebEOR, PostalOne!, and other postal databases can be routinely updated and will never be considered “obsolete”. Therefore, such analyses are not being considered “special studies” for purposes of complying with §3050.12. Any studies relying on material developed from the ongoing data systems will necessarily contain documentation that provides the time period for which the data were collected.

For some studies, the data collection was a point in time and all data contained in the study is of the same vintage. For those studies, the “date the study was completed” is relatively easy to ascertain. For other special studies that rely on a variety of inputs from a variety of sources, the “date the study was completed” is not as obvious. Therefore, for each special study of that nature, a short litigation history is provided, describing the dockets in which significant changes to the model were introduced.

As with regard to the “date the study was completed”, there are two types of special studies. The first type of study is one in which the data collection took place at one point in time. For purposes of this document, these studies are referred to as “Periodic Studies.” The question that must be answered for Periodic Studies is whether the information collected when the studies were conducted adequately reflects the processes in place during the fiscal year for which the Annual Compliance Report (ACR) was prepared. The second type of study is one comprised of a model of postal processes that relies on input data from various sources, some from ongoing data systems and some from periodic data collection efforts, which are used to estimate costs. For purposes of this document, these studies are referred to as “Cost Model Studies.” The questions that must be answered for Cost Model Studies are (1) whether the modeled processes accurately represent actual processes in place during the fiscal year for which the Annual Compliance Report was prepared and (2) whether the

inputs used to populate the models are of recent enough vintage to reasonably be used to develop cost estimates for that fiscal year.

With regard to the requirement that the Postal Service indicate “whether the study reflects current operating conditions and procedures”, the Postal Service interprets that requirement to mean that the processes represented were those in place during the fiscal year for which the study results are presented.

Finally, with regard to longer-term data collection requirements, the Commission issued Order No. 589 on November 18, 2010, establishing Docket No. RM2011-3 named ‘Priorities for Future Data Collection and Analytical Work Relating to Periodic Reporting’. The Postal Service filed a report in response to Commission Order 1626 on April 18, 2013. The report addressed the four areas of research raised by the Commission, 1) city carrier street time, 2) purchased highway transportation, 3) postmaster costs, and 4) window service costs. The Commission also held a technical conference under this docket in August 2013 that primarily focused on the work being done to update the 2002 City Carrier Street Time Study (CCSTS). The conference also discussed the steps necessary to update the purchased highway transportation cost model.

### **Studies Subject to § 3050.12**

In accordance with Commission reporting rule 3050.12, the Postal Service is providing the following list of A.) Periodic Studies and B.) Cost Model Studies whose results are used to produce estimates in its annual compliance reports.

#### **A. Periodic Studies**

##### **Postmaster Variability Study**

The Postmaster Variability Study was completed in 1984. The study used an operational dataset of Work Service Credits for postmasters at level EAS-23 offices and below to estimate the variability of their costs with respect to volume. At EAS-24 offices and above, the postmaster variability of cost with respect to volume is assumed to be zero. Both the estimated variability for the lower level offices and the supposition of no causal relationship between postmaster costs and changes in volume at higher level offices are used in the 2013 ACR.

Since the duties of postmasters have remained fairly stable, the composite variability of postmaster costs with respect to volume reflects the operating environment in FY13. However, the study could be replaced or updated as resources permit, to account for any changes in postmaster activities. The Postal Service anticipates initiating an update in FY2014 and will determine the

usefulness of pursuing that update based upon the expected changes flowing out of POSTPlan.

### **Special Purpose Route Studies**

The Special Purpose Route (SPR) city carrier survey, the Expedited Mail Delivery survey, and the Motorized Letter Route survey were conducted in 1997 and their findings accepted in Docket No. R97-1. SPR carriers primarily deliver parcels and perform collection runs in large metropolitan areas. The studies were done by having SPR carriers, letter route carriers, and clerks who made out-of-office Express Mail deliveries, maintain detailed accounts of their daily activities, including driving time, delivery time, collection time, and delivered volumes. The information collected regarding clerks was used to estimate the volume variability for out-of-office Express Mail deliveries.

The data collected from SPR and letter route carriers were used to estimate, 1) cost pool proportions for SPR street activities, 2) volume variabilities for SPR actions such as driving and loading the vehicle and for letter route carriers sweeping blue collection boxes, and 3) distribution factors by product for delivered and collected mail on SPR. In the 2013 ACR, the cost pools and variabilities from the studies are used in conjunction with current In-Office Cost System (IOCS) costs and RPW volume to 1) determine the attributable Express Mail out-of-office costs for clerks, 2) establish cost pools and attributable costs for SPR carrier activities, 3) calculate relevant collection costs for letter route carriers while sweeping blue collection boxes, and 4) assign SPR carrier attributable collection costs to products.

The distribution factors for the products delivered on SPR are updated annually using the ongoing City Carrier Cost System – Special Purpose Routes (CCCS-SPR). However, the cost pool proportions, variabilities, and distribution factors for collection mail handled by SPR carriers remain the same as those filed with Docket No. R97-1.

Since the occupations surveyed perform primarily the same activities as they did when the studies were done, their findings generally reflect the operating environment in FY13. As resources permit, the portions of the 1997 study being used in the 2013 ACR could be updated to reflect potential changes that might have occurred to the mail mix, collection box activities, and network structure since the original study was conducted. Any such changes might affect the cost pool proportions, variabilities, and SPR collection mail distribution factors.

### **Vehicle Service Driver Study**

The Vehicle Service Driver (VSD) Study was completed in 1993 and its findings accepted in Docket No. R97-1. Vehicle Service Drivers provide transportation between post offices, stations and branches, other postal facilities including air

mail facilities and some private firms. The study estimated a composite variability of vehicle service driver labor costs with respect to changes in volume. Data sources for the study consisted of a survey of plants and facilities that employ VSD, and the Postal Service Form 4533 that details route and scheduling information. The composite variability is used in the 2013 ACR to determine attributable costs for vehicle service drivers (cost segment 8).

Since driving activities for vehicle service drivers have generally remained the same, the results of the study reflect the FY13 operational environment. However, network changes may necessitate updating the current variability estimate.

VSD attributable costs are assigned to products based on cubic-foot leg proportions estimated by the ongoing TRACS-VSD subsystem. See Docket No. RM2012-5, Order 1462, Proposal Five, September 10, 2012.

### **Alaska Preferential Study**

A new set of distribution factors was used in the 2013 ACR to assign Alaska Air preferential air costs to products. See Docket No. RM2013-6, Proposal Two. These distribution factors are derived using current TRACS data, thus, they reflect the FY13 operating environment. Prior to 2013, the costs were assigned to products using a set of distribution factors accepted in Docket No. R97-1.

### **Alaska Non-Preferential Study**

A new set of distribution factors was used in the 2013 ACR to assign Non-Bypass Alaska Air Non-Preferential air costs to products. See Docket No. RM2013-6, Proposal Two. These distribution factors are derived using current TRACS data, thus, they reflect the FY13 operating environment. Prior to 2013, the costs were assigned to products using a set of distribution factors accepted in Docket No. R97-1.

### **Hawaii Study**

A new set of distribution factors was used in the 2013 ACR to assign Hawaii air network costs to products. See Docket No. RM2013-6, Proposal Two. These distribution factors are derived using current TRACS data, thus, they reflect the FY13 operating environment. Prior to 2013, the costs were assigned to products using a set of distribution factors accepted in Docket No. R97-1.

### **Highway Variability Study**

The Highway Variability study was conducted in 1999 and its findings accepted in Docket No. R2000-1. The study estimated an econometric model that calculated highway variabilities, which measure changes in cost with respect to capacity. In

the 2013 ACR, the estimated variabilities for different highway contract types are used along with the appropriate general ledger accounts to calculate the attributable highway contract costs.

Since the highway contract network has remained stable since the study was conducted, the variabilities generally reflect the FY13 operating environment. However, as resources permit, the variabilities should be updated because: 1) the highway network potentially could undergo significant changes with the implementation of Network Distribution Centers (NDC) and Network Redesign; 2) declining mail volumes have occurred since the study was conducted may have impacted the relationship between cost and capacity at the margin; and 3) the proportional assumption between capacity and volume needs to be investigated. The Postal Service is investigating the availability and usefulness of existing operational databases for both updating the existing cost-to-capacity variability and for investigating the assumption of proportionality between capacity and volume.

### **Surface Density Study**

Letter and flat surface densities were last updated in 2009. Parcel densities are now updated annually with TRACS data. The surface densities are used in the 2013 ACR to assign relevant costs for vehicle service drivers and purchased surface transportation. Since parcel densities are updated annually with TRACS data and letter and flat densities have shown remarkable consistency through time, the surface densities used reflect the FY13 operating environment.

### **City Carrier Street Time Study**

The CCSTS was conducted in 2002 and its findings accepted in Docket No. R2005-1. The study sampled ZIP Codes and had the carriers maintain detailed accounts of their activities with the use of a hand-held scanner, and also recorded volumes by shape and type of mail (e.g. delivered letters, delivered flats, collection). The study estimated, 1) cost pool proportions for various street activities on city letter routes (e.g. network travel, regular delivery, parcel and accountable delivery) and 2) variabilities of relevant costs with respect to volume by mail type. In the 2013 ACR, the cost pool proportions and variabilities are applied to the accrued costs which determine the attributable city street letter route costs by cost pool. These costs are assigned to products within each cost pool using appropriate FY13 distribution factors from CCCS.

Since the street activities of a city letter route carrier have remained stable since the study was conducted, the results of the study generally reflect the FY13 operating environment. However, operational changes such as the growth in DPS mail and the implementation of FSS operations likely necessitate an update to the CCSTS. The Postal Service is in the process of updating and refining the city carrier cost pool proportions and variabilities. The Postal Service has

collected the data necessary for estimating the regular delivery equation. It is now in the process of completing the remaining steps required to use that data to update the city carrier street time attributable cost model. The Postal Service is currently in the planning stages for a field study designed to collect the volume and time data required for updating and refining the equation used for estimating the parcel and accountable delivery time variabilities.

### **Facility Space Survey**

The Facility Space Survey was done in 1999, and its findings accepted in Docket No. R2005-1. The survey assigns the amount of facility space and rental costs to major operation and function. The 1999 survey included about 750 facilities with 50 million square feet of interior space, selected using a stratified random sample. Data were collected on the amount of facility space used for each operation and function for the facilities selected. While the survey included only about two percent of the Postal Service's facilities, the survey's focus on large facilities resulted in over one-sixth of the Postal Service's 300 million square feet being surveyed. The study estimates of facility space by category are adjusted annually, based on information on equipment deployments, operational changes and overall Postal Service facility space growth. These adjusted data provide the shares of facility space and rental costs by operation. These are used to apportion facility costs (rents, depreciation, custodial activities, utilities, and building maintenance) to operation as a step in determining the variability and distribution of these costs. These shares are called the Facility Space and Rents Factors used in the F Report of the 2013 ACR (USPS-FY13-31). Overall facility space is now two percent higher than when the survey was conducted.

Since the utilization of facility space has remained stable, the Facility Factors generally reflect the FY13 operating environment. However, the survey should be updated as resources permit due to changes now underway in facility space use due to mail volume declines and network changes. The appropriate time to update the survey would be once the majority of changes associated with network rationalization have stabilized.

### **Highway Plant Load Study**

A new set of distribution factors was used in the 2013 ACR to assign relevant Highway Plant Load costs to products. See Docket No RM2013-6, Proposal Three. These distribution factors are derived using current TRACS data, thus, they reflect the FY13 operating environment. Prior to 2013, the costs were assigned to products using a set of distribution factors accepted in Docket No. R2005-1.

### **Rail Plant Load Study**

A new set of distribution factors was used in the 2013 ACR to assign relevant Rail Plant Load costs to products. See Docket No RM2013-6, Proposal Three. These distribution factors are derived using current TRACS data, thus, they reflect the FY13 operating environment. Prior to 2013, the costs were assigned to products using a set of distribution factors accepted in Docket No. R2005-1.

### **Alaska Air Adjustment Factor**

A new calculation method for the Alaska Air Adjustment Factor was used in the 2013 ACR to determine attributable costs for the Alaska Air Non-Preferential cost pool. See Docket No RM2013-6, Proposal One. This method uses current data from the Surface Air Management System – Alaska (SAMS-Alaska) and TRACS, thus it reflects the FY13 operating environment. The factor was last updated in Docket No. R2005-1. Also, the adjustment factor is applied within the cost segment 14 workpapers (USPS-FY13-NP14 and USPS-FY13-32) rather than being applied in the CRA model.

### **Window Service Transaction Study**

The Window Service Transaction Time Study was completed in 2005 and its findings accepted in Docket No. R2006-1. The study measured transaction times by type using a national sample of post offices. The data were used to estimate variabilities of window service costs with respect to different transaction types (e.g. weigh and rate and selling stamps). In the 2013 ACR, the study's variabilities are used to calculate window service attributable costs by product.

Since window activities have remained largely unchanged since the study, its results generally reflect the FY13 operating environment. This study should be updated as resources permit to account for operational changes that have occurred at the retail window and to take into consideration new retail products.

## **B. Cost Model Studies**

### **Letter Cost Models (First-Class Mail and Standard Mail)**

The First-Class Mail presort letters and cards and Standard Mail presort letters mail processing cost models rely on the overall Docket No. R2006-1 Postal Regulatory Commission methodology, a “hybrid” cost methodology that uses both CRA mail processing unit costs and model-based mail processing unit costs to estimate the mail processing unit costs by price category. For First-Class Mail presort letters and cards, worksharing related savings estimates are also calculated using cost benchmarks.

In Docket No. RM2009-3, Order No. 536 (September 14, 2010), the Commission effectively rejected the continued use of the bulk metered mail (BMM) letters cost benchmark. However, no new benchmark was established in that docket. Instead, Order No. 537 (September 14, 2010) established Docket No. RM2010-13 as a proceeding in which interested parties could address cost benchmark issues.

The Commission issued Order No. 1320 (April 20, 2012), establishing the broader metered mail category (an aggregate of metered, IBI, and PVI letters) as the First-Class Mail letters benchmark. From a cost standpoint, the mail processing unit cost estimate for this category of mail has been used as the BMM letters proxy for several years. This portion of the ruling therefore has no impact on the cost avoidance estimates.

Order No. 1320 also determines that the delivery unit cost estimate that most closely approximates the benchmark delivery costs is the non-automation machinable mixed AADC (NAMMA) delivery unit cost estimate. This estimate has also been used as the BMM letters proxy for several years. This portion of the ruling therefore also has no impact on the cost avoidance estimates.

The Commission did, however, implement a methodology change in Order No. 1320 that increases the cost avoidance estimates. Specifically, the Commission ruled that 60 percent of the collection costs should be incorporated into the cost avoidance estimates.

Other modifications have been made to the letter models since the Commission issued its Opinion and Recommended Decision in Docket No. R2006-1. In Docket No. ACR2008, the Postal Service presented an updated version of the automated and manual density tables, which the Commission subsequently approved.

In Docket No. RM2011-5, Proposal Nine, the Postal Service recommended that the following input data should be incorporated into the letter cost models: 1) a revised automation density table, 2) a revised manual density table, 3) a post office box destination percentage developed using carrier piece count (CPC) data, 4) a modified plant carrier route finalization percentage, 5) new manual incoming secondary and post office box walling productivity data that were collected during a 2010 field study, and 6) a revised remote bar code system (RBCS) leakage target. The Postal Service also recommended the incorporation of a new bundle sorting methodology.

In Order No. 741 (June 3, 2011), the Commission approved all of the proposed changes except the new productivity values and the use of the RBCS leakage target. The Commission rejected the new productivity values due to concerns about the level of variation exhibited by the data. Given that the incoming

secondary manual sorting operation and the walling operation had not changed significantly since the previous study was conducted, they determined that the model should continue to rely on the older productivity values. The Commission also ruled that the use of actual leakage rate data was preferable to the use of leakage targets, despite the age of the data.

The Postal Service proposed the addition of new mail processing cost pools in Docket No. RM2011-12, Proposals Five and Six. The Commission subsequently approved those proposals in Order No. 920 (October 21, 2011).

In the 2010 Annual Compliance Determination (ACD), the Commission directed the Postal Service to disaggregate the mail processing unit cost estimates for the Standard Mail presort letters non-automation machinable MAADC and AADC price categories. The Postal Service filed a revised Standard Mail presort letters mail processing cost model in response to that directive in Docket No. RM2012-1, Proposal Twelve. The Commission approved Proposal Twelve in Order No. 1153 (January 20, 2012). For consistency reasons, the Postal Service also proposed that the same change should be made to the First-Class Mail presort letters and cards mail processing cost model in Docket No. RM2012-2, Proposal Nineteen. The Commission approved Proposal Nineteen in Order No. 1383 (June 26, 2012).

As the processing environment for letters has been stable in recent years, the letters and cards mail processing models (USPS-FY13-10) can be viewed as representing the operating conditions in place during FY13. In addition, the age of the cost model input data should ensure that the cost estimates are robust, based on past Commission comments in the rulings cited above.

In Docket No. RM2014-1, Proposal Eight, the Postal Service proposed changes to MODS operation groups that are used as inputs for the cost models. The changes included: discontinuation of LIPS, ISS/OSS Return to Sender groups, and consolidation of Manual letters into Outgoing and Incoming groups. The Postal Service provided revised USPS-FY12-10 costs models to show the impact of the proposal. The Commission issued Order No. 1877 (November 14, 2013). Comments were due December 2, 2013 and reply comments were due December 9, 2013. The proposal is still pending approval at the time of submission of the ACR.

### **Flat Cost Models (First-Class, Standard Mail, and Periodicals Outside-County)**

The First-Class Mail presort flats, Standard Mail presort flats, and Periodicals Outside-County flats mail processing cost models rely on the Docket No. R2006-1, Commission methodology. Several modifications have been made to the flat models since the Commission issued its Opinion and Recommended Decision in Docket No. R2006-1.

In Docket No. ACR2007, the Postal Service made several improvements to the Periodicals cost model in order to resolve internal inconsistencies.

In Docket No. RM2009-1, Proposal Twelve, the Postal Service proposed thirteen modifications that involved the updating of old parameters and the development of new parameters for the flat cost models. In Order No. 170 (January 12, 2009), the Commission approved twelve of the thirteen postal proposals. The thirteenth proposal was approved with a refinement proposed by Time Warner.

In Docket No. RM2009-10, Proposal Twelve, the Postal Service filed a version of the Periodicals cost model in order to clarify the manner in which the 'auto/mech' incoming secondary coverage factor should be applied. The Commission approved Proposal Twelve in Order No. 339 (November 13, 2009).

In Docket No. RM2010-4, Proposal Twenty-Five, the Postal Service presented three modifications for the flats cost models. The Commission approved Proposal Twenty-Five in Order No. 399 (January 27, 2010).

The Postal Service proposed the addition of new mail processing cost pools in Docket No. RM2011-12, Proposal Five and Proposal Six. The Commission approved those proposals in Order No. 920 (October 21, 2011).

In Docket No. RM2012-2, Proposal Eighteen, the Postal Service presented four modifications for the flats cost models. The Commission approved Proposal Eighteen, with one refinement, in Order No. 1383 (June 26, 2012).

In Docket No. RM2012-8, Proposal Nine, the Postal Service presented eight modifications for the flats cost models. The Commission issued Order No. 1656 (February 14, 2013) ruling on all modifications.

In Docket No. RM2014-1, Proposal Eight, similar to the above mentioned in the letter costs models section, the Postal Service proposed changes to the MODS operation groups used as inputs for the cost models. The changes included: discontinuation of LIPS, and consolidation of UFSM1000 and Manual flats into corresponding Outgoing and Incoming groups. The Postal Service provided revised USPS-FY12-11 costs models to show the impact of the proposal. The Commission issued Order No. 1877 (November 14, 2013). Comments were due December 2, 2013 and reply comments were due December 9, 2013. The proposal is still pending approval at the time of submission of the ACR.

Over time, the Postal Service has continuously tried to improve the flats mail processing cost models. The First-Class Mail presort flats, Standard Mail presort flats, and Periodicals Outside-County flats mail processing cost models (USPS-FY13-11) can therefore be viewed as representing the operating conditions in

place during FY13. In addition, the age of the cost model input data should ensure that the cost estimates are robust.

### **Standard Mail Parcel Mail Processing Cost Model**

Prior to Docket No. R2006-1, the Postal Service did not develop and maintain a Standard Mail parcel mail processing cost model because there was no need to do so. Standard Mail flats and parcels were both assessed “nonletter” prices, with parcels also being assessed a residual shape surcharge. In Docket No. R2006-1, the Postal Service proposed separate and distinct prices for Standard Mail flats and parcels, and proposed a new classification for “not flat-machinable” (NFM) mail pieces. NFMs were classified to be mail pieces that were typically assessed flats prices, but were often processed as parcels.

In the absence of any formal Standard Mail parcel mail processing cost model, a cost analysis to support these proposals was provided in Docket No. R2006-1 as USPS-LR-L-45. This analysis estimated the additional mail processing costs required to process parcels and NFM mail pieces in comparison to an average Standard Mail flat. This study was subsequently updated in Docket Nos. ACR2007, ACR2008, and ACR2009.

This study did not develop unique costs for NFMs because many of the usual data elements (conversion factors, downflow densities, etc.) required by mailflow models had not been available for NFMs in isolation from parcels. In its 2008 ACD, the Commission directed the Postal Service to develop “reliable cost data for these categories and make the necessary adjustments to discounts to reflect 100 percent or less of the avoided costs.” ACD2008, page 70.

In response to that directive, the Postal Service introduced a new model in Docket No. RM2010-12, Proposal Seven. Proposal Seven introduced a mailflow-based model of mail processing costs for Standard Parcels and NFMs. This new model relied on methodological approaches similar to those embedded in the mail processing models for letters, flats and other parcels, and estimated mail processing unit costs for the machinable, irregular and NFM price categories. The Commission approved the Proposal Seven cost model in Order No. 658 (January 28, 2011).

The Postal Service proposed the addition of new mail processing cost pools in Docket No. RM2011-12, Proposal Five and Proposal Six. The Commission subsequently approved those proposals in Order No. 920 (October 21, 2011).

In January 2012, the Commercial machinable and irregular price categories were renamed “Lightweight Parcel Select” and were moved to the Parcel Select competitive product. In addition, the NFM price categories were eliminated and new “marketing” parcel price categories were established in their place. These changes, however, did not necessitate that any methodological changes should

be made to the cost model because some Commercial NFMs still existed after the January changes and the Non-Profit machinable, irregular, and NFM / marketing price categories are identical to the price categories that existed prior to the January 2012 changes.

Based on this recent activity, the Standard Mail Parcel mail processing cost model (USPS-FY13-12) can be viewed as representing the operating conditions in place during FY13. Although the Postal Service views this Commission-approved model as an improvement over former versions of the model, it will continue to evolve as the network, price structure, and CRA reporting requirements change. In addition, the age of the cost model input data should ensure that the cost estimates are robust.

### **Standard Mail and Periodicals Destination Entry Cost Avoidance Models**

These models provide the destination entry cost avoidance estimates for Standard Mail letters, flats, and parcels, and Periodicals. They rely on the Docket No. R2006-1 methodology and subsequent cost model modifications described in Docket No. ACR2007, USPS-FY07-13. While the overall estimating methodology is the same as that relied upon in the earlier models, the Standard Mail analysis was expanded in Docket No. ACR2008 to estimate cost avoidances by shape (letters, flats, and parcels/NFMs). A shape-specific analysis was possible in that docket because the Standard Mail line items in the CRA report became available in more disaggregated form. In the 2008 ACD, however, the Commission continued to rely on the aggregate (all shapes combined) cost avoidance estimates and recommended that the Postal Service present the shape-specific analysis in a separate docket. A shape-specific analysis was subsequently presented in Docket No. RM2009-10, Proposal Thirteen. The Commission approved the Proposal Thirteen destination entry cost model in Order No. 339 (November 13, 2009). The current Periodicals destination entry cost methodology approach continues to rely on the Commission cost methodology from Docket No. R2006-1.

The destination entry cost models (USPS-FY13-13) can be viewed as representing the operating conditions in place during FY13, given that destination entry offerings have not changed significantly in recent years. The age of some cost model input data is a concern. The Postal Service will investigate the extent to which some parcel input data, which have been collected during more recent field studies, can be incorporated into the destination entry cost models.

### **Media Mail – Library Mail – Mail Processing Cost Model**

The Media Mail - Library Mail mail processing cost model presented in the earlier ACR dockets relied on the Docket No. R2006-1 methodology to develop total mail processing unit cost estimates by price category. After the 2009 ACR was

filed, the Commission issued Chairman's Information Request No. 1 on January 22, 2010. Question 18 of that request noted that there were instances where the Media Mail – Library Mail model referenced the former Single-Piece Parcel Post split between Intra-NDC and Inter-NDC. Because the Single-Piece Parcel Post distinction between Intra-NDC and Inter-NDC no longer existed, the models used the FY 2008 Intra-NDC/Inter-NDC volume split as a proxy. The Commission requested the rationale for continuing to use the FY 2008 disaggregation, and asked if this methodology would continue in the future models. On February 2, 2010, the Postal Service responded by indicating that the FY 2008 data were used as proxies because no other data were available, but that the methodology and the availability of alternative cost model input data would be evaluated.

In Docket No. RM2011-5, Proposal Twelve, the Postal Service presented alternative data inputs to the Media Mail / Library Mail mail processing cost model. Upon further review, the Postal Service determined that the best estimate of the Parcel Post single-piece Intra-NDC volume percentage was obtained by dividing the sum of the volumes for zones 1, 2, and 3, by the total volume. In FY08, the last year Intra-NDC Parcel Post volume data were available separately from Inter-NDC data, nearly 96 percent of the mail volume was found in zones 1, 2, and 3, indicating that the percentage of mail volume represented by those zones would be a good approximation for the Intra-NDC volume percentage. The Postal Service therefore proposed that this estimate be calculated annually from the Parcel Post volume, cubic feet, and weight data and incorporated into future versions of the Media Mail / Library Mail mail processing cost model. The Commission approved Proposal Twelve in Order No. 724 (May 4, 2011).

The Postal Service proposed the addition of new mail processing cost pools in Docket No. RM2011-12, Proposal Five and Proposal Six. The Commission subsequently approved those proposals in Order No. 920 (October 21, 2011).

In Docket No. RM2012-1, Proposal Thirteen, the Postal Service presented a new Media Mail – Library Mail mail processing cost model that relied on the Docket No. RM2010-12, Proposal Seven, methodology. The Commission approved Proposal Thirteen in Order No. 1153 (January 20, 2012).

Based on this recent activity, the Media Mail – Library Mail mail processing cost model (USPS-FY13-15) can be viewed as representing the operating conditions in place during FY13. Although the Postal Service views this Commission-approved model as an improvement over former versions of the model, it will continue to evolve as the network, price structure, and CRA reporting requirements change. In addition, the age of the cost model input data should ensure that the cost estimates are robust.

## **Bound Printed Matter (BPM) Mail Processing and Transportation Cost Models**

The BPM mail processing cost model continues to rely on the Docket No. R2006-1 methodology. The BPM transportation cost model presented in the earliest ACR dockets also relied on the Docket No. R2006-1 methodology, with one exception. Prior to the 2008 ACR, the BPM CRA line item was separated into two line items, one for BPM flats and one for BPM parcels. Since that time, separate transportation cost estimates have been developed for BPM flats and BPM parcels, as well as BPM as a whole (flats and parcels in aggregate).

After the 2009 ACR was filed, the Commission issued Chairman's Information Request No. 1 on January 22, 2010. Question 18 of that request noted that there were instances where the BPM model referenced the former Single-Piece Parcel Post split between Intra-BMC and Inter-BMC. Because the Single-Piece Parcel Post distinction between Intra-BMC and Inter-BMC no longer existed, the models used the FY 2008 Intra-BMC/Inter-BMC volume split as a proxy. The Commission requested the rationale for continuing to use the FY 2008 disaggregation, and asked if this methodology would continue in the future models. On February 2, 2010, the Postal Service responded by indicating that the FY 2008 data were used as proxies because no other data were available, but that the methodology and the availability of alternative cost model input data would be evaluated.

In Docket No. RM2011-5, Proposal Twelve the Postal Service recommended alternative data inputs. Upon further review, the Postal Service determined that even though the Parcel Post single-piece transportation cost model was no longer presented in ACRs, the cost segment 14.3 data that were used to calculate the zone-related percentages were still available. It was proposed that these data be used to estimate the zone-related percentages in future versions of the BPM transportation cost model. The Commission approved the Proposal Twelve cost model in Order No. 724 (May 4, 2011).

The BPM mail processing cost model (USPS-FY13-15) and transportation cost model (USPS-FY13-16) can be viewed as representing the operating conditions in place during FY13. Although the Postal Service views this Commission-approved model as an improvement over former versions of the model, it will continue to evolve as the network, price structure, and CRA reporting requirements change. The age of some cost model input data, however, is a concern. The Postal Service will investigate the extent to which the Docket No. RM2010-12, Proposal Seven methodology can be applied to the BPM mail processing cost model. In addition, the Postal Service will investigate the extent to which some parcel input data, which have been collected during more recent field studies, can be incorporated into the transportation cost model.

### **Bulk Parcel Return Service (BPRS) Cost Model**

The BPRS cost model presented in the earlier ACR dockets relied on the Docket No. R2006-1 methodology. After the 2009 ACR was filed, the Commission issued Chairman's Information Request No. 1 on January 22, 2010. Question 18 of that request noted that there were instances where the BPRS cost model referenced the former Single-Piece Parcel Post split between Intra-NDC and Inter-NDC. Because the Single-Piece Parcel Post distinction between Intra-NDC and Inter-NDC no longer existed, the model used the FY 2008 Intra-NDC/Inter-NDC volume split as a proxy. The Commission requested the rationale for continuing to use the FY 2008 disaggregation, and asked if this methodology would continue in the future models. On February 2, 2010, the Postal Service responded by indicating that the FY 2008 data were used as proxies because no other data were available, but that the methodology and the availability of alternative cost model input data would be evaluated.

In Docket No. RM2011-5, Proposal Twelve, the Postal Service proposed alternative data inputs to the BPRS cost model. BPRS parcels, by definition, are returned Standard Mail machinable parcels. The Postal Service therefore proposed that data from the Standard Mail destination entry cost model be used to estimate the BPRS transportation and delivery costs. The Commission approved Proposal Twelve changes in Order No. 724 (May 4, 2011).

The BPRS cost model (document USPS-FY13-16) can be viewed as representing the operating conditions in place during FY13. Although the Postal Service views this Commission-approved model as an improvement over former versions of the model, it will continue to evolve as the network, price structure, and CRA reporting requirements change. The age of some cost model input data, however, is a concern. The Postal Service will investigate the extent to which some parcel input data, which have been collected during more recent field studies, can be incorporated into the BPRS cost model.

### **Business Reply Mail (BRM) Cost Model**

In previous dockets, the Commission has not always filed its own BRM cost model. The official version of the cost model presented in earlier ACR dockets therefore relied on the same methodology presented by the Postal Service in Docket No. R2006-1.

In Docket No. RM2012-2, Proposal Twenty, the Postal Service presented a new BRM cost model that relied on new data collected during the summer of 2011. These data were used to develop more accurate fee cost estimates. In Proposal Twenty, the Postal Service also addressed concerns the Commission has

expressed in the past with the measurement of the qualified business reply mail (QBRM) worksharing related savings estimate that is also contained in the model.

The Commission approved the use of the new data in Order No. 1383 (June 26, 2012). Order No. 1383, however, dictated that the scope of the QBRM analysis should be expanded to include some manual costs. In addition, the Commission instructed the Postal Service to further refine the QBRM analysis to incorporate the processing steps that low volume recipients incur. Given that the Postal Service explained why a more narrowly defined analysis was appropriate in Proposal Twenty, regardless of the specific volume a mailer receives, it is unclear exactly what the Commission expects to see in future BRM proposals. Regardless, the Postal Service will attempt to investigate alternative QBRM methodologies.

Based on this recent activity, the BRM cost model (document USPS-FY13-21) can be viewed as representing the operating conditions in place during FY13. In addition, the age of the cost model input data should ensure that the cost estimates are robust.

### **Parcel Select / Parcel Return Service Mail Processing and Transportation Cost Models**

The Parcel Post / Parcel Select / Parcel Return Service mail processing and transportation cost models presented in the earlier ACR dockets relied on the Docket No. R2006-1 methodology in which the cost estimates were derived from one set of costs. As the Commission discussed in Order No. 118 (October 22, 2008) and Order No. 156 (December 23, 2008), the Postal Service is now able to provide separate and distinct mail processing and transportation cost data for Parcel Post, Parcel Select, and Parcel Return Service mail. In Docket No. RM2010-5, Proposal 28, the Postal Service proposed to eliminate the Parcel Post mail processing and transportation cost models, as they were no longer necessary to support the existing price structure. The Commission approved Proposal 28 in Order No. 394 (January, 21, 2010).

In Docket No. RM2009-10, Proposal Fourteen, the Postal Service presented new mail processing and transportation cost models that could be used to estimate costs for the Parcel Select and Parcel Return Service price categories. While the mail processing and transportation cost estimates for Parcel Select and Parcel Return Service were derived from separate and distinct cost data, they were contained in one mail processing cost model and one transportation cost model, respectively. The Commission approved Proposal Fourteen in Order No. 339 (November 13, 2009).

In Docket No. RM2011-5, Proposal Thirteen, the Postal Service presented a new Parcel Select / Parcel Return Service mail processing cost model that relied on

the Docket No. RM2010-12, Proposal Seven methodology. The Commission approved Proposal Thirteen in Order No. 719 (April 28, 2011).

In Docket No. RM2011-6, Proposal Fourteen, the Postal Service proposed that the Parcel Select / Parcel Return Service transportation cost model should be modified in the following ways: (1) the transportation cost estimates should only be presented for the current price categories, (2) the transportation legs for the non-destination entry price categories should be estimated using PostalOne! data, (3) the official revenue, pieces and weight (RPW) volumes should be incorporated into the analysis, (4) the Parcel Return Service transportation costs should be distributed using the same method that is relied upon to distribute Parcel Select transportation costs, and (5) a new methodology should be incorporated to estimate the return network distribution center (RNDC) cubic foot miles by zone. The Commission approved Proposal Fourteen in Order No. 719 (April 28, 2011).

The Postal Service proposed the addition of new mail processing cost pools in Docket No. RM2011-12, Proposals Five and Six. The Commission subsequently approved those proposals in Order No. 920 (October 21, 2011).

In January 2012, the Commercial machinable and irregular price categories were renamed "Lightweight Parcel Select" and were moved to the Parcel Select competitive product. In Docket No. RM2012-8, Proposal Eight, the Postal Service presented a revised Parcel Select / Parcel Return Service mail processing cost model into which the Lightweight Parcel Select price categories had been incorporated. The Commission subsequently approved Proposal Eight in Order No. 1567 (December 6, 2012). Given that Parcel Select is zoned and Lightweight Parcel Select is not zoned, the Lightweight Parcel Select price categories were not incorporated into the transportation cost model. It was therefore not necessary to file any related proposals at the Commission. Instead, the Parcel Select transportation costs are estimated using cost segment data that represents Parcel Select only and excludes Lightweight Parcel Select costs.

Based on this recent activity, the Parcel Select / Parcel Return Service mail processing cost model (USPS-FY13-NP15) and transportation cost model (USPS-FY13-NP16) can be viewed as representing the operating conditions in place during FY13. Although the Postal Service views this Commission-approved model as an improvement over former versions of the model, it will continue to evolve as the network, price structure, and CRA reporting requirements change. In addition, the age of the cost model input data should ensure that the cost estimates are robust.