

BOUND PRINTED MATTER TRANSPORTATION COST MODEL AND BULK PARCEL RETURN SERVICE COST MODEL

I. PREFACE

A. Purpose and Content

USPS-FY13-16 documents the Bound Printed Matter transportation cost estimates and the Bulk Parcel Return Service cost estimates.

B. Predecessor Document

Docket No. ACR2012, USPS-FY12-16

C. Corresponding Non-Public or Public Document

There is no non-public document that corresponds to USPS-FY13-16.

D. Methodology Changes

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.

E. Inputs/Outputs

The Bound Printed Matter transportation cost estimates are calculated using the following inputs:

<u>Input Source</u>	<u>Input Description</u>
USPS-FY13-1	Bound Printed Matter pounds
USPS-FY13-24	CS 8 piggyback factor
USPS-FY13-32	Cost segment 8 and 14 data Zone related percentages
USPS-FY13-36	Bound Printed Matter mail piece density
Docket No. R2000-1, USPS-T-26, Attachment N	Percent of Intra-SCF highway and POV costs avoided by DDU parcels
Docket No. R2000-1, USPS-T-27, Attachment K	Average zoned haul

Docket No. R2000-1,
USPS-LR-I-109

Entry profile data
Zone distribution percentages

The Bound Printed Matter transportation cost estimate outputs are relied upon to develop the discounts and passthrough values contained in USPS-FY13-3.

The Bulk Parcel Return Service cost estimates are calculated using the following inputs:

<u>Input Source</u>	<u>Input Description</u>
USPS-FY13-7	Volume variability factors Wage rates Premium pay factor
USPS-FY13-15	Media Mail / Library Mail cost model results
USPS-FY13-23	MODS productivity data
USPS-FY13-25	Piggyback Factors
USPS-FY12-13	Transportation cost per pound estimates
USPS-FY08-15	Parcel processing assumptions
Docket No. R2001-1, USPS-LR-J-64	Parcel processing assumptions BPRS mailer data
Docket No. R2000-1, USPS-T-11	Base year CRA data
Docket No. R2000-1, USPS-T-21, Attachment 13	Base year piggyback factors
Docket No. R2000-1, USPS-LR-I-11	Base year wage rates
Docket No. R97-1, USPS-LR-H-131	Arrival profile
Docket No. R97-1, USPS-LR-H-132	Productivity data Dispatch profile
Docket No. R97-1, USPS-LR-H-133	Container dimension data

Docket No. R84-1,
Exhibit USPS-T-14I

Pieces per container data

1998 BPRS cubic feet per piece

Docket No. R2000-1, USPS-T-26

1982 Special Standard
cubic feet per piece

1982 CRA

The Bulk Parcel Return Service cost avoidance outputs are relied upon to develop the discounts and passthrough values contained in USPS-FY13-3.

II. ORGANIZATION

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. Data sources are referenced in each spreadsheet throughout the workbook. The results are also reported in Table 1 below.

**Table 1:
Bound Printed Matter Transportation Cost Estimates**

Cost Element	Total Cost Per Pound	Flats Cost Per Pound	Parcels Cost Per Pound
DBMC			
Zone 1 and 2	\$0.0457	\$0.0490	\$0.0436
Zone 3	\$0.0843	\$0.0770	\$0.0888
Zone 4	\$0.1140	\$0.0985	\$0.1235
Zone 5	\$0.2246	\$0.1788	\$0.2528
DSCF	\$0.0314	\$0.0387	\$0.0270
DDU	\$0.0051	\$0.0063	\$0.0044
Non-Dropship			
Zone 1 and 2	\$0.1046	\$0.1014	\$0.1066
Zone 3	\$0.1122	\$0.1074	\$0.1151
Zone 4	\$0.1215	\$0.1148	\$0.1256
Zone 5	\$0.1366	\$0.1269	\$0.1426
Zone 6	\$0.1523	\$0.1394	\$0.1602
Zone 7	\$0.1701	\$0.1536	\$0.1802
Zone 8	\$0.2050	\$0.1814	\$0.2196

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 workbook. The results are also reported in Table 2 below. As described in the preface to USPS-FY13-13, the Standard Mail destination entry cost model has produced anomalous FY 2013 parcel transportation cost avoidance estimates. The BPRS cost model therefore relies on the FY 2012 transportation cost avoidance estimates as proxies for the FY 2013 costs.

**Table 2:
Bulk Parcel Return Service Cost Estimates**

Task	Unit Costs
Collection	\$0.046
Mail Processing	\$1.829
Transportation	\$1.088
Delivery	\$0.057
Postage Due	\$0.067
Total Cost	\$3.087