

ROADMAP DOCUMENT TO FY 2014 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 2014 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-FY14-x” or “USPS-FY14-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-FY14-9 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-FY13-9) found in the Postal Services’ FY 2013 Annual Compliance Report.

Organization: USPS-FY14-9 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 2013 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’ FY2013 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-FY14-x.” Items in the non-public annex are labeled as “USPS-FY14-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-FY14-1

This item is entitled:

USPS-FY14-1 FY 2014 Public Cost and Revenue Analysis (PCRA) Report
 USPS-FY14-1, FY 2014 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-2013, USPS-FY13-1 is the most recent predecessor document. USPS- FY14-NP11 is the corresponding non-public document.

The USPS-FY14-1, 2014 Public Cost and Revenue Analysis (PCRA) is an 8-page summary of domestic and international attributable costs by rate category, differing from the non-public version (USPS-FY14-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-FY14-1:

Items in this Report Used as Input to USPS-FY14-1

Item Number	Data/Information Used
USPS-FY14-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY14-NP2	• FY 2014 International Cost and Revenue Analysis (ICRA) report
USPS-FY14-NP14	• FY 2014 CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY14-NP18	• Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY14-NP21	• In-Office Cost System (IOCS) Documentation (Nonpublic Version)
USPS-FY14-NP22	• City Carrier Cost System (CCCS) Documentation (Nonpublic Version)
USPS-FY14-NP23	• Rural Carrier Cost System (RCCS) Documentation (Nonpublic Version)
USPS-FY14-NP24	• Transportation Cost Systems (TRACS) Documentation (Nonpublic Version)

USPS-FY14-2

This item is entitled:

USPS-FY14-2 FY 2014 Public Cost Segments and Components Report

USPS-FY14-2 is an output of the FY 2014 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 2013 Annual Compliance Report (ACR) filing (Docket No. ACR2013, December 27, 2013), this material was presented as USPS-FY13-2. A non-public version of this document is provided as USPS-FY13-NP12, FY 2013 Non-Public Cost Segments and Components Report.

The FY 2014 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-FY14-2:

Items in this Report Used as Input to USPS-FY14-2

Item Number	Data/Information Used
USPS-FY14-5	<ul style="list-style-type: none"> Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)
USPS-FY14-7	<ul style="list-style-type: none"> Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY14-8	<ul style="list-style-type: none"> Equipment and Facility Related Costs
USPS-FY14-31	<ul style="list-style-type: none"> FY 2014 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)
USPS-FY14-32	<ul style="list-style-type: none"> FY 2014 CRA "B" Workpapers (Public Version)
USPS-FY14-37	<ul style="list-style-type: none"> In-Office Cost System (IOCS) Documentation (Public Version)

Items in this Report Utilizing Output from USPS-FY14-2

Item Number	Data/Information Provided
USPS-FY14-NP4	<ul style="list-style-type: none"><li data-bbox="690 289 1174 378">• FY 2014 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, & Changes)

USPS-FY14-3

This item is entitled:

USPS-FY14-3 FY 2014 Discounts and Passthroughs of Workshare Items

USPS-FY14-3 reports worksharing discounts, cost avoidances and passthroughs for market dominant products for FY 2014.

Predecessor documents include Docket No. ACR2013, USPS-FY13-3 and Annual Compliance Determination FY 2013 (Revised May 7, 2013), Chapter VII (March 28, 2013).

In addition to this Preface, USPS-FY14-3 includes an Excel workbook entitled FY14.3.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 2014 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 Parcels
- Standard Mail Carrier Route
- Standard Mail HD-Sat Letters
- Standard Mail HD-Sat Flts - Parcels
- Media Mail & Library Mail
- Bound Printed Matter Flats
- Bound Printed Matter Parcels

USPS-FY14-3 also includes an Excel workbook entitled FY14.3Alternate.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, 2014. 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-FY14-3

Item Number	Data/Information Used
USPS-FY14-10	<ul style="list-style-type: none"> • FY 2014 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY14-11	<ul style="list-style-type: none"> • FY 2014 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model
USPS-FY14-12	<ul style="list-style-type: none"> • Standard Mail Hybrid/Parcel Cost Study
USPS-FY14-14	<ul style="list-style-type: none"> • FY 2014 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail
USPS-FY14-15	<ul style="list-style-type: none"> • FY 2014 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)
USPS-FY14-19	<ul style="list-style-type: none"> • FY 2014 Delivery Costs By Shape
USPS-FY14-21	<ul style="list-style-type: none"> • FY 2014 QBRM and BRM Costs

USPS-FY14-4

This item is entitled:

USPS-FY14-4 FY 2014 Market Dominant Billing Determinants

USPS-FY14-4 contains the U.S. Postal Service billing determinants for domestic market dominant products for FY 2014. Billing determinants provide specific information regarding revenue and volume of postal products and services. Domestic Billing Determinants for FY 2013 were filed with the Postal Regulatory Commission as USPS-FY13-4. There is no corresponding non-public document for Market Dominant billing determinants.

USPS-FY14-4 consists of eleven Excel workbooks containing FY 2014 billing determinants for market dominant products. The following list indicates the contents of each workbook.

FY 2014 BPM.xls – Bound Printed Matter Billing Determinants
 FY 2014 FCM.xls – First-Class Mail Billing Determinants
 FY 2014 Free Blind.xls – Free for the Blind Billing Determinants
 FY 2014 Library Mail.xls – Library Mail Billing Determinants
 FY 2014 Media Mail.xls – Media Mail Billing Determinants
 FY 2014 Parcel Post.xls – Parcel Post Billing Determinants
 FY 2014 Periodicals.xls – Periodicals Billing Determinants
 FY 2014 PO Box.xls – P.O. Boxes Billing Determinants
 FY 2014 Special Services.xls – Special Services Billing Determinants
 FY 2014 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-FY14-4:

Items in this Report Utilizing Output from USPS-FY14-4

Item Number	Data/Information Provided
USPS-FY14-10	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY14-11	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model
USPS-FY14-12	<ul style="list-style-type: none"> Standard Mail Hybrid/Parcel Cost Study
USPS-FY14-14	<ul style="list-style-type: none"> FY 2014 Special Cost Studies

	Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail
USPS-FY14-15	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)
USPS-FY14-16	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers - Bound Printed Matter and Parcel Post Transportation Costs / Bulk Parcel Return Service Cost Study (Public Version)
USPS-FY14-17	<ul style="list-style-type: none"> 2009 Comprehensive Statement of Postal Operations
USPS-FY14-18	<ul style="list-style-type: none"> FY 2014 ECR Mail Processing Unit Costs
USPS-FY14-19	<ul style="list-style-type: none"> FY 2014 Delivery Costs By Shape

USPS-FY14-5

This item is entitled:

USPS-FY14-5 Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)

The Fiscal Year 2014 Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Public Version) is an Excel workbook that adjusts amounts reflected in the September 2014 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-FY14-5, 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-FY13-5 for the FY 2013 Annual Compliance Report filing (Docket No. ACR2013, December 27, 2013). A non-public version of this document is provided as USPS-FY14-NP29, Fiscal Year 2014 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) are 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-FY14-5 are input to the CRA Model, which is documented in USPS-FY14-31 (public) and USPS-FY14-NP14 (non-public).

The following items found in this report are used as input/output to USPS-FY14-5:

Items in this Report Utilizing Output from USPS-FY14-5

Item Number	Data/Information Provided
USPS-FY14-NP14	<ul style="list-style-type: none"> • FY 2014 CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY14-31	<ul style="list-style-type: none"> • FY 2014 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)

USPS-FY14-6

This item is entitled:

USPS-FY14-6 General Classification of Accounts

USPS-FY14-6, 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. ACR2013, as USPS-FY13-6), 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-FY14-6 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-FY014-6 consists of a Preface document, and one Excel file, FY14.6-F8-ANCM.csv.

USPS-FY14-7

This item is entitled:

USPS-FY14-7 Cost Segment 3 Cost Pools and Other Related Information

USPS-FY14-7 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-FY13-7 in Docket No. ACR2013. USPS-FY14-7 is the public version of USPS-FY14-NP18.

USPS-FY14-7 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-FY14-7 Excel Workbook comprises eight parts, each contained in an Excel file. The eight Excel files are named USPS-FY14-7 Part1.xls through USPS-FY14-7 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-FY14-7 SAS documentation includes a general description of the programming procedures associated with the SAS program codes, as indicated below under section III.B. *USPS-FY14-7 SAS programs* contain the SAS programs. *USPS-FY14-7 SAS logs* contain the SAS logs. And *USPS-FY14-7 SAS tables* contain 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-FY14-7:

Items in this Report Used as Input to USPS-FY14-7	
Item Number	Data/Information Used
USPS-FY14-23	• MODS Productivity Data
USPS-FY14-NP2	• FY 2014 International Cost and Revenue Analysis (ICRA) report (Hard Copy & Excel)
USPS-FY14-37	• In-Office Cost System (IOCS) Documentation (Public Version)

Items in this Report Utilizing Output from USPS-FY14-7

Item Number	Data/Information Provided
USPS-FY14-2	<ul style="list-style-type: none"> FY 2014 Public Cost Segments and Components
USPS-FY14-8	<ul style="list-style-type: none"> Equipment and Facility Related Costs
USPS-FY14-10	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY14-11	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model
USPS-FY14-12	<ul style="list-style-type: none"> Standard Mail Hybrid/Parcel Cost Study
USPS-FY14-14	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail
USPS-FY14-15	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)
USPS-FY14-21	<ul style="list-style-type: none"> FY 2014 QBRM and BRM Costs
USPS-FY14-25	<ul style="list-style-type: none"> FY 2014 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY14-26	<ul style="list-style-type: none"> FY 2014 Mail Processing Costs by Shape (Public Version)
USPS-FY14-28	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers – Special Services
USPS-FY14-31	<ul style="list-style-type: none"> FY 2014 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)
USPS-FY14-32	<ul style="list-style-type: none"> FY 2014 CRA “B” Workpapers (Public Version)

USPS-FY14-8

This item is entitled:

USPS-FY14-8 Equipment and Facility Related Costs

The primary purpose of USPS-FY14-8 is to provide inputs to determine the volume variable equipment and facility-related costs by subclass for the CRA. USPS-FY14-8 also provides inputs for the calculation of cost pool and operations specific piggyback factors in USPS-FY14-25.

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-FY14-8 provides these costs by 26 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.

This fiscal year, a new equipment category PASS/DSS (or Passive Adaptive Scanning System/Delivery Sortation System), was added. This equipment is used in processing work at the delivery units to scan and sort parcels, Express Mail and Priority Mail. As for other equipment, the costs for this equipment takes on the variability of the labor costs of those that operate the equipment. The distribution key for category is the RPW parcel volumes, with the exception that for Express Mail and Priority Mail, volumes for all shapes are included.

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 2014 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-FY14-8 also provides a description of the variability and distribution keys for these cost pools.

Predecessor documents are Docket No. R2006-1, USPS-LR-L-54 and Docket ACR, FY 2013, USPS-FY13-8. There is no corresponding non-public document.

The following items found in this report are used as input/output to USPS-FY14-8:

Items in this Report Used as Input to USPS-FY14-8	
Item Number	Data/Information Used
USPS-FY14-5	<ul style="list-style-type: none">• Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)

USPS-FY14-9

This item is entitled:

USPS-FY14-9 ACR Roadmap Document

The purpose of this Roadmap to the Postal Service's FY 2014 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 2014 analyses included in this presentation, and the Commission's methodologies in their Annual Compliance Determination of the U. S. Postal Service for Fiscal Year 2014, or, if applicable, the methodologies used by the Postal Service under Docket No. ACR2014.

The predecessor document to this item is Docket No. ACR2013, USPS-FY13-9.

USPS-FY14-10

This item is entitled:

USPS-FY14-10 FY 2014 Special Cost Studies Workpapers - Letter Cost Models (First-Class and Standard)

USPS-FY14-10 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 No. ACR2013, USPS-FY13-10 and Docket No. RM2014-1, Proposal Eight, Order No. 2076.

There is no corresponding non-public document to USPS-FY14-10.

USPS-FY14-10 contains a MS Word preface document and two MS Excel workbooks - First-Class and Standard letter cost models for the FY 14 Annual Compliance Report based on latest PRC methodology.

Order No. 2076 methodological changes have been incorporated into the models in this ACR.

The following items found in this report are used as input/output to USPS-FY14-10:

Items in this Report Used as Input to USPS-FY14-10

Item Number	Data/Information Used
USPS-FY14-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY14-14	• Mail Characteristics Study (Public Version)
USPS-FY14-19	• FY 2014 Delivery Costs By Shape
USPS-FY14-23	• MODS Productivity Data
USPS-FY14-24	• FY 2014 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY14-25	• FY 2014 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY14-26	• FY 2014 Mail Processing Costs by Shape (Public Version)

Items in this Report Utilizing Output from USPS-FY14-10

Item Number	Data/Information Provided
USPS-FY14-3	• FY 2014 Discounts and Pass-throughs of Workshare Items
USPS-FY14-19	• FY 2014 Delivery Costs By Shape
USPS-FY14-21	• FY 2014 QBRM and BRM Costs
USPS-FY14-30	• FY 2014 Market Dominant NSA Materials

USPS-FY14-11

This item is entitled:

USPS-FY14-11 FY 2014 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model

USPS-FY14-11 documents the development of the FY 2014 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-FY14-11.

Predecessor documents include:

First-Class Mail ACR model: FY2013 FCM_Prsrcr_Flats_PRC2.xls; PRC-ACR2013-LR2 - FY 2013 First-Class Mail (Docket No. ACR2013)
 First-Class Mail Alternate model: Prop.8.FCM.Flts.xls (Docket No. RM2014-1)

Periodicals ACR model: USPS-FY13-11.PER.OC Flats Prop 9.xls; PRC-ACR2013-LR4 - FY 2013 Periodicals (Docket No. ACR2013)
 Periodicals Alternate model: Prop.8.PER.xls (Docket No. RM2014-1) and;

Standard Mail ACR model: FY2013 STD Flats PRC2.xls; PRC-ACR2013-LR3 – FY 2013 Standard Mail (Docket No. ACR2013)
 Standard Mail Alternate model: Prop.8.STD.Flts.xls (Docket No. RM2014-1)

The USPS-FY14-11 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 ACR2014 methodology unless stated. The alternate model files end with the suffix "...PROP8.xls". These files follow the Proposal Eight (Docket No. RM2013-1) methodology with FY 2014 data.

The following items found in this report are used as input/output to USPS-FY14-11:

Items in this Report Used as Input to USPS-FY14-11	
Item Number	Data/Information Used
USPS-FY14-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY14-14	• Mail Characteristics Study (Public Version)
USPS-FY14-23	• MODS Productivity Data
USPS-FY14-25	• FY 2014 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY14-26	• FY 2014 Mail Processing Costs by Shape (Public Version)

Items in this Report Utilizing Output from USPS-FY14-11

Item Number	Data/Information Provided
USPS-FY14-3	• FY 2014 Discounts and Passthroughs of Workshare Items
USPS-FY14-30	• FY 2014 Market Dominant NSA Materials

USPS-FY14-12

This item is entitled:

USPS-FY14-12 Standard Mail Parcel Mail Processing Cost Model

USPS-FY14-12 documents the mail processing unit cost estimates for the Standard Mail machinable, irregular, and marketing parcels price categories. The Standard Mail cost estimate outputs are relied upon to develop the discounts and passthrough values contained in USPS-FY14-3.

The most recent predecessor document is Docket No. RM2015-3, Proposal Ten. There is no corresponding non-public document to USPS-FY14-12.

The Standard Mail parcel cost estimates are presented in the Microsoft Excel workbook 'USPS-FY-14-12.xlsx' 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-FY14-12:

Items in this Report Used as Input to USPS-FY14-12

Item Number	Data/Information Used
USPS-FY14-4	<ul style="list-style-type: none"> FY 2014 Market Dominant Billing Determinants
USPS-FY14-7	<ul style="list-style-type: none"> Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY14-14	<ul style="list-style-type: none"> Mail Characteristics Study (Public Version)
USPS-FY14-23	<ul style="list-style-type: none"> MODS Productivity Data
USPS-FY14-25	<ul style="list-style-type: none"> FY 2014 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY14-26	<ul style="list-style-type: none"> FY 2014 Mail Processing Costs by Shape (Public Version)

Items in this Report Utilizing Output from USPS-FY14-12

Item Number	Data/Information Provided
USPS-FY14-3	<ul style="list-style-type: none"> FY 2014 Discounts and Passthroughs of Workshare Items

USPS-FY14-13

This item is entitled:

USPS-FY14-13 Standard Mail and Periodicals
Destination Entry Cost Models

USPS-FY14-13 documents the destination entry cost avoidance estimates for Standard Mail and Periodicals. Docket No. RM2015-3, Proposal Ten is the predecessor document for Standard Mail. Docket No. ACR2013, USPS-FY13-13 is the predecessor document for Periodicals. There is no non-public document that corresponds to USPS-FY14-13.

The Standard Mail cost avoidance outputs are relied upon to develop the discounts and passthrough values contained in USPS-FY14-3. They are also used to develop the enhanced carrier route (ECR) cost estimates contained in USPS-FY14-18. The Standard Mail transportation and non-transportation cost avoidance estimates by shape are presented in the Microsoft Excel workbook 'USPS-FY14-13.STD.xlsx'. The results are contained in the 'Summary' worksheet (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-FY14-3. The Periodicals non-transportation cost avoidance estimates are presented in the Microsoft Excel workbook 'USPS-FY14-13.PER.xls' in the 'Summary' worksheet (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-FY14-13:

Items in this Report Used as Input to USPS-FY14-13

Item Number	Data/Information Used
USPS-FY14-1	• FY 2014 Public Cost and Revenue Analysis (PCRA)
USPS-FY14-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY14-12	• Standard Mail Parcel Mail Processing Cost Model
USPS-FY14-14	• Mail Characteristics Study
USPS-FY14-23	• MODS Productivity Data
USPS-FY14-24	• FY 2014 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY14-25	• FY 2014 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY14-32	• FY 2014 CRA "B" Workpapers (Public Version)

Items in this Report Utilizing Output from USPS-FY14-13

Item Number	Data/Information Provided
USPS-FY14-3	• FY 2014 Discounts and Passthroughs of Workshare Items
USPS-FY14-18	• FY 2014 ECR Mail Processing Unit Costs

USPS-FY14-14

This item is entitled:

USPS-FY14-14 FY 2014 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail

USPS-FY14-14 documents the destination entry cost avoidance estimates for Standard Mail and Periodicals. Docket No. ACR2013, USPS-FY13-14 is the predecessor document. There is no non-public document that corresponds to USPS-FY14-14.

The Standard Mail cost avoidance outputs are relied upon to develop the discounts and passthrough values contained in USPS-FY14-3. They are also used to develop the enhanced carrier route (ECR) cost estimates contained in USPS-FY14-18. The Standard Mail transportation and non-transportation cost avoidance estimates by shape are presented in the Microsoft Excel workbooks 'USPS-FY14-14.STD_TOTAL.xls,' 'USPS-FY14-14.STD_LETTERS.xls,' and 'USPS-FY14-14.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-FY14-3. The Periodicals non-transportation cost avoidance estimates are presented in the Microsoft Excel workbook 'USPS-FY14-14.PER.xls' in the 'Summary' worksheet (page 114). Data sources are referenced in each spreadsheet throughout the workbook.

The following items found in this report are used as input/output to USPS-FY14-14:

Items in this Report Used as Input to USPS-FY14-14

Item Number	Data/Information Used
USPS-FY14-1	• FY 2014 Public Cost and Revenue Analysis (PCRA)
USPS-FY14-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY14-14	• Mail Characteristics Study
USPS-FY14-23	• MODS Productivity Data
USPS-FY14-24	• FY 2014 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY14-25	• FY 2014 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY14-32	• FY 2014 CRA "B" Workpapers (Public Version)

Items in this Report Utilizing Output from USPS-FY14-14

Item Number	Data/Information Provided
USPS-FY14-3	• FY 2014 Discounts and Passthroughs of Workshare Items
USPS-FY14-18	• FY 2014 ECR Mail Processing Unit Costs

USPS-FY14-15

This item is entitled:

USPS-FY14-15 FY 2014 Bound Printed Matter Mail Processing Cost Model and Media Mail – Library Mail Mail Processing Cost Model

USPS-FY14-15 documents the mail processing and delivery cost estimates for Bound Printed Matter and the mail processing unit cost estimates for the Media Mail - Library Mail price categories.

The most recent predecessor document for the Bound Printed Matter mail processing cost model is Docket No. ACR2013, USPS-FY13-15. The most recent predecessor for the Media Mail – Library Mail mail processing cost model is Docket No. RM2015-3, Proposal Ten. There is no non-public document that corresponds to USPS-FY14-15.

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-FY14-3. 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-FY14-16.

The Bound Printed Matter cost estimates are presented in the Microsoft Excel workbook 'USPS-FY14-15.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-FY14-15.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-FY14-15:

Items in this Report Used as Input to USPS-FY14-15

Item Number	Data/Information Used
USPS-FY14-1	<ul style="list-style-type: none"> FY 2014 Public Cost and Revenue Analysis (PCRA) Report
USPS-FY14-2	<ul style="list-style-type: none"> FY 2014 Public Cost Segments and Components
USPS-FY14-4	<ul style="list-style-type: none"> FY 2014 Market Dominant Billing Determinants
USPS-FY14-7	<ul style="list-style-type: none"> Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY14-22	<ul style="list-style-type: none"> FY 2014 Bound Printed Matter Mail Processing Costs and Parcel Post Window Service Costs
USPS-FY14-23	<ul style="list-style-type: none"> MODS Productivity Data
USPS-FY14-24	<ul style="list-style-type: none"> FY 2014 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY14-25	<ul style="list-style-type: none"> FY 2014 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY14-26	<ul style="list-style-type: none"> FY 2014 Mail Processing Costs by Shape (Public Version)
USPS-FY14-36	<ul style="list-style-type: none"> Transportation Cost Systems (TRACS) Documentation (Public Version)

Items in this Report Utilizing Output from USPS-FY14-15

Item Number	Data/Information Provided
USPS-FY14-3	<ul style="list-style-type: none"> FY 2014 Discounts and Passthroughs of Workshare Items
USPS-FY14-16	<ul style="list-style-type: none"> FY 2014 Bound Printed Matter Transportation Cost Model and Bulk Parcel Return Service Cost Model

USPS-FY14-16

This item is entitled:

USPS-FY14-16 FY 2014 Bound Printed Matter Transportation Cost
Model and Bulk Parcel Return Service Cost Model

USPS-FY14-16 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 outputs are relied upon to develop the discounts and passthrough values contained in USPS-FY14-3.

Docket No. ACR2013, USPS-FY13-16 is the predecessor document for the Bound Printed Matter transportation cost model. Docket No. RM2015-3, Proposal Ten is the predecessor document for the Bulk Parcel Return Service cost model. There is no non-public document that corresponds to USPS-FY14-16.

The Bound Printed Matter aggregate, flats, and parcels transportation cost estimates are presented in the Microsoft Excel workbooks 'USPS-FY14-16.BPM_TOTAL.xls,' 'USPS-FY14-16.BPM_FLATS.xls,' and 'USPS-FY14-16.BPM_PARCELS.xls' in the 'Cost-Sum' spreadsheets on pages 1, 8, and 15, respectively. The Bulk Parcel Return Service cost estimates are presented in the Microsoft Excel workbook 'USPS-FY14-16.BPRS.xls' in the spreadsheet 'Cost-Sum' on page 22. Data sources are referenced in each spreadsheet throughout the workbook.

The following items found in this report are used as input/output to USPS-FY14-16:

Items in this Report Used as Input to USPS-FY14-16

Item Number	Data/Information Used
USPS-FY14-1	<ul style="list-style-type: none"> FY 2014 Public Cost and Revenue Analysis (PCRA) Report
USPS-FY14-7	<ul style="list-style-type: none"> Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY14-13	<ul style="list-style-type: none"> FY 2014 Standard Mail and Periodicals Destination Entry Cost Models
USPS-FY14-15	<ul style="list-style-type: none"> FY 2014 Bound Printed Matter Mail Processing Cost Model and Media Mail – Library Mail Mail Processing Cost Model
USPS-FY14-23	<ul style="list-style-type: none"> MODS Productivity Data
USPS-FY14-24	<ul style="list-style-type: none"> FY 2014 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY14-25	<ul style="list-style-type: none"> FY 2014 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY14-32	<ul style="list-style-type: none"> FY 2014 CRA “B” Workpapers (Public Version)
USPS-FY14-36	<ul style="list-style-type: none"> Transportation Cost Systems (TRACS) Documentation (Public Version)

USPS-FY14-17

This item is entitled:

USPS-FY14-17 FY 2014 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-FY14-17 consists of that combined Annual Report and includes the FY 2014 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-FY14-18

This item is entitled:

USPS-FY14-18 FY 2014 ECR Mail Processing Unit Costs

USPS-FY14-18 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. ACR2013, USPS-FY14-18. There is no corresponding non-public document.

The main results are presented in the Microsoft Office Excel workbook 'FY14 ECR Unit Costs.xls' in the spreadsheet 'Results.' Data sources are referenced in each spreadsheet in workbook 'FY14 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-FY14-18:

Items in this Report Used as Input to USPS-FY14-18

Item Number	Data/Information Used
USPS-FY14-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY14-14	• FY 2014 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail
USPS-FY14-14	• Mail Characteristics Study (Public Version)
USPS-FY14-NP21	• In-Office Cost System (IOCS) Documentation (Nonpublic Version)
USPS-FY14-26	• FY 2014 Mail Processing Costs by Shape (Public Version)

Items in this Report Utilizing Output from USPS-FY14-18

Item Number	Data/Information Provided
USPS-FY14-3	• FY 2014 Discounts and Passthroughs of Workshare Items

USPS-FY14-19

This item is entitled:

USPS-FY14-19 FY 2014 Delivery Costs By Shape

USPS-FY14-19 documents the development of FY 2014 delivery costs by rate category for First-Class, Periodicals, Standard, Bound Printed Matter, and Media Mail.

Predecessor documents include Docket No. ACR2013, PRC-ACR2013-LR6-FY2013 and USPS-FY13-19. There is no corresponding non-public document to USPS-FY14-19.

USPS-FY14-19 contains six Excel workbooks and three SAS log files. The three Excel workbooks titled KLTable14_Casing, KLTable14._All, and KLTable14_FCSP_Collection_Cost_By_Indicia, are outputs from running the respective SAS programs against the IOCS CARMM data file which is contained in USPS-FY14-37. 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-FY14-19 route, SPR, and other) by rate category. The workbook UDCInputs14.xls consists of the necessary cost and volume inputs. The workbook VolAdj14.xls contains all of the volume adjustments that are part of the established methodology. Lastly, the workbook UDCModel14.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-FY14-19:

Items in this Report Used as Input to USPS-FY14-19

Item Number	Data/Information Used
USPS-FY14-10	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY14-14	<ul style="list-style-type: none"> Mail Characteristics Study (Public Version)
USPS-FY14-24	<ul style="list-style-type: none"> FY 2014 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY14-32	<ul style="list-style-type: none"> FY 2014 CRA "B" Workpapers (Public Version)
USPS-FY14-34	<ul style="list-style-type: none"> City Carrier Cost System (CCCS) Documentation (Public Version)
USPS-FY14-35	<ul style="list-style-type: none"> Rural Carrier Cost System (RCCS) Documentation (Public Version)
USPS-FY14-37	<ul style="list-style-type: none"> In-Office Cost System (IOCS) Documentation (Public Version)

Items in this Report Utilizing Output from USPS-FY14-19

Item Number	Data/Information Provided
USPS-FY14-3	• FY 2014 Discounts and Passthroughs of Workshare Items
USPS-FY14-10	• FY 2014 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY14-27	• FY 2014 Nonprofit Mail Cost Approximations
USPS-FY14-30	• FY 2014 Market Dominant NSA Materials

USPS-FY14-20

This item is entitled:

USPS-FY14-20 FY 2014 Window Service Cost by Shape

USPS-FY14-20 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 'FY14 Window Service Costs.xls' in the spreadsheet 'FY14 Adj Costs.' Data sources are referenced in each spreadsheet in the Microsoft Office Excel workbook 'FY14 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-FY14-20:

Items in this Report Used as Input to USPS-FY14-20

Item Number	Data/Information Used
USPS-FY14-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY14-NP21	• In-Office Cost System (IOCS) Documentation (Nonpublic Version)
USPS-FY14-24	• FY 2014 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY14-26	• FY 2014 Mail Processing Costs by Shape (Public Version)

USPS-FY14-21

This item is entitled:

USPS-FY14-21 Business Reply Mail Cost Model

USPS-FY14-21 documents the worksharing-related savings estimate for QBRM letters and cards and the Business Reply Mail Fee cost estimates.

Docket No. ACR2013, USPS-FY13-21 is the predecessor document. There is no non-public document that corresponds to USPS-FY14-21.

The Qualified Business Reply Mail cost avoidance estimate is presented in the Microsoft Excel workbook 'USPS-FY14-21.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-FY14-21.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-FY14-21:

Items in this Report Used as Input to USPS-FY14-21

Item Number	Data/Information Used
USPS-FY14-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY14-10	• FY 2014 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY14-23	• MODS Productivity Data
USPS-FY14-24	• FY 2014 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY14-25	• FY 2014 Mail Processing Piggyback Factors (Operation Specific)

Items in this Report Utilizing Output from USPS-FY14-21

Item Number	Data/Information Provided
USPS-FY14-3	• FY 2014 Discounts and Passthroughs of Workshare Items

USPS-FY14-22

This item is entitled:

USPS-FY14-22 FY 2014 Bound Printed Matter Mail Processing Costs

USPS-FY14-22 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: FY14 BPM Costs ASF.xls and FY14 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-FY14-22:

Items in this Report Used as Input to USPS-FY14-22

Item Number	Data/Information Used
USPS-FY14-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY14-NP21	• In-Office Cost System (IOCS) Documentation (Nonpublic Version)
USPS-FY14-26	• FY 2014 Mail Processing Costs by Shape (Public Version)

Items in this Report Utilizing Output from USPS-FY14-22

Item Number	Data/Information Provided
USPS-FY14-15	• FY 2014 Special Cost Studies Workpapers – Bound Printed Matter Mail Processing Cost Model/Media Mail – Library Mail Processing Cost Model

USPS-FY14-23

This item is entitled:

USPS-FY14-23 MODS Productivity Data

USPS-FY14-23 provides FY14 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. ACR2014, USPS-FY14-23. There is no corresponding non-public document.

The productivity data are presented in the Microsoft Office Excel workbooks 'YRScrub2014.xlsx', 'NDCscrub2014.xlsx', 'RECProds2014.xlsx', and 'CSBCS2014.xlsx'.

The following items found in this report are used as input/output to USPS-FY14-23:

Items in this Report Utilizing Output from USPS-FY14-23

Item Number	Data/Information Provided
USPS-FY14-7	<ul style="list-style-type: none"> Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY14-10	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY14-11	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model
USPS-FY14-15	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)

USPS-FY14-24

This item is entitled:

USPS-FY14-24 FY 2014 Non-Operation Specific Piggyback Factors
(Public Version)

USPS-FY14-24 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 2014. 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. ACR2013, USPS-FY13-24. USPS-FY14-NP19 is the corresponding non-public document.

Results can be seen in the Microsoft Office Excel workbook FY14Public.PB.xls. The following items found in this report are used as input/output to USPS-FY14-24:

Items in this Report Used as Input to USPS-FY14-24

Item Number	Data/Information Used
USPS-FY14-31	<ul style="list-style-type: none"> <li data-bbox="695 1129 1174 1215">FY 2014 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)

Items in this Report Utilizing Output from USPS-FY14-24

Item Number	Data/Information Provided
USPS-FY14-10	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY14-11	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model
USPS-FY14-12	<ul style="list-style-type: none"> Standard Mail Hybrid/Parcel Cost Study
USPS-FY14-14	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail
USPS-FY14-15	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)
USPS-FY14-16	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers - Bound Printed Matter and Parcel Post Transportation Costs / Bulk Parcel Return Service Cost Study (Public Version)
USPS-FY14-15	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)
USPS-FY14-16	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers - Bound Printed Matter and Parcel Post Transportation Costs / Bulk Parcel Return Service Cost Study (Public Version)
USPS-FY14-18	<ul style="list-style-type: none"> FY 2014 ECR Mail Processing Unit Costs
USPS-FY14-19	<ul style="list-style-type: none"> FY 2014 Delivery Costs By Shape
UPS-FY14-20	<ul style="list-style-type: none"> FY 2014 Window Service Cost by Shape
USPS-FY14-21	<ul style="list-style-type: none"> FY 2014 QBRM and BRM Costs
USPS-FY14-22	<ul style="list-style-type: none"> FY 2014 Bound Printed Matter Mail Processing Costs
USPS-FY14-26	<ul style="list-style-type: none"> FY 2014 Mail Processing Costs by Shape (Public Version)
USPS-FY14-28	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers – Special Services
USPS-FY14-NP20	<ul style="list-style-type: none"> FY 2014 Mail Processing Costs by Shape (Nonpublic Version)
USPS-FY14-24	<ul style="list-style-type: none"> FY 2014 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY14-25	<ul style="list-style-type: none"> FY 2014 Mail Processing Piggyback Factors (Operation Specific)

USPS-FY14-25

This item is entitled:

USPS-FY14-25 FY 2014 Mail Processing Piggyback Factors
(Operation Specific)

USPS-FY14-25 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 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 MPPGBY14PRC.XLS.

Predecessor documents are Docket No. R2006-1, USPS-LR-L-98, parts III and IV and Docket No. ACR2013, USPS-FY13-25. There is no corresponding non-public document.

For this fiscal year, the workbook MPPGBY14PRC.XLS was adjusted to accommodate the new equipment category PASS/DSS (or Passive Adaptive Scanning System/Delivery Sortation System), which is described in USPS-FY14-8. The depreciation, maintenance labor and parts/supplies costs for this new category was incorporated into the piggyback factor costs for the delivery unit processing cost pools where this new equipment is used.

The following items found in this report are used as input/output to USPS-FY14-25:

Items in this Report Used as Input to USPS-FY14-25

Item Number	Data/Information Used
USPS-FY14-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY14-8	• Equipment and Facility Related Costs
USPS-FY14-23	• MODS Productivity Data
USPS-FY14-24	• FY 2014 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY14-31	• FY 2014 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)

Items in this Report Utilizing Output from USPS-FY14-25

Item Number	Data/Information Provided
USPS-FY14-10	<ul style="list-style-type: none"><li data-bbox="683 289 1183 373">• FY 2014 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY14-11	<ul style="list-style-type: none"><li data-bbox="683 388 1183 499">• FY 2014 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model

USPS-FY14-26

This item is entitled:

USPS-FY14-26 FY 2014 Mail Processing Costs by Shape (Public Version)

USPS-FY14-26 provides Mail Processing Unit Costs by Shape for FY 2014 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 2013, USPS-FY13-26 and PRC-ACR2013-LR-6. USPS-FY14-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 shp14prc.xls.

The following items found in this report are used as input/output to USPS-FY14-26:

Items in this Report Used as Input to USPS-FY14-26

Item Number	Data/Information Used
USPS-FY14-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY14-14	• Mail Characteristics Study (Public Version)
USPS-FY14-24	• FY 2014 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY14-25	• FY 2014 Mail Processing Piggyback Factors (Operation Specific)

Items in this Report Utilizing Output from USPS-FY14-26

Item Number	Data/Information Provided
USPS-FY14-10	<ul style="list-style-type: none"><li data-bbox="683 289 1175 373">• FY 2014 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY14-11	<ul style="list-style-type: none"><li data-bbox="683 388 1175 499">• FY 2014 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model
USPS-FY14-12	<ul style="list-style-type: none"><li data-bbox="683 514 1175 562">• Standard Mail Hybrid/Parcel Cost Study

USPS-FY14-27

This item is entitled:

USPS-FY14-27 FY 2014 Nonprofit Mail Cost Approximations

USPS-FY14-27 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-FY14-27 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-FY14-27 consists of a preface and one Excel file, StandardNonprofit2014.xls.

The following items found in this report are used as input/output to USPS-FY14-27:

Items in this Report Used as Input to USPS-FY14-27

Item Number	Data/Information Used
USPS-FY14-2	• FY 2014 Public Cost Segments and Components
USPS-FY14-4	• FY 2014 Market Dominant Billing Determinants
USPS-FY14-12	• Standard Mail Hybrid/Parcel Cost Study
USPS-FY14-14	• FY 2014 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail
USPS-FY14-18	• FY 2014 ECR Mail Processing Unit Costs
USPS-FY14-19	• FY 2014 Delivery Costs By Shape
USPS-FY14-30	• FY 2014 Market Dominant NSA Materials
USPS-FY14-42	• Revenues, Pieces, & Weight (Public Version)

USPS-FY14-28

This item is entitled:

USPS-FY14-28 FY 2014 Special Services (Public Portion)

USPS-FY14-28 documents the unit cost estimates for selected domestic Special Services, supplementing the cost information provided in USPS-FY14-1. 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), and Stamp Fulfillment Services Handling.

Docket No. RM2014-1, Order No. 2076 is the predecessor document for the Philatelic Sales and Stamp Fulfillment Services Handling cost studies. Docket No. ACR2013, USPS-FY13-28 is the predecessor document for all other cost studies. USPS-FY14-NP26 covers Special Services for items designated as non-public.

The following items found in this report are used as input/output to USPS-FY14-28:

Items in this Report Used as Input to USPS-FY14-28

Item Number	Data/Information Used
USPS-FY14-1	<ul style="list-style-type: none"> FY 2014 Public Cost and Revenue Analysis (PCRA) Report
USPS-FY14-2	<ul style="list-style-type: none"> FY 2014 Public Cost Segments and Components Report
USPS-FY14-7	<ul style="list-style-type: none"> Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY14-8	<ul style="list-style-type: none"> Equipment and Facility Related Costs
USPS-FY14-24	<ul style="list-style-type: none"> FY 2014 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY14-25	<ul style="list-style-type: none"> FY 2014 Mail Processing Piggyback Factors (Operation Specific)

Items in this Report Utilizing Output from USPS-FY14-28

Item Number	Data/Information Provided
USPS-FY14-1	<ul style="list-style-type: none"> FY 2014 Public Cost and Revenue Analysis (PCRA) Report

The cost studies for Special Services are organized as follows:

Cost Study

Excel File

1. Address Management Services	'AMS2014.xlsx'
2. Caller Service	'Caller_Service2014.xlsx'
3. Certificate of Mailing	'Certificate_of_Mailing2014.xlsx'
4. Change of Address	'COACreditCardPub2014.xlsx'
5. Correction of Mailing Lists	'Correction_of_Mailing_Lists2014.xlsx'
6. Insurance	'Insurance_Costs2014.xlsx'
7. Money Order Inquiry	'Money_Order_Inquiry_and_Float2014.xlsx'
8. Periodicals Applications	'Periodicals_App_Fee2014.xlsx'
9. Philatelic Sales	'Philatelic_Sales2014.xlsx'
10. P.O. Box Key Replacement	'PO_Boxes2014.xlsx'
11. Restricted Delivery	'Restricted_Delivery2014.xlsx'
12. Return Receipt	'Return_Receipt2014.xlsx'
13. Signature Confirmation	'SigConPub-FY 2014.xlsx'
14. Stamped Cards	'Stamped_Cards2014.xlsx'
15. Stamped Envelopes Transportation	'Stamped_Envelopes2014.xlsx'
16. Stamped Envelopes PSE	'Stamped_Envelopes_PSES2014.xlsx'
17. Stamp Fulfillment Handling	'SFS_Handling2014.xlsx'
18. ZIP Coding of Mailing Lists	'Zip_Coding_of_Mailing_Lists2014.xlsx'

Items in this Report Utilizing Output from USPS-FY14-28

USPS-FY14-2	<ul style="list-style-type: none"> FY 2014 Public Cost Segments and Components Report
USPS-FY14-7	<ul style="list-style-type: none"> Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY14-8	<ul style="list-style-type: none"> Equipment and Facility Related Costs
USPS-FY14-24	<ul style="list-style-type: none"> FY 2014 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY14-25	<ul style="list-style-type: none"> FY 2014 Mail Processing Piggyback Factors (Operation Specific)

Items in this Report Utilizing Output from USPS-FY14-28

Item Number	Data/Information Provided
USPS-FY14-1	<ul style="list-style-type: none"> FY 2014 Public Cost and Revenue Analysis (PCRA) Report

The cost analyzes for Special Services are organized as follows:

1. Address Management Services	EXCEL file "AMS2014.xlsx
2. Caller Service	EXCEL file "Caller Service2014.xlsx
3. Certificate of Mailing	EXCEL file "Certificate of Mailing2014.xlsx
4. Change of Address	EXCEL file "COACreditCardPub2014.xlsx
5. Correction of Mailing Lists	EXCEL file "Correction of Mailing Lists2014.xlsx
6. USPS Tracking	EXCEL file DelConPub-FY 2014.xlsx
7. insurance	EXCEL file "Insurance Costs2014.xlsx
8. Money Order Inquiry Float2014.xlsx	EXCEL file "Money Order Inquiry and Float2014.xlsx
9. Periodicals Applications	EXCEL file "Periodicals App Fee2014.xlsx
10. P.O. Box Key Replacement	EXCEL file "PO Boxes2014.xlsx
11. Restricted Delivery	EXCEL file "Restricted Delivery2014.xlsx
12. Return Receipt	EXCEL file "Return Receipt2014.xlsx
13. Signature Confirmation	EXCEL file "SigConPub-FY 2014.xlsx
14. Stamped Cards	EXCEL file "Stamped Cards2014.xlsx
15. Stamped Envelopes	EXCEL file "Stamped Envelopes2014.xlsx
16. Stamped Envelopes PSES2014.xlsx	EXCEL file "Stamped Envelopes _ PSES2014.xlsx
17. Stamp Fulfillment (Handling)	EXCEL file "SFS2014.xlsx
18. Stamp Fulfillment (Handling)	EXCEL file "SFS2014_proposed.xlsx
19. Stamp Fulfillment (Philatelic)	EXCEL file "SFS Philatelic2014.xlsx
20. Stamp Fulfillment (Philatelic)	EXCEL file "SFS Philatelic2014_proposed.xlsx
21. ZIP Coding of Mailing Lists	EXCEL file "Zip Coding of Mailing Lists2014.xlsx

The basic methodology used for service performance measurement is the same as described in the USPS-FY13-29. The changes made to measurement during the year are described in the enclosed reports.

USPS-FY14-29

This item is entitled:

USPS-FY14-29

USPS-FY14-29 Service Performance of Market
Dominate Products

USPS-FY14-29 contains the annual report on the service performance of market dominant products. USPS-FY13-29 is the most recent predecessor document. There is no corresponding nonpublic document to USPS-FY14-29.

There are no external inputs or outputs for USPS-FY14-29 and no items in this report is used as input/output to USPS-FY14-29. USPS-FY14-29 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 is 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 FY14.pdf." USPS-FY14-29 also includes the following six Microsoft Excel spreadsheets with data required by Part 3055, Subpart A, of the Commission's Rules:

FY14 ACR First-Class Mail.xls

FY14 ACR Package Services.xls

FY14 ACR Periodicals.xls

FY14 ACR Special Services.xls

FY14 ACR Standard Mail.xls

FY14 ACR Address List Services.xls

In accordance with Rule 3055.7, a PDF document entitled "Special Study of Off-Shore Service Performance FY14" is also included in USPS-FY14-29.

USPS-FY14-30

This item is entitled:

USPS-FY14-30 FY 2014 Market Dominant NSA Materials

USPS-FY14-30, FY 2014 Market Dominant NSA Documentation, reports revenues and volumes associated with Market-Dominant NSAs that were in effect during FY14 and had been in effect for one year by the end of FY14. It also calculates the costs and incremental values of those NSAs. This item also includes some information about certain Address Management products.

USPS-FY13-30 (FY 2013 Market Dominant NSA Documentation) is the predecessor document. There is no corresponding non-public document. Information on competitive domestic NSAs is found in USPS-FY14-NP27.

Besides this preface, USPS-FY14-30 NSA Documentation contains two Microsoft Office Excel workbooks. One file, FY 14 NSA Unit Cost Detail Data Calculations.xls pulls together unit cost information. The second file, ACR FY 2014_ narrative_2014.13.19.docx contains one worksheet that replicates the summary unit costs information from the first file (FY 14 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 2014 CRA.

The following items found in this report are used as input to USPS-FY14-30:

Items in this Report Used as Input to USPS-FY14-30

Item Number	Data/Information Used
USPS-FY14-4	• FY 2014 Market Dominant Billing Determinants
USPS-FY14-10	• FY 2014 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY14-11	• FY 2014 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model
USPS-FY14-18	• FY 2014 ECR Mail Processing Unit Costs
USPS-FY14-19	• FY 2014 Delivery Costs By Shape
USPS-FY14-24	• FY 2014 Non-Operation Specific Piggyback Factors (Public Version)

Items in this Report Utilizing Output from USPS-FY14-30

Item Number	Data/Information Provided
USPS-FY14-1	• FY 2014 Public Cost and Revenue Analysis (PCRA) Report
USPS-FY14-27	• FY 2014 Nonprofit Mail Cost Approximations
USPS-FY14-NP11	• FY 2014 Non-public Cost and Revenue Analysis (NPCRA) Report

USPS-FY14-31

This item is entitled:

USPS-FY14-31 FY 2014 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)

USPS-FY14-31 contains the Fiscal Year 2014 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 2013 Annual Compliance Report (ACR) filing (Docket No. ACR2013, December 28, 2013), this material was presented as USPS-FY13-31. A non-public version of the FY 2014 CRA Model is filed as USPS-FY14-NP14. 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-FY14-31:

Items in this Report Used as Input to USPS-FY14-31

Item Number	Data/Information Used
USPS-FY14-5	<ul style="list-style-type: none"> Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)
USPS-FY14-7	<ul style="list-style-type: none"> Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY14-8	<ul style="list-style-type: none"> Equipment and Facility Related Costs
USPS-FY14-28	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers – Special Services (Public Version)
USPS-FY14-30	<ul style="list-style-type: none"> FY 2014 Market Dominant NSA Materials
USPS-FY14-32	<ul style="list-style-type: none"> FY 2014 CRA "B" Workpapers (Public Version)
USPS-FY14-37	<ul style="list-style-type: none"> In-Office Cost System (IOCS) Documentation (Public Version)
USPS-FY14-42	<ul style="list-style-type: none"> Revenues, Pieces, & Weight (Public Version)

Items in this Report Utilizing Output from USPS-FY14-31

Item Number	Data/Information Provided
USPS-FY14-1	<ul style="list-style-type: none"> FY 2014 Public Cost and Revenue Analysis (PCRA) Report
USPS-FY14-2	<ul style="list-style-type: none"> FY 2014 Public Cost Segments and Components
USPS-FY14-24	<ul style="list-style-type: none"> FY 2014 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY14-NP10	<ul style="list-style-type: none"> FY 2014 Competitive Product Incremental and Group Specific Costs
USPS-FY14-NP4	<ul style="list-style-type: none"> FY 2014 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, & Changes)

The contents of USPS-FY14-31 are organized in Electronic folders as follows:

1. CRA Model

USPS-FY14-31\Model\CRA.Model.xls	CRA run module
USPS-FY14-31\Model\CRA.DIM.xls	CRA data input module
USPS-FY14-31\Model\FY14.cntl.xls	CRA control tables and source
documentation	

2. Cost Files

USPS-FY14-31\Cost\FY14.I.xls	Input matrix
USPS-FY14-31\Cost\FY14.Mod1.xls	GDEI calculations and output matrix
USPS-FY14-31\Cost\FY14.A.xls	"A" calculations and output matrix
USPS-FY14-31\Cost\FY14.F.xls	"F" calculations and output matrix
USPS-FY14-31\Cost\FY14.B.xls	"B" calculations and output matrix

3. Reports

USPS-FY14-31\Reports\FY14.IRpt.xls	Input report
USPS-FY14-31\Reports\FY14.ARpt.xls	"A" report (without PESSA costs)
USPS-FY14-31\Reports\FY14.FRpt.xls	Factor report
USPS-FY14-31\Reports\FY14.BRpt.xls	"B" report (PESSA detail)
USPS-FY14-31\Reports\FY14.CRpt.xls	Cost segments and components report
USPS-FY14-31\Reports\FY14.DRpt.xls	Final adjustments

USPS-FY14-32

This item is entitled:

USPS-FY14-32 FY 2014 CRA “B” Workpapers (Public Version)

USPS-FY14-32, FY 2014 CRA “B” Workpapers, input and calculates costs by cost segment which are used by USPS FY14-31, CRA Model, to produce USPS-FY14-2, Cost Segments and Components Report. The workpapers calculate attributable costs by product for 14 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. ACR2013, PRCACR2013-LR1, and USPS-FY13-32. USPS-FY14-NP14 is the corresponding non-public folder.

The USPS-FY14-32 “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-FY14-32:

Items in this Report Used as Input to USPS-FY14-32

Item Number	Data/Information Used
USPS-FY14-NP7	<ul style="list-style-type: none"> • Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)
USPS-FY14-NP18	<ul style="list-style-type: none"> • Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY14-NP21	<ul style="list-style-type: none"> • In-Office Cost System (IOCS) Documentation (Nonpublic Version)
USPS-FY14-NP22	<ul style="list-style-type: none"> • City Carrier Cost System (CCCS) Documentation (Nonpublic Version)
USPS-FY14-NP23	<ul style="list-style-type: none"> • Rural Carrier Cost System (RCCS) Documentation (Nonpublic Version)
USPS-FY14-NP24	<ul style="list-style-type: none"> • Transportation Cost Systems (TRACS) Documentation (Nonpublic Version)

Items in this Report Utilizing Output from USPS-FY14-32

Item Number	Data/Information Provided
USPS-FY14-19	• FY 2014 Delivery Costs By Shape
USPS-FY14-NP10	• FY 2014 Competitive Product Incremental and Group Specific Costs
USPS-FY14-NP14	• FY 2014 CRA Model (Model Files, Cost Matrices, and Reports)

USPS-FY14-33

This item is entitled:

USPS-FY14-33 Consumer Access to Postal Services

USPS-FY14-33 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-FY13-33. There is no corresponding non-public document.

In addition to this preface, USPS-FY14-33 contains four Excel files:

PostOfficesFY2014.xls
DeliveryPointsFY2014.xls
CollectionBoxesFY2014.xls
WaitTimeInLineFY2014.xls

USPS-FY14-34

This item is entitled:

USPS-FY14-34 City Carrier Cost System (CCCS) Documentation
(Public Version)

USPS-FY14-34 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-FY14-NP22.

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 below.

Minor changes were made to the PS Form 2846 in FY14 to reflect new product categories and to provide separate collection mail estimates for products that previously made up the 'Package Services' category. The Carrier Cost Systems now have merged the former Delivery Confirmation and USPS Tracking distribution keys into one category, USPS Tracking. This reflects the change by the Postal Service to rename Delivery Confirmation to USPS Tracking. Additionally, the flat-shaped distribution keys for Standard Regular, ECR Basic, and ECR HD are adjusted using FY13 CCCS distribution keys for those products to correct for FSS-marked pieces that do not have the correct ECR markings.

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-FY14-34:

Items in this Report Utilizing Output from USPS-FY14-34

Item Number	Data/Information Provided
USPS-FY14-19	• FY 2014 Delivery Costs By Shape
USPS-FY14-32	• FY 2014 CRA "B" Workpapers (Public Version)
USPS-FY14-NP3	• FY 2014 International Cost Segments and Components Report
USPS-FY14-NP14	• FY 2014 CRA "B" Workpapers, (Non-Public Version)

USPS-FY14-35

This item is entitled:

USPS-FY14-35 Rural Carrier Cost System (RCCS) Documentation
(Public Version)

USPS-FY14-35 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-FY14-NP23.

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 below.

Minor changes were made to the PS Form 2848 in FY14 to reflect new product categories. The Carrier Cost Systems now have merged the former Delivery Confirmation and USPS Tracking distribution keys into one category, USPS Tracking. This reflects the change by the Postal Service to rename Delivery Confirmation to USPS Tracking. Additionally, the FSS distribution keys for Standard Regular, ECR Basic, and ECR HD are adjusted using FY13 RCCS distribution keys for those products to correct for FSS-marked pieces that do not have the correct ECR markings.

Volume estimates from the RCCS rely on no input data. The following items found in this report use the output from USPS-FY14-NP23:

Items in this Report Utilizing Output from USPS-FY14-35

Item Number	Data/Information Provided
USPS-FY14-19	• FY 2014 Delivery Costs By Shape
USPS-FY14-32	• FY 2014 CRA "B" Workpapers (Public Version)
USPS-FY14-NP3	• FY 2014 International Cost Segments and Components Report (Hard Copy & Excel)
USPS-FY14-NP14	• FY 2014 CRA "B" Workpapers, (Non-Public Version)

USPS-FY14-36

This item is entitled:

USPS-FY14-36 Transportation Cost Systems (TRACS)

USPS-FY14-36 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 FY14 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. ACR2013 USPS-FY13-36. A non-public version of this document is provided as: USPS-FY14-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-FY14-36:

Items in this Report Utilizing Output from USPS-FY14-36

Item Number	Data/Information Provided
USPS-FY14-32	<ul style="list-style-type: none"> • FY 2014 CRA "B" Workpapers (Public Version)
USPS-FY14-NP2	<ul style="list-style-type: none"> • FY 2014 International Cost and Revenue Analysis (ICRA) report (Hard Copy & Excel)
USPS-FY14-NP14	<ul style="list-style-type: none"> • FY 2014 CRA "B" Workpapers

USPS-FY14-37

This item is entitled:

USPS-FY14-37 In-Office Cost System (IOCS) Documentation (Public Version)

USPS-FY14-37 documents the In-Office Cost System, including statistical design for and estimation of in-office labor costs. It also presents FY14 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 ACR2013, USPS-FY13-37.

USPS-FY14-NP21, In-Office Cost System (IOCS) Documentation is the corresponding non-public document to USPS-FY14-37.

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-FY14 –37:

Items in this Report Utilizing Output from USPS-FY14-37

Item Number	Data/Information Provided
USPS-FY14-2	• FY 2014 Public Cost Segments and Components Report
USPS-FY14-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY14-19	• FY 2014 Delivery Costs By Shape
USPS-FY14-31	• FY 2014 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)
USPS-FY14-32	• FY 2014 CRA "B" Workpapers (Public Version)

USPS-FY14-38

This item is entitled:

USPS-FY14-38 USPS Market Dominant Product Customer Satisfaction Measurement (CSM) Survey Instruments

USPS-FY14-38 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 2014: (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-FY13-38 is the most recent predecessor document. There is no corresponding non-public document to USPS-FY13-38. USPS-FY13-38 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-FY14-38 contains four files:

- The 'Residential Survey_FY14' file contains the USPS Residential Survey instrument.
- The 'Large Business Survey_FY14' file contains the USPS Large Commercial Business Survey instrument.
- The 'Sm-Md Business Survey_FY14' file contains the USPS Small & Medium Business Survey instrument.
- The 'CEM Question Response Counts_FY14' file is a workbook containing summary customer experience data generated through use of the three survey instruments.

USPS-FY14-39

This item is entitled:

USPS-FY14-39 FY 2014 Competitive Products Fund Reporting Materials

USPS-FY14-39, 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-FY13-39. There is no corresponding non-public document. USPS-FY14-39 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 FY14 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-FY14-39:

Items in this Report Used as Input to USPS-FY14-39

Item Number	Data/Information Used
USPS-FY14-NP11	<ul style="list-style-type: none"> <li data-bbox="690 1125 1185 1192">FY 2014 Non-public Cost and Revenue Analysis (NPCRA) Report

USPS-FY14-40

This item is entitled:

USPS-FY14-40 Rural Mail Count

USPS-FY14-40 aggregates data collected from the most recent (September 2013 and February/March 2014) 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-FY14-32 and USPS-FY14-NP14 (commonly called the "B" Workpapers) in workbook I-Forms, tab I-Factors.

ACR 2013, USPS-FY13-40 is the predecessor document to USPS-FY14-40.

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

USPS-FY14-40.Preface.pdf Preface
 FY2012.Sept.RMCFlat.data RMC Dataset
 FY2014.March.RMCFlat.data RMC Dataset
 RMC2014AnalysisforCRA.sas SAS program for analysis of RMC data

USPS-FY14-40 relies on no inputs from other ACR materials. As shown below, outputs are used by USPS-FY14-32 and USPS-FY14-NP14.

Items in this Report Utilizing Output from USPS-FY14-40

Item Number	Data/Information Provided
USPS-FY14-32	<ul style="list-style-type: none"> FY 2014 CRA "B" Workpapers (Public Version)
USPS-FY14-NP14	<ul style="list-style-type: none"> FY 2014 CRA "B" Workpapers, (Non-Public Version)

USPS-FY14-41

This item is entitled:

USPS-FY14-41 FY 2014 International Market Dominant Billing Determinants

USPS-FY14-41 presents the FY 2014 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-FY13-41. The corresponding nonpublic document, showing competitive international billing determinants, is USPS-FY14-NP8.

The data is from the same sources used in the Fiscal Year 2014 International Cost and Revenue Analysis Report. Billing determinants are provided in the file labeled FY2014 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 2014 FCMI Volume & Revenue	FY2014 First-Class Mail International Cards, Letters, Flats and Packages
Q114 FCMI Volume & Revenue	Q1 FY2014 First-Class Mail International Cards, Letters, Flats and Packages
Q214 FCMI Volume & Revenue	Q2 FY2014 First-Class Mail International Cards, Letters, Flats and Packages
Q314 FCMI Volume & Revenue	Q3 FY2014 First-Class Mail International Pre and Post-Rate Change Cards, Letters, Flats and Packages
Q414 FCMI Volume & Revenue	Q4 FY2014 First-Class Mail International
FY2014 Intl Fees & Services	FY2014 International Certificate of Mailing, International Registered Mail, International Return Receipt, International Restricted Delivery
Q114 Intl Fees & Services	Q1 FY2014 International Certificate of Mailing, International Registered Mail, International Return Receipt, International Restricted Delivery

Q214 Intl Fees & Services	Q2 FY2014 International Certificate of Mailing, International Registered Mail, International Return Receipt, International Restricted Delivery
Q314 Intl Fees & Services	Q3 FY2014 International Certificate of Mailing, International Registered Mail, International Return Receipt, International Restricted Delivery
Q414 Intl Fees & Services	Q4 FY2014 International Certificate of Mailing, International Registered Mail, International Return Receipt, International Restricted Delivery

USPS-FY14-42

This item is entitled:

USPS-FY14-42 FY 2014 Revenue, Pieces, and Weight Report

USPS-FY14-42 contains the U.S. Postal Service Revenue, Pieces, and Weight (RPW) Report for FY 2014.

The material in USPS-FY14-42 was provided in USPS-FY14-42 for the FY 2014 Annual Compliance Report. In addition, these RPW materials have been provided to the Commission as part of periodic reporting.

The nonpublic version of the RPW material, which contains information on individual competitive products, is presented in USPS-FY14-NP30.

USPS-FY14-42 does not rely on input from any other set of material presented as part of the FY 2014 ACR. The revenue, pieces, and weight data by product provided in USPS-FY14-42, 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-FY14-42 consists of five Excel files containing annual and quarterly FY 2014 RPW data. The following is a list of those files:

FY2014Q1_RPWSUMMARYREPORT_PUBLIC.XLS (revised)
FY2014Q2_RPWSUMMARYREPORT_PUBLIC.XLS (revised)
FY2014Q3_RPWSUMMARYREPORT_PUBLIC.XLS (revised)
FY2014Q4_RPWSUMMARYREPORT_PUBLIC.XLS
FY2014_RPWSUMMARYREPORT_PUBLIC.XLS

SECTION ONE: DESCRIPTION OF ITEMS
Non-Public Annex

USPS-FY14-NP1

This item is entitled:

USPS-FY14-NP1 FY 2014 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 2014. 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 2014 billing determinants for domestic competitive products.

The predecessor document is FY 2013 Domestic Competitive Product Billing Determinants, filed with the Postal Regulatory Commission as USPS-FY13-NP1.

The following items found in this report are used as input/output to USPS-FY14-NP1:

Items in this Report Utilizing Output from USPS-FY14-NP1

Item Number	Data/Information Provided
USPS-FY14-NP15	<ul style="list-style-type: none"> • FY 2014 Parcel Select / PRS mail processing cost model
USPS-FY14-NP16	<ul style="list-style-type: none"> • FY 2014 Parcel Select / PRS transportation cost model
USPS-FY14-NP27	<ul style="list-style-type: none"> • FY 2014 Competitive NSA & Nonpostals Materials

**USPS-FY14-NP1 FY 2014 Domestic Competitive Product Billing
Determinants**

The methodologies used to produce the FY 2014 Domestic Competitive Product Billing Determinants follow the methodologies used in the FY 2013 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-FY14-NP2

This item is entitled:

USPS-FY14-NP2 FY 2014 International Cost and Revenue Analysis (ICRA) report

USPS-FY14-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.fy14.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-FY14-NP3

This item is entitled:

USPS-FY14-NP3 FY 2014 International Cost Segments and Components Report

USPS-FY14-NP3 contains the hardcopy International Cost Segments and Components Report and the electronic version contained in the Excel file, FY14ICRA.Crpt.xls. This item was filed as USPS-FY14-NP3 in Docket No. ACR2014.

This item is the International Cost Segments and Components Report, or C Report, output of the Domestic Processing Model, USPS-FY14-NP4. This item contains the hardcopy and electronic versions of the FY 2014 International Cost Segments and Components Report.

USPS-FY14-NP3 is an Output from Item below in this Report

Item Number	Data/Information Provided
USPS-FY14-NP4	<ul style="list-style-type: none"> <li data-bbox="675 940 1192 1035">FY 2014 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, & Changes)

USPS-FY14-NP4

This item is entitled:

USPS-FY14-NP4 FY 2014 ICRA Domestic Processing Model
(Cost matrices, Reports, Control File, & Changes)

USPS-FY14-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-FY14-NP4 in Docket No. ACR2014.

The electronic contents of the CD are as follows:

FY14 Folder:

- FY14ICRA.ARPT.xls
- FY14ICRA.BRPT.xls
- FY14ICRA.CRPT.xls
- FY14ICRA.FRPT.xls
- FY14ICRA.IRPT.xls
- FY14ICRA.Mod1.xls
- FY14ICRA.A.xls
- FY14ICRA.B.xls
- FY14ICRA.Cntl.xls
- FY14ICRA.F.xls
- FY14ICRA.I.xls
- FY14ICRA.KRPT.xls
- FY14ICRA.OutputMatrix.xls

Inputs Folder:

- FY14.B.xls
- ICRA14PRC.xls (also appears in USPS-FY14-NP6)
- FY14distkeys.xls
- FY14.I.xls
- ICRAEQUIP FLATFY14.xls

Programs Folder:

- CRA.DIM.ACR14.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-FY14-NP4:

Items in this Report Used as Input to USPS-FY14-NP4

Item Number	Data/Information Used
USPS-FY14-NP6	<ul style="list-style-type: none"> FY 2014 International Cost Segment Spreadsheets
USPS-FY14-NP7	<ul style="list-style-type: none"> Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)
USPS-FY14-NP14	<ul style="list-style-type: none"> FY 2014 CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY14-NP14	<ul style="list-style-type: none"> FY 2014 CRA "B" Workpapers

Items in this Report Utilizing Output from USPS-FY14-NP4

Item Number	Data/Information Provided
USPS-FY14-NP2	<ul style="list-style-type: none"> FY 2014 International Cost and Revenue Analysis (ICRA) report (Hard Copy & Excel)

USPS-FY14-NP5

This item is entitled:

USPS-FY14-NP5 FY 2014 ICRA Overview/Technical Description

USPS-FY14-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 2014 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-FY14-NP5 in Docket No. ACR2014. There is no corresponding public document.

The following is the table of contents for USPS-FY14-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 2014	32

USPS-FY14-NP6

This item is entitled:

USPS-FY14-NP6 FY 2014 International Cost Segment Spreadsheets

USPS-FY14-NP6 contains the workpapers used as inputs to USPS-FY14-NP4 (FY 2014. ICRA Domestic Processing Model (Cost Matrices, Reports, Control Files, & Changes)). These spreadsheets are also contained in USPS-FY14-NP4 because these files need to be in that directory to execute the model.

This item was filed as USPS-FY14-NP6 in Docket No. ACR2014. There is no corresponding public document. This item contains three electronic files: ICRA14PRC.xls, FY14distkeys.xls and ICRAEQUIP.FLATFY14.

The following items found in this report are used as input/output to USPS-FY14-NP6:

Items in this Report Used as Input to USPS-FY14-NP6	
Item Number	Data/Information Used
USPS-FY14-NP14	• FY 2014 CRA "B" Workpapers

USPS-FY14-NP7

This item is entitled:

USPS-FY14-NP7 Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)

USPS-FY14-NP7 documents detailed international volume-variable subclass costs by cost pool that are inputs to the ICRA model.

The predecessor document is USPS-FY13-NP7. The same SAS programs as those described in USPS-FY14-NP18 are used in USPS-FY14-NP7 but they further disaggregate the international subclass line item in USPS-FY14-NP18 into detailed international categories for the ICRA model.

The following items found in this report are used as input/output to USPS-FY14-NP7:

Items in this Report Used as Input to USPS-FY14-NP7

Item Number	Data/Information Used
USPS-FY14-23	<ul style="list-style-type: none"> MODS Productivity Data
USPS-FY14-NP2	<ul style="list-style-type: none"> FY 2014 International Cost and Revenue Analysis (ICRA) report (Hard Copy & Excel)
USPS-FY14-NP21	<ul style="list-style-type: none"> In-Office Cost System (IOCS) Documentation (Nonpublic Version)

Items in this Report Utilizing Output from USPS-FY14-NP7

Item Number	Data/Information Provided
USPS-FY14-NP4	<ul style="list-style-type: none"> FY 2014 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, & Changes)
USPS-FY14-NP9	<ul style="list-style-type: none"> FY 2014 Miscellaneous International Data

USPS-FY14-NP8

This item is entitled:

USPS-FY14-NP8 FY 2014 Competitive International Billing
Determinants

USPS-FY14-NP8 presents the FY 2014 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-FY13-NP8. The corresponding public document, showing market dominant international billing determinants, is USPS-FY14-41.

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 2014 ICRA Report. Outputs are used throughout the ICRA process.

Billing determinants are provided in the ZIP file labeled FY2014 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-FY14-NP9

This item is entitled:

USPS-FY14-NP9 FY 2014 Miscellaneous International Data

USPS-FY14-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-FY14-NP9 in Docket No. ACR2014. There is no corresponding public document. The electronic contents of the CD are as follows:

Word Documents:

Joint Venture Information

CVs for GFY 2014 ICRA Inbound

Excel Spreadsheets:

FY14 CV by Product (CVs for outbound categories)

TRACS ICRA CVs FY2014 (TRACS CVs)

ICRA PRC Results FY14 (for IOCS CVs)

ICRA14_ib_bycgrp_v

The following items found in this report are used as input/output to USPS-FY14-NP9:

Items in this Report Used as Input to USPS-FY14-NP9

Item Number	Data/Information Used
USPS-FY14-NP5	<ul style="list-style-type: none"> FY 2014 ICRA Overview/Technical Description
USPS-FY14-NP21	<ul style="list-style-type: none"> In-Office Cost System (IOCS) Documentation (Nonpublic Version)

USPS-FY14-NP10

This item is entitled:

USPS-FY14-NP10 FY 2014 Competitive Products Incremental Cost and Group Specific Costs (Non-public Version)

USPS-FY14-NP10 provides incremental costs for the group of competitive products for FY 2014. The incremental costs identified in USPS-FY14-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. ACR2013, USPS-FY13-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-FY14-NP10:

Items in this Report Used as Input to USPS-FY14-NP10

Item Number	Data/Information Used
USPS-FY14-2	• FY 2014 Public Cost Segments and Components
USPS-FY14-24	• FY 2014 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY14-NP2	• FY 2014 International Cost and Revenue Analysis (ICRA) report
USPS-FY14-NP12	• FY 2014 Non-public Cost Segments and Components
USPS-FY14-NP14	• FY 2014 CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY14-NP14	• FY 2014 CRA "B" Workpapers, (Non-Public Version)
USPS-FY14-NP18	• Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY14-NP27	• FY 2014 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 12 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
- FY14CPOnly – 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
- CostPoolsFY2014.xls – Input Cost Pool Data (added to FY2014.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 FY14CPOnly folder contains three input files needed to replicate Domestic Competitive Incremental Cost:

- FY2014.OutputMatrix.xls – Fiscal Year 2014 output matrix
- IC2014.cntl.xls – Incremental Cost 2014 control tables
- IC2014.PS.xls – Incremental Cost 2014 product specific

The FY14CPOnly folder also contains five output files that are a result of the model's run:

- IC2014.CRpt.xls – IC C (Cost Segments and Components) Report
- IC2014.ICSummaryRpt.xls – IC Summary Report
- IC2014.PSRpt.xls – Group Product Specific Report
- IC2014.CP.xls – Cost Pool calculation workbook
- IC2014.IC.xls – IC calculation workbook

USPS-FY14-NP11

This item is entitled:

USPS-FY14-NP11 FY 2014 Non-Public Cost and Revenue Analysis (NPCRA) Report

USPS-FY14-NP11, FY 2014 Non-Public Cost and Revenue Analysis (NPCRA) summarizes attributable costs for the United States Postal Service's main products. The FY 2014 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-2013, USPS-FY13-NP11 is the predecessor document. USPS-FY14-1 is the corresponding public document

The USPS-FY14-NP11, 2014 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-FY14-1) 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-FY14-NP11:

Items in this Report Used as Input to USPS-FY14-NP11

Item Number	Data/Information Used
USPS-FY14-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY14-NP2	• FY 2014 International Cost and Revenue Analysis (ICRA) report
USPS-FY14-NP14	• FY 2014 CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY14-NP18	• Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY14-NP21	• In-Office Cost System (IOCS) Documentation (Nonpublic Version)
USPS-FY14-NP22	• City Carrier Cost System (CCCS) Documentation (Nonpublic Version)
USPS-FY14-NP23	• Rural Carrier Cost System (RCCS) Documentation (Nonpublic Version)
USPS-FY14-NP24	• Transportation Cost Systems (TRACS) Documentation (Nonpublic Version)

USPS-FY14-NP12

This item is entitled:

USPS-FY14-NP12 FY 2014 Non-public Cost Segments and Components Report

USPS-FY14-NP12 is an output of the FY 2014 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 2013 Annual Compliance Report (ACR) filing (Docket No. ACR2013, December 27, 2013), this material was presented as USPS-FY13-NP12. A public version of this document is provided as USPS-FY14-2, FY 2014 Public Cost Segments and Components Report.

The FY 2014 Non-Public Cost Segments and Components Report are 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-FY14-NP14).

The following items found in this report are used as input/output to USPS-FY14-NP12:

Items in this Report Used as Input to USPS-FY14-NP12

Item Number	Data/Information Used
USPS-FY14-8	<ul style="list-style-type: none"> Equipment and Facility Related Costs
USPS-FY14-NP14	<ul style="list-style-type: none"> FY 2014 CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY14-NP14	<ul style="list-style-type: none"> FY 2014 CRA "B" Workpapers
USPS-FY14-NP18	<ul style="list-style-type: none"> Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY14-NP21	<ul style="list-style-type: none"> In-Office Cost System (IOCS) Documentation (Nonpublic Version)
USPS-FY14-NP29	<ul style="list-style-type: none"> Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)

Items in this Report Utilizing Output from USPS-FY14-NP12

Item Number	Data/Information Provided
USPS-FY14-NP4	<ul style="list-style-type: none"><li data-bbox="690 289 1177 378">• FY 2014 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, & Changes)

USPS-FY14-NP13

This item is entitled:

USPS-FY14-NP13 FY 2014 CRA Model (Model Files, Cost Matrices, and Reports) (Non-Public Version)

USPS-FY14-NP13 contains the Fiscal Year 2014 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 2013 Annual Compliance Report (ACR) filing (Docket No. ACR2013, December 27, 2013), this material was presented as USPS-FY13-NP13. A public version of the FY 2014 CRA Model is filed as USPS-FY14-31. 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-FY14-NP13 are organized in Electronic folders as follows:

1. CRA Model

USPS-FY14-NP13\Model\CRA.Model.xls	CRA run module
USPS-FY14-NP13\Model\CRA.DIM.xls	CRA data input module
USPS-FY14-NP13\Model\FY14.cntl.xls	CRA control tables and data source doc

2. Cost Files

USPS-FY14-NP13\Cost\FY14.I.xls	Input matrix
USPS-FY14-NP13\Cost\FY14.Mod1.xls	GDEI calculations and output matrix
USPS-FY14-NP13\Cost\FY14.A.xls	"A" calculations and output matrix
USPS-FY14-NP13\Cost\FY14.F.xls	"F" calculations and output matrix
USPS-FY14-NP13\Cost\FY14.B.xls	"B" calculations and output matrix

3. Reports

USPS-FY14-NP13\Reports\FY14.IRpt.xls	Input report
USPS-FY14-NP13\Reports\FY14.ARpt.xls	"A" report (without PESSA costs)
USPS-FY14-NP13\Reports\FY14.FRpt.xls	Factor report
USPS-FY14-NP13\Reports\FY14.BRpt.xls	"B" report (PESSA detail)
USPS-FY14-NP13\Reports\FY14.CRpt.xls	Cost segments and components report
USPS-FY14-NP13\Reports\FY14.DRpt.xls	Final adjustments

The following items found in this report are used as input/output to USPS-FY14-NP13:

Items in this Report Used as Input to USPS-FY14-NP13

Item Number	Data/Information Used
USPS-FY14-8	• Equipment and Facility Related Costs
USPS-FY14-NP13	• FY 2014 CRA "B" Workpapers
USPS-FY14-NP18	• Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY14-NP21	• In-Office Cost System (IOCS) Documentation (Nonpublic Version)
USPS-FY14-NP26	• FY 2014 Special Cost Studies Workpapers – Special Services (Non-public Version)
USPS-FY14-NP27	• FY 2014 Domestic Competitive NSA & Nonpostal Materials
USPS-FY14-NP29	• Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)
USPS-FY14-NP28	• FY 2014 Revenue, Pieces, & Weight (Nonpublic Version)

Items in this Report Utilizing Output from USPS-FY14-NP13

Item Number	Data/Information Provided
USPS-FY14-NP4	• FY 2014 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, & Changes)
USPS-FY14-NP10	• FY 2014 Competitive Product Incremental and Group Specific Costs
USPS-FY14-NP11	• FY 2014 Nonpublic Cost and Revenue Analysis (NPCRA) Report
USPS-FY14-NP12	• FY 2014 Nonpublic Cost Segments and Components Report
USPS-FY14-NP19	• FY 2014 Non-Operation Specific Piggyback Factors (Nonpublic Version)

USPS-FY14-NP14

This item is entitled:

USPS-FY14-NP14 FY 2014 CRA “B” Workpapers, (Non-Public Version)

USPS-FY14-NP14, FY 2014 CRA “B” Workpapers, input and calculates costs by cost segment which are used by USPS FY 2014-NP14, CRA Model, to produce USPS-FY14-NP12, Cost Segments and Components Report. The workpapers calculate attributable costs by product for 14 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. ACR2013, PRC-ACR2013-NP-LR1 and USPS-FY13-NP14. USPS-FY14-32 is the corresponding public folder.

The USPS-FY14-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-FY14-NP14:

Items in this Report Used as Input to USPS-FY14-NP14

Item Number	Data/Information Used
USPS-FY14-NP7	<ul style="list-style-type: none"> • Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)
USPS-FY14-NP18	<ul style="list-style-type: none"> • Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY14-NP21	<ul style="list-style-type: none"> • In-Office Cost System (IOCS) Documentation (Nonpublic Version)
USPS-FY14-NP22	<ul style="list-style-type: none"> • City Carrier Cost System (CCCS) Documentation (Nonpublic Version)
USPS-FY14-NP23	<ul style="list-style-type: none"> • Rural Carrier Cost System (RCCS) Documentation (Nonpublic Version)
USPS-FY14-NP24	<ul style="list-style-type: none"> • Transportation Cost Systems (TRACS) Documentation (Nonpublic Version)

Items in this Report Utilizing Output from USPS-FY14-NP14

Item Number	Data/Information Provided
USPS-FY14-19	• FY 2014 Delivery Costs By Shape
USPS-FY14-NP10	• FY 2014 Competitive Product Incremental and Group Specific Costs
USPS-FY14-NP14	• FY 2014 CRA Model (Model Files, Cost Matrices, and Reports)

USPS-FY14-NP15

This item is entitled:

USPS-FY14-NP15 FY 2014 Parcel Select / Parcel Return Service (PRS)
Mail Processing Cost Model

USPS-FY14-NP15 documents the mail processing unit cost estimates for the Parcel Select / Parcel Return Service (PRS) price categories.

Docket No. RM2015-3, Proposal Ten is the predecessor document. There is no corresponding public document to USPS-FY14-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-FY14-NP27.

The Parcel Select / Parcel Return service mail processing unit cost estimates are presented in the Microsoft Excel workbook 'USPS-FY14-NP15.xls' in the spreadsheet tab entitled 'Summary' (page 1).

The following items found in this report are used as input/output to USPS-FY14-NP15:

Items in this Report Used as Input to USPS-FY14-NP15

Item Number	Data/Information Used
USPS-FY14-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY14-23	• MODS Productivity Data
USPS-FY14-25	• FY 2014 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY14-NP18	• Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY14-NP20	• FY 2014 Mail Processing Costs by Shape (Non-public Version)

Items in this Report Utilizing Output from USPS-FY14-NP15

Item Number	Data/Information Provided
USPS-FY14-NP27	• FY 2014 Domestic Competitive NSA & Nonpostal Materials

USPS-FY14-NP16

This item is entitled: USPS-FY14-NP16 FY 2014 Parcel Select / Parcel Return Service Transportation Cost Model

USPS-FY14-NP16 documents the transportation cost estimates for the Parcel Select / Parcel Return Service (PRS) price categories.

The most recent predecessor document is Docket No. ACR2013, USPS-FY13-NP16. There is no public document that corresponds to USPS-FY14-NP16.

The Parcel Select / Parcel Return Service transportation cost estimate outputs are relied upon to estimate stamped envelope costs in USPS-FY14-28 and to support the negotiated service agreements (NSA) presentation in USPS-FY14-NP27.

The Parcel Select / Parcel Return Service transportation cost estimates are presented in the Microsoft Excel workbook ‘USPS-FY14-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-FY14-NP16:

Items in this Report Used as Input to USPS-FY14-NP16

Item Number	Data/Information Used
USPS-FY14-NP1	<ul style="list-style-type: none"> FY 2014 Competitive Product Billing Determinants
USPS-FY14-NP14	<ul style="list-style-type: none"> FY 2014 CRA “B” Workpapers, (Non-Public Version)
USPS-FY14-NP17	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers - Parcel Post Regression Analysis (Non-public Version)
USPS-FY14-NP19	<ul style="list-style-type: none"> FY 2014 Non-Operation Specific Piggyback Factors (Non-public Version)
USPS-FY14-NP27	<ul style="list-style-type: none"> FY 2014 Domestic Competitive NSA & Nonpostal Materials

Items in this Report Utilizing Output from USPS-FY14-NP16

Item Number	Data/Information Provided
USPS-FY14-28	<ul style="list-style-type: none"> FY 2014 Special Services (Public Version)
USPS-FY14-NP27	<ul style="list-style-type: none"> FY 2014 Domestic Competitive NSA & Nonpostal Materials

USPS-FY14-NP17

This item is entitled:

USPS-FY14-NP17 FY 2014 Special Cost Studies Workpapers – Parcel Select/Parcel Return Service Cube-Weight Estimation

USPS-FY14-NP17 documents the econometric analysis used to estimate the cubic feet per piece for Parcel Select / Parcel Return Service (PRS) mail pieces. Docket No. ACR2013, USPS-FY13-NP17 is the most recent predecessor document. There is no public document that corresponds to USPS-FY14-NP17.

The FY 2014 dataset used in this analysis is contained in the Microsoft Excel workbook 'PP14DATAPSPRS.xls.' The program used to estimate the econometric equations is contained in the SAS software file 'PP14DATAPSPRS.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 2014 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-FY14-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.

$$\text{Incfperpc} = -1.91486 + 1.14730 * \text{Inlbs} - 0.11494 * \text{Inlbs}^2$$

The following items found in this report are used as input/output to USPS-FY14-NP17:

Items in this Report Utilizing Output from USPS-FY14-NP17

Item Number	Data/Information Provided
USPS-FY14-NP16	<ul style="list-style-type: none"> <li data-bbox="695 1507 1175 1633">FY 2014 Special Cost Studies Workpapers – Parcel Select / Parcel Return Service Transportation Cost Model (Non-public Version)

USPS-FY14-NP18

This item is entitled:

USPS-FY14-NP18 Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)

USPS-FY14-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-FY14-NP18 Excel Workbook consists of 8 parts. Parts I through VIII correspond to parts I through VIII of USPS-FY12-NP18 in Docket No. ACR2013. USPS-FY14-NP18 SAS program codes, SAS logs and SAS output tables generated by the SAS programs correspond to those submitted for USPS-FY12-NP18.

USPS-FY14-NP18 is the non-public version of USPS-FY14-7. The competitive domestic mail and services which are aggregated in USPS-FY14-7 (public version) are reported as separate products in USPS-FY14-NP18.

USPS-FY14-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-FY14-NP18:

Items in this Report Used as Input to USPS-FY14-NP18

Item Number	Data/Information Used
USPS-FY14-23	• MODS Productivity Data
USPS-FY14-NP2	• FY 2014 International Cost and Revenue Analysis (ICRA) report
USPS-FY14-NP21	• In-Office Cost System (IOCS) Documentation (Nonpublic Version)

Items in this Report Utilizing Output from USPS-FY14-NP18

Item Number	Data/Information Provided
USPS-FY14-2	<ul style="list-style-type: none"> FY 2014 Public Cost Segments and Components Report
USPS-FY14-8	<ul style="list-style-type: none"> Equipment and Facility Related Costs
USPS-FY14-10	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY14-11	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model
USPS-FY14-12	<ul style="list-style-type: none"> Standard Mail Hybrid/Parcel Cost Study
USPS-FY14-14	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail
USPS-FY14-15	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)
USPS-FY14-21	<ul style="list-style-type: none"> FY 2014 QBRM and BRM Costs
USPS-FY14-25	<ul style="list-style-type: none"> FY 2014 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY14-26	<ul style="list-style-type: none"> FY 2014 Mail Processing Costs by Shape (Public Version)
USPS-FY14-28	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers – Special Services
USPS-FY14-31	<ul style="list-style-type: none"> FY 2014 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)
USPS-FY14-32	<ul style="list-style-type: none"> FY 2014 CRA “B” Workpapers (Public Version)
USPS-FY14-NP7	<ul style="list-style-type: none"> Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)
USPS-FY14-NP10	<ul style="list-style-type: none"> FY 2014 ICM Data
USPS-FY14-NP14	<ul style="list-style-type: none"> FY 2014 CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY14-NP14	<ul style="list-style-type: none"> FY 2014 CRA “B” Workpapers
USPS-FY14-NP15	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers – Parcels Cost Model (Non-public Version)
USPS-FY14-NP20	<ul style="list-style-type: none"> FY 2014 Mail Processing Costs by Shape (Non-public Version)
USPS-FY14-NP26	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers – Special Services (Non-public Version)
USPS-FY14-NP27	<ul style="list-style-type: none"> FY 2014 Domestic Competitive NSA & Nonpostal Materials

USPS-FY14-NP19

This item is entitled:

USPS-FY14-NP19 FY 2014 Non-Operation Specific Piggyback Factors
(Non-public Version)

USPS-FY14-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. ACR2013, USPS-FY13-NP19. USPS-FY14-24 is the corresponding public document.

Results can be seen in the Microsoft Office Excel workbook FY14NP.PB.xls.

The following items found in this report are used as input/output to USPS-FY14-NP19:

Items in this Report Used as Input to USPS-FY14-NP19

Item Number	Data/Information Used
USPS-FY14-NP14	<ul style="list-style-type: none"> FY 2014 CRA Model (Model Files, Cost Matrices, and Reports)

Items in this Report Utilizing Output from USPS-FY14-NP19

Item Number	Data/Information Provided
USPS-FY14-24	<ul style="list-style-type: none"> FY 2014 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY14-NP20	<ul style="list-style-type: none"> FY 2014 Mail Processing Costs by Shape (Non-public Version)
USPS-FY14-NP27	<ul style="list-style-type: none"> FY 2014 Domestic Competitive NSA & Nonpostal Materials
USPS-FY14-NP25	<ul style="list-style-type: none"> Mail Characteristics Study (Non-public Version)

USPS-FY14-NP20

This item is entitled:

USPS-FY14-NP20 FY 2014 Mail Processing Costs by Shape (Non-public Version)

USPS-FY14-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. ACR2013, USPS-FY13-NP20 is predecessors as far as methodology. USPS-FY14-26 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 shp14.prc.parcel select prs.xls.

The following items found in this report are used as input/output to USPS-FY14-NP20:

Items in this Report Used as Input to USPS-FY14-NP20

Item Number	Data/Information Used
USPS-FY14-25	<ul style="list-style-type: none"> FY 2014 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY14-NP18	<ul style="list-style-type: none"> Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY14-NP19	<ul style="list-style-type: none"> FY 2014 Non-Operation Specific Piggyback Factors (Non-public Version)
USPS-FY14-NP25	<ul style="list-style-type: none"> Mail Characteristics Study (Non-public Version)

Items in this Report Utilizing Output from USPS-FY14-NP20

Item Number	Data/Information Provided
USPS-FY14-27	<ul style="list-style-type: none"> FY 2014 Nonprofit Mail Cost Approximations
USPS-FY14-NP15	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers – Parcels Cost Model (Non-public Version)

USPS-FY14-NP21

This item is entitled:

USPS-FY14-NP21 In-Office Cost System (IOCS) Documentation
(Nonpublic Version)

USPS-FY14-NP21 documents the In-Office Cost System, including statistical design for and estimation of in-office labor costs. It also presents FY14 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 ACR2013, USPS-FY13-NP21. USPS-FY14-37, 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 FY13. 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-FY14-NP21:

Items in this Report Utilizing Output from USPS-FY14-NP21

Item Number	Data/Information Provided
USPS-FY14-1	<ul style="list-style-type: none"> FY 2014 Public Cost and Revenue Analysis (PCRA) Report
USPS-FY14-7	<ul style="list-style-type: none"> Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY14-18	<ul style="list-style-type: none"> FY 2014 ECR Mail Processing Unit Costs
USPS-FY14-20	<ul style="list-style-type: none"> FY 2014 Window Service Cost by Shape
USPS-FY14-22	<ul style="list-style-type: none"> FY 2014 Bound Printed Matter Mail Processing Costs
USPS-FY14-19	<ul style="list-style-type: none"> FY 2014 Delivery Costs By Shape
USPS-FY14-NP2	<ul style="list-style-type: none"> FY 2014 International Cost and Revenue Analysis (ICRA) report
USPS-FY14-NP7	<ul style="list-style-type: none"> Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)
USPS-FY14-NP9	<ul style="list-style-type: none"> FY 2014 Miscellaneous International Data
USPS-FY14-NP11	<ul style="list-style-type: none"> FY 2014 Nonpublic Cost and Revenue Analysis (NPCRA) Report
USPS-FY14-NP12	<ul style="list-style-type: none"> FY 2014 Nonpublic Cost Segments and Components Report
USPS-FY14-NP14	<ul style="list-style-type: none"> FY 2014 CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY14-NP14	<ul style="list-style-type: none"> FY 2014 CRA "B" Workpapers, (Non-Public Version)
USPS-FY14-NP18	<ul style="list-style-type: none"> Cost Segment 3 Cost Pools & Other Related Information (Nonpublic Version)

USPS-FY14-NP22

This item is entitled:

USPS-FY14-NP22 City Carrier Cost System (CCCS) Documentation
(Nonpublic Version)

USPS-FY14-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-FY14-34.

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 below.

Minor changes were made to the PS Form 2846 in FY14 to reflect new product categories and to provide separate collection mail estimates for products that previously made up the 'Package Services' category. The Carrier Cost Systems now have merged the former Delivery Confirmation and USPS Tracking distribution keys into one category, USPS Tracking. This reflects the change by the Postal Service to rename Delivery Confirmation to USPS Tracking. Additionally, the flat-shaped distribution keys for Standard Regular, ECR Basic, and ECR HD are adjusted using FY13 CCCS distribution keys for those products to correct for FSS-marked pieces that do not have the correct ECR markings.

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-FY14-NP22

Item Number	Data/Information Provided
USPS-FY14-19	• FY 2014 Delivery Costs By Shape
USPS-FY14-32	• FY 2014 CRA "B" Workpapers (Public Version)
USPS-FY14-NP3	• FY 2014 International Cost Segments and Components Report

USPS-FY14-NP23

This item is entitled:

USPS-FY14-NP23 Rural Carrier Cost System (RCCS) Documentation
(Nonpublic Version)

USPS-FY14-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-FY14-35.

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 below.

Minor changes were made to the PS Form 2848 in FY14 to reflect new product categories. The Carrier Cost Systems now have merged the former Delivery Confirmation and USPS Tracking distribution keys into one category, USPS Tracking. This reflects the change by the Postal Service to rename Delivery Confirmation to USPS Tracking. Additionally, the FSS distribution keys for Standard Regular, ECR Basic, and ECR HD are adjusted using FY13 RCCS distribution keys for those products to correct for FSS-marked pieces that do not have the correct ECR markings.

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-FY14-NP23

Item Number	Data/Information Provided
USPS-FY14-19	<ul style="list-style-type: none"> • FY 2014 Delivery Costs By Shape
USPS-FY14-32	<ul style="list-style-type: none"> • FY 2014 CRA "B" Workpapers (Public Version)
USPS-FY14-NP3	<ul style="list-style-type: none"> • FY 2014 International Cost Segments and Components Report
USPS-FY14-NP14	<ul style="list-style-type: none"> • FY 2014 CRA "B" Workpapers, (Non-Public Version)

USPS-FY14-NP24

This item is entitled:

USPS-FY14-NP24 Transportation Cost Systems (TRACS) Documentation
(Nonpublic Version)

USPS-FY14-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 FY14 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. ACR2013 USPS-FY13-NP24. A public version of this document is provided as: USPS-FY14-36 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-FY14-NP24:

Items in this Report Utilizing Output from USPS-FY14-NP24

Item Number	Data/Information Provided
USPS-FY14-NP2	• FY 2014 International Cost and Revenue Analysis (ICRA) report
USPS-FY14-32	• FY 2014 CRA "B" Workpapers (Public Version)
USPS-FY14-NP14	• FY 2014 CRA "B" Workpapers

USPS-FY14-NP25

This item is entitled:

USPS-FY14-NP25 Mail Characteristics Study (Non-public Version)

USPS-FY14-NP25 is the nonpublic portion of USPS-FY14-14. 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-FY14-14).

Predecessor documents include Docket No. ACR2013 USPS-FY13-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 2014 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 2014V.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-FY14-14.

USPS-FY14-NP26

This item is entitled:

USPS-FY14-NP26 FY 2014 Special Cost Studies Workpapers – Special Services (Non-Public Version)

USPS-FY14-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 ACR2013 USPS-FY13-NP26. The public version of this item for special services is USPS-FY14-28.

The following items found in this report are used as input/output to USPS-FY14-NP26:

Items in this Report Used as Input to USPS-FY14-NP26

Item Number	Data/Information Used
USPS-FY14-1	• FY 2014 Public Cost and Revenue Analysis (PCRA) Report
USPS-FY14-2	• FY 2014 Public Cost Segments and Components Report
USPS-FY14-4	• FY 2014 Market Dominant Billing Determinants
USPS-FY14-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY14-8	• Equipment and Facility Related Costs
USPS-FY14-24	• FY 2014 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY14-25	• FY 2014 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY14-26	• FY 2014 Mail Processing Costs by Shape (Public Version)
USPS-FY14-NP1	• FY 2014 Competitive Product Billing Determinants

Items in this Report Utilizing Output from USPS-FY14-NP26

Item Number	Data/Information Provided
USPS-FY14-31	• FY 2014 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)

USPS-FY14-NP27

This item is entitled:

USPS-FY14-NP27 FY 2014 Domestic Competitive NSA and Nonpostal
Materials

USPS-FY14-NP27 develops FY 2014 costs for competitive Negotiated Service Agreements (NSAs), market tests, and nonpostal services. These materials were provided previously in ACR2013, USPS-FY13-NP27. There is no corresponding public document.

In addition to the preface, USPS-FY14-NP27 includes following NSA workbooks:

Overall summary of NSAs:

NSACostRevenueSummaryFY14.xls:

Partner cost analysis templates, with the naming convention:

[PartnerName]_[Product]_Analysis_FY14.xls

And if applicable,

[PartnerName]_[Product]_Summary_Analysis_FY14.xls

Support workbooks that summarize costs for each competitive product category:

SupportPriority_FY14.xls

SupportExpress_FY14.xls

SupportGround_FY14.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-FY14-NP27:

Items in this Report Used as Input to USPS-FY14-NP27

Item Number	Data/Information Used
USPS-FY14-5	<ul style="list-style-type: none"> Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)
USPS-FY14-NP1	<ul style="list-style-type: none"> FY 2014 Competitive Product Billing Determinants
USPS-FY14-NP12	<ul style="list-style-type: none"> FY 2014 Non-public Cost Segments and Components Report
USPS-FY14-NP14	<ul style="list-style-type: none"> FY 2014 CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY14-NP14	<ul style="list-style-type: none"> FY 2014 CRA "B" Workpapers, (Non-Public Version)
USPS-FY14-NP15	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers – Parcels Cost Model (Non-public Version)
USPS-FY14-NP16	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers – Bound Printed Matter and Parcel Post Transportation Costs / Bulk Parcel Return Service Cost Study (Non-public Version)
USPS-FY14-NP18	<ul style="list-style-type: none"> Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY14-NP19	<ul style="list-style-type: none"> FY 2014 Non-Operation Specific Piggyback Factors (Non-public Version)
USPS-FY14-NP26	<ul style="list-style-type: none"> FY 2014 Special Cost Studies Workpapers – Special Services (Nonpublic Version)

Items in this Report Utilizing Output from USPS-FY14-NP27

Item Number	Data/Information Provided
USPS-FY14-NP14	<ul style="list-style-type: none"> FY 2014 CRA Model (Model Files, Cost Matrices, and Reports)

USPS-FY14-NP28

This item is entitled:

USPS-FY14-NP28 FY 2014 Revenue, Pieces, and Weight Report (Non-Public Version)

USPS-FY14-NP28 contains the U.S. Postal Service Revenue, Pieces, and Weight (RPW) Report for FY 2014. It also contains the RPW Extract Files.

The material in USPS-FY14-42 was provided in USPS-FY12-42 for the FY 2013 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, 2013.

The public version of the RPW material, which contains information on individual competitive products, is presented in USPS-FY14-42.

USPS-FY14-NP28 does not rely on input from any other set of material presented as part of the FY 2014 ACR. The revenue, pieces, and weight data by product provided in USPS-FY14-NP28, however, are used as inputs for many portions of the ACR, as well as several other Postal Service reports.

In addition to this Preface and the RWP Extract Files, USPS-FY14-NP28 consists of five Excel files containing annual and quarterly FY 2014 RPW data. The following is a list of those files:

FY2014Q1_RPWSUMMARYREPORT_RESTRICTED.XLS (revised)
FY2014Q2_RPWSUMMARYREPORT_RESTRICTED.XLS (revised)
FY2014Q3_RPWSUMMARYREPORT_RESTRICTED.XLS (revised)
FY2014Q4_RPWSUMMARYREPORT_RESTRICTED.XLS
FY2014_RPWSUMMARYREPORT_RESTRICTED.XLS

USPS-FY14-NP29

This item is entitled:

USPS-FY14-NP29 Fiscal Year 2010 Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Non-Public Version)

The Fiscal Year 2014 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 2014 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-FY13-NP29 for the FY 2013 Annual Compliance Report filing (Docket No. ACR2013, December 27, 2013). A public version of this document is provided as USPS-FY14-5, Fiscal Year 2014 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) are 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-FY14-NP29:

Items in this Report Used as Input to USPS-FY14-NP29

Item Number	Data/Information Used
USPS-FY14-31	<ul style="list-style-type: none"> <li data-bbox="690 1528 1183 1619">FY 2014 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)
USPS-FY14-NP14	<ul style="list-style-type: none"> <li data-bbox="690 1627 1183 1682">FY 2014 CRA Model (Model Files, Cost Matrices, and Reports)

USPS-FY14-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 14 – Cost Segment 14 (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 & Corporate wide 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

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-FY14-1 FY 2014 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-FY14-2 FY 2014 Public Cost Segments And Components Report

The FY 2014 Public Cost Segments and Components Report conforms to the methodology most recently applied in the Commission's FY 2013 Annual Compliance Determination, except for the methodology changes to the CRA 'B' workpapers discussed in USPS-FY2014-32.

USPS-FY14-3 FY 2014 Discounts and Passthroughs of Workshare Items

Costs avoided due to worksharing are developed in the input folders and Price List identified in the Input/Output section below. The cost methodologies used are described in the individual input folders. 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.

USPS-FY14-4 FY 2014 Market Dominant Billing Determinants

The methodologies used to produce the FY 2014 Billing Determinants follow the methodologies used in the FY 2013 and earlier versions of the billing determinants.

USPS-FY14-5 Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)

Lump sums totaling \$15.5 million for early-out incentive payments made to personnel from all areas of the Postal Service were moved from Cost Segment 1: Postmasters (\$14.6 million) and Cost Segment 3: Clerks & Mailhandlers (\$0.9 million) to Cost Segment 18: HQ & Area Administration & Corporatewide Personnel Costs, Component 1430 (Miscellaneous Personnel Compensation). Also, \$38.7 million for debit and credit card fees paid to banks to facilitate customer purchases of Postal products and services were moved from Cost Segment 16: Supplies and Services to Cost Segment 13: Miscellaneous Local Operations, Component 126 (Credit and Debit Card Services). Otherwise, no substantive changes were made to cost segments or components or to the structure of the workbook in FY 2014.

USPS-FY13-6 General Classification of Accounts

There have been no changes in methodology for this item.

USPS-FY14-7 Cost Segment 3 Cost Pools and Other Related Information

USPS-FY14-7 uses the same methodology as described in USPS-FY13-7, with no substantive changes to the MODS- and IOCS-based cost pools or cost distribution methods for FY2014.

The MODS cost pools SPBS OTH and SPBSPRIO, and the NDC cost pool SPB, have been retitled for FY14 as APBS OTH, APBSPRIO, and APBS, respectively. The name change reflects the completion of the conversion of SPBS equipment to APBS. These cost pools continue to encompass operations for several types of bundle and package sorting equipment, including APBS, APPS, and LIPS.

Costs for Customer Care Centers are reported separately from other MODS administrative costs for FY2014. The total of the Customer Care Center and other MODS administrative costs is comparable to the total MODS administrative cost in FY2013.

The PC-SAS code for FY2014 has been modified to improve the maintainability of the code and to streamline processing of the SAS outputs. As described in Section III, below, the modifications include replacing SAS modules with hard-coded inputs with Excel workbooks, and producing key outputs in Excel workbook form rather than text files. These modifications do not change cost methodologies.

USPS-FY13-8 Equipment and Facility Related Costs

USPS-FY14-8 uses the same facility space costing methodology as USPS-FY13-8 from Docket No. ACR2013.

USPS-FY14-8 uses the same equipment cost methodology as USPS-FY13-8 from Docket No ACR2013. There was the addition of the new equipment category PASS/DSS as noted above.

USPS-FY14-9 ACR Roadmap Document

The methodologies used to produce the FY 2014 Billing Determinants follow the methodologies used in the FY 2013 and earlier versions of the billing determinants.

USPS-FY14-10 FY 2014 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 proposed to consolidate MODS operation groups associated with productivity calculations into Manual Incoming and Outgoing groups. PRC issued Order No. 2076 ruling on each modification. Order No. 2076 ruling has been incorporated into models filed in this ACR.

Methodological Changes: All CSBCS machines were taken out of service by the end of FY13. Therefore, USPS-FY14-23 (MODS Productivity data) did not report/update the CSBCS productivity. Since the Auto 3-Pass DPS (CSBCS) cost nodes still occur in the 'model' and 'cost' sheets in USPS-FY14-10, it was necessary to nullify the effect of those nodes. A toggle switch was deployed that nullifies the effect of offending nodes. Turning the toggle switch "off" adheres to PRC methodology but renders the model unusable. Turning it "on" is necessary to avoid cascading "#DIV/0!" errors in computations of "Direct Cents Per Piece" in the 'cost' worksheets of each price category by hardcoding zero for such computations. Once the nodes are eliminated from the worksheets in the future, this issue will be resolved. The toggle switch occurs in each FCM and STD model in the worksheet marked "Toggle Switch" in cell E2.

USPS-FY14-11 FY 2014 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model

In Docket No. RM 2014-1, Proposal Eight, 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. The Commission issued Order No. 2076 (May 8, 2014) ruling on each modification. Order No. 2076 ruling has been incorporated into models filed in this ACR.

USPS-FY14-12 Standard Mail Parcel/ Not Flat Machinable Cost Study

The Standard Mail parcel mail processing cost model relies on the same cost methodology that was presented by the Postal Service in Docket No. RM 2015-3, Proposal Ten.

USPS-FY14-13 FY 2014 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. RM2015-3, Proposal Ten and Docket No. ACR2013, USPS-FY13-13, respectively.

USPS-FY14-14 Mail Characteristics Study (Public Version)

None for FY 2014

USPS-FY14-15 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. ACR2013, USPS-FY13-15. The Media Mail – Library Mail mail processing cost model relies on the same methodology presented in Docket No. RM2015-3, Proposal Ten.

USPS-FY14-16 FY 2014 Special Cost Studies Workpapers – Bound Printed Matter Transportation Costs / Bulk Parcel Return service Cost Study

The Bound Printed Matter transportation cost model relies on the same methodology presented in Docket No. ACR2013, USPS-FY13-15. The Bulk Parcel Return Service cost model relies on the same methodology presented in Docket No. RM2015-3, Proposal Ten.

USPS-FY14-17 FY2014 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 2014. USPS-FY14-17 consists of that combined Annual Report and includes the FY 2014 Comprehensive Statement on Postal Operations and also contains the Annual Performance Report and Plan.

USPS-FY14-18 FY2014 ECR Mail Processing Unit Costs

USPS-FY14-NP18 uses the same methodology as described in USPS-FY13-NP18, with no substantive changes to the MODS- and IOCS-based cost pools or cost distribution methods for FY2014.

The MODS cost pools SPBS OTH and SPBSPRIO, and the NDC cost pool SPB, have been retitled for FY14 as APBS OTH, APBSPRIO, and APBS, respectively. The name change reflects the completion of the conversion of SPBS equipment to APBS. These cost pools continue to encompass operations for several types of bundle and package sorting equipment, including APBS, APPS, and LIPS.

Costs for Customer Care Centers are reported separately from other MODS administrative costs for FY2014. The total of the Customer Care Center and other MODS administrative costs is comparable to the total MODS administrative cost in FY2013.

The PC-SAS code for FY2014 has been modified to improve the maintainability of the code and to streamline processing of the SAS outputs. As described in Section III, below, the modifications include replacing SAS modules with hard-coded inputs with Excel workbooks, and producing key outputs in Excel workbook form rather than text files. These modifications do not change cost methodologies.

USPS-FY14-19 FY 2014 Delivery Costs By Shape

USPS-FY14-19 utilizes the established methodology from PRC-ACR2013-LR6. In addition, this cost model disaggregates, by indicia – stamped, metered, and other, the delivery cost estimate for First-Class Single Piece Letters.. Stamped pieces include those affixed with stamps, PVI, or APC IBI. Metered pieces include those affixed with meters, permits, or Non-APC IBI. ‘Other’ pieces encompass all other postage methods. This disaggregation of delivery costs was discussed in the Postal Service’s original filing of Docket No R2013-10 at 19 (footnote 12).. In cost segment 6, the costs were assigned based on IOCS readings. In cost segments 7 and 10, the delivery (not including collection) costs were assigned based on proportions estimated by the Carrier Cost System (CCS). Both carrier systems (City Carrier Cost System (CCCS) and Rural Carrier Cost System (RCCS) started collecting indicia on delivered pieces in PQ2FY14. However, since neither system captures indicia information on collected pieces, each indicia type receives the same unit collection cost. The specific calculations used to disaggregate the delivery costs are shown in workbook **UDCModel14**, tab **’3.SummaryBY’**, rows 3-5.’ and the disaggregated delivery costs are also included in tab **’Table 1’**.

USPS-FY14-20 FY 2014 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. ACR2013, USPS-FY13-20, and predecessor documents provided with the 2008 through 2013 Annual Compliance Reports

USPS-FY14-21 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. ACR2013, USPS-FY13-21.

USPS-FY14-22 FY 2014 Bound Printed Matter Mail Processing Costs

This analysis uses the same methodology as described in Docket No. R2006-1, USPS-LR-L-109. This methodology was also used in Docket No. ACR2007 through ACR2012, and most recently Docket No. ACR2013, USPS-FY13-22.

USPS-FY14-23 MODS Productivity Data

The productivities for plant and NDC operations employ data from the Management Operating Data System (MODS). The calculations follow 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) and Docket No. RM2014-1, Proposal Eight (approved in part in Commission Order No. 1877). For FY2014, the calculations have been implemented using the Stata software package, replacing previous Fortran and TSP code, without changing the approved methodology.

Productivities for Remote Encoding Center (REC) operations are based on image volumes and console hours from the Web ROADS system, adjusted for "overhead" workhours included in the MODS workhour total.

In USPS-FY13-23, Carrier Sequence Barcode Sorter (CSBCS) productivity was calculated using the methodology described in Docket No. RM2010-5, Proposal Twenty-Seven (approved in Postal Regulatory Commission Order No. 394). The Postal Service observed in USPS-FY13-23 that the last CSBCS equipment was withdrawn from service at the end of FY2013. As a result of the CSBCS retirement, the data needed for the CSBCS calculation do not exist, and the CSBCS productivity has not been updated for FY2014.

USPS-FY14-24 FY 2014 Non-Operation Specific Piggyback Factors (Public Version)

USPS-FY14-24 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. New for FY 2014 is the calculation of piggyback factors for Customer Care Centers, which is a new administrative clerk component described in RM2015-5, Proposal 12.

USPS-FY14-25 FY 2014 Mail Processing Piggyback Factors (Operation Specific)

USPS-FY14-25 uses the same methodology as USPS-FY13-25 from Docket No. ACR2013. This is the PRC cost methodology from Docket No. R2006-1, as described in the testimony of witness Marc Smith, USPS-T-13.

For this fiscal year, the workbook MPPGBY14PRC.XLS was adjusted to accommodate the new equipment category PASS/DSS (or Passive Adaptive Scanning System/Delivery Sortation System), which is described in USPS-FY14-8. The depreciation, maintenance labor and parts/supplies costs for this new category was incorporated into the piggyback factor costs for the delivery unit processing cost pools where this new equipment is used.

USPS-FY14-26 FY 2014 Mail Processing Costs by Shape (Public Version)

USPS-FY14-26 uses the same methodology as USPS-FY13-26 from Docket No. ACR2013.

USPS-FY14-27 FY 2014 Nonprofit Mail Cost Approximations

The methodology used in this analysis follows that of USPS-FY13-27. The billing determinants for Nonprofit Standard Mail from USPS-FY14-4 for the full fiscal year 2014 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-FY14-30, FY14 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-FY14-12. The "Other Costs" were obtained by volume-weighting the unit costs already determined, summing and subtracting from the "CRA Summary" total unit cost. As necessary, those unit costs were adjusted to accommodate the destination entry cost avoidances by shape from USPS-FY14-14. As the average costs for the categories of Standard Mail do not represent the transportation and non-transportation costs of "non-drop-ship" mail, but rather, the weighted average of drop-ship and non-drop-ship mail, the unit costs for nondropship mail are increased whereas the costs for drop-shipped mail are decreased relative to the

national average costs. The drop-ship adjustments for letters and flats include both the transportation and non-transportation cost avoidances, but for Standard Mail Parcels and Marketing Parcels, the non-transportation cost avoidances for various levels of destination entry are already included in the unit costs provided by USPS-FY14-12. **USPS-FY14-27**

Thus, the adjustments to Standard Mail Parcels and Marketing Parcels in tab “Drop-ship Adjustment” only include the transportation drop-ship cost avoidances. The barcode cost is obtained from USPS-FY14-12, 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-FY14-18, FY14 ECR Unit Costs.xlsx, and tab “Table 1”. Window Costs, Vehicle Service Driver Costs, and Transportation Costs were obtained from FY 14 NSA Unit Cost Detail Data Calculation.xls, tab “CRA Summary” multiplied by the appropriate piggyback in tab “Piggy’s” 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-FY14-28 FY 2014 Special Cost Studies Workpapers – Special Services

USPS-FY14-28 relies on the Postal Regulatory Commission (PRC) cost methodology based on USPS-FY14-28 and 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 FY14.

The Postal Service also proposed to correct and improve the cost models related to Return Receipt service in Proposal 15 (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 FY14.

USPS-FY14-29 FY 2014 Service Performance of Market Dominant Products

The basic methodology used for service performance measurement is the same as described in the USPS-FY13-29. The changes made to measurement during the year are described in the enclosed reports.

USPS-FY14-30 FY 2014 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 14 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 is 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 14 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-FY14-31 FY 2014 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)

The CRA model documented in USPS-FY14-31 uses the same cost methodology and structure as that filed in Docket No. ACR2013, with the following modifications:

1. Parcel Post was changed from a Market Dominant product, mail class 83, and merged with the Competitive product, Standard Post, class 190.
2. A new cost component, 424, was added in C/S 3.3 for Customer Care Centers. The component is loaded from B Workpapers.
3. Costs for Retail Credit Card fees were moved from CS16 to component 126, in C/S 14.3.2 and the amount attributed to products were identified and included in that component.

4. A new equipment distribution key (977) was added for PASS/DSS to 98.2. This DK will have the Manual Parcel Sorting (MANP) cost pool variability and a distribution key based on RPW parcel volumes and be printed in F Report
5. An Equipment Maintenance Labor factor (1234) was added in 98.8 for PASS/DSS and distributed in A Module using routine "DA" and distribution key 977.
6. A new Equipment Parts and Supplies factor (1264) was added in 98.9 for PASS/DSS, distributed in A Module using routine "DA" and distribution key 977.
7. Changed SPBS to APBS in components 910, 944, 1010, 1044, 1110, and 1144. Changed 'Small Parcel Bundle Sorter' to 'Automated Parcel Bundle Sorter' in components 987, 1214, 1244, 1274.
8. The Alaska Air Adjustment was removed from calculation in the CRA model.
9. A component (569) was added to C/S 12., Vehicle Hire for Rural Carriers, and distributed on component 72 in the A Report.

PS-FY14-32 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 FY14 adhere to the Postal Regulatory Commission (PRC) methods. The USPS-FY14-32, "B" Workpapers, include the following methodological changes from FY13.

Cost Segment 3

Clerk labor costs incurred from delivery scans are now assigned directly to the host product in the cost model, USPS-FY14-NP14 workbook CS03, rather than through a "D" Report adjustment. For more information, see Docket No. RM2014-6, Proposal Eight, Order 2180, September 10, 2014.

A cost methodology was developed for Customer Care Centers. Customer Care Centers primarily address questions from customers about postal products and services. Previously, these services were handled by a contractor and were included in Cost Segment 16. Recently, the Customer Care Centers were insourced and are now staffed by postal clerks. Thus, the labor costs associated with the Customer Care Centers are included in Cost Segment 3. A new cost component, Customer Care Centers - number 424, was created within Cost Component Group 3.3 to properly attribute and assign these costs to products. For more information, see Docket No. RM2015-5, Proposal Twelve, November 7, 2014.

Cost Segment 6

Every Door Direct Mail – Retail (EDDM-R) was first reported as a product in the 2013 ACR. 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. The same costing method was used in FY13.

City carrier in-office labor costs incurred from delivery scans are now assigned directly to the host product in the city carrier cost model, USPS-FY14-NP14 workbook CS06&7, rather than through a “D” Report adjustment. For more information, see Docket No. RM2014-6, Proposal Eight, Order 2180, September 10, 2014.

Cost Segment 7

Every Door Direct Mail – Retail (EDDM-R) was first reported as a product in the 2013 ACR. 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 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. The same costing method was used in FY13.

In FY14, CCCS has started collecting information on specific products within Package Services as well as separate information for First-Class Parcels and First-Class Package Service individually, thus RPW proportions are no longer used to assign collection costs to those products.

City carrier street labor costs incurred from delivery scans are now assigned directly to the host product in the city carrier cost model, USPS-FY14-NP14 workbook CS06&7, rather than through a “D” Report adjustment. For more information, see Docket No. RM2014-6, Proposal Eight, Order 2180, September 10, 2014.

Cost Segment 10

Every Door Direct Mail – Retail (EDDM-R) was first reported as a product in the 2013 ACR. 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 same costing method was used in FY13.

Rural carrier labor costs incurred from delivery scans are now assigned directly to the host product in the rural carrier cost model, USPS-FY14-NP14 workbook CS10, rather than through a “D” Report adjustment. For more information, see Docket No. RM2014-6, Proposal Eight, Order 2180, September 10, 2014.

Cost Segment 12

The FY14 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 are distributed based on the established method using the new web-based system named Solution for Enterprise Asset Management (SEAM). SEAM contains the same information previously captured by the Vehicle Maintenance System (VMAS). In FY13, however, the relevant attributable costs were distributed based on FY12 VMAS data due to the unavailability of timely data from SEAM.

The established attribution and distribution of Vehicle Hire costs, cost component group 12.3, is based on the PRC methodology from Docket No. R2000-1. Vehicle Hire costs stem from rental vehicles used to supplement or temporarily replace postal owned vehicles. In R2000-1, a special survey was litigated to determine the types of vehicles being rented. Costs were assigned based on the survey results to the following six categories: 1) City Special Purpose Route Carriers; 2) City Letter Route Carriers; 3) Expedited Delivery; 4) Vehicle Service; and 5) Rural Carriers and 6) Other. The survey, however, illustrated that vehicles rented for rural routes were negligible; consequently, they were not assigned any costs. The costs were then given the attribution and distribution treatment consistent with the personnel that used the vehicles. In subsequent years, in lieu of a survey, Vehicle Hire costs were to be assigned based on the relative annual amount of labor and parts from cost

component groups 12.1 and 12.2 to the same six categories.

In preparing the CS12 workpapers for the 2014 ACR, an error was discovered that kept the relative proportions of Vehicle Hire costs hard coded. This submission corrects that error and allows Vehicle Hire Costs to change each year with the change in vehicle usage consistent with the established methodology. This correction resulted in Rural Costs for Vehicle Hire to be materially different from zero. This change is reflected with new cells in the CS12 workbook, tabs '12.3.1' and 'Output to CRA'.

Cost Segment 13

Three method changes were introduced in Cost Segment 13 for the 2014 ACR. All changes involved the treatment of costs incurred from the use of credit and debit cards. One, the portion of costs in general ledger account 52359, Professional and Other Miscellaneous Services, sustained from the use of credit and debit cards has been transferred from cost segment 16, component 177 to cost segment 13, cost component 129, *Federal Reserve and Commercial Banks*. Two, the method of determining the attribution level is now based on the proportion of applicable revenue that can be directly aligned with postal products. Third, new distribution factors were developed to assign the relevant costs in component 129. The new distribution factors are based on each product's share of revenue collected through the use of credit and debit cards. For more information, see Docket No. RM2015-4, Proposal Eleven, November 4, 2014. The new calculations have been added to workbook CS13, tab 13.3.2.

Cost Segment 14

The quarterly distribution factors used to assign FedEx Night Turn costs to products are now calculated using census data from the Surface Air Management System (SAMS), the Product Tracking System (PTS), and the Foreign Postal Settlement (FPS) system. For more information, see Docket No. RM2014-4, Proposal Two, Order 2101, June 25, 2014.

The purchased transportation cost model incorporates updated highway variability. For more information, see Docket No. RM2014-6, Proposal Six, Order 2180, September 10, 2014.

Cost Segment 16

The portion of costs from general ledger account 52359 incurred as the result of credit and debit card fees has been transferred to cost Segment 13, component 129, *Federal Reserve and Commercial Banks*. For more information, see Docket No. RM2015-4, Proposal Eleven, November 4, 2014.

Cost Segment 20

The FY14 attributable vehicle depreciation costs across functional areas (i.e. city carriers, rural carriers, vehicle service drivers, and administrative) are distributed based on the established method using the new web-based system named Solution for Enterprise Asset Management (SEAM). SEAM contains the same information previously captured by the Vehicle Maintenance System (VMAS). In FY13, however, the attributable vehicle depreciation costs were distributed based on FY12 VMAS data due to the unavailability of timely data from SEAM.

USPS-FY14-33 Consumer Access to Postal Services

While there is no change in the methodology to collect the data, there has been a change in the manner in which the delivery points data is presented. In prior Annual Compliance Reports, the Postal Service reported residential and business sidewalk delivery points under the umbrella categories titled "Active Res Oth1" and "Active Bus Other1" respectively. In fiscal year 2014, the Postal Service began reporting residential and business sidewalk delivery points under their own categories titled "Active Res Sdwk" and "Active Bus Sdwk" respectively. In addition, there is a new tab titled "Sdwk," which reports the number of potential residential and business sidewalk delivery points.

USPS-FY14-34 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 below.

Minor changes were made to the PS Form 2846 in FY14 to reflect new product categories and to provide separate collection mail estimates for products that previously made up the 'Package Services' category. The Carrier Cost Systems now have merged the former Delivery Confirmation and USPS Tracking distribution keys into one category, USPS Tracking. This reflects the change by the Postal Service to rename Delivery Confirmation to USPS Tracking. Additionally, the flat-shaped distribution keys for Standard Regular, ECR Basic,

and ECR HD are adjusted using FY13 CCCS distribution keys for those products to correct for FSS-marked pieces that do not have the correct ECR markings.

USPS-FY14-35 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-FY14-36 Transportation Cost Systems (TRACS) Documentation (Public Version)

For FY14, the TRACS Air Subsystem methodology is the same as explained in Docket No. ACR2013: USPS-FY11-NP24, except for one major improvement outlined below.

- **Change to Methodology of Distributing Costs Incurred by Fed Ex Night Turn air carrier.**

In FY14, the Postal Service implemented a new methodology to replace the manner in which the distribution key is developed in the TRACS Air Subsystem for the Fed Ex Night Turn air carrier. This distribution key is used to assign Fed Ex Night Turn volume-variable costs in Cost Segment (CS) 14 (purchased transportation costs) to postal products. Historically, the distribution key was developed through an ongoing statistical sampling for mail transported by the Fed Ex Night Turn air carrier. Under the new methodology, the distribution key is developed by relying on data from the Surface Air Management System (SAMS), the Product Tracking System (PTS), Foreign Postal Settlement (FPS) system, and data regularly collected by TRACS. The new method utilizes the wealth of operations data and reduces our reliance on sampling.

Certain portions of the Postal Service census data has matured to the point where it is possible to develop a reliable Fed Ex Night Turn distribution key by using readily available existing data. It is no longer necessary to maintain a separate, ongoing sampling system to collect data specifically for the Fed Ex Night Turn air carrier. This proposal and its acceptance by the Commission are documented in Docket No. RM2014-4, Proposal Two (March 27, 2014), and Order No. 2101 (June 25, 2014). The TRACS-Fed Ex Night Turn methodology was implemented retroactively, effective Q1, FY14.

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

For FY14, IOCS methodology is the same as described in Docket ACR2013: USPS-FY13-37, except for the changes listed below.

The encirclement rules for USPS Tracking (Delivery Confirmation) have been updated to reflect Order 2180, Proposal Eight. For all products with tracking, activities related to delivery are no longer encircled to the Tracking Extra Service, resulting in changes to program ALB080. For those remaining products (First-Class Parcels and Media Mail) where Tracking can still be purchased as an additional Extra Service at the window, data from the Point of Service (POS) system is used, resulting in changes to program ALB103. A portion of window acceptance costs is shifted from the parent product to the Tracking Extra Service in proportion to the percentage of POS transactions of the product where Tracking was also purchased.

An adjustment was made to account for change in markings of Standard Mail. Some flats mailings that paid carrier route prices received permission to use "FSS" instead of "ECR" carrier route markings and to use STIDs in barcodes indicating Standard Regular rather than carrier route. Luckily, beginning in FY14, IOCS records the presence of the "FSS" marking on mailpieces. Data from PostalOne on the rate composition of FSS bundles is used to split the costs associated with Standard Mail "FSS"-marked pieces into Standard Regular Flats, ECR-Basic and ECR-HD/WSS in proportion to volume.

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

The CSM methodology is the same as in Docket No. ACR2013, 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.

USPS-FY14-39 FY 2013 Competitive Products Fund Reporting Materials

There have been no changes in methodology for this item.

USPS-FY14-40 Rural Mail Court

There have been no changes in methodology for this item.

USPS-FY14-41 2014 International Market Dominant Billing Determinants

The methodology used to assemble these billing determinants is generally consistent with that used in the past, with some evolution as described below.

USPS-FY14-42 FY 2014 Revenue, Pieces, and Weights

USPS-FY14-42 generally uses the same methodologies to produce previous RPW reports, but also reflects the following specific changes:

1. Commission Order No. 2101 (June 25, 2014) for Use of Additional Postal One! and Self Service Kiosk (SSK) Data: In Proposal One in Docket No. RM2014-4, the Postal Service requested and was granted permission to substitute additional census data for Business Reply Mail, Merchandise Return Service and International Business Reply Service mail from Postal One! and to use the remaining SSK/APC (Self Service Kiosk) census data in RPW reporting instead of statistical estimates from the ODIS-RPW sampling system. Q1 through Q3 RPW reports were revised using this new methodology.

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

**USPS-FY14-NP1 FY 2014 Domestic Competitive Product Billing
Determinants**

The methodologies used to produce the FY 2014 Domestic Competitive Product Billing Determinants follow the methodologies used in the FY 2013 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-FY14-NP2 FY 2014 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-FY14-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

RM2013-6 (Order No. 1983) Proposal Four - Change in Methodology for Outbound Air Transportation Costs to Canada

Commercially Sensitive Non-Public Material
Do Not Disclose

RM2013-6 (Order No. 1983) Proposal Five - Change in Methodology for Distributing Settlement Costs For Certain International Negotiated Service Agreements

RM2014-6 (Order No. 2180) Proposal Four - Revise the costing methodology of the portion of Priority Mail International and International Surface Airlift that is not associated with a negotiated service agreement. It also seeks to extend the proposed methodology to several other international mail products.

RM2014-6 (Order No. 2180) Proposal Five - Revise the methodology for reporting financial results for the Inbound Market Dominant Express Service Agreement 1 product in the International Cost and Revenue Analysis report.

Additionally, the FY14 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.

D. Input/Output

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.

II. Organization

The electronic contents of the CD are the following folders, each containing separate files:

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.

ICM Costing:

- eBay
- IBRS
- ICM File as Provided
- 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).xls
- NSA Summary (Imputed).xls

Commercially Sensitive Non-Public Material
Do Not Disclose

ICRA Core Files:

- CS14NP_FY14.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
- Processed IAB Files
- SIRVO Inputs

PDF Reports:

- ICRA (Booked).pdf
- ICRA (Booked) (for Printing).pdf
- ICRA (Imputed).pdf
- ICRA (Imputed) (for Printing).pdf

USPS-FY14-NP3 FY 2014 International Cost Segments and Components Report

This item uses the PRC cost methodology from Docket No. R2006-1, with any modifications defined in USPS-FY14-NP13 and USPS-FY14-NP2.

USPS-FY14-NP4 FY 2014 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-FY14-NP13 and USPS-FY14-NP2.

USPS-FY14-NP5 FY 2014 ICRA Overview/Technical Description

This item uses the PRC cost methodology from Docket No. R2006-1, with any modifications defined in USPS-FY14-NP13 and USPS-FY14-NP2.

USPS-FY14-NP6 FY 2014 International Cost Segment Spreadsheets

This item uses the PRC cost methodology from Docket No. R2006-1, with any modifications defined in USPS-FY14-NP13 and USPS-FY14-NP2.

USPS-FY14-NP7 FY 2014 Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)

USPS-FY14-NP7 uses the Commission's mail processing cost methodology described in the USPS-FY14-NP18. Thus, as with USPS-FY14-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-FY14-NP7 product categories are consistent with those listed in USPS-FY14-NP2. For FY2014, 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 FY2013, USPS-FY14-NP7 includes costs by country groups for inbound international mail resulting from the relevant IOCS activity codes described in USPS-FY14-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-FY14-NP8 FY 2014 International Competitive Billing Determinants

The methodology used to assemble these billing determinants is generally consistent with that used in the past.

USPS-FY14-NP9 FY 2014 Miscellaneous International Data

This item uses the PRC cost methodology from Docket No. R2006-1, with any modifications defined in USPS-FY14-NP14 and USPS-FY14-NP2.

USPS-FY14-NP10 FY 2014 Competitive Product Incremental and Group Specific Costs (Non-public Version)

USPS-FY14-NP10 applies the same methodology as applied in the FY 2013 ACR. The methodology was developed in Proposal 22, Docket No. RM2010-4 (approved by the Commission in Order No. 399).

USPS-FY14-NP11 2014 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-FY14-NP12 FY 2014 Non-Public Cost Segments and Components Report

The FY 2014 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-FY14-NP13 FY 2014 CRA Model (Model Files, Cost Matrices, and Reports)

The CRA model documented in USPS-FY14-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-FY14-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-FY14-NP14 FY 2014 CRA “B” Workpapers

For purposes of this annual report, and consistent with the Postal Accountability and Enhancement Act, the “B” Workpapers for FY14 adhere to the Postal Regulatory Commission (PRC) methods. The USPS-FY14-32, “B” Workpapers, include the following methodological changes from FY13.

Cost Segment 3

Clerk labor costs incurred from delivery scans are now assigned directly to the host product in the cost model, USPS-FY14-NP14 workbook CS03, rather than through a “D” Report adjustment. For more information, see Docket No. RM2014-6, Proposal Eight, Order 2180, September 10, 2014.

A cost methodology was developed for Customer Care Centers. Customer Care Centers primarily address questions from customers about postal products and services. Previously, these services were handled by a contractor and were included in Cost Segment 16. Recently, the Customer Care Centers were insourced and are now staffed by postal clerks. Thus, the labor costs associated with the Customer Care Centers are included in Cost Segment 3. A new cost component, Customer Care Centers - number 424, was created within Cost Component Group 3.3 to properly attribute and assign these costs to products. For more information, see Docket No. RM2015-5, Proposal Twelve, November 7, 2014.

Cost Segment 6

Every Door Direct Mail – Retail (EDDM-R) was first reported as a product in the 2013 ACR. 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. The same costing method was used in FY13.

City carrier in-office labor costs incurred from delivery scans are now assigned directly to the host product in the city carrier cost model, USPS-FY14-NP14 workbook CS06&7, rather than through a “D” Report adjustment. For more information, see Docket No. RM2014-6, Proposal Eight, Order 2180, September 10, 2014.

Cost Segment 7

Every Door Direct Mail – Retail (EDDM-R) was first reported as a product in the 2013 ACR. 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 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. The same costing method was used in FY13.

In FY14, CCCS has started collecting information on specific products within Package Services as well as separate information for First-Class Parcels and First-Class Package Service individually, thus RPW proportions are no longer used to assign collection costs to those products.

City carrier street labor costs incurred from delivery scans are now assigned directly to the host product in the city carrier cost model, USPS-FY14-NP14 workbook CS06&7, rather than through a “D” Report adjustment. For more information, see Docket No. RM2014-6, Proposal Eight, Order 2180, September 10, 2014.

Cost Segment 10

Every Door Direct Mail – Retail (EDDM-R) was first reported as a product in the 2013 ACR. 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 same costing method was used in FY13.

Rural carrier labor costs incurred from delivery scans are now assigned directly to the host product in the rural carrier cost model, USPS-FY14-NP14 workbook CS10, rather than through a “D” Report adjustment. For more information, see Docket No. RM2014-6, Proposal Eight, Order 2180, September 10, 2014.

Cost Segment 12

The FY14 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 are distributed based on the established method using the new web-based system named Solution for Enterprise Asset Management (SEAM). SEAM contains the same information previously captured by the Vehicle Maintenance System (VMAS). In FY13, however, the relevant attributable costs were distributed based on FY12 VMAS data due to the unavailability of timely data from SEAM.

The established attribution and distribution of Vehicle Hire costs, cost component group 12.3, is based on the PRC methodology from Docket No. R2000-1. Vehicle Hire costs stem from rental vehicles used to supplement or temporarily replace postal owned vehicles. In R2000-1, a special survey was litigated to determine the types of vehicles being rented. Costs were assigned based on the survey results to the following six categories: 1) City Special Purpose Route Carriers; 2) City Letter Route Carriers; 3) Expedited Delivery; 4) Vehicle Service; and 5) Rural Carriers and 6) Other. The survey, however, illustrated that vehicles rented for rural routes were negligible; consequently, they were not assigned any costs. The costs were then given the attribution and distribution treatment consistent with the personnel that used the vehicles. In subsequent years, in lieu of a survey, Vehicle Hire costs were to be assigned based on the relative annual amount of labor and parts from cost component groups 12.1 and 12.2 to the same six categories.

In preparing the CS12 workpapers for the 2014 ACR, an error was discovered that kept the relative proportions of Vehicle Hire costs hard coded. This submission

corrects that error and allows Vehicle Hire Costs to change each year with the change in vehicle usage consistent with the established methodology. This correction resulted in Rural Costs for Vehicle Hire to be materially different from zero. This change is reflected with new cells in the CS12 workbook, tabs '12.3.1' and 'Output to CRA'.

Cost Segment 13

Three method changes were introduced in Cost Segment 13 for the 2014 ACR. All changes involved the treatment of costs incurred from the use of credit and debit cards. One, the portion of costs in general ledger account 52359, Professional and Other Miscellaneous Services, sustained from the use of credit and debit cards has been transferred from cost segment 16, component 177 to cost segment 13, cost component 129, *Federal Reserve and Commercial Banks*. Two, the method of determining the attribution level is now based on the proportion of applicable revenue that can be directly aligned with postal products. Third, new distribution factors were developed to assign the relevant costs in component 129. The new distribution factors are based on each product's share of revenue collected through the use of credit and debit cards. For more information, see Docket No. RM2015-4, Proposal Eleven, November 4, 2014. The new calculations have been added to workbook CS13, tab 13.3.2.

Cost Segment 14

The quarterly distribution factors used to assign FedEx Night Turn costs to products are now calculated using census data from the Surface Air Management System (SAMS), the Product Tracking System (PTS), and the Foreign Postal Settlement (FPS) system. For more information, see Docket No. RM2014-4, Proposal Two, Order 2101, June 25, 2014.

The purchased transportation cost model incorporates updated highway variability. For more information, see Docket No. RM2014-6, Proposal Six, Order 2180, September 10, 2014.

Cost Segment 16

The portion of costs from general ledger account 52359 incurred as the result of credit and debit card fees has been transferred to cost Segment 13, component 129, *Federal Reserve and Commercial Banks*. For more information, see Docket No. RM2015-4, Proposal Eleven, November 4, 2014.

Cost Segment 20

The FY14 attributable vehicle depreciation costs across functional areas (i.e. city carriers, rural carriers, vehicle service drivers, and administrative) are distributed based on the established method using the new web-based system named

Solution for Enterprise Asset Management (SEAM). SEAM contains the same information previously captured by the Vehicle Maintenance System (VMAS). In FY13, however, the attributable vehicle depreciation costs were distributed based on FY12 VMAS data due to the unavailability of timely data from SEAM.

USPS-FY14-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 cost methodology that was presented by the Postal Service in Docket No. RM 2015-3, Proposal Ten.

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 cost methodology that was presented by the Postal Service in Docket No. ACR2013, USPS-FY13-NP16.

USPS-FY14-NP17 FY 2014 Special Cost Studies Workpapers – Parcel Select / Parcel Return Service (PRS) Cube-Weight Relationship Estimation

The USPS-FY14-NP17 econometric analysis relies on the same methodology presented in Docket No. ACR2013, USPS-FY13-NP17.

USPS-FY14-NP18 Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)

USPS-FY14- NP 18 uses the same general methodology as described in USPS-FY13-NP 18, with no substantive changes to the MODS- and IOCS-based cost pools or cost distribution methods for FY2014. The SAS processing for FY2014 was carried out using PC SAS (as it was also in FY 2013) 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.

USPS-FY14-NP 18 Excel Workbook comprises eight parts, each contained in an Excel file. The eight Excel files are named USPS-FY14-NP 18 Part1.xls through USPS-FY14-NP 18 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-FY14-NP 18 SAS documentation includes a general description of the programming procedures associated with the SAS program codes, as indicated below under section III.B. *USPS-FY14-NP 18 SAS programs* contain the SAS programs. *USPS-FY14-NP 18 SAS logs* contain the SAS logs. And *USPS-FY14-NP 18 SAS tables* contain the SAS output tables generated by the SAS program codes and the SAS logs. For FY14, the SAS code has been modified to permit a number of hard-coded inputs to be relocated from SAS modules to Excel workbooks. These changes do not alter the accepted cost methodology. The product categories reported in USPS-FY14-NP 18 are generally the same as those used last year, but reflect the introduction in FY14 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-FY14-NP 18 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-FY14-7.

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

USPS-FY14-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. ACR2013, USPS-FY13-NP19. New for FY 2014 is the calculation of piggyback factors for Customer Care Centers, which is a new administrative clerk component described in RM2015-5, Proposal 12.

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

USPS-FY14-NP20 uses the same methodology as USPS-FY13-NP20 from Docket No. ACR2013. This is based on the PRC cost methodology from Docket No. R2006-1, as contained in PRC-LR-9.

USPS-FY14-NP21 In-Office Cost System (IOCS) Documentation (Nonpublic Version)

For FY14, IOCS methodology is the same as described in Docket ACR2013: USPS-FY13-NP21, except for the changes listed below.

The encirclement rules for USPS Tracking (Delivery Confirmation) have been updated to reflect Order 2180, Proposal Eight. For all products with tracking, activities related to delivery are no longer encircled to the Tracking Extra Service, resulting in changes to program ALB080. For those remaining products (First-Class Parcels and Media Mail) where Tracking can still be purchased as an additional Extra Service at the window, data from the Point of Service (POS) system is used, resulting in changes to program ALB103. A portion of window acceptance costs is shifted from the parent product to the Tracking Extra Service in proportion to the percentage of POS transactions of the product where Tracking was also purchased.

An adjustment was made to account for change in markings of Standard Mail. Some flats mailings that paid carrier route prices received permission to use "FSS" instead of "ECR" carrier route markings and to use STIDs in barcodes indicating Standard Regular rather than carrier route. Luckily, beginning in FY14, IOCS records the presence of the "FSS" marking on mailpieces. Data from PostalOne on the rate composition of FSS bundles is used to split the costs associated with Standard Mail "FSS"-marked pieces into Standard Regular Flats, ECR-Basic and ECR-HD/WSS in proportion to volume.

USPS-FY14-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 below.

Minor changes were made to the PS Form 2846 in FY14 to reflect new product categories and to provide separate collection mail estimates for products that previously made up the 'Package Services' category. The Carrier Cost Systems now have merged the former Delivery Confirmation and USPS Tracking distribution keys into one category, USPS Tracking. This reflects the change by the Postal Service to rename Delivery Confirmation to USPS Tracking. Additionally, the flat-shaped distribution keys for Standard Regular, ECR Basic, and ECR HD are adjusted using FY13 CCCS distribution keys for those products to correct for FSS-marked pieces that do not have the correct ECR markings.

**USPS-FY14-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 below.

Minor changes were made to the PS Form 2848 in FY14 to reflect new product categories. The Carrier Cost Systems now have merged the former Delivery Confirmation and USPS Tracking distribution keys into one category, USPS Tracking. This reflects the change by the Postal Service to rename Delivery Confirmation to USPS Tracking. Additionally, the FSS distribution keys for Standard Regular, ECR Basic, and ECR HD are adjusted using FY13 RCCS distribution keys for those products to correct for FSS-marked pieces that do not have the correct ECR markings.

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

For FY14, the TRACS Air Subsystem methodology is the same as explained in Docket No. ACR2013: USPS-FY11-NP24, except for one major improvement outlined below.

- **Change to Methodology of Distributing Costs Incurred by Fed Ex Night Turn air carrier.**

In FY14, the Postal Service implemented a new methodology to replace the manner in which the distribution key is developed in the TRACS Air Subsystem for the Fed Ex Night Turn air carrier. This distribution key is used to assign Fed Ex Night Turn volume-variable costs in Cost Segment (CS) 14 (purchased transportation costs) to postal products. Historically, the distribution key was developed through an ongoing statistical sampling for mail transported by the Fed Ex Night Turn air carrier. Under the new methodology, the distribution key is developed by relying on data from the Surface Air Management System (SAMS), the Product Tracking System (PTS), Foreign Postal Settlement (FPS) system, and data regularly collected by TRACS. The new method utilizes the wealth of operations data and reduces our reliance on sampling.

Certain portions of the Postal Service census data has matured to the point where it is possible to develop a reliable Fed Ex Night Turn distribution key by using readily available existing data. It is no longer necessary to maintain a separate, ongoing sampling system to collect data specifically for the Fed Ex Night Turn air carrier. This proposal and its acceptance by the Commission are documented in Docket No. RM2014-4, Proposal Two (March 27, 2014), and Order No. 2101 (June 25, 2014). The TRACS-Fed Ex Night Turn methodology was implemented retroactively, effective Q1, FY14.

USPS-FY14-NP25 Mail Characteristics Study (Non-public Version)

This attachment uses the estimation methodologies used in USPS-FY14-14 with updated input data.

USPS-FY14-NP26 FY 2014 Special Cost Studies Workpapers – Special Services (Non-public Version)

USPS-FY14-NP26 relies on the Postal Regulatory Commission (PRC) cost methodology based on Docket No. ACR2013, USPS-FY13-NP26.

In the case of Competitive and Market Dominant Post Office Box services, the attributable costs for enhanced services are based on Proposal Seven of Docket No. RM2014-1 (Approved in Order No. 2076, May 8, 2014).

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 2013.

USPS-FY14-NP28 FY 2013 Revenue, Pieces, and Weight Report (Non-Public Version)

USPS-FY14-NP28 generally uses the same methodologies to produce previous RPW reports, but also reflects the following specific changes:

1. Commission Order No. 2101 (June 25, 2014) for Use of Additional PostalOne! and Self Service Kiosk (SSK) Data: In Proposal One in Docket No. RM2014-4, the Postal Service requested and was granted permission to substitute additional census data for Business Reply Mail, Merchandise Return Service and International Business Reply Service mail from PostalOne! and to use the remaining SSK/APC (Self Service Kiosk) census data in RPW reporting instead of statistical estimates from the ODIS-RPW sampling system. Q1 through Q3 RPW reports were revised using this new methodology.

**USPS-FY14-NP29 Fiscal Year 2010 Cost Segments and Components
Reconciliation to Financial Statements and Account Reallocations
(Non-Public Version)**

Lump sums totaling \$15.5 million for early-out incentive payments made to personnel from all areas of the Postal Service were moved from Cost Segment 1: Postmasters (\$14.6 million) and Cost Segment 3: Clerks & Mailhandlers (\$0.9 million) to Cost Segment 18: HQ & Area Administration & Corporatewide Personnel Costs, Component 1430 (Miscellaneous Personnel Compensation). Also, \$38.7 million for debit and credit card fees paid to banks to facilitate customer purchases of Postal products and services were moved from Cost Segment 16: Supplies and Services to Cost Segment 13: Miscellaneous Local Operations, Component 126 (Credit and Debit Card Services). Otherwise, no substantive changes were made to cost segments or components or to the structure of the workbook in FY 2014.

**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’. During FY2014, the Postal Service addressed two research topics under this docket. The Postal Service first proposed an updated set of variabilities for purchased highway transportation costs. The Commission approved the proposal. See Docket No. RM2014-6, Proposal Six, Order No. 2180, September 10, 2014. The Postal Service also proposed an updated city letter carrier street time model under this docket and Docket No. RM2015-7, Proposal Thirteen, December 11, 2014. The Commission is currently evaluating that proposal.

Studies Subject to § 3050.12

In accordance with Commission reporting rule 3050.12, the Postal Service is providing the following list of Periodic Studies and Cost Model Studies whose results are used to produce estimates in its annual compliance reports.

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 2014 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 FY2014. However, the study could be replaced or updated as resources permit, to account for any changes in postmaster activities.

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 FY2014 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 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 FY2014. As resources permit, the portions of the 1997 study being used in the 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. The Postal Service has initiated an investigation into updating the 1997 Special Purpose Route study.

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 2014 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 FY2014 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

The Commission adopted the proposed method for deriving distribution factors for Alaska Air preferential air costs using current TRACS data. See Docket No. RM2013-6, Proposal Two, Order 1983, February 4, 2014. Thus, they are used in FY2014 ACR and reflect the FY2014 operating environment. Since the established method for this analysis now is routinely updated using information contained in ongoing data systems, this study will no longer be listed in this section of the ACR.

Alaska Non-Preferential Study

The Commission adopted the proposed method for deriving distribution factors for Alaska Air non-preferential air costs using current TRACS data. See Docket No. RM2013-6, Proposal Two, Order 1983, February 4, 2014. Thus, they are used in the FY2014 ACR and reflect the FY2014 operating environment. Since the established method for this analysis now is routinely updated using information contained in ongoing data systems, this study will no longer be listed in this section of the ACR.

Hawaii Study

The Commission adopted the proposed method for deriving distribution factors for Intra-Hawaii network air costs using current TRACS data. See Docket No. RM2013-6, Proposal Two, Order 1983, February 4, 2014. Thus, they are used in the FY2014 ACR and reflect the FY2014 operating environment. Since the established method for this analysis now is routinely updated using information contained in ongoing data systems, this study will no longer be listed in this section of the ACR.

Highway Variability Study

The Postal Service proposed new highway variabilities during FY2014 using current data. The Commission accepted the proposed variabilites and they are incorporated in the FY2014 ACR. See Docket No. RM2014-6, Proposal Six, Order No. 2180, September 10, 2014. Thus the variabilities reflect the FY2014 operating environment. The Postal Service is continuing its investigation into the current 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 2014 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 FY2014 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 therein 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 2014 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 FY2014 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 FY2014 operating environment. However, due to operational changes, the Postal Service recognized the need to update the letter carrier street time cost model. The Postal Service conducted two field studies and initiated a rulemaking on a new letter carrier street time model under Docket No. RM2011-3 and Docket No. RM2015-7, Proposal 13, on December 11, 2014. The Commission is currently evaluating that proposal.

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 2014 ACR (USPS-FY14-31).

Since the utilization of facility space has remained stable, the Facility Factors generally reflect the FY2014 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

The Commission adopted the proposed method for deriving distribution factors for Highway Plant Load costs using current TRACS data. See Docket No. RM2013-6, Proposal Three, Order 1983, February 4, 2014. Thus, they reflect the FY2014 operating environment. Since the established method for this analysis now is routinely updated using information contained in ongoing data systems, this study will no longer be listed in this section of the ACR.

Rail Plant Load Study

The Commission adopted the proposed method for deriving distribution factors for Rail Plant Load costs using current TRACS data. See Docket No. RM2013-6, Proposal Three, Order 1983, February 4, 2014. Thus, they reflect the FY2014 operating environment. Since the established method for this analysis now is routinely updated using information contained in ongoing data systems, this study will no longer be listed in this section of the ACR.

Alaska Air Adjustment Factor

The Commission adopted the proposed method for calculating the Alaska Air Adjustment Factor using operational and TRACS data. See Docket No. RM2013-6, Proposal One, Order 1983, February 4, 2014. Thus, the Alaska Air Adjustment Factor is used in the FY2014 ACR and reflects the current operating environment.

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 2014 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 FY2014 operating environment. This study should be updated as resources permit to account for possible operational changes that have occurred at the retail window and to take into consideration new retail products.

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).

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. 2076 (May 8, 2014) ruling on each proposed change.

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 FY14. 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.

Flat Cost Models (First-Class Mail, 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 cost 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 cost models to show the impact of the proposal. The

Commission issued Order No. 2076 (May 8, 2014), ruling on each proposed change.

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-FY14-11) can therefore be viewed as representing the operating conditions in place during FY14. 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 were identical to the price categories that existed prior to the January 2012 changes.

In Docket No. ACR2013, the Standard Mail parcels destination entry cost avoidance estimates that were calculated in USPS-FY13-13 increased significantly when compared to the cost avoidance estimates that were calculated in the previous fiscal year. In response to Chairman’s Information Request (ChIR) No. 11, question 1, the Postal Service indicated that the Commission-approved methodology may have proven to be less robust for smaller mail volumes. The Postal Service also indicated in its response that it would investigate using an alternative cost methodology. In Docket No. RM2014-6, Proposal Seven, the Postal Service proposed that a new mail characteristics profile should be created using the data in the USPS-FY13-12 Standard Mail parcels mail processing cost model and that these mail characteristics should be used to develop bottom-up cost avoidance estimates in USPS-FY13-13. The Commission subsequently approved Proposal Seven in Order No. 2180 (September 10, 2014).

In Docket No. RM2015-3, Proposal Ten, the Postal Service presented the results from a field study that had been conducted over a two and one-half year period and proposed that the new data be incorporated into several cost models, including the Standard Mail parcel mail processing cost model. The Commission has not yet issued a ruling on Docket No. RM2015-3, Proposal Ten.

Based on this recent activity, the Standard Mail Parcel mail processing cost model (USPS-FY14-12) can be viewed as representing the operating conditions in place during FY14. 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).

As described above, the Standard Mail parcels destination entry cost avoidance estimates that were calculated in USPS-FY13-13 increased significantly when compared to the cost avoidance estimates that were calculated in the previous fiscal year. In response to Chairman's Information Request (ChIR) No. 11, question 1, the Postal Service indicated that the Commission-approved methodology may have proven to be less robust for smaller mail volumes. The Postal Service also indicated in its response that it would investigate using an alternative cost methodology. In Docket No. RM2014-6, Proposal Seven, the Postal Service proposed that a new mail characteristics profile should be created using the data in the USPS-FY13-12 Standard Mail parcels mail processing cost model and that these mail characteristics should be used to develop bottom-up cost avoidance estimates in USPS-FY13-13. In addition, the Postal Service proposed that the analysis should be consolidated into one Excel workbook, an error in the analysis should be corrected, obsolete operations and input data should be removed from the cost model, and more recent productivity data should be incorporated into the cost model. The Commission subsequently approved Proposal Seven in Order No. 2180 (September 10, 2014).

In Docket No. RM2015-3, Proposal Ten, the Postal Service presented the results from a field study that had been conducted over a two and one-half year period and proposed that the new data be incorporated into several cost models, including the Standard Mail destination entry cost model. The Commission has not yet issued a ruling on Docket No. RM2015-3, Proposal Ten.

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-FY14-13) can therefore be viewed as representing the operating conditions in place during FY14, given the recent Standard Mail activity and the fact that the destination entry offerings have not changed significantly in recent years.

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 Intra-NDC 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 (now Standard 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).

In Docket No. RM2015-3, Proposal Ten, the Postal Service presented the results from a field study that had been conducted over a two and one-half year period and proposed that the new data be incorporated into several cost models, including the Media Mail – Library Mail mail processing cost model. The Commission has not yet issued a ruling on Docket No. RM2015-3, Proposal Ten. Based on this recent activity, the Media Mail – Library Mail mail processing cost model (USPS-FY14-15) can be viewed as representing the operating conditions in place during FY14. In addition, the age of the cost model input data should ensure that the cost estimates are robust. 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.

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 data that were used to calculate the zone-related percentages were still available. It was proposed that these data, now for Standard Post, 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-FY14-15) and transportation cost model (USPS-FY14-16) can be viewed as representing the operating conditions in place during FY14. 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 used to develop a BPM mail processing cost model for parcels. In addition, the Postal Service will evaluate whether a separate BPM flats mail processing cost model can be developed using models like those that support other mail types (e.g., Standard Mail flats). 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 cost models.

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 (USPS-FY14-16) can be viewed as representing the operating conditions in place during FY14. 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 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 (USPS-FY14-21) can be viewed as representing the operating conditions in place during FY14. 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.

In Docket No. RM2015-3, Proposal Ten, the Postal Service presented the results from a field study that had been conducted over a two and one-half year period and proposed that the new data be incorporated into several cost models, including the Parcel Select / Parcel Return Service mail processing cost model. The Commission has not yet issued a ruling on Docket No. RM2015-3, Proposal Ten.

Based on this recent activity, the Parcel Select / Parcel Return Service mail processing cost model (USPS-FY14-NP15) and transportation cost model (USPS-FY14-NP16) can be viewed as representing the operating conditions in place during FY14. In addition, the age of the cost model input data should ensure that the cost estimates are robust. 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.