STANDARD MAIL PARCEL
MAIL PROCESSING COST MODEL

I. PREFACE

A. Purpose and Content

USPS-FY14-12 documents the mail processing unit cost estimates for the Standard Mail machinable, irregular, and marketing parcels price categories.

B. Predecessor Document

Last year, the predecessor model was presented in USPS-FY13-12, but the model has been updated in accordance with Docket No. RM2015-3, Proposal Ten.

C. Corresponding Non-Public or Public Document

There is no non-public document that corresponds to USPS-FY14-12.

D. Methodology

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.

E. Inputs / Outputs

The Standard Mail parcel mail processing unit cost estimates by price category are calculated using the following inputs:

Input Source	Input Description
USPS-FY14-4	Standard Mail billing determinants
USPS-FY14-7	Volume variability factors Premium pay factors Other mail processing wage rate Overhead factors
USPS-FY14-14	Percentage of marketing parcels weighing over 6 ounces
USPS-FY14-23	MODS productivity data
USPS-FY14-25	Operations specific piggyback factors

USPS-FY14-26	Standard Mail parcel mail processing unit cost estimate by cost pool
2014 WebEOR data	Equipment reject rates
2014 parcel field study	Productivity data Postal arrival and dispatch profiles Average cubic feet per piece by mail type
2010 PostalOne! data	Non-dropship entry point percentages
2009 ODIS data	ASF coverage factor ASF dock transfer percentage SCF IPP coverage factors
2009 WebEOR data	PPSM transfer volume percentage PPSM finalization percentage
2009 Standard Mail parcel field study	Irregular rolls percentage Pieces per sack estimates Average container heights Average container fullness percentages Mail arrival profile Container space utilization percentages IPP operation outgoing volume percentage
USPS-FY08-15	PSM keying productivity estimate

The Standard Mail parcel cost estimate outputs are relied upon to develop the discount and passthrough values contained in USPS-FY14-3.

II. ORGANIZATION

The Standard Mail parcel cost estimates are presented in the Microsoft Excel workbook 'USPS-FY14-12.xlsx' in the spreadsheet tab entitled 'MP Summary' (page 1). Data sources are referenced in each spreadsheet throughout the workbook. The results are also reported in Table 1 below.

Table 1:
Standard Mail Parcel
Mail Processing Unit Cost Estimates

Standard Mail Parcels Price Category	Entry Discount	Mail Processing Unit Cost
Machinable		
Machinable MNDC	None	$1.765
Machinable NDC	None	$1.251
Machinable NDC	DNDC	$1.228
Machinable 5-Digit	DNDC	$0.575
Machinable 5-Digit	DSCF	$0.483
Machinable 5-Digit	DDU	$0.451
Irregular		
Irregular MNDC	None	$1.909
Irregular NDC	None	$1.677
Irregular NDC	DNDC	$1.662
Irregular 3-Digit	DNDC	$1.153
Irregular 5-Digit	DNDC	$0.545
Irregular 3-Digit	DSCF	$1.117
Irregular 5-Digit	DSCF	$0.472
Irregular 5-Digit	DDU	$0.450
Marketing		
Marketing MNDC	None	$1.856
Marketing NDC	None	$1.542
Marketing NDC	DNDC	$1.536
Marketing 3-Digit	DNDC	$1.129
Marketing 5-Digit	DNDC	$0.538
Marketing 3-Digit	DSCF	$1.126
Marketing 5-Digit	DSCF	$0.466
Marketing 5-Digit	DDU	$0.449