

## EQUIPMENT AND FACILITY RELATED COSTS

### I. PREFACE

#### A. Purpose and Content

The primary purpose of USPS-FY15-8 is to provide inputs to determine the volume variable equipment and facility-related costs by subclass for the CRA. USPS-FY15-8 also provides inputs for the calculation of cost pool and operations specific piggyback factors in USPS-FY15-25.

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-FY15-8 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 MDD (or Mobile Delivery Device), was added. MDDs are used by city and rural carriers to scan items when they are delivered, and for other functions as well. MDDs, have over the course of the fiscal year, replaced most of the IMD scanners previously used by city and rural carriers for those purposes. The costing treatment of MDD is the same as that for IMD Scanners used by city and rural carriers. As such, MDD costs has the same variability as the combined city and rural carriers labor costs, and the distribution key for MDD costs is the combined city and rural carrier labor cost. Additionally, Small Package Sorting System (SPSS) costs have been added to the APBS/APPS category, and mPOS (Mobile Point of Sale) equipment costs have been added to the POS One category.

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 2015 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. The facility space for the newly deployed SPSS have been included in the APBS/APPS categories at plants and NDCs . USPS-FY15-8 also provides a description of the variabilities and distribution keys for these cost pools.

**B. Predecessor Document**

Docket No. R2006-1, USPS-LR-L-54 and Docket ACR, FY 2014, USPS-FY14-8.

**C. Corresponding Non-Public Document**

There is no corresponding non-public document.

**D. Methodology**

USPS-FY15-8 uses the same facility space costing methodology as USPS-FY14-8 from Docket No. ACR2014.

USPS-FY15-8 uses the same equipment cost methodology as USPS-FY14-8 from Docket No ACR2014. There was the addition of the new equipment category MDD, as noted above.

**E. Input/Output**

FY 2015 facility-related cost factors use FY 2005 square feet and rents by operation from Docket No. R2006-1, USPS LR-L-54, page I-17, and also incorporate two additional facility space categories contained in the FY 2006 CRA (see Periodic Reports/Data Reports, filed July 27, 2007). The FY 2005 square feet and rents by operation are from the FY 2004 facility space and rents by operation from Docket No. R2005-1, USPS LR-K-54, part I, and additional facility space data are from the "Facility Space Usage Study", USPS LR-K-62. Rental rates per sq. ft. are based on USPS LR-G-120 in Docket No R94-1, Facility Cost Development Update, December 1993. Rental rates are escalated using Global Insight, Rent Residential index. Total facility space is adjusted for annual growth/reductions using data from Facilities. Data on MODS work hours are from USPS-FY15-7, Cost Segment 3 Cost Pools and Other Information, part I. Engineering provided equipment deployment data. Information on Caller Service storage space is from USPS-FY08-28, Caller Service2008.xls.

FY 2015 equipment-related costs are based on maintenance labor and parts and supplies costs by equipment category from the Maintenance Activity Reporting and Scheduling (MARS) system. Depreciation costs by equipment category are based on equipment accounting records. Trial Balance costs are obtained from USPS-FY15-5. The distribution key for PASS/DSS is obtained from USPS-FY15-NP25.

USPS-FY15-8 provides the following inputs for the CRA Model (Nonpublic Version), USPS-FY15-NP13 and CRA Model (Public Version), USPS-FY15-31. Facility space factors are contained in FCILTY15.XLS, sheets "Outputs to PRC CRA" and "POBox-Caller Service Split." The equipment factors are contained in FY15equip.XLS, sheet "Output to CRA." FY15.IMD.SCANNER.KEY.INPUT.XLS

provides inputs for the CRA to calculate the distribution key used for distributing the maintenance labor and parts & supplies costs for the Intelligent Mail Device (IMD) Scanners, which is component 997.

USPS-FY15-25, Operation Specific Piggyback Factors, relies on USPS-FY15-8 for facility space square feet and rents by category and for equipment-related costs by category.

**II. ORGANIZATION**

CRA FACILITY RELATED COST FACTORS,  
VARIABILITIES & DISTRIBUTION .....FCILTY15.XLS

CRA PROCESSING AND OTHER EQUIPMENT MAINTENANCE, PARTS AND SUPPLIES  
COSTS: FACTORS & DISTRIBUTION .....FY15equip.XLS

CRA PROCESSING AND OTHER EQUIPMENT CAPITAL COSTS: FACTORS &  
DISTRIBUTION.....FY15equip.XLS

CRA INPUTS FOR IMD SCANNER DISTRIBUTION  
KEY.....FY15.IMD.SCANNER.KEY.INPUT.XLS

Each of these Microsoft Office Excel workbooks contains an overview of its contents.