

## **ROADMAP DOCUMENT TO FY 2015 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 2015 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-FY15-x” or “USPS-FY15-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-FY15-9 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-FY14-9) found in the Postal Services’ FY 2014 Annual Compliance Report.

**Organization:** USPS-FY15-9 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 2014 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’ FY2014 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-FY15-x.” Items in the non-public annex are labeled as “USPS-FY15-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-FY15-1**

This item is entitled:

USPS-FY15-1      FY 2015 Public Cost and Revenue Analysis (PCRA) Report

USPS-FY15-1 displays revenues, attributable costs, volume variable costs, product specific costs, volumes, and weights for each of the Postal Service's Market Dominant products. For competitive products, the report displays summary information.

Docket No: ACR-2014, USPS-FY14-1 is the most recent predecessor document. USPS- FY15-NP11 is the corresponding non-public document.

The USPS-FY15-1, 2015 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-FY15-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/from USPS-FY15-1:

**Items in this Report Used as Input to USPS-FY15-1**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-31	• FY 2015 CRA Model (Public Version)
USPS-FY15-NP2	• FY 2015 International Cost and Revenue Analysis (ICRA) report
USPS-FY15-NP13	• FY 2015 CRA Model (Non-Public Version)

**Items in this Report Utilizing Output from USPS-FY15-1**

Item Number	Data/Information Provided
USPS-FY15-13	<ul style="list-style-type: none"> <li>Standard Mail and Periodicals Destination Entry Cost Models</li> </ul>
USPS-FY15-15	<ul style="list-style-type: none"> <li>Bound Printed Matter Mail Processing Cost Model and Media Mail – Library Mail Mail Processing Cost Model</li> </ul>
USPS-FY15-16	<ul style="list-style-type: none"> <li>Bound Printed Matter Transportation Cost Model and Bulk Parcel Return Service Cost Model</li> </ul>
USPS-FY15-28	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers – Special Services</li> </ul>
USPS-FY15-30	<ul style="list-style-type: none"> <li>FY 2015 Market Dominant NSA Materials</li> </ul>
USPS-FY15-39	<ul style="list-style-type: none"> <li>FY 2015 Competitive Products Fund Reporting Materials</li> </ul>

**USPS-FY15-2**

This item is entitled:

USPS-FY15-2                      FY 2015 Public Cost Segments and Components Report

USPS-FY15-2 is an output (“C” report) of the FY 2015 Cost and Revenue Analysis (CRA) Model (USPS-FY15-31) that shows attributable costs by Market Dominant product for 17 cost segments, including Postmasters, Supervisors, Clerks and Mail Handlers, In-Office City Carrier Activities, City Carrier Street Activities, Rural Carriers, and Purchased Transportation. For competitive products, the report displays summary information.

In the Postal Service’s FY 2014 Annual Compliance Report (ACR) filing (Docket No. ACR2014, December 27, 2014), this material was presented as USPS-FY14-2. A non-public version of this document is provided as USPS-FY14-NP12, FY 2014 Non-Public Cost Segments and Components Report.

The FY 2015 Public Cost Segments and Components Reports 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 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-FY15-2:

**Items in this Report Used as Input to USPS-FY15-2**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-31	<ul style="list-style-type: none"> <li>FY 2015 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY15-2**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY15-27	<ul style="list-style-type: none"> <li>FY 2015 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, &amp; Changes)</li> </ul>
USPS-FY15-28	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers – Special Services</li> </ul>

**USPS-FY15-3**

This item is entitled:

USPS-FY15-3                      FY 2015 Discounts and Passthroughs of Workshare  
Items

USPS-FY15-3 reports worksharing discounts, cost avoidances and passthroughs for market dominant products for FY 2015.

Predecessor documents include Docket No. ACR2014, USPS-FY14-3 and Annual Compliance Determination FY 2014 (Revised May 7, 2014), Chapter VII (March 28, 2014).

In addition to this Preface, USPS-FY15-3 includes an Excel workbook entitled FY15.3.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 2015 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 - Prcls
- Media Mail & Library Mail
- Bound Printed Matter Flats
- Bound Printed Matter Parcels

**Items in this Report Used as Input to USPS-FY15-3**

Item Number	Data/Information Used
USPS-FY15-10	<ul style="list-style-type: none"> <li data-bbox="683 289 1175 373">FY 2015 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY15-11	<ul style="list-style-type: none"> <li data-bbox="683 388 1175 499">FY 2015 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) &amp; Periodicals Cost Model</li> </ul>
USPS-FY15-12	<ul style="list-style-type: none"> <li data-bbox="683 514 1175 562">Standard Mail Hybrid/Parcel Cost Study</li> </ul>
USPS-FY15-13	<ul style="list-style-type: none"> <li data-bbox="683 577 1175 625">Standard Mail and Periodicals Destination Entry Cost Models</li> </ul>
USPS-FY15-15	<ul style="list-style-type: none"> <li data-bbox="683 640 1175 724">FY 2015 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)</li> </ul>
USPS-FY15-19	<ul style="list-style-type: none"> <li data-bbox="683 739 1175 766">FY 2015 Delivery Costs By Shape</li> </ul>
USPS-FY15-21	<ul style="list-style-type: none"> <li data-bbox="683 781 1175 808">FY 2015 QBRM and BRM Costs</li> </ul>

**USPS-FY15-4**

This item is entitled:

USPS-FY15-4                      FY 2015 Market Dominant Billing Determinants

Attachment USPS-FY15-4 contains the U.S. Postal Service billing determinants for domestic market dominant products for FY 2015. 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.

Attachment USPS-FY15-4 consists of eight Excel workbooks containing FY 2015 billing determinants for market dominant products. The following list indicates the contents of each workbook.

- FY 2015 BPM.xlsx – Bound Printed Matter Billing Determinants
- FY 2015 FCM.xlsx – First-Class Mail Billing Determinants
- FY 2015 Library Mail.xlsx – Library Mail Billing Determinants
- FY 2015 Media Mail.xlsx – Media Mail Billing Determinants
- FY 2015 Periodicals.xlsx – Periodicals Billing Determinants
- FY 2015 Special Services and Free Blind.xlsx – Special Services Billing

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-FY15-4:

**Items in this Report Utilizing Output from USPS-FY15-4**

Item Number	Data/Information Provided
USPS-FY15-10	<ul style="list-style-type: none"> <li data-bbox="662 281 1122 373">FY 2015 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY15-11	<ul style="list-style-type: none"> <li data-bbox="662 380 1166 499">FY 2015 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) &amp; Periodicals Cost Model</li> </ul>
USPS-FY15-12	<ul style="list-style-type: none"> <li data-bbox="662 506 1117 562">Standard Mail Hybrid/Parcel Cost Study</li> </ul>
USPS-FY15-15	<ul style="list-style-type: none"> <li data-bbox="662 569 1166 604">FY 2015 Mail Characteristics Study</li> </ul>
USPS-FY15-15	<ul style="list-style-type: none"> <li data-bbox="662 611 1133 703">FY 2015 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)</li> </ul>
USPS-FY15-16	<ul style="list-style-type: none"> <li data-bbox="662 709 1182 856">FY 2015 Special Cost Studies Workpapers - Bound Printed Matter and Parcel Post Transportation Costs / Bulk Parcel Return Service Cost Study (Public Version)</li> </ul>
USPS-FY15-17	<ul style="list-style-type: none"> <li data-bbox="662 863 1154 919">2009 Comprehensive Statement of Postal Operations</li> </ul>
USPS-FY15-18	<ul style="list-style-type: none"> <li data-bbox="662 926 1138 982">FY 2015 ECR Mail Processing Unit Costs</li> </ul>
USPS-FY15-19	<ul style="list-style-type: none"> <li data-bbox="662 989 1122 1024">FY 2015 Delivery Costs By Shape</li> </ul>

**USPS-FY15-5**

This item is entitled:

USPS-FY15-5                      Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)

The Fiscal Year 2015 Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Public Version) is an Excel workbook that adjusts amounts reflected in the September 2015 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-FY15-5, 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-FY14-5 for the FY 2014 Annual Compliance Report filing (Docket No. ACR2014, December 27, 2014). A non-public version of this document is provided as USPS-FY15-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) is generated from general ledger data that are downloaded from the Postal Service's mainframe Accounting systems. General ledger accounts are sorted and grouped so that they correspond to the Cost and Revenue Analysis (CRA) Model's cost segments and components.

Revenue and cost data from USPS-FY15-5 are input to the CRA Model, which is documented in USPS-FY15-31 (public) and USPS-FY15-NP15 (non-public).

The following items found in this report are used as input/output to USPS-FY15-5:

**Items in this Report Utilizing Output from USPS-FY15-5**

Item Number	Data/Information Provided
USPS-FY15-NP15	<ul style="list-style-type: none"> <li>FY 2015 CRA Model (Model Files, Cost Matrices, and Reports)</li> </ul>
USPS-FY15-31	<ul style="list-style-type: none"> <li>FY 2015 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)</li> </ul>

**USPS-FY15-6**

This item is entitled:

USPS-FY15-6                      General Classification of Accounts

USPS-FY15-6, 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. ACR2014, as USPS-FY14-6), 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-FY15-6 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-FY015-6 consists of a Preface document, and one Excel file.

**USPS-FY15-7**

This item is entitled:

USPS-FY15-7                      Cost Segment 3 Cost Pools and Other Related Information

USPS-FY15-7 provides estimates of volume-variable costs by product and other related data for Cost Segment (CS) 3. These data serve as inputs to the Cost and Revenue Analysis (CRA) “B” Workpapers, the CRA model, various Special Cost Studies, and NSA cost models. This folder also provides data on aggregate CAG K-L costs requested by the Commission in Order No. 2837 (Nov. 24, 2015) for USO reporting purposes.

The predecessor document is USPS-FY14-7 in Docket No. ACR2014. USPS-FY15-7 is the public version of USPS-FY15-NP18.

USPS-FY15-NP7 is the public version of USPS-FY15-NP18. USPS-FY15-7 reports costs for competitive domestic mail products in aggregate; these are reported as separate products in USPS-FY15-NP18.

USPS-FY15-7 SAS program code, SAS logs, and SAS output tables correspond to those submitted in the USPS-FY15-NP18 folder, but use the public version of the IOCS data file in USPS-FY15-37, while those for USPS-FY15-NP18 use the non-public version of the IOCS data file in USPS-FY15-NP21.

The following items in this report are used as input/output to USPS-FY15-7:

**Items in this Report Used as Input to USPS-FY15-7**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-23	• MODS Productivity Data
USPS-FY15-NP2	• FY 2015 International Cost and Revenue Analysis (ICRA) report (Hard Copy & Excel)
USPS-FY15-37	• In-Office Cost System (IOCS) Documentation (Public Version)

**Items in this Report Utilizing Output from USPS-FY15-7**

Item Number	Data/Information Provided
USPS-FY15-8	<ul style="list-style-type: none"> <li>Equipment and Facility Related Costs</li> </ul>
USPS-FY15-10	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY15-11	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) &amp; Periodicals Cost Model</li> </ul>
USPS-FY15-12	<ul style="list-style-type: none"> <li>Standard Mail Hybrid/Parcel Cost Study</li> </ul>
USPS-FY15-14	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail</li> </ul>
USPS-FY15-15	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)</li> </ul>
USPS-FY15-21	<ul style="list-style-type: none"> <li>FY 2015 QBRM and BRM Costs</li> </ul>
USPS-FY15-25	<ul style="list-style-type: none"> <li>FY 2015 Mail Processing Piggyback Factors (Operation Specific)</li> </ul>
USPS-FY15-26	<ul style="list-style-type: none"> <li>FY 2015 Mail Processing Costs by Shape (Public Version)</li> </ul>
USPS-FY15-28	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers – Special Services</li> </ul>
USPS-FY15-32	<ul style="list-style-type: none"> <li>FY 2015 CRA “B” Workpapers (Public Version)</li> </ul>

**USPS-FY15-8**

This item is entitled:

USPS-FY15-8                      Equipment and Facility Related Costs

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 packages when they are delivered and for other products/functions as well. 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 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.

The following items found in this report are used as input/output to USPS-FY15-8:

**Items in this Report Used as Input to USPS-FY15-8**

Item Number	Data/Information Used
USPS-FY15-5	<ul style="list-style-type: none"> <li>Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)</li> </ul>
USPS-FY15-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY15-28	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers – Special Services (Public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY15-8**

Item Number	Data/Information Provided
USPS-FY15-25	<ul style="list-style-type: none"> <li>FY 2015 Mail Processing Piggyback Factors (Operation Specific)</li> </ul>
USPS-FY15-NP13	<ul style="list-style-type: none"> <li>FY 2015 CRA Model (Model Files, Cost Matrices, and Reports)</li> </ul>

Results for USPS-FY15-8 can be found in the following workbooks. Each workbook contains an overview of its contents:

- CRA FACILITY RELATED COST FACTORS, VARIABILITIES & DISTRIBUTION .....FCILTY14.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

**USPS-FY15-9**

This item is entitled:

USPS-FY15-9      ACR Roadmap Document

The purpose of this Roadmap to the Postal Service's FY 2015 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 2015 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. ACR2014, USPS-FY14-9.

**USPS-FY15-10**

This item is entitled:

USPS-FY15-10                      FY 2015 Special Cost Studies Workpapers - Letter  
Cost Models (First-Class and Standard)

USPS-FY15-10 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. ACR2014, USPS-FY14-10 and Docket No. RM2015-1, Proposal Eight, Order No. 2076.

There are no corresponding non-public document to USPS-FY15-10.

USPS-FY15-10 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.

USPS-FY15-10 contains two MS Excel workbooks - First-Class and Standard letter cost models for the Annual Compliance Report based on the latest Commission methodology.

The First-Class Mail workbook contains First-Class Mail presort letters and cards mail processing unit cost estimates, and the First-Class Mail Presort letters and cards worksharing-related savings estimates by price category. These estimates are developed using the Docket No. ACR2014 methodology.

The Standard Mail workbook contains Standard Mail presort letters mail processing unit cost estimates by price category. These estimates are developed using the Docket No. ACR2014 methodology.

The following items found in this report are used as input/output to USPS-FY15-10:

**Items in this Report Used as Input to USPS-FY15-10**

Item Number	Data/Information Used
USPS-FY15-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY15-14	• Mail Characteristics Study (Public Version)
USPS-FY15-19	• FY 2015 Delivery Costs By Shape
USPS-FY15-23	• MODS Productivity Data
USPS-FY15-24	• FY 2015 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY15-25	• FY 2015 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY15-26	• FY 2015 Mail Processing Costs by Shape (Public Version)

And in addition,

Docket No. RM2011-5,  
Order No. 741

Automation density tables  
Manual density tables  
Plant carrier route finalization percentage  
Bundle sorting methodology  
Leakage Rate

2015 Carrier Piece Count (CPC) Data

Post office box destination percentage

2015 FAST Data

Incoming secondary percentages

2015 RBCS Data

RCR finalization rate

2015 WebEOR Data

Operation acceptance and reject rates

USPS-FY08-10

OSS Reject Rates

2008 Field Study

Bundle sorting productivity

**Items in this Report Utilizing Output from USPS-FY15-10**

Item Number	Data/Information Provided
USPS-FY15-3	• FY 2015 Discounts and Pass-throughs of Workshare Items
USPS-FY15-19	• FY 2015 Delivery Costs By Shape
USPS-FY15-21	• FY 2015 QBRM and BRM Costs
USPS-FY15-30	• FY 2015 Market Dominant NSA Materials

**USPS-FY15-11**

This item is entitled:

USPS-FY15-11                      FY 2015 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model

USPS-FY15-11 documents the development of the FY 2015 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-FY15-11.

Predecessor documents include:

First-Class Mail ACR model: FY2014 FCM\_Prsrc\_Flats\_PRC2.xls; PRC-ACR2014-LR2 - FY 2014 First-Class Mail (Docket No. ACR2014)  
First-Class Mail Alternate model: Prop.8.FCM.Flts.xls (Docket No. RM2015-1)

Periodicals ACR model: USPS-FY14-11.PER.OC Flats Prop 9.xls; PRC-ACR2014-LR4 - FY 2014 Periodicals (Docket No. ACR2014)  
Periodicals Alternate model: Prop.8.PER.xls (Docket No. RM2015-1) and;

Standard Mail ACR model: FY2014 STD Flats PRC2.xls; PRC-ACR2014-LR3 – FY 2014 Standard Mail (Docket No. ACR2014)  
Standard Mail Alternate model: Prop.8.STD.Flts.xls (Docket No. RM2015-1)

The USPS-FY15-11 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 ACR2015 methodology unless stated. The alternate model files end with the suffix "...PROP8.xls". These files follow the Proposal Eight (Docket No. RM2014-1) methodology with FY 2015 data.

The following items found in this report are used as input/output to USPS-FY15-11:

**Items in this Report Used as Input to USPS-FY15-11**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY15-14	• Mail Characteristics Study (Public Version)
USPS-FY15-23	• MODS Productivity Data
USPS-FY15-25	• FY 2015 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY15-26	• FY 2015 Mail Processing Costs by Shape (Public Version)

**Items in this Report Utilizing Output from USPS-FY15-11**

Item Number	Data/Information Provided
USPS-FY15-3	• FY 2015 Discounts and Passthroughs of Workshare Items
USPS-FY15-30	• FY 2015 Market Dominant NSA Materials

**USPS-FY15-12**

This item is entitled:

USPS-FY15-12                      Standard Mail Parcel Mail Processing Cost Model

USPS-FY15-12 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-FY15-3.

The most recent predecessor document is Docket No. ACR2014, USPS-FY14-12. There is no corresponding non-public document to USPS-FY15-12.

The Standard Mail parcel cost estimates are presented in the Microsoft Excel workbook 'USPS-FY-15-12.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-FY15-12:

**Items in this Report Used as Input to USPS-FY15-12**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-4	• FY 2015 Market Dominant Billing Determinants
USPS-FY15-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY15-14	• Mail Characteristics Study (Public Version)
USPS-FY15-23	• MODS Productivity Data
USPS-FY15-25	• FY 2015 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY15-26	• FY 2015 Mail Processing Costs by Shape (Public Version)

And in addition,

2015 Special Weight Reports	Weight Data
2015 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

**Items in this Report Utilizing Output from USPS-FY15-12**

Item Number	Data/Information Provided
USPS-FY15-3	<ul style="list-style-type: none"> <li>• FY 2015 Discounts and Passthroughs of Workshare Items</li> </ul>
USPS-FY15-13	<ul style="list-style-type: none"> <li>• Standard and Periodicals Cost Model</li> </ul>

**USPS-FY15-13**

This item is entitled:

USPS-FY15-13                      Standard Mail and Periodicals  
   Destination Entry Cost Models

USPS-FY15-13 documents the destination entry cost avoidance estimates for Standard Mail and Periodicals.

The Standard Mail cost avoidance outputs are relied upon to develop the discounts and passthrough values contained in USPS-FY15-3. They are also used to develop the enhanced carrier route (ECR) cost estimates contained in USPS-FY15-18. The Standard Mail transportation and non-transportation cost avoidance estimates by shape are presented in the Microsoft Excel workbook 'USPS-FY15-13.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-FY15-3. The Periodicals non-transportation cost avoidance estimates are presented in the Microsoft Excel workbook 'USPS-FY15-13.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-FY15-13:

**Items in this Report Used as Input to USPS-FY15-13**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-1	• FY 2015 Public Cost and Revenue Analysis (PCRA)
USPS-FY15-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY15-12	• Standard Mail Parcel Mail Processing Cost Model
USPS-FY15-14	• Mail Characteristics Study
USPS-FY15-24	• FY 2015 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY15-25	• FY 2015 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY15-32	• FY 2015 CRA "B" Workpapers (Public Version)

And in addition,

2015 RPW	Basic Carrier Route pieces and pounds by shape
Docket No. R2000-1, USPS-T-27	Transportation adjustment factor
Docket No. R97-1, USPS-LR-H-105	Sacks per pallet Trays per pallet
Docket No. R97-1, USPS-LR-H-111	Flow path proportions
Docket No. R97-1, USPS-LR-H-195	Sacks per pallet Trays per pallet
Docket No. MC95-1, Exhibit USPS-T-9B	Flow paths

The Periodicals destination entry cost avoidance estimates are calculated using the following inputs:

**Items in this Report Used as Input to USPS-FY15-13**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-1	• FY 2015 Public Cost and Revenue Analysis (PCRA)
USPS-FY15-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY15-14	• Mail Characteristics Study
USPS-FY15-23	• MODS Productivity
USPS-FY 15-25	• Operations Piggy Back Factors

And in addition,

Docket No. R2006-1,  
USPS-T-25, page 7

Volume percentage bypassing DADC

Docket No. R97-1,  
USPS-LR-H-111

Productivity data  
Container conversion factors  
Flow percentages

Docket No. R97-1,  
USPS-LR-H-132

Productivity data

Docket No. MC95-1,  
Exhibit USPS-T-11U

SCF mechanization percentage

Docket No. R94-1,  
Tr. 8/4006

NDC realization factor

Docket No. R90-1,  
Exhibit USPS-T-12B

Volume percentage flowing from NDC to SCF  
Volume percentage flowing from NDC to DU

**Items in this Report Utilizing Output from USPS-FY15-13**

Item Number	Data/Information Provided
USPS-FY15-3	<ul style="list-style-type: none"> <li data-bbox="662 1003 1174 1060">FY 2015 Discounts and Passthroughs of Workshare Items</li> </ul>
USPS-FY 15-16	<ul style="list-style-type: none"> <li data-bbox="662 1073 1154 1129">BPM and Bulk Parcel Transportation Cost Model</li> </ul>
USPS-FY15-18	<ul style="list-style-type: none"> <li data-bbox="662 1142 1138 1199">FY 2015 ECR Mail Processing Unit Costs</li> </ul>

**USPS-FY15-14**

This item is entitled:

USPS-FY15-14                      Mail Characteristics Study (Public Version)

USPS-FY15-14 documents the development of a number of volume and parameter estimates used in the preparation of the 2015 ACR. The section titled “RPW by Shape and Indicia” describes the development of revenue, piece and weight estimates by shape and indicia. Standard Mail and First-Class Mail estimates by weight increment are also developed. The “Mail Characteristics” section describes the development of preparation and entry characteristics for Standard Mail flats and letters, and for Periodicals flats. The re-calibration of the First-Class Mail Characteristics Study (Docket No. R2006-1, LR-L-32) is also described in the “Mail Characteristics” section. The “Coverage Factor Updating” section describes the methodology used to update coverage factor parameters for the flats mail processing models.

The methodology is not changed from Docket No. ACR2014, however numerous additional rate elements have been introduced since Docket No. ACR2014, including Table 14 which is required to calibrate the Standard Mail Flats model for the estimation of the cost differential between Carrier Route flats and Carrier Route Flats on CRRTS pallets as approved in Commission Order No. 2741 (Oct. 1, 2015). In this analysis, the mapping of these new categories follows mappings used in the RPW report.

As requested in Order No. 2741, information is provided in Table 4 of USPS-FY15-14 on the composition of non-CRRTS 5-Digit pallets, disaggregating these pallets between 5-Digit Merged pallets and 5-Digit Presort pallets.

Predecessor Documents include USPS-FY12-15, Docket No. ACR 2012, USPS-FY11-14, Docket No. ACR 2011 USPS-FY10-15 in Docket No. ACR2010, USPS-FY09-15 in Docket No. ACR2009, USPS-FY08-15 in Docket No. ACR2008, USPS-FY07-15 filed in Docket No. ACR2007, and Docket No. R2001-1, USPS-LR-J-63 for Density Study. The corresponding non-public document is USPS-FY15-NP25.

The tables of the characteristics estimates are presented below and in electronic version in the Microsoft Office Excel workbook ‘MAILCHAR15V.xls’. The estimates of RPW by shape and indicia are presented in the Microsoft Office Excel workbook “Shape Indicia FY 2015V.xls”. The coverage factor and results are provided in the workbook “Coverage Factors 15m.xls”. The programs and workbooks used to estimate these volumes are described in the Program Documentation.

This item relies upon the FY 2015 PostalOne! mailing statement database; FY 2015 Mail.dat data from the PostalOne! eVS system; and USPS-LR-L-32 for First-Class Mail.

The following items found in this report are used as input/output to USPS-FY15-14:

**Items in this Report Utilizing Output from USPS-FY15-14**

Item Number	Data/Information Provided
USPS-FY15-10	<ul style="list-style-type: none"> <li data-bbox="678 506 1138 596">FY 2015 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY15-11	<ul style="list-style-type: none"> <li data-bbox="678 602 1138 720">FY 2015 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) &amp; Periodicals Cost Model</li> </ul>
USPS-FY15-13	<ul style="list-style-type: none"> <li data-bbox="678 728 1105 846">FY 2015 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail</li> </ul>

**USPS-FY15-15**

This item is entitled:

USPS-FY15-15                      FY 2015 Bound Printed Matter Mail Processing Cost Model and Media Mail – Library Mail Mail Processing Cost Model

USPS-FY15-15 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. ACR2014, USPS-FY14-15. The most recent predecessor for the Media Mail – Library Mail mail processing cost model is Docket No. ACR2014, USPS-FY14-15. There is no non-public document that corresponds to USPS-FY15-15.

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-FY15-3. 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-FY15-16.

The Bound Printed Matter cost estimates are presented in the Microsoft Excel workbook 'USPS-FY15-15.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-FY15-15.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-FY15-15:

**Items in this Report Used as Input to USPS-FY15-15**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-1	<ul style="list-style-type: none"> <li>FY 2015 Public Cost and Revenue Analysis (PCRA) Report</li> </ul>
USPS-FY15-2	<ul style="list-style-type: none"> <li>FY 2015 Public Cost Segments and Components</li> </ul>
USPS-FY15-4	<ul style="list-style-type: none"> <li>FY 2015 Market Dominant Billing Determinants</li> </ul>
USPS-FY15-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY15-22	<ul style="list-style-type: none"> <li>FY 2015 Bound Printed Matter Mail Processing Costs and Parcel Post Window Service Costs</li> </ul>
USPS-FY15-23	<ul style="list-style-type: none"> <li>MODS Productivity Data</li> </ul>
USPS-FY15-24	<ul style="list-style-type: none"> <li>FY 2015 Non-Operation Specific Piggyback Factors (Public Version)</li> </ul>
USPS-FY15-25	<ul style="list-style-type: none"> <li>FY 2015 Mail Processing Piggyback Factors (Operation Specific)</li> </ul>
USPS-FY15-36	<ul style="list-style-type: none"> <li>Transportation Cost Systems (TRACS) Documentation (Public Version)</li> </ul>
USPS-FY 08-15	<ul style="list-style-type: none"> <li>2008 Delivery Unit Study</li> </ul>

**Items in this Report Utilizing Output from USPS-FY15-15**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY15-3	<ul style="list-style-type: none"> <li>FY 2015 Discounts and Passthroughs of Workshare Items</li> </ul>
USPS-FY15-16	<ul style="list-style-type: none"> <li>FY 2015 Bound Printed Matter Transportation Cost Model and Bulk Parcel Return Service Cost Model</li> </ul>

**USPS-FY15-16**

This item is entitled:

USPS-FY15-16                      FY 2015 Bound Printed Matter Transportation Cost Model and Bulk Parcel Return Service Cost Model

USPS-FY15-16 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-FY15-3.

Docket No. ACR2012, USPS-FY14-16 is the predecessor document for the Bound Printed Matter transportation cost model. Docket No. ACR2014, USPS-FY14-16 is the predecessor document for the Bulk Parcel Return Service cost model. There is no non-public document that corresponds to USPS-FY15-16.

The Bound Printed Matter aggregate, flats, and parcels transportation cost estimates are presented in the Microsoft Excel workbooks 'USPS-FY15-16.BPM\_TOTAL.xls,' 'USPS-FY15-16.BPM\_FLATS.xls,' and 'USPS-FY15-16.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-FY15-16.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-FY15-16:

**Items in this Report Used as Input to USPS-FY15-16**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-1	<ul style="list-style-type: none"> <li>FY 2015 Public Cost and Revenue Analysis (PCRA) Report</li> </ul>
USPS-FY15-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY15-13	<ul style="list-style-type: none"> <li>FY 2015 Standard Mail and Periodicals Destination Entry Cost Models</li> </ul>
USPS-FY15-15	<ul style="list-style-type: none"> <li>FY 2015 Bound Printed Matter Mail Processing Cost Model and Media Mail – Library Mail Mail Processing Cost Model</li> </ul>
USPS-FY15-23	<ul style="list-style-type: none"> <li>MODS Productivity Data</li> </ul>
USPS-FY15-24	<ul style="list-style-type: none"> <li>FY 2015 Non-Operation Specific Piggyback Factors (Public Version)</li> </ul>
USPS-FY15-25	<ul style="list-style-type: none"> <li>FY 2015 Mail Processing Piggyback Factors (Operation Specific)</li> </ul>
USPS-FY15-32	<ul style="list-style-type: none"> <li>FY 2015 CRA "B" Workpapers (Public Version)</li> </ul>
USPS-FY15-36	<ul style="list-style-type: none"> <li>Transportation Cost Systems (TRACS) Documentation (Public Version)</li> </ul>

**USPS-FY15-17**

This item is entitled:

USPS-FY15-17                      FY 2015 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-FY15-17 consists of that combined Annual Report and includes the FY 2015 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-FY15-18**

This item is entitled:

USPS-FY15-18                      FY 2015 ECR Mail Processing Unit Costs

USPS-FY15-18 documents the development of mail processing unit costs for Standard Mail Enhanced Carrier Route (ECR). It contains printed and electronic documentation of the spreadsheets and programs used to develop these costs.

The most recent predecessor document is Docket No. ACR2014, USPS-FY14-18. There is no corresponding non-public document.

The main results are presented in two Microsoft Office Excel workbooks: FY15 ECR Mail Proc Costs.xls and FY15 ECR Unit Costs.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-FY15-18:

**Items in this Report Used as Input to USPS-FY15-18**

Item Number	Data/Information Used
USPS-FY15-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY15-13	• Standard Mail and Periodicals Destination Entry Cost Models
USPS-FY15-14	• Mail Characteristics Study (Public Portion)
USPS-FY15-NP21	• In-Office Cost System (IOCS) Documentation (Nonpublic Portion)
USPS-FY15-26	• FY 2015 Mail Processing Costs by Shape (Public Version)

**Items in this Report Utilizing Output from USPS-FY15-18**

Item Number	Data/Information Provided
USPS-FY15-3	• FY 2015 Discounts and Passthroughs of Workshare Items

**USPS-FY15-19**

This item is entitled:

USPS-FY15-19      FY 2015 Delivery Costs By Shape

USPS-FY15-19 documents the development of FY 2015 delivery costs by rate category for First-Class Mail, Periodicals, Standard Mail, Bound Printed Matter, and Media Mail. Predecessor documents include ACR2014, PRC-LR-ACR2014/8 and USPS-FY14-19.

There is no corresponding non-public document to USPS-FY15-19.

USPS-FY15-19 incorporates the changes necessitated by the Commission approved new city letter route cost model.<sup>1</sup> These changes include cost pool and distribution keys revisions for the new set of cost pools: DPS letters; FSS flats; Cased Mail; Sequenced (including some High Density); In Receptacle Parcels; Deviation Parcels; and Collection Mail (versus Letters, Flats, Sequenced, In-Receptacle Parcels, Deviation Parcels, and Collection Mail). In addition, the cost pool for USPS tracking costs was removed from the cost model. For more information about the specific changes to the city carrier letter route cost model, see Proposal Thirteen attached to the Petition in Docket No. RM2015-7/1, dated December 11, 2014.

USPS-FY-15-19 also includes a new workbook with the FSS delivery cost model. The FSS delivery cost model disaggregates delivery costs between flats destinating in FSS/Non-FSS zones for Standard Mail Flats, Standard Mail Carrier Route flats, Periodicals flats, and Bound Printed Matter Flats. The procedures used to develop the FSS delivery cost model follow the Commission approved methods from Docket No. RM2015-16, Proposal Seven: Section Two.<sup>2</sup> The following items found in this report are used as input/output to USPS-FY15-19:

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<sup>1</sup> See Docket No. RM2015-7, Proposal Thirteen, Order No. 2792, October 29, 2015.

<sup>2</sup> See Docket No. RM2015-16, Proposal Seven: Section Two, Order No. 2839, November 25, 2015.

**Items in this Report Used as Input to USPS-FY15-19**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-10	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY15-14	<ul style="list-style-type: none"> <li>Mail Characteristics Study (Public Version)</li> </ul>
USPS-FY15-24	<ul style="list-style-type: none"> <li>FY 2015 Non-Operation Specific Piggyback Factors (Public Version)</li> </ul>
USPS-FY15-32	<ul style="list-style-type: none"> <li>FY 2015 CRA "B" Workpapers (Public Version)</li> </ul>
USPS-FY15-34	<ul style="list-style-type: none"> <li>City Carrier Cost System (CCCS) Documentation (Public Version)</li> </ul>
USPS-FY15-35	<ul style="list-style-type: none"> <li>Rural Carrier Cost System (RCCS) Documentation (Public Version)</li> </ul>
USPS-FY15-37	<ul style="list-style-type: none"> <li>In-Office Cost System (IOCS) Documentation (Public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY15-19**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY15-3	<ul style="list-style-type: none"> <li>FY 2015 Discounts and Passthroughs of Workshare Items</li> </ul>
USPS-FY15-10	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY15-27	<ul style="list-style-type: none"> <li>FY 2015 Nonprofit Mail Cost Approximations</li> </ul>
USPS-FY15-30	<ul style="list-style-type: none"> <li>FY 2015 Market Dominant NSA Materials</li> </ul>

**USPS-FY15-20**

This item is entitled:

USPS-FY15-20                      FY 2015 Window Service Costs by Shape

USPS-FY15-20 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; Docket No. ACR 2012, USPS-FY12-20; Docket No. ACR 2013, USPS-FY13-20; and most recently Docket No. ACR 2014, USPS-FY14-20. There is no corresponding non-public document.

The main results are presented in the Microsoft Office Excel workbook 'FY15 Window Service Costs.xls' in the spreadsheet 'FY15 Adj Costs.' Data sources are referenced in each spreadsheet in the Microsoft Office Excel workbook 'FY15 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-FY15-20:

**Items in this Report Used as Input to USPS-FY15-20**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY15-NP21	• In-Office Cost System (IOCS) Documentation (Nonpublic Version)
USPS-FY15-24	• FY 2015 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY15-26	• FY 2015 Mail Processing Costs by Shape (Public Version)

**USPS-FY15-21**

This item is entitled:

USPS-FY15-21                      Business Reply Mail Cost Model

USPS-FY15-21 documents the worksharing-related savings estimate for QBRM letters and cards and the Business Reply Mail Fee cost estimates.

Docket No. ACR2014, USPS-FY14-21 is the predecessor document. There is no non-public document that corresponds to USPS-FY15-21.

The Qualified Business Reply Mail cost avoidance estimate is presented in the Microsoft Excel workbook 'USPS-FY15-21.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-FY15-21.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-FY15-21:

**Items in this Report Used as Input to USPS-FY15-21**

Item Number	Data/Information Used
USPS-FY15-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY15-10	• FY 2015 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY15-23	• MODS Productivity Data
USPS-FY15-24	• FY 2015 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY15-25	• FY 2015 Mail Processing Piggyback Factors (Operation Specific)

**Items in this Report Utilizing Output from USPS-FY15-21**

Item Number	Data/Information Provided
USPS-FY15-3	• FY 2015 Discounts and Passthroughs of Workshare Items

**USPS-FY15-22**

This item is entitled:

USPS-FY15-22                      FY 2015 Bound Printed Matter Mail Processing Costs

USPS-FY15-22 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.

The most recent predecessor document is Docket No. ACR2014, USPS-FY14-22. There is no corresponding non-public document.

The main results are presented in two Microsoft Office Excel workbooks: FY15 BPM Costs ASF.xls and FY15 BPM Costs Op07.xls. These workbooks contribute Tables 1 and 2, below, respectively. 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 below.

The following items found in this report are used as input/output to USPS-FY15-22:

**Items in this Report Used as Input to USPS-FY15-22**

Item Number	Data/Information Used
USPS-FY15-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY15-NP21	• In-Office Cost System (IOCS) Documentation (Nonpublic Version)
USPS-FY15-26	• FY 2015 Mail Processing Costs by Shape (Public Version)

**Items in this Report Utilizing Output from USPS-FY15-22**

Item Number	Data/Information Provided
USPS-FY15-15	• FY 2015 Special Cost Studies Workpapers – Bound Printed Matter Mail Processing Cost Model/Media Mail – Library Mail Processing Cost Model

**USPS-FY15-23**

This item is entitled:

USPS-FY15-23                      MODS Productivity Data

USPS-FY15-23 provides FY15 productivity data for selected operations at MODS plants, Network Distribution Centers (NDCs, formerly Bulk Mail Centers or BMCs), and Remote Encoding Centers (RECs).

The most recent predecessor document are the following;

Docket No. R2006-1, USPS-LR-L-56, Part III.  
 Docket No. ACR2007, USPS-FY07-23.  
 Docket No. ACR2008, USPS-FY08-23.  
 Docket No. ACR2009, USPS-FY09-23.  
 Docket No. ACR2010, USPS-FY10-23.  
 Docket No. ACR2011, USPS-FY11-23.  
 Docket No. ACR2012, USPS-FY12-23.  
 Docket No. ACR2013, USPS-FY13-23.  
 Docket No. ACR2014, USPS-FY14-23.

There is no corresponding non-public document.

The productivity data are presented in the Microsoft Office Excel workbooks 'YRscrub2015.xlsx', 'NDCscrub2015.xlsx', and 'RECprods2015.xlsx'.

The following items found in this report are used as input/output to USPS-FY15-23:

**Items in this Report Utilizing Output from USPS-FY15-23**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY15-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY15-10	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY15-11	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) &amp; Periodicals Cost Model</li> </ul>
USPS-FY15-15	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)</li> </ul>
USPS-FY15-NP18	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Nonpublic Portion)</li> </ul>

**USPS-FY15-24**

This item is entitled:

USPS-FY15-24                      FY 2015 Non-Operation Specific Piggyback Factors  
(Public Version)

USPS-FY15-24 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 2015. Piggyback factors are employed in cost studies described in “E” below 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. ACR2014, USPS-FY14-24. The corresponding non-public documents is USPS-FY15-NP19 which contains the piggyback factors for all classes and subclasses and also links to the CRA model output.

Results can be seen in the Microsoft Office Excel workbook FY15Public.PB.xls. The following items found in this report are used as input/output to USPS-FY15-24:

**Items in this Report Used as Input to USPS-FY15-24**

Item Number	Data/Information Used
USPS-FY15-31	<ul style="list-style-type: none"> <li data-bbox="695 1167 1174 1253">FY 2015 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY15-24**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY15-10	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY15-11	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) &amp; Periodicals Cost Model</li> </ul>
USPS-FY15-12	<ul style="list-style-type: none"> <li>Standard Mail Hybrid/Parcel Cost Study</li> </ul>
USPS-FY15-14	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail</li> </ul>
USPS-FY15-15	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)</li> </ul>
USPS-FY15-16	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers - Bound Printed Matter and Parcel Post Transportation Costs / Bulk Parcel Return Service Cost Study (Public Version)</li> </ul>
USPS-FY15-18	<ul style="list-style-type: none"> <li>FY 2015 ECR Mail Processing Unit Costs</li> </ul>
USPS-FY15-19	<ul style="list-style-type: none"> <li>FY 2015 Delivery Costs By Shape</li> </ul>
USPS-FY15-20	<ul style="list-style-type: none"> <li>FY 2015 Window Service Cost by Shape</li> </ul>
USPS-FY15-21	<ul style="list-style-type: none"> <li>FY 2015 QBRM and BRM Costs</li> </ul>
USPS-FY15-22	<ul style="list-style-type: none"> <li>FY 2015 Bound Printed Matter Mail Processing Costs</li> </ul>
USPS-FY15-25	<ul style="list-style-type: none"> <li>FY 2015 Mail Processing Piggyback Factors (Operation Specific)</li> </ul>
USPS-FY15-26	<ul style="list-style-type: none"> <li>FY 2015 Mail Processing Costs by Shape (Public Version)</li> </ul>
USPS-FY15-28	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers – Special Services</li> </ul>
USPS-FY15-NP10	<ul style="list-style-type: none"> <li>FY 2015 ICM Data</li> </ul>
USPS-FY15-NP26	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers – Special Services (Non-public Version)</li> </ul>

**USPS-FY15-25**

This item is entitled:

USPS-FY15-25                      FY 2015 Mail Processing Piggyback Factors  
(Operation Specific)

USPS-FY15-25 documents development of the mail processing cost pool piggyback factors and operation specific mail processing piggyback factors. Piggyback factors are employed in cost studies indicated below in “E” to augment processing cost pool and operations labor costs by adding the costs associated with supervisors and administration, service-wide benefits, and facility-related and equipment-related costs.

Predecessor documents are Docket No. R2006-1, USPS-LR-L-98, parts I and II; and Docket No. ACR2014, USPS-FY14-24. The corresponding non-public document, USPS-FY15-NP19, contains the piggyback factors for all classes and subclasses and also links to the CRA model output.

The following items found in this report are used as input/output to USPS-FY15-25:

**Items in this Report Used as Input to USPS-FY15-25**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY15-8	• Equipment and Facility Related Costs
USPS-FY15-23	• MODS Productivity Data
USPS-FY15-24	• FY 2015 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY15-31	• FY 2015 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)

**Items in this Report Utilizing Output from USPS-FY15-25**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY15-10	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY15-11	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) &amp; Periodicals Cost Model</li> </ul>
USPS-FY15-12	<ul style="list-style-type: none"> <li>Standard Mail Hybrid/Parcel Cost Study</li> </ul>
USPS-FY15-14	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail</li> </ul>
USPS-FY15-15	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)</li> </ul>
USPS-FY15-16	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers - Bound Printed Matter and Parcel Post Transportation Costs / Bulk Parcel Return Service Cost Study (Public Version)</li> </ul>
USPS-FY15-18	<ul style="list-style-type: none"> <li>FY 2015 ECR Mail Processing Unit Costs</li> </ul>
USPS-FY15-19	<ul style="list-style-type: none"> <li>FY 2015 Delivery Costs By Shape</li> </ul>
USPS-FY15-20	<ul style="list-style-type: none"> <li>FY 2015 Window Service Cost by Shape</li> </ul>
USPS-FY15-21	<ul style="list-style-type: none"> <li>FY 2015 QBRM and BRM Costs</li> </ul>
USPS-FY15-22	<ul style="list-style-type: none"> <li>FY 2015 Bound Printed Matter Mail Processing Costs</li> </ul>
USPS-FY15-26	<ul style="list-style-type: none"> <li>FY 2015 Mail Processing Costs by Shape (Public Version)</li> </ul>
USPS-FY15-28	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers – Special Services</li> </ul>
USPS-FY15-NP20	<ul style="list-style-type: none"> <li>FY 2015 Mail Processing Costs by Shape (Nonpublic Version)</li> </ul>

**USPS-FY15-26**

This item is entitled:

USPS-FY15-26                      FY 2015 Mail Processing Costs by Shape (Public Version)

USPS-FY15-26 provides Mail Processing Unit Costs by Shape for FY 2015 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 2014, USPS-FY14-26 and PRC-LR-ACR2014/8.

USPS-FY15-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-FY15-26:

**Items in this Report Used as Input to USPS-FY15-26**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY15-14	• Mail Characteristics Study (Public Version)
USPS-FY15-24	• FY 2015 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY15-25	• FY 2015 Mail Processing Piggyback Factors (Operation Specific)

**Items in this Report Utilizing Output from USPS-FY15-26**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY15-10	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY15-11	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) &amp; Periodicals Cost Model</li> </ul>
USPS-FY15-12	<ul style="list-style-type: none"> <li>Standard Mail Hybrid/Parcel Cost Study</li> </ul>
USPS-FY15-14	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail</li> </ul>
USPS-FY15-15	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)</li> </ul>
USPS-FY15-16	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers - Bound Printed Matter and Parcel Post Transportation Costs / Bulk Parcel Return Service Cost Study (Public Version)</li> </ul>
USPS-FY15-18	<ul style="list-style-type: none"> <li>FY 2015 ECR Mail Processing Unit Costs</li> </ul>
USPS-FY15-19	<ul style="list-style-type: none"> <li>FY 2015 Delivery Costs By Shape</li> </ul>
USPS-FY15-20	<ul style="list-style-type: none"> <li>FY 2015 Window Service Cost by Shape</li> </ul>
USPS-FY15-21	<ul style="list-style-type: none"> <li>FY 2015 QBRM and BRM Costs</li> </ul>
USPS-FY15-22	<ul style="list-style-type: none"> <li>FY 2015 Bound Printed Matter Mail Processing Costs</li> </ul>
USPS-FY15-30	<ul style="list-style-type: none"> <li>FY 2015 Market Dominant NSA Materials</li> </ul>

**USPS-FY15-27**

This item is entitled:

USPS-FY15-27                      FY 2015 Nonprofit Mail Cost Approximations

USPS-FY15-27 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-FY15-27 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-FY14-27. There is no corresponding non-public document. USPS-FY15-27 consists of a preface and one Excel file, StandardNonprofit2015.xls.

The following items found in this report are used as input/output to USPS-FY15-27:

**Items in this Report Used as Input to USPS-FY15-27**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-2	• FY 2015 Public Cost Segments and Components
USPS-FY15-4	• FY 2015 Market Dominant Billing Determinants
USPS-FY15-12	• Standard Mail Hybrid/Parcel Cost Study
USPS-FY15-13	• Standard Mail Destination Cost Entry Estimates
USPS-FY15-18	• FY 2015 ECR Mail Processing Unit Costs
USPS-FY15-19	• FY 2015 Delivery Costs By Shape
USPS-FY15-30	• FY 2015 Market Dominant NSA Materials

**USPS-FY15-28**

This item is entitled:

USPS-FY15-28                      FY 2015 Special Cost Studies Workpapers – Special Services (Public Portion)

USPS-FY15-28 documents the unit cost estimates for selected domestic Special Services, supplementing the cost information provided in USPS-FY15-1. These cost studies include: Address Management Services, Caller Service, Certificate of Mailing, Change of Address Credit Card Authentication (Public Portion), Correction of Mailing Lists, Insurance, Money Order Inquiry, Periodicals Applications, Philatelic Sales, P.O. Box Key Replacement and Lock Changes, Restricted Delivery, Return Receipt, Signature Confirmation (Public Portion), Stamped Cards, Stamped Envelopes Transportation, Stamped Envelopes (Personalized Stamped Envelope Shipping Costs), Stamp Fulfillment Services (Handling), USPS Tracking, and ZIP Coding of Mailing Lists.

Order No. 2076 is the predecessor document for the Philatelic Sales and Stamp Fulfillment Services Handling cost studies. Docket No. ACR2014, USPS-FY14-28 is the predecessor document for all other cost studies. USPS-FY15-NP26 covers Special Services for items designated as non-public.

The following items found in this report are used as input/output to USPS-FY15-28:

**Items in this Report Used as Input to USPS-FY15-28**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-1	• FY 2015 Public Cost and Revenue Analysis (PCRA) Report
USPS-FY15-2	• FY 2015 Public Cost Segments and Components Report
USPS-FY15-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY15-8	• Equipment and Facility Related Costs
USPS-FY15-24	• FY 2015 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY15-25	• FY 2015 Mail Processing Piggyback Factors (Operation Specific)

The cost studies for Special Services are organized as follows:

### **1. Address Management Services**

This cost study is contained in the EXCEL file “AMS2015.xlsx.” It contains the cost models and cost sheets that are used to develop Address Management Services costs. A Direct Labor Survey was conducted in FY15 to determine the number of hours spent by the employees and contractors for Address Management Services (AMS). Using the surveyed hours and appropriate wage rates, direct labor costs were calculated for FY15. The direct labor to total labor cost ratio is then calculated and applied to the total costs to derive AMS costs. The costs of AMS are reported in the D report (USPS-FY15-31).

### **2. Caller Service**

This cost study is contained in the EXCEL file “Caller Service2015.xlsx.” It contains the cost models and cost sheets that are used to develop Caller Service costs.

### **3. Certificate of Mailing**

This cost study is contained in the EXCEL file “Certificate of Mailing2015.xlsx.” It contains the cost models and cost sheets that are used to develop Certificate of Mailing costs.

### **4. Change of Address Credit Card Authentication (Public Portion)**

This cost study is contained in the EXCEL file “CreditCardPub2015.xlsx.” It contains the cost models and cost sheets that are used to develop Change of Address Credit Card Authentication costs. The calculation in USPS-FY15-28 does not reflect the Revenue Agreement with Imagitas. As a result, the revenue and expense figures in USPS-FY15-28 cannot be used to calculate the cost coverage. The cost of Change of Address Credit Card Authentication is reported in the D report (USPS-FY15-31).

### **5. Correction of Mailing Lists**

This cost study is contained in the EXCEL file “Correction\_of\_Mailing\_Lists2015.xlsx.” It contains the cost models and cost sheets that are used to develop Correction of Mailing Lists costs.

### **6. Insurance**

This cost study is contained in the EXCEL file “Insurance Costs2015.xlsx.” It contains the costmodels and cost sheets that are used to disaggregate Insurance costs.

**7. Money Order Inquiry**

This cost study is contained in the EXCEL file "Money Order Inquiry and Float2015.xlsx." The "Money Order Inquiry" sheet contains the cost models and cost sheets that are used to develop Money Order inquiry costs. The "ACTUAL TOTALS" sheet contains float information for money orders.

**8. Periodicals Applications**

This cost study is contained in the EXCEL file "Periodicals App Fee2015.xlsx." It contains the cost models and cost sheets that are used to develop Periodicals Application costs.

**9. Philatelic Sales**

This cost study is contained in the EXCEL file "Philatelic Sales2015.xlsx." It contains the cost models and cost sheets that are used to develop Stamp Fulfillment Services (Philatelic Products) costs. The cost of Stamp Fulfillment Services (Philatelic Products) is also reported in USPS-FY15-NP27.

**10. P.O. Box Key Replacement and Lock Changes**

This cost study is contained in the EXCEL file "PO\_Boxes2015.xlsx." It contains the cost models and cost sheets that are used to develop P.O. Box key replacement and lock change costs.

**11. Restricted Delivery**

This cost study is contained in the EXCEL file "Restricted Delivery2015.xlsx." It contains the cost models and cost sheets that are used to develop Restricted Delivery costs.

**12. Return Receipt**

This cost study is contained in the EXCEL file "Return Receipt2015.xlsx." It contains the cost models and cost sheets that are used to develop Return Receipt costs.

**13. Signature Confirmation (Public Portion)**

This cost study is contained in the EXCEL file "SigConPub-FY 2015.xlsx." It contains the cost models and cost sheets that are used to develop Signature Confirmation costs.

**14. Stamped Cards**

This cost study is contained in the EXCEL file “Stamped Cards2015.xlsx”. It contains the cost models and cost sheets that are used to develop Stamped Card costs.

**15. Stamped Envelopes Transportation**

This cost study is contained in the EXCEL file “Stamped Envelopes2015.xlsx.” It contains the cost models and cost sheets that are used to develop Stamped Envelope costs.

**16. Stamped Envelopes (Personalized Stamped Envelope Shipping Costs)**

This cost study is contained in the EXCEL file “Stamped Envelopes PSES2015.xlsx.” It contains the cost models and cost sheets that are used to develop Personalized Stamped Envelope shipping costs. The Personalized Stamped Envelope shipping costs are reported in the D report (USPS-FY15-31).

**17. Stamp Fulfillment Services (Handling)**

This cost study is contained in the EXCEL file “SFS Handling2015.xlsx.” It contains the cost models and cost sheets that are used to develop Stamp Fulfillment Services (Handling) costs. The cost of Stamp Fulfillment Services (Handling) is reported in the D report (USPS-FY15-31).

**18. USPS Tracking**

The EXCEL file “USPS TrackingPub-FY20145.xlsx.” contains the public portion of the cost model for USPS Tracking

**19. ZIP Coding of Mailing Lists**

This cost study is contained in the EXCEL file “Zip Coding of Mailing Lists2015.xlsx.” It contains the cost models and cost sheets that are used to develop ZIP Coding of Mailing Lists costs.

**USPS-FY15-29**

This item is entitled:

USPS-FY15-29                      Annual Report on Service Performance for Market  
Dominant Products

USPS-FY15-29 contains the annual report on the service performance of market dominant products.

USPS-FY12-29 is the most recent predecessor document. There is no corresponding nonpublic document to USPS-FY15-29.

USPS-FY15-29 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, 72 Fed. Reg. 72,216, 77 Fed. Reg. 31,190, 79 Fed. Reg. 4079, and 79 Fed. Reg. 44,700 and in PRC Docket Nos. PI2008-1, RM2009-11, RM2010-11, RM2010-14, RM2011-1, and RM2011-14. As required by 39 C.F.R. § 3055.2(e), the measurement systems, methodologies, and proxies used for each product are described in the enclosed reports.

A narrative report that addresses each element of 39 C.F.R. §§ 3055.2 and 3055.3(b) is included as a PDF document entitled "Service Performance ACR FY15.pdf." USPS-FY15-29 also includes the following six Microsoft Excel spreadsheets with data required by Part 3055, Subpart A, of the Commission's Rules:

FY15 ACR First-Class Mail.xls  
FY15 ACR Package Services.xls  
FY15 ACR Periodicals.xls  
FY15 ACR Special Services.xls  
FY15 ACR Standard Mail.xls

In accordance with Rule 3055.7, a PDF document entitled "Special Study of Off-Shore Service Performance FY15" is also included in USPS-FY15-29.

**USPS-FY15-30**

This item is entitled:

USPS-FY15-30                      FY 2015 Market Dominant NSA Materials

USPS-FY15-30, FY 2015 Market Dominant NSA Materials, reports revenues and volumes associated with Market-Dominant NSAs that were in effect during FY15 and had been in effect for one year by the end of FY15. It also calculates the costs and incremental values of those NSAs. Section III of this preface also includes some information about certain services included in the Mail Classification System (MCS) under Address Management Services.

USPS-FY14-30 (FY 2014 Market Dominant NSA Documentation) is the predecessor document. There is no corresponding non-public document. Information on competitive domestic NSAs is found in USPS-FY15-NP27.

Besides this preface, USPS-FY15-30 NSA Materials contains two Microsoft Office Excel workbooks. One file, "FY 15 NSA Unit Cost Detail Data Calculations.xls", pulls together unit cost information. The second file, "FY15.30\_ACR.NSA.xls", contains one worksheet that replicates the summary unit costs information from the first file "FY 15 NSA Unit Cost Detail Data Calculations.xls", one worksheet containing calculations related to the current NSA, one worksheet that presents summary calculations for the FY 2015 CRA, and one worksheet that presents the results using the Commission's methodology for evaluating the financial performance of NSAs..

The following items found in this report are used as input to USPS-FY15-30:

**Items in this Report Used as Input to USPS-FY15-30**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-4	<ul style="list-style-type: none"> <li>FY 2015 Market Dominant Billing Determinants</li> </ul>
USPS-FY15-10	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)</li> </ul>
USPS-FY15-11	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) &amp; Periodicals Cost Model</li> </ul>
USPS-FY15-18	<ul style="list-style-type: none"> <li>FY 2015 ECR Mail Processing Unit Costs</li> </ul>
USPS-FY15-19	<ul style="list-style-type: none"> <li>FY 2015 Delivery Costs By Shape</li> </ul>
USPS-FY15-24	<ul style="list-style-type: none"> <li>FY 2015 Non-Operation Specific Piggyback Factors (Public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY15-30**

Item Number	Data/Information Provided
USPS-FY15-27	• FY 2015 Nonprofit Mail Cost Approximations
USPS-FY15-NP13	• FY 2015 Non-public Cost and Revenue Analysis (NPCRA) Report

**USPS-FY15-31**

This item is entitled:

USPS-FY15-31                      FY 2015 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)

USPS-FY15-31 contains the Fiscal Year 2015 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 2014 Annual Compliance Report (ACR) filing (Docket No. ACR2014, December 28, 2014), this material was presented as USPS-FY14-31. A non-public version of the FY 2015 CRA Model is filed as USPS-FY15-NP13. The non-public version contains complete cost data for the domestic Competitive products listed above.

The following items found in this report are used as input/output to USPS-FY15-31:

<b>Items in this Report Used as Input to USPS-FY15-31</b>	
<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-5	<ul style="list-style-type: none"> <li>Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)</li> </ul>
USPS-FY15-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY15-8	<ul style="list-style-type: none"> <li>Equipment and Facility Related Costs</li> </ul>
USPS-FY15-28	<ul style="list-style-type: none"> <li>FY 2015 Special Cost Studies Workpapers – Special Services (Public Version)</li> </ul>
USPS-FY15-30	<ul style="list-style-type: none"> <li>FY 2015 Market Dominant NSA Materials</li> </ul>
USPS-FY15-32	<ul style="list-style-type: none"> <li>FY 2015 CRA "B" Workpapers (Public Version)</li> </ul>
USPS-FY15-37	<ul style="list-style-type: none"> <li>In-Office Cost System (IOCS) Documentation (Public Version)</li> </ul>
USPS-FY15-42	<ul style="list-style-type: none"> <li>Revenues, Pieces, &amp; Weight (Public Version)</li> </ul>

**Items in this Report Utilizing Output from USPS-FY15-31**

Item Number	Data/Information Provided
USPS-FY15-1	• FY 2015 Public Cost and Revenue Analysis (PCRA) Report
USPS-FY15-2	• FY 2015 Public Cost Segments and Components
USPS-FY15-24	• FY 2015 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY15-39	• FY 2015 Competitive Products Fund Reporting Materials

The contents of USPS-FY15-31 are organized in electronic folders as follows:

### 1. CRA Model

USPS-FY15-31\Model\CRA.Model.Public.xls	CRA run module
USPS-FY15-31\Model\CRA.DIM.Public.xls	CRA data input module
USPS-FY15-31\Model\FY15.cntl.Public.xls source	CRA control tables and data

### 2. Cost Files

USPS-FY15-31\Cost\FY15.I.Public.xls	Input matrix
USPS-FY15-31\Cost\FY15.Mod1.Public.xls	GDEI calcs and output matrix
USPS-FY15-31\Cost\FY15.A.Public.xls	"A" calculations and output matrix
USPS-FY15-31\Cost\FY15.F.Public.xls	"F" calculations and output matrix
USPS-FY15-31\Cost\FY15.B.Public.xls	"B" calculations and output matrix

### 3. Reports

USPS-FY15-31\Reports\FY15.IRpt.Public.xls	Input report
USPS-FY15-31\Reports\FY15.ARpt.Public.xls	"A" report (without PESSA costs)
USPS-FY15-31\Reports\FY15.FRpt.Public.xls	Factor report
USPS-FY15-31\Reports\FY15.BRpt.Public.xls	"B" report (PESSA detail)
USPS-FY15-31\Reports\FY15.CRpt.Public.xls	Cost segs and comp report
USPS-FY15-31\Reports\FY15.DRpt.Public.xls	Final adjustments

### 4. Standard Mail FSS Adjustment

USPS-FY15-31\FSS Adjustment\Standard\_FSS\_Final\_Adjustment\_FY15.xlsx

(For convenience, identical versions of this file are included in both the public and nonpublic versions of this folder.)

**USPS-FY15-32**

This item is entitled:

USPS-FY15-32                      FY 2015 CRA “B” Workpapers (Public Version)

USPS-FY15-32, FY 2015 CRA “B” Workpapers, inputs and calculates costs by cost segment, which are used by USPS-FY-15-31, CRA Model, to produce USPS-FY15-2, Cost Segments and Components Report. The workpapers calculate attributable costs by product for 12 of the 17 cost segments, including Postmasters, Supervisors, Clerks and Mail Handlers, In-Office City Carrier Activities, City Carrier Street Activities, Rural Carriers, Purchased Transportation, etc. USPS-FY15-32 contains electronic documentation of the spreadsheets and programs used to develop these costs.

Predecessor documents include Docket No. ACR2014, PRCACR2014-LR1, and USPS-FY14-32. USPS-FY15-NP14 is the corresponding non-public folder.

The USPS-FY15-32 “B” Workpapers consists of twelve Excel workbooks, eleven of which present cost data by separate cost segments with many worksheets in each, and the other of which, I-forms, 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-FY15-32:

**Items in this Report Used as Input to USPS-FY15-32**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-5	<ul style="list-style-type: none"> <li>• Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations</li> </ul>
USPS-FY15-7	<ul style="list-style-type: none"> <li>• Cost Segment 3 Cost Pools &amp; Other Related Information (Non-public Version)</li> </ul>
USPS-FY15-34	<ul style="list-style-type: none"> <li>• City Carrier Cost System (CCCS) Documentation</li> </ul>
USPS-FY15-35	<ul style="list-style-type: none"> <li>• Rural Carrier Cost System (RCCS) Documentation</li> </ul>
USPS-FY15-36	<ul style="list-style-type: none"> <li>• Transportation Cost Systems (TRACS) Documentation</li> </ul>
USPS-FY15-37	<ul style="list-style-type: none"> <li>• In-Office Cost System (IOCS) Documentation</li> </ul>
USPS-FY15-40	<ul style="list-style-type: none"> <li>• 2015 Rural Mail Count</li> </ul>

**Items in this Report Utilizing Output from USPS-FY15-32**

Item Number	Data/Information Provided
USPS-FY15-13	• Standard Mail and Periodicals Destination Entry Cost Model
USPS-FY15-16	• Bound Printed Matter Transportation Cost Model and Bulk Parcel Return Service Cost Model
USPS-FY15-19	• Delivery Costs by Shape
USPS-FY15-30	• FY 2015 Market Dominant NSA Materials
USPS-FY15-31	• CRA Model

**USPS-FY15-33**

This item is entitled:

USPS-FY15-33                      Consumer Access to Postal Services

USPS-FY15-33 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-FY14-33. There is no corresponding non-public document.

In addition to this preface, USPS-FY15-33 contains four Excel files:

PostOfficesFY2015.xls  
DeliveryPointsFY2015.xls  
CollectionBoxesFY2015.xls  
WaitTimeInLineFY2015.xls

**USPS-FY15-34**

This item is entitled:

USPS-FY15-34                      City Carrier Cost System (CCCS) Documentation  
(Public Version)

USPS-FY15-34 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-FY14-NP22, USPS-FY14-34, and Docket No. R2006-1, USPS-LR-L-11. A nonpublic version of this document is provided as USPS-FY15-NP22.

Volume estimates from the CCCS and CCCS-SPR rely on no input data. The following items found in this report are used the output from USPS-FY15-34:

**Items in this Report Utilizing Output from USPS-FY15-34**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY15-19	• FY 2015 Delivery Costs By Shape
USPS-FY15-32	• FY 2015 CRA “B” Workpapers (Public Version)
USPS-FY15-NP3	• FY 2015 International Cost Segments and Components Report
USPS-FY15-NP14	• FY 2015 CRA “B” Workpapers, (Non- Public Version)

**USPS-FY15-35**

This item is entitled:

USPS-FY15-35                      Rural Carrier Cost System (RCCS) Documentation  
(Public Version)

USPS-FY15-35 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-FY14-NP23, USPS-FY14-35, and Docket No. R2006-1, USPS-LR-L-13. A nonpublic version of this document is provided as USPS-FY15-NP23.

Volume estimates from the RCCS rely on no input data. The following items found in this report use the output from USPS-FY15-NP23:

**Items in this Report Utilizing Output from USPS-FY15-35**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY15-19	• FY 2015 Delivery Costs By Shape
USPS-FY15-32	• FY 2015 CRA "B" Workpapers (Public Version)
USPS-FY15-NP3	• FY 2015 International Cost Segments and Components Report (Hard Copy & Excel)
USPS-FY15-NP14	• FY 2015 CRA "B" Workpapers, (Non- Public Version)

**USPS-FY15-36**

This item is entitled:

USPS-FY15-36                      Transportation Cost Systems (TRACS)

USPS-FY15-36 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 FY15 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. ACR2014 USPS-FY14-36. A non-public version of this document is provided as: USPS-FY15-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-FY15-36:

**Items in this Report Utilizing Output from USPS-FY15-36**

Item Number	Data/Information Provided
USPS-FY15-32	<ul style="list-style-type: none"> <li>• FY 2015 CRA "B" Workpapers (Public Version)</li> </ul>
USPS-FY15-NP2	<ul style="list-style-type: none"> <li>• FY 2015 International Cost and Revenue Analysis (ICRA) report (Hard Copy &amp; Excel)</li> </ul>
USPS-FY15-NP14	<ul style="list-style-type: none"> <li>• FY 2015 CRA "B" Workpapers</li> </ul>

**USPS-FY15-37**

This item is entitled:

USPS-FY15-37                      In-Office Cost System (IOCS) Documentation (Public Version)

USPS-FY15-37 documents the In-Office Cost System, including statistical design for and estimation of in-office labor costs. It also presents FY15 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 ACR2014, USPS-FY14-37.

USPS-FY15-NP21, In-Office Cost System (IOCS) Documentation is the corresponding non-public document to USPS-FY15-37.

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-FY15 –37:

**Items in this Report Utilizing Output from USPS-FY15-37**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY15-1	<ul style="list-style-type: none"> <li>FY 2015 Public Cost Segments and Components Report</li> </ul>
USPS-FY15-7	<ul style="list-style-type: none"> <li>Cost Segment 3 Cost Pools &amp; Other Related Information (Public Version)</li> </ul>
USPS-FY15-19	<ul style="list-style-type: none"> <li>FY 2015 Delivery Costs By Shape</li> </ul>
USPS-FY15-31	<ul style="list-style-type: none"> <li>FY 2015 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)</li> </ul>
USPS-FY15-32	<ul style="list-style-type: none"> <li>FY 2015 CRA "B" Workpapers (Public Version)</li> </ul>

**USPS-FY15-38**

This item is entitled:

USPS-FY15-38                      USPS Market Dominant Product Customer  
Satisfaction Measurement (CSM) Survey Instruments

USPS-FY15-38 consists of seven documents. The first six are survey instruments that have been used by the Postal Service to develop measures of customer experience for fiscal year 2015: (a) the Business Service Network (BSN) Survey, which was used to survey accounts in USPS' CRM database that have reported service issues; (b) the Point of Sale (POS) Survey, which was used to survey Retail customers who conduct transactions at USPS locations with POS equipment; (c) the Delivery Survey - Residential, random sample of US households that receive mail delivery; (d) the Delivery Survey – SMB, random sample of small/ medium sized businesses (< 250 employees) that receive mail; (e) Large Business Survey which surveys customer satisfaction of businesses with greater than 250 employees ;(f) the Customer Care Center (CCC), residential customers that call the USPS Care Center and interact with a live agent are surveyed to measure their overall satisfaction with the agent's performance. The seventh document consists of summary customer insights survey data generated by use of the five survey instruments.

USPS-FY14-38 was previously filed with the Commission in connection with the Annual Compliance Report for FY 2014.

In addition to this preface, USPS-FY15-38 contains six files:

- The 'BSN – USPS FY15 BSN Web Survey' file contains the USPS Business Service Network (BSN) Survey instrument.
- The 'Delivery – USPS FY15 Residential Delivery Survey' file contains the USPS Residential Delivery Survey instrument.
- The 'Delivery – USPS FY15 Small Business Delivery Survey' file contains the USPS Small / Medium Business (SMB) Delivery Survey instrument.
- The 'POS – USPS FY15 POS Survey' file contains the USPS Point of Sale (POS) Survey instrument.
- The 'CCC – USPS FY15 CCC Web Survey' file contains the USPS Customer Care Center- Live Agent (CCC) Survey instrument.
- The 'Large Business – USPS FY15 LB Panel Survey' file contains USPS Large Business Survey instrument.

- The 'CI Question Response Counts\_FY15' file is a workbook containing summary customer experience data generated through use of the six survey instruments.

**USPS-FY15-39**

This item is entitled:

USPS-FY15-39                      FY 2015 Competitive Products Fund Reporting Materials

USPS-FY15-39, 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-FY14-39. There is no corresponding non-public document. USPS-FY15-39 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 FY15 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-FY15-39:

**Items in this Report Used as Input to USPS-FY15-39**

Item Number	Data/Information Used
USPS-FY15-NP11	<ul style="list-style-type: none"> <li data-bbox="690 1171 1185 1230">FY 2015 Non-public Cost and Revenue Analysis (NPCRA) Report</li> </ul>

**USPS-FY15-40**

This item is entitled:

USPS-FY15-40                      Rural Mail Count

USPS-FY15-40 aggregates data collected from the most recent (September 2014 and February/March 2015) 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-FY15-32 and USPS-FY15-NP14 (commonly called the "B" Workpapers) in workbook I-Forms, tab I-Factors.

ACR 2014, USPS-FY14-40 is the predecessor document to USPS-FY15-40.

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

USPS-FY15-40.Preface.pdf Preface  
 FY2012.Sept.RMCFlat.data RMC Dataset  
 FY2015.March.RMCFlat.data RMC Dataset  
 RMC2015AnalysisforCRA.sas SAS program for analysis of RMC data

USPS-FY15-40 relies on no inputs from other ACR materials. As shown below, outputs are used by USPS-FY15-32 and USPS-FY15-NP14.

**Items in this Report Utilizing Output from USPS-FY15-40**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY15-32	FY 2015 CRA "B" Workpapers (Public Version)
USPS-FY15-NP14	FY 2015 CRA "B" Workpapers, (Non-Public Version)

**USPS-FY15-41**

This item is entitled:

USPS-FY15-41                      FY 2015 International Market Dominant Billing  
Determinants

USPS-FY15-41 presents the FY 2015 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-FY14-41. The corresponding nonpublic document, showing competitive international billing determinants, is USPS-FY15-NP8.

The data is from the same sources used in the Fiscal Year 2015 International Cost and Revenue Analysis Report. Billing determinants are provided in the file labeled FY2015 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 2015 FCMI Volume & Revenue	FY2015 First-Class Mail International Cards, Letters, and Flats
Q115 FCMI Volume & Revenue	Q1 FY2015 First-Class Mail International Cards, Letters, and Flats
Q215 FCMI Volume & Revenue	Q2 FY2015 First-Class Mail International Cards, Letters, and Flats
Q315 FCMI Volume & Revenue	Q3 FY2015 First-Class Mail International Cards, Letters, and Flats
Q415 FCMI Volume & Revenue	Q4 FY2015 First-Class Mail International Cards, Letters, and Flats
FY2015 Intl Fees & Services	FY2015 International Certificate of Mailing, International Registered Mail, International Return Receipt, International Restricted Delivery
Q115 Intl Fees & Services	Q1 FY2015 International Certificate of Mailing, International Registered

	Mail, International Return Receipt, International Restricted Delivery
Q215 Intl Fees & Services	Q2 FY2015 International Certificate of Mailing, International Registered Mail, International Return Receipt, International Restricted Delivery
Q315 Intl Fees & Services	Q3 FY2015 International Certificate of Mailing, International Registered Mail, International Return Receipt, International Restricted Delivery
Q415 Intl Fees & Services	Q4 FY2015 International Certificate of Mailing, International Registered Mail, International Return Receipt, International Restricted Delivery

**USPS-FY15-42**

This item is entitled:

USPS-FY15-42                      FY 2015 Revenue, Pieces, and Weight Report

USPS-FY15-42 contains the U.S. Postal Service Revenue, Pieces, and Weight (RPW) Report for FY 2015.

The material in USPS-FY15-42 was provided in USPS-FY15-42 for the FY 2015 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-FY15-NP28.

USPS-FY15-42 does not rely on input from any other set of material presented as part of the FY 2015 ACR. The revenue, pieces, and weight data by product provided in USPS-FY15-42, 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-FY15-42 consists of five Excel files containing annual and quarterly FY 2015 RPW data. The following is a list of those files:

FY2015Q1\_RPWSUMMARYREPORT\_PUBLIC.XLS (revised)  
FY2015Q2\_RPWSUMMARYREPORT\_PUBLIC.XLS (revised)  
FY2015Q3\_RPWSUMMARYREPORT\_PUBLIC.XLS (revised)  
FY2015Q4\_RPWSUMMARYREPORT\_PUBLIC.XLS  
FY2015\_RPWSUMMARYREPORT\_PUBLIC.XLS

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

**USPS-FY15-NP1**

This item is entitled:

USPS-FY15-NP1                      FY 2015 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 2015. 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 2015 billing determinants for domestic competitive products.

The predecessor document is FY 2014 Domestic Competitive Product Billing Determinants, filed with the Postal Regulatory Commission as USPS-FY14-NP1.

The following items found in this report are used as input/output to USPS-FY15-NP1:

**Items in this Report Utilizing Output from USPS-FY15-NP1**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY15-NP15	FY 2015 Parcel Select / PRS mail processing cost model
USPS-FY15-NP16	FY 2015 Parcel Select / PRS transportation cost model
USPS-FY15-NP27	FY 2015 Competitive NSA & Nonpostals Materials

**USPS-FY15-NP2**

This item is entitled:

USPS-FY15-NP2 FY 2015 International Cost and Revenue Analysis (ICRA)  
report

USPS-FY15-NP2 contains the hardcopy ICRA report and the Excel model that produced the ICRA report.

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
- ISAL IPA Cost Study
- PC Postage
- ICM Costing CY1.xls
- ICM Costing CY2.xls
- NSA Summary.xls

ICRA Core Files:

- CS14NP\_FY15.xls
- Domestic Tran Calcs.xls
- EMS & GXG Calcs.xls
- Inbound Calcs.xls
- Inputs.xls
- Outbound Calcs.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:  
For Printing (if needed)  
ICRA15.pdf  
NSA Summary

**USPS-FY15-NP3**

This item is entitled:

USPS-FY15-NP3FY 2015      International Cost Segments and Components Report

USPS-FY15-NP3 contains the hardcopy International Cost Segments and Components Report and the electronic version contained in the Excel file, FY15ICRA.Crpt.xls.

This item is the International Cost Segments and Components Report, or C Report, output of the Domestic Processing Model, USPS-FY15-NP4.

**USPS-FY15-NP3 is an Output from Item below in this Report**

Item Number	Data/Information Provided
USPS-FY15-NP4	FY 2015 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, & Changes)

**USPS-FY15-NP4**

This item is entitled:

USPS-FY15-NP4                      FY 2015 ICRA Domestic Processing Model  
(Cost matrices, Reports, Control File, & Changes)

USPS-FY15-NP4 contains the Excel ICRA model that produces the international category cost detail associated with the domestic processing, delivery and piggyback cost segments. This 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 here.

The electronic contents of the CD are as follows:

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

FY15 Folder:

FY15ICRA.ARPT.xls  
FY15ICRA.BRPT.xls  
FY15ICRA.CRPT.xls  
FY15ICRA.FRPT.xls  
FY15ICRA.IRPT.xls  
FY15ICRA.Mod1.xls  
FY15ICRA.A.xls  
FY15ICRA.B.xls  
FY15ICRA.Cntl.xls  
FY15ICRA.F.xls  
FY15ICRA.I.xls  
FY15ICRA.KRPT.xls  
FY15ICRA.OutputMatrix.xls

Inputs Folder:

FY15.B.xls  
ICRA15PRC.xls (also appears in USPS-FY15-NP6)  
FY15distkeys.xls  
FY15.I.xls  
ICRAEQUIP.FLATFY15.xls

Programs Folder:

CRA.DIM.FY15.xls  
 CRA.Model.FY15.xls

The following items found in this report are used as input/output to USPS-FY15-NP4:

**Items in this Report Used as Input to USPS-FY15-NP4**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-NP6	FY 2015 International Cost Segment Spreadsheets
USPS-FY15-NP7	Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)
USPS-FY15-NP13	FY 2015 CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY15-NP14	FY 2015 CRA "B" Workpapers

**Items in this Report Utilizing Output from USPS-FY15-NP4**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY15-NP2	FY 2015 International Cost and Revenue Analysis (ICRA) report (Hard Copy & Excel)

**USPS-FY15-NP5**

This item is entitled:

USPS-FY15-NP5                      FY 2015 ICRA Overview/Technical Description

USPS-FY15-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 2015 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-FY15-NP5 in Docket No. ACR2015. There is no corresponding public document.

The following is the table of contents for USPS-FY15-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 2015 .....	32

**USPS-FY15-NP6**

This item is entitled:

USPS-FY15-NP6                      FY 2015 International Cost Segment Spreadsheets

USPS-FY15-NP6 contains the workpapers used as inputs to USPS-FY15-NP4 (FY 2015 ICRA Domestic Processing Model (Cost Matrices, Reports, Control Files, & Changes)). These spreadsheets are also contained in USPS-FY15-NP4 because these files need to be in that directory to execute the model.

This item was filed as USPS-FY15-NP6 in Docket No. ACR2015. There is no corresponding public document. This item contains three electronic files: ICRA15PRC.xls, FY15distkeys.xls and ICRAEQUIP.FLATFY15.

The following items found in this report are used as input/output to USPS-FY15-NP6:

**Items in this Report Used as Input to USPS-FY15-NP6**

Item Number	Data/Information Used
USPS-FY15-NP14	FY 2015 CRA "B" Workpapers

**USPS-FY15-NP7**

This item is entitled:

USPS-FY15-NP7                      Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)

USPS-FY15-NP7 provides volume-variable labor costs by cost pool and detailed International Mail product for Cost Segment 3 (clerk and mail handler labor) as inputs to the ICRA model.

The predecessor document is USPS-FY14-NP7. The same SAS programs as those described in USPS-FY15-NP18 are used for USPS-FY15-NP7, but costs in the International Mail product line in USPS-FY15-NP18 are reported by detailed International Mail product categories for the ICRA model. There is no public version of USPS-FY15-NP7.

The following items found in this report are used as input/output to USPS-FY15-NP7:

**Items in this Report Used as Input to USPS-FY15-NP7**

Item Number	Data/Information Used
USPS-FY15-23	MODS Productivity Data
USPS-FY15-NP2	FY 2015 International Cost and Revenue Analysis (ICRA) report (Hard Copy & Excel)
USPS-FY15-NP21	In-Office Cost System (IOCS) Documentation (Nonpublic Version)

**Items in this Report Utilizing Output from USPS-FY15-NP7**

Item Number	Data/Information Provided
USPS-FY15-NP4	FY 2015 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, & Changes)
USPS-FY15-NP9	FY 2015 Miscellaneous International Data

**USPS-FY15-NP8**

This item is entitled:

USPS-FY15-NP8                      FY 2015 Competitive International Billing  
Determinants

USPS-FY15-NP8 presents the FY 2015 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-FY14-NP8. The corresponding public document, showing market dominant international billing determinants, is USPS-FY15-41.

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 2015 ICRA Report. Outputs are used throughout the ICRA process.

Billing determinants are provided in the ZIP file labeled FY2015 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-FY15-NP9**

This item is entitled:

USPS-FY15-NP9                      FY 2015 Miscellaneous International Data

USPS-FY15-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-FY15-NP9 in Docket No. ACR2015. There is no corresponding public document. The electronic contents of the CD are as follows:

Word Documents:

Joint Venture Information  
CVs for GFY 2015 ICRA Inbound

Excel Spreadsheets:

FY15 CV by Product (CVs for outbound categories)  
TRACS ICRA CVs and Data FY2015 (TRACs CVs)  
ICRA PRC Results FY15 (for IOCS CVs)  
ICRA15\_ib\_bycgrp\_v\_17DEC2015  
FY15ICRANP.PB

The following items found in this report are used as input/output to USPS-FY15-NP9:

**Items in this Report Used as Input to USPS-FY15-NP9**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-NP5	<ul style="list-style-type: none"> <li>FY 2015 ICRA Overview/Technical Description</li> </ul>
USPS-FY15-NP21	<ul style="list-style-type: none"> <li>In-Office Cost System (IOCS) Documentation (Nonpublic Version)</li> </ul>

**USPS-FY15-NP10**

This item is entitled:

USPS-FY15-NP10                      FY 2015 Competitive Products Incremental Cost and Group Specific Costs (Non-public Version)

USPS-FY15-NP10 provides incremental costs for the group of competitive products for FY 2015. The FY2015 incremental costs (or as discussed below, its proxy – Hybrid Incremental Costs) is \$11,218.5 million.

Docket No. ACR2014, USPS-FY14-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-FY15-NP10.

The following items found in this report are used as input to USPS-FY15-NP10:

**Items in this Report Used as Input to USPS-FY15-NP10**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-2	FY 2015 Public Cost Segments and Components
USPS-FY15-24	FY 2015 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY15-NP2	FY 2015 International Cost and Revenue Analysis (ICRA) report
USPS-FY15-NP11	FY 2015 Competitive Product Incremental and Group Specific Costs
USPS-FY15-NP12	FY 2015 Non-public Cost Segments and Components
USPS-FY15-NP13	FY 2015 CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY15-NP14	FY 2015 CRA "B" Workpapers, (Non-Public Version)
USPS-FY15-NP18	Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY15-NP27	FY 2015 Domestic Competitive NSA & Nonpostal Materials

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

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

- Documentation – Reference Files
- Programs – Program Files
- FY15CPOnly – 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
- CostPoolsFY2015.xls – Input Cost Pool Data (added to FY2015.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 FY15CPOnly folder contains three input files needed to replicate Domestic Competitive Incremental Cost:

- FY2015.OutputMatrix.xls – Fiscal Year 2015 output matrix
- IC2015.cntl.xls – Incremental Cost 2015 control tables
- IC2015.PS.xls – Incremental Cost 2015 product specific

The FY15CPOnly folder also contains five output files that are a result of the model's run:

- IC2015.CRpt.xls – IC C (Cost Segments and Components) Report
- IC2015.ICSummaryRpt.xls – IC Summary Report
- IC2015.PSRpt.xls – Group Product Specific Report
- IC2015.CP.xls – Cost Pool calculation workbook
- IC2015.IC.xls – IC calculation workbook

**USPS-FY15-NP11**

This item is entitled:

USPS-FY15-NP11                      FY 2015 Non-Public Cost and Revenue Analysis (NPCRA)

USPS-FY15-NP11, FY 2015 Non-Public Cost and Revenue Analysis (NPCRA) report displays revenues, attributable costs, volume variable costs, product specific costs, volumes, and weights for each of the Postal Service’s products.

Docket No: ACR-2014, USPS-FY14-NP11 is the predecessor document. USPS-FY15-1 is the corresponding public document

The USPS-FY15-NP11, 2015 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-FY15-1) 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-FY15-NP11:

**Items in this Report Used as Input to USPS-FY15-NP11**

Item Number	Data/Information Used
USPS-FY15-NP2	• FY 2015 International Cost and Revenue Analysis (ICRA) report
USPS-FY15-NP13	• FY 2015 CRA Model (Model Files, Cost Matrices, and Reports)

**Items in this Report Used as Outputs to USPS-FY15-NP11**

Item Number	Data/Information Used
USPS-FY15-39	• FY 2015 Competitive Products Fund Reporting Materials
USPS-FY15-NP10	• FY 2015 Competitive Product Incremental and Group Specific Costs

**USPS-FY15-NP12**

This item is entitled:

USPS-FY15-NP12                      FY 2015 Non-public Cost Segments and Components.

USPS-FY15-NP12 is an output (“C” report) of the FY 2015 Cost and Revenue Analysis (CRA) Model (USPS-FY15-NP13) that shows attributable costs by product for 17 cost segments, including Postmasters, Supervisors, Clerks and Mail Handlers, In-Office City Carrier Activities, City Carrier Street Activities, Rural Carriers, and Purchased Transportation.

In the Postal Service’s FY 2014 Annual Compliance Report (ACR) filing (Docket No. ACR2014, December 27, 2014), this material was presented as USPS-FY14-NP12. A public version of this document is provided as USPS-FY15-2, FY 2015 Public Cost Segments and Components Report.

USPS-FY15-NP12 consists of an Excel workbook named FY15.Non-Public Cost Segs and Comps. The workbook has tabs for each Cost Segment that shows attributable costs by product by component groups. It also has a tab named CSSummary which displays aggregate attributable costs by product by cost segment. Attributable costs for several products are further modified by final adjustments performed in the model’s “D” report which is contained in folder USPS-FY15-NP13.

The following items found in this report are used as input/output to USPS-FY15-NP12:

**Items in this Report Used as Input to USPS-FY15-NP12**

Data/Information Used
USPS-FY 2015-NP13 CRA Model

**USPS-FY15-NP13**

This item is entitled:

USPS-FY15-NP13                      FY 2015 CRA Model (Model Files, Cost Matrices, and Reports) (Non-Public Version)

USPS-FY15-NP13 contains the Fiscal Year 2015 Cost and Revenue Analysis (CRA) Model along with associated cost matrices and reports. Files are provided in Excel format.

The following items found in this report are used as input/output to USPS-FY15-NP13:

**Items in this Report Used as Input to USPS-FY15-NP13**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-8	Equipment and Facility Related Costs
USPS-FY15-NP14	CRA "B" Workpapers
USPS-FY15-NP18	Cost Segment 3 Cost Pools and Other Related Information
USPS-FY15-NP21	In-Office Cost System (IOCS) Documentation
USPS-FY15-NP26	Special Cost Studies Workpapers – Special Services
USPS-FY15-NP27	Domestic Competitive NSA & Nonpostals Materials
USPS-FY15-NP28	Revenue, Pieces, and Weight Report
USPS-FY15-NP29	Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations

**Items in this Report Utilizing Output from USPS-FY15-NP13**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY15-39	FY2015 Competitive Products Fund Reporting Materials
USPS-FY15-NP4	FY 2015 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, & Changes)
USPS-FY15-NP10	FY 2015 Competitive Product Incremental and Group Specific Costs
USPS-FY15-NP11	FY 2015 Nonpublic Cost and Revenue Analysis (NPCRA) Report
USPS-FY15-NP12	FY 2015 Nonpublic Cost Segments and Components Report
USPS-FY15-NP19	FY 2015 Non-Operation Specific Piggyback Factors (Nonpublic Version)

The contents of USPS-FY15-31 are organized in electronic folders as follows:

#### 1. CRA Model

USPS-FY15-31\Model\CRA.Model.xls	CRA run module
USPS-FY15-31\Model\CRA.DIM.xls	CRA data input module
USPS-FY15-31\Model\FY15.cntl.xls	CRA control tables and data source

#### 2. Cost Files

USPS-FY15-31\Cost\FY15.I.xls	Input matrix
USPS-FY15-31\Cost\FY15.Mod1.xls	GDEI calcs and output matrix
USPS-FY15-31\Cost\FY15.A.xls	"A" calculations and output matrix
USPS-FY15-31\Cost\FY15.F.xls	"F" calculations and output matrix
USPS-FY15-31\Cost\FY15.B.xls	"B" calculations and output matrix

#### 3. Reports

USPS-FY15-31\Reports\FY15.IRpt.xls	Input report
USPS-FY15-31\Reports\FY15.ARpt.xls	"A" report (without PESSA costs)
USPS-FY15-31\Reports\FY15.FRpt.xls	Factor report
USPS-FY15-31\Reports\FY15.BRpt.xls	"B" report (PESSA detail)
USPS-FY15-31\Reports\FY15.CRpt.xls	Cost segs and comp report
USPS-FY15-31\Reports\FY15.DRpt.xls	Final adjustments

#### 4. Standard Mail FSS Adjustment

USPS-FY15-31\FSS Adjustment\Standard\_FSS\_Final\_Adjustment\_FY15.xlsx

(For convenience, identical versions of this file are included in both the public and nonpublic versions of this folder.)

**USPS-FY15-NP14**

This item is entitled:

USPS-FY15-NP14            FY 2015 CRA “B” Workpapers, (Non-Public Version)

USPS-FY15-NP14, FY 2015 CRA “B” Workpapers, inputs and calculates costs by cost segment, which are used by USPS-FY-15-NP13, CRA Model, to produce USPS-FY15-NP12, Cost Segments and Components Report. The workpapers calculate attributable costs by product for 12 of the 17 cost segments, including Postmasters, Supervisors, Clerks and Mail Handlers, In-Office City Carrier Activities, City Carrier Street Activities, Rural Carriers, Purchased Transportation, etc. USPS-FY15-NP14 contains electronic documentation of the spreadsheets and programs used to develop these costs.

Predecessor documents Docket No. ACR2014, PRC-ACR2014-NP-LR1 and USPS-FY14-NP14. USPS-FY15-32 is the corresponding public folder.

The USPS-FY15-NP14 “B” Workpapers consists of twelve Excel workbooks, eleven of which present cost data by separate cost segments with many worksheets in each, and the other of which, I-forms, 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-FY15-NP14:

**Items in this Report Used as Input to USPS-FY15-NP14**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY 15-40	Rural Mail Count
USPS-FY15-NP7	Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)
USPS-FY15-NP18	Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY15-NP21	In-Office Cost System (IOCS) Documentation (Nonpublic Version)
USPS-FY15-NP22	City Carrier Cost System (CCCS) Documentation (Nonpublic Version)
USPS-FY15-NP23	Rural Carrier Cost System (RCCS) Documentation (Nonpublic Version)
USPS-FY15-NP24	Transportation Cost Systems (TRACS) Documentation (Nonpublic Version)
USPS-FY15-NP28	FY 2015 Revenue, Pieces, and Weight Report
USPS-FY15-NP29	Cost Segment and Components Reconciliation to Financial

**Items in this Report Utilizing Output from USPS-FY15-NP14**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY15-19	FY 2015 Delivery Costs By Shape
USPS-FY15-NP4	FY 2015 ICRA Domestic Processing Model
USPS-FY15-NP6	FY 2015 International Cost Segments
USPS-FY15-NP10	FY 2015 Competitive Product Incremental and Group Specific Costs
USPS-FY15-NP13	CRA Model
USPS-FY15-NP27	Domestic Competitive NSA and Nonpostal Materials

**USPS-FY15-NP15**

This item is entitled:

USPS-FY15-NP15                      FY 2015 Special Cost Studies Workpapers – Parcel Select/Parcel Return Service Mail Processing Cost Model

USPS-FY15-NP15 documents the mail processing cost estimates for the Parcel Select / Parcel Return Service (PRS) price categories.

Docket No. ACR2014, USPS-FY14-NP15 is the predecessor document. There is no corresponding public document to USPS-FY15-NP15.

The Parcel Select and Parcel Return Service mail processing unit cost estimates are presented in the Microsoft Excel workbook 'USPS-FY15-NP15.xlsx' 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-FY15-NP15:

**Items in this Report Used as Input to USPS-FY15-NP15**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY15-23	MODS Productivity Data
USPS-FY15-25	FY 2015 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY15-NP18	Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY15-NP20	2015 Mail Processing Costs by Shape
USPS-FY15-NP1	Competitive Billing Data

**Items in this Report Utilizing Output from USPS-FY15-NP15**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY15-NP27	FY 2015 Domestic Competitive NSA & Nonpostal Materials

**USPS-FY15-NP16**

This item is entitled:

USPS-FY15-NP16                      FY 2015 Special Cost Studies Workpapers – Parcel Select / Parcel Return Service Transportation Cost Model

USPS-FY15-NP16 documents the transportation cost estimates for the Parcel Select / Parcel Return Service (PRS) price categories.

The most recent predecessor document is Docket No. ACR2014, USPS-FY14-NP16. There is no public document that corresponds to USPS-FY15-NP16.

The Parcel Select / Parcel Return Service transportation cost estimate outputs are relied upon to support the negotiated service agreements (NSA) presentation in USPS-FY15-NP27. In addition, the Parcel Select transportation cost estimate outputs are relied upon to estimate stamped envelope costs in USPS-FY15-28.

The Parcel Select / Parcel Return Service transportation cost estimates are presented in the Microsoft Excel workbook 'USPS-FY15-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-FY15-NP16:

**Items in this Report Used as Input to USPS-FY15-NP16**

Item Number	Data/Information Used
USPS-FY15-NP1	FY 2015 Competitive Product Billing Determinants
USPS-FY15-NP14	FY 2015 CRA "B" Workpapers, (Non-Public Version)
USPS-FY15-NP17	FY 2015 Special Cost Studies Workpapers - Parcel Post Regression Analysis (Non-public Version)
USPS-FY15-NP19	FY 2015 Non-Operation Specific Piggyback Factors (Non-public Version)
USPS-FY15-NP27	FY 2015 Domestic Competitive NSA & Nonpostal Materials

**Items in this Report Utilizing Output from USPS-FY15-NP16**

Item Number	Data/Information Provided
USPS-FY15-28	FY 2015 Special Cost Studies Workpapers – Special Services (Pub Ver)
USPS-FY15-NP27	FY 2015 Domestic Competitive NSA & Nonpostal Materials

**USPS-FY15-NP17**

This item is entitled:

USPS-FY15-NP17                      FY 2015 Special Cost Studies Workpapers – Parcel Select/Parcel Return Service Cube-Weight Estimation

USPS-FY15-NP17 documents the econometric analysis used to estimate the cubic feet per piece for Parcel Select / Parcel Return Service (PRS) mail pieces. Docket No. ACR2014, USPS-FY14-NP17 is the most recent predecessor document. There is no public document that corresponds to USPS-FY15-NP17.

The FY 2015 dataset used in this analysis is contained in the Microsoft Excel workbook 'PP15DATAPSPRS.xls.' The program used to estimate the econometric equations is contained in the SAS software file 'PP15DATAPSPRS.SAS.' This analysis was performed on a personal computer using version 9.2 of the SAS software. The SAS log file results are shown starting on page 2. The SAS output file is shown 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 2015 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-FY15-NP16.

The following items found in this report are used as input/output to USPS-FY15-NP17:

**Items in this Report Utilizing Output from USPS-FY15-NP17**

Item Number	Data/Information Provided
USPS-FY15-NP16	FY 2015 Special Cost Studies Workpapers – Parcel Select / Parcel Return Service Transportation Cost Model (Non-public Version)

**USPS-FY15-NP18**

This item is entitled:

USPS-FY15-NP18                      Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)

USPS-FY15-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-FY15-NP18 Excel Workbook consists of 8 parts. Parts I through VIII correspond to parts I through VIII of USPS-FY14-NP18 in Docket No. ACR2014. USPS-FY15-NP18 SAS program codes, SAS logs and SAS output tables generated by the SAS programs correspond to those submitted for USPS-FY14-NP18.

USPS-FY15-NP18 is the non-public version of USPS-FY15-7. The competitive domestic mail and services which are aggregated in USPS-FY15-7 (public version) are reported as separate products in USPS-FY15-NP18.

USPS-FY15-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-FY15-NP18:

**Items in this Report Used as Input to USPS-FY15-NP18**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-23	MODS Productivity Data
USPS-FY15-NP2	FY 2015 International Cost and Revenue Analysis (ICRA) report
USPS-FY15-NP21	In-Office Cost System (IOCS) Documentation (Nonpublic Version)

**Items in this Report Utilizing Output from USPS-FY15-NP18**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY15-2	FY 2015 Public Cost Segments and Components Report
USPS-FY15-8	Equipment and Facility Related Costs
USPS-FY15-10	FY 2015 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY15-11	FY 2015 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model
USPS-FY15-12	Standard Mail Hybrid/Parcel Cost Study
USPS-FY15-14	FY 2015 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail
USPS-FY15-15	FY 2015 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)
USPS-FY15-21	FY 2015 QBRM and BRM Costs
USPS-FY15-25	FY 2015 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY15-26	FY 2015 Mail Processing Costs by Shape (Public Version)
USPS-FY15-28	FY 2015 Special Cost Studies Workpapers – Special Services
USPS-FY15-31	FY 2015 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)
USPS-FY15-32	FY 2015 CRA “B” Workpapers (Public Version)
USPS-FY15-NP7	Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)
USPS-FY15-NP10	FY 2015 ICM Data
USPS-FY15-NP13	FY 2015 CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY15-NP14	FY 2015 CRA “B” Workpapers
USPS-FY15-NP15	FY 2015 Special Cost Studies Workpapers – Parcels Cost Model (Non-public Version)
USPS-FY15-NP20	FY 2015 Mail Processing Costs by Shape (Non-public Version)
USPS-FY15-NP26	FY 2015 Special Cost Studies Workpapers – Special Services (Non-public Version)
USPS-FY15-NP27	FY 2015 Domestic Competitive NSA & Nonpostal Materials

**USPS-FY15-NP19**

This item is entitled:

USPS-FY15-NP19                      FY 2015 Non-Operation Specific Piggyback Factors  
(Non-public Version)

USPS-FY15-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. ACR2014, USPS-FY14-NP19. USPS-FY15-24 is the corresponding public document.

Results can be seen in the Microsoft Office Excel workbook FY15NP.PB.xls.

The following items found in this report are used as input/output to USPS-FY15-NP19:

**Items in this Report Used as Input to USPS-FY15-NP19**

Item Number	Data/Information Used
USPS-FY15-NP13	FY 2015 CRA Model (Model Files, Cost Matrices, and Reports)

**Items in this Report Utilizing Output from USPS-FY15-NP19**

Item Number	Data/Information Provided
USPS-FY15-24	FY 2015 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY15-NP20	FY 2015 Mail Processing Costs by Shape (Non-public Version)
USPS-FY15-NP27	FY 2015 Domestic Competitive NSA & Nonpostal Materials

**USPS-FY15-NP20**

This item is entitled:

USPS-FY15-NP20                      FY 2015 Mail Processing Costs by Shape  
(Non-public Version)

USPS-FY15-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. ACR2014, USPS-FY14-NP20 are predecessors as far as methodology. USPS-FY15-26 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-FY15-NP20:

**Items in this Report Used as Input to USPS-FY15-NP20**

Item Number	Data/Information Used
USPS-FY15-25	FY 2015 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY15-NP18	Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY15-NP19	FY 2015 Non-Operation Specific Piggyback Factors (Non-public Version)
USPS-FY15-NP25	Mail Characteristics Study (Non-public Version)

**Items in this Report Utilizing Output from USPS-FY15-NP20**

Item Number	Data/Information Provided
USPS-FY15-27	FY 2015 Nonprofit Mail Cost Approximations
USPS-FY15-NP15	FY 2015 Special Cost Studies Workpapers – Parcels Cost Model (Non-public Version)

**USPS-FY15-NP21**

This item is entitled:

USPS-FY15-NP21                      In-Office Cost System (IOCS) Documentation  
(Nonpublic Version)

USPS-FY15-NP21 documents the In-Office Cost System, including statistical design for and estimation of in-office labor costs. It also presents FY15 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 ACR2014, USPS-FY14-NP21. USPS-FY15-37, 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 FY14. 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-FY15-NP21:

**Items in this Report Utilizing Output from USPS-FY15-NP21**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY15-1	FY 2015 Public Cost and Revenue Analysis (PCRA) Report
USPS-FY15-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY15-18	FY 2015 ECR Mail Processing Unit Costs
USPS-FY15-20	FY 2015 Window Service Cost by Shape
USPS-FY15-22	FY 2015 Bound Printed Matter Mail Processing Costs
USPS-FY15-19	FY 2015 Delivery Costs By Shape
USPS-FY15-NP2	FY 2015 International Cost and Revenue Analysis (ICRA) report
USPS-FY15-NP7	Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)
USPS-FY15-NP9	FY 2015 Miscellaneous International Data
USPS-FY15-NP11	FY 2015 Nonpublic Cost and Revenue Analysis (NPCRA) Report
USPS-FY15-NP12	FY 2015 Nonpublic Cost Segments and Components Report
USPS-FY15-NP13	FY 2015 CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY15-NP14	FY 2015 CRA "B" Workpapers, (Non-Public Version)
USPS-FY15-NP18	Cost Segment 3 Cost Pools & Other Related Information (Nonpublic Version)

**USPS-FY15-NP22**

This item is entitled:

USPS-FY15-NP22                      City Carrier Cost System (CCCS) Documentation  
(Nonpublic Version)

USPS-FY15-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-FY14-NP22, USPS-FY14-34, and Docket No. R2006-1, USPS-LR-L-11. A public version of this document is provided as USPS-FY15-34.

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

**Items in this Report Utilizing Output from USPS-FY15-NP22**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY15-19	FY 2015 Delivery Costs By Shape
USPS-FY15-32	FY 2015 CRA “B” Workpapers (Public Version)
USPS-FY15-NP3	FY 2015 International Cost Segments and Components Report
USPS-FY15-NP14	FY 2015 CRA “B” Workpapers, (Non-Public Version)

**USPS-FY15-NP23**

This item is entitled:

USPS-FY15-NP23                      Rural Carrier Cost System (RCCS) Documentation  
(Nonpublic Version)

USPS-FY15-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-FY14-NP23, USPS-FY14-35, and Docket No. R2006-1, USPS-LR-L-13. A public version of this document is provided as USPS-FY15-35.

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

**Items in this Report Utilizing Output from USPS-FY15-NP23**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY15-19	FY 2015 Delivery Costs By Shape
USPS-FY15-32	FY 2015 CRA "B" Workpapers (Public Version)
USPS-FY15-NP3	FY 2015 International Cost Segments and Components Report
USPS-FY15-NP14	FY 2015 CRA "B" Workpapers, (Non-Public Version)

**USPS-FY15-NP24**

This item is entitled:

USPS-FY15-NP24                      Transportation Cost Systems (TRACS)  
Documentation (Nonpublic Version)

USPS-FY15-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 FY15 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. ACR2014 USPS-FY14-NP24. A public version of this document is provided as: USPS-FY15-36 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-FY15-NP24:

**Items in this Report Utilizing Output from USPS-FY15-NP24**

Item Number	Data/Information Provided
USPS-FY15-NP2	FY 2015 International Cost and Revenue Analysis (ICRA) report
USPS-FY15-32	FY 2015 CRA "B" Workpapers (Public Version)
USPS-FY15-NP14	FY 2015 CRA "B" Workpapers

**USPS-FY15-NP25**

This item is entitled:

USPS-FY15-NP25                      Mail Characteristics Study (Non-public Version)

USPS-FY15-NP25 is the nonpublic portion of USPS-FY15-14. 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-FY15-14).

Predecessor documents include Docket No. ACR2014 USPS-FY14-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 2015 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 2015V.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-FY15-14.

**USPS-FY15-NP26**

This item is entitled:

USPS-FY15-NP26                      FY 2015 Special Cost Studies Workpapers – Special Services (Non-Public Version)

USPS-FY15-NP26 documents the unit cost estimates for Address Enhancement Services, Adult Signature Required, Competitive Post Office Box Service, Credit Card Authentication, Greeting Cards, Package Intercept, Signature Confirmation, Shipping and Mailing Supplies, USPS Tracking (Formerly Delivery Confirmation).

The predecessor document is ACR2014 USPS-FY14-NP26. The public version of this item for special services is USPS-FY15-28.

The following items found in this report are used as input/output to USPS-FY15-NP26:

**Items in this Report Used as Input to USPS-FY15-NP26**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-1	FY 2015 Public Cost and Revenue Analysis (PCRA) Report
USPS-FY15-2	FY 2015 Public Cost Segments and Components Report
USPS-FY15-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY15-8	Equipment and Facility Related Costs
USPS-FY15-24	FY 2015 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY15-25	FY 2015 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY15-26	FY 2015 Mail Processing Costs by Shape (Public Version)
USPS-FY15-NP1	FY 2015 Competitive Product Billing Determinants

**Items in this Report Utilizing Output from USPS-FY15-NP26**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY15-31	FY 2015 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)
USPS-FY15-NP13	FY 2015 CRA Model (Model Files, Cost Matrices, and Reports) (Non-Public Version)

Cost study files include:

**1. Address Enhancement Services**

This cost study is contained in the EXCEL file "AES2015.xls." It contains the cost models and cost sheets that are used to develop Address Enhancement Services (AES) costs. A Direct Labor Survey was conducted in FY15 to determine the number of hours spent by the employees and contractors for AES. Using the surveyed hours and appropriate wage rates, direct labor costs were calculated for FY15. The direct labor to total labor cost ratio was then calculated and applied to the total costs to derive AES costs. The costs of AES are reported in the D report (USPS-FY15-31 and USPS-FY15-NP13).

**2. Adult Signature Required**

This cost study is contained in the EXCEL file "AdultSigCon-FY2015.xls." It contains the cost models and cost sheets that are used to develop Adult Signature Required unit cost estimates. The cost of Adult Signature Required is reported in the D report (USPS-FY15-NP13).

**3. Competitive Post Office Box Service**

The spreadsheet "Competitive and Market Dominant P.O. Box Attributable Costs 2015.xls" contains the calculation of the attributable costs for Competitive and Market Dominant Post Office Box services. A new element of this calculation relies on Proposal Seven of Docket No RM2015-1 for the cost for service enhancements for Competitive Post Office Boxes. This is described below. Apart from this, the split of total Post Office Box service costs into Market Dominant and Competitive is done using the same method as for FY2014. As in FY2014, Post Office box attributable costs from the segments and component report are still apportioned to fee group, and competitive or market dominant, based on the proportions of the same three factors: numbers of occupied boxes, square footage of installed capacity, and square footage of installed capacity adjusted for rental values. In addition to splitting the costs into Fee Groups 1-7 and E, Post Office box costs are split into an additional 7 categories to include the competitive fee groupings. Costs for Fee Groups 1-7 are Market Dominant Post Office Box service costs. As per Docket No. RM2011-9, Proposal 1, the costs associated with Fee Group E are to be part of institutional costs. Attributable costs for Competitive Post Office boxes are calculated by summing the costs for the 7 Competitive fee group pairs (which are Fee Group 31/38, Fee Group 32/39, Fee Group 33/40, Fee Group 34/41, Fee Group 35/42, Fee Group 36/43 and Fee Group 37/44). This split of Post Office box costs is reported in the D report (USPS-FY15-31 and USPS-FY15-NP13). The results of the calculation also differ from last year, since FY2015 was the first full FY to include the significant shifts of boxes to competitive products which occurred in FY2014.

There are two types of costs which are included for service enhancements offered with competitive Post Office Box service. The first cost is that associated with handling private carrier packages going to Post Office boxes with Street Addressing. An estimate of these costs has been made based on the estimated number of private carrier packages delivered in FY2015, relying on the method described in Proposal Seven of Docket No. RM2015-1. This updated estimate of the number of third-party packages going to Street Addressed Post Office boxes is based on data collection from a sample of 200 offices during the week of June 3 -7, 2015, as indicated in Proposal Seven of Docket No. RM2015-1. The per piece cost for handling a private carrier package is developed, as done previously, on tab "Private Carrier Parcel Costs." As shown there, the calculation relies on the previously developed time estimates for acceptance at the window and use of the rural carrier contract time allotment for parcel delivery as a proxy for clerk time for putting a package in a Post Office box.

The second type of cost for the service enhancements is Information Technology (or IT). Information Technology costs have in the past consisted of costs for the internal Move To Competitive (MTC) website, and additional servers and Engineering staff time needed to support the service enhancements. The spreadsheet "Competitive and Market Dominant P.O. Box Attributable Costs 2015.xls" contains the calculation of the IT costs consistent with Proposal Seven of Docket No. RM2015-1. As shown in this spreadsheet, this FY's costs consist of only Engineering staff time needed to support the service enhancements. These costs are detailed in the spreadsheet. The resulting cost is reported in the D report (USPS-FY15-31 and USPS-FY15-NP13)

#### **4. Credit Card Authentication**

This cost study is contained in the EXCEL file CreditCard2015.xls. It contains the cost models and cost sheets that are used to develop Credit Card Authentication costs.

The calculation in USPS-FY15-28 does not reflect the Revenue Agreement with Imagitas. As a result, the revenue and expense figures in USPS-FY15-28 cannot be used to calculate the cost coverage.

The cost of Credit Card Authentication is reported in the D report (USPS-FY15-31 and USPS-FY15-NP13).

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

The spreadsheet "Greeting Cards 2015.xls" contains the calculation of the attributable costs for Greeting Cards and Stationary.

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

This cost study is contained in the EXCEL file "PackageIntercept-FY 2015.xls." It contains the cost models and cost sheets that are used to develop Package Intercept unit cost estimates. The model was originally provided in USPS-FY12-NP35.

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

This cost study is contained in the EXCEL file "SigCon-FY 2015.xls." It contains the cost models and cost sheets that are used to develop Signature Confirmation unit cost estimates.

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

The spreadsheet "Shipping and Mailing Supplies2015.xls" contains the calculation of the attributable costs for Shipping and Mailing Supplies.

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

This cost study is contained in the EXCEL file USPS Tracking-FY 2015.xls. It contains the cost models and cost sheets that are used to develop USPS Tracking unit cost estimates. The distribution of costs to the host products is reported in the D report (USPS-FY15-31 and USPS-FY15-NP13).

**USPS-FY15-NP27**

This item is entitled:

USPS-FY15-NP27            FY 2015 Domestic Competitive NSA and Nonpostal  
Materials

USPS-FY15-NP27 develops FY 2015 costs for competitive Negotiated Service Agreements (NSAs), market tests, and nonpostal services. These materials were provided previously in ACR2014, USPS-FY14-NP27. There is no corresponding public document. In addition to the preface, USPS-FY15-NP27 includes following NSA workbooks:

Overall summary of NSAs:

NSACostRevenueSummaryFY15.xls:

Partner cost analysis templates, with the naming convention:

[PartnerName]\_[Product]\_Analysis\_FY15.xls

And if applicable,

[PartnerName]\_[Product]\_Summary\_Analysis\_FY15.xls

Support workbooks that summarize costs for each competitive product category:

SupportPriority\_FY15.xls

SupportExpress\_FY15.xls

SupportGround\_FY15.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-FY15-NP27:

**Items in this Report Used as Input to USPS-FY15-NP27**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-5	Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)
USPS-FY15-NP1	FY 2015 Competitive Product Billing Determinants
USPS-FY15-NP12	FY 2015 Non-public Cost Segments and Components Report
USPS-FY15-NP13	FY 2015 CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY15-NP14	FY 2015 CRA "B" Workpapers, (Non-Public Version)
USPS-FY15-NP15	FY 2015 Special Cost Studies Workpapers – Parcels Cost Model (Non-public Version)
USPS-FY15-NP16	FY 2015 Special Cost Studies Workpapers – Bound Printed Matter and Parcel Post Transportation Costs / Bulk Parcel Return Service Cost Study (Non-public Version)
USPS-FY15-NP18	Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)
USPS-FY15-NP19	FY 2015 Non-Operation Specific Piggyback Factors (Non-public Version)
USPS-FY15-NP26	FY 2015 Special Cost Studies Workpapers – Special Services (Nonpublic Version)

**Items in this Report Utilizing Output from USPS-FY15-NP27**

<b>Item Number</b>	<b>Data/Information Provided</b>
USPS-FY15-NP13	FY 2015 CRA Model (Model Files, Cost Matrices, and Reports)

**USPS-FY15-NP28**

This item is entitled:

USPS-FY15-NP28            FY 2015 Revenue, Pieces, and Weight Report  
(Non-Public Version)

USPS-FY15-NP28 contains the U.S. Postal Service Revenue, Pieces, and Weight (RPW) Report for FY 2015.

The material in USPS-FY15-42 was provided in USPS-FY12-42 for the FY 2014 Annual Compliance Report. In addition, these RPW materials have been provided to the Commission as part of periodic reporting. The most recent periodic reports were filed on November 27, 2014.

The public version of the RPW material, which contains information on individual competitive products, is presented in USPS-FY15-42.

USPS-FY15-NP28 does not rely on input from any other set of material presented as part of the FY 2015 ACR. The revenue, pieces, and weight data by product provided in USPS-FY15-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, USPS-FY15-NP28 consists of five Excel files containing annual and quarterly FY 2015 RPW data. The following is a list of those files:

FY2015Q1\_RPWSUMMARYREPORT\_RESTRICTED.XLS (revised)  
FY2015Q2\_RPWSUMMARYREPORT\_RESTRICTED.XLS (revised)  
FY2015Q3\_RPWSUMMARYREPORT\_RESTRICTED.XLS (revised)  
FY2015Q4\_RPWSUMMARYREPORT\_RESTRICTED.XLS  
FY2015\_RPWSUMMARYREPORT\_RESTRICTED.XLS

**USPS-FY15-NP29**

This item is entitled:

USPS-FY15-NP29                      Fiscal Year 2015 Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Non-Public Version)

The Fiscal Year 2015 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 2015 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-FY14-NP29 for the FY 2014 Annual Compliance Report filing (Docket No. ACR2014, December 27, 2014). A public version of this document is provided as USPS-FY15-5, Fiscal Year 2015 Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Public Version).

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

The following items found in this report are used as input/output to USPS-FY15-NP29:

**Items in this Report Used as Input to USPS-FY15-NP29**

<b>Item Number</b>	<b>Data/Information Used</b>
USPS-FY15-31	FY 2015 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)
USPS-FY15-NP13	FY 2015 CRA Model (Model Files, Cost Matrices, and Reports)

USPS-FY15-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 & Corporatwide 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. Unless otherwise noted, the methods used in each folder follow the Commission methodology from the most recent Annual Compliance Determination report. In most instances, a more detailed discussion can be found in the respective folder's preface.

### **USPS-FY15-1 FY 2015 Public Cost and Revenue Analysis (PCRA) Report**

The attributable and volume variable costs for Standard Mail Flats, Standard Mail Carrier Route, Standard Mail High Density and Saturation Flats and Parcels incorporate an analogous adjustment from FY 2014 that was described in USPS-FY14-45 and included in the 2014 ACD. The adjustment this year is described and included as part of a "D" Report Adjustment in USPS-FY15-31.

### **USPS-FY15-2 FY 2015 Public Cost Segments and Components Report**

Cost Segment 4 was merged with Cost Segment 3 and the report reflects this change.

### **USPS-FY15-3 FY 2015 Discounts and Passthroughs of Workshare Items**

No method changes.

### **USPS-FY15-4 FY 2015 Market Dominant Billing Determinants**

No method changes.

### **USPS-FY15-5 Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)**

Debit and credit card fees of \$50.0 million 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).

### **USPS-FY15-6 General Classification of Accounts**

No method changes.

### **USPS-FY15-7 Cost Segment 3 Cost Pools and Other Related Information**

No method changes.

**USPS-FY15-8 Equipment and Facility Related Costs**

A new equipment category, Mobile Delivery Device (MDD), was added in FY 2015. For more information see the preface to USPS-FY15-8.

**USPS-FY15-9 ACR Roadmap Document**

No method changes.

**USPS-FY15-10 FY 2015 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)**

No method changes.

**USPS-FY15-11 FY 2015 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model**

On August 5, 2015, the Postal Service filed Proposals Seven through Nine (Docket Nos. RM2015-16 through RM2015-18 respectively) in response to Commission's directives on page 63 in Order No. 2472 (May 7, 2015). For more information, refer to the preface to USPS-FY15-11.

**USPS-FY15-12 Standard Mail Parcel/ Not Flat Machinable Cost Study**

No method changes.

**USPS-FY15-13 FY 2015 Special Cost Studies Workpapers – Drop Ship Cost Avoidances for Periodicals and Standard Mail**

No method changes.

**USPS-FY15-14 Mail Characteristics Study (Public Version)**

No method changes.

**USPS-FY15-15 FY 2015 Special Cost Studies Workpapers – Bound Printed Matter Mail Processing Cost Model / Media Mail – Library Mail Processing Cost Model**

No method changes.

**USPS-FY15-16 FY 2015 Special Cost Studies Workpapers – Bound Printed Matter Transportation Costs / Bulk Parcel Return service Cost Study**

No method changes.

**USPS-FY15-17 FY2015 Annual Report**

No method changes.

**USPS-FY15-18 FY2015 ECR Mail Processing Unit Costs**

No method changes.

**USPS-FY15-19 FY 2015 Delivery Costs By Shape**

The unit delivery costs for FY 2015 implemented two method changes. One is the new city letter route cost model. For more information, refer to Docket No. RM2015-7, Proposal Thirteen and the preface to USPS-FY15-19. Two, FSS unit delivery costs for several flats products are now disaggregated between those destinating FSS/Non-FSS Zones. For more information, refer to Docket No. RM2015-16, Proposal Seven, Section Two and the preface to USPS-FY15-19.

**USPS-FY15-20 FY 2015 Window Service Cost by Shape**

No method changes.

**USPS-FY15-21 Business Reply Mail Cost Model**

No method changes.

**USPS-FY15-22 FY 2015 Bound Printed Matter Mail Processing Costs**

No method changes.

**USPS-FY15-23 MODS Productivity Data**

No method changes.

**USPS-FY15-24 FY 2015 Non-Operation Specific Piggyback Factors (Public Version)**

The piggyback factors reflect the calculations done in the CRA model. Thus changes to the CRA model, as described in the preface to USPS-FY15-31, affect the piggyback factors.

**USPS-FY15-25 FY 2015 Mail Processing Piggyback Factors (Operation Specific)**

For this fiscal year, the workbook MPPGBY15PRC.XLS was adjusted to reflect the elimination of the CSBCS equipment category.

**USPS-FY15-26 FY 2015 Mail Processing Costs by Shape (Public Version)**

No method changes.

**USPS-FY15-27 FY 2015 Nonprofit Mail Cost Approximations**

No method changes.

**USPS-FY15-28 FY 2015 Special Cost Studies Workpapers – Special Services**

No method changes.

**USPS-FY15-29 FY 2015 Service Performance of Market Dominant Products**

Some minor changes made to measurement during the year are described in the preface to USPS-FY15-29.

**USPS-FY15-30 FY 2015 Market Dominant NSA Materials**

In the unit cost spreadsheet, several new rate categories were added in response to Commission Order No. 2472 (May 7, 2015) from Docket No. R2015-4. Refer to the preface to USPS-FY15-30 for more information.

**USPS-FY15-31 FY 2015 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)**

Several technical changes were made to the CRA Model. In addition an adjustment to the costs of several flats products within Standard Mail was made that was previously done in USPS-FY14-45 was done in this folder. Refer to the preface to USPS-FY15-31 for more information about these method changes.

**USPS-FY15-32 FY 2015 CRA “B” Workpapers (Public Version)**

Several method changes were applied within the “B” Workpapers. Refer to the preface to USPS-FY15-32 for more information.

**USPS-FY15-33 Consumer Access to Postal Services**

No method changes.

**USPS-FY15-34 City Carrier Cost System (CCCS) Documentation (Public Version)**

Flat-shaped distribution keys for Standard Mail Flats, Carrier Route , and High Density continue to be adjusted for the first three quarters, by using FY13 CCCS distribution key proportions to redistribute within those products to correct for FSS-marked pieces that do not have the proper markings. Quarter 4 estimates have not been adjusted due to the corrections to Standard Mail marked pieces as a result of the Postal price change effective on May 31, 2015.

**USPS-FY15-35 Rural Carrier Cost System (RCCS) Documentation (Public Version)**

The FSS distribution keys for Standard Regular, Carrier Route, and High Density continue to be adjusted for the first three quarters, by using FY13 RCCS distribution key proportions to redistribute within those products to correct for FSS-marked pieces that do not have the proper Standard Mail markings. Quarter 4 estimates have not been adjusted due to the corrections to Standard Mail marked pieces as a result of the Postal price change effective on May 31, 2015.

**USPS-FY15-36 Transportation Cost Systems (TRACS) Documentation (Public Version)**

No method changes.

**USPS-FY15-37 In-Office Cost System (IOCS) Documentation (Public Version)**

Four method changes were applied to FY 2015 costs. One, as in FY 2014 an adjustment was done to account for “FSS” instead of “ECR” markings. Two, once USPS Tracking became a free Extra Service for retail First-Class Mail Parcels and Media Mail effective those costs were assigned to the parent product. Three, changes were made to account for Cost Segment 4 being merged with Cost Segment 3. Four, costs from readings of mixed mail in sacks and other non-wheeled containers are now split between First-Class Mail Parcels and First-Class Package Services. For more information about these method changes, refer to the preface to USPS-FY15-37.

**USPS-FY15-38 USPS Market Dominant Product Customer Satisfaction Measurement (CSM) Survey Instruments**

No method changes.

**USPS-FY15-39 FY 2015 Competitive Products Fund Reporting Materials**

No method changes.

**USPS-FY15-40 Rural Mail Court**

No method changes.

**USPS-FY15-41 2015 International Market Dominant Billing Determinants**

No method changes.

**USPS-FY15-42 FY 2015 Revenue, Pieces, and Weights**

The methods used to calculate the components of the report were changed for Forever Stamp Usage, Stamp Breakage, and Postage in the Hands of the Public (PIHOP). For more information refer to the preface to USPS-FY15-42.

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

**USPS-FY15-NP1 FY 2015 Domestic Competitive Product Billing Determinants**

The methodologies used to produce the FY 2015 Domestic Competitive Product Billing Determinants follow the methodologies used in the FY 2014 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-FY15-NP2 FY 2015 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:

RM2009-10 (Order No. 339) Proposal Eleven -- Using Audited Accounting Revenues and Expenses in the ICRA

RM2009-10 (Order No. 339) Proposal Eighteen -- Tracking Domestic Transportation Costs of Foreign-Origin Surface CP

RM2010-4 (Order No. 399) Proposal Twenty-Three -- to Make the Treatment of Volume-Variable Window Service Costs Consistent for Domestic and International Money Orders

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. 1153) Proposal Nine - Proposed Change in Method for International Cost and Revenue Analysis (ICRA) Report

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

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

RM2012-7 (Order No. 1516) 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

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.

RM2015-10 (Order No. 2695) Proposal Two – Replace the traditional Imputed and Booked versions of the International Cost and Revenue Analysis (ICRA) report with a single Unified version.

RM2015-12 (Order No. 2726) Proposal Four – Replace the use of international accounting data with System for International Revenue and Volume, Outbound—International Origin-Destination Information System (SIRVO-IODIS) data in the International Cost and Revenue Analysis (ICRA) report.

RM2015-7 (Order No. 2792) Proposal Thirteen – Update and revise the approach to develop estimates of city carrier street time.

### **USPS-FY15-NP3 FY 2015 International Cost Segments and Components Report**

This item uses the PRC cost methodology from Docket No. R2006-1, with any modifications defined in USPS-FY15-NP13 and USPS-FY15-NP2.

### **USPS-FY15-NP4 FY 2015 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-FY15-NP13 and USPS-FY15-NP2.

**USPS-FY15-NP5 FY 2015 ICRA Overview/Technical Description**

This item uses the PRC cost methodology from Docket No. R2006-1, with any modifications defined in USPS-FY15-NP13 and USPS-FY15-NP2.

**USPS-FY15-NP6 FY 2015 International Cost Segment Spreadsheets**

This item uses the PRC cost methodology from Docket No. R2006-1, with any modifications defined in USPS-FY15-NP13 and USPS-FY15-NP2.

**USPS-FY15-NP7 FY 2015 Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)**

USPS-FY15-NP7 uses the Commission's mail processing cost methodology described in the USPS-FY15-NP18. Thus, as with USPS-FY15-NP18, there are no substantive methodological changes.

USPS-FY15-NP7 product categories are consistent with those listed in USPS-FY15-NP2. There are no new products reported for FY2015.

As in FY2014, USPS-FY15-NP7 reports costs by country groups for inbound International Mail associated with the relevant IOCS activity codes listed in USPS-FY15-NP21. IOCS assigns activity codes by country group for inbound International Mail products so that normal 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-FY15-NP8 FY 2015 International Competitive Billing Determinants**

No method changes.

**USPS-FY15-NP9 FY 2015 Miscellaneous International Data**

This item uses the PRC cost methodology from Docket No. R2006-1, with any modifications defined in USPS-FY15-NP13 and USPS-FY15-NP2.

**USPS-FY15-NP10 FY 2015 Competitive Product Incremental and Group Specific Costs (Non-public Version)**

No method changes.

**USPS-FY15-NP11 2015 Non-Public Cost and Revenue Analysis (NPCRA) Report**

The attributable and volume variable costs for Standard Mail Flats, Standard Mail Carrier Route, Standard Mail High Density and Saturation Flats and Parcels incorporate an analogous adjustment from FY 2015 that was described in USPS-FY15-45 and included in the 2014 ACD. The adjustment this year is described and included as part of a “D” Report Adjustment in USPS-FY15-NP13.

**USPS-FY15-NP12 FY 2015 Non-Public Cost Segments and Components Report**

Cost Segment 4 was merged with Cost Segment 3 and the report reflects this change.

**USPS-FY15-NP13 FY 2015 CRA Model (Model Files, Cost Matrices, and Reports)**

Several technical changes were made to the CRA Model. In addition an adjustment to the costs of several flats products within Standard Mail was made that was previously done in USPS-FY15-45 was done in this folder. Refer to the preface to USPS-FY15-31 for more information about these method changes.

**USPS-FY15-NP14 FY 2015 CRA “B” Workpapers**

Several method changes were applied within the “B” Workpapers. Refer to the preface to USPS-FY15-NP14 for more information.

**USPS-FY15-NP15 FY 2015 Special Cost Studies Workpapers – Parcel Select/ Parcel Return Service Cost Model**

No method changes.

**USPS-FY15-NP16 FY 2015 Special Cost Studies Workpapers – Parcel Select / Parcel Return Service Transportation Cost Estimates**

No method changes.

**USPS-FY15-NP17 FY 2015 Special Cost Studies Workpapers – Parcel Select / Parcel Return Service (PRS) Cube-Weight Relationship Estimation**

No method changes.

**USPS-FY15-NP18 Cost Segment 3 Cost Pools & Other Related Information (Non-public Version)**

No method changes.

**USPS-FY15-NP19 FY 2015 Non-Operation Specific Piggyback Factors (Non-public Version)**

The piggyback factors reflect the calculations done in the CRA model. Thus changes to the CRA model, as described in the preface to USPS-FY15-NP13, affect the piggyback factors.

**USPS-FY15-NP20 FY 2015 Mail Processing Costs by Shape (Non-public Version)**

No method changes.

**USPS-FY15-NP21 In-Office Cost System (IOCS) Documentation (Nonpublic Version)**

Four method changes were applied to FY 2015 costs. One, as in FY 2014 an adjustment was done to account for “FSS” instead of “ECR” markings. Two, once USPS Tracking became a free Extra Service for retail First-Class Mail Parcels and Media Mail effective those costs were assigned to the parent product. Three, changes were made to account for Cost Segment 4 being merged with Cost Segment 3. Four, costs from readings of mixed mail in sacks and other non-wheeled containers are now split between First-Class Mail Parcels and First-Class Package Services. For more information about these method changes, refer to the preface to USPS-FY15-NP21.

**USPS-FY15-NP22 City Carrier Cost System (CCCS) Documentation (Nonpublic Version)**

Flat-shaped distribution keys for Standard Mail Flats, Carrier Route , and High Density continue to be adjusted for the first three quarters, by using FY13 CCCS distribution key proportions to redistribute within those products to correct for FSS-marked pieces that do not have the proper markings. Quarter 4 estimates have not been adjusted due to the corrections to Standard Mail marked pieces as a result of the Postal price change effective on May 31, 2015.

**USPS-FY15-NP23 Rural Carrier Cost System (RCCS) Documentation (Nonpublic Version)**

The FSS distribution keys for Standard Regular, Carrier Route, and High Density continue to be adjusted for the first three quarters, by using FY13 RCCS distribution key proportions to redistribute within those products to correct for FSS-marked pieces that do not have the proper Standard Mail markings. Quarter 4 estimates have not been adjusted due to the corrections to Standard Mail marked pieces as a result of the Postal price change effective on May 31, 2015.

**USPS-FY15-NP24 Transportation Cost Systems (TRACS) Documentation (Nonpublic Version)**

No method changes

**USPS-FY15-NP25 Mail Characteristics Study (Non-public Version)**

No method changes.

**USPS-FY15-NP26 FY 2015 Special Cost Studies Workpapers – Special Services (Non-public Version)**

No method changes.

**USPS-FY15-NP27 FY 2015 Domestic Competitive NSA and Nonpostal Materials**

No method changes.

**USPS-FY15-NP28 FY 2015 Revenue, Pieces, and Weight Report**

The methods used to calculate the components of the report were changed for Forever Stamp Usage, Stamp Breakage, and Postage in the Hands of the Public (PIHOP). For more information refer to the preface to USPS-FY15-NP28.

**USPS-FY15-NP29 Fiscal Year 2015 Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Non-Public Version)**

Debit and credit card fees of \$50.0 million 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).

**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 established Docket No. RM2011-3 named ‘Priorities for Future Data Collection and Analytical Work Relating to Periodic Reporting’.<sup>3</sup> During its existence, the Postal Service addressed two research topics under this docket 1) highway variabilities and 2) city carrier letter route street costs. The Commission approved both proposals proffered by the Postal Service.<sup>4</sup> After the end of FY 2015, the Commission closed the docket.<sup>5</sup>

### **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 2015 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 FY 2015. However, the study could be replaced or updated as resources permit, to account for any changes in postmaster activities.

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<sup>3</sup> See Order No. 589, November 18, 2010.

<sup>4</sup> Highway Variabilities: See Docket No. RM2014-6, Proposal Six, Order No. 2180, September 10, 2014. City Carrier Letter Route Street Model: See Docket No. RM2015-7, Proposal Thirteen, Order No. 2792, October 29, 2015.

<sup>5</sup> See Order No. 2798, November 5, 2015.

## **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 1995 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 FY 2015 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 Priority Mail Express 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 FY 2015. As resources permit, the portions of the 1995 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 impact 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 Postal Service Form 4533 that details route and scheduling information. The composite variability is used in the 2015 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 FY 2015 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 Transportation Cost Systems – Vehicle Service Drivers subsystem (TRACS-VSD). See Docket No. RM2012-5, Order 1462, Proposal Five, September 10, 2012.

### **Highway Variability Study**

The Postal Service proposed new highway variabilities during FY 2014. The Commission accepted the proposed variabilities and they are incorporated in the FY 2015 ACR.<sup>6</sup> Since the highway contract network has remained stable since the update was done, the variabilities generally reflect the FY 2015 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 2015 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 consistency through time, the surface densities used reflect the FY 2015 operating environment.

### **City Carrier Collection Mail Volume and Source Study (CCCMVSS)<sup>7</sup>**

The CCCMVSS was conducted in the spring of 2013 for two weeks and its findings were incorporated in the new letter route street time cost model that was accepted by the Commission.<sup>8</sup> The CCCMVSS sampled 300 ZIP Codes and had city carriers' measure and record their collection volume by source. The three possible sources were 1) customer receptacles, 2) dedicated collection points,

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<sup>6</sup> See Docket No. RM2014-6, Proposal Six, Order No. 2180, September 10, 2014.

<sup>7</sup> For more detailed information about the CCCMVSS, see USPS-RM2015-7/1, Report on the City Carrier Street Time Study at 27.

<sup>8</sup> See Docket No. RM2015-7, Proposal Thirteen, Order No. 2792, October 29, 2015.

and 3) containerized mail from businesses. The collection volumes were included in the regular delivery equation and a separate variability for collection mail was estimated. Since collection volumes have not materially changed since the study was conducted, the findings of the study reflect the operating environment in FY 2015.

### **City Carrier Package and Accountable Study (CCPAS)<sup>9</sup>**

The CCPAS was conducted in the spring of 2014 for two weeks and its findings were incorporated in the new letter route street time cost model that was accepted by the Commission.<sup>10</sup> The CCPAS sampled the same 300 ZIP Codes used in the CCCMVSS. CCPAS had carriers measure their street time associated with delivering 1) in-receptacle parcels, 2) deviation parcels, and 3) accountables by scanning specially designed barcodes. Corresponding volumes by type were also recorded daily. The information collected from the study was used to estimate separate variabilities for in-receptacle parcels, deviation parcels, and accountables. Since street activities associated with the delivery of parcels and accountables have not materially changed, the findings of the study generally reflect the operating environment in FY 2015.

### **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 2015 ACR (USPS-FY15-31).

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<sup>9</sup> For more detailed information about the CCPAS, see USPS-RM2015-7/1, Report on the City Carrier Street Time Study at 91.

<sup>10</sup> See Docket No. RM2015-7, Proposal Thirteen, Order No. 2792, October 29, 2015.

Since the utilization of facility space has remained stable, the Facility Factors generally reflect the FY 2015 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.

### **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 2015 ACR, the estimated variabilities based on the study 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 FY 2015 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 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 determined 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-FY15-10) can be viewed as representing the operating conditions in place during FY 2015. 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.

### **Flats 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.

On August 5, 2015, the Postal Service filed Proposals Seven through Nine (Docket Nos. RM2015-16 through RM2015-18 respectively) in response to Commission's directives on page 63 in Order No. 2472 (May 7, 2015).

Proposal Seven Section One (Docket No. RM2015-16) proposed to modify the modeling methodology used in the Standard Mail Flats Cost Model so as to produce estimates of mail processing cost avoidances of Flats Sequencing System (FSS) presorted Standard Flats. The Commission approved Proposal Seven Section One in Order No. 2839 (November 25, 2015).

Proposal Seven Section Two (Docket No. RM2015-16) proposed to disaggregate the delivery costs for Periodicals Flats, Standard Mail Flats, Bound Printed Matter Flats, and Carrier Route Flats between those destinating in FSS and Non-FSS zones. The Commission approved Proposal Seven Section Two in Order No. 2839 (November 25, 2015).

Proposal Eight (Docket No. RM2015-17) proposed to modify the modeling methodology used in the Standard Mail Flats Cost Model so as to produce estimates of mail processing cost avoidances for Carrier Route pieces on 5-Digit

Carrier Routes pallets. The Commission approved Proposal Eight in Order No. 2742 (October 1, 2015).

Proposal Nine (Docket No. RM2015-18) proposed to explain the changes in the Periodicals cost model to explicitly identify the bottom-up costs of processing Carrier Route Pallets. The Commission approved Proposal Nine in Order No. 2741 (October 1, 2015).

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-FY15-11) can therefore be viewed as representing the operating conditions in place during FY 2015. 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 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 subsequently approved Proposal Ten in Order No. 2315 (January 6, 2015).

Based on this recent activity, the Standard Mail Parcel mail processing cost model (USPS-FY15-12) can be viewed as representing the operating conditions in place during FY 2015. 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 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 subsequently approved Proposal Ten in Order No. 2315 (January 6, 2015).

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-FY15-13) can therefore be viewed as representing the operating conditions in place during FY 2015.

### **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 FY 2008, 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 subsequently approved Proposal Ten in Order No. 2315 (January 6, 2015).

Based on this recent activity, the Media Mail – Library Mail mail processing cost model (USPS-FY15-15) can be viewed as representing the operating conditions in place during FY 2015. 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 ChIR 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-FY15-15) and transportation cost model (USPS-FY15-16) can be viewed as representing the operating conditions in place during FY 2015. 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). Finally, 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 ChIR 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-FY15-16) can be viewed as representing the operating conditions in place during FY 2015. 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-FY15-21) can be viewed as representing the operating conditions in place during FY 2015. 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 Standard Post, Parcel Select, and Parcel Return Service mail. In Docket No. RM2010-5, Proposal Twenty-Eight, 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 Twenty-Eight 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 subsequently approved Proposal Ten in Order No. 2315 (January 6, 2015).

Based on this recent activity, the Parcel Select / Parcel Return Service mail processing cost model (USPS-FY15-NP15) and transportation cost model (USPS-FY15-NP16) can be viewed as representing the operating conditions in place during FY 2015. 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.