



PostCom

FY15 Annual Compliance Determination

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Five Key Findings

- Market Dominant Rate and Fee Compliance
- Market Dominant Noncompensatory Products
- Competitive Products Rate and Fee Compliance
- Service Performance
- Flats Cost and Service Issues



Workshare

- Compliance issues with 53 workshare discounts
- 24 did not comply with law
- 4 of 24 were compliant with rollback
- 20 remaining
 - PRC directed USPS to either align discounts to avoided cost or specify applicable statutory exception



Noncompensatory products

- PRC identified 7 noncompensatory products
 - Periodicals In-County
 - Periodicals Outside County
 - Standard Flats
 - Standard Parcels
 - Media Mail/Library mail
 - Inbound Letter Post
 - Stamp Fulfillment Services



Noncompensatory products

- Report due in 120 days
 - Includes both Periodicals and Standard Flats

- Inbound Letter Post
 - UPU terminal dues formula (CY18-CY21)
 - Pursue bilateral agreements

- All other, USPS taking appropriate steps



Competitive products

- Six products did not cover attributable costs and out of compliance
 - Priority Mail Contract 135
 - PRS Contract 8
 - International Money Transfer Service - Inbound
 - IMTS - Outbound
 - Inbound Parcel Post (UPU)
 - Inbound Air Parcel Post (non-UPU)



Service Performance

- Only met service for High Density/Saturation Letters, Standard Mail Parcels, BPM Parcels, MM/Library Mail, and most Special Services.
- FAILED for all FCM, Periodicals, most products in Std Mail, and BPM Flats
- In all cases but one, service was worse in FY15 then FY14



Flats Costs and Service Issues

- 120 days from ACD, a report is due
- USPS must
 - Identify main drivers of service failures and cost shortfalls – “pinch points”
 - Explain how they came to conclusions
 - Explain if they cannot identify
 - ✦ Explain how they will collect data going forward
 - ✦ If do not have resources – what do they need and at what cost



Cost Coverage



First-Class Mail

Product	Vol (m)	Rev/pc	Cost/pc	Unit Contrib	Cost Coverage
SP Ltrs/ Cards	20,576	\$0.50	\$0.27	\$0.23	185.96%
Presorted Ltrs/Cards	40,174	\$0.39	\$0.12	\$0.27	318.90%
Flats	1,699	\$1.41	\$0.93	\$0.48	151.19%
Parcels	200	\$2.72	\$2.43	\$0.29	112.00%
Total FCM	62,619	\$0.46	\$0.20	\$0.26	232.00%

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Standard Mail

Product	Vol (m)	Rev/pc	Cost/pc	Unit Contrib	Cost Coverage
HD/Sat Ltrs	6,478	\$0.153	\$0.070	\$0.083	218.49%
HD/Sat Flat & Parcels	11,232	\$0.181	\$0.105	\$0.077	173.26%
Carrier Route	8,291	\$0.270	\$0.206	\$0.064	131.07%
Letters	47,721	\$0.210	\$0.103	\$0.107	203.30%
Flats	5,249	\$0.401	\$0.501	(\$0.099)	80.15%
Parcels	60	\$1.077	\$1.480	(\$0.402)	72.81%
EDDM	833	\$0.178	\$0.062	\$0.116	287.89%
Total Std Mail	80,090	\$0.221	\$0.138	\$0.083	159.84%

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Periodicals Mail

Product	Vol (m)	Rev/pc	Cost/pc	Unit Contrib	Cost Coverage
W/in County	571	\$0.12	\$0.16	(\$0.04)	74.49%
Outside County	5,267	\$0.29	\$0.38	(\$0.09)	75.30%
Total	5.838	\$0.27	\$0.36	(\$0.09)	75.64%

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Package Services

Product	Vol (m)	Rev/pc	Cost/pc	Unit Contrib	Cost Coverage
BPM Flats	260	\$0.815	\$0.58	\$0.235	140.56%
BPM Parcels	228	\$1.244	\$1.048	\$0.196	118.72%
MM/Lib Mail	75	\$3.655	\$4.795	(\$1.14)	76.23%
Alaska Bypass	1	\$26.355	\$14.935	\$11.40	176.33%
Total	564	\$1.428	\$1.36	\$0.067	104.95%

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Deep Dive

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Attributable Costs

Product	FY15	FY14	Difference
FCM Presort Ltrs	12.1	11.8	2.54%
FCM Presort Flats	93.4	87.9	6.26%
Std Ltrs	10.3	10.3	0.00%
Std Flats	50.1	49.4	1.42%
Std HS/Sat Ltrs	7.0	6.2	12.90%
Std HD/Sat Flat/ Parcel	10.5	7.8	34.62%
Std CR Flats	20.6	18.8	9.57%
Periodicals In-Co	15.5	14.6	6.16%
Periodicals Outside	38.2	37.5	1.87%
BPM Flats	58.0	53.8	7.81%
BPM Parcels	104.8	118.5	-11.56%



Mail Processing

Product	FY15	FY14	Difference
FCM Presort Ltrs	5.87	5.55	5.77%
FCM Presort Flats	53.19	49.85	6.70%
Std Ltrs	4.85	4.72	2.75%
Std Flats	27.95	28.05	-0.36%
Std HD/Sat Flat/ Parcel	1.23	1.17	5.13%
Std CR Flats	6.08	6.23	-2.41%
Periodicals In-Co	5.25	4.74	10.76%
Periodicals Outside	18.89	19.78	-4.50%
BPM Flats	27.9	28.68	-2.72%
BPM Parcels	48.92	59.28	-17.48%



Delivery

Product	FY15	FY14	Difference
FCM Presort Ltrs	4.658	4.701	-0.92%
FCM Presort Flats	22.092	22.489	-1.77%
Std Ltrs	4.588	4.661	-1.56%
Std Flats	17.798	16.494	7.90%
Std HD Ltrs	3.305	3.080	7.31%
Std Sat Ltrs	6.073	4.638	30.94%
Periodicals Flats	13.224	12.255	7.91%
BPM Flats	16.472	12.222	34.77%
BPM Parcels	39.546	39.804	-0.65%



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