

**BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001**

EXPERIMENTAL PARCEL RETURN SERVICES

Docket No. MC2003-2

**AMERICAN POSTAL WORKERS UNION, AFL-CIO
COMMENTS IN SUPPORT OF THE STIPULATION AND AGREEMENT**

(August 4, 2003)

The American Postal Workers Union, AFL-CIO ("APWU") hereby submits comments in support of the Stipulation and Agreement in this case. APWU generally supports the parcel return services proposed in this case. The proposed services will make the mail more convenient to use for consumers and provide more flexibility for mailers. That in turn should promote continued and possibly increased use of the Postal Service. For these reasons the APWU has signed the Stipulation and Agreement.

However, the APWU has concerns about the data on which the rates for this case are based. The discounts are based on cost avoided calculations that use financial data from the R2001-1 rate case. While the test year for that case was FY2003, a brief examination of the data from that case will show that the test year assumptions about revenues and expenses were not a good forecast of the actual revenues and expenses experienced by the Postal Service this year. Even were that not the case, it would be of concern that the R2001-1 data, and thus the MC2003-2 data, often depend on much older studies. The record in this case shows that there are assumptions based on the use of a Time Transaction study presented in R97-1, selected labor productivities from R97-1, pieces per container counts presented in R84-1, and selected distributions of parcels by type from R2000-1. As time passes, it is increasingly likely that the data from the R2001-1 rate case do not provide a reasonable basis for calculating the costs actually avoided by the Postal Service in today's environment. Since the Postal Service has used relatively modest passthrough rates in order to account for some of the uncertainties in this case, the APWU has decided to sign the Stipulation and Agreement despite these reservations. However, this is an issue

that will become increasingly important as we move further from the base period used for estimating the R2001-1 financial data.

Respectfully submitted,

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CERTIFICATION

I hereby certify that I have this date served the following document in accordance with the rules of practice.

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