

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

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 7,  
QUESTIONS 1 AND 2

The United States Postal Service hereby provides responses to questions 1 and 2 of Presiding Officer's Information Request No. 7. Each question is stated verbatim and is followed by the response. A declaration from the witness is also included.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



Scott L. Reiter

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2999 Fax -5402  
April 18, 2000

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAYMAN  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 7

1. Recently, the Postal Service and the National Rural Letter Carriers Association (NRLCA) reached an agreement to extend the 1995-1999 National Agreement one year to expire November 20, 2000. Please provide the changes to LR-I-127 that would occur due to the ratification of this extension to the National Agreement.

RESPONSE:

The recent agreement between the Postal Service and the National Rural Letter Carriers Association (NRLCA) to extend the labor contract for one year to November 20, 2000 would impact LR I-127 as follows:

- a) The March 2000 and September 2000 COLAs changed from \$62 and \$292 to \$374 and \$291, respectively. This is because the base period reverted back to October 1995 from the assumed October 1999 base period.
- b) The COLA change impacted the residual ECI-1 calculation in the test year. The amount available for new wages, assuming a November 18, 2000 effective date, decreased from \$792.88 to \$640.70 for career employees, and from \$495.25 to \$337.32 for rural carrier reliefs and associates.
- c) Rural carrier reliefs and associates will receive the accumulated COLA on a delayed basis (i.e., the February following the expiration of the contract – or in this case, the contract extension period). The March 2000 and September 2000 COLAs will be effective for rural reliefs and associates on February 10, 2001.
- d) The pay and COLA changes described in parts (a)-(c) also impact the CSRS Unfunded Liability and Repricing of Annual Leave calculations.
- e) Rural equipment maintenance allowance was also increased by an additional ½ cent effective July, 1, 2000.

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The electronic workbooks which require updated inputs as a result of these changes are: sptdc\_00.xls, Uncst\_est.xls, Input\_00.xls, CSRS\_00.xls, and Repal\_00.xls.

Uncst\_est is not linked to other files and its relevant data changes were manually input into three of the other four files. The updated workbooks are provided as LR I-306. The input changes are highlighted in light turquoise. The substitution of the updated linked files into a directory containing the LR I-127 files results in the calculation of updated rollforward cost level factors for rural carrier personnel costs and equipment maintenance allowance (components 72 and 73) and other program factors for CSRS unfunded liability costs and repricing of annual leave (components 201, 202, and 199). All files in the directory must be open in order for the links to update. The updated rollforward factors are reflected in rffac\_00.xls.

The calculation of FY 2000 and test year rural carrier workyears is not impacted by the updated personnel cost level change factors. However the workyear calculation model (WKYRC\_00.XLS) requires that each of the personnel cost sources of change from the rollforward model be manually entered. Without re-running the rollforward model, these data are not available. As a result, the rural carrier average personnel cost and source of change data in the model will be incorrect until the source of change output from a rollforward can be entered for rural carriers in component 72 in WKRC\_00.xls. The entry of these data will result in an automatic update of the workyear calculations. This should result in the same number of workyears calculated by the model before the update of the rural carrier cost level factor changes.

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Rural carrier productive hourly rate calculations are also impacted by the updated cost level factors. Until the data discussed in the previous paragraph are created in WKYRC\_00.xls, the rural carrier average personnel costs and productive hourly rates reflected in PRHR\_00.xls are not updated.

The mail mix final adjustment would also be impacted by the change in rural carrier costs. However, the final adjustment calculation utilizes cost by class of mail from the rollforward model.

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2. The Postal Service and the National Association of Letter Carriers (NALC) recently concluded negotiations on the procedures regarding the upgrade of NALC represented grade 5 employees resulting from the arbitration decision. Please provide all changes that would be needed to LR-I-127 to reflect the execution of the Memorandum of Understanding between the USPS and the NALC.

**RESPONSE:**

The impact of the upgrade for city carriers from level 5 to 6 is already reflected in LR I-127. Please refer to page 379 of LR I-127; the response to OCA/USPS-T9-2; page 19 of USPS -T-9; and USPS-T-9 Exhibit 9O.

## DECLARATION

I, William P. Tayman, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

William P. Tayman

Dated: 4-18-2000

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

A handwritten signature in black ink, appearing to read "Scott L. Reiter", written over a horizontal line.

Scott L. Reiter

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