

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, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS
ALEXANDROVICH TO INTERROGATORIES OF DIRECT MARKETING
ASSOCIATION, INC.
(DMA/USPS-T5-1-7)

The United States Postal Service hereby provides responses of witness Alexandrovich to the following interrogatories of Direct Marketing Association, Inc.: DMA/USPS-T5-1-7, filed on August 14, 1997.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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August 28, 1997

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of DMA

DMA/USPS-T5-1. Please refer to the personnel account "Penalty Overtime Pay" (no. 51104) from Table 1 of LR-H-1.

- a. What is meant by the term "penalty" in this account ?
- b. What types of costs are included in this account ?
- c. How do the costs included in this account differ from the costs included in the account "Overtime Pay" (no. 51103)?

Response to DMA/USPS-T5-1

- a. The term "penalty" in this account title refers to overtime that is worked and paid at 200 percent of the straight time hourly rate. A description of this account can be found in US Postal Service Handbook F-8, General Classification of Accounts, which is being filed as Library Reference H-237. A brief description of penalty overtime can be found in paragraph III F of the attachment to Appendix 6 of RFDESCR2.DOC found in Chapter I of Library Reference H-12.
- b. This account includes the entire salary cost (straight time and premium) attributed to overtime hours worked and payable at 200 percent of the straight time rate.

Response of United States Postal Service Witness Alexandrovich
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Response to DMA/USPS-T5-1 (cont.)

- c. Account 51103, Personnel Compensation – Overtime Pay, records the entire salary cost (straight time and premium) attributed to overtime hours worked and paid at 150 percent of the straight time salary rate. Penalty overtime costs are not included in account 51103.

Response of United States Postal Service Witness Alexandrovich
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DMA/USPS-T5-2. Please refer to the personnel accounts "FICA Voluntary" (no. 51219), "Thrift Savings - Voluntary" (no. 51227) and "Ret Fund-FERS-Voluntary" (no. 51215) listed in Table A-1 of LR-H-1.

- a. Please describe in what sense these costs are "voluntary".
- b. Do these accounts include voluntary payments made by employees?
- c. If your response to subpart b. is "yes," please confirm that these costs are not included in the account "Full Time Salaries" (no. 51101) or "Part Time & Casual Salaries" (no. 51102).

Response to DMA/USPS-T5-2

- a. These accounts include US Postal Service contributions to the Federal Employees' Retirement System (FERS), the Thrift Savings Plan, and FICA for employees who were formerly covered by the Civil Service Retirement System (CSRS) and voluntarily converted to the new FERS during the open season period that ran from July 1, 1987 to December 31, 1987. They are voluntary only in the sense that the employees whose costs are included changed retirement plans of their own volition. The payments are not voluntary on the part of the Postal Service. A complete description of these accounts can be found in US Postal Service Handbook F-8, *General Classification of Accounts*.

Response of United States Postal Service Witness Alexandrovich
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Interrogatories of DMA

Response to DMA/USPS-T5-2 (cont.)

- b. No.
- c. Please see my response to (b) above.

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of DMA

DMA/USPS-T5-3. Please refer to Table A-1, page A-2, of LR-H-1. Please explain the difference in costs included between the personnel accounts "Performance Award - PCES" (no. 51111) and "Merit Bonus Payments - EAS" (no. 51112) listed in that Table.

Response to DMA/USPS-T5-3

Account number 51111, Performance Award – PCES, records one-time, lump sum cash performance awards paid to Postal Career Executive Service (PCES) employees. Account number 51112, Merit Bonus Payments – EAS, records one-time, lump sum cash merit bonus payments made to Executive and Administrative Schedule (EAS) employees. A complete description of these accounts can be found in US Postal Service Handbook F-8, General Classification of Accounts. A description of the PCES and EAS salary schedules can be found in paragraphs II E and F of the attachment to Appendix 6 of RFDESCR2.DOC found in Chapter I of Library Reference H-12.

Response of United States Postal Service Witness Alexandrovich
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DMA/USPS-T5-4. Please refer to Table A-1, page A-2, of LR-H-1. According to that Table, the Clerks subaccount within Cost Segment 3 receives over \$105 million of the cost of the USPS/DOL rehabilitation program.

- a. Please confirm that these costs represent .77% of the total accrued cost for Clerks.
- b. Please confirm that for practically every other cost segment/component, the rehabilitation program represents less than .45% of total accrued cost. Please confirm also that the USPS/DOL rehabilitation program represents an average of .41% of the accrued costs for all cost segments.
- c. Please describe the forms of rehabilitation and the types of costs included within this account.
- d. Please explain the reasons that the accrued costs for this account for Clerks are significantly higher than for other crafts.

Response to DMA/USPS-T5-4

- a. Confirmed.
- b. Confirmed.
- c. Account Number 51108, Postal Service/Department of Labor (DOL) Rehabilitation Program, records the entire salary costs for employees who are rehired under the joint Postal Service/DOL Rehabilitation Program. These employees are unable to perform the duties of their regularly assigned positions due to on-the-job injuries, but are able to perform adequately in specially designed positions tailored for their specific medical limitations.

Response of United States Postal Service Witness Alexandrovich
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Response to DMA/USPS-T5-4 (cont.)

- d. The costs for this account are proportionally higher for Clerks than for other subaccounts because the Clerk craft covers most of the jobs that can be tailored to meet employees' specific medical limitations.

Response of United States Postal Service Witness Alexandrovich
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DMA/USPS-T5-5. Please refer to Table A-1 of LR-H-1 which lists several personnel accounts apparently relating to travel expenses, including "Advance Round Trip" (no. 51214), "Non-Training Travel" (no. 51401), "Non-Training Travel - Det Assign" (51403), "Personnel Travel - Foreign" (no. 51404), "Travel - Inter. Postal Congress" (no. 51405), "Travel - Board of Governors" (no. 56316), "Training Travel - Outside" (no. 51411), and "Training Travel - USPS" (no. 51413). Please describe the various types of costs that are included in these accounts. For example, do these accounts only include actual transportation expenses (e.g., plane tickets, rental car costs) or do they include as well the costs of an employee's time (i.e., wages)?

Response to DMA/USPS-T5-5

The travel accounts listed contain allowable travel expenses while employees are away from their permanent duty station, such as airline tickets, car rental, hotel accommodations, taxi fares, and per diem costs. They do not contain expenses for employees' wages or salaries. A complete description of these accounts can be found in US Postal Service Handbook F-8, General Classification of Accounts.

Response of United States Postal Service Witness Alexandrovich
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DMA/USPS-T5-6. Please refer to Table A-1 of LR-H-1.

- a. Do part-time and casual employees receive employment benefits in addition to salaries?
- b. If the response to sub-part a. is "yes," please describe the types and costs of the particular employment benefits received by these employees.

Response to DMA/USPS-T5-6

- a. The US Postal Service's part time workforce is made up of part time career, transitional, and casual employees. Please see paragraphs III B through D of the attachment to Appendix 6 of RFDESCR2.DOC found in Chapter I of Library Reference H-12 for a complete description of these categories. Benefit packages for the part time career and casual workforce vary by employee category.
- b. The table below identifies types of benefits received by each part time career and casual employee category. Please refer to the attachment to Appendix 6 of RFDESCR2.DOC found in Chapter I of Library Reference H-12 for a complete description of the benefits listed.

Response of United States Postal Service Witness Alexandrovich
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Response to DMA/USPS-T5-6 (cont.)

Employee Benefit	Part Time-Career	Transitional Employees	Casuals
Leave	Yes	Yes <u>1/</u>	No
Health Benefits	Yes	No	No
Life Insurance	Yes	No	No
Retirement	Yes	No	No
Thrift Savings Plan	Yes	No	No
Social Security	Yes	Yes	Yes
Medicare	Yes	Yes	Yes
Uniform Allowance	Yes	No	No

1/ Reduced level of annual leave only. Sick leave is not provided.

Response of United States Postal Service Witness Alexandrovich
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DMA/USPS-T5-7. Please refer to Table A-1 of LR-H-1.

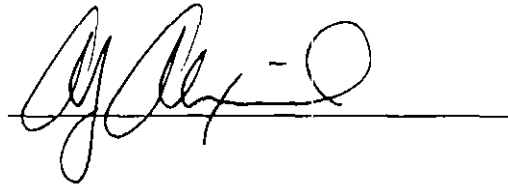
- a. Please identify and produce the manuals or other documents that describe the types of costs included within the personnel accounts listed in Table A-1.
- b. Please list all other personnel accounts not listed in Table A-1 and *identify and produce the manuals or other documents that provide a description of the types of costs included within those personnel accounts.*
- c. If there are no manuals or other documents that describe the types of costs included within the personnel accounts referred to in subparts a. and b., please provide a description of the costs included within these accounts.

Response to DMA/USPS-T5-7

- a. A description of the types of costs included within the personnel accounts listed in Table A-1 can be found in the attachment to Appendix 6 of RFDESCR2.DOC found in Chapter I of Library Reference H-12 and in US Postal Service Handbook F-8, General Classification of Accounts.
- b. All personnel accounts are listed in Table A-1.
- c. Please see my response to a. above.

DECLARATION


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

A handwritten signature in cursive script, appearing to read "Joe Alexandrovich", is written over a horizontal line.

Dated: 8/28/97

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.



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