

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, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF VAL-PAK DIRECT MARKETING SYSTEMS, INC. AND
VAL-PAK DEALERS' ASSOCIATION, INC. REDIRECTED FROM WITNESS
KINGSLEY
(VP/USPS-T39-56)

The United States Postal Service hereby provides its response to the following interrogatory of Val-Pak Direct Marketing Systems, Inc. and Val-Pak Dealers' Association, Inc.: VP/USPS-T39-56, filed on November 30, 2001. This interrogatory was redirected to the Postal Service from witness Kingsley.

The 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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December 14, 2001

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF VAL-PAK
REDIRECTED FROM WITNESS KINGSLEY**

VP/USPS-T39-56.

- a. For city carriers, in Base Year 2000, what is the average hourly wage, including all benefits, but excluding indirect piggyback costs?
- b. For city carriers, in Test Year 2003, what is the average hourly wage, including all benefits, but excluding indirect piggyback costs?
- c. For city carriers, in Base Year 2000, what is the average hourly wage, including all benefits, and including all indirect piggyback costs?
- d. For city carriers, in Test Year 2003, what is the average hourly wage, including all benefits, and including all indirect piggyback costs?

RESPONSE:

- a. The average hourly wage for Base Year 2000 for city carriers is \$27.74 (see USPS LR-J-50). This is consistent with city carrier salary and benefits included in cost segments 6 and 7. This wage does not include service-wide benefits as discussed in response to part c.
- b. The average hourly wage for Test Year 2003 for city carriers is \$32.62 (see USPS LR-J-50). This is consistent with city carrier salary and benefits included in cost segments 6 and 7. This wage does not include service-wide benefits as discussed in response to part d.
- c. The FY2000 city carrier piggyback factor (for the volume variable cost for all classes) is 1.355 (see USPS LR-J-46, page 54). The calculation of piggyback factors is discussed by witness Smith, USPS-T-15, at pages 18-19. This piggyback factor includes service wide benefits which are: workers compensation, repriced annual leave, holiday leave, Civil Service Retirement, annuitant COLA/principal, annuitant life insurance, annuitant health benefits, unemployment compensation, and interest expense associated with Civil


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Service Retirement System in cost segments 18 and 20. Multiplying the wage from part a by this piggyback factor gives us \$37.59 per hour.

- d. The FY2003 city carrier piggyback factor (for the volume variable cost for all classes) is 1.367 (see USPS LR-J-52, page 134). The calculation of piggyback factors is discussed by witness Smith, USPS-T-15, at pages 18-19. This piggyback factor includes service wide benefits which are: workers compensation, repriced annual leave, holiday leave, Civil Service Retirement, annuitant COLA/principal, annuitant life insurance, annuitant health benefits, unemployment compensation, and interest expense associated with Civil Service Retirement System in cost segments 18 and 20. Multiplying the wage from part b by this piggyback factor gives us \$44.59 per hour.

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.



Frank R. Heselton

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