

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

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF
AMERICAN BANKERS ASSOCIATION &
NATIONAL ASSOCIATION OF PRESORT MAILERS
(ABA&NAPM/USPS-T22-21, 33 and 35)

The United States Postal Service hereby provides its responses to the following interrogatories of American Bankers Association & National Association of Presort Mailers: ABA&NAPM/USPS-T22-21, 33 and 35, filed on December 10, 2001.

These interrogatories have been redirected from witness Miller to the Postal Service for response.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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December 26, 2001

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REDIRECTED FROM WITNESS MILLER

ABA&NAPM/USPS-T22-21 For your metered letters cost sheet mail flow model, please confirm the basic wage has increased by 9% between TY 2001 and TY 2003.

- a. Is this the result of expected or actual collective bargaining agreements?
- b. What inflation or cost of living factor is used for these two estimates and for TY 2001, how does your estimate compare to the actual CPI-U?

RESPONSE:

When comparing the hourly wage rates used in Docket No. R2000-1 (USPS LR-I-477) to those used in this docket (USPS LR-J-60), it can be confirmed that the "Remote Encoding Center (REC)" wage rate has increased from \$18.088 to \$20.409 (12.8%) and the "Other Mail Processing" wage rate has increased from \$28.725 to \$30.840 (7.4%).

- a. The estimated increase in the national average productive hourly rates reflected in Chapter IXb. of USPS LR J-50 results from the assumptions detailed and explained in USPS LR J-50. These include the impact of actual and assumed labor contracts, as well as estimated health benefit premium increases.
- b. The factors used for these estimates are explained in detail in USPS LR J-50. As explained fully in that library reference, the major factors impacting estimated productive hourly rates are the Employment Cost Index (ECI) and the estimated change in health benefit premiums. The CPI-U increased by 2.6% from September 2000 and September 2001. This is less than the estimated increase in the clerk / mailhandler productive hourly rate for FY 2001 which was impacted by the carryover impact of the large September 9, 2000 COLA, the change in the ECI, and double digit increases in health benefits.

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ABA&NAPM/USPS-T22-33 Please refer to the response of Patelunas, filed November 29, 2001, to Interrogatory ABA&NAPM/USPS-T39-8, redirected from witness Kingsley, where Mr. Patelunas confirms that the cost saving effects of Postal Automated Redirection System ("PARS") have been included in the USPS projection of UAA costs and that USPS LR-J-49, Exhibit E, page 1 shows Test Year 2003 PARS savings of \$81,478,000. Please also see the Postal Service response filed November 29, 2001 to Interrogatory ABA&NAPM/USPS-T22-11, where the Postal Service states that it has no cost figures, since the 1995 Price Waterhouse UAA Study, which cost figures would provide recent costs per piece of Forwarded First-Class UAA Mail and Returned First-Class UAA Mail. Please explain how the Postal Service can calculate UAA cost savings due to PARS, if it has no recent figures on cost per piece of Forwarding First-Class UAA Mail and Returning First-Class UAA Mail. What UAA cost studies, if any, did the Postal Service use in this case?

RESPONSE:

The PARS savings estimate was based on a Decision Analysis Request (DAR). That program will not take effect until TY 2003. An updated UAA cost study can be found in USPS LR-I-82 in Docket No. R2000-1.

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ABA&NAPM/USPS-T22-35 At page 15, line 23 of your testimony revised 11/16/01, you state that you used two separate wage rates to calculate model cost, one being that for employees working at REC sites and the other being an aggregated rate for all other mail processing employees who do not work at REC sites. Please provide an aggregate wage rate for all Postal Service mail processing employees, regardless of whether they work at REC sites, for each Postal Service fiscal year from Fiscal Year 1984/1985 through Fiscal Year 2000/2001, and provide this figure as projected for Fiscal Year 2001/2002.

RESPONSE:

Please see the response to MMA/USPS-T22-3 for FY's 1998-2003 actual and estimated clerk / mailhandler productive hourly rates . Comparable rates for FY 96 can be found in Chapter VIIIId of LR H-12 (Docket R97-1). Comparable data for some earlier fiscal years may be available in the revenue requirement workpapers and/or library references from earlier dockets.

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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