

Before The  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS TAYMAN TO INTERROGATORY DMA/USPS-T6-34

It has come to the attention of the Postal Service that the response of witness Tayman to interrogatory DMA/USPS-T6-34 was not included with the set of answers to DMA/USPS-T6-1-34 filed on October 19, 2001. Accordingly, that response is being provided herewith. After the passage of so much time, the reason for the original omission can be described only as a mystery. In light of the ongoing settlement discussions and the fact that the witness is scheduled to appear on January 14, the Postal Service does not believe that any party has been unrectifiably prejudiced by the regrettable omission.

The interrogatory is stated verbatim, is followed by the response and a declaration from the witness

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

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Scott L. Reiter

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2999; Fax -5402  
January 4, 2002

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAYMAN  
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION

**DMA/USPS-T6-34.** Please refer to page 21 of your testimony where you state, "For FY 2002 and the Test Year, an assumption is made that the total change in wages will equal the rate of change in the Employment Cost Index for Wages for Private Industry (ECI) less one percent. The change in wages assumed to be effective on October 1 reflects the percentage change in the ECI over the previous 12 months, less one percent."

(a) Please provide all Postal Service documents related to the Postal Service's "ECI-1%" position on wage increases.

(b) Please describe the origin and history of the Postal Service's "ECI-1%" position on wage increase.

(c) Is it the Postal Service's position that wage increases for postal workers should increase at an annual rate that is no higher than ECI-1%? If your response is anything other than an unqualified yes, please explain your response fully.

**RESPONSE:**

(a)-(c) I would characterize the use of ECI minus 1% as an *assumption* made to estimate wage costs for FYs 2002 and 2003 for purposes of this case. It is not a "position on wage increases." As you point out, my testimony states that "For FY 2002 and the Test Year, an assumption is made that the total change in wages will equal the rate of change in the Employment Cost Index for Wages for Private Industry (ECI) less one percent." However, your question fails to take into account that for 2001 wages were assumed to increase by the full ECI: "For FY 2001, the effective change in bargaining unit employee wages (except city carriers), including the carryover from FY 2000, was set at the Employment Cost Index for Wages and Salaries for Private Industry (ECI)." USPS-T-6, page 21. The Postal Service's *assumptions* with regard to bargaining unit wages are fully described in my testimony and in LR J-50. Please refer to past rate cases for the assumptions used to estimate wage costs in those cases.

## 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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Scott L. Reiter

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Washington, D.C. 20260-1137  
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