

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

SIX-DAY TO FIVE-DAY STREET DELIVERY
AND RELATED SERVICE CHANGES, 2010

Docket No. N2010-1

NOTICE OF THE UNITED STATES POSTAL SERVICE OF FURTHER REVISED
RESPONSE OF WITNESS COLVIN TO GREETING CARD ASSOCIATION
INTERROGATORY GCA/USPS-T7-1 -- ERRATA
(July 19, 2010)

The United States Postal Service is today filing a revised response to GCA/USPS-T7-1. Previous minor revisions were filed on June 24. The current revisions are likewise minor, are all in part a., and simply reflect small changes caused by the small changes filed July 16 to the testimony of witness Whiteman. Two versions are attached – pages with shading showing the figures in part a. which change, and the complete revised answer after the shading is removed (to be entered into the record).

UNITED STATES POSTAL SERVICE

By its attorney:

Eric P. Koetting

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July 19, 2010

**RESPONSE OF POSTAL SERVICE WITNESS COLVIN
TO INTERROGATORIES OF GREETING CARD ASSOCIATION**

GCA/USPS-T7-1.

- a. How much of the \$3.1 billion net savings from five-day delivery is total labor costs, and how much of that is wages?
- b. What is the qualitative and quantitative difference between “productive hourly rates” in Attachment 1 and (i) actual wage rates and (ii) actual total compensation rates?
- c. In terms of carrier savings from eliminating Saturday delivery, please show the amount of savings (hours saved and compensation foregone) for each employee type, using the same employee categories as found in Attachment 1, page 2, of your testimony.
- d. For each employee type, using the same employee categories as found in Attachment 1, page 2, of your testimony, please state the FY 2009 hourly wage rate for each, and total compensation for each.

RESPONSE:

- a. As shown in my Attachment 3, page 2 the total savings, without consideration of revenue loss impacts are \$3,560 million. This is the sum of the gross cost savings of \$3,300 million and cost savings stemming from volume reductions of \$260 million. The labor portion of the \$3,300 million gross savings is \$2,836 million if you include service-wide benefits and \$2,563 million with just salaries and benefits from cost segments 2 to 12, as can be obtained from my testimony. The labor portion of the \$260 million cost reductions associated with the volume reduction is about \$199 million if service-wide benefits are included, and \$180 million with just salaries and benefits.¹ The total labor savings for five-day delivery is then \$3,035 million (= \$2,836 million + \$199

¹ These estimates of labor costs are calculated using the share of total attributable costs which is labor cost with service-wide benefits or \$33.434 billion out of 43.602 billion which is 77 percent and also the share of total attributable costs which is salary and benefits, \$30.210 billion out of \$43.602 billion, which is 69.3 percent

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million) with service-wide benefits included and alternatively it is \$2,743 million (= \$2,563 million + \$180 million) with salary and benefits alone. The wage portion can be estimated by noting that salary accounts for nearly 77 percent of total salaries and benefits for total field personnel, or \$37,329 million of \$48,530 million.² As a result, we can estimate that of the \$2,743 million in salary and benefits savings, \$2,110 million are wages.

- b. Productive hourly rates are the cost per work hour of total salary and benefits (including other personnel related costs such as relocation expenses) as indicated in the Postal Service's response to Docket No. ACR2009, Chairman's Information Request No. 3, Question 20. My interpretation of "actual wage rates" is the cost of salary per work hour. As noted in my response to part a, salary accounts for about 77 percent of salary and benefits. My interpretation of "actual total compensation rates" is the cost per work hour of salary and benefits with service-wide benefits included. As I indicate in my testimony, USPS-T-7, pages 7-8, the amount of service-wide benefits costs, as developed in the attributable costs, implies that for every \$1,000 of labor costs (salary and benefits), there is an additional \$106.70 service wide benefits costs. Thus "actual total compensation rates" would be 10.7 percent higher than the productive hourly rates.

² The NATIONAL PAYROLL HOUR SUMMARY REPORT (NPHSR), PAY PERIOD-FY 20-2009, ENDING DATE 09-25-2009, page 111. As noted in my response to Chairman's Information Request no. 4, question 7c, the NPHSR treatment of labor costs is very close to that provided in my Attachment 1.

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- c. As indicated in the Postal Service’s response to GCA/USPS-T6-1, the requested information is not available.
- d. The table below provides for each employee category in my Attachment 1, page 2, the “hourly wage rate,” productive hourly rate and “total compensation” hourly rate. The “hourly wage rate” is approximated as discussed in my response to part b, by multiplying the ratio of the NPSHR Salary (line 30) to Salary and Benefits (line 43) for each employee category times its respective productive hourly rate. The “total compensation” is approximated by multiplying the productive hourly rate times 1.1067 as done in my development of service-wide benefits savings. See my testimony at pages 8-10 for a discussion of the limitations of this approximation.

CITY CARRIER

EMPLOYEE TYPE	Hourly Wage Rate	PROD. HRLY. RATE	Total Compensation Hourly Rate
City Carrier FTR	\$ 31.48	\$ 41.74	\$ 46.19
City Carrier PTR	\$ 28.94	\$ 39.79	\$ 44.04
City Carrier PTF	\$27.01	\$ 36.33	\$ 40.20
City Carrier Career Total	\$ -		
City Carrier TE	\$ 22.73	\$ 24.47	\$ 27.08
City Carrier Casual	\$ 13.70	\$ 13.09	\$ 14.48
Total	\$ 30.41	\$ 39.98	\$ 44.24

RURAL CARRIER

EMPLOYEE TYPE	Hourly Wage Rate	PROD. HRLY. RATE	Total Compensation Hourly Rate
Rural Carrier Career	\$ 28.66	\$ 38.86	\$ 43.00
Rural Carrier Non-career Barg	\$ 18.75	\$ 20.18	\$ 22.33
Rural Carrier Casual	\$ 12.73	\$ 13.70	\$ 15.16
Total	\$ 25.42	\$ 32.84	\$ 36.34

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

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