

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
REGARDING CHANGE IN ESTIMATED IMPLEMENTATION COSTS ASSOCIATED
WITH UNEMPLOYMENT COMPENSATION
(October 8, 2010)

The Postal Service hereby provides notice of a revision to its original estimate of unemployment compensation benefit contributions associated with implementing the service changes under review in this docket.

As originally estimated, these costs were \$91.3 million. See USPS Library Reference N2010-1/1 at 22; see *also* the response of USPS witness Corbett to DFC/USPS-T2-1 (May 7, 2010). As explained below, three factors contribute to the estimate of unemployment compensation benefit contributions being revised to \$142.5 million.

First, it has since been determined that the national average number of weeks that unemployed persons collect benefits has risen from 15 to 20.1 weeks. Second, the average state maximum allowable weekly benefit has increased by six percent from \$405 to \$429.

Finally, the original estimate was based upon year-to-date workhours for rural carrier associates (RCAs) and temporary rural carriers (TRCs), leading to an understatement of the number of RCAs and TRCs in the higher workhour categories, compared to if data for the whole fiscal year were used. The calculation of the

unemployment compensation for RCAs and TRCs requires a breakdown of the numbers of these employee groups as follows:

500 hours or less = minimum allowable benefit

501-1000 hours = 25th percentile of min to max allowable benefit

1001-1500 hours = 75th percentile of min to max allowable benefit

1501 hours or more = maximum allowable benefit

This understatement is estimated to account for about \$15 million of the increase from \$91.3 million to \$142.5 million.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.

Chief Counsel, Pricing and Product Support

Michael T. Tidwell

Attorney

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2998; Fax -5402
October 8, 2010