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

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000–1

REVISED RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORY OF ABA&NAPM (ABA&NAPM/USPS-T24-35) (ERRATUM)

The United States Postal Service hereby provides its response to the following interrogatory of American Bankers Association and National Association of Presort Mailers, which was filed on March 22, 2000: ABA&NAPM/USPS-T24-35.

The interrogatory has been redirected from witness Miller to the Postal Service for response. This institutional response supersedes the response of witness Miller to T24-35, filed on April 5, 2000.

The interrogatory is stated verbatim and is followed by the revised response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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April 17, 2000

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE AMERICAN BANKERS ASSOCIATION AND NATIONAL ASSOCIATION OF PRESORT MAILERS

ABA&NAPM/USPS-T24-35

Please explain fully the unusual spike in unit mail processing direct labor costs (CRA, cost segment 3.1) for First Class and Standard A letter mail between FY1996 and FY1997. In particular, is the change influenced by any of the following factors?

a. Methodological changes between the 1996 and 1997 CRA, including but not limited to measuring volume variable (1997) as opposed to attributable (1996) direct labor costs.
b. Any settlements of labor disputes which caused a one time increase in mail processing labor costs.
c. Other factors.

Response:

a. The FY1997 CRA uses the same methodology as the FY1996 base year. The methodological change is described in the Docket No. R97-1 testimonies of witnesses Degen, USPS-T-12, and Bradley, USPS-T-14. Comparing FY1996 CRA to the FY1997 CRA is not valid due to the change in methodology.[1] Comparing the FY1996 base year costs and the FY1997 CRA reveals no "spikes" for First-Class or Standard A letters unit costs. There was, however, a significant increase in the unit costs for First-Class presort flats, which is the cause for most of the increase in the First-Class presort mail processing labor costs between FY1996 base year costs and FY1997 CRA.

b. No, the labor settlements (arbitration awards) of the mid-1990s would not be the source for a "spike." In FY 1996 the APWU and Mail Handlers

[1] A comparison of FY1996 CRA SubTotal 3.1 costs (Direct+Overhead+Fixed) with the FY1997 CRA 3.1 costs shows a decline in the volume variable costs for most of these categories.

contracts provided for a 1.2% general increase and 2 COLA payments. In FY 1997 those same agreements called for a $400 lump sum payment, no general increase and 2 COLA payments. These slight differences would not cause a spike.

c. See above.

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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