

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

POSTAL RATE AND FEE CHANGES, 2006 )

Docket No. R2006-1

VALPAK DIRECT MARKETING SYSTEMS, INC. AND  
VALPAK DEALERS' ASSOCIATION, INC.  
FIRST INTERROGATORIES AND REQUESTS FOR  
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE  
WITNESS ALTAF H. TAUFIQUE (VP/USPS-T32-1)  
(May 25, 2006)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc. hereby submit interrogatories and document production requests. If necessary, please redirect any interrogatory and/or request to a more appropriate Postal Service witness.

Respectfully submitted,

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**VP/USPS-T32-1.**

Please refer to page 21 of your testimony, USPS-T-32, beginning on line 15, where you state:

The rate design for Single-Piece First-Class Mail starts with the Test Year Before Rates (TYBR) rollforward costs for Single-Piece and Presort mail within the First-Class Mail Letters and Sealed Parcels subclass. A per-unit contribution is simultaneously estimated for both Single-Piece and Presort mail to meet the Letters subclass revenue requirement. The target per-piece revenue estimate is then multiplied by the TYBR volume to derive the target revenue for both Single-Piece and Presort.

- a. Please identify the per-unit contribution in cents per piece that you “simultaneously estimated for both Single-Piece and Presort mail to meet the Letters subclass revenue requirement.”
- b. Please identify “the Letters subclass revenue requirement” that your “per-unit contribution” was estimated to meet. As among the categories of Single-Piece, presorted, automation letters, automation flats, and business parcels (shown on page 4 of Attachment A of the Request, Schedule 221), or some other categories that you choose, please state which categories are covered by your “revenue requirement.”
- c. Please explain, step by step, how you arrived at the “Letters subclass revenue requirement” that your “per-unit contribution” was estimated to meet. If this revenue requirement was given to you by another witness, please so state.
- d. Given the revenue requirement stated in part b and explained in part c, please explain, step by step, how you “estimated” the “per-unit contribution ... for both Single-Piece and Presort mail....”

- e. After you completed the rate development process, what was the final resulting “per-unit contribution ... for both Single-Piece and Presort mail”?
- f. If there are differences, please identify and explain the factors associated with the per-unit contributions of Single-Piece and Presort being different from each other and/or being different from the one you state in part a.
- g. Is the “target per-piece revenue estimate” different from the sum of the unit cost and the “per-unit contribution” that you estimate? If so, please explain.