

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.
FOURTH INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE
WITNESS JAMES W. PAGE (VP/USPS-T23-4)
(June 29, 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-T23-4.

This interrogatory seeks to clarify the meaning of certain figures in your response to VP/USPS-T23-3. Please refer to that response, parts (a) through (c).

- a. Dividing the cost in part (b) of \$151,300,000 by the volume in part (a) of 1,959,007,013 yields a per-piece cost of 7.723 cents. Is this the per-piece cost you used for the Basic ECR Automation letters you moved out of ECR? If it is not, please explain how the appropriate figure should be developed.
- b. Part (c) refers to your earlier response to VP/USPS-T23-1(b), which in turn refers to a carrier cost of 3.541 cent and a rural carrier cost of 1.502 cents. Are these additive? If not, please explain whether some weighted average is needed to find the appropriate cost for use in making an adjustment for Basic ECR Automation letters.
- c. If the two costs referred to in part b of this question are added, and the sum is added to the mail processing cost of 4.748 cents referenced in your response to VP/USPS-T23-3(c), a total of 9.791 cents is obtained. Please identify the factors that account for the difference between 9.791 cents and the per-piece cost of 7.723 cents referenced in part a of this question, indicating the magnitude of each factor. For example, one factor might be a piggyback factor adjustment and another might be the inclusion of cost components other than mail processing and delivery.