

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

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POSTAL RATE AND FEE CHANGES, 2006

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Docket No. R2006-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS PAGE  
TO INTERROGATORY OF VALPAK DIRECT MARKETING SYSTEMS, INC.  
AND VALPAK DEALERS' ASSOCIATION, INC.,  
REDIRECTED FROM WITNESS KIEFER  
(VP/USPS-T36-10(e))

The United States Postal Service hereby files the response of witness Page to above-listed interrogatory, filed on June 20, and redirected from witness Kiefer (USPS-T-36).

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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July 5, 2006

RESPONSE OF POSTAL SERVICE WITNESS PAGE  
TO INTERROGATORY OF VALPAK,  
REDIRECTED FROM WITNESS KIEFER (USPS-T-36)

**VP/USPS-T36-10.**

Please refer to USPS-LR-L-36, workbooks WP-STDECR.xls and WP-STDREG.xls (hereinafter the “ECR” and the “REG” workbooks, respectively) and, unless otherwise specified, to the tab ‘Revenues @ TYBR Vols.’ in each workbook.

- e. Corresponding to any volume and revenue losses associated with NSAs, as discussed in part d of this question, please explain where any cost adjustments are made and provide the level of such adjustments.

**RESPONSE:**

- e. Cost adjustments for NSAs are made in USPS-LR-L-59. Three workbooks, HSBC-USPS, Bank One Chase-USPS, and Discover-USPS, are where the adjustments are calculated. These workbooks are linked to workbook Final Adjustments 2008-USPS. A summary of the three NSAs is on the total sheet of Final Adjustments 2008-USPS under the row headings, Negotiated Service Agreements, with subheadings First Class or Standard for each of the segments except supplies and services. The total cost adjustments for ECR due to NSAs can be obtained by adding up the appropriate quantities in each of the three NSA workbooks. By my calculation these adjustments amount to \$946,000 in the TYBR and \$820,000 in the TYAR.