

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

POSTAL RATE AND FEE CHANGES

Docket No. R2006-1

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS VAN-TY-SMITH
(USPS-T-11) TO INTERROGATORY OF VALPAK DIRECT MARKETING SYSTEMS,
INC. AND VALPAK DEALERS' ASSOCIATION, INC.: (VP/USPS-T11-6(a))
(July 24, 2006)**

The United States Postal Service hereby provides the response of witness Van-Ty-Smith (USPS-T-11) to the following interrogatory of Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc.: VP/USPS-T11-6(a), filed on July 10, 2006. Interrogatory VP/USPS-T11-6(b) was redirected to witness Bozzo, UPSP-T-12, and interrogatories VP/USPS-T11-7-8 were redirected to witness Bozzo, USPS-T-46.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Frank R. Heselton
Attorney

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-5204; Fax: -6187
July 24, 2006

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS VAN-TY-SMITH,
USPS-T-11, TO INTERROGATORY OF VALPAK DIRECT MARKETING
SYSTEMS, INC. AND VALPAK DEALERS' ASSOCIATION, INC.

VP/USPS-T11-6. Please refer to the response to VP/USPS-T11-4(a).

- a. Please explain how volume variable costs of the DPS cost pool are distributed to the different classes and subclasses of mail with letter-shaped volume that is DPS'd.

RESPONSE

There is no separate DPS cost pool. DPS operations are part of the 'MPBCS, DBCS, CSBCS' cost pool (SAS name 'D/BCS') at the Plants and the 'Automated/Mechanized' cost pool (SAS name 'AUTO/MECH') at Post Offices, Stations and Branches. The volume-variable cost for each of these two cost pools is distributed to subclasses using the individual cost pool direct, mixed, and not-handling tallies based on the procedure described in Section B.2.3 Cost Pool Distribution Keys of my testimony. The distribution key procedure is applied at the cost pool level and does not differentiate DPS operations from other operations in the cost pool.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

Frank R. Heselton

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-5204, FAX: -6187
July 24, 2006