

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 MICO MILANOVIC (VP/USPS-T9-1)
(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,

William J. Olson
John S. Miles
Jeremiah L. Morgan
WILLIAM J. OLSON, P.C.
8180 Greensboro Drive, Suite 1070
McLean, Virginia 22102-3860
(703) 356-5070

Counsel for:
Valpak Direct Marketing Systems, Inc. and
Valpak Dealers' Association, Inc.

VP/USPS-T9-1.

Please refer to the attachment to this interrogatory. Column 1 contains Base Year volume variable costs, as shown in USPS-LR-L-3. Columns 2 and 3 endeavor to distinguish those volume variable costs that are considered to be indirect from those that are considered to be direct. Please review the costs in columns 2 and 3 and either (i) confirm that they are in the correct columns, as shown, or (ii) provide correct figures for direct and indirect volume variable costs for each cost segment.

Seg. No.		(1) Volume Variable Costs	(2) Indirect	(3) Direct
1	Postmasters	379,979	0	379,979
2	Supervisors and Technicians	2,122,210	2,084,702	37,508
2.1.1	Mail processing	813,076	813,076	0
2.1.2	Central mail markup	37,508	0	37,508
2.2	Window service	99,795	99,795	0
2.3	Admin & support	40,031	40,031	0
2.4.1	City delivery	556,482	556,482	0
2.4.2	Rural delivery	44,358	44,358	0
2.4.3	Vehicle svc drivers	23,239	23,239	0
2.5.2	Higher level	68,492	68,492	0
2.5.5	Training	24,071	24,071	0
2.5.6	Qual control/Rev prot	40,344	40,344	0
2.5.7	Joint supervision	374,813	374,813	0
3	Mail processing	14,424,203	663,556	13,760,648
3.1	Mail processing	12,703,875	0	12,703,875
3.2	Window service	1,056,773	0	1,056,773
3.3.1	Administrative clerks	629,633	629,633	0
3.3.2	Time and attendance	33,922	33,922	0
4	Clerks, CAG K Offices	3,335	0	3,335
6	City Delivery Carriers, Office Activity	4,201,813	0	4,201,813
6.1	In-office direct	3,198,073	0	3,198,073
6.2.2	In-office support overhead	734,063	0	734,063
6.2.3	In-office support other	269,676	0	269,676
7	City Delivery Carriers, Street Activity	3,909,622	0	3,909,622
7.2	Delivery activities	3,453,927	0	3,453,927
7.3	Delivery support	455,695	0	455,695
8	Vehicle Service Drivers	367,029	0	367,029
10	Rural Carriers	2,214,077	0	2,214,077
	Evaluated routes	2,035,578	0	2,035,578
	Other routes	178,499	0	178,499
11	Custodial & Maint. Services	2,027,950	2,027,950	0
11.1.1	Custodial personnel	654,669	654,669	0
11.1.2	Contract cleaners	54,515	54,515	0
11.2	Op. equipment maintenance	1,005,109	1,005,109	0
11.3	Custodial & maint. Services	313,657	313,657	0
12	Motor Vehicle Service	268,037	268,037	0
12.1	Personnel	104,190	104,190	0
12.2	Supplies & materials	157,245	157,245	0
12.3	Vehicle hire	6,602	6,602	0

	(1)	(2)	(3)
Seg. No.	Volume Variable Costs	Indirect	Direct
13 Miscellaneous Local Operations	4,148	4,148	0
13.1 Carfare	1,694	1,694	0
13.2 Driveout -- city carriers	2,455	2,455	0
14 Transportation	4,564,206	0	4,564,206
14.1.1 Domestic air	1,598,314	0	1,598,314
14.1.1 Domestic air -- Alaska	8,005	0	8,005
14.1.2 Highway	2,122,924	0	2,122,924
14.1.3 Railroad	118,014	0	118,014
14.1.4 Domestic water	25,038	0	25,038
14.2 International	691,911	0	691,911
15 Building Occupancy	1,217,936	1,217,936	0
15.1 Rents	863,364	863,364	0
15.2 Fuel & utilities	354,572	354,572	0
16 Supplies and Services	1,278,496	1,177,802	100,694
16.1.1 Stamps	87,098	0	87,098
16.1.2 Money orders	5,867	0	5,867
16.1.3 Stamped cards & envelopes	7,306	0	7,306
16.3.1 Custodial & building	101,250	101,250	0
16.3.2 Equipment	309,630	309,630	0
16.3.3 Track & trace	423	0	423
16.3.4 Other miscellaneous	766,923	766,923	0
17 Research & Development	0	0	0
18 Administration & Area Operations	1,441,253	1,441,172	81
18.1 Postal Inspection Service	43,325	43,325	0
18.2.7 Commissions, non-U.S. Mos	81	0	81
18.3.1 Repriced annual leave	49,056	49,056	0
18.3.2 Holiday leave	533	533	0
18.3.4 Workers compensation	454,940	454,940	0
18.3.5 Unemployment compensation	23,930	23,930	0
18.3.6 Annuitant health insurance	863,186	863,186	0
18.3.7 Annuitant life insurance	6,202	6,202	0
19 General Management Systems	0	0	0
20 Other Accrued Expenses	1,566,601	1,536,512	30,090
20.1 Equipment depreciation	738,572	738,572	
20.2 Vehicle depreciation	35,989	35,989	
20.3 Bldg & leasehold depreciation	760,767	760,767	
20.4 Indemnities	30,090		30,090
20.5 Interest expense	1,183	1,183	
TOTAL	39,990,895	10,421,814	29,569,080