

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 POSTAL SERVICE WITNESS BERKELEY (USPS-T-39)  
TO INTERROGATORY OF VALPAK, REDIRECTED FROM WITNESS KIEFER  
(VP/USPS-T36-19)  
(July 21, 2006)

The United States Postal Service hereby provides the response of witness Berkeley (USPS-T-39) to the following interrogatory of Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc.: VP/USPS-T36-19, filed on July 7, 2006, 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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**RESPONSE OF POSTAL SERVICE WITNESS BERKELEY (USPS-T-39)  
TO INTERROGATORY OF VALPAK DIRECT MARKETING SYSTEMS, INC.  
AND VALPAK DEALERS' ASSOCIATION, INC. (VP/USPS-T36-19)  
REDIRECTED FROM WITNESS KIEFER (USPS-T-36)**

**VP/USPS-T36-19.** Please refer to your response to VP/USPS-T36-10(c), in which you provide AR fees at TYBR volumes for Commercial Regular of \$63,654, Nonprofit Regular of \$29,866, Commercial ECR of \$33,971, and Nonprofit ECR of \$6,479, all in thousands. In your original workpapers, you provided TYBR fees of, in the same order, \$70,173, \$33,547, \$36,363, and \$6,135. The AR fees referenced above, then, are 7.6 percent, 5.6 percent, 10.8 percent, and 5.6 percent higher than your original TYBR fees, respectively. Please explain whether this means that each category of Standard mail is realizing a different percentage increase in fee levels. If they are, please explain what accounts for these differences.

**RESPONSE:**

The proposed fees at TYBR volumes for Standard Mail, referenced in the interrogatory, are from USPS-LR-L-123, as revised July 3, 2006. However, the reference to TYBR fees from witness Kiefer's original workpapers are numbers I cannot find anywhere in his workpapers, either original or revised. For clarification, the TYBR fee revenue (TYBR volumes at current fees), also presented in USPS-LR-L-123, are as follows: Commercial Regular of \$59,158; Nonprofit Regular of \$28,281; Commercial ECR of \$30,655; and, Nonprofit ECR of \$6,135, all in thousands. The resulting fee increase percentages for these subclasses using the revenues from these workpapers are 8.5 percent, 8.5 percent, 6.5 percent and 6.5 percent. The fee distribution is set up in the workpapers to calculate the subclass revenues for the Standard Mail Bulk

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**Response to VP/USPS-T36-19 (Continued):**

Permits and Standard Weighted Fee differently than that of the other fees. Because the actual fee revenue is broken out by total commercial and total non-profit for both of these special services in the individual workpapers, the fee revenue calculation in the fee summary distributes the fee revenue using the volumes for commercial only or non-profit only, as opposed to distributing based on the total of all four subclasses (like the other fee revenues are distributed). Therefore, it appears that the commercial subclasses of Standard Mail are seeing a higher proposed fee percentage than the non-profit subclasses of Standard Mail. In reality however, the proposed aggregate increase in fee levels for each subclass of Standard Mail is 7.9 percent.