

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

RATE AND SERVICE CHANGES TO IMPLEMENT
BASELINE NEGOTIATED SERVICE AGREEMENT WITH
WASHINGTON MUTUAL BANK

Docket No. MC2006-3

**NOTICE OF UNITED STATES POSTAL SERVICE OF FILING REVISED PAGE TO
RESPONSE OF WITNESS AYUB TO INTERROGATORY OF THE OFFICE OF
CONSUMER ADVOCATE (OCA/USPS-T1-31)
(July 21, 2006)**

The United States Postal Service hereby gives notice of filing a revised page to the response of witness Ayub to the following interrogatory of the Office of Consumer Advocate: OCA/USPS-T1-31. The original response, filed on July 12, 2006, inadvertently misidentified the second page of the response as belonging to another interrogatory. The attached revised page should be substituted for the original.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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July 21, 2006

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS AYUB TO
INTERROGATORY OF THE OCA**

OCA/USPS-T1-31

presenting a representative and easily understood analysis, my worksheet assumes that all of the First-Class Mail “produced” by the Washington Mutual NSA will have been converted from Standard Mail. In reality it is unlikely – and beyond incontrovertible proof – that there will not be other effects. For instance, with a lower marginal price for First-Class Mail letters, I fully expect that Washington Mutual will send some First-Class Mail that would not have otherwise been sent as Standard Mail. On the other hand, our agreement allows for Washington Mutual to send some Standard Mail, despite the fact that Washington Mutual’s expressed intent is to convert their marketing programs to First-Class Mail. The reasons for this are relatively straightforward; if Washington Mutual were to identify customer acquisition opportunities that were profitable using Standard Mail, but that were not at the still higher NSA First-Class Mail prices, it would be imprudent and ultimately detrimental to the interests of all postal customers to forestall such opportunities, thus my worksheets contain an assumption that Standard Mail will continue to be used up to the levels allowed by the contract. I would point out that these worksheets have been provided in electronic form so as to allow substitution of a wide range of alternative assumptions that would, of course, produce slightly different results.

- b. Confirmed.
- c. In my appendix, I did not attempt to conduct the Panzar test.
- d-f. Please see my response to part a.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

Frank R. Heselton

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