

**BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001**

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

Docket No. MC2006-3

**FOLLOW-UP INTERROGATORY OF WASHINGTON MUTUAL BANK
TO OFFICE OF THE CONSUMER ADVOCATE
WITNESS JAMES F. CALLOW (OCA-T1-7)**

Washington Mutual Bank requests the Office of the Consumer Advocate to respond fully and completely to the following interrogatory and request for production of documents pursuant to Rules 25 and 26 of the Commission's Rules of Practice and Procedure.

Respectfully submitted,

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Dated : October 5, 2006

**FOLLOW-UP INTERROGATORY OF WASHINGTON MUTUAL BANK TO
OFFICE OF THE CONSUMER ADVOCATE WITNESS CALLOW WMB/OCA-T1-7)**

WMB/OCA-T1-7. Please refer to your response to WMB/OCA-T1-1(f) where you provide a Panzar Analysis for the WMB NSA using a price-difference elasticity of $-.8538$ and to the worksheet "Year 1" in the spreadsheet entitled Response_WMB-OCA-T1-1(f).xls.

- (a) Please insert $-.35$ into Cell D11 of the referenced Excel worksheet and confirm that, according to the resulting Panzar Analysis, if WMB's price-difference elasticity is $-.35$, then the WMB NSA will increase USPS contribution in Year 1 of the NSA at WMB's After-Rates volume forecast of 713 million First-Class Mail pieces. If not confirmed, please explain fully.
- (b) Please insert $-.39$ into Cell D11 of the referenced Excel worksheet and confirm that, according to the resulting Panzar Analysis, if WMB's price-difference elasticity is $-.39$, then the WMB NSA will increase USPS contribution in Year 2 of the NSA at WMB's After-Rates volume forecast of 750 million First-Class Mail pieces. If not confirmed, please explain fully.
- (c) Please insert $-.44$ into Cell D11 of the referenced Excel worksheet and confirm that, according to the resulting Panzar Analysis, if WMB's price-difference elasticity is $-.44$, then the WMB NSA will increase USPS contribution in Year 3 of the NSA at WMB's After-Rates volume forecast of 785 million First-Class Mail pieces. If not confirmed, please explain fully.