

UNITED STATES OF AMERICA
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

OFFICE OF THE CONSUMER ADVOCATE INTERROGATORIES
TO WASHINGTON MUTUAL BANK WITNESS MICHAEL RAPAPORT (ERRATA)
(OCA/WMB-T1-1-10)
(April 6, 2006)

Pursuant to Rules 25 through 28 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate (OCA) hereby submits interrogatories and requests for production of documents. The instructions included with Interrogatories OCA/USPS-T1-1-5 are hereby incorporated by reference.

Respectfully submitted,

Shelley S. Dreifuss, Director
Office of the Consumer Advocate

Emmett Rand Costich, Attorney

901 New York Avenue, N.W.
Washington, D.C. 20268-0001
(202) 789-6833; Fax (202) 789-6891
e-mail: costicher@prc.gov

OCA/WMB-T1-1. Please refer to your testimony at page 4, lines 9-13. You identify competitive pressure and an economic downturn as factors that increase WMB's acquisition costs.

- a. Do changes in interest rates or in the state of the economy affect the solicitation mail volume of WMB? If so, please explain how.
- b. Do changes in *expected future* interest rates or in the *expected future* state of the economy affect the solicitation mail volume of WMB? If so, please explain how.
- c. For each year of the proposed NSA, please state your beliefs as to the direction of change of interest rates and the direction of change of the state of the economy.
- d. Did your beliefs (as to changes in interest rates or in the state of the economy over the term of the NSA) change during the course of negotiations with the Postal Service? If so, how did your changing beliefs affect volume estimates, the final level of discounts, or thresholds adopted?
- e. If interest rates or the state of the economy actually differ from current expectations during the term of the NSA, will after-rates volumes differ from forecasts? Please explain your response.

OCA/WMB-T1-2. Please refer to lines 5-6 of page 7 of your testimony. You refer to "the response rate lift from using First-Class Mail (nearly 20 percent)" Has WMB ever tested relative response rates of First-Class and Standard Mail using identical (other than indicia) pieces? If so, please describe any such tests in as much detail as possible. If not, what is the basis for the "nearly 20 percent" lift?

OCA/WMB-T1-3. Please refer to lines 13-15 of page 7 of your testimony. When planning a mailing campaign, does WMB sort prospects (or lists of prospects) by

- a. expected present value to WMB,
- b. expected response rate,
- c. some other basis?

Please describe in as much detail as possible how WMB determines how many pieces of mail to send as part of a single mailing campaign.

OCA/WMB-T1-4. At page 4, lines 9-21, you discuss the effects of changes in “account acquisition costs.”

- a. Please explain how “competitive pressure” increases acquisition costs.
- b. Please explain how “an economic downturn” increases acquisition costs.
- c. Please describe in as much detail as possible all components of “solicitation costs.”
- d. Please explain how “improved response models” reduce acquisition costs.
- e. Please explain how “new market expansion” reduces acquisition costs.

OCA/WMB-T1-5. Please refer to page 4, lines 22-24, of your testimony.

- a. Please describe in as much detail as possible the process that led from “our account goals for Year 1” to “a total of 564 million acquisition mail pieces.”
- b. Please define the term “booking rates” on line 22.

OCA/WMB-T1-6. Please describe in as much detail as possible the process by which WMB determines whether to use First Class or Standard Mail in a mail marketing campaign.

OCA/WMB-T1-7. Please define the term “development efforts” on line 21 of page 4 of your testimony. Please define the term “development efforts” on line 7 of page 6 of your testimony.

OCA/WMB-T1-8. Please explain why Operational volume declined from 123 million in 2005 (Table 1, page 3) to 120 million in Year 1 (Table 3, page 6).

OCA/WMB-T1-9. Please refer to lines 16-20 of page 3 of your testimony. Please provide 2005 volumes that have been reconciled with Postal Service records.

OCA/WMB-T1-10. Please refer to lines 15-16 of page 4 of your testimony. Has WMB ever “reoptimize[d] its mail strategy” for 2006? If so, please describe that process in as much detail as possible.