

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

**RESPONSES OF UNITED STATES POSTAL SERVICE  
WITNESS AYUB TO INTERROGATORIES OF THE OFFICE OF CONSUMER  
ADVOCATE (OCA/USPS-T1-32-33)  
(July 25, 2006)**

The United States Postal Service hereby provides the responses of witness Ayub to the following interrogatories of the Office of Consumer Advocate: OCA/USPS-T1-32-33, filed on July 11, 2006.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony Alverno  
Chief Counsel, Customer Programs

---

Frank R. Heselton  
Attorney

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1135  
(202) 268-5204; Fax -6187  
July 25, 2006

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS AYUB TO  
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE**

**OCA/USPS-T1-32.** This interrogatory seeks information on the price elasticity for Washington Mutual Bank (WMB). Please refer to your testimony at page 17-24, "C. USPS Analysis of WMB Before Rates Forecast," and the Request, Attachment F, which reproduces the original Negotiated Service Agreement Between United States Postal Service and Washington Mutual Bank (herein "original NSA").

- a. At any point prior to the signing of the original NSA on March 16, 2006, did the Postal Service request from WMB an estimate of WMB's own-price elasticity of demand for First-Class acquisition, billing, or customer communications mail, or a weighted-average thereof? Please explain.
- b. At any point prior to the signing of the original NSA on March 16, 2006, did the WMB provide an estimate of WMB's own-price elasticity of demand for First-Class acquisition, billing, or customer communications mail, or a weighted-average thereof? Please explain. If yes, provide the own-price elasticity of demand.
- c. At any point prior to the signing of the original NSA on March 16, 2006, did the Postal Service estimate an own-price elasticity of demand for WMB's First-Class acquisition, billing, or customer communications mail, or a weighted-average thereof? Please explain. If yes, provide the own-price elasticity of demand.

**RESPONSE:**

- a. No. Based on past experience, the Postal Service does not expect mailers to have calculated, econometrically or otherwise, the own-price elasticity of their mail volume, either for the whole or for any particular subset.
- b. No.
- c. No. While the Postal Service performed analysis of WMB's volumes, none of this analysis led to a useful estimate of the own-price elasticity of WMB's volume.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS AYUB TO  
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE**

**OCA/USPS-T1-33.** This interrogatory seeks information on the price elasticity for Washington Mutual Bank (WMB). Please refer to your testimony at page 17-24, "C. USPS Analysis of WMB Before Rates Forecast," and the Request, Attachment F, which reproduces the original Negotiated Service Agreement Between United States Postal Service and Washington Mutual Bank (herein "original NSA").

- a. At any point prior to the signing of the original NSA on March 16, 2006, did the Postal Service request from WMB an estimate of WMB's cross-price elasticity of demand for Standard Mail with respect to a change in price of First-Class Mail? Please explain.
- b. At any point prior to the signing of the original NSA on March 16, 2006, did the WMB provide an estimate of WMB's cross-price elasticity of demand for Standard Mail with respect to a change in price of First-Class Mail? Please explain. If yes, provide the cross-price elasticity of demand.
- c. At any point prior to the signing of the original NSA on March 16, 2006, did the Postal Service estimate WMB's cross-price elasticity of demand for Standard Mail with respect to a change in price of First-Class Mail? Please explain. If yes, provide the cross-price elasticity of demand.

**RESPONSE:**

- a. No. Based on past experience, the Postal Service does not expect mailers to have calculated, econometrically or otherwise, the cross-price elasticity of their mail volume, either for the whole or for any particular subset.
- b. No.
- c. No. While the Postal Service performed analysis of WMB's volumes, none of this analysis led to a useful estimate of the cross-price elasticity of WMB's volume.

## **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

475 L'Enfant Plaza, S.W.  
Washington, D.C. 20260-1135  
July 25, 2006