

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes,
2006

)
)

Docket No. R2006-1

FIRST SET OF INTERROGATORIES OF
AMERICAN BANKERS ASSOCIATION AND
NATIONAL ASSOCIATION OF PRESORT MAILERS
TO USPS WITNESS THOMAS E. THRESS
(ABA-NAPM/USPS-T7-1-2)
(June 28, 2006)

Pursuant to sections 25, 26 and 27 of the rules of practice, the American Bankers Association and the National Association of Presort Mailers direct the following interrogatories to United States Postal Service witness Thomas E. Thress (USPS-T-7). If the witness cannot answer a question or subpart, we request that the Postal Service answer through another witness or submit an institutional response.

Respectfully submitted,

/S/ Robert J. Brinkmann

David M. Levy
Paul A. Kemnitzer
SIDLEY AUSTIN LLP
1501 K Street, N.W.
Washington, DC 20005-1401
(202) 736-8000

*Counsel for National Association of
Presort Mailers*

Robert J. Brinkmann
1101 17th Street, N.W., Suite 605
Washington DC 20036
(202) 331-3037

Gregory F. Taylor
AMERICAN BANKERS ASSOCIATION
1120 Connecticut Ave., N.W.
Washington DC 20036
(202) 663-5434
*Counsel for American Bankers
Association*

ABA-NAPM/USPS-T7-1. In Docket No. R2005-1, your estimate for the own price elasticity of demand for workshared FCLM was -0.329. In Docket No. R2006-1, with only four extra quarters of data added, your elasticity estimate for workshared FCLM is -0.130, or less than half as elastic.

- a. What factors in the economic environment would explain a change of this magnitude in so short a span of time?
- b. What factors in your model would explain a change of this magnitude in so short a span of time?

ABA-NAPM/USPS-T7-2. In Table 10 of your testimony on page 51, you show the effect of the Internet and “electronic diversion” on the volume of First-Class Mail. The effect on single piece mail is notable starting in 1990 and more pronounced after 1995, whereas a significant effect on workshared mail appears only after 2002. With fewer than 0.02 billion pieces of workshared mail “diverted” in 2001, 1.1 billion “diverted” in 2004, and 1.3 billion “diverted” in 2005, please explain fully why you see workshared mail as becoming increasingly inelastic between the R2005-1 and R2006-1 rate cases.