

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

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

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**Docket No. MC2006-3**

**RESPONSE OF WASHINGTON MUTUAL BANK  
WITNESS MICHAEL RAPAPORT TO  
INTERROGATORIES OF THE OFFICE OF CONSUMER ADVOCATE  
(OCA/WMB-T1-11)**

Washington Mutual Bank hereby provides the responses of Michael Rapaport to the following interrogatory of Office of Consumer Advocate: OCA/WMB-T1-11, filed on July 12, 2006.

Respectfully submitted,

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Timothy J. May  
Patton Boggs, LLP  
2550 M Street, NW  
Washington, DC 20037  
Tel: 202 457 6050  
Fax: 202 457 6315  
[tmay@pattonboggs.com](mailto:tmay@pattonboggs.com)

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**OCA/WMB-T1-11.** This interrogatory seeks information on the reaction of Washington Mutual Bank (WMB) to rate changes. Please refer to your revised testimony at page 6, lines 6-9, which seems to say that WMB reacts to rate changes by changing the proportions of First and Standard marketing volumes, subject to the constraints that the total number of marketing pieces remains the same and the marketing budget remains the same.

- a. Is this a correct restatement of your testimony? If not, please identify the errors in the restatement.
- b. Please describe how WMB will react to the R2006-1 rate changes when they take effect.

## **RESPONSE**

- (a) No. Your restatement describes WMB's reaction to the most recent rate increase. The error in your restatement is that it suggests that WMB will employ this exact same approach to every rate change. In reality, we will analyze each particular rate change and determine the best strategy for meeting our growth goals subject to our budget constraint.
- (b) Assuming that the NSA is in place, then it will likely make sense for WMB to continue to send the vast majority of our marketing mail as First-Class Mail. Thus, our most likely reaction to the R2006-1 rate increase would be to modestly reduce our total marketing mail volume.