

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

SIX-DAY TO FIVE-DAY STREET DELIVERY  
AND RELATED SERVICE CHANGES, 2010

Docket No. N2010-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO GCA INTERROGATORY GCA/USPS-1  
(June 23, 2010)

The United States Postal Service hereby provides its response to the following interrogatory of GCA, filed on June 9, 2010: GCA/USPS-1. Each interrogatory is stated verbatim and is followed by the response.

UNITED STATES POSTAL SERVICE

By its attorney:

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June 23, 2010

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF GCA**

**GCA/USPS-1**

Please refer to the Postal Service's response (May 17, 2010) to GCA/USPS-T2-1, redirected from witness Corbett, wherein the Postal Service stated, inter alia, that the ongoing effects of the economic recession appeared to account for approximately two-thirds of the FY 2009 volume loss (considering both upward and downward pressures on volume in that year).

Please confirm that if the model cited in part (b) of this response were run with FY 2008 values substituted for FY 2009 values in the macroeconomic variable, the results indicated would be (i) a higher volume of First-Class Mail than actually experienced in FY 2009, and (ii) a higher volume of market-dominant mail as a whole than actually experienced in FY 2009. If you do not confirm, please explain fully why not.

**RESPONSE:**

The model cited in part (b) of the Postal Service's response to GCA/USPS-T2-1 was a decomposition of actual volume changes. The total change in First-Class Mail volume from FY 2008 to FY 2009 was therefore taken as given. If one were to attribute less of the decline in mail volume over this time period to macroeconomic factors, then, by construction, this would imply a greater decline due to some other factors, or an increase in the residual.

It is certainly true, however, that (a) the macroeconomic variables used in the Postal Service's volume demand equations declined much more rapidly in FY 2009 than they had declined in FY 2008, and than they had been projected to decline, and (b) had the economy been stronger in FY 2009, this would very likely have resulted in a higher level of First-Class and Market-Dominant mail volumes.

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

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