

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

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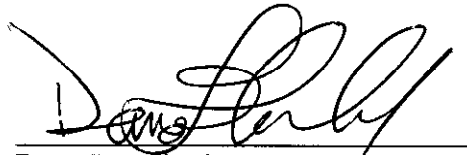
POSTAL RATE AND FEE CHANGES, 2000

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY
Docket No. R2000-1

**INTERROGATORIES OF
THE DIRECT MARKETING ASSOCIATION, INC.
TO USPS WITNESS MUSGRAVE**

Pursuant to Sections 25 and 26 of the Commission's Rules of Practice, the Direct Marketing Association, Inc. hereby submits the attached interrogatories to USPS witness Musgrave: DMA/USPS-T-8, Nos. 1-3. If the designated witness is unable to respond to any interrogatory, we request a response by some other qualified witness.

Respectfully submitted,

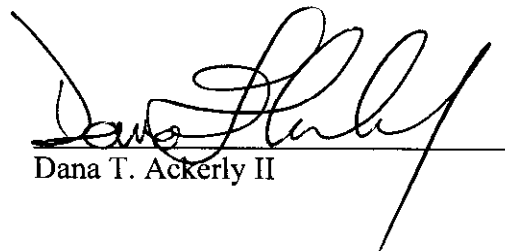


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CERTIFICATE OF SERVICE

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



Dana T. Ackerly II

Dated: February 9, 2000

DMA/USPS-T-8-1. Please refer to the PFY 2000, Accounting Period (A/P) 4 (12/4/99-12/31/99) Financial and Operating Statements and note that PFY 2000, A/P 4 Priority Mail volume was up 18.3 percent over the same period last year (SPLY) and that year-to-date Priority Mail volume was up 3.9 percent over SPLY.

- a. Please confirm that between PFY 1999, A/P 4 and PFY 2000, A/P 4, the Postal Service raised Priority Mail rates by six percent. If not confirmed, by what percent did the Postal Service raise Priority Mail rates.
- b. Please confirm that year-to-date (through A/P 4) average revenue per piece for Priority Mail was approximately ten percent more than SPLY. If not confirmed, by what percent did average revenue per piece increase.
- c. Please confirm that between PFY 1999, A/P 4 and PFY 2000, A/P 4, the transitional weight between First-Class Mail and Priority Mail increased from 11 ounces to 13 ounces.
- d. If the transitional weight between First-Class Mail and Priority Mail had not increased between PFY 1999, A/P 4 and PFY 2000, A/P 4, approximately how much higher would Priority Mail volumes have been in PFY 2000, A/P 4? How much higher would year-to-date Priority Mail volumes have been?
- e. If Priority Mail rates had not been raised between PFY 1999, A/P 4 and PFY 2000, A/P 4, approximately how much higher would Priority Mail volumes have been in PFY 2000, A/P 4? Approximately how much higher would year-to-date Priority Mail volumes have been?
- f. To what do you attribute the significant growth in Priority Mail volumes between PFY 1999, A/P 4 to PFY 2000, A/P4? Do you believe that this is a trend or a one-time event?

DMA/USPS-T-8-2. Please refer to Page 6 of your testimony and note that you are only projecting a 1.5 percent volume increase for Priority Mail from PFY 1999 to PFY 2000. Also, please refer to your response to question 1 above.

- a. Please confirm that if Priority Mail volumes for A/P 5-13 increase by more than 0.3 percent over SPLY, PFY 2000 Priority Mail volumes will be underestimated. If not confirmed, please explain.
- b. In light of your response to question (1) above, do you expect PFY 2000, A/P 5-13 Priority Mail volumes to grow by only 0.3 percent over SPLY. If yes, please explain in detail why you expect this given YTD performance of Priority Mail volumes. If no, by what percent do you expect A/P 5-13 volumes to grow over SPLY?
- c. In light of your response to part (b) of this question, what is your current forecast of PFY 2000 Priority Mail volume? Please explain the method you used to develop this forecast.

DMA/USPS-T-8-3. Please refer to your testimony. Does your model take into account the 1999 boom in e-commerce and the anticipated growth in e-commerce in 2000 and 2001? If so, please explain in detail how you have taken this into account. If not, please confirm that ignoring the growth in e-commerce would result in an understatement of FY 2000 and Test Year Priority Mail volume.