

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

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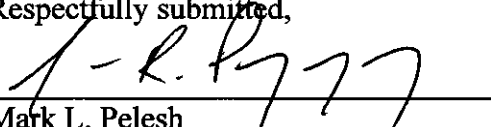
POSTAL RATE AND FEE CHANGES, 2000)

Docket No. R2000-1

**FIRST SET OF INTERROGATORIES OF
ASSOCIATION OF AMERICAN PUBLISHERS
TO USPS WITNESS THRESS (AAP/USPS-T7-1-7)**

Pursuant to Section 25 and 26 of the Commission's Rules of Practice and Procedure, the Association of American Publishers (AAP), hereby submits the following interrogatories and request for production of documents to USPS witness Thress (USPS-T-7). AAP incorporates by reference the instructions in OCA interrogatories OCA/USPS-1-14 (filed January 24, 2000). If the designated witness is unable to respond to any interrogatory, we request a response by some other qualified witness.

Respectfully submitted,



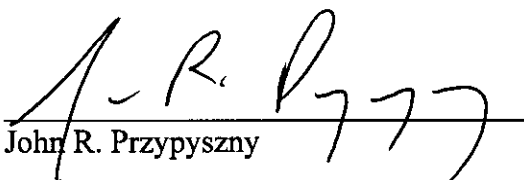
Mark L. Pelesh
John R. Przepyszny
Drinker Biddle & Reath LLP
1500 K Street, NW
Suite 1100
Washington, DC 20005
Telephone: (202) 842-8800

Counsel for Association of
American Publishers

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document, by First-Class Mail,
upon the participants in this proceeding

Date: February 23, 2000



John R. Przepyszny

**INTERROGATORIES OF ASSOCIATION OF AMERICAN PUBLISHERS
TO UNITED STATES POSTAL SERVICE WITNESS THRESS**

AAP/USPS-T7-1 On page 68 of your testimony, you state that “Generally, bound printed matter falls into one of three categories: catalogs, books (including telephone books in some areas), and direct mail advertising weighing sixteen ounces or more.” With respect to this statement:

(a) Please identify and provide all studies, reports, data or other evidence that you relied upon to support this statement.

(b) Please provide any actual data or estimates available that show the amount of Bound Printed Matter (“BPM”) that falls into each of the three major categories of BPM identified by your testimony.

AAP/USPS-T7-2 On page 69 of your testimony, you explain that the effect of the gradual migration from Special Rate mail into BPM after 1979Q1 is “modeled by including logistic market penetration variables in the demand equations for bound printed matter and special rate mail volumes.” With respect to this statement, please explain if this gradual migration is the only effect captured by the market penetration z-variables in the BPM and in Special Rate demand equations or if there are additional effects captured by the use of these variables. If additional effects are captured, please list all such additional effects and quantify the extent to which the market penetration variables in BPM and Special Rate capture each additional effect.

AAP/USPS-T7-3 On page 70 (lines 10-11) of your testimony, you state that with respect to the BPM demand equation, a dummy variable equal to one (1) has been included since 1998Q1 “to account for an otherwise unexplained decline in bound printed matter of 10-11 percent since 1998.” With respect to this statement, please describe any attempts to explain this decline using alternative model specifications or alternative data. In addition, please provide any actual equations that were estimated in these attempts and explain why each attempt to explain this decline was ultimately rejected.

AAP/USPS-T7-4 With respect to the three parameters used in calculating the z-variable for BPM in Table II-14 listed on page 74 of your testimony (lines 14-17), please explain why three parameters were estimated for BPM and state the basis used to estimate each of these three parameters.

AAP/USPS-T7-5 With respect to the three parameters used in calculating the z-variable for Standard Special Rate in Table II-15 listed on page 75 of your testimony (lines 13-16), please explain why these three parameters differ from the three parameters used for BPM shown in Table II-14 listed on page 74 of your testimony (lines 14-17).

AAP/USPS-T7-6 At lines 18-19 of page 126 of USPS-T-7, you state that the z-variables used for BPM and Special Rate mail “model more pure market penetration from special rate mail into bound printed matter.” With respect to this statement:

- (a) Please explain, in detail, what is meant by use of the phrase “more pure market penetration.”
- (b) Do these z-variables measure only (i.e. pure) market penetration into BPM from Special Rate Matter or do these z-variables explain something else in addition to market penetration into BPM from Special Rate? Explain your answer fully.

AAP/USPS-T7-7 Please identify and provide all workpapers and computer analyses relied upon to estimate the market penetration variables for BPM and for Special Rate Mail set forth on page 126 of your testimony (17-23).