

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

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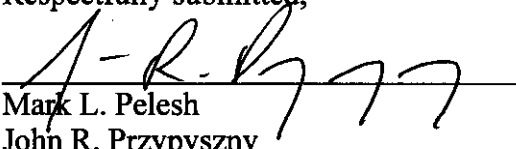
POSTAL RATE AND FEE CHANGES, 2000)

Docket No. R2000-1

**FIRST SET OF INTERROGATORIES OF
ASSOCIATION OF AMERICAN PUBLISHERS
TO USPS WITNESS MAYES (AAP/USPS-T32-1-10)**

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 Mayes (USPS-T-32). 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.

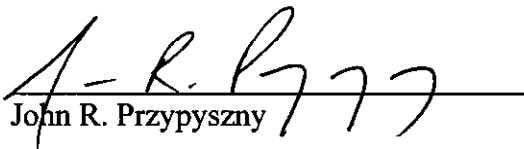
Respectfully submitted,


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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.


John R. Przepyszny

Date: March 2, 2000

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

AAP/USPS-T32-1 On page 5 (lines 7-8) of your testimony, you state that “[t]he lower (in absolute value) the own price elasticity, the higher the value of service.” On the basis of the long-run own-price demand elasticities that are shown in Table 2 on page 6 of your testimony, it appears that Bound Printed Matter (“BPM”) exhibits lower own-price demand elasticity than any of the following sub-classes: First Class Cards – Stamped, First Class Cards – Private, Priority Mail, Express Mail, Standard A Regular Mail, Standard A ECR Mail and Parcel Post. With respect to the own-price demand elasticities shown on Table 2:

(a) Please confirm that the own-price demand elasticities shown in Table 2 for BPM are lower than the own-price elasticities shown for any of the following subclasses: First Class Cards – Stamped, First Class Cards – Private, Priority Mail, Express Mail, Standard A Regular Mail, Standard A ECR Mail and Parcel Post.

(b) Please confirm that, on the basis of the own-price demand elasticities shown in Table 2, BPM is a more highly valued service as per criterion 2 of Section 3622(b) of the Postal Reorganization Act than any of the following subclasses: First Class cards – Stamped, First Class Cards – Private, Priority Mail, Express Mail, Standard A Regular Mail, Standard A ECR Mail and Parcel Post.

AAP/USPS-T32-2 On page 8 of your testimony, you discuss criterion 4 of Section 3622(b) of the Postal Reorganization Act. You state that this criterion “provides for consideration of the effect of rate increases on mailers and private-sector competitors of the Postal Service.” In view of the rate increase proposed for Bound Printed Matter (“BPM”) in this case, please explain fully how you considered the effect of the proposed rate increase on BPM mailers. In particular, please explain if any lower rate increases for BPM were ever considered by the Postal Service.

AAP/USPS-T32-3 On page 9 of your testimony, you discuss criterion 5 of Section 3622(b) of the Postal Reorganization Act. You states that “[t]his criterion requires the consideration of the availability, at reasonable cost, of alternative means of sending and receiving mail.” With respect to this criterion, please explain whether the estimation of “cross-price” elasticities identify and measure the considerations applicable to this criterion. If not, please explain how alternative means of sending and receiving mail are identified and measured.

AAP/USPS-T32-4 On page 11 of your testimony, you discuss criterion 8 of Section 3622(b) of the Postal Reorganization Act. You state that, in the past, the criterion 8 has been applied by

the Commission “in setting rate levels for First Class Letters, Regular Periodicals, Special Standard Mail and, to some degree, Bound Printed Matter.” With respect to this statement:

- (a) Please explain why criterion 8 is only applied to BPM “to some degree.” To what extent or degree is criterion 8 not applied to BPM?
- (b) Please explain the extent or degree to which criterion 8 has been applied by the Commission in setting rate levels for First Class Letters, Regular Periodicals and Special Standard Mail.
- (c) Please explain the differences, if any, in the extent or degree of application of criterion 8 to Special Standard Mail as compared to BPM.
- (d) Please explain the differences, if any, in the degree of application of criterion 8 to Regular Periodicals as compared to BPM.

AAP/USPS-T32-5 On page 43 of your testimony, you state that the “average” rate increase proposed for BPM in this case is 18.1%. You also state that the proposed rate increase for BPM is “the highest rate increase proposed for any subclass in this case.” With respect to this statement, please identify and provide all calculations or data that show how the “average” percentage increase for BPM was calculated.

AAP/USPS-T32-6 On page 43 (lines 19-20) of your testimony you state “[i]n common with Parcel Post, the intrinsic value of service for Bound Printed Matter is relatively low (criterion 2).” With respect to this statement, please confirm that the own-price demand elasticity shown for Parcel Post (-1.230) in Table 2 of your testimony is more than three times the own-price demand elasticity shown in the same Table for BPM (-.392).

AAP/USPS-T32-7 On page 43 (lines 20-22) of your testimony, you compare the own-price demand elasticity of BPM with the own-price demand elasticity of Standard Mail A. With respect to this comparison, please confirm that the own price elasticities shown for Standard Mail A Regular (-0.570) and Standard Mail A ECR (-0.808) in Table 2 of your testimony are, respectively, more than 45.4% higher (Standard Mail A Regular) and 106.1% higher (Standard Mail A ECR) than the own-price demand elasticity shown in Table 2 for BPM (-.392).

AAP/USPS-T32-8 On page 44 (lines 21-22) of your testimony, you state that with respect to Bound Printed Matter “[s]ome of the uses for catalogs and directories may be satisfied by

internet access to the material and listings.” Please identify and provide all studies, reports, data or other evidence that you relied upon to support this statement.

AAP/USPS-T32-9 On page 45 (lines 1-2) of your testimony, you state that “[o]ver a period of years, a substantial number of books have been mailed as Bound Printed Matter.” Please identify and provide all studies, reports, data or other evidence that you relied upon to support this statement.

AAP/USPS-T32-10 On page 45 (lines 3-4) of your testimony, with respect to BPM, you assert that the Postal Service “has given the subclass some ECSI consideration in setting rate levels, and the Postal Service proposal in this proceeding does so as well (criterion 8).” With respect to this statement:

- (a) Please explain fully what is meant by “some” ECSI consideration with respect to BPM.
- (b) Please explain the extent to which the number of books sent as BPM is considered in determining the extent or degree of ECSI consideration given to BPM.
- (c) Please confirm that the number of books sent as BPM affects the degree of ECSI consideration given to BPM.