

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

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS THRESS TO INTERROGATORIES OF  
THE ASSOCIATION OF AMERICAN PUBLISHERS,  
REDIRECTED FROM WITNESS TOLLEY  
(AAP/USPS-T6-14, 19)

The United States Postal Service hereby provides the responses of witness Thress to the following interrogatories of AAP: AAP/USPS-T6-14, 19, filed on February 18, 2000, and redirected from witness Tolley.

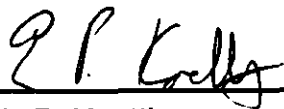
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



Eric P. Koetting

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March 3, 2000

**RESPONSE OF POSTAL SERVICE WITNESS THRESS TO  
INTERROGATORIES OF MAJOR MAILERS' ASSOCIATION  
REDIRECTED FROM WITNESS TOLLEY**

**AAP/USPS-T6-14** Please state whether and how you gave specific consideration to recent trends in electronic commerce (E-commerce) in developing econometric equations for BPM. Please identify and provide all studies, reports, data you relied upon in this regard.

**RESPONSE:**

I am unaware of any data relating to e-commerce which is sufficiently reliable and which spans a sufficient time period as to be suitable to be included specifically in an econometric equation.

In analyzing the econometric equation for bound printed matter, there is very little evidence of any omitted trend which would adversely affect the use of my econometric equation for forecasting bound printed matter. This suggests that, to the extent that electronic communication and E-commerce have affected bound printed matter volume, these factors are being explained by variables which are already included in the bound printed matter equation, such as the market penetration z-variable.

**RESPONSE OF POSTAL SERVICE WITNESS THRESS TO  
INTERROGATORIES OF MAJOR MAILERS' ASSOCIATION  
REDIRECTED FROM WITNESS TOLLEY**

**AAP/USPS-T6-19** On page 19 of your testimony you state that with respect to changes in communications that "[m]any of these changes have occurred only in the last few years, such as the growth of E-Mail and the Internet. Reliable time series data for much of this information are not available for the entire sample period used in the volume demand equations." With respect to this statement:

(a) Please confirm that no time series data reflecting growth in E-Mail and the Internet was used or even attempted in your forecast equations for BPM.

(b) If any efforts to use any data on growth in e-mail or the Internet were used or attempted by you or other USPS witnesses, please provide the underlying data used and the results of these attempts.

**RESPONSE:**

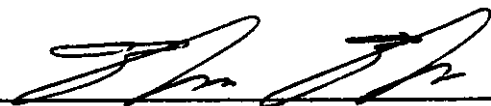
(a) Confirmed. It is not clear how e-mail would be expected to affect the volume of bound printed matter.

The relationship between bound printed matter volume and the Internet would appear to be through the effect of electronic commerce (e-commerce) on bound printed matter volume. As explained in my response to AAP/USPS-T6-14, I am not aware of any data on e-commerce which is amenable to inclusion in an econometric equation.

(b) Not applicable.

DECLARATION

I, Thomas Thress, declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information and belief.

  
\_\_\_\_\_

(Signed)

March 1, 2000

\_\_\_\_\_  
(Date)

# **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

A handwritten signature in black ink, appearing to read "Eric P. Koetting", is written over a horizontal line.

Eric P. Koetting

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