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

POSTAL RATE AND FEE CHANGES, 2000) Docket No. R2000-1
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**SECOND INTERROGATORIES OF THE COALITION OF RELIGIOUS PRESS
ASSOCIATIONS (CRPA) TO USPS WITNESS TOLLEY(CRPA/USPS-T-6- 5- 15)**

CRPA respectfully submits the attached interrogatories and document requests to USPS Witness Tolley (USPS-T-6). If Witness Tolley is not the appropriate witness to answer a particular question, CRPA requests that the interrogatory be re-directed for response.

Respectfully submitted,



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March 23, 2000

CRPA/USPS-T-6-5

Please note the following data found in Table 1, at p.5 of your testimony:

Base Year PFY 1999	TestYear Before-Rates GFY 2001	Test Year After-Rates GFY 2001
Nonprofit Periodicals		
2,136.552 million pieces	2,095.809 million pieces	2,052.208 million pieces
Regular Rate Periodicals		
7,205.661 million pieces	7,410.104 million pieces	7,351.808 million pieces

Please compare the increase in volume of regular rate periodicals between the base year and the test year (after-rates) with the decrease in volume of nonprofit periodicals during the same interval. Why has regular rate volume gone up and nonprofit volume declined during these identical intervals?

CRPA/USPS-T-6-6

In applying "before" and "after" rates to Nonprofit Periodical Mail, what rate schedule did you apply to Nonprofit Mail, given that Witnesses Mayes and Taufique provide an identical rate schedule for regular rate and for nonprofit periodicals, with the exception of a limited 5% discount for nonprofit periodicals.? If you did not apply the Mayes-Taufique rate schedule, identify the schedule that you did use and provide a copy of it.

CRPA/USPS-T-6-7

Provide all compilations and collections of "user costs" that you used to create the fixed weight index (FWI).

CRPA/USPS-T-6-8

On p.20 you discuss the impact of recent non-econometric influences on mail volume. You then state that "For most mail categories, it is found that econometric

considerations satisfactorily account for changes in mail volumes.” Are periodicals the kind of categories that are accounted for primarily by econometric considerations, or by net trend terms?

CRPA/USPS-T-6-9

On p.84, you refer to data about periodicals which were collected no later than 1997. Why were more recent data not used, and why do you rely on the Household Diary Study for these data instead of more recent industry directories or databases that are more recent?

CRPA/USPS-T-6-10

You refer to “long-term changes in newspaper and magazine reading habits”, p.89, and in particular competition from TV and computers as contributing to a decline in reading periodicals. Is not the presence of “newspaper and magazine material on the Internet” a factor that could increase reading? If your answer is yes, doesn’t that mean that the downward influences on periodical volume to which you refer is not a decline in reading as such, but a decline, if it exists at all, in reading traditional hard copy publications in favor of reading editorial content on the Internet?

CRPA/USPS-T-6-11

Please explain your use of data from a 15 year old Postal Rate Commission study to demonstrate the purported distribution of periodical nonprofit mailings, when your firm, given its academic and professional expertise, must have access to more recent data or could compile those data using current hard copy and electronic sources.

CRPA/USPS-T-6-12

How meaningful and how reliable, in your opinion, are the 15 year old data in the Preferred Rate Study in a regulatory proceeding attempting to establish postal rates for the year 2001?

CRPA/USPS-T-6-13

You point out on p. 94 that over the last five years, the “real price” of Periodicals Nonprofit mail has increased by 22%.

(a) By real price, do you mean price as adjusted for inflation? If not, please define the term.

(b) Is the price to which you refer the price of postage, or postage plus other factors. If other factors, please identify what they are.

(c) Is a 22% increase over the five year period to which you refer in excess of the Consumer Price Index? If it is, please provide the increase over the same period of time if the CPI had limited the extent of price increase for these periodicals.

CRPA/USPS-T-6-14

Table 8A on p.97 shows that the After-Rates "Postal Rate Impact" on Periodicals Nonprofit Mail is -2.25%. Table 10A on p. 106 of your testimony shows the same impact on the regular rate periodicals subclass is -1.03%. Does this mean that nonprofit periodicals have an elasticity that is more than twice as much as regular rate periodicals? If not, please explain the correct interpretation of comparing the two percentages.

CRPA/USPS-T-6-15

(a) You cite your own testimony in Docket R97-1, which relied on data prior to 1997, to justify the claim made in your current testimony, p. 104, that periodicals regular rate volumes may rise by servicing the growing demand for "specialty titles". You also refer to the "growth of the number of small scale specialty magazines" as a "positive influence on regular rate volume". Given that your own volume projections show negligible growth of regular rate volumes between the Base Year and the Test Year, and that you show declining volumes in nonprofit periodical volumes, what "positive influence" has growth in the number of specialty magazines had regular rate and on nonprofit rate volumes?

(b) Have you reviewed any current studies (i.e., studies published since January 1999) which would explain and quantify the growth and influence of specialty magazines or journals, either regular or nonprofit rate-qualified, or both, in the mailstream or in the publishing industry generally? If you have, please produce these studies. If you have not, is it because you believe such studies either do not exist or are irrelevant?

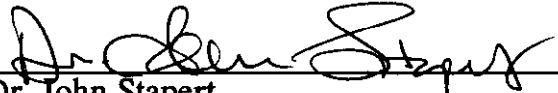
(c) Do you have any reason to doubt that the overwhelming majority of nonprofit and of regular rate periodicals are "small scale specialty magazines" or regional or local newspapers? Please explain and document if necessary your response.

(d) Is it possible that the use of stale data in studying an industry and the effect of postal rate increases upon it would lead to incorrect net trends calculations and/or elasticities?

(e) Would the kind of trend data that you use to predict volumes and elasticities become obsolete more rapidly if the industry or product analyzed were one affected by a new technology and medium like the Internet?

CERTIFICATE OF SERVICE

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


Dr. John Stapert

March 23, 2000