

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

UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
THE ASSOCIATION OF AMERICAN PUBLISHERS WITNESS SIWEK
(USPS/AAP-T2-5-11)

Pursuant to rules 25 and 26 of the Rules of Practice and Procedure, the United States Postal Service directs the following interrogatories and requests for production of documents to the Association of American Publishers witness Siwek:


USPS/AAP-T2-5 to 11.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



David H. Rubin

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June 15, 2000

USPS/AAP-T2-5. In your testimony at pages 4-7, you criticize the Postal Service's volume forecasts for BPM. Please identify where you have provided alternative TYBR and TYAR volume forecasts for BPM, and where you have provided complete documentation for those forecasts.

USPS/AAP-T2-6. Please refer to the attachment to witness Kiefer's response to AAP/USPS-T37-23 (Tr. 13/5298-99), which you cite in your footnote 12.

- a. Please confirm that the attachment shows that BPM volume increased between GFY 1998 and GFY 1999.
- b. Please confirm that you neglect to mention this increase in your discussion on pages 4-5 of your testimony regarding recent volume trends.
- c. Please confirm that the attachment shows that, despite what you describe (page 5, lines 9-10) as a dramatic fall in BPM volume in 1998, BPM volumes remain higher than they were at any point prior to 1996.
- d. Please confirm that the attachment shows that, in contrast with the BPM volume decline in GFY 1998 of 33 million pieces (underscored in your testimony at page 4, lines 24-25), BPM volumes increased by 66 million pieces in GFY 1994, 51 million pieces in GFY 1995, 45 million pieces in GFY 1996, and 6 million pieces in GFY 1997.
- e. Please confirm that the attachment shows that BPM volumes have increased in each of the last six years except for GFY 1998, and that, in

three of those years, the increases have been materially higher than the decline reported in GFY 1998.

USPS/AAP-T2-7. Please refer to pages 6-7 of your testimony, where you discuss DOJ and FCC antitrust guidelines, and conclude that books and catalogs are “clearly” not in the same economic product market.

- a. Does this suggest to you that books and catalogs perhaps should be in separate subclasses? Please explain.
- b. In your opinion, was it a mistake to allow books into a subclass that was previously identified as “Catalogs”? Please explain.
- c. Have you attempted to model demand for the book and catalog components of the BPM subclass separately? Please explain.

USPS/AAP-T2-8. Please refer to pages 5-7 of your testimony, in which you discuss the fact that the BPM subclass currently consists of both books and catalogs.

- a. Please confirm that the reason that books migrated from the Special Rate subclass (aka “Book Rate”) to BPM was a (perfectly rational) desire on the part of book mailers to reduce their postage costs. If you do not confirm, please explain fully.
- b. Please confirm that if book mailers no longer perceive there to be rate advantages to mailing books via the BPM subclass, they have the option to switch back to the Special subclass. If you do not confirm, please explain fully.

USPS/AAP-T2-9. Please refer to pages 5-6 of your testimony, where you cite an interrogatory response from Dr. Tolley to show that the latest available (1998) Household Diary Study information on BPM indicates that 63.7 percent of the subclass material covered by that Study were identified as books.

- a. Please confirm that the same interrogatory response (Tr. 9/3596) shows that the corresponding figure for 1997 was 44.1 percent, for 1996 was 41.7 percent, for 1995 was 41.9 percent, for 1994 was 66.0 percent, and that the 1994-1998 average was 50.7 percent.
- b. Do the members of AAP have any information available that would provide another source of information on the portion of BPM volume that consists of books? If so, please provide that information. If not, would you recommend that such information be collected by the industry, in light of your apparent belief in the importance of this information? Please explain fully.

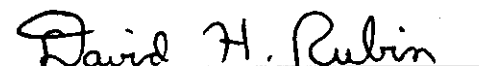
USPS/AAP-T2-10. Please refer to page 7 of your testimony, lines 11 -16, where you discuss the difference in the range of substitution possibilities between book mailers and catalog mailers in the event that the BPM subclass were to receive a rate increase. Please confirm that your discussion neglects to mention that book mailers have the option of switching back to the subclass designed for their use (the Special subclass), and catalogs mailers do not have the option to switch to the Special subclass. If you do not confirm, please explain fully.

USPS/AAP-T2-11. Please refer to page 31 of your testimony where you state that your workpapers make use of the spreadsheet workpapers of Postal Service witness Kiefer.

- (a) Please identify each of the changes you made to witness Kiefer's workpapers to produce the workpapers in Attachment 7 of your testimony, supporting the rates contained in Attachment 6 of your testimony. For each of these changes, please state whether the change was made to data, a formula, or to another component of witness Kiefer's workpapers.
- (b) Please identify each of the changes you made to witness Kiefer's workpapers to produce the workpapers requested in interrogatory USPS/OCA-T2-3, supporting the rates contained in Attachment 4 of your testimony. For each of these changes, please state whether the change was made to data, a formula, or to another component of witness Kiefer's workpapers.

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.



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