

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

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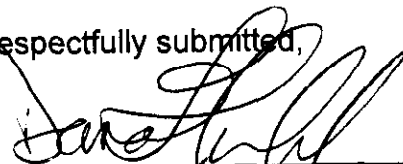
POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

**INTERROGATORIES OF  
THE DIRECT MARKETING ASSOCIATION, INC.  
TO USPS WITNESS TOLLEY**

Pursuant to Sections 25 and 26 of the Commission's Rules of Practice, the Direct Marketing Association, Inc. hereby submits the attached interrogatories to USPS witness Tolley: DMA/USPS-T7, Nos. 1-7. If the designated witness is unable to respond to any interrogatory, we request a response by some other qualified witness.

Respectfully submitted,

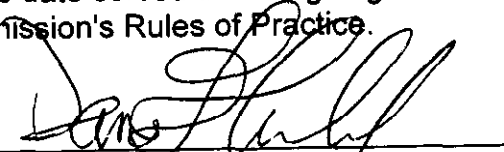
  
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**CERTIFICATE OF SERVICE**

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Commission's Rules of Practice.

  
\_\_\_\_\_  
Dana T. Ackerly II

Dated: October 24, 2001

DMA/USPS-T7-1 On page 8 of your testimony you say, "A third factor considered is income. For some mail categories, the impact of changes in income on volume is decomposed into separate effects of long-term and short-term changes in income. The effect of long-term growth in real income per adult on mail volume is projected by combining the long-term income elasticity of demand (the percentage increase in volume resulting from a 1 percent increase in real long-term income per adult) for each mail category with the projected percentage increase in real long-term income."

(a) Please confirm that the measure of long term income for the fourth quarter of 1999 through the first quarter of 2005 that you use in estimating volumes appears in Table 124-32 of USPS-LR-J-124 in the column captioned "YD96PERM".

(b) Please confirm that the figures in the above-cited column are in thousands of dollars. If you can not confirm, please provide the units of measurement for these figures.

(c) Please provide this series in an Excel spreadsheet for the time period 1940 through the third quarter of 1999.

DMA/USPS-T7-2 Please refer to USPS-LR-J-124, Table 124-32 and to page 8 of your testimony where you state, "The effect of short-term income changes due to business fluctuations is projected by combining the short-term income elasticity with the projected change in short-term income between the Base Year and the Test Year."

(a) Please confirm that in projecting volumes you use the column captioned "UCAP" in this table to measure "projected change in short-term income."

(b) Please provide the units of measurement for the numbers in this column.

(c) Please provide this series in an Excel spreadsheet for the time period 1940 through the third quarter of 1999.

DMA/USPS-T7-3 Please refer to USPS-LR-J-124, Table 124-32 and to page 100 of your testimony where you state, "Since direct mail is sent to encourage households to make purchases, advertisers often base their mailing decisions on expected levels of retail sales. Therefore, real retail sales per adult are included in the econometric analysis of Standard volumes. The estimated elasticity of Standard Regular volume with respect to retail sales is 0.700."

(a) Please confirm that in projecting volumes you use the column captioned "STR96C" in this table to measure retail sales.

(b) Please provide the units of measurement for the numbers in this column.

(c) Please provide this series in an Excel spreadsheet for the time period 1940 through the third quarter of 1999.

DMA/USPS-T7-4 Please refer to USPS-LR-J-124, Table 124-32 and to page 100 of your testimony where you state, "The volume of advertising mail depends on other costs beyond postage. The price of direct-mail advertising is calculated by the Bureau of Labor Statistics by surveying print shops regarding revenue and quantity of advertising printing. It is estimated that a 1 percent increase in the real price of direct mail advertising leads to a 1.006 percent decline in the volume of Standard Regular mail."

(a) Please confirm that in projecting volumes you use the column captioned "WP\_ADVPR" in this table to measure the real wholesale price of direct-mail advertising.

(b) Please provide the units of measurement for the numbers in this column.

(c) Please provide this series in an Excel spreadsheet for the time period 1940 through the third quarter of 1999.

DMA/USPS-T7-5 Please refer to USPS-LR-J-124, Table 124-32 and to page 119 of your testimony where you state, "Real consumption expenditures per adult increased 18.6 percent of the 5 years. It is estimated that a 1 percent increase in this variable lead to a 1.019 percent increase in Standard Nonprofit volumes."

(a) Please confirm that in projecting volumes you use the column captioned "C96C" in this table to measure real consumption expenditures per adult.

(b) Please provide the units of measurement for the numbers in this column.

(c) Please provide this series in an Excel spreadsheet for the time period 1940 through the third quarter of 1999.

DMA/USPS-T7-6 Please refer to USPS-LR-J-124, Table 124-32 and to page 88 of your testimony where you state, "It is estimated that a 1 percent decrease in the wholesale price of pulp and paper index leads to a 0.141 percent increase in the volume of Regular Rate mail."

(a) Please confirm that in projecting volumes you use the column captioned "WPIP" in this table to measure the wholesale price of pulp and paper.

(b) Please provide the units of measurement for the numbers in this column.

(c) Please provide this series in an Excel spreadsheet for the time period 1940 through the third quarter of 1999.

DMA/USPS-T7-7 Please refer to USPS-LR-J-124, Table 124-32 and to page 100 of your testimony where you state, "Newspaper advertising is one of the most important alternatives to direct mail... It is estimated that a 1 percent increase in the real price of newspaper advertising leads to a 0.135 percent increase in the volume of Standard Regular mail."

(a) Please confirm that in projecting volumes you use the column captioned "WP\_NWS" in this table to measure the real price of newspaper advertising.

(b) Please provide the units of measurement for the numbers in this column.

(c) Please provide this series in an Excel spreadsheet for the time period 1940 through the third quarter of 1999.