

DOCKET SECTION

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS TOLLEY TO INTERROGATORIES OF
THE NATIONAL NEWSPAPER ASSOCIATION
(NNA/USPS-T6-1-2)

The United States Postal Service hereby provides responses of witness Tolley to the following interrogatories of the National Newspaper Association: NNA/USPS-T6-1-2, filed on September 12, 1997.

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



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September 26, 1997

RESPONSE OF POSTAL SERVICE WITNESS TOLLEY
TO INTERROGATORIES OF NNA

NNA/USPS-T6-1. Please refer to your testimony at pages 80-85.

- a. Do you agree that the changes in requirements for within-county mail referenced by you in Public Law 99-0272 would have had an immediate effect upon volumes immediately after its implementation but in succeeding years (e.g., 1987 and on) would have no further significant effect upon depressing year-to-year volumes. If you do not agree, please explain.
- b. Please provide any data upon which you relied indicating the use of within-county mail by the daily newspapers described in your subparagraph B.3.f.ii.a. Please provide any data upon which you relied indicating that in the period from 1970-1986 daily newspapers were significant users of within-county mail.
- c. In considering the decline in within-county volumes, did you examine the record in R94-1 in which the method for tabulating within-county pieces, weights and revenues was at issue? If so, please explain how that information influenced your testimony in this case.

RESPONSE:

- a. I basically agree. The law would have an immediate and one-time effect assuming no change in the composition or mix of publishers (i.e., publishers with large circulations versus publishers with small circulations) over time.
- b. I have no additional data on this subject beyond what is referred to in my testimony.
- c. As in Docket No. R94-1, a dummy variable was included in the regression equations for within-county mail beginning 1993 Postal Quarter 2 to capture changes in panelling methods for tabulating pieces. Please refer to page I-94, Table I-7 of my R-94 testimony (USPS-2-I, Technical Appendix I: Econometric Analysis, cf., USPS-T-7, p. 53 in the present case).

- e. No, I did not examine the circulations of newspapers that are less frequent than dailies and more frequent than weekly, as I did not locate data of that type.

RESPONSE OF POSTAL SERVICE WITNESS TOLLEY
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NNA/USPS-T6-2. Please refer to your statement on page 85 in subparagraph (b), in which you state: "another change in the newspaper industry affecting periodical in-county mail is the growth of weekly newspapers relative to daily newspapers."

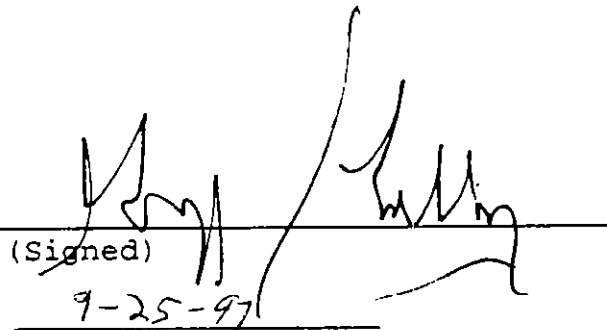
- a. Did you look at any data concerning the circulations of weekly newspapers versus daily newspapers?
- b. If you did look at those data, please provide the circulation numbers you relied upon and explain how they influenced your testimony.
- c. Please explain in detail what assumptions you made about the mitigating effect of the growth of weekly newspapers upon within-county mail volume growth.
- d. Please confirm that ownership of individual newspaper titles by large chains of newspapers, whether weekly or daily, would not necessarily have an effect upon mail volumes, so long as that ownership did not result in a decline in overall numbers of newspapers and corresponding circulations relative to those of previous years. If you do not confirm, please explain.
- e. Did you examine frequencies of newspapers that may have been less frequent than daily and more frequent than weekly? If so, please explain how their circulations influenced your testimony about within-county mail volumes.

RESPONSE:

- a. I looked at data concerning the circulation of daily newspapers only, as I did not locate data on weekly newspaper circulation.
- b. Please see my response to [a].
- c. While I do not have figures on their circulation, the finding that the number of weekly newspapers grew 26 percent from 1980 to 1995 is suggestive that their circulation grew and by inference could have made for growth in within-county mail volume.
- d. I basically agree. However, mail volume could change, either positively or negatively, if large chains use different distribution methods (i.e., Postal mail versus non-Postal alternatives) than previous owners.

DECLARATION

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



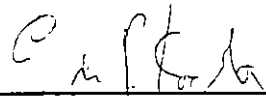
(Signed)

9-25-97

(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.



Eric P. Koetting

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