

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20068-0001

Postal Rate and Fee Changes, 2006)

Docket No. R2006-1

FIRST SET OF INTERROGATORIES OF THE NATIONAL NEWSPAPER
ASSOCIATION TO POSTAL SERVICE WITNESS THRESS, USPS-T-7
(NNA/USPS-T7-1-2)
July 14, 2006

Pursuant to the Commission's Rules, National Newspaper Association hereby submits interrogatories to United States Postal Service Marc McCrery and requests full and complete responses. If the witness is not able to respond to any interrogatory, the witness is requested to refer the interrogatory to the United States Postal Service for a response by a competent witness.

Respectfully submitted,

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July 14, 2006

NNA/USPS-T7-1 Please provide the basis for your statement on p. 220, line 6, that the Within County subclass "is comprised of small publications (mostly newspapers.) In particular, how do you know the subclass consists mostly of newspapers? Have you looked at whether this composition is primarily daily newspapers or newspapers published less frequently, such as weekly, twice weekly or thrice-weekly? Please explain your response.

NNA/USPS T7-2. Please refer to the chart on p 228 of your testimony.

a. If you believe the subclass consists mostly of newspapers, please confirm that this mailing subclass requires publishers to distribute copies primarily to subscribers. If you do not believe this statement, please explain your answer.

b. Do you have any data indicating that newspaper subscription trends are subject to seasonal variations? If so, please provide it. If not, please provide the assumption that led to the seasonal adjustments on this chart, and explain whether these adjustments include any assumptions about the nature of periodicity of the newspapers in the subclass.

c. Please describe your level of confidence in that your own price elasticity and employment variables influence Within County mail volume per adult per delivery day and fully explain your response.

d. Please review the following paragraph on pg. 223:

"Periodicals Within-County mail is mail sent primarily within the county of publication. In general, Periodicals Within-County mail volume is affected by the same factors as 3 other types of Periodicals mail. There are, however, two significant omissions from the Periodicals Within-County demand equation: the price of paper and printing and the number of broadband subscribers. Neither of these variables was found to influence Periodicals Within-County mail volume. It is not entirely clear why these variables appeared to have no effect on Within-County mail volume. My hypothesis is that the producer price index for pulp, paper, and allied products may be a poor estimate of the cost of preparing Within-County mail and that the specific nature of Within-County mail makes it somewhat less vulnerable to Internet diversion. "

Please provide the best statistical results, including T-tests, that you achieved with the variables for paper and broadband subscribers before you decided to reject them in this analysis.

e. Please provide any other runs that you did where the dependent variable for Within County mail was something other than Within County mail volume per adult per postal delivery day and explain why you did

them and did or did not take them into consideration in your analysis on this table.

f. Have you examined the history of Within County rates in LR 73-1 or any other data describing the pattern of postage rate increases since 1970? If you have, please describe the period you examined, if any?

g. Please describe your level of confidence in the own-price elasticities provided in table 225.

h. Please confirm that the changes in time trend since 1993 that you describe roughly equate to the time period in which US adults acquired new possible information substitutes, such as the Internet. Can you explain why the amelioration in Within County that you see may have occurred within the time when information alternatives were growing rather than subsiding?

i. Do you attribute the decline in Within County mail volumes primarily to the factors under the column heading "Inflation" in Table 54?