

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

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COMPLAINT OF TIME WARNER INC. ET AL.  
CONCERNING PERIODICALS RATES

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Docket No. C2004-1

RESPONSES OF TIME WARNER INC. ET AL. TO  
ABM/TW ET AL.-T3-1, 3-41, 43-51 TO WITNESS GORDON  
(June 10, 2004)

Time Warner Inc., Condé Nast Publications, a Division of Advance Magazine Publishers Inc., Newsweek, Inc., The Reader's Digest Association, Inc., and TV Guide Magazine Group, Inc. (collectively, Time Warner Inc. et al.) hereby provide the responses of witness Gordon (TW et al.-T-3) to American Business Media interrogatories ABM/TW et al.-T3-1, 3-41, 43-51, filed May 27, 2004.

ABM/TW et al.-T3-2 has been redirected to the complainants individually.  
ABM/TW et al.-T3-42 has been redirected to witness Stralberg.

The interrogatories are stated verbatim and followed by the response.

Respectfully submitted,

s/ \_\_\_\_\_  
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## **Response of Witness Gordon to ABM-T3-1**

ABM/TW et al.-T3-1. In light of your testimony concerning changes in the communications media and elsewhere since 1917, and your conclusion that zoning the editorial pound rate will not “cause the country to be divided by these zones,” please state whether you believe that Periodicals should be granted a postal rate preference to reflect the educational, cultural, scientific and informational value of Periodicals’ editorial content and, (b) if so, setting forth all of the reasons why.

### Response

I have not formed an opinion on the question.

## Response of Witness Gordon to ABM/TW et al.-T3-2

ABM/TW et al.-T3-2. In light of your testimony concerning changes in the communications media and elsewhere since 1917, and your conclusion that zoning the editorial pound rate will not “cause the country to be divided by these zones,” please provide a statement by each of the complainants (that is, individual statements by each of the five complainants) setting forth (a) whether that complainant believes that Periodicals should continue to be granted a postal rate preference to reflect the educational, cultural, scientific and informational value of Periodicals’ editorial content and (b) if so, setting forth all of the reasons why. Each statement should include the names and titles of the person or persons whose input it reflects, including the original drafter and any others that provided input.

### Response

Redirected to the individual complainants.

## **Response of Witness Gordon to ABM/TW et al.-T3-3**

ABM/TW et al.-T3-3. Please list the periodicals that you read on a regular basis.

### Response

New York Times, Wall Street Journal, Time, Newsweek, The Week, Forbes, Gourmet, Cook's Illustrated, Astronomy, National Geographic, Audubon, Living Bird, Natural History, Martha Stewart Living, Naval History, American Heritage, Invention and Technology, Scientific American, PC World, PC Magazine, The American Genealogist, National Genealogical Society Quarterly, New York Genealogical and Biographical Record, New England Historical and Genealogical Register.

## Response of Witness Gordon to ABM/TW et al.-T3-4

ABM/TW et al.-T3-4. Please examine the list of Periodical publications produced by American Business Media members, which is attached to these interrogatories, and identify: (a) which of these publications you read on a regular basis, (b) which of these publications you read occasionally, (c) which of these publications you read even once before April 26, 2004, and (d) which of these publications you believe are available on newsstands.

### Response

a) None; b) Library Journal, Publisher's Weekly, Kirkus Review; c) none to my knowledge; d) I have no idea.

**Response of Witness Gordon to ABM/TW et al.-T3-5**

ABM/TW et al.-T3-5. Please list the specialized business publications not on the attached list that you read on a regular basis.

Response

None.

**Response of Witness Gordon to ABM/TW et al.-T3-6**

ABM/TW et al.-T3-6. Please list the specialized business publications not on the attached list that you read occasionally.

Response

None.

**Response of Witness Gordon to ABM/TW et al.-T3-7**

ABM/TW et al.-T3-7. Please list the specialized business publications not on the attached list that you read even once before April 26, 2004.

Response

None that I remember.

## Response of Witness Gordon to ABM/TW et al.-T3-8

ABM/TW et al.-T3-8. Do you consider yourself an expert on the content of specialized business publications? If so, what is the basis for that expertise?

Response

No.

## Response of Witness Gordon to ABM/TW et al.-T3-9

ABM/TW et al.-T3-9. Please confirm that, as of the date of this interrogatory, you have a website, [www.johnsteelegordon.com](http://www.johnsteelegordon.com).

Response

I so confirm.

## **Response of Witness Gordon to ABM/TW et al.-T3-10**

ABM/TW et al.-T3-10. Please confirm that, as of the date on this interrogatory, the opening page of that website, after “John Steel Gordon, Author” and a quote from Oscar Wilde, contains the subhead “News.”

### Response

I so confirm.

## Response of Witness Gordon to ABM/TW et al.-T3-11

ABM/TW et al.-T3-11. Please confirm that the “News” entries include primarily dates of speeches and appearances.

Response

I so confirm.

## Response of Witness Gordon to ABM/TW et al.-T3-12

ABM/TW et al.-T3-12. Is the purpose of the “News” listing on your website: (a) to advise visitors to the website of upcoming events that they might attend or listen to, (b) to advise visitors to the website of past events, such as your speeches and radio appearances, or (c) something else? If something else, please identify the purpose.

### Response

The purpose is to advise website visitors of upcoming events they might wish to attend or listen to.

## **Response of Witness Gordon to ABM/TW et al.-T3-13**

ABM/TW et al.-T3-13. Please confirm that, as of the date on this interrogatory, after the word "News" on your website, the first date listed is Wednesday, July 1 (with no year) for the publication of the paperback edition of one of your books.

### Response

That is what the site says. It is in error as July 1st, 2003, was a Tuesday.

**Response of Witness Gordon to ABM/TW et al.-T3-14**

ABM/TW et al.-T3-14. Please confirm that the most recent year in which July 1 fell on a Wednesday was 1998.

Response

I don't know.

## **Response of Witness Gordon to ABM/TW et al.-T3-15**

ABM/TW et al.-T3-15. Please confirm that, as of the date of this interrogatory, (a) the “News” page on your website lists sixteen dates from July 1 to October 16, without a year, and (b) that the year is 2003.

### Response

I so confirm.

## **Response of Witness Gordon to ABM/TW et al.-T3-16**

ABM/TW et al.-T3-16. Please confirm that you have made appearances of the type listed on the "News" page of your website since October 16, 2003.

Response

I so confirm.

**Response of Witness Gordon to ABM/TW et al.-T3-17**

ABM/TW et al.-T3-17. Please confirm that you have scheduled appearances of the type described on the “News” page of your website during the remainder of this year.

Response

I so confirm.

**Response of Witness Gordon to ABM/TW et al.-T3-18**

ABM/TW et al.-T3-18. When did you last update the “News” section of your website?

Response

In the late summer of 2003.

## **Response of Witness Gordon to ABM/TW et al.-T3-19**

ABM/TW et al.-T3-19. Please confirm that it is often difficult to assess the accuracy and timeliness of information found on websites.

### Response

I can confirm that it is often difficult to assess the timeliness and accuracy of information found in any medium, including websites. However, this difficulty may often be easier to overcome for information found on a website than it would be if the same information were found in a print medium, because the internet often provides immediate access to parallel, redundant, or competing sources of the same information. Anyone who routinely uses the internet for research, or to keep up with developments in a business or profession, or just occasionally to seek the kind of information that would once have been sought out in an encyclopedia or a library, is familiar with the fact that using the internet substantially increases the number and variety of sources and the ease with which they can be located, accessed, reviewed, and evaluated. It is also usually easier in the case of internet sources than printed ones to discover the identify and of the source's sponsor, its institutional mission, and its affiliations and associations. Also, many web sites indicate the date on which they were updated.

## **Response of Witness Gordon to ABM/TW et al.-T3-20**

ABM/TW et al.-T3-20. Please confirm that specialized business publications frequently summarize and authenticate information that is available elsewhere.

### Response

That is my impression with respect to specialized business publications, as with respect to magazines, journals, newsletters, newspapers, and internet web sites generally.

## **Response of Witness Gordon to ABM/TW et al.-T3-21**

ABM/TW et al.-T3-21. Please confirm that all qualified Periodicals carry a publication date.

### Response

I am informed by counsel that all qualified Periodicals publications are required by Postal Service regulations to state a publication date. I do not know whether the regulations also require that the stated date of publication and the actual date of publication be the same, but it is my experience that publications often arrive in my mailbox or appear on the newsstand well in advance of the dates printed on their covers (and that the opposite occasionally occurs).

## **Response of Witness Gordon to ABM/TW et al.-T3-22**

ABM/TW et al.-T3-22. Do you agree that most of specialized business publications operate with a high level of editorial integrity and that readers rely to a great extent on that integrity?

### Response

I have no basis upon which to agree or disagree. Nor do I not know how one would go about discovering the answer to such a question.

**Response of Witness Gordon to ABM/TW et al.-T3-23**

ABM/TW et al.-T3-23. Is there any significance to the fact that the first and fourth full paragraphs on page 4 of your direct testimony are in italics?

Response

There is no significance. It was a typographical error.

## Response of Witness Gordon to ABM/TW et al.-T3-24

ABM/TW et al.-T3-24. Do Periodicals today bind the nation together by providing a common source of information?

Response

Yes.

**Response of Witness Gordon to ABM/TW et al.-T3-25**

ABM/TW et al.-T3-25. Do specialized business periodicals today bind segments of the nation's businesses together by providing a common source of information?

Response

Yes.

## **Response of Witness Gordon to ABM/TW et al.-T3-26**

ABM/TW et al.-T3-26. With reference to page 4, lines 22-23 of your testimony, why did the printing technology in the period referenced prevent a publication from being printed in, for example, New York and San Francisco? In other words, why couldn't the process be duplicated?

### Response

It would have been prohibitively expensive to duplicate the process at different locations, as composition costs would have been the same at each location.

## **Response of Witness Gordon to ABM/TW et al.-T3-27**

ABM/TW et al.-T3-27. Given the shortening of travel times between the coasts since the early twentieth century, wouldn't there have been more incentive to print at multiple locations then than there is now?

Response

Yes, but it was economically impossible.

**Response of Witness Gordon to ABM/TW et al.-T3-28**

ABM/TW et al.-T3-28. Please describe your knowledge of and experience in the publication printing business.

Response

My knowledge is that of an informed layman. My experience is non-existent.

## Response of Witness Gordon to ABM/TW et al.-T3-29

ABM/TW et al.-T3-29. When you testify at page 5, lines 16-17, that “[f]or the first time, this allowed newspapers to be printed in more than one city simultaneously,” do you mean that this development allowed printing at multiple plants cost-effectively?

Response

Yes.

**Response of Witness Gordon to ABM/TW et al.-T3-30**

ABM/TW et al.-T3-30. Can all Periodicals be printed cost effectively at multiple printing plants today? Please provide a full explanation of the bases for your response.

Response

I do not know.

## Response of Witness Gordon to ABM/TW et al.-T3-31

ABM/TW et al.-T3-31. Is there any significance to the ellipses at line 3 of page 6 and line 14 of page 8?

### Response

They are not ellipses (i.e., three spaced periods indicating omitted words within a quotation) but rather section breaks that are marked by three spaced asterisks centered on a line. See, e.g., Galactic Publications Book Service, "Submission Guidelines & Layout and Formatting Choices Overview" (<[www.galacticpublications.com](http://www.galacticpublications.com)>).

## Response of Witness Gordon to ABM/TW et al.-T3-32

ABM/TW et al.-T3-32. Your testimony at page 8, lines 5-12, suggests that cable television channels perform the same function today as specialty magazines performed in 1917. Is your reference to specialty magazines limited to consumer magazines, or is it intended to include business-to-business publications?

### Response

My reference is to magazines devoted to subjects of the type listed in lines 10-11 of the same passage: "cooking, travel, sports, pets, nature, politics, history, and technology."

## Response of Witness Gordon to ABM/TW et al.-T3-33

ABM/TW et al.-T3-33. Can you identify a single television channel, or a single television show on any channel, that regularly provides business information on the following subjects, each of which, and more, is covered by a publication produced by a single, medium-sized American Business Media member (Adams Business Media): (a) the beverage industry, (b) the fuel oil industry, (c) irrigation systems, (d) medical equipment design, (e) outdoor power equipment, and (f) specialty coffees?

Response

No.

## **Response of Witness Gordon to ABM/TW et al.-T3-34**

ABM/TW et al.-T3-34. Please examine the attached list of American Business Media member publications and state which of them, if any, appear to contain information that is regularly available on television.

### Response

I am unable to deduce from their titles alone what these publications may contain, and I am not familiar with the full range of materials regularly available on television.

## Response of Witness Gordon to ABM/TW et al.-T3-35

ABM/TW et al.-T3-35. What is the source for your statement at page 10, lines 15-17, that the use of multiple printing plants has caused a drop in the transportation component from more than forty-four percent to less than fifteen percent?

### Response

You have evidently misunderstood my meaning, for which I acknowledge that my imprecise choice of words is at fault. In the lines you cite, I concluded a section of the discussion by stating: "This has caused a major reduction in the transportation component in the cost of distributing Periodicals class mail. . . ." The intended antecedent of the word "*This*" was the developments described in the preceding two paragraphs (ll.6-17), i.e., the "revolution in non-printing communications media, coupled with the revolution in printing technology" that occurred between 1917 and the present. However, "*This*" can just as easily be read--as you evidently did read it-- as referring only to the events described in the immediately preceding sentence.

**Response of Witness Gordon to ABM/TW et al.-T3-36**

ABM/TW et al.-T3-36. At the time you completed preparation of your testimony, did you know what time period was covered by the reduction in the transportation component from forty-four to fifteen percent?

Response

Yes.

## Response of Witness Gordon to ABM/TW et al.-T3-37

ABM/TW et al.-T3-37. If you now know what time period was covered, please provide it and identify the source of your information.

### Response

The period begins in approximately 1917, when Congress substantially increased second-class rates by introducing a zoned rate for the advertising portion of second-class publications while continuing to provide a low editorial rate which was unzoned. The impetus for this legislation was apparently the drain on the treasury caused by charging magazines and newspapers an unzoned rate so extremely low that it was tantamount to providing them with unlimited free transportation, which had the predictable result that second-class mail consumed transportation resources with ever-increasing profligacy. The end of the period is Fiscal Year 2000, the "base year" for the most recent omnibus postal rate case (see below).

My source was witness Mitchell's testimony, TW et al.-T-1, p. 18, l. 20--p. 19, l. 10, where he: (1) quotes a 1901 statement by President Roosevelt to the effect that second-class mail was operating at an annual deficit of \$107 million (at a time when total *federal* outlays were only \$525 million); (2) reports that "[f]ollowing a detailed and exacting study of all 1908 postal costs, the Hughes Commission found that 42.4 percent of second-class costs were for transportation"; and (3) based on PRC Library Reference 9 in Docket No. R2001-1, calculates that transportation costs "are now approximately 14.3 percent of Periodicals costs, and only about two-thirds of those are distance-related."

## Response of Witness Gordon to ABM/TW et al.-T3-38

ABM/TW et al.-T3-38. Did your source for the statement that the transportation component has fallen from more than forty-four percent to less than fifteen percent also inform you of how much of that drop can be attributed to additional printing at multiple plants, how much was attributable to more drop shipping, how much was attributable to use of lower cost transportation by the Postal Service and how much was attributable to other factors? If so, or if you have obtained that information from another source, please provide that information and its source.

Response

No.

**Response of Witness Gordon to ABM/TW et al.-T3-39**

ABM/TW et al.-T3-39. How many Periodicals are in the United States mail?

Response

I do not know.

**Response of Witness Gordon to ABM/TW et al.-T3-40**

ABM/TW et al.-T3-40. How many Periodicals in the United States mail are printed at more than one printing plant?

Response

I do not know.

**Response of Witness Gordon to ABM/TW et al.-T3-41**

ABM/TW et al.-T3-41. How many publications in the United States mail with a total print run of less than 1,000,000 are printed at more than one printing plant?

Response

I do not know.

## **Response of Witness Gordon to ABM/TW et al.-T3-42**

ABM/TW et al.-T3-42. Please examine the list of publications produced by the complainants that is provided by witness Stralberg (redirected) in response to ABM/TW-T1-3. For each publication, list its total print run and the number of printing plants at which it is printed.

### Response

Redirected to witness Stralberg.

## **Response of Witness Gordon to ABM/TW et al.-T3-43**

ABM/TW et al.-T3-43. If a publisher could lower its combined costs of postage and private transportation by printing at more than one plant, what considerations would lead that publisher to print at only one plant?

Response

I do not know.

**Response of Witness Gordon to ABM/TW et al.-T3-44**

ABM/TW et al.-T3-44. Do you know what costs must be duplicated if a publication is printed at more than one plant? If so, please identify them.

Response

The plates would have to be duplicated.

## **Response of Witness Gordon to ABM/TW et al.-T3-45**

ABM/TW et al.-T3-45. You state at page 12, lines 8-9, that “it has become cheap to enter the news business.” Isn’t this statement directed more at the cost of distributing information, rather than at the cost of developing sophisticated and accurate editorial content?

### Response

No. I believe that both costs have declined substantially in recent years.

## **Response of Witness Gordon to ABM/TW et al.-T3-46**

ABM/TW et al.-T3-46. Has the “cheapness” of distributing information increased or decreased the need of businesses to distill and verify information that they receive?

### Response

I believe that it has substantially decreased the cost and difficulty of distilling and verifying information and, for that reason, has increased the standard of performance that businesses must meet if they are to remain competitive.

## **Response of Witness Gordon to ABM/TW et al.-T3-47**

ABM/TW et al.-T3-47. You testify at page 12, line 25, that it now takes five hours to travel from New York to Los Angeles. How is the speed of air travel relevant to the issues addressed in your testimony?

### Response

The rate schedule set in 1917 was predicated on a country that was “three and a half days wide.” The country today is only “five hours wide,” so that the distance is effectively one-seventh as great and the nation much more integrated.

## Response of Witness Gordon to ABM/TW et al.-T3-48

ABM/TW et al.-T3-48. At page 13, lines 4-5, you state unequivocally that “no matter how obscure or arcane the topic, there is an internet news group devoted to it and everyone interested in it can learn of new developments in seconds.” Please identify an internet news group from which everyone interested can learn about the following topics, each of which is covered in depth by an American Business Media member publication: (a) commercial vehicle sourcing, (b) hotel management, (c) paperboard packaging, (d) spectroscopy, (e) urology, (f) engineered stone, (g) limousines, (h) injection molding, (i) commercial fishing, (j) urethane technology, (k) the kiosk business, (l) photonics (m) chain stores, (n) fertilizer technology, (o) medical practice in the federal government, (p) dairy herd management, (q) point of purchase marketing, and (r) private label merchandise.

### Response

I do not know of any such newsgroups, which is not to say they do not exist.

## Response of Witness Gordon to ABM/TW et al.-T3-49

ABM/TW et al.-T3-49. Would it be prudent for an auto parts supplier to rely equally on an internet news group and Automotive News for information about the auto industry?

### Response

I have no opinion on whether an auto parts supplier should rely equally upon “an internet news group” and *Automotive News*. However, if the question is rephrased to ask if an auto parts supplier should rely equally on *the internet* and the magazine, the answer is unequivocally yes.

## **Response of Witness Gordon to ABM/TW et al.-T3-50**

ABM/TW et al.-T3-50. Would it be prudent for a fire chief to rely equally on an internet news group and Fire Engineering for information on the latest in fire fighting equipment and techniques?

### Response

See my response to ABM/TW et al.-T3-49.

## **Response of Witness Gordon to ABM/TW et al.-T3-51**

ABM/TW et al.-T3-51. Would it be prudent for a physician to rely equally upon an internet news group and Mayo Clinic Proceedings, or Contemporary Pediatrics, or the New England Journal of Medicine for accurate medical information?

### Response

See my response to ABM/TW et al.-T3-49.