

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

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

Docket No. C2004-1

RESPONSES OF TIME WARNER INC. ET AL.
WITNESS JOSEPH E. SCHICK TO OCA/TW ET AL.-T4-1-2
(June 28, 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 Schick (TW et al.-T-4) to Office of the Consumer Advocate interrogatories OCA/TW et al.-T4-1-2, filed June 14, 2004.

Each interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

s/ _____
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Response of TW et al. Witness Schick to OCA/TW et al.-T4-1

OCA/TW-T4-1. In your opinion, would it be difficult for low-volume, nationwide, daily publications to participate in a co-mailing or co-palletization program? Please explain your answer. As part of the explanation, please address the difficulty for such publications to achieve timely delivery.

RESPONSE

It would be difficult for national, low-volume, daily publications to utilize comailing and/or copalletization. The difficulty lies in the time-sensitivity of the publications. If an additional process is added to production, there will be more time needed for completion. If a decision was made to add comail or copalletization to the production process, but no time could be added to the schedule, there are 3 ways that could be considered to meet the challenge:

- 1) Add more equipment (cost)
- 2) Purchase faster equipment (cost) or improve current productivity (first and best choice)
- 3) Expedite distribution (cost)

That is not to say that there isn't a way to make this work. Cost analysis would have to determine if any of the three approaches mentioned above would be viable.

Some of the relevant considerations would be the following. Can you gain enough savings to offset the costs of additional or new equipment? Does that equipment provide other benefits that can be used in the ROI analysis? If productivity can be improved, is there enough newfound time to add more volume without missing dispatches and critical entry times? Is there an opportunity to get more expedited distribution services than are already being used? And at what cost?

Response of TW et al. Witness Schick to OCA/TW et al.-T4-2

OCA/TW-T4-2. In your opinion, would it be difficult for low-volume, nationwide, weekly publications to participate in a co-mailing or co-palletization program? Please explain your answer. As part of the explanation, please address the difficulty for such publications to achieve timely delivery.

RESPONSE

My response to OCA/TW-T4-1 is also applicable to weekly publications. However, because of the extra days in the schedule compared to a daily publication, there may be greater opportunities to take advantage, in some form, of comailing or copalletization. I am aware of weekly publications that do utilize copalletization today.