

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

---

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

---

Docket No. C2004-1

COMPELLED RESPONSE OF TIME WARNER INC. ET AL.  
WITNESS ROBERT W. MITCHELL TO ABM/TW ET AL.-T1-91  
(June 25, 2004)

Pursuant to Presiding Officer's Ruling No. C2004-1/4, issued June 18, 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 compelled response of witness Mitchell (TW et al.-T-1) to American Business Media interrogatory ABM/TW et al.-T1-91, filed May 28, 2004.

The interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

s/ \_\_\_\_\_  
John M. Burzio  
Timothy L. Keegan

COUNSEL FOR  
TIME WARNER INC.

Burzio & McLaughlin  
Canal Square, Suite 540  
1054 31st Street, N. W.  
Washington, D. C. 20007-4403  
Telephone: (202) 965-4555  
Fax: (202) 965-4432  
E-mail: burziomclaughlin@covad.net

## **Response of Witness Mitchell to ABM/TW et al.-T1-91**

**ABM/TW et al.-T1-91.** (a) Do you agree with the manner in which the Commission treats the Alaska air costs? (b) If so, why? (c) If not, why not?

### **RESPONSE**

I believe that the Commission regarded Alaska air costs as a special case, for policy reasons that are grounded in the Act. While I respect that decision, I cannot agree that volume-variable costs are properly characterized as "institutional" rather than "attributable," at least as those terms are understood by economists. I believe the decision can more properly be characterized, from an economist's point of view, as a policy-based exception to the attribution requirement of § 3622(b)(3).