

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

**Complaint of Time  
Warner Inc. et al.  
Concerning Periodicals Rates**

) **Docket No. C2004-1**

**FIRST INTERROGATORIES AND  
REQUESTS FOR PRODUCTION OF DOCUMENTS  
OF AMERICAN BUSINESS MEDIA  
TO TIME WARNER INC., ET AL. WITNESS STRALBERG  
ABM/TW et al.-T2-1-33  
(May 27, 2004)**

Pursuant to Rules 25 through 28 of the Rules of Practice, American Business Media hereby submits interrogatories and requests for production of documents to Time Warner, Conde Nast, Newsweek, Readers Digest and TV Guide ("complainants"). American Business Media asks that, in responding to these requests, the complainants follow the guidelines set forth in American Business Media's first set of interrogatories to Witness Mitchell.

Respectfully submitted,

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ABM/TW et al-T2-1-33

ABM/TW et al.-T2-1. Please refer to your response, after referral, to ABM/TW et al.-T1-3. For each separate column for which per copy postage figures are provided, state the number of copies (reasonable rounding is acceptable) to which those rates apply. Alternatively, if it would be less burdensome, please provide both the approximate average circulation per issue and a good faith estimate of the annual postage at present and "proposed" rates for each periodical identified in the response.

ABM/TW et al.-T2-2. Is it your understanding that increasing levels of worksharing in the past, such as application of bar codes, increased drop shipping and increased palletization, did not reduce the Postal Service's Periodicals processing costs to the extent that should have been experienced? If so, please state all of the factors that, in your view, produced this result.

ABM/TW et al.-T2-3. As a general matter, would Time Warner's Periodicals postage bill benefit from a shift in cost responsibility from pieces to pounds? Explain your answer.

ABM/TW et al.-T2-4. Is the term "hot pubs" familiar to you? If so, please explain how that term is used in postal processing plants and how it affects the operations of those plants.

ABM/TW et al.-T2-5. If certain Periodicals impose higher processing or other costs on the Postal Service by virtue of being characterized as "hot pubs," how, if at all, are those additional costs reflected in your calculations?

ABM/TW et al.-T2-6. In footnote 4 at page 6, you state that a mailer may have a good, service-related reason to mail a few pieces in a sack. Please explain the circumstances under which such good reason might exist.

ABM/TW et al.-T2-7. Please confirm that, under the complainants' proposal here, a small circulation Periodical that might need to mail in, for example, low-copy, 5-digit sacks in order to obtain adequate service will be required to pay what are deemed by you to be the true costs of obtaining that service, but that a daily publication, for example, that imposes higher costs not associated with bundle, sack or pallet size on the Postal Service as a result of its service needs will not be assigned responsibility for those costs. If you cannot confirm, please explain why.

ABM/TW et al.-T2-8. Please explain why, at page 7, line 23, you state that certain savings depend upon whether Periodicals would have been sorted on an AFSM 100 or manually, but do not mention the FSM 1000.

ABM/TW et al.-T2-9. At page 9, lines 26-27, you give pieces thicker than  $\frac{3}{4}$  inch as an example of non-machinable pieces. What other types of Periodicals are considered non-machinable?

ABM/TW et al.-T2-10. With respect to your testimony at page 11, lines 14-15, is the 60% of revenue from piece rates based upon an "assumption," as you state, or upon an estimate?

ABM/TW et al.-T2-11. With respect to your testimony at page 17, lines 1-3, please provide your understanding of the type of Periodicals mail that is drop shipped in sacks.

ABM/TW et al.-T2-12. At page 18, line 12, you state that the LR-1-332 model was changed by you to use "PRC costing methodology." Please confirm that this change results in a greater amount of cost attribution.

ABM/TW et al.-T2-13. At page 18, line 12, you state that the LR-1-332 model was changed by you to use "PRC costing methodology." Please explain the reason why this change was necessary.

ABM/TW et al.-T2-14. At page 18, line 12, you state that the LR-1-332 model was changed by you to use "PRC costing methodology." Please explain, in relative terms, how your costs and witness Mitchell's resulting rates would have been different if this change were not made.

ABM/TW et al.-T2-15. At page 18, line 12, you state that the LR-1-332 model was changed by you to use "PRC costing methodology." As a general matter, does Time Warner support use of the PRC methodology as opposed to the methodology used in LR-1-332?

ABM/TW et al.-T2-16. At page 18, line 12, you state that the LR-1-332 model was changed by you to use "PRC costing methodology," and at page 28, you state that you used PRC rather than Postal Service assumptions of volume variability. Is the second statement an explanation of the change identified in the first statement?

ABM/TW et al.-T2-17. Does Time Warner agree that the PRC assumptions of volume variability to which you refer at page 28, line 18, are more accurate than those of the Postal Service? If not, why did you make this change?

ABM/TW et al.-T2-18. In general terms, what is the effect on the rates proposed by the complainants of your substituting the PRC assumptions of volume variability for those of the Postal Service?

ABM/TW et al.-T2-19. Your testimony at page 20, line 21, through page 21, line 1, explains that you computed certain costs on a per-piece basis but that Mr. Mitchell did not use them in his design of piece rates. (a) Why did Mr. Mitchell not use them in his design of piece rates? (b) How or where did Mr. Mitchell consider these costs?

ABM-TW et al.-T2-20. With respect to bundle breakage costs, addressed at page 21, line 25, through page 22, line 5, does your model use actual bundle breakage data from a prior time period? If so, from what period?

ABM/TW et al.-T2-21. On page 29, lines 1-12, are you assuming that the time it takes to move a pallet through a postal facility is related only to the distance moved and not the configuration, congestion, availability of a forklift when and where needed or other factors associated with particular facilities?

ABM/TW et al.-T2-22. Please explain whether or not it would be fair to assume that cross docking a pallet in a large facility designed for cross docking operations could be faster than cross docking a pallet in a smaller facility not designed for such an operation.

ABM/TW et al.-T2-23. How fast does a forklift carrying a pallet travel if unimpeded by congestion?

ABM/TW et al.-T2-24. When you conclude at page 29, lines 3-4, that cross docking a pallet in an SCF should be faster than doing so in a BMC, what distance were you assuming would be covered in the SCF and in the BMC?

ABM/TW et al.-T2-25. With reference to your testimony at page 30, lines 1-6, please state how a pallet is moved from the platform to the bundle sorting operation at a DDU.

ABM/TW et al.-T2-26. With reference to your testimony at page 30, lines 1-6, how are bundles typically sorted at a DDU?

ABM/TW et al.-T2-27. With reference to your testimony at page 30, lines 1-6, please state your understanding of how many DDUs do not have loading docks and forklifts necessary to receive pallets.

ABM/TW et al.-T2-28. If a mailer prepares a 5-digit pallet destined to a DDU without the ability to offload and move a pallet to the bundle sorting operation, how is that pallet handled by the Postal Service?

ABM/TW et al.-T2-29. With reference to your testimony at page 30, lines 18-22, where you state that you might have underestimated such costs as shaking out a sack, is it also possible that you might have underestimated some costs associated with pallets?

ABM/TW et al.-T2-30. Do you agree that, over time, the Postal Service has made changes to its operations, such as adding loading docks to delivery units and improving the intake process at SPBSs, that are designed to facilitate the handling of pallets and that it has made other changes, such as the elimination of sack sorters, that render the handling of sacks more costly? If not, do you agree with either of these propositions?

ABM/TW et al.-T2-31. You make numerous assumptions throughout your testimony and you make certain changes to data used in other cases. In reaching your assumptions and deciding whether changes are appropriate, did you in any instance consider the impact of a change or an assumption on the rates that would be paid by Time Warner? If so, please provide the details and identify the alternative(s) that you chose not to use.

ABM/TW et al.-T2-32. Please state your understanding of the Postal Service's present plans with respect to delivery point sequencing of flats, including Periodicals.

ABM/TW et al.-T2-33. If the Postal Service proceeds with delivery point sequencing of flats, including Periodicals, at what type of facility (that is, DDU, SCF, P&DC, etc) is the sequencing likely to be done?

### **CERTIFICATE OF SERVICE**

I hereby certify that on this 27 day of May, 2004, a copy of the foregoing document was served in accordance with Section 12 of the Commission's Rules of Practice.

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