

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

COMPLAINT OF TIME WARNER INC ET AL.
CONCERNING PERIODICALS RATES

Docket No. C2004-1

UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
TIME WARNER ET AL. WITNESS GORDON
(USPS/TW ET AL.-T3-1-13)

Pursuant to rules 25 through 27 of the Rules of Practice and Procedure, the United States Postal Service directs the following interrogatories and requests for production of documents to Time Warner Inc. et al. witness Gordon:
USPS/TW et al.-T3-1-13.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

/s/

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June 10, 2004

USPS/TW et al.-T3-1. Have you testified previously as a witness on behalf of any party in any regulated industry? If your response is yes, please provide the dates, subject of your testimonies, parties you represented, and the entity before which you appeared.

USPS/TW et al.-T3-2. On page 13, lines 9-12 of your testimony, you state, "[t]here is no longer the slightest chance that setting postal rates for editorial content in Periodicals class mail by zones to reflect actual costs would cause the country to be divided by these zones." When did you first hear of, or become aware of, the concept of zoning of Periodicals rates for editorial content, in the postal ratemaking context? Please describe the circumstances as you remember them.

USPS/TW et al.-T3-3.

- (a) Do you agree that your testimony describes the impact that rotary presses, electricity, the telegraph, the telephone, printing technologies, the radio, the television, satellite technology, transistors, microprocessors, computers, personal computers, and the internet have all had on the American "neighborhood's" ability to communicate with each other? If not, please explain.
- (b) Of the changes described in your testimony, please confirm that, as of today, the one technology that had the greatest impact on your "zoned editorial" conclusion (expressed on page 13, lines 9-12) is the use of personal computers and laptop computers to access the internet. If not confirmed, please explain.

USPS/TW et al.-T3-4. On page 4, line 27, through page 5, line 4 of your testimony, you state, "[t]hus it made sense for the Congress, in formulating the Post Office's mandate to hold this vast, sprawling country together by facilitating the distribution of printed matter, to set uniform postal rates for magazines, regardless of where they were printed or where they were sent, in 1876 and to maintain uniform rates for editorial matter when it zoned the rates for advertising matter in 1917." On page 12 lines 22-23 of your testimony, you state, "[w]ith the addition of Hawaii and Alaska, the United States, geographically, is far larger and more far-flung than it was in 1917."

- (a) Are there any areas in this far-flung country where internet service/access is not available, is available to a limited extent, is of poor quality, and/or is cost prohibitive? If so, where?
- (b) Are there any subsets of the population, demographically speaking, for which computer ownership and/or internet access is cost prohibitive? If so, please describe the affected groups.

USPS/TW et al.-T3-5. Have you conducted any market research studies, or are you aware of any such studies, that have measured consumer preferences for accessing publications online versus reading them in hardcopy form? If so, what were the conclusions of those studies?

USPS/TW et al.-T3-6. An August 2000 U.S. Census Bureau study can be accessed at the following website: <http://www.census.gov/prod/2001pubs/p23-207.pdf>. On page 2 of the study referenced above there is a heading entitled "[h]igh income households are more likely to have computers or Internet access." Do you agree with this statement? If not, please explain why not.

USPS/TW et al.-T3-7. The Postal Service publishes a survey that it conducts each year, referred to as the Household Diary Study. A copy of the 2000 Household Diary Study was filed as a library reference in Docket No. R2001-1, and can be accessed at the following Postal Rate Commission website address: <http://www.prc.gov/docs/27/27167/USPS-LR-J-104.pdf>. Page 41 of the 2000 Household Diary Study states: "[i]ncome would seem to influence volumes since periodicals are typically received through a paid subscription (55 percent in 2000). Figure 5.1 shows that as income increases, Periodicals Volumes increase." Do you agree with this statement that as household income increases, the number of periodicals received per household per week increases? If not, please explain why.

USPS/TW et al.-T3-8. Throughout your testimony you describe how communications technologies have changed to an extent such that the United States has become "one vast neighborhood." On page 11 lines 21-22 of your testimony you state, "Thus magazines that could once only be delivered by mail, can now be delivered electronically at very little cost." If high income households are more likely to have computers and internet access, why do they also receive more periodicals in the mail than low income households, when a greater proportion of high income households could, at least in some cases, access those publications online?

USPS/TW et al.-T3-9. Are there types of publications which consumers are more likely to access online (assuming they are available) and types of publications which consumers would prefer to receive in hardcopy? If so, please describe the types of publications that consumers would prefer in each instance.

USPS/TW et al.-T3-10. For publications that offer online alternatives, do the online editions of those publications offer 100 percent of the information that is in the hardcopy publication? If not, please estimate the percentage of the hardcopy information that is generally available in online editions of an average publication?

USPS/TW et al.-T3-11. Please estimate the average time the average American Periodicals consumer spends reading an online publication?

USPS/TW et al.-T3-12. Please estimate the average time the average American Periodicals consumers spends reading a hardcopy publication?

USPS/TW et al.-T3-13. Please confirm that there are situations in which consumers are away from home and/or their computers, so that reading the online versions of publications is not possible, or is undesirable (e.g., commuting to work on mass transit, waiting for appointments, etc.). If not confirmed, please explain.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

/s/
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