

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 SCHICK  
(USPS/TW ET AL.-T4-1-9)

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 Schick:  
USPS/TW et al.-T4-1-9.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

/s/ \_\_\_\_\_  
David H. Rubin

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June 10, 2004

**USPS/TW et al.-T4-1.** On page 1, line 20 of your testimony, you state that the annual postage bill for Quad/Graphics, Inc. is more than \$2 billion. In percentage terms, please estimate the increase or decrease you expect to see in that bill if the rates proposed by witness Mitchell (TW et al.-T1-1, page 43) were to be adopted and implemented.

**USPS/TW et al.-T4-2.** On page 2, lines 18-20 of your testimony, you state, "[w]e are forced to make decisions that we know are not in the best interest of the 'lowest combined costs' model." Please provide examples of such decisions and demonstrate how they did not adhere to the lowest combined cost model.

**USPS/TW et al.-T4-3.** On page 2, lines 8-9 of your testimony, you mention the contracts you form with your clients today. Please describe the terms of the contracts which Quad/Graphics, Inc. enters into with its customers. Specifically, address how postage is paid. Are the customers of Quad/Graphics, Inc., assessed postage as a line item on their bills, do they pay some fixed negotiated price that is established before the postage is determined on a given mailing, or is some other process used? If some other process is used for postage payment, please describe it.

**USPS/TW et al.-T4-4.** On page 3, lines 19-25 of your testimony you describe how In-Style magazine altered its presort parameters in a way that reduced the number of sacks from 4,059 to 1,418. Aside from reducing postage, did this change also result in an internal operations savings for the company that prepared this mail? If so, please describe the changes that were made and the savings that were realized.

**USPS/TW et al.-T4-5.** In your autobiographical sketch you describe 20 years of experience working in the post press production process, as well as your involvement with MTAC. Based on this experience, would you say that the average unit cost incurred by a small printing and distribution company (the non-postage cost incurred during the manufacture/preparation of Periodicals mailings prior to the time that they are submitted to the Postal Service) is higher, lower, or about the same as the average unit cost incurred by a large printing and distribution company? Please explain the basis for your response.

**USPS/TW et al.-T4-6.** On page 4, lines 1-2 of your testimony, you state, "[t]he change from sacks to pallets also created less cost and more efficient production for Quad."

(a) Just to be clear, is it your testimony that the use of pallets results in internal, non-postage benefits/cost savings to Quad? If so, please describe those benefits/cost savings.

(b) Was there some point in time when Quad made the decision to rely on pallets for its internal operations? If so, please describe when that change

was made, why that change was made, and the system that existed before that change was made.

**USPS/TW et al.-T4-7.** On page 4, lines 10-13 of your testimony, you state, "[o]pportunities are restricted because the costs of increased investment in technologies, such as comailing, copalletization, and investing in new technologies and processes outweigh the return that we could get from the reduction in postage costs." On page 10-12 you also discuss in general terms how the industry would respond to the price incentives proposed by witness Mitchell, and use past examples to support your claim.

(a) What specific technology investments, if any, can you foresee Quad/Graphics, Inc. making were the rate schedule proposed by witness Mitchell (TW et al.-T-1, page 43) to be adopted and implemented?

(b) What specific operational changes, if any, can you foresee Quad/Graphics, Inc. making were the rate schedule proposed by witness Mitchell (TW et al.-T-1, page 43) to be adopted and implemented?

(c) Docket No. R2001-1 resulted in two new pallet discounts. Please describe all technological investments and operational changes Quad/Graphics, Inc. made in response to these pallet discounts, and specify the time period in which they were made.

**USPS/TW et al.-T4-8.**

(a) Please describe the various materials that Periodicals mailers used to secure bundles.

(b) Are there any differences when it comes to the materials used by a large mailer to secure bundles and the materials used by a small mailer to secure bundles? If so, what are those differences and why do they exist?

**USPS/TW et al.-T4-9.** On page 7, lines 1-3 of your testimony, you state "[t]oday, we have more than 120 different publications participating in our comailing program. The list size of those publications can vary from a main run of 500,000 copies to supplementals or back issues of 1,500 copies."

Please provide the following information regarding these 120 publications mentioned in your testimony.

a) How many of these publications have total mailed circulation (including the circulation of various editions, versions, and supplementals) of 75,000 or less?

- b) How many of these publications have total mailed circulation (including the circulation of various editions, versions, and supplementals) of 50,000 or less?
- c) How many of these publications have total mailed circulation (including the circulation of various editions, versions, and supplementals) of 25,000 or less?
- d) How many of these publications have total mailed circulation (including the circulation of various editions, versions, and supplementals) of 10,000 or less?
- e) How many of these publications have total mailed circulation (including the circulation of various editions, versions, and supplementals) of 5,000 or less?
- f) For each publication, please provide the proportion of content that is advertising, for a specified recent time period of your choice?
- g) For each publication, please provide the copy weight for the time period that was chosen for the advertising content in part (f) above.

## 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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