

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

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

Docket No. C2004-1

RESPONSE OF TIME WARNER INC. ET AL.
TO MH/TW-1
(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 response of Time Warner Inc. (Time Warner) to McGraw-Hill interrogatory MH/TW-1, filed June 14, 2004.

The interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

s/ _____
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Response of Time Warner Inc. to MH/TW-1

MH/TW-1: Referring to Table TW-1 of the response of witness Stralberg to ABM/TW et al. – T1 – 3 (redirected), (a) please explain fully the factors that give rise to the projected increase in postage for *Time for Kids* under the proposed rate structure, and (b) please specify what changes, if any, would be made by Time Warner to alleviate such increase if the proposed rate structure were adopted.

RESPONSE

- (a) *Time for Kids* is mailed to teachers and their students. As a result, each individual classroom shipment is prepared as a firm bundle. The bundle charges contained in the proposed rate structure cause the majority of the increase. The balance of the rate increase is the result of limited drop shipping.
- (b) If the proposed rate structure were adopted, *Time for Kids* would attempt to improve its palletization levels and increase drop shipping. To improve palletization, we would attempt to co-palletize with other publications. This could result in a potential schedule change, depending upon the co-palletization schedule. In addition, we might need to change the printing location because our current printer does not offer co-palletization in the location that produces *Time for Kids*. Following co-palletization, *Time For Kids* would expand its drop shipping through pool shipping. It is our assumption that a schedule change would be required to make these improvements.