

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 SET OF INTERROGATORIES AND REQUESTS
FOR PRODUCTION OF DOCUMENTS OF TIME WARNER INC. ET AL.
TO THE MCGRAW-HILL COMPANIES, INC. (TW ET AL./MH-1-15)
(July 27, 2004)

Pursuant to sections 25, 26 and 27 of the rules of practice, 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 direct the following interrogatories and requests for production of documents to the McGraw-Hill Companies, Inc. (McGraw-Hill).

Time Warner Inc. et al. request that, in responding to these requests, McGraw-Hill follow the guidelines set out below.

With respect to each question and subpart thereof, if information is not available in the exact format or level of detail requested, please provide responsive material in such different format or level of detail as is available. If McGraw-Hill is unable to provide current information, please provide the most recent information available and identify the date or period to which that information applies. If McGraw-Hill is unable to provide complete information, please provide any partial or representative information available that is responsive to the question. If McGraw-Hill objects to providing any requested information on grounds of confidentiality or commercial or other privilege, please provide the requested information in a coded or blind format to the extent that it is possible to do so consistent with the asserted

privilege, or contact undersigned counsel to discuss possible limitations or alternative requests.

Respectfully submitted,

s/

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**FIRST INTERROGATORIES OF TIME WARNER INC. ET AL.
TO McGRAW-HILL**

TW et al./MH-1 Please provide a list of all publications issued by McGraw-Hill and its subsidiaries and affiliates. Please include every publication with some editorial content that is issued with regular frequency and meets at least one of the following criteria:

- a. it is delivered in hardcopy form by the U.S. Postal Service;
- b. it is delivered in hardcopy to addresses in the United States without assistance from the Postal Service;
- c. it is either emailed or made available for downloading in electronic form to requesters and/or subscribers; or
- d. its contents can be accessed on the internet – either without charge or for a fee.

For each publication identified, please specify its frequency (number of issues per year) and the McGraw-Hill division/subsidiary/affiliate that publishes it. Additionally, please provide, when applicable, the internet url's for each publication.

TW et al./MH-2 For each McGraw-Hill publication identified in your response to the preceding interrogatory, please indicate which of the following apply. If modes of delivery other than those indicated in the list below are used for some publications, then please describe those additional delivery modes and identify the publications to which they apply.

- a. the publication is distributed through the U.S. Postal Service as a regular rate non-requester publication;
- b. it is distributed through the U.S. Postal Service as a requester publication;

- c. it is distributed through the U.S. Postal Service as a nonprofit or classroom publication;
- d. it is printed and distributed through the U.S. Postal Service under a different rate structure (please specify);
- e. it is distributed in hardcopy form by means other than the U.S. Postal Service;
- f. it is distributed electronically by email to those who request it;
- g. it is distributed electronically by email to paying subscribers;
- h. an electronic version can be downloaded from the internet by all who request it;
- i. an electronic version can be downloaded from the internet by paying subscribers;
- j. some of the publication's editorial contents are accessible on an internet website;
- k. all or most of the publication's editorial contents are accessible on an internet website to paying subscribers;
- l. all or most of the publication's editorial contents are accessible on an internet website, either without restriction or to all who complete an online survey;
- m. the publication's electronic version offers features not available in the hardcopy version, e.g., ability to click through to references made in the text, search capability, additional editorial content, more frequent updates, etc.

TW et al./MH--3 For each McGraw-Hill publication that is distributed through the U.S. Postal Service under Periodicals rates, please provide a copy of the most recent ownership statement required by 39 U.S.C. § 3685 and a representative copy of a recent mailing statement (form 3541). Additionally, please provide the following information, to the extent available, for each such publication.

- a. shape (letter/flat);
- b. average number of mailed pieces per issue;
- c. average weight per piece;
- d. average total print order per issue;
- e. printer and ZIP Code where printed;
- f. percent at each presort level (carrier route, 5-digit, 3-digit and basic);
- g. for each presort level, the percent that is pre-barcoded;
- h. percent qualifying for each per-piece discount provided under current rates;
- i. percent that is palletized;
- j. percent editorial content;
- k. percent of advertising pounds entered in each zone;
- l. average number of pieces per bundle;
- m. for sacked pieces, average number of pieces per sack;
- n. for palletized pieces, average number of pieces per pallet.

TW et al./MH-4

- a. Did McGraw-Hill, any agent of McGraw-Hill, or anyone with whom it is associated, at any time after the filing of Time Warner et al.'s complaint in this docket in January 2004, attempt to estimate the impact of the proposed rates on specific McGraw-Hill publications?
- b. If yes, please:

- (1) identify the publications for which such an analysis was attempted;
 - (2) describe the method used to perform the analysis; and
 - (3) describe the results obtained.
- c. Please also answer the following for each publication identified in your response to subpart b.
- (1). Was one or more mail.dat files used in the analysis? If yes, please provide an electronic copy of each mail.dat file used.
 - (2) Was an Access file generated in the process of analyzing the mail.dat information? If yes, please provide an electronic copy of the Access files used.
 - (3) Was an Excel spreadsheet generated in the process of analyzing the mail.dat information? If yes, please provide an electronic copy of the Excel files used.

TW et al./MH-5 Please provide a table that indicates, for each McGraw-Hill publication that is mailed under Periodicals rates, how fulfillment is performed for that publication – that is the planning of bundles at different presort levels to contain the individual mailed pieces, and of sacks and pallets at different presort levels to contain the individual bundles for a given issue. Specifically, indicate for each such publication which of the following apply:

- a. fulfillment is performed manually, without any aid of a computer;
- b. it is performed using a computer program or methodology developed specifically for that publication;
- c. it is performed using a commercially available computer software program;
- d. the program used for fulfillment has the capability to count the number of bundles, sacks and pallets produced by a given mailing;

- e. the program used for fulfillment contains various optional parameters whose setting affects the number of bundles, sacks and pallets produced by a given mailing;
- f. the printer, rather than the individual publication or its owner, assumes responsibility for the fulfillment function, after the publisher provides a list of addresses to which the publication is to be mailed;
- g. mail.dat files are generated for each issue.

TW et al./MH-6 Referring to your response to TW et al./MH-5, for each McGraw-Hill publication for which mail.dat files are normally generated, please provide an electronic copy of such a file for a typical issue.

TW et al./MH-7

- a. Please estimate as closely as possible the number of McGraw-Hill publications that currently participate in: (1) a co-mailing program; or (2) a co-palletization program.
- b. Additionally, please identify those publications and for each such publication state:
 - (1) where it is being co-mailed or co-palletized;
 - (2) whether, if it is co-palletized, it is also being co-mailed;
 - (3) whether it is also part of a pool shipment program arranged by a printer or consolidator.

TW et al./MH-8

- a. For each McGraw-Hill publication that currently is distributed by the Postal Service under Outside County Periodicals rates, and for which at least a

portion of the volume is entered into the postal system in sacks, please state whether or not the publication sometimes enters 5-digit or 3-digit sacks that contain six or fewer pieces.

- b. If this occurs, then provide, for a typical issue, estimates of:
 - (1) the number of 5-digit sacks with respectively one, two, three, four, five and six pieces; and
 - (2) the number of 3-digit sacks with respectively one, two, three, four, five and six pieces.

TW et al./MH-9

- a. For each McGraw-Hill publication, if any, where in response to the preceding interrogatory you indicated that at least some 5-digit or 3-digit sacks with six or fewer pieces are entered into the postal system, please explain all reasons for this practice. If one such reason is the desire to assure faster delivery, please describe and provide references to all studies you are aware of, by McGraw-Hill or other parties, that demonstrate that the practice leads to faster delivery than if the pieces were entered in containers with more pieces but lower presort.
- b. Additionally, please describe whether, and if so how, McGraw-Hill would be likely to change its current practice regarding sacks with six or fewer pieces, if the alternative rates proposed in Time Warner et al.'s complaint were to take effect.

- a. Please confirm that on the Aviation Week website, as of July 22, 2004, the yearly subscription price for Aviation Daily was given as follows:

Available Formats	Price Each
Email: Text/ASCII	\$1,785
Email: PDF	\$1,785
Print: U.S. Delivery	\$1,785
Print: Non U.S. Delivery	\$1,985

- b. Additionally, please answer the following:

- (1) For each of the four formats indicated in the table, how many Aviation Daily subscribers currently receive the publication in that format?
- (2) For each format, what is the average marginal annual cost of serving one additional subscriber using that format?
- (3) Where are the printed copies printed? If in more than one location, please indicate all such locations.
- (4) Are the printed copies for U.S. delivery delivered by the Postal Service under Periodicals rates? If not, how are they delivered? If yes, are they entered at the originating post office? If they are not entered at the originating post office, please describe the degree to which they are transported closer to the DDU, whether airlift is used, etc.
- (5) What is the average delay in delivery for the printed copies delivered in the U.S. relative to those that are e-mailed?
- (6) Are the printed copies delivered as letters or as flats?
- (7) Can some of Aviation Daily's editorial content be accessed on a web site? If yes, who is allowed such access?
- (8) Can all of Aviation Daily's editorial content be accessed on a web site? If yes, who is allowed such access?

- a. Please confirm that the publication called Homeland Security and Defense, described on the Aviation Week website, is a weekly publication. If not confirmed please explain.

- b. Please confirm also that the annual subscription price shown on the website, as of July 22, 2004, was \$649, regardless of whether it is (i) emailed in Text/ASCII format; (ii) emailed in pdf format; (iii) printed and delivered in the U.S.; or (iv) printed and delivered outside the U.S..

- c. Additionally, please answer the following:
 - (1) How many Homeland Security and Defense subscribers currently receive each of the four formats indicated in part b above?
 - (2) For each of the formats indicated, what is the average marginal annual cost of serving one additional subscriber using that format?
 - (3) Where are the printed copies printed? If in more than one location, please indicate all such locations.
 - (4) Are the printed copies for U.S. delivery delivered by the Postal Service under Periodicals rates? If not, how are they delivered? If yes, are they entered at the originating post office? If they are not entered at the originating post office, please describe the degree to which they are transported closer to the DDU, whether airlift is used, etc.
 - (5) What is the average delay in delivery for the printed copies delivered in the U.S. relative to those that are e-mailed?
 - (6) Are the printed copies delivered as letters or as flats?
 - (7) Can some of Homeland Security and Defense's editorial content be accessed on a web site? If yes, who is allowed such access?
 - (8) Can all of Homeland Security and Defense's editorial content be accessed on a web site? If yes, who is allowed such access?

- a. Please confirm that the publication called Inside Energy, described on the Platts website, is a weekly publication. If not confirmed, please explain.
- b. Please confirm also that, as of July 22, 2004, the annual subscription price shown on the website was \$1,760 for the print version and \$1,460 for the web version.
- c. Please confirm also that the “web version” consists of access to a PDF file, and that subscribers to the web version also receive a daily supplement called “Inside EnergyExtra” for free. If not confirmed, please explain.
- d. Additionally, please answer the following:
 - (1) How many subscribers to Inside Energy receive the printed and how many receive the web version?
 - (2) Does the printed version contain any information that the web version does not? If yes, what if any portion of the printed editorial content is lacking from the web version?
 - (3) Where are the printed copies printed? If in more than one location, please indicate all such locations.
 - (4) Are the printed copies for U.S. delivery delivered by the Postal Service under Periodicals rates? If not, how are they delivered? If yes, are they entered at the originating post office? If they are not entered at the originating post office, please describe the degree to which they are transported closer to the DDU, whether airlift is used, etc.
 - (5) What is the average delay in delivery for the printed copies delivered in the U.S. relative to the time the web version becomes available to subscribers?
 - (6) Are the printed copies delivered as letters or as flats?

- (7) What is the average annual marginal cost (including postage, transportation and printing costs) of serving one additional subscriber to the printed version?
- (8) What is the average annual marginal cost (including postage, transportation and printing costs) of serving one additional subscriber to the web version?

TW et al./MH-13 Is electronic delivery currently offered as an alternative to hardcopy delivery for Aviation Week? If no, please explain why not, and state whether there are plans to offer an electronic delivery option in the future. If yes, in what format is it offered?

TW et al./MH-14 Please confirm that electronic delivery of Business Week currently is available, in a format that can be read with the aid of the free Zinio reader. Additionally, please estimate the number of subscribers that currently receive Business Week in electronic form.

TW et al./MH-15 Assume that the rates proposed in the Time Warner Inc. et al. complaint were to take effect. Please explain how McGraw-Hill would, in the near and long term, modify mailing practices for its different publications in response to such a change.