

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

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

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Docket No. C2004-1

RESPONSES OF AMERICAN BUSINESS MEDIA TO  
TW et al./ABM-T2-1-9  
(September 28, 2004)

American Business Media hereby provides the responses to Time Warner Inc., et al.'s Interrogatories TW et al./ABM-T2-1-9, filed September 14, 2004.

The interrogatories are stated verbatim and followed by the response.

Respectfully submitted,

/s/ David R. Straus  
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September 28, 2004

## Response of ABM to TW et al./ABM-T2-1

### TW et al./ABM-T2-1:

Please provide a list of all VNU owned or operated publications and the projected rate impact (in dollars and as a percentage of current postage) upon each title if the proposed rates were implemented.

### RESPONSE

The titles published by VNU are listed below. The impact of the proposed rates on 25 of these titles is shown in Exhibit LB-1, lines 91-115.

Adweek	Incentive
American Artist	Kirkus Reviews
Amusement Business	Kitchen & Bath
Apparel	Business
Architectural Lighting	Mediaweek
Architecture	Meeting News
Backstage	Multi Housing News
Backstage West	National Jeweler
Beverage Aisle	Photo District News
Beverage World	Potentials
Billboard	Presentations
Brandweek	Progressive Grocer
Business Travel News	Restaurant Business
Commercial Property	Retail Merchandiser
News	Ross Reports
Contract	Sales & Marketing
Convenience Store	Management
News	Shoot
Display Design Ideas	Sporting Goods
Editor & Publisher	Business
Embroidery/Monogram	Successful Meetings
Bus.	The Gourmet Retailer
Film Journal	The Hollywood
International	Reporter
Foodservice Director	Training
Hospitality Design	Watercolor
Impressions	

## **Response of ABM to TW et al./ABM-T2-2**

### **TW et al./ABM-T2-2**

Have you conducted any analyses to determine if any changes in mailing behavior could be made to mitigate the impact of the proposed rates upon the VNU publications? If the answer is yes, please provide copies of all such analyses and the data on which they were based (e.g., mail.dat files).

### **RESPONSE**

No.

**Response of ABM to TW et al./ABM-T2-3**

**TW et al./ABM-T2-3**

Please provide a recent representative mail.dat file for each VNU publication.

**RESPONSE**

Objection filed September 23, 2004.

## Response of ABM to TW et al./ABM-T2-4

### TW et al./ABM-T2-4

On page 6, lines 15-18, you state: "But there is also no doubt that of the 25,000 or so outside-county Periodicals in the mail (Tr. 1041), a good number would be staring at increases of the type portrayed at the upper end of the range on my exhibit with no reasonable opportunity to change their mailing practices."

- a. Have you done any analysis to substantiate this claim?
- b. Have you done any analysis to determine how the increases would change if they could change their mailing behavior?
- c. Please identify how many publications is a "good number."
- d. Please identify why these publications have "no reasonable opportunity to change their mailing practices."

### RESPONSE

- a. No, my testimony is based upon my experience in the industry, not "analysis."
- b. I have not, but I certainly agree that there are steps that some mailers could take, in theory, to reduce the increases from the proposed rates, just as, I suppose, they could in theory make changes to make the increases larger. Clearly, making fewer and therefore larger bundles, sacks and pallets would lessen the adverse impact of the proposed rates on postage charges, as would, in many cases, switching from sacks to pallets and increasing drop shipping. Two questions are whether publishers can make those changes, based upon the mailing characteristics and service needs of individual publications and printers, and how much it would cost them in terms of printer and software costs to make the changes.

### **Response of ABM to TW et al./ABM-T2-4**

c. I have no specific number in mind. The thought I meant to convey is that there are enough publications that would face large increases with little or no opportunity to avoid the cost increases to be of concern to the Commission.

d. They can fall into this category for a number of reasons. They may be weeklies with service needs that cannot be met if they are co-palletized or co-mailed. They may be tabloid-sized, which essentially precludes co-mailing at probably any plant and certainly at any printer that prints only a few. They may be newspapers of the type described in the NNA testimony. They may be printed by very small printers without the volume, floor space and/or capital to co-mail or co-palletize. They may have such small volumes that increasing sack and bundle sizes would do little to offset the increases. You have to remember that the country's large printers print a comparatively small number of Periodicals. QuadGraphics, with its multiple printing plants, is a good example. It prints an awful lot of copies, but only 171 titles, according to witness Schick.

## **Response of ABM to TW et al./ABM-T2-5**

### **TW et al./ABM-T2-5**

On page 8, line 27-page 9, line 2, you state: "Rather, the rates for supplemental mailings are higher because the Postal Service's costs for these smaller, less work-shared mailings are higher, and the cost based rates in effect today reflect those cost differences." What percentage of the cost differences are actually reflected in the rates that are in effect today?

### **RESPONSE**

I don't know.

## Response of ABM to TW et al./ABM-T2-6

### TW et al./ABM-T2-6

- a. Who performs the presort for VNU publications?
- b. Does this provider utilize parameters that define minimum package size, minimum sack size, and minimum pallet size prior to actually performing the presort?

### RESPONSE

- a. It varies with the publication. In some cases it is fulfillment houses and in other cases printers.
- b. Yes.

## **Response of ABM to TW et al./ABM-T2-7**

### **TW et al./ABM-T2-7**

On page 14, lines 14-16 you state: "For another, the ability to make four 20,000 circulation publications look for postal purposes like on 80,000 publication is unlikely to lead to substantial improvement in the ability to avoid sacks and the worst of the proposed rates." Please provide all mail.dat files and analyses that you have conducted to reach this conclusion.

### **RESPONSE**

This testimony is based on my experience, not any analysis. After reading this question, I decided to take a look at the publications on Exhibit LB-1 to see the effect on Periodicals in the 70,000 to 90,000, in other words those near my hypothetical 80,000. I counted ten, with nine of the ten experiencing increases. The average impact (on all ten) is an increase of 8.5%. And because we're talking now about co-mailing or co-palletizing, we also must consider the cost performing the co-mailing or co-palletizing.

## Response of ABM to TW et al./ABM-T2-8

### TW et al./ABM-T2-8

On page 5 you describe a study of 144 publications, belonging to five ABM member organizations. The exhibit at the end of your testimony summarizes the results. A single Excel file, containing four worksheets, each presenting summaries of results for certain publications, whose numbers add up to 144, was provided to Time Warner, Inc. et al. by ABM.

- a. Please describe your own role in carrying out this study, both with regard to VNU owned publications and those owned by other organizations.
- b. If you did not personally perform the analysis of VNU publications in this study, who did?
- c. If you did not personally coordinate the effort to summarize the analysis into the exhibit shown in your testimony, who did?
- d. If you did not personally coordinate the effort to produce the Excel file mentioned above, who did?
- e. How many VNU owned publications are included in the set of 144, and how were they selected from among all VNU publications? Please identify the VNU publications that were studied.
- f. Please confirm that Crain Communications was one of the other media organizations whose publications were analyzed in this study.
- g. Please identify the other ABM organizations whose publications were analyzed in this study.
- h. Please confirm that the analysis involved the creation, for each publication, of one Excel spreadsheet, into which were copied results from an Access program provided by Complainants. Please provide a copy of each such Excel spreadsheet (the identities of particular publishers and publications may be masked, and/or materials may be submitted subject to the terms of the existing Nondisclosure Agreement between ABM and Time Warner, Inc. et al, dated August 27, 2004).
- i. Please provide the mail.dat files used in the analysis (the identities of particular publishers and publications may be masked, and/or materials may be submitted subject to the terms of the existing Nondisclosure Agreement between ABM and Time Warner, Inc. et al., dated August 27, 2004).

## Response of ABM to TW et al./ABM-T2-8

### RESPONSE

a. First, the exhibit actually includes data for 153 publications, not 144, because line 77 includes 5 co-palletized titles, line 78 includes nine co-palletized titles and lines 132-34 repeat line 131. A corrected and enhanced exhibit is being filed in response to POIR-3. My role in the preparation of the Exhibit was that I performed the calculations for the VNU titles contained in that exhibit.

b. Not applicable.

c. I have been advised that the work of taking the data provided by each of the American Business Media members that calculated impact and creating the exhibit was performed by a law clerk at Thompson Coburn, working under the supervision of American Business Media's counsel.

d. I have been advised that the work of preparing the Excel file provided to the complainants was performed by a law clerk at Thompson Coburn, working under the supervision of American Business Media's counsel

e. We produce 46 domestic, outside-county Periodicals. I analyzed 25 (for these purposes counting two co-stitched titles as one). I chose those 25 because mail.dat files were immediately available, and I had a deadline for providing the analysis. If the names of the publications are truly needed, we can provide them under a nondisclosure agreement.

## Response of ABM to TW et al./ABM-T2-8

f. Confirmed.

g. I understand that the others (besides VNU and Crain) were Reed Business, PennWell and ComputerWorld, although I did not know that until recently.

h. I can confirm that, for VNU, the analysis included the creation of a spreadsheet for each publication, although I viewed the information on my computer and never actually printed (or saved) it. I do not have and never had the spreadsheets for the publications of other publishers. After shipping my summary sheet to counsel in the spring, that is, the sheet that has already been provided to the complainants, I did not save the data.

i. I do not have and never had mail.dat files for the other publishers that calculated impact. Mail.dat files are not normally saved, and I did not save the mail.dat files I used to calculate the impact on VNU publications. Keep in mind that, at the time I calculated this impact, I had no idea that I would be testifying in this case.

## Response of ABM to TW et al./ABM-T2-9

### TW et al./ABM-T2-9:

Please provide the following information, to the extent that it can be extracted from mailing statements, mail.dat files or any other available sources, for each VNU publication that is mailed under Periodicals rates.

- (1) frequency of publication;
- (2) average mailed volume per issue;
- (3) average weight per piece;
- (4) average total print order per issue;
- (5) printer and Zip code where printed;
- (6) percent at each presort level (carrier route, 5-digit, 3-digit and basic).
- (7) for each presort level, the percent that is pre-barcoded;
- (8) percent qualifying for each per-piece discount provided under current rates;
- (9) percent that is palletized;
- (10) percent editorial content;
- (11) percent of advertising pounds entered in each zone;
- (12) average number of pieces per bundle;
- (13) for sacked pieces, average number of pieces per sack;
- (14) for palletized pieces, average number of pieces per pallet;  
and
- (15) the minimum number of pieces per sack, as currently set for this publication in the fulfillment program used.

### RESPONSE

Some of this material can be found in Exhibit LB-1.

## **Response of ABM to TW et al./ABM-T2-9**

As for the remainder, an objection was filed on September 23, 2004.