

UNITED STATES OF AMERICA
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Complaint of Time Warner Inc. et al.)
Concerning Periodicals Rates)

Docket No. C2004-1

**RESPONSE OF NATIONAL NEWSPAPER ASSOCIATION
(NNA) WITNESS CREWS
TO FIRST SET OF INTERROGATORIES OF TIME WARNER et al.
TW et al/NNA T2 1-7
(September 30, 2004)**

National Newspaper Association witness Crews hereby provides responses to the first set of interrogatories of Time Warner et al. The interrogatories are stated verbatim and followed by the responses.



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TW et al./NNA-T2-1. You discuss in some detail various possible negative consequences for Cameron Citizen Observer.

- a. Did you try to estimate precisely how much the Citizen Observer's postage bill would change if the proposed rates were to take effect?
- b. Did you try to analyze ways that the Observer might adjust to a new set of rates by changing its mailing practices, for example by placing more mail pieces in each sack and thereby using fewer sacks?
- c. In the paragraph that begins at the bottom of page 7 you discuss the impact a sack charge might have on the Cameron Citizen Observer. In reaching your conclusions, did you consider the possibility that the added sack charge might be offset by reduced charges for pieces and pounds?
- d. At page 10 you discuss the possible impact on seven subscribers who reside in Zone 7 and suggest that their subscription rate might have to be raised by \$20 per year. Assume that the postage for mailing to those seven subscribers really were to increase by \$20 per year but at the same time the postage for mailing to subscribers who live locally were to decline, leaving the overall postage bill the same as before. Do you believe that the paper then would still raise the subscription rate for the seven subscribers in Zone 7? Please explain your answer.

RESPONSE:

- a. No. My goal was to examine the negative effect upon some of the newspaper's subscribers, not of the newspaper overall, a much more complex task that defeated even NNA's leading postal expert Max Heath, who is also a witness in this case.
- b. No.
- c. No, but looking at the pieces most affected by the sack charges, I would assume the savings for the pieces and pounds associated with these pieces would have to be pretty dramatic to make any difference.
- d. Most small newspapers consider the pieces mailed to distant subscribers to be primarily a service. These readers are not significant to local advertisers. But they are important to the newspaper's mission of being a primary information provider for its area. And many local newspapers are the sole source of news for former residents. So they try to do what they can. But most of them charge an out of town subscription rate, so they can pass on all or most of the extra postage charge incurred by serving these readers. I would expect most of our publishers to continue that policy, regardless of what happens to the rest of their postage bills.

TW et al./NNA-T2-2. Referring again to the seven subscribers who reside in Zone 7:

- a. How many, if any of the seven are “snowbirds,” and how many reside in Zone 7 permanently?
- b. You make the assumption (at p. 10, lines 6-7) that one ADC sack would contain the copies for all seven subscribers. Have you verified that they in fact live in the same ADC area? If they do not, over how many different service areas are the seven spread? If you don’t know, please provide the three-digit ZIP code area in which each of the seven resides.
- c. Assume that rather than being entered in an ADC sack the seven copies were entered in a Mixed ADC sack. Please confirm that the per-copy sack charge in that case would be about 22 cents per copy, rather than 46 cents.
- d. How many subscribers reside permanently in each of Zones 6, 5, 4 and 3?
- e. What would be the per-copy sack charge for out-of-state copies if all of them, including the seven to Zone 7, were to share the same Mixed ADC sack, or (if that would exceed the Postal Service’s maximum limit on sack weight) if they were placed in as few MADC sacks as possible? Please explain your answer.

RESPONSE:

- a. I do not know. The newspaper circulation office believes most of these are actually permanent residents in that area, but it is possible some are snowbirds
- b. I have not. I used the example for purposes of illustration only. It is certainly possible that these subscribers would be found in one ADC, but probably not very likely in this case. The newspaper was not able to match the pieces from Zone 7 with subscribers' names and addresses because its mailing report and subscriber programs are on separate platforms and do not interact. The circulation office, however, observes that Zone 7 subscribers would probably be northern California residents
- c. Yes, it would be a \$1.55 sack charge under this proposal, divided by 7 copies.
- d. I did not examine those zones for purposes of my testimony, but the publisher reports to me that for the period I was considering the paper had the following in the zones you request.

Zone 3: 22 pieces

Zone 4: 14 pieces

Zone 5: 15 pieces

Zone 6: 10 pieces

Zone 7: 7 pieces

I do not know whether they are permanent residents in those zones. The snowbirds are most likely to be found in Zones 5 and 6, I believe, which would cover warm climates in Texas and Arizona.

- e. The cost would be 2.2 cents if all retained their subscriptions. However, experience would suggest the service would be so slow and unpredictable that the publisher would not likely be able to retain those subscribers. Most likely, then, the cost would be zero, as that mail would cease to exist.

TW et al./NNA-T2-3. You discuss at length the need for the Cameron Citizen Observer to hold on to the subscribers who become “snowbirds” during part of the year.

- a. In a typical year, how many in-county and how many outside county subscribers turn into snowbirds?
- b. For how many weeks on the average is a “snowbird” gone from home?
- c. What are the most common destinations for the “snowbird” subscribers to this newspaper? Are there clusters were (sic) several of them live in the same 5-digit ZIP code, or in the same 3-digit ZIP code? Please explain as fully as possible.

RESPONSE:

- a. I asked the circulation manager to estimate from personal experience, since the newspaper was unable to retrieve that information from computer records. The answer was: approximately 20 residents, primarily from within the county.
- b. From our area, most leave Missouri between Thanksgiving and Christmas and return around the first of April.
- c. Arizona and Texas are popular destinations, with a few maybe to Florida, and possibly some areas in Arkansas. The newspaper believes that the only area that might attract clusters that could be aggregated by zip code would be in the Phoenix area in the 853 or 852

3 digit zip code. But it was unable to retrieve actual subscriber records to test that theory.

TW et al./NNA-T2-4. Please provide the following additional information about the Cameron Citizen Observer.

- a. What is the weight of a typical copy, and how much does it vary from issue to issue?
- b. Please describe the format of the paper. Is it a tabloid? What are the dimensions before the paper is folded? How many ways is it folded before it is mailed? Are copies wrapped in paper, polywrap or other protective material?
- c. What percent of the copies are pre-barcoded?
- d. Of the 384 outside county copies, how many go to the three other counties in the four-county area? How many are local to the Cameron post office? .
- e. How many of the 384 outside county copies go outside the four counties but stay in the St. Joseph/Kansas City area?
- . How many of the 384 outside county copies go outside the four counties but stay within postal Zones 1&2, i.e., within 150 miles of the originating office?
- g. What is the average percent editorial content? Please provide an estimate even if you do not know the precise number.

RESPONSE:

- a. About 4.6 ounces without much variation.
- b. It is a broadsheet, measuring 13 x 22 inches. It is half folded for mailing and not wrapped.
- c. None.
- d. To respond to this question, I asked the newspaper to examine its most recent USPS qualification report, as the report used to help in my analysis in previous weeks was no longer available to the circulation director. It showed a slight reduction in outside county copies for a total of 364 copies.

18 go to Gallatin in Daviess county, 12, to Maysville in DeKalb county; 20 to Hamilton in Caldwell county. Some of the copies in the Cameron post office also go outside the county, as the newspaper sits on a county line, but I was unable to determine what percentage did so. The newspaper reports that 43 go to Cameron 64429.

- e. See my response to part a. above for the total of 364 copies. Of those, the following pieces total 79 to these areas:

Weatherby 10

St Joseph 4

Liberty 13

St. Joe SCF 24

Kansas City 20

SCF Kansas City 18

- f. The newspaper reports that 296 copies remain within Zones 1 and 2
- g. About 50%

TW et al./NNA-T2-5. You indicate that the copies of the Observer that are not local to Cameron travel to St. Joseph in 5-digit, 3-digit, ADC and mixed ADC sacks.

- a. Consider a typical mailing in a season when most of the “snowbirds” are gone.
 1. How many 5-digit sacks are sent to St. Joseph, and what is the average number of copies in those sacks? How many of those sacks travel outside the St. Joseph/Kansas City area?
 2. How many 3-digit sacks are sent to St. Joseph, what is the average number of copies per sack, and how many of those sacks travel outside the St. Joseph,/Kansas City area?
 3. How many ADC sacks are sent to St. Joseph, what is the average number of copies in those sacks, and how many of them are to outside the St. Joseph/Kansas City area?
 4. How many Mixed ADC sacks are sent to St. Joseph and what is the average number of copies in those sacks?
- b. Please answer the four questions in part a above for a typical mailing in a season when most of the “snowbirds” are home.

RESPONSE:

- a. I was unable to obtain a detailed report from a snowbird season, but have information for a regular mailing below.
- b. I looked at a typical recent mailing during a regular non-snowbird week in September.
 1. The following are 5 digit sacks, with their piece counts:

Osborn: 3 pieces

Gallatin: 5 pieces
Lathrop: 6 pieces
Plattsburg: 12 pieces
Maysville: 19 pieces
Hamilton: 10 pieces
Cameron: 3 pieces and 2 pieces (2 sacks)
Chillicothe: 8 pieces
Kearney: 6 pieces
Gladstone: 6 pieces

All of those destinations are within the Kansas City/St Joseph area.

2. The following are 3 digit sacks:

644 sack: 6 pieces
662 sack: 9 pieces
646 sack: 11 pieces
640 sacks: 15 pieces and 8 pieces (2 sacks)
641 sacks: 15 pieces
645 sacks: 7 pieces

All of those 3 digit ZIP codes are for areas within greater Kansas City or St. Joseph, with the exception of Chillicothe.

3. The following are ADC sacks:

Area Dist Ctr 54240 8 pieces

Area Dist Ctr A630 10 pieces

Area Dist Ctr 64240 20 pieces

Area Dist Ctr 64240 6 pieces

The first two sacks appear to be destinating outside of the St. Joseph/Kansas City area: one to the St. Louis area and one to Wisconsin.

4. There were 9 mixed ADC sacks, with an average of 9 pieces.

TW et al./NNA-T2-6 How many post offices at which mail could be entered are there in the four-county area served by the Citizen Observer? Please indicate the ZIP code for each such post office.

RESPONSE:

The newspaper could potentially enter mail also in Gallatin, 64429, and Hamilton, 64644.

is entered in tubs rather than in sacks.

- a. Is the Atchison County Mail a weekly newspaper? If no, what is it?
- b. Please indicate the total mailed outside county circulation, average weight per copy, average percent editorial content and format (e.g., whether a tabloid, dimension when unfolded, number of times folded before mailed, etc.) for the Atchison County Mail.
- c. How many copies of the Atchison County Mail are mailed out of state: (1) during snowbird season; and (2) when most snowbirds are home?
- d. When Mr. Farmer enters his out-of state copies in tubs, does he presort the copies into different tubs according to where they are going (e.g., to a specified ADC) and label the tubs accordingly, or does he just put all the out-of-state copies in the same tub (or several tubs if they don't fit in one)? Does he put presorted bundles into the tubs or just individual copies?
- e. What is the sectional center facility (SCF) or processing plant to which the tubs with out-of-state mail are taken after Mr. Farmer has entered the tubs at the Rock Port post office?
- f. Is it your impression that the tub(s) with Mr. Farmer's out-of-state copies are emptied when they get to the SCF/processing center identified in part e above? If not, what, according to your understanding, is done with the tubs?

RESPONSE:

- a. It is a weekly newspaper.
- b. Total outside county mail was 371 copies for the week I considered, with an average weight of .17 pounds, an average editorial content at about 50%. It is a 13 x 11 inches page tabloid and is folded once for mailing.
- c. About 220 when snowbirds are gone and 200 when they are at home.
- d. He uses three tubs: two to St. Joseph and one to mixed states. He does not use presorted bundles.
- e. Mr. Farmer believes they go to Kansas City Kansas, although he was not certain.
- f. He assumes the tubs are emptied and worked in Kansas City, KS.