

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

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

Docket No. C2004-1

FOLLOW-UP INTERROGATORIES OF TIME WARNER INC. ET AL.
TO AMERICAN BUSINESS MEDIA WITNESS CAVNAR
(TW ET AL./ABM-T1-10-12)
(October 4, 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 to American Business Media (ABM) witness Cavnar (ABM-T-1).

Time Warner Inc. et al. request that, in responding to these requests, ABM follow the guidelines set out in Time Warner Inc. et al.'s First Set of Interrogatories to ABM, filed July 27, 2004, which are incorporated by reference herein. If witness Cavnar is incapable of providing an answer to any question, it is requested that an answer be provided by another person capable of providing an answer.

Respectfully submitted,

s/ _____
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**FOLLOW UP INTERROGATORIES OF TIME WARNER INC. ET AL. TO WITNESS
CAVNAR (ABM-T-1)**

TW et al./ABM-T1-10 Please refer to your response to TW et al./ABM-T1-8.

You state that you did not analyze any particular titles to substantiate your belief that many publications would switch to Standard mail if the proposed rates were to take effect, but that your experience justifies such a conclusion. You indicate that your experience indicates roughly a 20% present rate differential between Periodicals and Standard, and point to the fact that eleven, or about eight percent, of the publications in witness Bradfield's exhibit LB-1 are shown with increases over 20%. Extrapolating the eight percent "to the 25,000 or more Periodicals in the mail," you claim that this shows your initial claim, about many Periodicals converting, to be accurate.

- a. Are you familiar with the postal regulations for preparing Standard flats in sacks?
- b. Are you familiar with the differences in make-up requirements between Periodicals and Standard flats?
- c. Are you familiar with the 125 pieces or 15 pounds minimum for sacks of Standard flats, as spelled out in DMM sections M610.4 and M820.5?
- d. In drawing the conclusion that many Periodicals would switch to Standard if the proposed Periodicals rates were to take effect, did you assume that those Periodicals could simply switch to Standard rates without any change in preparation method? If no, what types of changes did you think they would make?

- e. Would it surprise you if a detailed analysis were to show that practically all the Periodicals whose postage would increase by 20% or more under the proposed rates are entered in sacks that contain far less than the minimum that would be required if they were mailed under Standard rates?
- f. Please assume, for the purpose of answering the following, that the proposed rates are about to be implemented and that a given Periodical faces a 25% postage increase. Assume further that the mailer investigates the use of Standard rates and learns that he would pay only 20% more than at present, i.e., 5% less than he would have to pay under the new Periodicals rates. However, he also learns that in order to qualify for Standard rates, his publication would have to be prepared differently, using many fewer sacks, and that with such a change in preparation method he could qualify for Periodicals rates that are no higher than those he used to pay, or 20% less than what he would have to pay under Standard rates. Under the above hypothetical, what do you believe is the likelihood that the mailer would: (1) stay with Periodicals rates, make no change in preparation method and therefore pay 25% more postage than before, (2) change his preparation method to qualify for Standard rates and pay 20% more under Standard rates; or (3) change his preparation method but stay with Periodicals rates and pay no more in postage than at present? Please explain your answer and indicate what other factors you believe might affect this mailer's decision.

TW et al./ABM-T1-11 Please refer to your answer to TW et al./ABM-T1-1. Is your confidence that Hanley Wood's titles would not be adversely impacted by the proposed rates based solely on the fact that you use co-palletization? If no, please

explain which other characteristics of your titles you believe would insulate them against any adverse impact of the proposed rates.

TW et al./ABM-T1-12 Please refer to your answer to TW et al./ABM-T1-2.

Assume that the proposed rates are implemented. Even if you have not analyzed it fully, please describe what if any changes you believe Hanley Wood would make in its current mailing practices? Please explain also what role you personally would play in defining, planning and implementing such changes.