

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

**Postal Rate and Fee Changes, 2006 ) Docket No. R2006-1**

**FIRST INTERROGATORIES  
OF AMERICAN BUSINESS MEDIA  
TO MAGAZINE PUBLISHERS OF AMERICA/ALLIANCE OF NONPROFIT  
MAILERS WITNESS GLICK (MPA/ANM-T-2)**

ABM/MPA/ANM-T2-1 - 16  
(September 7, 2006)

Pursuant to Rules 25, 26 and 27 of the Rules of Practice, American Business Media (ABM) hereby submits interrogatories and requests for production of documents to MPA/ANM witness Glick. ABM asks that, in responding to these requests, MPA/ANM follow the guidelines set forth below.

If any request is deemed burdensome or seeks information that the respondent reasonably believes is confidential, please contact the undersigned counsel for ABM to discuss possible limitations or alternative requests.

If the witness to whom these interrogatories are directed is unable to provide a complete response, please provide a response by another witness, and if no such witness is capable of providing a complete response, please submit an "institutional" response. If an "institutional" response is provided, please provide the name or names of the persons responsible for the response.

If information requested 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 a privilege or confidentiality is claimed with respect to any information that is responsive to these requests, please describe the precise nature of any privilege claimed and describe information being withheld, including sufficient detail to enable a reasonable assessment of the claim of privilege or confidentiality.

If any information that would have been provided in response to these requests has been destroyed, please describe such data or documents and explain the circumstances under which they were destroyed.

Respectfully submitted,

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September 9, 2006

FIRST INTERROGATORIES OF AMERICAN BUSINESS MEDIA  
To MPA/ANM WITNESS GLICK  
(ABM/MPA/ANM-T2-1 – 16)

**ABM/MPA/ANM-T2-1.** Please define “very large” as you use the term on page 2, line 10.

**ABM/MPA/ANM-T2-2.** You state at page 2, lines 21 through 24, that the percentage increase faced by Periodicals mailers who engage in what you call “efficient practices” would be larger under the Postal Service’s proposal than the percentage increase faced by those who do not engage in these practices.

(a) Is this statement intended to support the notion that the “incentives” to engage in these practices should be larger than proposed by the Postal Service?

(b) Do you agree that an acceptable definition of “incentive” is “that which incites to action”? If not, please provide your definition.

(c) Please explain whether, and if so why, you believe that the Postal Service should provide rate “incentives” for co-palletizing and/or co-mailing to those who already engage in these practices.

(d) If the Postal Service were to provide “incentives” to those who already co-mail or co-palletize, what forms should those incentives take?

(e) Assume that there is a Periodicals mailer that is now capable of co-mailing or co-palletizing, but does not. Is it true that under the Postal Service’s proposal, the percentage increase for such a mailer would be larger if it chooses to co-palletize or co-mail than if it chooses not to engage in either of these practices?

(f) Assume the existence of two Periodicals mailers, each of which mails a Periodical weighing eight ounces with 50% editorial content and distribution spread throughout the country. Assume further that mailer A now co-palletizes and drop ships, but mailer B mails in origin-entered sacks. (i) Is it your testimony that, as a general rule, the Postal Service’s proposal would impose a higher *percentage* increase on mailer A than on mailer B. (ii) Is it your testimony that, as a general rule, the Postal Service proposal would impose a greater cents-per-copy increase on Mailer A than on Mailer B?

(g) Do you agree that the rate design you support, by increasing the “incentives” to those who now mail in sacks, would also increase the discount to mailers who already mail on drop shipped pallets? If not, why not?

**ABM/MPA/ANM-T2-3.** In our opinion, is it easier today for Periodicals to achieve co-palletization or to achieve co-mailing? Why?

**ABM/MPA/ANM-T2-4.** Do you believe that “most plant managers” would “welcome” mail on 1,500 pound pallets more than mail on 500 pound pallets? Why?

**ABM/MPA/ANM-T2-5.** Do you believe that “most plant managers” would “welcome” flat mail that is contained in an envelope more than flat mail with one bound edge and blow-in cards? Why?

**ABM/MPA/ANM-T2-6.** Please explain in detail why witness McCrery’s statement, which you quote at page 5, lines 17-18, that plant managers would “welcome” 5-digit pallets is a relevant ratemaking criterion.

**ABM/MPA/ANM-T2-7.** With respect to your proposed shift of a portion of the editorial benefit from the piece to the pound rates, (a) would relatively light or relatively heavy Periodicals benefit, and (b) at what weight “breakpoint” would this shift occur?

**ABM/MPA/ANM-T2-8.** With respect to Table 2 at page 9, please state: (a) how the seven publications were selected, (b) where and by what printer the seven publications are printed, (c) whether each of the publications is today (i) palletized, (ii) co-palletized, (iii) co-mailed, or (iv) drop shipped, (d) how you calculated the before and after rate increase postage assuming origin entered and co-mailed/drop shipped, and (e) the before and after cents per copy postage assuming origin entry and assuming co-mailed/drop shipped.

**ABM/MPA/ANM-T2-9.** With reference to Table 2 at page 9 and the testimony at page 9, lines 11-17, is it your testimony that any of the seven publications that are origin entered today would pay a greater percentage increase under the Postal Service’s proposal if they co-mailed and drop shipped than if they did not? If so, please explain and provide the necessary data to support your conclusion.

**ABM/MPA/ANM-T2-10.** Assume that an electric utility has time-of-day rates to encourage off-peak usage. Assume further that this utility now charges 10 cents per kWh during the on-peak hours and 4 cents per kWh during the off-peak hours. Assume that the utility seeks to increase its rates, such that the on-peak

rate would increase by 10% (to 11 cents) and the off-peak rate would increase by 15% (to 4.6 cents).

(a) Please confirm that, in this scenario, the percentage increase for the “behavior” that the utility wishes to encourage will be greater than the percentage increase for the “behavior” that it wishes to discourage.

(b) Please confirm that, in this scenario, the actual cost differential between on-peak and off-peak energy would increase by 6.7% (from 6 cents to 6.4 cents).

(c) Would it be “perverse” (testimony at 2, line 25) or “anomalous” (testimony at 9, line 11) for a utility to increase its rates as stated in the example if its goal is to increase its revenue while maintaining or increasing the incentive for switching from on-peak to off-peak usage? Explain your answer.

(d) If the utility in the example has a customer that, by virtue of the nature of its use, consumes electric energy only at night during the off-peak hours, is it appropriate, or would it be “anomalous,” for the utility or the regulator to provide this customer with an “incentive” to purchase during the off-peak hours? Explain.

**ABM/MPA/ANM-T2-11.** Please explain why “a way to analyze whether a rate design proposal encourages” a certain type of mail preparation is “to compare the postage incentive for performing these activities under the proposed set of rates with the incentive provided by the current rates,” (testimony at 9, lines 12-15), rather than to compare the postage savings resulting from performing those activities with the cost of performing them?

**ABM/MPA/ANM-T2-12.** Please confirm that comparing “the postage incentive for performing these activities under the proposed set of rates with the incentive provided by the current rates” (testimony at 9, lines 12-15) provides only a way to compare the level of incentive in the current rates with the level of incentive in the proposed rates, not whether incentive is adequate. If you cannot confirm, please explain.

**ABM/MPA/ANM-T2-13.** Assume that the Postal Service wished to provide an incentive to Periodical mailers to use DDU entry between 11:00 PM and midnight and, under current rates, offered a 1/10<sup>th</sup> of a cent per piece rate incentive for doing so.

(a) If the Postal Service proposed to increase the incentive to 2/10ths of a cent per piece, please explain how this increase in incentive permits analysis of whether the rate design actually encourages the entry sought.

(b) Please analyze whether the doubling of the incentive would encourage DDU entry between 11:00 PM and midnight if you assume further that the cost to the mailer of such entry is 5 cents per piece.

(c) Please confirm that an analysis of the efficacy of a discount to encourage entry of mail at a DDU between 11:00 PM and midnight requires information concerning the cost to the mailer of entering mail in this manner.

**ABM/MPA/ANM-T2-14.** With reference to Table 4 at page 11, where you provide selected data with respect to Periodicals analyzed by USPS witness Tang in Docket No. C2004-1, please provide the percentage increases resulting from the MPA/ANM rate proposal for each of the publications analyzed by witness Tang.

**ABM/MPA/ANM-T2-15.** Please define “small” as you use that word on page 12, line 21.

**ABM/MPA/ANM-T2-16.** With reference to the 45.11 pieces per sack that you use to develop per-piece container cost differences (testimony at 27, lines 17-20), does that figure reflect any increase in the number of pieces per sack that would result from the Postal Service’s rate proposal in this docket?