

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

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

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

ABM/MPA/ANM-T2-17 - 49  
(September 25, 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.

These requests are of a continuing nature, so that, for example, when interrogatories ask whether particular studies have been undertaken or specific data have been requested by or provided to MPA/ANM, those interrogatories are intended to cover any studies performed, or data collected, after the date of these requests and the responses.

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,

/s/ David R. Straus  
David R. Straus  
Attorney for American Business Media

Thompson Coburn LLP  
1909 K Street, NW  
Suite 600  
Washington, DC 20006-1167  
(202) 585-6921

September 25, 2006

SECOND INTERROGATORIES OF AMERICAN BUSINESS MEDIA  
To MPA/ANM WITNESS GLICK

(ABM/MPA/ANM-T2-17 – 49)

**ABM/MPA/ANM-T2-17.** In response to ABM/MPA/ANM-T2-1, you state that you view as “very large” an increase that is “much more than 10 percentage points higher than the average Periodicals Outside County increase.

(a) Do you have in mind how much more is “much more,” and if so, what is that amount?

(b) Have you used the term “very large” in a relative rather than an absolute sense?

(c) If the average Periodicals Outside County rate increase were 50%, would an increase of 55% not be a “very large” increase, as you have used the term?

**ABM/MPA/ANM-T2-18.** In response to ABM/MPA/ANM-T2-2(c), you state that the Postal Service should provide rate “incentives” to co-palletize or co-mail even to those who already engage in these practices. In response to ABM/MPA/ANM-T2-2(b), you define an “incentive” as something that incites or tends to incite to action or greater effort as a reward for increased productivity, or as a positive motivational influence.

(a) Assume that a mailer now palletizes 100%, or as close to 100% as physically possible, of its pieces. If there is a new “incentive” to palletize under consideration, what action or greater effort, what greater productivity or what motivation could that “incentive” incite or have with respect to this mailer?

(b) Assume that a mailer now co-palletizes and/or co-mails 100%, or as close to 100% as physically possible, of its pieces. If there is a new “incentive” to put mail on pallets, rather than in sacks, under consideration, what action or greater effort, what greater productivity or what motivation could that “incentive” incite or have with respect to this mailer?

(c) Is it important to your or MPA/ANM’s position in this case that the rate proposal by MPA be considered to be an “incentive” to those mailers already performing the worksharing activity that the proposal seeks to promote, or is it sufficient that it be viewed as an appropriate rate design to reward mailers for the worksharing activities they already perform? Explain.

**ABM/MPA/ANM-T2-19.** In response to ABM/MPA/ANM-T2-2(c), you state that not all mail that can be co-mailed or co-palletized is at the margin and that, for some mail, “even deeper discounts will be too small to compensate for the additional costs to the mailer.”

(a) Do you agree that there are some types of Periodicals mail that cannot now be co-mailed or co-palletized irrespective of any reasonable cost-based rate incentive that might be adopted (assuming that the mailer is unwilling to alter the basic nature of the publication)?

(b) If your answer to part (a) is in the affirmative, please explain your understanding of the types of Periodicals that cannot be co-mailed or co-palletized.

**ABM/MPA/ANM-T2-20.** Assume that there is a weekly publication that in order to obtain the delivery time deemed essential by the publisher must be air freighted immediately after printing and then entered into the mail and that, to obtain that delivery and assure that its editorial content is as fresh as possible, must be printed as soon as possible after its editorial closing time.

(a) Do you agree that it is possible that this Periodical cannot be co-mailed if it is to obtain the service deemed necessary? If not please explain.

(b) Do you agree that it is possible that this Periodical cannot be co-palletized if it is to obtain the service deemed necessary? If not please explain.

**ABM/MPA/ANM-T2-21.** Do you agree that co-mailing is generally not available for tabloid size publications? If not please explain.

**ABM/MPA/ANM-T2-22.** Do you agree that co-palletizing generally causes a delay of at least hours and sometimes days in the printing plant between printing and leaving the plant? If not please explain.

**ABM/MPA/ANM-T2-23.** Do you agree that, in general, co-mailing requires more sophistication and more capital investment by the mailer than does co-palletization? If not please explain.

**ABM/MPA/ANM-T2-24.** You state in response to ABM/MPA/ANM-T2-2(c) that if no rate incentive were offered to mailers that already co-palletize and co-mail, “it is likely that many of these mailers would stop engaging in these practices.”

(a) Do the present rates provide “no rate incentive” to those who already co-palletize or co-mail? If your answer is that present rates do in fact provide

such incentives, please list the features of the present Periodicals rates that provide such incentives.

(b) Do the rates proposed by the Postal Service provide “no rate incentive” to those who already co-palletize or co-mail? If your answer is that such proposed rates do in fact provide such incentives, please list the features of the USPS-proposed Periodicals rates that provide such incentives.

(c) To your knowledge, has any party in this or any other case suggested that there should be no rate incentives available to Periodicals mailers that present their mail on pallets, rather than in sacks? If so, please explain.

(d) Are there non-rate incentives, such as less damage during transportation and processing, that are enjoyed by Periodicals mailers who present their mail on pallets, rather than sacks? If so, please identify them.

**ABM/MPA/ANM-T2-25.** You state in response to ABM/MPA/ANM-T2-2(d) that subject to “tempering thought appropriate to avoid undue rate shock,” the Commission should set “discounts for co-mailing and co-palletizing that equal the costs that the Postal Service avoids from these activities.”

(a) Would your statement be equally true if “palletizing” were substituted for “co-mailing and co-palletizing”? Explain.

(b) Please identify the “discounts for co-mailing and co-palletizing” to which you refer?

(c) Should the “discounts” for co-palletizing be less than, the same size as or greater than the “discounts” for palletizing? Explain the reasoning underlying your response.

(d) Should discounts for worksharing always be equal to 100% of the Postal Services avoided costs, except where deviation is necessary to avoid “undue” rate shock? If not, please list the other possible justifications for such deviation.

(e) How should the Commission determine when an rate increase of a particular size will cause “undue” rate shock?

(f) Approximately what percentage of the mailers in a class, and if an appropriate standard, what percentage of the mail in a class would have to be facing “undue” rate shock in order to justify deviating from the 100% pass through of avoided costs?

**ABM/MPA/ANM-T2-26.** You agree in response to ABM/MPA/ANM-T2-2(e) that, even though you can't say for sure, a publication now mailed "solo" is likely to reduce its percentage increase under the Postal Service's proposal if it begins to co-mail or co-palletize, compared with its increase if it continues to mail solo.

(a) What further information would you require in order to provide an unequivocal response?

(b) Can you identify a publication or even describe a plausible but hypothetical "solo" publication that would not face a lower percentage rate increase under the Postal Service's proposal by beginning to co-mail or co-palletize? If so, please describe its mailing characteristics.

**ABM/MPA/ANM-T2-27.** You state in response to ABM/MPA/ANM-T2-3 that there are circumstances in which co-palletization is easier to achieve than co-mailing, and "vice versa." Are there any circumstances in which co-mailing is easier to achieve than co-palletizing? If so, please explain.

**ABM/MPA/ANM-T2-28.** In response to ABM/MPA/ANM-T2-4 through 6, you discuss what plant managers would "welcome," a concept you introduced in your testimony at page 5, lines 17-18.

(a) Is the extent to which plant managers would "welcome" mail presented in a certain way an additional factor beyond cost, or is it simply one way to view what types of mail presentation might be lower cost than alternatives?

(b) With respect to the comparison between flat mail in an envelope and flat mail with a single bound edge and blow-in cards (addressed in response to ABM/MPA/ANM-T2-5), isn't it also true that the latter type of mail could present automation induction problems, such as torn covers, and other processing problems not found with mail enclosed in an envelope, such that plant managers would prefer that all flat mail be in envelopes?

(c) Should the Postal Service charge less for flat mail in envelopes than for flat mail with one bound edge and blow-in cards, assuming all other mailing characteristics are identical? If so, why, and if not, why not?

**ABM/MPA/ANM-T2-29.** With reference to your response to ABM/MPA/ANM-T2-8 and to tables 2 and 3 in your testimony, please respond to the following: When you solicited the data that went into tables 2 and 3, did you limit your request only to publications that co-mail, and not to those that co-palletize? If so, why?

**ABM/MPA/ANM-T2-30.** With reference to your response to ABM/MPA/ANM-T2-8 and to tables 2 and 3 in your testimony, please respond to the following: In response to the request for the data, did you obtain data pertaining to only the seven co-mailed publications shown on tables 2 and 3? If not, please provide data equivalent to the data in tables 2 and 3 and in MPA-ANM-LR-4 for all of those publications for which you obtained data. (You may code the titles if necessary.)

**ABM/MPA/ANM-T2-31.** With reference to your response to ABM/MPA/ANM-T2-8 and to tables 2 and 3 in your testimony, please respond to the following:

(a) If you solicited data for both co-mailed and co-palletized publications but received data only for co-mailed publications, please provide an explanation of why the responses were limited.

(b) Did some publishers refuse access to their data? If so, why?

(c) Did some printers refuse to provide data? If so, why?

**ABM/MPA/ANM-T2-32.** With reference to your response to ABM/MPA/ANM-T2-8 and to tables 2 and 3 in your testimony, please respond to the following: If you did not examine any publications beyond those in your tables, why did you examine only co-mailed publications and not-co-palletized publications?

**ABM/MPA/ANM-T2-33.** With reference to your response to ABM/MPA/ANM-T2-8 and to tables 2 and 3 in your testimony, please respond to the following: Is it possible that the results for co-palletized publications would be different in meaningful ways than the results for co-mailed publications? Why?

**ABM/MPA/ANM-T2-34.** With reference to your response to ABM/MPA/ANM-T2-8 and to tables 2 and 3 in your testimony, please respond to the following: Please confirm that the increase in the number of carrier route presort pieces resulting from co-mailing shown in MPA-ANM-LR-4 would not have occurred if you had examined co-palletized pieces rather than co-mailed pieces. If you cannot confirm, please explain why.

**ABM/MPA/ANM-T2-35.** With reference to your response to ABM/MPA/ANM-T2-8 and to tables 2 and 3 in your testimony, please respond to the following: If it were to be demonstrated that the MPA/ANM proposal would lead to greater percentage increases for a substantial number of co-palletized publications than equivalent publications would experience as solo mail, would that be of concern, given your criticism (testimony at page 2, lines 21-24) that the USPS's proposal would cause larger percentage increases for those that engage in "efficient" practices than those who do not?

**ABM/MPA/ANM-T2-36.** With reference to your response to ABM/MPA/ANM-T2-8 and to tables 2 and 3 in your testimony, please respond to the following: Did you study the relative or absolute impacts of the MPA/ANM proposal on publications that are not now co-mailed (or co-palletized) to determine whether the conclusion you draw from the analysis performed on presently co-mailed publications—that is, that the MPA/ANM proposal provides greater incentives for moving mail out of sacks than does the USPS proposal—would also apply to publications that are not now co-mailed or co-palletized?

**ABM/MPA/ANM-T2-37.** With reference to your response to ABM/MPA/ANM-T2-8 and to tables 2 and 3 in your testimony, please respond to the following:

(a) What percentage of the total pieces shown on tables 2 and 3 was mailed on 5-digit pallets in the co-mail mode? (ii) What percentage was mailed on 5-digit pallets for the six remaining publications if the publication with the single highest number on 5-digit pallets is excluded from the calculation?

(b) Did co-mailing permit each of the seven publications to place at least some of its pieces on 5-digit pallets?

**ABM/MPA/ANM-T2-38.** With reference to your response to ABM/MPA/ANM-T2-8 and to tables 2 and 3 in your testimony, please respond to the following: If you can do so without violating any confidentiality agreements, please add columns to table 2 showing (i) the percentage increase for solo and (ii) the percentage increase for co-mailed and drop shipped under the MPA proposal. If doing so would violate confidentiality agreements, please explain why you are able to show the percentage increases under the Postal Service proposal but not under MPA/ANM's.

**ABM/MPA/ANM-T2-39.** With reference to your response to ABM/MPA/ANM-T2-8 and to tables 2 and 3 in your testimony, please respond to the following: For each publication in table 3, please state (i) what portion of the increased incentive results from the fact that MPA/ANM's proposal would produce lower rates than would that of the Postal Service for co-mailed and dropshipped pieces and (ii) what percentage results from the fact that MPA/ANM's proposal would assess higher postage charges on pieces mailed solo.

**ABM/MPA/ANM-T2-40.** With reference to your response to ABM/MPA/ANM-T2-8 and to tables 2 and 3 in your testimony, please respond to the following: Please identify specifically which data in each of the two charts in MPA-ANM-LR-4 is confidential, and which are not.

**ABM/MPA/ANM-T2-41.** With reference to your response to ABM/MPA/ANM-T2-8 and to tables 2 and 3 in your testimony, please respond to the following: Did you or MPA/ANM perform an analysis of the rate impact on any publications

other than those included in MPA-ANM-LR-4? If so, please provide the results of those studies.

**ABM/MPA/ANM-T2-42.** With reference to your response to ABM/MPA/ANM-T2-8 and to tables 2 and 3 in your testimony, please respond to the following: In what form did printers Quad/Graphics and Quebecor World provide you with mail characteristic data for the seven publications in your tables (e.g., mail.dat files)?

**ABM/MPA/ANM-T2-43.** Have you analyzed the impact on these seven publications from application of the Time Warner rate proposal? If so, please provide the results.

**ABM/MPA/ANM-T2-44.** Have you analyzed the impact on any other publications from application of the Time Warner rate proposal? If so, please provide the results.

**ABM/MPA/ANM-T2-45.** In response to ABM/MPA/ANM-T2-10(d), you state that it would be “appropriate” and “a matter of fairness” to charge the lower off-peak rate to an electric user who can use electricity only during off-peak hours. The question asked whether this particular user should be given an “incentive” to use electricity during off-peak hours. Is it your testimony that this user should be given an “incentive” as you defined that word in response to ABM/MPA/ANM-T2-2(b) or is it that this user should be charged a lower rate only because it consumes lower-cost energy? Explain.

**ABM/MPA/ANM-T2-46.** If a community or electric utility decides on October 1, 2006, that it should provide an incentive, such as a cash payment, to all residents that replace low efficiency air conditioners with high-efficiency air conditioners, should it offer that same incentive to every resident that previously bought a high-efficiency air conditioner to replace a low-efficiency air conditioner? Why or why not?

**ABM/MPA/ANM-T2-47.** In response to ABM/MPA/ANM-T2-12, you state that one must know a mailer’s costs to know whether an incentive is adequate to change a particular mailer’s behavior.

(a) In developing the level of rate incentives in the MPS proposal, or for any other purpose, did you or MPA obtain any information of the specific costs to mailers, or the typical range of costs to mailers, of obtaining co-palletizing and/or co-mailing services, or of obtaining drop shipping service?

(b) If so, please provide that information.

**ABM/MPA/ANM-T2-48.** In response to ABM/MPA/ANM-T2-13(c), you state that, in addition to the method of confirmation suggested in the question, one can determine the efficacy of a discount by offering it and measuring the response.

(a) Confirm that with today's Periodicals rates, there are incentives to co-mail.

(b) Confirm that some mailers have in fact commenced to co-mail in response to those incentives.

(c) Confirm that some mailers that could co-mail have not begun to co-mail.

(d) If an additional co-mail incentive is introduced, and the Postal Service determined that more mailers are co-mailing one year later, how will the Postal Service be able to determine how much of the increase in co-mailing, if any, resulted from the new incentive and how much of the increase, if any, resulted from a response, perhaps delayed for contractual or other reasons, to the original incentives?

(e) If one wanted to estimate the efficacy of a worksharing discount before, as opposed to after, it is introduced, with that limitation can you confirm that an analysis of the likely efficacy requires information on the costs to mailers of performing the worksharing? If not, why not?

**ABM/MPA/ANM-T2-49.** In response to ABM/MPA/ANM-T2-14, you provide a table showing the effect of applying your proposed rate increases on the 251 publications in witness Tang's study. It appears that about 18% of those publications would experience increases of 19% or higher.

(a) Is this result acceptable only because, as you state in the response, mailers have options for mitigating these impacts, or would that be acceptable even in the absence of such mitigation opportunity? Explain.

(b) Please confirm that mitigation in the form of co-palletizing, co-mailing and/or drop shipping would impose costs on mailers, so that a complete measure of the financial impact of the MPA proposal on those publications that begin to employ these techniques would require data concerning the costs that they must pay for these services. If you cannot confirm, please explain why.

(c) Are any of the publications in the response now co-mailed or co-palletized? If so, which publications?