

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

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

**ANSWERS OF MPA/ANM WITNESS GLICK
TO AMERICAN BUSINESS MEDIA INTERROGATORIES
ABM/MPA/ANM-T2-17, 24-26, 28-46, and 48-49
(October 10, 2006)**

The Magazine Publishers of America, Inc. (“MPA”) and Alliance of Nonprofit Mailers (“ANM”) submit the answers of MPA/ANM witness Sander Glick to American Business Media interrogatories ABM/MPA/ANM-T2-17, 24-26, 28-46, and 48-49. Each question is stated verbatim and then answered. Questions 18-23, 27 and 47 have been redirected to MPA/ANM witness Rita D. Cohen.

Respectfully submitted,

David M. Levy
Paul A. Kemnitzer
SIDLEY AUSTIN LLP
1501 K Street, N.W.
Washington, DC 20005-1401
(202) 736-8000

*Counsel for Magazine Publishers of America,
Inc., and Alliance of Nonprofit Mailers*

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RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-17

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?

RESPONSE

(a) No.

(b) Yes.

(c) Correct. I would not view an increase of 55 percent as “very large” relative to an increase of 50 percent. Both of the increases in your hypothetical of course would be considered very large in comparison with no rate increase at all.

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RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-24

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.

RESPONSE

(a) Of course not. ABM/MPA/ANM-T2-2(c), however, appeared to posit such a scenario. The worksharing discounts in present Periodicals rates that are relevant to co-palletization are zoned advertising pound rates, per-piece dropship discounts, pallet discounts, and experimental co-pallet discounts. In addition to these, presort discounts provide an incentive to co-mail.

(b) The worksharing discounts in the Postal Service-proposed rates that are relevant to co-palletization are zoned advertising pound rates, editorial

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TO ABM/MPA/ANM-T2-24

pound dropship discounts, per-piece dropship discounts, and the container rate.

In addition to these, presort discounts provide an incentive to co-mail.

(c) No.

(d) Yes. Putting periodicals on pallets rather than in sacks can reduce damage and, for some publications, improve service.

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RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-25

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 Service’s 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?

RESPONSE

(a) Yes. Rate differences that reflect cost differences promote efficiency.

(b) My responses to ABM/MPA/ANM-T2-24(a)-(b) discuss the discounts that are relevant for co-mailing and co-palletizing.

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TO ABM/MPA/ANM-T2-25

(c) The same size. All else being equal, the Postal Service's cost for handling a pallet is the same regardless of whether it contains a single publication or multiple publications. So the same discounts should apply.

(d) Not necessarily. If cost savings estimates are found to be unreliable, a different passthrough may be justified.

(e)-(f) These questions cannot be answered in the abstract. The Commission must use its judgment to make such determinations in light of the individual circumstances of each case.

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RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-26

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.

RESPONSE

The question mischaracterizes my response to ABM/MPA/ANM-T2-2(e). My response explained the comparisons I was making, which I believed were responsive to your question.

(a) The specific billing determinants for the publication as a "solo" mailing and as a "commingled" mailing, and the additional costs for commingling and dropshipping.

(b) Whether or not a publication can save money through commingling is probably most affected by the cost of commingling and the characteristics of the particular pool. For example, if the cost of commingling a publication is high (e.g., if significant transportation costs are required to reach the facility where the mail would be commingled) and the commingling would not allow the publication to qualify for many more postage discounts, the publication may not reduce its

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TO ABM/MPA/ANM-T2-26

costs by commingling. For example, under the USPS-proposed rates, it may be necessary to have 200,000 pieces in a co-palletization pool to upgrade mail sufficiently to make it cost effective. The minimum number of pieces in a pool to be cost effective would be lower under the MPA/ANM proposal.

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RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-28

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?

RESPONSE

(a) I did not intend it to be a factor beyond cost.

(b) Probably.

(c) Possibly. The answer depends on the magnitude of the additional costs imposed on the Postal Service by flat mail with one bound edge and blow-in cards. If the costs are significant, this form of rate deaveraging might be worth considering. Since there probably are not many periodicals mailed in envelopes, I doubt the “pushup” effect on non-enveloped periodicals would be large.

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RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-29

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?

RESPONSE

Yes, for three reasons:

(1) When Ms. Cohen and I requested data from Quad/Graphics and Quebecor World, we focused on obtaining data on co-mailed titles because I intended to analyze the co-palletized publications discussed by Ms. Tang in her response to MPA/USPS-T35-13. Ms. Tang later explained that her data were insufficient to analyze the incentive to co-palletize. See Response of USPS witness Tang to MPA/USPS-T35-28 (7 Tr. 1716).

(2) My understanding is that Quad/Graphics and Quebecor World co-mail much more volume than they co-palletize.

(3) Developing the data required to perform the Tables 2 and 3 analysis is a complicated task. I requested data from Quad/Graphics and Quebecor World because I was confident that they could accurately produce the required information.

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RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-30

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.)

RESPONSE

No. However, I cannot provide equivalent data for other publications because none of the other data provided by Quad/Graphics and Quebecor World pertained to individual publications.

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RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-31

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?

RESPONSE

(a) Ms. Cohen and I made general inquiries related to co-palletization after deciding not to undertake the Tables 2 and 3 analysis for Ms. Tang's co-palletization case studies. I did not receive sufficient data to perform the Tables 2 and 3 analysis for co-palletized publications because the requests that we made were more general in nature than the data requests we made of Quad/Graphics and Quebecor World. Further, much of the containerization information I received was incomplete or appeared to be inaccurate.

(b) No.

(c) No.

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RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-32

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?

RESPONSE

I did not perform the Tables 2 and 3 analysis for co-palletized publications for the reasons discussed in my responses to ABM/MPA/ANM-T2-29 and ABM/MPA/ANM-T2-31. This did not concern me because I was confident that the MPA/ANM rate design would increase the postage discount for co-palletizing and dropshipping periodicals more than would the USPS proposal.

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RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-33

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?

RESPONSE

Yes, it is possible. Co-palletization does not merge pieces from multiple publications into the same bundles, and thus does not increase bundle presortation. Moreover, co-palletization is more likely than co-mailing to produce DADC-entered pallets, rather than DSCF-entered pallets. This is because co-palletization is more likely to generate ADC pallets. These two differences could cause different results in Tables 2 and 3 for co-mail and co-palletization.

Nevertheless, the potential for these differences does not change the conclusion that the MPA/ANM proposal provides more incentive than the USPS proposal to co-palletize or co-mail periodicals.

To illustrate better how these differences and similarities would affect the results shown in Tables 2 and 3, I have produced a modified version of MPA/ANM-LR-4 that simulates the impact of co-palletization on the publications shown in Tables 2 and 3. This modified version of the library reference will be filed under protective conditions as MPA/ANM-LR-5.

The “Co-pal” billing determinants shown in MPA/ANM-LR-5 assume that bundle presort for these publications is the same as if mailed solo and that two-

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 TO ABM/MPA/ANM-T2-33**

thirds of the dropshipped pieces are entered at the DADC and the other one-third are entered at the DSCF. Below is a combined Table 2 and Table 3 for the Simulated Co-Pal scenario. As the combined table shows, the MPA/ANM proposal increases the incentives to co-palletize and dropship much more than does the USPS proposal.

I have also supplied a version of Table 2 for the MPA/ANM proposal. A comparison of the two tables shows that the MPA/ANM rate increase is smaller than the USPS rate increase for all of the publications under the “Co-palletization” scenario. Further, while the MPA/ANM proposal does produce larger increases than the USPS proposal for “solo” mailings, all of the increases for “solo” mailings are within 7.5 percentage points of the subclass average.

**Tables 2A and 3A
 (Simulated Co-Palletization Scenario)**

Publication	Number of Pieces/Issue	% Rate Increase (USPS)		% Increase in Incentive	
		Solo	Copal	USPS	MPA/ANM
Farm Collector	38,036	11.6%	13.2%	2.0%	20.1%
Gas Engine	15,192	13.2%	13.8%	10.7%	26.9%
Harper's	155,472	10.6%	11.1%	6.5%	32.7%
Herb Companion	23,632	15.5%	17.0%	7.5%	34.2%
Interweave Knits	33,637	11.5%	11.3%	12.2%	26.3%
Mother Earth News	217,676	10.0%	10.7%	6.3%	19.7%
Natural Home and Garden	27,760	12.8%	13.7%	8.4%	30.1%

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TO ABM/MPA/ANM-T2-33**

**Table 2B
(MPA/ANM Rates for Simulated Co-Palletization Scenario)**

Publication	Number of Pieces/Issue	% Rate Increase (MPA/ANM)	
		Solo	Copal
Farm Collector	38,036	13.8%	12.7%
Gas Engine	15,192	15.6%	13.3%
Harper's	155,472	12.9%	10.2%
Herb Companion	23,632	19.2%	16.5%
Interweave Knits	33,637	13.8%	10.8%
Mother Earth News	217,676	12.0%	10.3%
Natural Home and Garden	27,760	16.2%	13.4%

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RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-34

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.

RESPONSE

Confirmed. This result is shown in MPA-ANM-LR-5.

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RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-35

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?

RESPONSE

Yes because it would suggest that I had not significantly increased the postage discounts offered for palletizing and dropshipping. Also, I would be more concerned if this occurred for publications that are co-palletized *and* dropshipped to the DADC or DSCF. Note that the tables presented in response to ABM/MPA/ANM-T2-33 suggest that this is not the case.

Note also that the way to avoid such concern would be to increase dropship and palletization incentives more than I have proposed to do. Further, since I propose larger discounts for dropshipping and palletizing than the Postal Service, if the hypothesized scenario were true for the MPA/ANM proposal, the situation would likely be worse under the USPS proposal. So your hypothetical, if a reasonable representation of actual publications, would argue for the MPA/ANM proposal rather than the Postal Service proposal.

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RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-36

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?

RESPONSE

I did not perform the same analysis for publications that are not now co-mailed or co-palletized because I did not know how they would be prepared as commingled mailings. However, the same conclusion—that the MPA/ANM proposal provides greater incentives for moving mail out of sacks than does the USPS proposal—will almost certainly apply to those publications because I increased the most relevant postage discounts offered for performing these activities—i.e., the incentive to palletize, dropship, and presort to Carrier Route.

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RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-37

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?

RESPONSE

(a) I performed the requested calculations excluding the one publication for which I do not have data on the number of pieces on 5-digit pallets. See my response to subpart (b) of this interrogatory.

(i) Seven percent.

(ii) Two percent.

(b) Yes. MPA/ANM-LR-4 does show that one title had no pieces on 5-digit pallets. I understand that this publication does have some mail on 5-digit pallets, but I did not have an exact piece count. Because the exact piece count was unlikely to have a significant impact on my calculations, MPA/ANM-LR-4 shows postage with the simplifying assumption that no pieces were on 5-digit pallets.

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RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-38

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.

RESPONSE

See the table below. Similar to the finding for the "Co-palletization" scenario discussed in my response to ABM/MPA/ANM-T2-33, the MPA/ANM rate increase is smaller than the USPS rate increase for all of the co-mailed publications. Further, while the MPA/ANM proposal does produce larger increases than the USPS proposal for "solo" mailings, all of the increases for "solo" mailings are within 7.5 percentage points of the subclass average.

Table 2C
Percentage Rate Increases
For Solo And Co-Mailings Under MPA/ANM Proposal

Publication	% Rate Increase (MPA/ANM)	
	Solo	Co-mail
Farm Collector	13.8%	12.1%
Gas Engine	15.6%	12.1%
Harper's	12.9%	6.8%
Herb Companion	19.2%	17.1%
Interweave Knits	13.8%	8.8%
Mother Earth News	12.0%	9.7%
Natural Home and Garden	16.2%	12.4%

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RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-39

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.

RESPONSE

Publication	(i)	(ii)
Farm Collector	14%	86%
Gas Engine	18%	82%
Harper's	48%	52%
Herb Companion	7%	93%
Interweave Knits	25%	75%
Mother Earth News	16%	84%
Natural Home and Garden	6%	94%

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RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-40

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.

RESPONSE

I have been advised by counsel that the total postage and billing determinant data are confidential.

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RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-41

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.

RESPONSE

Yes. The table below provides the percentage increases under the MPA/ANM proposal and the USPS proposal for publications that provided me with post-24-sack-minimum-rule mail.dats in response to an informal request by MPA. The table indicates whether each title would be categorized as medium (15,000-100,000 pieces per issue) or large (>100,000 pieces per issue) according to Ms. Tang's definitions.

Excluded from the table are publications that I analyzed based upon old mail.dat files (this is because the old data frequently are no longer accurate, e.g., a publication has since started commingling or dropshipping, or the data were based upon less than 24-piece sack minimums), publications for which I received only a postage statement and thus could estimate approximate postage only by making assumptions regarding containerization, and publications for which I was provided an erroneous mail.dat file.

Publication Number	Size	% Increase	
		USPS	MPA/ANM
1	Large	11.9%	14.0%
2	Large	12.1%	14.1%
3	Large	9.8%	6.5%

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TO ABM/MPA/ANM-T2-41

4	Large	10.3%	10.9%
5	Large	9.7%	9.1%
6	Large	9.4%	9.1%
7	Large	7.8%	7.4%
8	Large	10.7%	9.8%
9	Large	9.2%	7.2%
10	Large	10.1%	9.2%
11	Large	8.9%	8.3%
12	Large	9.0%	8.5%
13	Medium	15.3%	19.9%
14	Large	10.2%	9.9%
15	Large	9.6%	9.2%
16	Large	9.8%	9.6%
17	Large	9.4%	9.3%
18	Large	10.6%	7.0%
19	Large	10.1%	12.0%
20	Large	12.0%	11.1%
21	Large	9.5%	7.2%
22	Large	10.9%	9.3%
23	Large	9.7%	8.1%
24	Large	11.3%	8.6%
25	Large	7.6%	6.7%
26	Large	11.7%	13.8%
27	Large	10.9%	11.5%
28	Medium	10.5%	12.6%
29	Medium	13.5%	16.5%
30	Large	10.1%	12.3%
31	Medium	12.5%	16.1%
32	Large	11.1%	13.3%
33	Large	10.7%	9.8%
34	Large	10.4%	9.7%
35	Large	9.9%	9.0%
36	Large	9.6%	8.1%
37	Large	12.1%	10.0%
38	Large	11.8%	10.8%
39	Large	9.5%	9.3%
40	Large	9.9%	8.5%
41	Large	6.2%	4.5%
42	Large	10.8%	8.8%

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RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-41

43	Large	11.5%	11.8%
44	Large	11.1%	10.5%
45	Large	10.0%	7.0%
46	Large	10.6%	10.4%
47	Large	10.7%	10.5%
48	Large	13.2%	12.0%
49	Large	7.6%	3.8%
50	Large	11.4%	12.0%
51	Large	9.4%	8.0%
52	Large	10.0%	9.4%
53	Large	10.5%	9.6%
54	Large	9.2%	8.4%
55	Large	9.6%	6.3%
56	Large	12.4%	9.0%
57	Large	9.0%	7.8%
58	Large	8.7%	7.9%
59	Large	13.3%	9.3%
60	Large	9.5%	7.1%
61	Medium	10.1%	10.2%
62	Large	11.6%	7.8%
63	Large	10.8%	13.1%

R2006-1
RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-42

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)?

RESPONSE

Quad/Graphics and Quebecor World provided the billing determinants required to calculate postage under current rates, USPS-proposed rates, and MPA/ANM rates in spreadsheet formats.

R2006-1
RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-43

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.

RESPONSE

No.

R2006-1
RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-44

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.

RESPONSE

Yes. I analyzed the Time Warner proposal for a few publications. Below are the results. All of the titles for which I analyzed Time Warner's rate proposal have more than 100,000 pieces per issue.

Rate Increase (Under Time Warner Proposal)

Publication 1 (Based upon analysis of only one of multiple mail.dats) – 10.0%
Publication 2 – 8.3%
Publication 3 – 5.3%
Publication 4 – 9.4%
Publication 5 – 16.4%

R2006-1
RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-45

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.

RESPONSE

Consistent with the definitions I provided in response to ABM/MPA/ANM-T2-2(b), I stated in response to ABM/MPA/ANM-T2-2(d) that the incentives I was referring to were discounts. Similarly, a lower rate is an incentive.

R2006-1
RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-46

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?

RESPONSE

I cannot answer your question with the information provided. I am not an expert in electric utility rate regulation, and your hypothetical question does not identify the goals that the utility and its regulator(s) are seeking to satisfy.

R2006-1
RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-48

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?

RESPONSE

(a) Confirmed.

(b) Confirmed.

(c) Confirmed.

(d) The Postal Service could perform a statistical analysis or undertake a survey to isolate the impact of the increased discounts on co-mail volume.

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RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-48

(e) One would need a general sense of the costs to mailers of performing the worksharing. As you suggest in subparts (b) and (c) of this interrogatory, some mailers currently co-mail, while others capable of co-mailing do not. Unless the costs of co-mailing or discounts offered (e.g., due to differences in advertising percentages) to these groups of mailers are significantly and uniformly different (as opposed to there being a distribution of costs), an increase in postage discounts will cause some mailers to begin co-mailing.

R2006-1
RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-49

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?

RESPONSE

(a) While there is no one correct answer on how much impact is acceptable, in Witness Cohen's and my judgment, the rate increases that the MPA/ANM proposal would produce for the 251 publications would be acceptable even if there were no opportunity for mitigation. However, the strong likelihood that the MPA/ANM proposal will improve mail preparation increases the importance of making the rate design changes that Witness Cohen and I propose.

(b) Confirmed.

(c) The only information on which of the publications are co-palletized or co-mailed is a field entitled "Co-mail evidence" in the Summary worksheet in

R2006-1
RESPONSE OF MPA/ANM WITNESS GLICK
TO ABM/MPA/ANM-T2-49

USPS-LR-L-173. As discussed by Ms. Tang in C2004-1, this field provides an imperfect measure of whether a publication is co-mailed or co-palletized:

To my knowledge the Postal Service does not maintain a database of publications participating in co-mail, co-palletization, pool dropship or any programs established in Docket No MC-2002-3. One field, "Co-mail evidence", is included on the "Summary" sheet of USPS-LR-1/C2004-1 to provide an imperfect measure of a publication's participation in co-mailing or co-palletization. The value of this field is "Yes" if the publication was associated with at least one mail.dat file that contained multiple publications.

Docket No. C2004-1, Response to TW et al./USPS-RT2-13c-e.