

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

POSTAL RATE AND FEE CHANGES, 2006

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Docket No. R2006-1

COMMENTS OF TIME WARNER INC.
ON PRELIMINARY RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 19
(October 12, 2006)

On October 6, 2006, the Postal Service filed a Preliminary Response to Presiding Officer's Information Request No. 19 (Preliminary Response), in which it provided a progress report on and discussed its plans for complying with the Presiding Officer's request that it update data on 251 publications that were first presented in Docket No. C2004-1 for the purpose of assessing the probable impact of rates proposed in that proceeding on various types of publications. The Postal Service identifies the primary reason that much more current mailing characteristics data are needed in order to allow a comparison of the probable impact of the Periodicals rates proposals made in the current docket by the Postal Service, Time Warner Inc. (Time Warner), and the Magazine Publishers of America and Alliance of Nonprofit Mailers (MPA/ANM):

Earlier this year, mailing rules in Periodicals increased the minimum piece requirement for sacking to 24 pieces, with limited exceptions. This change could have a bearing on the impact of proposed rates in the current proceeding, because the data already provided might not reflect the mailing characteristics of the 251 publications under the new rule.

Preliminary Response at 1-2.

After outlining the Postal Service's plans for "producing information that will meet the Commission's needs and interests in the most timely and practical

manner possible" (*id.* at 3), the Preliminary Response goes on to state, "[i]n light of the above explanation concerning the practical limitations on strictly complying with the letter of POIR No. 19, the Postal Service believes that it would be important to learn any concerns or reservations that the Presiding Officer or intervenors might have about the plan outlined above" (*id.* at 6).

Time Warner appreciates the Postal Service's invitation to comment on its plan and does wish to express concern about one possibility that is raised in the Preliminary Response. The Postal Service states:

Regarding the prospect of delay, we note that one alternative approach to supplementing the information that we will file on October 16 would be to collect data through field surveys only for those publications whose mailings are likely to have been affected significantly by the new 24-piece requirement. In this regard, we estimate that only about 30 of the approximately 100 publications for which data must be collected from the field have mailing profiles with an average pieces-per-sack characteristic below 24 pieces. If the aim of requesting the information is to assess the impact of proposed rates on publications likely to have been affected by the 24 piece rule, it might be possible to look at only those publications.

Preliminary Response at 5-6.

In Time Warner's view, the data collection that would result from such an approach would be far from satisfactory for estimating rate impacts across a broad spectrum of publications. It is not the case that publications "with an average pieces-per-sack characteristic below 24 pieces" are the only publications "likely to have been affected by the 24 piece rule" or even "to have been affected significantly." The fact that a publication may have an *average* of

more than 24 pieces per sack by no means indicates that it does not have sacks, even a substantial number of sacks, with fewer than 24 pieces.¹

Time Warner witness Stralberg addressed this point in his response to ABM/TW-T1-9, redirected from witness Mitchell, which requested that he provide postage per copy "at present rates" and at witness Mitchell's proposed rates for the publications studied by USPS witness Tang in Docket No. C2004-1." He declined to provide any figures for publications whose average number of pieces per sack was less than 24, on the grounds that "for the[se] publications *most affected* by the 24 piece requirement . . . [c]omparisons based on older data are *essentially meaningless*." Response to ABM/TW-T1-9, at 1 (emphasis added). However, he also explained that the 24 piece per sack rule has had significant effects on a far broader category of publications:

Since May of this year, however, the Postal Service has required that all Periodicals sacks contain at least 24 pieces. This means that *all* publications that used "skin sacks" when Tang's data was collected must have a different mailing profile today. Not only must such publications be using fewer sacks, but other changes must have happened as well, such as a migration of bundles either to pallets or to sacks with a lower level of presort than the sacks they used to be in. This in turn may have affected entry points, etc.

Id. (emphasis added).² With respect to the publications with an average of more than 24 pieces per sack for which he did provide results, Stralberg therefore cautioned:

¹ Yesterday afternoon, after these comments were drafted, the Postal Service filed an additional Status Report on Response of the United States Postal Service to Presiding Officer's Information Request No. 19 (October 11, 2006). Although it is not entirely clear how large a portion of the sample of small publications the Postal Service means to refer to, the Status Report does indicate that for some portion of the small publications sample the Postal Service intends to "focus on getting the data for those publications which had an average pieces-per-sack ratio of less than 24." The substance of these comments is therefore unaffected, and the concern expressed in them reinforced, by the Status Report.

² The Postal Service itself states in its Preliminary Response (at 6), and Time Warner agrees, that "the impact of different rate proposals should not be considered in isolation from the impact of the 24 piece sacking rule."

Note that even publications with an average in excess of 24 pieces per sack may have had some sacks with fewer than 24 pieces. It is therefore likely that many of the publications in the table that primarily use sacks would do better under Mitchell's proposed rates than the table suggests.

Id. at 2, n. 1.

Since differences of view about alternative Periodicals rate designs have centered on issues of impact on various types of publications, Time Warner believes that assembling a representative set of current mail characteristics data that will permit accurate assessments of impact is of the highest importance. We urge the Postal Service to pursue that objective, even at the cost of some additional delay, and to devote to it whatever resources are necessary for its completion in sufficient time to make possible a reliable comparison in this docket of the impact of the Periodicals rate proposals that are before the Commission.

Respectfully submitted,

s/
John M. Burzio
Timothy L. Keegan

COUNSEL FOR
TIME WARNER INC.

Burzio & McLaughlin
Canal Square, Suite 540
1054 31st Street, N. W.
Washington, D. C. 20007-4403
Telephone: (202) 965-4555
Fax: (202) 965-4432
E-mail: burziomclaughlin@covad.net