

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

---

POSTAL RATE AND FEE CHANGES, 2006 : Docket No. R2006-1  
:

---

REVISED RESPONSES OF TIME WARNER INC. WITNESS STRALBERG (TW-T-2)  
TO INTERROGATORIES OF AMERICAN BUSINESS MEDIA  
(ABM/TW-T1-7-8, REDIRECTED FROM WITNESS MITCHELL ) (ERRATA)  
(October 26, 2006)

Time Warner Inc. (Time Warner) hereby provides revised responses of witness Halstein Stralberg (TW-T-2) to American Business Media (ABM) interrogatories ABM/TW-T1-7-8, redirected from witness Robert W. Mitchell (TW-T-1) (filed September 19, 2006).

Time Warner's original responses, filed on October 3, 2006, contained an error in the page headers of the responses to ABM/TW-T1-7 and 8, which identified the questions as "ABM/USPS-T1" rather than "ABM/TW-T1." The response to ABM/TW-T1-8 contained in Table ABM/TW-T1-8b errors with respect to estimated postage increases for two publications. These revised responses provide a corrected Table ABM/TW-T1-8b and a "Supplemental Response" to ABM/TW-T1-8, which explains the source of the errors. Other than the correction of headers, the correction of the two entries in Table ABM/TW-T1-8b, and the addition of the Supplemental Response, the original responses filed on October 3 are reproduced herein unchanged.

Each interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

---

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  
tel/(202) 965-4555  
fax/(202) 965-4432  
burziomclaughlin@covad.net

**REVISED RESPONSES OF TIME WARNER WITNESS STRALBERG (TW-T-2)  
TO INTERROGATORIES OF AMERICAN BUSINESS MEDIA  
REDIRECTED FROM WITNESS MITCHELL (TW-T-1)**

ABM/TW-T1-7. Please describe in detail, and produce, all studies you or someone else performed for or on behalf of Time Warner to determine the effect of your proposal on Periodicals mailers.

**RESPONSE:** See my answers to ABM/TW-T1-8 and 9, which include all the publications on which I have analyzed to date the impact witness Mitchell's rate design would have. Due to a shortage of time, the only publications analyzed before the filing of Mitchell's testimony were the six Transworld publications, owned by Time Inc., and Time magazine.

ABM/TW-T1-8. Please provide information similar to that provided in Docket No. C2004-1 showing, for a recent and representative issue of each publication produced by Time Warner (names may be coded), the approximate mailed circulation, the approximate mailed circulation in its main file, the frequency, the percentage of the main file and the percentage of supplemental mailings mailed in sacks, whether or not the publication is now co-mailed or co-palletized, the percentage of pieces sorted to carrier route, the percentage of pieces on 5-digit or carrier route pallets, and postage per copy for the main file and for supplemental mailings at the present rates and at the rates you propose.

**RESPONSE:** See Tables ABM/TW-T1-8a and 8b. The first table summarizes the requested characteristics of the 42 Time Warner Periodicals that are distributed through the mail in the United States. Table ABM/TW-T1-8b shows, for a recent sample issue of each publication, and separately for the publication's main file and its supplemental mailings, the per-piece postage under current rates, the rates proposed by witness Tang and the rates proposed by witness Mitchell.

Many of Time Warner's publications use comailing or co-palletization for their supplemental files. Some use comailing or co-palletization also for their main file. Generally, when a mailing is comailed or co-palletized, the comailer (e.g. printer) keeps (and does not release to individual participants) some of the information (e.g., number of bundles, sacks and pallets in the total mailing) that would be necessary to determine postage for individual publications under the rates proposed by witness Mitchell or the rates proposed by witness Tang in this docket. Consequently it was impossible to provide all the requested information for the publications that do use comailing or co-palletization.

**SUPPLEMENTAL RESPONSE (10/26/06):**

My response to ABM/TW-T1-8, filed on October 3, 2006, provided Tables ABM/TW-T1-8a and 8b. The latter table shows, for a recent sample issue of each publication produced by Time Warner, and separately for the publication's main file and its supplemental mailings, the per-piece postage under current rates, the rates proposed by witness Tang, and the rates proposed by witness Mitchell.

I did not realize at the time that two of these publications, identified in the tables as publications number 30 and 31, are co-palletized with each other; that is they are

entered into the postal system on the same pallets. My initial calculations assumed that each publication would pay for all the pallets used, when in fact those pallets would be shared and the pallet charges included in witness Mitchell's rate proposal would therefore also be shared between the two publications.

I have corrected my estimates for the two publications. The results are included in Revised Table ABM/TW-T1-8b. In deriving my revised estimates, I have assumed that each of the two publications would pay for the share of the pallet space that it uses. This leads to a sharp drop in the estimated cost for the smaller of the two publications (publication number 31) and a smaller drop for publication number 30.

I have also revised slightly my estimates of the postage publications 30 and 31 would pay under the rates proposed by witness Tang, because I assume that Tang's proposed 85 cent container charge would also be shared between the two publications according to how much of the pallets they use.

Under the corrections described above, the postage for publication 30 would increase by 39.3% and for publication 31 by 24.3% under the rates proposed by Mitchell as compared to current rates. That these increases still are much higher than the Periodicals average is due to the fact that both publications exclusively use firm bundles and that Mitchell's rate design sets the rate for firm bundles according to the way they are handled by the Postal Service, namely as bundles that are sorted in bundle sorting operations rather than as pieces sorted in piece sorting operations.

<b>Table ABM/TW-T1-8a: Time Warner Publications Mailed In the United States</b>									
Pub No	Mailed Circulation		Freq.	% Pcs in Sacks		% Comail	% Copal	% Carrier Route	% on 5D Pallets
	Total	Main File		Main file	Supplemental				
1	4154472	4154472	51	1.94%	0.00%	0.00%	0.24%	89.40%	16.92%
2	3138235	3138235	51	1.29%	0.00%	0.00%	0.61%	88.61%	7.76%
3	2346184	2346184	51	2.57%	0.00%	0.00%	0.00%	81.77%	8.84%
4	1860267	1860267	48	1.33%	0.00%	0.00%	0.00%	77.84%	3.33%
5	799753	795179	25	3.51%	100.00%	0.00%	0.00%	47.00%	4.11%
6	1869682	1839685	12	3.59%	100.00%	0.00%	0.00%	69.67%	12.72%
7	1079635	1068364	13	0.75%	100.00%	0.00%	0.00%	56.82%	37.86%
8	1604277	1454777	12	1.52%	24.60%	0.00%	0.00%	57.08%	28.30%
9	880980	826437	12	copal	copal	0.00%	6.89%	56.04%	copal
10	391561	376297	10	10.03%	100.00%	0.00%	0.00%	32.61%	1.54%
11	915949	845949	10	2.96%	100.00%	0.00%	0.00%	34.00%	0.75%
12	594927	590025	11	2.39%	100.00%	0.00%	0.00%	22.01%	0.19%
13	635129	551156	10	7.12%	100.00%	0.00%	0.00%	21.50%	3.42%
14	1566814	1451136	12	2.41%	55.26%	0.00%	0.00%	52.87%	7.53%
15	869781	779299	9	comail	comail	95.00%	0.00%	69.53%	comail
16	1384272	1192306	10	comail	comail	95.00%	0.00%	62.33%	comail
17	633755	599187	10	2.15%	100.00%	0.00%	0.00%	60.85%	0.00%
18	355643	310852	6	10.42%	100.00%	0.00%	0.00%	19.68%	3.82%
19	2664922	2523308	12	0.89%	37.31%	0.00%	0.00%	74.61%	42.94%
20	1503772	1349078	11	2.17%	comail	10.29%	0.00%	50.54%	comail
21	145298	144298	12	12.72%	100.00%	0.00%	0.00%	7.27%	0.00%
22	921190	893190	10	4.51%	comail	3.04%	0.00%	42.33%	comail
23	1188795	1162861	12	4.48%	comail	2.18%	0.00%	54.72%	comail
24	162499	159499	12	10.23%	100.00%	0.00%	0.00%	14.52%	0.00%
25	450047	395155	8	4.14%	comail	12.20%	0.00%	37.20%	comail
26	337752	257752	7	7.90%	comail	23.69%	0.00%	41.29%	comail
27	119551	116551	12	5.59%	100.00%	0.00%	0.00%	8.19%	0.00%
28	1152016	1127345	10	comail	comail	98.29%	0.00%	85.91%	comail
29	2273015	2076281	11	comail	comail	84.12%	0.00%	64.41%	comail
30	116594	106594	26	8.40%	100.00%	0.00%	0.00%	53.81%	0.00%
31	29055	29055	8	7.83%	none	0.00%	0.00%	39.38%	0.00%
32	809011	776011	12	0.70%	100.00%	0.00%	0.00%	47.69%	0.00%
33	1006601	1006601	10	comail	none	70.00%	0.00%	54.93%	comail
34	1312054	1259965	12	2.17%	comail	3.97%	0.00%	59.10%	comail
35	268603	258103	12	3.67%	100.00%	0.00%	0.00%	4.05%	0.00%
36	1404607	1283690	12	2.28%	59.87%	0.00%	0.00%	67.83%	30.79%
37	89035	81343	12	5.51%	copal	0.00%	8.64%	1.00%	0.00%
38	97668	65665	9	12.07%	copal	0.00%	32.77%	3.50%	0.00%
39	51801	50321	12	17.14%	copal	0.00%	2.86%	0.00%	0.00%
40	29355	28355	12	76.04%	copal	0.00%	3.41%	0.00%	0.00%
41	74175	57172	12	14.52%	copal	0.00%	22.92%	1.84%	0.00%
42	26208	24208	6	53.49%	copal	0.00%	7.63%	1.50%	0.00%

**Revised Table ABM/TW-T1-8b  
(10/26/06)**

<b>Table ABM/TW-T1-8b: Postage/Piece Under Different Rate Designs</b>						
Pub No.	Main file			Supplements		
	R2005-1	Tang	Mitchell	R2005-1	Tang	Mitchell
1	\$0.164	\$0.186	\$0.171	none	none	none
2	\$0.164	\$0.185	\$0.171	none	none	none
3	\$0.207	\$0.232	\$0.222	none	none	none
4	\$0.192	\$0.215	\$0.206	none	none	none
5	\$0.302	\$0.334	\$0.331	\$0.482	\$0.554	\$0.532
6	\$0.267	\$0.295	\$0.289	\$0.461	\$0.536	\$0.533
7	\$0.610	\$0.650	\$0.676	\$0.999	\$1.147	\$1.191
8	\$0.505	\$0.541	\$0.567	\$0.490	\$0.534	\$0.520
9	\$0.304	copal	copal	\$0.357	copal	copal
10	\$0.271	\$0.301	\$0.303	\$0.509	\$0.573	\$0.519
11	\$0.305	\$0.335	\$0.336	\$0.525	\$0.594	\$0.546
12	\$0.282	\$0.311	\$0.317	\$0.448	\$0.518	\$0.515
13	\$0.412	\$0.449	\$0.462	\$0.534	\$0.615	\$0.614
14	\$0.316	\$0.347	\$0.347	\$0.490	\$0.550	\$0.558
15	\$0.302	comail	comail	\$0.370	comail	comail
16	\$0.288	comail	comail	\$0.300	comail	comail
17	\$0.214	\$0.240	\$0.230	\$0.370	\$0.435	\$0.424
18	\$0.346	\$0.381	\$0.398	\$0.567	\$0.649	\$0.636
19	\$0.291	\$0.319	\$0.310	\$0.450	\$0.510	\$0.542
20	\$0.234	\$0.260	\$0.255	\$0.224	comail	comail
21	\$0.278	\$0.310	\$0.315	\$0.402	\$0.467	\$0.442
22	\$0.231	\$0.258	\$0.255	\$0.297	comail	comail
23	\$0.235	\$0.262	\$0.262	\$0.333	comail	comail
24	\$0.278	\$0.309	\$0.313	\$0.420	\$0.487	\$0.476
25	\$0.285	comail	comail	\$0.284	comail	comail
26	\$0.257	\$0.284	\$0.281	\$0.204	comail	comail
27	\$0.487	\$0.535	\$0.546	\$0.809	\$0.933	\$0.864
28	\$0.227	comail	comail	\$0.256	comail	comail
29	\$0.266	comail	comail	\$0.297	comail	comail
30	\$0.296	\$0.326	\$0.413	\$0.479	\$0.543	\$0.449
31	\$0.332	\$0.362	\$0.412	\$0.510	\$0.580	\$0.490
32	\$0.211	\$0.235	\$0.232	\$0.341	\$0.393	\$0.407
33	\$0.209	comail	comail	none	none	none
34	\$0.311	\$0.339	\$0.335	\$0.310	comail	comail
35	\$0.285	\$0.315	\$0.325	\$0.475	\$0.553	\$0.536
36	\$0.288	\$0.317	\$0.308	\$0.514	\$0.579	\$0.568
37	\$0.437	\$0.479	\$0.501	n.a.	copal	copal
38	\$0.386	\$0.425	\$0.438	n.a.	copal	copal
39	\$0.466	\$0.512	\$0.522	n.a.	copal	copal
40	\$0.388	\$0.438	\$0.446	n.a.	copal	copal
41	\$0.392	\$0.435	\$0.446	n.a.	copal	copal
42	\$0.493	\$0.556	\$0.559	n.a.	copal	copal