

**ANSWERS OF MPA/ANM WITNESS GLICK TO
QUESTIONS POSED DURING NOVEMBER 7, 2006, HEARING
BY AMERICAN BUSINESS MEDIA (30 Tr. 10391-10394)**

Publication No. 3 – “why is it so low?” 30 Tr. 10392.

The primary reason for the significantly below-average rate increase for this publication, under both the USPS and MPA/ANM proposals, is the proposed introduction in this case of editorial pound dropship discounts. These new discounts have a particularly large mitigating effect on the rate increase for this publication because it is heavy, has a high percentage of editorial content, and is almost entirely destination-entered.

Publication No. 13 – “I’d like you to give me your view on why Time Warner’s result is so much different from your and the Postal Service’s.” 30 Tr. 10392.

I am not familiar enough with the Time Warner proposal to know for sure, but the answer may be that approximately 80 percent of the pieces of this publication are entered in Carrier Route bundles. Time Warner’s proposed Carrier Route discount is larger, relative to the piece rates proposed by Time Warner for 5-Digit automation flats, than are the Carrier Route discounts proposed by MPA/ANM and the Postal Service.

Publication No. 22 – “The same thing [as for No. 13] with No. 22.” 30 Tr. 10393.

The primary reason for the above-average size of the rate increase for this publication under the USPS proposal (19 percent) appears to be that about 75 percent of the pieces of this publication are Carrier Route High-Density and Saturation pieces. The Postal Service’s proposed rate increases for the Carrier Route High-Density and Saturation rate categories are well above the average increase proposed by the USPS for piece rates. The above-average increases in

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these piece rates may have a particularly large effect on this publication because it is lighter-than-average; hence, piece rates have more influence on total postage for this publication than for heavier publications.

There appear to be multiple reasons why the net rate increase for this publication under the MPA/ANM proposal is lower than under the USPS proposal and similar to the subclass average. First, the larger incentives offered by the MPA/ANM proposal for palletizing and dropshipping reduce the rate increase for this publication (relative to the Postal Service proposal) because this publication is almost entirely palletized and destination-entered. Second, the MPA/ANM proposal increases the Carrier Route Basic discount, which benefits Carrier Route High-Density and Saturation publications as well. Finally, the proposed 5-Digit pallet discount moderates the net rate increase for this publication because a large portion of its pieces are entered on 5-Digit pallets.

These same reasons may explain why the rate increase for this publication is lower under the Time Warner proposal than under the MPA/ANM proposal.

Publication #63– “My question would be why is it that high for you? I think that’s your highest number....Why is it so much higher than the Postal Service, almost 10 percentage points higher than the Postal Service? 30 Tr. 10393.

The primary reason for the above-average increase that this publication would receive under the MPA/ANM proposal is that the publication is entered in origin-entered sacks. Our proposal offers larger incentives to palletize and dropship. These rate elements in turn result in higher rates for high-cost origin-

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entered sacks.

The reason why the rate increase is about ten percentage points above the subclass average may be that the publication is lightweight and thus piece rates and discounts (e.g., the proposed per-piece pallet discount) have a larger influence on this publication's postage than for heavier publications.

Further, the rate differential between the USPS and MPA/ANM proposal for this publication may be larger than for other publications entered in origin-entered sacks because the average number of pieces in this publication's sacks is above average, which reduces the rate impact of the USPS-proposed container charge.

Publications # 178 and #181 – “The last is a comparison of No. 178 with No. 181....No. 178 has eight and a half for the Postal Service and 22.4 for you and No. 181 has 20.1 for the Postal Service and 7.5 for you, so in those two both of which are small high-density in one case yours is much higher than the Postal Service, in the other case yours is much lower than the Postal Service and I'm just trying to find out what kinds of mailing characteristics would lead to those results.” 30 Tr. 10394.

The rate increase for Publication No. 178 is higher under the MPA/ANM proposal than under the USPS proposal for reasons apparently similar to those discussed above for Publication No. 63.

The main reasons for greater rate increase for Publication No. 181 under the USPS proposal than under the MPA/ANM proposal appear to be (1) the publication is entered in small sacks, resulting in a per-piece container charge under the USPS proposal of almost ten cents per piece; (2) the publication is destination-entered, thus benefiting from MPA/ANM's larger destination entry discounts; and (3) the publication is entered at nonautomation rates, thus

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benefiting from the MPA/ANM proposal to lower the USPS-proposed automation discounts.