

**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 UNITED STATES POSTAL SERVICE WITNESS TANG
ABM/USPS –T35-9-19
(June 30, 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 United States Postal Service witness Tang. ABM asks that, in responding to these requests, the Postal Service follow the guidelines set forth below. 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,

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June 30, 2006

SECOND INTERROGATORIES OF AMERICAN BUSINESS MEDIA
TO UNITED STATES POSTAL SERVICE WITNESS TANG

ABM/USPS-T35-9. Your response to ABM/USPS-T35-1(c) did not provide a direct response to the question, asserting that the mailing in the example is a “hypothetical.”

(a) Are the per piece postage costs reflected in that interrogatory and the Postal Service chart to which it refers the hypothetical costs just for that portion of the hypothetical publication’s mailed distribution that happens to be sorted to carrier route, SCF entry and on a 2,000 piece pallet?

(b) If not, please explain why you are unable to estimate the percentage of a “weekly news magazine” total mailed distribution that meets those criteria.

(c) Approximately how many “weekly news magazines” are there in the mail that mail a significant portion of their copies with carrier route presort, SCF entry and on pallets?

ABM/USPS-T35-10. Your response to ABM/USPS-T35-2(c) states that “no particular mailing quantity” was contemplated and that the mailing characteristics contained in the letter and in the Postal Service’s chart to which it refers can be consistent with a mailing of 50 pieces or a portion of a mailing of 1,000,000 pieces.

(a) Why does the example used by the Postal Service refer to an “opinion journal” in its distributed material?

(b) Was this reference intended to refer to a generic type of publication?

(c) Are the mailing characteristics in the Postal Service example typical of an “opinion journal”?

(d) On what basis did you determine that these mailing characteristics are in any way typical of an “opinion journal”?

ABM/USPS-T35-11. Interrogatory ABM/USPS-T35-4 and your response address a hypothetical periodical that weighs 8 ounces, is mailed as 5-digit automation and is mailed in 40-piece sacks.

(a) Why did the Postal Service select these particular characteristics to demonstrate the effects of co-palletization and drop shipping?

(b) Is there a particular source for these mailing characteristics?

(c) If so, what is that source?

(d) Are these mailing characteristics typical for a substantial portion of a publication that mails 1,000,000 pieces, as discussed in your response to part (d)?

(e) Does the Postal Service believe that the characteristics addressed in this example are typical of a substantial portion of the mailing of any particular type of publication? If so, what type or types?

ABM/USPS-T35-12. Please refer to your response to ABM/USPS-T35-5(a). You state that “it is not impossible to imagine that there are two publications that, when co-palletized, could produce pallets averaging 1,639 pieces.” Forgetting about what’s possible and imagination, isn’t it far more likely that a co-

palletization program achieving a pallet size of around 1,600 pieces will involve co-palletizing more than two publications together?

ABM/USPS-T35-13. Please refer to your response to ABM/USPS-T35-5(b).

You state that you cannot provide “any estimate” of the cost to mailers of participation in a co-palletization program.

(a) Are you suggesting—or stating—that the Postal Service has never inquired about or received information about the costs to mailers, that is, to the publishers paying the bill, of co-palletization?

(b) Is it true that the Postal Service has no idea whether the costs of participating in a co-palletization program are much less than, slightly less than, the same as, slightly more than or much more than the postage savings produced by co-palletization?

(c) If the response to part (b) is anything other than an unqualified “yes,” meaning that it is true, please provide all data in the Postal Service’s possession related to the costs and/or charges to mailers of participating in a co-palletization program.

ABM/USPS-T35-14. With respect to co-palletization, (a) Is it the Postal Service’s position that all periodicals can be efficiently co-palletized?

(b) If your response to part (a) is in affirmative, please provide the source of the information leading to that conclusion.

(c) If the response to part (a) is negative, please identify the types of publications that cannot reasonably be co-palletized.

ABM/USPS-T35-15. Your response to ABM/USPS-T35-5(c) states that “[r]ate design is based on Postal Service costs,” presumably as the reason that you are unable to provide “any estimate” of the costs of co-palletizing.

(a) Please review the following list of possible rate considerations and identify those that are or should be taken into consideration by the Postal Service in designing rates:

- (1) the impact of a rate increase on mailers;
- (2) the “lowest combined cost” to mailers, considering both the postage costs of mailing and the costs of preparing the material for mailing; and
- (3) the extent to which a discount provides an adequate incentive to mailers to engage in work sharing activities that are recognized in rate design.

(b) For each consideration so identified, please state whether information about the cost of participation in a co-palletization program would be relevant.

ABM/USPS-T35-16. Your response to ABM/USPS-T35-6(a) states that the example of savings from co-palletizing and drop shipping to a DADC is “purely hypothetical.” (a) In the real world, is it reasonable to assume that periodicals with circulations lacking the density to build single-title pallets will be able to co-palletize and drop ship 100% of their copies to a DADC? (b) If not, what range of percentages would you deem to be reasonable or representative?

ABM/USPS-T35-17. Please refer to your response to ABM/USPS-T35-6(b). You state that you cannot provide “any estimate” of the cost to mailers of drop shipping pallets to a DADC.

(a) Are you suggesting—or stating—that the Postal Service has never inquired about or received information about the costs to mailers, that is, to the publishers paying the bill, of drop shipping?

(b) Is it true that the Postal Service has no idea whether the costs of drop shipping are much less than, slightly less than, the same as, slightly more than or much more than the postage savings produced by drop shipping?

(c) If the response to part (b) is anything other than an unqualified “yes,” meaning that it is true, please provide all data in the Postal Service’s possession related to the costs and/or charges to mailers of drop shipping.

ABM/USPS-T35-18. Please refer to your response to ABM/USPS-T35-7, which asked whether, in the Postal Service’s example of a newsweekly’s postage increasing from 17.9 cents today to twenty cents at the proposed rates, the new rate is based upon no change in drop shipping and no need to co-palletize or co-mail. You state that “no assumptions were made regarding the need to change mail preparation or the need to co-mail.” Please describe in detail how the 17.9 cents and the 20 cents figures were calculated, and show the calculations.

ABM/USPS-T35-19. American Business Media’s First Interrogatories contained the following question:

ABM/USPS-T35-8. Please confirm that, based upon charts distributed in May, 2006, by the Postal Service, the mailer of a typical 8-ounce, 5-digit presort, sacked publication will pay postage of 31.2 cents per copy at the

proposed rates, but only if it also pays the costs of a co-palletization (or co-mailing) program and the costs of drop shipping, and will pay 38.1 cents per copy if it incurs neither of these costs. If you cannot confirm, please explain why.

Your response merely refers to your response to ABM/USPS-T35-7. We do not believe that this answer is at all responsive. Please answer the question as asked, and, in addition, please describe in detail how the 31.2 cents and 38.1 cents figures in the Postal Service's examples were calculated, and show the calculations.