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

Experimental Periodicals Co-Palletization Dropship Discounts For High Editorial Publications	**)**	**Docket No. MC2004-1**

FIRST INTERROGATORIES AND
REQUESTS FOR PRODUCTION OF DOCUMENTS
OF AMERICAN BUSINESS MEDIA
TO UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
ABM/USPS-T1-1-31
(March 24, 2004)

Pursuant to Rules 25 through 28 of the Rules of Practice, American Business Media, which noticed its intervention in this docket on March 10, 2004, hereby submits interrogatories and requests for production of documents. American Business Media asks that, In responding to these requests, the Postal Service follow the guidelines set forth below. If any request is deemed burdensome, please contact the undersigned counsel for American Business Media to discuss possible limitations or alternative requests.

If Mr. Taufique is unable to provide a complete response, please provide a response by another Postal Service employee or representative.

If information, data or documents requested are 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, data or documents that are responsive to these requests, please describe the

precise nature of any privilege claimed and describe any document(s) or information being withheld, including sufficient detail to enable a reasonable assessment of the claim of privilege or confidentiality.

The term “documents” includes, but is not limited to: memoranda, reports, notes of conversations, studies, letters, speeches, testimony, tabulations, and workpapers. The term “documents” also includes all means by which information is recorded or transmitted, including printouts of emails.

“Relating to” means discussing, describing, containing, analyzing, studying, commenting on, or pertaining to, in whole or in part. Responses to requests for explanations or the derivation of numbers should be accompanied by workpapers sufficient to enable a third party to identify source documents and understand the nature of any calculations made.

If any data or documents that would have been provided in response to these requests have been destroyed, please describe such data or documents and explain the circumstances under which they were destroyed.

Respectfully submitted,

/s/ David R. Straus
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TO UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
ABM/USPS-T1-1-X

ABM/USPS-T1-1. When did the Postal Service first consider the filing of a co-pallet discount that would benefit high editorial content publications?

ABM/USPS-T1-2. (a) Was the Postal Service's consideration leading to the filing initiating this docket prompted, in whole or in part, by a request from outside the Postal Service? (b) If so, please describe the circumstances.

ABM/USPS-T1-3. Please describe in detail, provide all documents related to, and provide the results of any study, investigation or other effort made by or on behalf of the Postal Service to determine the number of Periodicals (by title and total number of annual pieces) that would be eligible for the proposed experimental rate (that is, Periodicals weighing at least nine ounces with mailed circulations less than 75,000, containing no more than 15% advertising content and unable to palletize without combining with other Periodicals).

ABM/USPS-T1-4. Please describe in detail, provide all documents related to, and provide the results of any study, investigation or other effort made by or on behalf of the Postal Service to determine the number of Periodicals (by title and annual pieces) that would be likely to avail themselves of the proposed rates.

ABM/USPS-T1-5. Please describe in detail, provide all documents related to, and provide the results of any study, investigation or other effort made by or on behalf of the Postal Service to determine the nonpostal costs to the mailer of participating in the proposed experiment, including but not limited to (1) transportation costs, (2) administrative and other costs incurred and passed on by printers and/or consolidators for performing the co-palletizing, arranging for shipping and preparing paperwork, and (3) internal costs (to the publisher).

ABM/USPS-T1-6. Please refer to the November, 2003 report by the Postal Service in Docket No. MC2002-3 reflecting co-palletization during the end of FY 2003 and respond to the following: (a) please update that report with the latest available data, (b) for the data in the far right column on that report and any updated data provided, please separately identify the number of co-palletized pieces included in the total that were co-palletized prior to the initiation of the rate approved in Docket No. MC2002-3, (c) for each accounting period and total, please state the number and average weight of the "new pallets prepared as a result of co-palletization," and (d) state how many titles have terminated participation in the co-palletization program.

ABM/USPS-T1-7. Please explain why this proposal is limited to high-editorial content publications and how you arrived at the 15% cutoff.

ABM/USPS-T1-8. Are there publications with more than 15% advertising content that would benefit more from the proposal here than from the existing co-pallet discount? If your answer is anything but an unqualified "no," please explain why these publications have been excluded.

ABM/USPS-T1-9. Please explain why this proposal is limited to publications weighing at least nine ounces. Are there publications weighing less than nine ounces that would benefit more from the proposal here than from the existing co-pallet discount? If your answer is anything but an unqualified "no," please explain why these publications have been excluded.

ABM/USPS-T1-10. Please explain why this proposal is limited to publications weighing circulation of 75,000 or less. Are there publications with circulation in excess of 75,000 that would benefit more from the proposal here than from the existing co-pallet discount? ? If your answer is anything but an unqualified "no," please explain why these publications have been excluded.

ABM/USPS-T1-11. Please identify the "one printer/consolidator" referred to at page 2, line 14.

ABM/USPS-T1-12. Is it your testimony that, during AP 9 of FY 2003, only one printer in the country was co-palletizing and drop shipping Periodicals that could not otherwise be palletized? If your answer is yes, identify that printer. If your answer is no, please explain what you mean by the statement that only one printer/consolidator "participated."

ABM/USPS-T1-13. Please identify the printers/consolidators that were participating n the existing co-palletization program (a) as of the end of FY 2003 and (b) now.

ABM/USPS-T1-14. How many printers/consolidators do you expect will participate in the proposed experiment during its two-year life?

ABM/USPS-T1-15. Are there any printers that are participating in the existing co-palletization experiment that you expect *will not* participate in the proposed experiment? If so, please explain why in your view they will not.

ABM/USPS-T1-16. With reference to the 10 cent reduction identified at page 4, line 17 of USPS-T-1, which is calculated on the basis of an assumed weight of 9 ounces and an assumed advertising content of 75%, please provide the average weight, average advertising content and average postage saving for the pieces actually qualifying for the present co-pallet discount. You may use (and should identify) any representative time period.

ABM/USPS-T1-17. With reference to your testimony at page 5, lies 8-9, concerning incentives for mailers to prepare their mail in an “efficient fashion,” please identify those incentives and, for each, explain how mailers that do not avail themselves of the incentive prepare their mail in an inefficient manner.

ABM/USPS-T1-18. Assume that a mailer closes copy on a weekly (and therefor time value) publication late Friday, has it printed on Saturday, and—in order to assure the Monday delivery that readers expect--has it sacked, where possible, in 5-digit sacks and air freights many of the sacks at its own expense to entry points near the readers. Has that mailer prepared its mail in an “inefficient fashion.” Please explain your answer.

ABM/USPS-T1-19. At page 6, lines 204, you describe the approach made by a printer interested in co-palletizing heavily editorial publications. Please describe in detail, provide all documents related to, and provide the results of any investigation or other effort made by or on behalf of the Postal Service to determine the number of printers that would be likely to participate in the proposed experiment.

ABM/USPS-T1-20. How many ADCs are there in Southern California?

ABM/USPS-T1-21. Is there a transfer hub or other facility in Southern California at which the Postal Service could accept dropshipped pallets destined for the Southern California ADCs? If so, please explain why no discount s being offered for periodicals that are being co-palletized and dropshipped to such a transfer hub?

ABM/USPS-T1-22. With reference to the documentation requirements listed at pages 10-12, please provide the Postal Services estimates of the costs to the mailer (that is, the publisher, printer and/or fulfillment house) of complying with these requirements.

ABM/USPS-T1-23. Has the Postal Service been told by publishers, printers or fulfillment houses that the cost and other burdens associated with the documentation requirements in the current or proposed co-palletization experiments prevent participation? If so, please provide the details.

ABM/USPS-T1-24. Please explain how the Postal Service determined that a 30% passthrough is appropriate.

ABM/USPS-T1-25. (a) Would participation be greater at a 50% passthrough? (b) What, if anything, would be the downside of a 50% passthrough?

ABM/USPS-T1-26. (a) Would participation be greater at an 80% passthrough? (b) What, if anything, would be the downside of an 80% passthrough?

ABM/USPS-T1-27. If the passthrough were 90%, would the saving to the Postal Service exceed the discount to the mailer?

ABM/USPS-T1-28. Please confirm that, if the passthrough were 90%, the effective editorial pound rate for pieces shipped from zones 6, 7 and 8 would be negative. If you cannot confirm, please explain why.

ABM/USPS-T1-29. Please confirm that, if the passthrough were 90%, and assuming the mailing characteristics of the 100% editorial publication described at page 4, the effective *total* rate for pieces shipped from zones 7 and 8 would be negative. If you cannot confirm, please explain why.

ABM/USPS-T1-30. Please define and quantify what you mean by “substantial additional cost reductions” at page 16, line 14.

ABM/USPS-T1-31. If your forecast of 20,000,000 participating pieces is accurate, please provide your best estimate of the per piece saving that would be experienced by all non-participating pieces.

CERTIFICATE OF SERVICE

I hereby certify that on this 24th day of March, 2004, a copy of the foregoing document was served in accordance with Section 12 of the Commission's Rules of Practice.

/s/ David R. Straus
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