

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Annual Compliance Report, 2009

Docket No. ACR2009

PRELIMINARY ANSWER OF AMERICAN BUSINESS MEDIA
TO MOTION OF PUBLIC REPRESENTATIVE
FOR ORDER DIRECTING SUBMISSION OF RATE ESTIMATES
(December 24, 2009)

On December 17, 2009, the Public Representative filed a motion seeking either:

(1) an order directing the Postal Service to submit “financial estimates of rate adjustments necessary to maintain financial stability” as part of its mandatory filing in this docket, due less than two weeks after the Public representative’s request, or (2) a Commission order directing the Postal Service to submit that information.

American Business Media (ABM), long an active participant in postal matters as representative of the nation’s leading business-to-business media companies, hereby submits preliminary opposition to that motion on the original due date for responses, hoping that the Commission will grant the December 22 request of PostCom, *et al.*, supported by several parties including ABM, for an extension until January 7, 2010 for responding to the Public Representative’s motion.

It is ironic and unfortunate that the Public Representative, in many ways the successor to the Officer of the Commission, has modified the mandate of its predecessor from protection of the interests of mailers to protection of the Postal Service from itself. While asserting (Motion at 2) that it is not now recommending an exigent rate increase, the remainder of its motion does little more than present what it considers a case for just that. See, for example, the discussion in Section IV, where the

Public Representative contends that the present rates are unlawful and will lead to economic instability and that unlawful rates “are to be adjusted by the Commission. . . .”

As explained by both the Postal Service in its December 18 response and by the Greeting Card Association in its December 22 opposition, the Public Representative misrepresents the law in asserting that rates that produce revenue below costs are *per se* unlawful and seeks rate adjustment estimates that are impossible to produce. While it asks the Postal Service to estimate the level of rates that will “equate overall Postal Service revenue with overall estimated costs that would be sufficient to insure financial stability of the Postal Service by the end of FY2011,” this request assumes that the Postal Service can, among other things: (1) estimate the timing and extent of economic recovery and recovery of postal volumes, (2) predict—and publicly announce—what it expects to achieve in upcoming labor negotiations, and (3) foretell what if anything Congress will do in the next two years to the retiree healthcare payment schedule, in response to the Postal Service’s request to reduce delivery days and in reaction to Postal Service plans to consolidate and close facilities.

Any rate/cost scenarios based on speculation as to these and other events would be of little value. The Public Representative will soon have available to it the Postal Service’s compliance report showing results for FY 20009. It can then make its own assumptions and reach its own conclusions about events that will transpire over the next two years and can develop its own estimates of the rate levels it seeks from the Postal Service.

If the Public Representative does so, however, ABM hopes that it will reflect to a far greater extent than it has thus far on that portion of the “public” that uses the mail

and the workers who depend upon mailers for their livelihoods. In its motion (at 7-8) the Public Representative concludes that the Postal Service now faces “extraordinary or exceptional circumstances” that warrant an exigent rate increase to avoid “financial embarrassment of the Postal Service” and “severe service reductions.” ABM asks that the Public Representative weigh the “embarrassment” that the Postal Service appears willing to risk against the jobs and families of workers who will lose jobs as a direct result of a rate increase in this environment. ABM also submits that the avoidance of service reductions at all costs is not necessarily good public policy, as the Public Representative suggests. Rather, mailers should be provided with the best service they can afford, not even better service the price of which drives them from the mail and, in many cases, out of business.

Respectfully submitted,

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