

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

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**Mail Processing Network**

**Rationalization Service Changes, 2012**

**Docket No. N2012-1**

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**DIRECT TESTIMONY  
OF DAVID BORDEWYK, NNA T-2  
ON BEHALF OF NATIONAL NEWSPAPER ASSOCIATION  
(April 23, 2012)**

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1 **I. Introduction**

2 My name is David Bordewyk. I am general manager of the South Dakota Newspaper  
3 Association, a 130-year old organization. SDNA represents 11 daily newspapers and  
4 119 weekly newspapers. Our mission is to represent the state’s newspapers with a  
5 variety of programs and services including public policy advocacy.

6 I have managed the association since 1996. My professional background includes  
7 work as a reporter and editor for newspapers in South Dakota and as a magazine editor  
8 for a national trade organization representing community banks.

9 I appear before the Commission because the proposed changes in mail service  
10 standards will have grave effects upon the ability of the newspapers in my state to reach  
11 readers. Because a mail processing facility in my state was one of the early closings in  
12 the Postal Service's network optimization, we have had the opportunity to see first-hand  
13 how much disruption can be caused when the mail is slowed.

14 My purpose is to share with the Commission information SDNA has gathered on how  
15 newspapers and others in South Dakota have been affected by the closing of the  
16 Mobridge Sectional Center Facility and the resulting decline in service performance.

17

18 **II. South Dakota is a largely rural state that must depend upon the mail**

19 South Dakota is a largely rural state with about 825,000 people--roughly the size of  
20 Jacksonville, Florida, in population. Household income for 2011 was reported by the  
21 Census Bureau as \$46,369, lower than the US median of \$51,914. The total driving  
22 distance from east to west is more than 400 miles, more than 725,000 square miles.  
23 Our population is slightly older than the rest of the US with 14.3 percent over age 65,  
24 compared to about 13 percent nationally. We also enjoy a significant Native American  
25 population with well-known reservations at Rosebud and Pine Ridge. Our Native  
26 American population is 8.8 percent, compared to the national average of .9 percent.

1 Perhaps most significant is that household broadband adoption rate for South Dakota is  
2 only 66 percent, according to 2011 statistics from the National Telecommunications  
3 Information Agency at the Department of Commerce. About a quarter of South Dakota  
4 households do not own a computer. The trends I have seen continue to show that while  
5 broadband use is slowly rising, significant populations lag behind the national averages  
6 quite a bit. In older, more rural states and states with significant minority populations,  
7 like South Dakota, the digital gap is pronounced. These numbers are confirmed by  
8 data from the Pew Center for the Internet and American life indicating that only 41  
9 percent of adults older than 65 are using the Internet. From a third to a quarter of  
10 minority groups are not using the Internet. Pew says about one in five non-Internet  
11 users say price is one reason they do not use the Internet. Pew also says 33% percent  
12 of Americans in the median income range of South Dakotans do not have broadband  
13 access at home.

14 In a rural state with great distances between towns and between mailboxes in a  
15 sparsely-settled geography, the mail is a lifeline for our local economies and our political  
16 and civic lives. For all of these reasons, the mail is particularly important in South  
17 Dakota.

18

19 **III. South Dakota has already experienced disruption from a mail processing**  
20 **facility closing.**

21 It was a dubious honor for our state to be in at the early edge of mail processing facility  
22 closures. In 2011, we lost the Sectional Center Facility at Mobridge in the north central  
23 part of the state--a very rural area. Because our newspapers depend heavily upon the  
24 mail, the closing put our entire association on alert. The problems we began to hear  
25 from our newspapers in the Mobridge area gave us an indication of the problems to  
26 come as other plants were targeted for closing.

27 SDNA has four newspapers in the Mobridge area. To prepare for this testimony, I  
28 conducted an informal survey with the publishers of these newspapers and also asked  
29 them to survey a few of their own customers. While our survey results were informal

1 and not intended to be statistically valid, I believe the feedback from this a small sample  
2 of affected customers provides an instructive view of the types of disruptions that occur  
3 in businesses when the mail slows down.

4 **A. Cash flows are affected by slower mail.**

5 All four reporting newspapers said their own businesses had been affected by delays in  
6 mailing bills and receiving payments.

7 A ranch operator in Trail City, SD, said she was concerned about the effect on her  
8 credit.

9 Kathy Nelson at the Timber Lake Topic, a weekly newspaper in the north central part of  
10 the state, said it is taking longer to get money in.

11 The owner of Herreid Livestock, a livestock auctioneer in Herreid, SD, said: "Our  
12 business depends on the checks arriving quickly and we are not getting our money in  
13 time."

14 A clerk at the City of Herreid said, "Some of our customers are getting their bills late,  
15 and many more complaints of them not even showing up."

16 **B. Businesses are concerned about shipping of essential supplies and products.**

17 One newspaper said its local car dealership felt its business was at risk because car  
18 parts come by mail from Minot, ND, where an additional Sectional Center Closing is  
19 contemplated.

20 The City of Timber Lake reports that it must mail water samples for within 24 hours of  
21 being drawn. The slowed mail service resulted in a first-ever violation for non-  
22 compliance with water quality rules. The City of Herreid reported a similar problem and  
23 said it had to hire a courier at public expense to comply with rules.

24 The owner of Biegler Equipment in Timber Lake said she was concerned about  
25 customers' complaints that they are not receiving items they ordered on time.

1 Another ranch owner in Firesteel, SD, complains that everything is arriving late, from  
2 greeting cards to equipment. He said, "We are having to make extra trips to businesses  
3 60 miles away to insure that we get medicine and vet supplies timely or pay a courier.  
4 The Pony Express was actually faster back in 1860 than the USPS!"

5 A lumber company owner in Pollock, SD, said the mail was being slowed by more than  
6 three days.

7 **C. Rural residents are concerned about receiving essential items.**

8 Retired rancher Adele Enright described the situation faced by many rural residents:  
9 "The price of gas makes a 200 mile drive to a major shopping area difficult so the mail  
10 was a very important part of our lives.

11 **D. Publishers are experiencing significant delays to subscribers and are having**  
12 **to absorb new expenses to get issues delivered on time where it is possible to do**  
13 **so.**

14 The Mobridge Tribune told SDNA:

15 "We are still seeing frustratingly poor mail service to long distance subscribers  
16 and have recently started mailing some out-of-state subscribers by first class  
17 mail since they receive their papers sporadically--and often damaged--and are  
18 threatening to cancel their subscriptions after years of loyalty because they are  
19 not consistently receiving the product for which they paid."

20 A first-class mail piece costs a publisher about a dollar per copy, depending upon the  
21 distance and other characteristics in the mailing. When multiplied by many copies on a  
22 daily or weekly basis, the additional postage is significant. For a weekly paper to mail  
23 first class to even 100 readers, the postage cost would increase by nearly \$4,000 a  
24 year. These costs do not add to the quality of the news or any other valuable aspect of  
25 the newspaper from the subscriber's standpoint. That makes it unlikely that an increase  
26 in the subscription can be enacted to cover that cost. So a publisher would be expected  
27 to absorb this increase. For many small newspapers in this challenging economy, that is  
28 an additional expense they could not bear.

1 The Emmons County Record in Linton, ND, which also owns the Prairie Pioneer in  
2 South Dakota, provides a good illustration of the impact.

3 The publisher is absorbing an additional \$55 a week in shipping and labor cost to  
4 continue to get its paper to drop-shipped locations. The publisher reports that until  
5 these drop-ships were set up, the Wednesday paper was arriving as late as Saturday.

6 Allen Burke, the publisher reports:

7 "The driver goes from Linton to Herreid, SD, 30 miles south, and drops off papers  
8 for Herreid and Mound City and then to Eureka, SD, another 35 miles. In  
9 Eureka, she mails all of the other Prairie Pioneers addressed to South Dakota  
10 addresses (other than to Herreid, Mound City and Pollock). Then, she goes to  
11 Pollock, S.D., where she mails the Pollock zip code papers."

12 The rest of the mail that was sorted at Mobridge now goes to Bismarck, where  
13 persistent service problems continue. Burke fears that mail from other cities will be  
14 routed through Bismarck as USPS continues its consolidations. He believes under-  
15 staffing at Bismarck will deepen his problems.

16 These extra costs will rise as fuel prices continue to spike, which seems almost  
17 inevitable.

18 An additional \$55 a week may not sound like much in an urban area. But for a rural  
19 newspaper, it is about what they spend for a free-lance photographer to shoot pictures  
20 at community events each week, or for a correspondent to cover an area city council.  
21 Small newspapers operate on extremely small profit margins and must tightly control  
22 expenses to be able to continue to cover the news in small towns. Without them,  
23 though, the residents have no other source of local information.

24 **E. Options for work-arounds have not been provided.**

25 I understand that the Postal Service is considering transfer hubs in some facilities that  
26 are scheduled to be closed so that local mail does not have to travel inordinate  
27 distances only to return to the locality.

1 But this option was not offered in the Mobridge circumstance. One publisher told me  
2 USPS may be considering a new highway route from Mobridge to Selby, which is about  
3 20 miles away, though nothing has yet been confirmed.

4 I would recommend that in such circumstances the hub option should be put into place  
5 before the facility closes. Waiting to put this work-around into place until there are  
6 already demonstrable service impacts puts customer relationships at risk. These may  
7 not be repaired by a restoration in mail service. For a newspaper, a lost subscriber may  
8 be hard to get back.

9 But even where hubs are offered, the availability of a USPS truck route may not work.  
10 The Mobridge Tribune newspaper finds that the window between the end of its press  
11 runs and the critical entry time is too tight to be trusted.

12

13 **IV. SDNA collected information from residents in its efforts to protect our mail**  
14 **service**

15 The negative impact upon this small segment of our state mobilized SDNA to try to  
16 protect our remaining mail processing plants.

17 We conducted a petition drive to collect signatures of persons concerned about these  
18 plants. From those signatures, I produced a report titled: "Deliver the Mail. South  
19 Dakotans for Timely Mail Delivery." A copy of the report is being filed with this testimony  
20 as NNA LR-N2012-1-1. The report focused on all aspects of timely mail delivery,  
21 including both overnight and 6 day delivery.

22 Just as important as the signatures themselves are the unfiltered comments provided by  
23 hundreds of petitioners. Comments that demonstrate how much South Dakotans  
24 depend on good, timely mail delivery in their personal lives and in their business and  
25 professional lives and how strongly they feel about ensuring that timely, six-day mail  
26 delivery continues in South Dakota.

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1 Here is one comment that well-represents the nature of opinions from Jim and Kathy  
2 Nelson, publishers of the Timber Lake Topic.

3 "We are distressed by the many negative effects of the closing of the mail  
4 processing center at Mobridge. Our mail now goes to Bismarck, ND, for  
5 processing. The local mail comes back a day or two later. Even our in-town mail  
6 has to be sent to Bismarck! Some days the mail does not all fit on one truck so  
7 some is left behind. We have not received an Aberdeen daily paper on the right  
8 day since this started. Sometimes we get three in one day. The first week, it took  
9 the Mobridge paper 6 days to get to Timber Lake--40 miles. People don't know  
10 when they will receive their prescriptions. We can't argue with the closing of  
11 some very small post offices where there are good alternatives but we can't  
12 understand the USPS reducing delivery standards so drastically. We publish the  
13 newspaper in Timber Lake and we pay about \$12,000 a year in postage; we feel  
14 like the USPS does not want our business but we have no good alternatives.  
15 People say the Post Office should be run like a business. No real business could  
16 treat customers this way and stay in business."

17

18 Another resident commented on the challenges of living in a rural state and noted  
19 slowing mail delivery could be costly to residents:

20 "Rural South Dakota's mail is already 1 day longer service to arrive to many  
21 locations. Closing the Rapid City processing center will add an additional 2 day  
22 delay...It takes the first day for mail from here to get to RC now just to be sorted  
23 and a day to sort it and a day to return it. Add another day to SF (Sioux Falls) to  
24 sort it and a day back. If you remove the one day of sorting in RC (Rapid City),  
25 that's five days. 2 days longer for my local payments if mailed to arrive at their  
26 destination. I receive my water bill and it is due 10 days from the billing date,  
27 same goes for my Verizon and BHP bills. MDU allows more time to make your  
28 payment. Late fees are imposed by all 3 if they are as much as a single day  
29 late..."

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2 One theme resonated throughout these comments: South Dakotans oppose the  
3 proposed wholesale consolidation and closure of mail processing centers in our state  
4 and the discontinuation of Saturday mail delivery. Our state would suffer. Our economy  
5 would suffer. South Dakotans who depend on timely mail delivery for medical  
6 prescriptions, business mail, news, legal documents and much more would be  
7 negatively affected.

8 The report has been provided to our Congressional delegations.

## 9 **V. Conclusion**

10 It is alarming to residents in rural areas how easily their interests are written off by  
11 people in our nation's capital. Our ranches, agriculture and small-scale manufacturing  
12 and after-market suppliers are essential to the nation's economy. Yet it seems that in  
13 the nation's capital the needs of these communities are insignificant, dismissed as  
14 special interests or ignored because population densities do not impress people who  
15 have lived in urban areas all of their lives.

16 It is a fact of life for most rural states--from South Dakota to the population centers of  
17 the Pacific--that the mail is a lifeline for the economy and for civic life.

18 The Postal Service has made some powerfully damaging decisions with respect to mail  
19 service in rural areas by deciding it is more important to stockpile mail in urban centers  
20 so that sorting machines can be run longer than it is to actually get the mail to people.  
21 USPS appears poised to make even more of these decisions.

22 I believe that further research into the true needs of rural areas is needed.

23 My colleague Max Heath is recommending some steps to help community newspapers  
24 reach their readers. I endorse his recommendations. But these steps for newspapers  
25 will not necessarily help the residents who need the mail for other items--medicines,  
26 parts, agricultural supplies and, most essentially, cash to run their businesses.

1 I firmly believe more information about the impacts on rural America is needed before  
2 the Postal Service changes its service standards and closes more facilities. I ask the  
3 Commission to recommend a serious study of truly rural areas--not of the few big cities  
4 in rural states, like Pocatello, ID, which USPS did study--but of America's small towns  
5 like Linden, ND, and Mobridge, SD. I believe the results would be incredibly informative.

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