



Association of Business Media Companies

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

AN OPEN LETTER TO THE POSTMASTER GENERAL

November 27, 2001

Dear General Potter:

American Business Media's members rely almost exclusively on the mail for delivery of the 1,300 business-to-business and professional periodicals that they publish. For this reason and others, the American Business Media publishers take a back seat to no one in their concern with the Postal Service's current financial difficulties. Collectively, American Business Media members spend about \$300,000,000 annually on Periodicals postage alone.

Following Postal Rate Commissioner Omas' request that the parties to the rate case work toward a settlement and the Postal Service's suggestion that the filed rates should form the foundation of any settlement, both the American Business Media Government Affairs Committee and its Board of Directors discussed the rate case in detail and at length in order to develop a position for the association.

Unfortunately, as we have previously reported to Mr. Foucheaux, American Business Media is unable to agree to a settlement that encompasses the rates exactly as filed, for to do so would require American Business Media to abandon an issue of important principle for which it has successfully fought for decades. Specifically, the Postal Service proposal in Docket No. R2001-1 would break with long and venerable tradition by eliminating the flat editorial pound rate that assures that editorial content will pay the same postage no matter where it is mailed to or from.

The importance of editorial content in postal rates dates to the Revolutionary War, and the distinction between a flat editorial pound rate and a zoned advertising pound rate has existed since at least 1917. Congress continued that distinction through its 1967 rates, and notwithstanding efforts by the Postal Service and others to eliminate the flat editorial rate in at least five cases—Docket Nos. MC76-2, R77-1, R87-1, R90-1 and MC95-1—the Postal Rate Commission has consistently and wisely refused to do so.

In Docket No R87-1, the Commission stated (§5404, page 549) that elimination of the flat editorial rate "strikes at the foundations of second-class mail," words it repeated in its R90-1 decision (at §5274, page V-118). In that later decision, the Commission noted that "we have always rejected the zoning of the editorial pound charge" (§5274, page V-118), and it ruled that "we continue to find that longstanding public policies require a recommendation to maintain the current flat editorial pound charge" (§5279, page V-120).

American Business Media

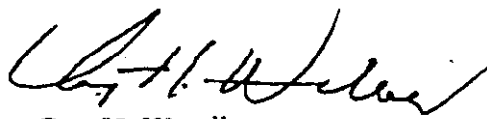
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American Business Media can agree to a settlement that gives the Postal Service the revenues that it seeks, including from American Business Media members, but it cannot allow the financial crisis faced by the Postal Service to bury a principle that has no relationship to or impact on that crisis. We understand the arguments in favor of editorial drop ship discounts, in part because they are the precisely the same arguments that were presented unsuccessfully in prior dockets. Their proponents deserve their day in court, but so do members of American Business Media. However, if American Business Media were to accede to the proposed settlement, the editorial flat rate would as a practical matter be gone forever.

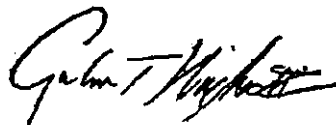
Surely if the Postal Service were starting from scratch with a rate proposal in a case that it hoped to settle, it would not have included such a controversial rate design change, especially one that is so modest in its rate impact. Now that the pending proceeding has taken this unexpected turn, we respectfully submit, the settlement proposal should eliminate this issue by retaining the present, albeit recalculated, flat editorial pound rate and preserve for another day a fair resolution of the controversy. American Business Media would show its support for the Postal Service by agreeing to such a settlement.

It is one thing to ask for additional moneys from the mailing community on the basis of existing principles. It is quite another to ask that fundamental principles be sacrificed, now and in the future. We support the former and urge the Postal Service to modify the settlement proposal by restoring a flat editorial pound rate for Periodicals, at least for purposes of a settlement in this case.

Yours truly,



Guy H. Wendler
President/CEO, Stamats Communications, Inc.
and Chairman, American Business Media



Gordon T. Hughes II
President, American Business Media

cc: Postal Rate Commission
All parties to Docket No. R2001-1