

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, DC 20268-0001

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REPOSITIONABLE NOTES MARKET TEST }  

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Docket No. MC2004-5

DIRECT TESTIMONY  
OF  
JERRY TIDWELL  
ON BEHALF OF  
NATIONAL NEWSPAPER ASSOCIATION  
(NNA T-1)

Respectfully Submitted,



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Tonda Rush  
KING & BALLOW  
PO Box 50301  
Arlington VA 22205  
(703) 534-5750  
(703) 534-5751 (fax)  
NewsBizLaw@aol.com  
Counsel for the National  
Newspaper Association

September 21, 2004

1 **Direct Testimony of Jerry Tidwell**

2 My name is Jerry Tidwell. I have been publisher of the *Hood County*  
3 *News* in Granbury for the past 25 years.

4  
5 During my tenure, the *Hood County News* has grown into the largest non-  
6 daily newspaper in Texas with a paid circulation of over 10,000. It is published  
7 three times each week. The *Hood County News* is a regular award winner in  
8 regional, state and national press contests. We also publish a Total Market  
9 Coverage (TMC) product, "*Extra*," to serve nonsubscribers. *Extra* is mailed at  
10 ECR rates.

11  
12 I began my newspaper career in 1970 as advertising manager of the  
13 *Andrews County (TX) News* before serving in the same capacity for three years  
14 at the *Seminole (TX) Sentinel*. In 1976 I was named publisher of the *Lamb*  
15 *County Leader-News* in Littlefield, TX and in 1979 I became publisher of the  
16 *Hood County News*.

17  
18 I am former president of the Lake Granbury Area Chamber of Commerce,  
19 the Chamber of Commerce Ambassadors and the Granbury Kiwanis Club. I have  
20 served as president of the Texas Press Association and North and East Texas  
21 Press Association. I graduated from Andrews High School in 1963. I majored in  
22 management and graduated from Texas Christian University in 1967 with a  
23 bachelor's degree in business administration.

24  
25 Currently I am treasurer on the board of directors of the National  
26 Newspaper Association.

27  
28 I became interested in repositionable notes (RPNs) when the dominant  
29 metropolitan newspaper in our market, the Fort Worth Star-Telegram, began  
30 selling them to advertisers for positioning on its front page. Although the Star-  
31 Telegram is far larger than we are, with a reported circulation of 259,049, we

1 often find our advertisers expect us to keep pace with the innovations of these  
2 much larger companies.

3  
4 About a year ago, I decided I had better look into serving their needs. I  
5 believed if I could find a way to do it, we might identify a new source of revenue,  
6 and also protect our relationship with some of our key advertisers.

7  
8 Immediately, I learned we were operating at a cost disadvantage because  
9 of our size. I found out that the notes themselves were quite costly—about 3  
10 cents per piece—and that we would have to use manual labor at a cost of about  
11 2 cents per piece to affix them to our newspaper. I do not know the Star-  
12 Telegram’s costs, but I would assume that as a part of the large Knight-Ridder  
13 newspaper group it can purchase large volumes of the notes at a much lower  
14 price than the News can.

15  
16 Also I believe the Star-Telegram has an automated process for applying  
17 the notes. To purchase a machine to do that work for our volume would be out of  
18 the question.

19  
20 Finally, it delivers its issues primarily through private carriers. Although I  
21 cannot attest for a certainty that it has negligible additional cost for doing so, I  
22 would be very surprised if there were any. The RPNs add nothing to the weight,  
23 the sorting time or the delivery complexity, so the Star-Telegram is simply able to  
24 take advantage of its control of its own delivery network in this instance.

25  
26 As I completed this research, I inquired of NNA’s Postal Committee  
27 Chairman Max Heath about the rules for affixing these repositionable notes to a  
28 periodicals rate newspaper. I learned that the periodicals rules did not permit it.  
29 Max informed me that the Postal Service was concerned about the impact of the  
30 notes on automation-rate mail. I advised Max that our newspaper is carrier-route,  
31 walk sequence sorted and that we enter it ourselves at two post offices in

1 Granbury and also carry it ourselves to five other offices—three in the county and  
2 two outside the county. There is no automation involved.

3  
4 I understand an attempt was made to allow the News to participate in the  
5 Postal Service's experiments with the RPNs. I agreed to participate in a trial, but  
6 never heard anything further. Finally, with the rules obstacle adding to the  
7 already surprising cost research, I was forced to abandon the idea.

8  
9 Now, for advertisers that demand something like an RPN, we solve the  
10 problem by printing on our front page, in a Run of Paper (ROP) format, a yellow  
11 box near our flag that looks like a yellow sticky note. We have had some  
12 advertiser interest in that, but not as much as I had hoped. The advertisers still  
13 expect us to come up with something like the Star-Telegram's offerings.

14  
15 Despite the cost, I remain interested in offering this option to our  
16 advertisers, both through the News and in our TMC product, Extra. Although we  
17 will participate at a cost-disadvantage even without the postage cost, we must do  
18 what we can to remain competitive.

19  
20 However, the prices proposed by the Postal Service in this case would be  
21 prohibitive for us. We would struggle to sell this product if the rate were even as  
22 high as the .5 cent rate proposed for letter mail. If we are to be able to compete  
23 in the marketplace, we need a rate both for the within county and outside county  
24 periodicals mail, and the Enhanced Carrier Route rate mail used by our TMC  
25 *Extra* that is below that proposed rate.

26  
27 It is hard for me to understand why the Postal Service is proposing any  
28 rate for this product at all unless it foresees some cost impact from the use of the  
29 automation sorting machines. When I agreed to let Max Heath recommend me  
30 for a trial for RPNs, he said we were looking for permission, not a rate. In our  
31 case—both for the *News* and the *Extra*—there should be no cost to the Postal

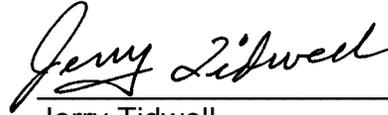
1 Service through my use of RPNs on my carrier route mail. I would think the  
2 Postal Service would want mailers to be able to use RPNs just so, like my paper,  
3 we mailers could be competitive with products in the private delivery  
4 marketplace. Everything we can do to compete with them preserves mail volume  
5 for the Postal Service.

6

7 Notwithstanding my concerns about the Postal Service's rationale for  
8 charging any rate, I remain interested in the RPNs, but only at a substantially  
9 reduced rate from any proposed in this case.

**DECLARATION**

I, Jerry Tidwell, declare under penalty of perjury that the foregoing testimony is true and accurate to the best of my knowledge, information, and belief.

A handwritten signature in cursive script that reads "Jerry Tidwell". The signature is written in black ink and is positioned above a horizontal line.

Jerry Tidwell

September 21, 2004

### Certificate of Service

I hereby certify that I have filed the foregoing document online in accordance with the Commission's Rules of Practice.



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Tonda F. Rush  
Counsel for National Newspaper  
Association

September 21, 2004