

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

REGULATIONS ESTABLISHING)
SYSTEM OF RATEMAKING) RM2007-1

REPLY COMMENTS OF DOW JONES & COMPANY, INC.

Dow Jones & Company, Inc. ("Dow Jones") hereby submits its Reply Comments in this proceeding.

The Commission is well-aware that Dow Jones mails a substantial quantity of Periodicals every business day. As the publisher of *The Wall Street Journal*, *Barron's*, and smaller newspapers, Dow Jones mails hundreds of thousands of pieces of mail, every business day. Accordingly, it has a substantial interest in this proceeding.

Until now, Dow Jones has been content to allow the various trade associations, the Postal Service, and others, to flesh out and address the issues in this proceeding. Dow Jones chose to file these Reply Comments, however, to make four brief points which it believes are important to the Commission's consideration of the issues in this proceeding.

One, we have reviewed carefully the initial Comments of the Postal Service, filed September 24, 2007, as to the issue of what constitutes a "product," and urge the Commission to adopt the Postal Service's Comments on that subject in its final rules adopted in this proceeding. It is important that the definition of "product" not so entangle the approval of Negotiated Service Agreements that NSAs become even more difficult to achieve than is already the case. Dow Jones was the earliest proponent of NSAs, and believes that their use should be encouraged

further, not discouraged as is seemingly now true for most mailers, for the benefit of the Postal Service, mailers, and the U.S. economy as a whole.

Two, because of more pressing business matters, such as the roll-out of a Saturday edition of *The Wall Street Journal* and the circulation issues attendant thereto, Dow Jones has not yet been in a position to take the time necessary to negotiate an NSA with the Postal Service, but it fully intends to do so. While such an NSA could involve rates, it also could involve only *service* considerations. Such an NSA surely would not need review by the Commission under the statute for its rate impact on Postal Service revenues (and therefore, in theory, on other mailers) as a separate "product." Dow Jones emphatically agrees with the Postal Service's September 24 Comments herein about "products." But it is important to add that all NSAs may not even involve separate rates from those generally applicable to other mailers of the same class of mail, and therefore, such an NSA would not need to be reviewed under the ratemaking provisions of the statute. That is an additional reason that the Postal Service's position with respect to "products" should be followed herein.

Three, Dow Jones agrees with the initial Comments of Amazon.com, filed herein on September 24, 2007, on the subject of NSAs.

Four, in their initial Comments certain Periodicals mailers (*e.g.*, *Free Press* and *The Nation*) urge a return to cross-subsidies for rates on Periodicals mail. Dow Jones does not agree with much of those Comments. First, the constant drumbeat of concern that certain mailers should not bear the costs of their own mail, because otherwise they *may* go out of business, seems all smoke and no fire. No such circumstance has yet occurred, so far as is known to Dow Jones, and there is no evidence to support those claims.¹ In any event, now that the Commission

¹ Apparently, one reason for this is that magazines such as *The Nation* have wealthy benefactors who make up any losses incurred by the publication, on an annual basis.

has adopted a different approach to cost-attribution for Periodicals mail (which caused Dow Jones's rates to increase as well as the rates for smaller mailers), the Commission has taken the actions it deems necessary to adopt an accurate cost-attribution methodology. Dow Jones may not agree with every determination by the Commission with respect to Postal Service costs, and therefore, like every mailer, reserves its rights to be heard about such issues.² But the larger principle – that costs should be attributed in accordance with the evidence of cost-causation as supported by the record of the proceeding in which rates and rate discounts are set– is entirely appropriate. There is no place in postal ratemaking to ignore proper cost-attribution, for otherwise, inefficiencies will be encouraged, not discouraged. Accordingly, this proceeding should not be the occasion to reverse that policy, especially so soon after it was finally adopted only earlier this year.

Conclusion

For the foregoing reasons, the approach recommended by the Postal Service in its initial Comments with respect to the issue of "products" should be adopted, and the Commission also should adopt the initial Comments of Amazon.com with respect to NSAs.

Respectfully submitted,

/s/

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² For example, Dow Jones believes that the Commission's findings about the appropriate volume of mail necessary to achieve rate discounts was too high, and therefore failed to reflect fully in the current Periodical rates that mailers such as Dow Jones save the Postal Service costs by performing many services that the Postal Service does not need to perform. Dow Jones cannot take advantage of some of the current discounts the Commission established because it does not have sufficient volume, on a daily basis, in many areas of the country, to trigger those discounts.

³ Please note that the change in the name of the law firm, for the Commission's and all parties' records.