

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

ANNUAL COMPLIANCE REPORT

DOCKET No. ACR2007

COMMENTS OF THE NATION MAGAZINE, L.P., TERESA STACK,  
PRESIDENT  
PURSUANT TO THE PRC NOTICE OF FILING OF ANNUAL COMPLIANCE  
REPORT

In response to the request for comments of the January 23<sup>rd</sup> technical conference on periodicals held at the Postal Regulatory Commission, I submit the following.

While I am not in the position to comment on most of the highly technical discussion that took place during the 89 minute session, I do want to comment for the record on how I experienced the proceedings as a relative newcomer to this complex process.

It was stunning to witness the extent to which the large contingency of representatives from Time Warner, the largest publisher in the country, dominated the proceedings. I counted at least 4 high level TW employees or consultants, who asked, and in some cases answered, most of the questions raised at the conference.

I am very concerned that the questions TW raised about some of the costing issues were likely cherry picked to further their financial interests. While some of the general objections they raised may help the entire class of periodicals, many others, particularly the 5 digit and carrier route issues, seem to me to favor the costing for their types of magazines specifically. It is reasonable to assume that they are not as likely to pursue problems with the model (a model they largely wrote) that undermine any of their financial stakes. The proceeding left me

strongly questioning: who is looking out for the thousands of small magazines and how these issues affect us?

To an outsider, the conference looked terribly lopsided, a clear, no doubt unintended, case of “agency capture”. TW, to their credit, has been paying attention to the postal rate issue in ways that no other publisher has, and the postal authorities unfortunately appear to have come to rely on them and their experts. But I worry that this is not a system that lives up to the values of the founding fathers when they set up the postal service as the de facto circulatory system of our democracy.

The reality is that it remains the case that small magazines simply cannot participate meaningfully in this rate setting process. We do not have the staff (unlike TW) nor the money to hire expensive consultants to protect our interests. Under the new rules, how can we have a voice? Last week’s conference made that question even more pressing to my mind.

It was completely disingenuous for TW’s Halstein Stralberg to suggest, as he did in the meeting, that mailers, if they are simply “smart”, will see these “price signals” and change their mailing practices. Far too much of what TW advocates is scale/volume based, and co mailing is just not an option for far too many magazines that are small or depend on the timeliest delivery. The market cannot handle it, and it is dismaying to see that one of TW’s Primary arguments for implementing these radical new rates, the option of co mailing, is not being tracked or challenged. Meanwhile, TW continues to strongly press for changes that likely help them, and the rest of us are left out in the cold.

I respectfully submit that something is very wrong with a process in which the largest industry player provides not only the experts (in the form of Robert Mitchell and Halstein Stralberg) that the USPS and PRC appear to rely on to a large degree for both modeling and cost assessments, but that also have an

enormous, seemingly unchallenged, influence on how the costs are assessed, thus influencing how the rates have been, and will continue to be under the new system, set by the USPS.

And I must formally state that even though the Nation is a member of MPA, and we are more involved in their postal and legal committees, MPA does not in our opinion represent the interests of small publishers in these postal issues.

The proceeding made crystal clear that Time Warner will continue to lobby for const-shifting measures that, if successful, could mean serious rate increases for other magazines, well in excess of the CPI. I urge you to control the degree of TW's (and other mega-mailers) influence in this process and to, in an ideal world, create a meaningful way for smaller voices in our diverse industry to participate in this arcane process and on equal footing with the likes of TW. It seems to me that under the new postal reform law, the PRC might rightly be the one to exercise and, if necessary, develop the expertise needed to add a truly independent voice to the present dialogue between TW and USPS. I suspect that the founding fathers would expect no less from those of you charged with upholding the values of our historic postal system.

Respectfully submitted,

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