

CONDÉ NAST

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HOWARD SCHWARTZ

EXECUTIVE DIRECTOR
DISTRIBUTION SOURCING & POSTAL AFFAIRS

POSTAL REGULATORY
COMMISSION
OFFICE OF THE SECRETARY

June 3, 2008

PI 2008-3

The Honorable Dan G. Blair
Chairman, United States Postal Regulatory Commission
901 New York Avenue, NW, Suite 200
Washington, DC 20268-0001

Dear Chairman Blair:

Dan

Conde Nast Publications applauds the efforts of the Commission to ask for comments on the universal service and the postal monopoly including the monopoly on the delivery of mail, as well as on access to the mailbox.

Conde Nast Publications is a major user of the United States Postal Service for Periodicals, as well as for First Class and Standard Mail. We recognize the fact that we are very dependent on a strong Postal Service which maintains predictable service, as well as predictable and reasonable rates. We were supporters of the legislative efforts which resulted in the Congress passing and the President signing the Postal Accountability and Enhancement Act of 2006. The Act clearly is based on the Service being able to exist within a CPI based rate cap environment except under the most unforeseen of circumstances.

It is our belief that any erosion of the current monopoly would severely jeopardize the Service's ability to continue to exist under the CPI rate cap. In view of our country's economic condition, we cannot afford the potential threat of further decreases in postal volumes and revenues. This would surely be the result brought about by allowing third parties to cream skim mail volume. It is our opinion that any allowance for third parties to have entry to the mailbox would most definitely lead to the Service's loss of volume and revenue. As we all know, First Class mail volume is on a steady decline and is not expected to recover. Standard Mail has been the only area where volume has shown growth. However, even this growth has been reversed in the last several quarters and Standard volume has gone from positive to negative growth.

Any tinkering with the mailbox monopoly should certainly not be contemplated at this time or hopefully ever. The risks are too great especially since the PAEA is not even 18 months old. Under no circumstance should access to the mailbox ever be given to any party for free. If Congress should ever determine to open the mailbox to third parties, they must commit to subsidize the USPS in order to protect us mailers from having to pay for any lost revenues brought about by the actions of Congress. There are no public subsidies currently given to the Service for its regular operations (other than the revenue foregone provision from prior legislation, as well free mail for the blind). All citizens should pay for the actions taken by Congress.

Reducing the present six day delivery per week is also problematic for the mailing community. Several years ago the Service did a study on the potential savings if delivery was reduced to five days a week. I believe that the analysis was based on Saturday delivery being eliminated. The results, at that time, showed that the extra

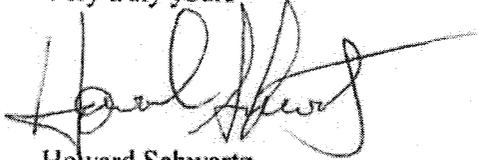
burden on the letter carriers on Monday to deliver two days of mail on a single day would outweigh any potential savings. We understand that the one day curtailment of delivery could just as well be a Wednesday or Tuesday so a new study might be in order. We are a Publisher of a daily newspaper (*Women's Wear Daily*), two weekly tabloid sized B to B publications, two weekly magazines (*The New Yorker* and *Golf World*), as well as 25 monthly publications such as *Vogue*, *Vanity Fair* and *Glamour*. We are very concerned with the service rendered to our publications. Our subscribers have grown to expect delivery on a specific day of the week. Any impediment to service can have a severe impact on our ability to have our subscribers renew their subscriptions.

The Service operates with a "no layoff" clause with most, if not all, of their craft unions. We are not sure what net financial savings could be obtained if delivery was reduced by one day per week but that is what the analysis will have to figure out.

Aside from our own parochial interests, the American public receives medications via the Postal Service. Insurance companies normally insist on drug prescriptions for up to 90 days be fulfilled via the mail. Any service disruptions could cause medical problems to the recipient. It might lead to the drug fulfillment companies diverting volumes to competitors of the Service. This would then certainly lead to declines in mail volumes and revenues for the Service.

We would hope that the Commission would take a very cautious look at the potential harm that could impact the viability of the Service as compared to any potential short term gains.

Very truly yours

A handwritten signature in black ink, appearing to read "Howard Schwartz", written in a cursive style.

Howard Schwartz