Postal Regulatory Commission
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BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

REVIEW OF NONPOSTAL SERVICES	Docket No. MC2008-1(Phase II)

SUPPLEMENTAL SWORN STATEMENT

OF

GARY A. THURO

AUTOBIOGRAPHICAL SKETCH

My name is Gary A. Thuro. Since 2005 I have been the Manager of Licensing as part of the Mailing and Shipping Services organization. My full Autobiographical Sketch appears in my November 17, 2008 Statement in the first phase of this proceeding.

I. PURPOSE AND SCOPE OF SUPPLEMENTAL TESTIMONY

The purpose of my supplemental statement is to respond to the Commission's Order No. 392, with further information related to the licensing programs that the Commission has ordered the Postal Service to terminate. This statement provides factual support for the Motion to Stay filed by the Postal Service regarding Order No. 392, which respectfully requests that the Commission stay the effect of the order.

II. HARM TO THE POSTAL SERVICE

Two Postal Service Licenses, LePage's 2000, Inc. and Measurement Limited have natural termination dates that do not coincide with Order No. 392. Accordingly, and as discussed below, failure of the Commission to provide the stay requested by the Postal Service will result in irreparable harm to the Postal Service.

LePage's 2000

In the case of this License, the Postal Service will lose at least $1.725 million based on LePage's minimum guaranteed royalties that would be due through the year 2017. The LePage's license required the licensee to pay $125,000 as a guarantee during the first renewal term in 2007. Each successive year, LePage's guaranteed minimum royalty increases by $25,000. Accordingly, by forcing an early termination, the Postal Service will lose $225,000 in 2011, $250,000 in 2012, $275,000 in 2013, $300,000 in 2014, $325,000 in 2015, and $350,000 in 2016.

Despite this minimum loss, it should be noted that historically throughout the term of this license, LePage's has exceeded their minimum royalties. For example, LePage's paid actual royalties of $301,501 in 2009 despite having a minimum royalty obligation of $175,000 in that year. Over the term of the contract through 2009, LePage's minimum guaranteed royalties have totaled $775,000, but they have paid the Postal Service $1.96 million in actual royalties during this period. This suggests, and it is my opinion, that the aforementioned $1.725 million loss represents a true baseline loss, but it is more probable that the Postal Service will lose substantially more revenue as a result of the Commission's Order.

Measurements Limited

While representing a smaller loss, the termination of the Postal Service's license with Measurements Limited would result in some losses to the Postal Service. Measurements Limited license is set to terminate naturally in December, 2010, which is consistent with the Commission's Order; however, under that agreement, it was contemplated that this Licensee would retain a one-year sell-off period for existing inventory. It should be noted that the Postal Service's standard for sell-off periods is 180 days, but in light of the type of product offered by this licensee, an extended sell-off period was negotiated.

All sales made during this sell-off period would be subject to royalty payments, and it is reasonable to assume that the sales would match or exceed previous contract years of the license. In the case of Measurements Limited, their royalties for 2009 were approximately $11,000 with a sharp increase in royalties occurring in the last three quarters compared to the first. In those last three quarters, the average quarterly royalty exceeded $3,500. Assuming that these royalty trends hold during the sell-off period, the Postal Service would lose approximately $14,000 by being forced to disallow Measurements Limited's contractual right to pursue the one-year sell-off.

Declaration

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

Gary A. Thuro

2-25-10

Date