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Postal Regulatory Commission
Submitted 5/26/2010 11:43:50 AM
Filing ID: 68226
Accepted 5/26/2010

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May 19, 2010, 1 p.m. –4 p.m.

Postal Regulatory Commission -Public Field Hearing
Six-day to five-day Delivery changes (Docket N2010-1)
Memphis City Hall Memphis, TN

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Good afternoon Chairman Goldway and other distinguished members of the Postal Regulatory Commission. Thank you for taking the time to hear from your customers today. My name is Joseph H. Adams and I am the publisher of three newspapers in Middle Tennessee. All three newspapers are delivered 80 percent or more by the USPS. We are proud of that partnership which distinguishes us from the “driveway litter” of newscarrier delivery.

I am here today to testify to three points on the matter of five-day delivery that have relevance to my industry and to my community.

First, my daily newspaper is *The Lebanon Democrat* located in Wilson County, Tennessee (population near 100,000, with almost 50,000 households). Yearly, we do \$180,000 in periodical rate postage and an additional \$180,000 in standard saturation rate postage. We have a circulation of around 7,500, six days per week, and 6,000 of those are delivered by the USPS. The citizens of Wilson County, Tennessee will suffer a service loss of timely general news, timely high school sports news and timely community news if you discontinue Saturday delivery. As an example: folks who die after midnight on a Friday could be buried before their relatives read about the death in my Monday edition. At risk for my business is more than \$280,000 per year in circulation and advertising revenues – just from Saturday deliveries. Saturday is the largest advertising day of the week and represents more than one-fifth of all our newspaper- related revenues.

Second, in assessing alternatives at my newspaper, I am finding that all of my alternatives will cost the USPS revenues for which it may not be aware. Should I suspend Saturday publication (or use alternative delivery sources) the USPS will lose more than \$37,000 per year in in-county periodical revenues. Perhaps you have already considered that loss. However, what you may not have considered, is that should I begin my own carrier deliveries six days per week you will not only lose the \$180,000 in in-county periodical rate revenues you will also likely lose the additional \$180,000 of saturation rate revenues as well. The USPS stands to lose more than ten times its expected Saturday revenue losses! And there are MORE losses coming for you. A recent survey of the 15 Tennessee Press Association members with Saturday mail deliveries (which compliment their carrier delivery) shows an additional 8,000 pieces EACH DAY are likely to be moved as they expand newspaper carrier delivery routes which will cost the USPS in Tennessee an additional \$250,000 just in in-county revenues.

I realize that in the larger view, this \$600,000 loss in Tennessee revenues is but a drop in the bucket to your other projected total losses. However, I have had occasion to discuss this topic with six other newspapers in three other states. These newspapers, like my newspaper, rely mainly on USPS for daily deliveries. Without exception, the loss of Saturday delivery forces discussions about changing all six days to in-house carrier deliveries. The potential losses to the USPS is likely hundreds of millions of dollars per year ABOVE your projections!

My third and final point is illustrated in the fact that when I started my newspaper career in 1976 at The Greenville News in Greenville South Carolina, a multi county regional newspaper, I spent a great deal of my first few years moving rural subscribers from mail to newscarrier delivery. Out-of-county periodical rates had begun to soar. Today those rates are more than four times the cost of in-county rates. In 2007, during the early days of the recent newspaper recession, newspapers across the country were clamoring to reduce expenses. Many newspapers began to investigate changes toward mail delivery and were stopped cold by the exorbitant costs involved in out-of-county rates and was not helped by your recent talk of discontinuing Saturday delivery.

I am suggesting that you think of something drastically different. What if our economic professors were correct, and what if a small reduction in prices could actually evolve into a huge delivery (and revenue) volume increase for the USPS? The Price Elasticity of Demand theory in business economic terms explains it very well: the USPS has moved well past its price equilibrium point for revenue maximization of newspaper deliveries. In other words, out-of-county pricing has already caused you to lose millions in revenues. In today's newspaper environment you can get it back. Imagine what the addition of MILLIONS upon MILLIONS of daily newspaper deliveries could mean to you. Moving and redefining the "in-county rate" into a "Newspaper Designated Market rate" could mean the infusion of millions and millions of DAILY brand new paid mail pieces into your delivery system. All brought to you sorted at the carrier sequence level and delivered as exceptional dispatch to even the smallest of post offices. No expensive handling or sorting at all!

In conclusion, when you move to five-day delivery and cut Saturday delivery the citizens of my county will be greatly inconvenienced in their lives and my small newspaper could lose \$280,000 or one-fifth of its total newspaper revenues which, would be ruinous to my newspaper and to the community that depends upon it. But no matter what I chose to do to ameliorate my related newspaper losses, the USPS in Wilson County itself will lose a minimum of \$37,000 and as much \$350,000 in revenues and those USPS losses are likely multiplicative across the US, and are likely to be hundreds of millions more than you think. I ask that the USPS seek a newspaper partnership and consider a rate reduction in out-of-county rates for regional newspapers that can provide hundreds of millions of new dollars to your newspaper mail revenues.

I want to thank the commission for their time in letting me discuss these important issues.

----Joseph H. Adams-----