

Good afternoon. My name is Christopher Huckle. I am publisher of the Cadillac News, a daily newspaper in northwest Michigan. Our circulation is 8,500. We publish Monday through Saturday. We also publish a weekly Standard Mail total market coverage piece of over 26,000 copies each Monday that is delivered through the United States Postal Service.

Our newspaper has published continuously since 1872. We cover the Wexford, Osceola, Missaukee, and eastern Lake Counties, providing the finest in local news and information. Without our newspaper, these communities would not have access to the local news about their city or village government, school news including sports, obituaries, police and fire news, and all other news they need to be informed citizens. In rural northern Michigan, there is simply no other news medium that covers the important news that we provide to our readers

I am a fourth generation publisher, having succeeded my parents, Tom and Kaye Huckle, as publisher in 1999. My father succeeded my grandparents Earl and Audrey in 1969. My grandfather succeeded my great grandfather, Thomas, in 1954.

I was born and raised in Cadillac, Michigan. I attended Michigan State University and graduated with a BA in business administration in 1992. After spending two years in advertising sales at the Owatonna, MN People's Press, I went to graduate school at Fordham University and received an MBA in Communications and Media Management. My wife, Katy, and I are actively involved in our community and have two children, Tommy (11) and Susie (8). I currently serve on the board of directors for the Michigan Press Association and Michigan Newspapers, Inc., an advertising placement service operated by the press association.

Our newspaper is perhaps unique in American daily newspapering in that the US Postal Service has provided our primary distribution since 1980. Although it is

now more common for daily community newspapers to be delivered primarily by mail, the News converted from private carrier to mail long before the current trend. Our daily paper is printed by 4 a.m. the morning before delivery. It is entered in three different times beginning at 2:45 a.m. every day at the Cadillac Post Office and carried by us to five additional offices under the exceptional dispatch privilege on Saturday mornings.

We spend more than \$750,000 a year in Periodical and Standard mail postage for our two products. About 60 percent (\$444,506 in 2009) of that bill is for delivery of our Standard ECRS class Total Market Coverage publication and the other 40 percent is for Periodicals mailings of the News. Of the periodical spending, about \$100,000 of that is for our weekend edition that we deliver on Saturday. We also spend additional money on First Class postage for business and customer billing mailings and other business correspondence. Postage is equivalent to 10.5 percent of our revenues and is even more costly than printing. It is second only to employee wages as an expense.

The proposal to end Saturday delivery would have an immediate and irreparably harmful effect upon our newspaper. It surprises me to find that I now must approach my largest vendor and plead for a continuation of service. It dismays me to discover that even as important daily newspapers like ours grapple with changing reader habits, a down economy and fiscally-strapped advertisers, the element that is most likely to force us to change our business plan comes from a distribution vendor, not a change in our market or our readers.

That is why I believe something is seriously wrong with this picture.

As an active postal customer, I find it amazing that the Postal Service is exploring an option that is definitely not best for the customer, nor for our customers and our readers. It may be true that some mailers believe they can adapt to a 5-day

delivery scenario, but in my conversations with local businesses, I find no one who is in favor of 5-day mail.

The irony is that my company may be compelled to help the Postal Service do what it should have done before it proposed eliminating 17% of its delivery days: create a revenue drain that will require local post offices to eliminate staff, and struggle to provide other services without adequate resources.

My options are grim.

- 1) I will be forced to set up a private delivery service in order to continue delivering on Saturday. Since our company has not had a private delivery infrastructure since 1980, the framework for creating such a service is not present in the company. We are not part of a corporate chain that can tap into expertise at a headquarters, or borrow experts from elsewhere in the corporation to show us how to create such a service. Such an undertaking will drain resources of our senior management and myself at a time when the tight economy demands our attention to the economic health of the community and the tending of our own customers. And then, even if we are able to execute this feat, we are not permitted to deliver our newspapers in the mailbox, where our readers are accustomed to finding it. I expect confusion in the marketplace. I will be asking my members of Congress to consider a law that will give newspaper companies access to a limited use of the mailbox so that we can reasonably meet our customers' expectations with non-mail delivery. It will also result in the loss of roughly \$550,000 in USPS revenue from us right off the bat as we would use the delivery force to deliver our weekend Cadillac News (\$100,000 per year) and our \$450,000 per year Standard Northern Michigan News publication. Once we were to set up a private delivery force, the rest of our postal spending (\$200,000) would likely also follow the path from USPS to a private delivery force. I guess this situation

would also be grim for our local post offices, the employees of those post offices, and the USPS in general.

- 2) Obviously, we do not have the choice of shifting our Saturday paper to another day, like Friday or Monday, because we already publish a newspaper on those days. So, if we find private delivery is not an option, we have to face the grim reality of dropping our Saturday newspaper, even though I believe our readers find it the most compelling of the week (or maybe they just have more time to read it.) It may seem to an outside observer as if this is an easy shift to make and that some of the Friday business will simply migrate to Friday or Thursday, as the Postal Service seems to naively expect.

But that is not how print advertising works. If our Saturday advertisers wanted to be in the Friday paper, they would already be there. They will be unwilling—and in this economy, unable—to pay higher advertising rates because they will not be getting more readers on Friday, only a loss of opportunities to make an impression in the buyer’s mind. Our readers will expect, of course, a lower subscription rate. We will lose most if not all of Saturday’s advertising revenue. We will save printing and postage, but as I said, our largest cost is staff. We do not carry out layoffs without much trepidation since our staff is like our family. But obviously we would not need as many people if we lose one issue a week. And most importantly, our readers will be without the local news they need for two days over the weekend and three days when there is a Monday postal holiday.

So, at the end of this analysis, I see Cadillac and its surrounding communities affected in these ways by this potential change in behavior by our delivery partner:

Fewer postal jobs  
Fewer newspaper jobs  
Disappointed and under-informed readers  
Challenged advertisers, who counted on Saturday's mail to bring in customers.

On top of all of this, I understand an increase in postal rates is planned in January. Raise prices and then cut service. That is a great recipe for business failure. Combine that with the fact that the USPS, through cumbersome SOX requirements and other seemingly-bureaucratic new rules and regulations, has made it increasingly more difficult for us and the USPS employees at our local post offices to successfully deliver our products in a timely manner, and you have a system that is headed down the wrong path.

Looking at this option purely from the viewpoint of employment in a down economy—particularly in a state that is already zooming toward 15 percent unemployment—I believe the Postal Service has begun and ended its analysis with blinders on. Its focus group research was limited mostly to the largest urban centers. It is not looking at the bigger picture. It is not properly assessing the risks to its own mission. It is not looking clearly at the impact on customers. Instead, it is behaving like a government agency with the power to raise revenue at will and define services by guideposts that have more to do with the institution's needs than the needs of stakeholders.

I am very pleased that the Commission has decided to gather information from customers in these hearings. Having read some of the materials from previous hearings, I have to say that endorsement of 5-day delivery seems lukewarm at best from stakeholders. The Postal Service seems to have defined this question as one of higher rates versus less service. I strongly suspect that those who buy into that tradeoff will be disappointed. Rather, I suspect we will find in a 5-day mail environment the recipe for a 4-day mail environment, or

worse. Revenue loss will exceed USPS's measly projections, and competition will become strengthened in the alternate delivery sector for ad mail, Periodicals, and Packages.

The perception is that the Postal Service is choosing the path of least resistance by cutting service rather than tackling internal cost controls, including labor pay rates, as private-sector businesses have had to do during this bad economy. I also believe that the retirement cost funding for the USPS needs to be examined and adjusted before cutting service to the customers that essentially pay for those costs. For the Cadillac News, there could not be a change by our delivery vendor that is worse for us. Cutting service and raising rates is not an option for private business. If I ran my business that way, I would be out of business. And I am not alone in my state in being placed in this situation. Several newspapers in our state use the USPS to deliver their newspaper on the weekends including the 35,000 circulation Petoskey News Review; 4,000 circulation Big Rapids Pioneer; 4,000 circulation Manistee News Advocate and the 12,000 circulation Gaylord Herald Times. I appreciate the Commission's attention to my concerns and look forward to answering any questions you have.