

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001**

**Six to Five Day Street Delivery)
And Related Service Changes)**

Docket No. N2010-1

NNA T-1

**REBUTTAL TESTIMONY
OF MAX HEATH, NNA T-1
ON BEHALF OF NATIONAL NEWSPAPER ASSOCIATION
(August 2, 2010)**

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Introduction and Summary

1 My name is Max Heath. I am postal committee chairman of the National
2 Newspaper Association, and have filled that role for 27 years, and have served on
3 MTAC since 1989. I am a postal consultant for NNA and its members, and also for
4 Publishing Group of America, Franklin, Tenn., which serves the nation's community
5 newspapers with rotogravure magazine supplements, the weekly American Profile and
6 monthlies Relish and Spry. I also continue as consultant for Landmark Community
7 Newspapers, Inc., Shelbyville, Ky., a private company which operates 56 paid
8 Periodical newspapers and 7 college sports publications mailing nationwide via
9 Periodicals and First-Class Mail with Monday origin entry seeking delivery by Friday-
10 Saturday nationwide.

11 I served as VP/executive editor of LCNI for 21 years, was also VP/circulation
12 director for 23 years, and as Vice President/Acquisitions & Postal for 6 years prior to
13 retirement in mid-2008. Prior to that I was editor and general manager of The Perry
14 County News, Tell City, Ind. for five years, and sports editor, assistant editor, and
15 editor/manager of the Central Kentucky News-Journal in my hometown of
16 Campbellsville, Ky. I served my country as an information specialist, and was editor of
17 the USARSUPTHAI Sentinel for US Army Support Thailand during the Vietnam War.

18 Having worked at weeklies, twice-weeklies and tri-weeklies using mail distribution
19 in rural communities, I believe there is no higher title than "country editor," serving the
20 information, entertainment, opinion, and advertising needs of small towns.

21 In retirement, I have redoubled my efforts to give back to the industry I love. I
22 devote approximately 20-25 hours a week as a trouble-shooter for small newspapers
23 with postal problems, reaching into the USPS networks to resolve issues with business
24 mail entry, Domestic Mail Manual compliance, network problems and
25 misunderstandings between post offices and their newspaper mailers.

26 I have appeared before the Commission as an expert witness for newspapers in
27 omnibus rate cases in Dockets R97-1, R2000-1, and R2006-1 and the Time Warner
28 complaint case, R2004-1. I also have been a witness in earlier PRC cases, and several

1 Congressional hearings on matters involving Periodicals. Although my work most visibly
2 involves newspapers as Periodicals' mailers, I also advise NNA members and others on
3 the ECRS category used by newspapers' Saturation shoppers, and free newspapers,
4 and High-Density Total Market Coverage publications to nonsubscribers of the paper.

5 My testimony here focuses on the impact upon newspapers and the Postal
6 Service from a proposed Monday-Friday delivery scheme, and upon inadequate
7 consideration of alternatives for the Postal Service's community newspaper customers.

8 **I. The Impact of Loss of Saturday Mail on the Postal Service and Community**
9 **Newspapers has not been adequately addressed.**

10 The Postal Service has long expressed an interest in ending Saturday mail
11 delivery. The current stress upon its financial condition has brought this long-sought
12 wish back to the foreground. As NNA's senior MTAC representative, I have been aware
13 of this element in its long-term plan for more than a decade, and have attended briefing
14 sessions by Postal Service executives on the reasons the end of Saturday delivery is
15 fore-ordained. However, one element in this past two years differs from previous years'
16 dialogues: the needs of community newspapers have barely scratched the surface of
17 the Postal Service's implacable determination to curtail service. As an industry liaison to
18 the Postal Service, I feel an obligation to hear out the Service's concerns and consider
19 ways our industry can accommodate reasonable changes. But because so many
20 newspapers across America—and not just very small and very rural newspapers—
21 depend upon the Postal Service to deliver the news, I have had no choice but to oppose
22 the request to Congress for an end to 6-day mail delivery requirements and to this
23 Commission for a favorable recommendation for 5-day delivery.

24 **a. The Postal Service has addressed impact only at surface levels.**

25 The Service offers little to reassure publishers that their business is important to the
26 nation's troubled postal system.

1 **1. Field hearing and public comment witnesses attest that Saturday**
2 **publication cannot be eliminated without serious damage to publications.**

3 The Postal Service has claimed that the negative impact of the loss of Saturday
4 mail will be isolated to very small, rural newspapers. But in my work with the industry, I
5 find the impact to be much more widespread.

6 The testimony of four very different community newspapers at the Postal
7 Service's field hearings demonstrates the problems newspapers will face with an end of
8 Saturday mail. Publisher Phil Major of the Wise County (Tex.) Messenger is in a north-
9 central Texas area that is rich in natural gas and oil, and has become an exurb of
10 nearby Fort Worth. The newspaper has long led the industry in creativity, having
11 created one of the earliest fax newspapers, a well-developed website and numerous
12 prize-winning stories and community promotions for its community. While the
13 community retains a rural character, on the scale of urban/rural communities in a state
14 as far-flung as Texas, I cast it more closely toward the urban end of the scale than a
15 great many Texas newspapers.

16 Publisher Roy Robinson of Graham (Tex.) Leader is a group publisher of the
17 nationally-positioned Media News Group. He has the distinction of running the
18 newspaper in founder Dean Singleton's home town. Although his community may be
19 somewhat more rural than Wise County, his newspaper is part of a large corporate
20 parent that would clearly have the expertise and ability to create private delivery
21 networks. I have personally visited both of these Texas counties.

22 Publisher Joe Adams of the Lebanon (Tenn.) Democrat is in an economically-
23 stressed community in Tennessee along the highway between Nashville and Knoxville,
24 where the median household income is about \$35,000. Its claim to national fame is that
25 the retail chain Cracker Barrel was founded there. The Democrat is a six-day daily in a
26 county with only one daily newspaper and three radio stations, one of which is licensed
27 in Lebanon but primarily serves Nashville. No daily news organization besides the
28 Democrat serves the county.

1 Then there is publisher Chris Huckle, representing the fourth generation in his
2 family to run the Cadillac News, an 8,500 circulation daily in Michigan, a state with the
3 nation’s second highest unemployment rate at 13.2% according to the Bureau of Labor
4 Statistics. Huckle is a \$750,000 year customer of the Postal Service with 26,000 copies
5 per week in the ECRS mailstream, in addition to his Periodical. His newspaper took the
6 bold leap in 1980 of abandoning its carrier force, a decision Huckle says was made
7 when he was 10 years old, and which he may now regret. While Cadillac is not a major
8 metropolitan area, it is hardly very rural. It sits near the geographic center of Michigan
9 and is home to manufacturers of automotive parts.

10 To take one other example, The Princeton Times-Leader in Princeton, Ky., which
11 has offered a response to this docket in the Commission’s public comments file,
12 publishes Wednesday and Saturday. It is between Paducah and Hopkinsville, Ky, and
13 just north of Fort Campbell, Ky. The owner volunteered to me that, “With no Saturday
14 delivery we will have to develop a carrier force as we would not move our Saturday
15 publication.” Dozens of similar newspapers comprise NNA’s membership.

16 None of these newspapers reach the circulation levels that USPS considers
17 worth much worry, it appears. But they are in typical American small towns, not the
18 “very rural” areas that the Postal Service has so commonly cited.

19 **2. The publishers attest that Saturday publication cannot be**
20 **eliminated without serious damage to publications.**

21 Each of these publishers has three major conditions in common, despite their
22 diversity:

- 23 • They cannot eliminate their Saturday newspapers and
24 shoppers without serious harm to the business;
- 25 • They are the only newspapers in their towns;
- 26 • They have developed their own business plans in reliance
27 on 6 day mail service, a promise from their federal
28 government that is now in danger, placing their newspapers
29 now in danger.

1 Huckle makes his point plainly. If he eliminates his Saturday newspaper, he will
2 sacrifice much more than 17% of his business. In fact, his Saturday newspaper is his
3 largest of the week. His advertisers will not simply shift to the Friday issue, because
4 they are already represented in the Friday issue. They WANT and NEED that Saturday
5 issue.

6 A layperson in the business might opine that he could combine the issues and
7 raise the rates to compensate for the loss in revenue. But in my 35+ years of experience
8 in the business, I have never seen such a strategy work. The advertisers in the
9 weekday issue are already buying that circulation. If they are going to be asked to pay
10 more, they want a much larger circulation, not just the content of a weekend paper
11 shifted to another day of the week. For their purposes, there will be insufficient value in
12 a combined Friday/Saturday newspaper to justify a higher rate—particularly in an
13 economy like Michigan's. For all practical purposes their Saturday ad revenue will just
14 disappear unless Huckle can find an alternative way to deliver. Competition exists in
15 that market for those ad dollars.

16 The impact upon readers is the publishers' first concern. As the PRC chairman
17 has noted, the Texas publishers are rightly concerned about the reporting of local
18 sports. That may seem like a parochial fret to someone in Washington, DC, but anyone
19 who has roots in a small town can attest that the high school football and basketball
20 teams form the nucleus of community gatherings. What Robinson and Major discussed
21 at field hearings is of no small consequence viewed through a smaller community's
22 lens, and while it may be hard to argue that delivering news of a high school football
23 game justifies a national postal force, it is not difficult at all to point out that if the Postal
24 Service's mission is still to bind the nation together, it must use the binding that the
25 community chooses, not ones selected by Washington. High school sports help bind
26 small towns together—even more than small post offices, in my humble opinion. As a
27 former sports editor, I know that people want to see game photos and articles, even if
28 they were at the game. Many students, parents and grandparents want the print edition
29 to save clippings for scrapbooks and to post on billboards and refrigerators. But they
30 want that news on a timely basis.

1 It isn't just about sports, though. It is local elections and politics, zoning
2 decisions, school news, the community groups, the churches, economic development,
3 taxes, crime, highway crashes, honor rolls, births and deaths, public notices, yard sales
4 and a host of other news bites that make these newspapers critical, and that make
5 those towns tick. That is why, if mail delivery on Saturday ends, these publications will
6 abandon the mail.

7 One company responding to an NNA query of publishers said, "Our company
8 publishes three semi-weeklies, each with delivery on Wednesday and Saturday. If the
9 Postal Service discontinues Saturday delivery, we will be forced to establish carrier
10 delivery for both publication days and for each of the three newspapers. It would not be
11 feasible to use postal delivery on Wednesday and carrier delivery on Saturday."

12 In fact, 29% of respondents to our query indicated they would create a new
13 carrier delivery force, despite preferences otherwise, and pull both Periodicals and
14 Standard Mail out of the mailstream. Others said they do not yet know how they might
15 respond, but some would consider carrier delivery.

16 **3. Postal Service ignores unique impact on rural areas.**

17 Related to the impact upon the newspapers themselves is the impact upon rural and
18 small town America. My colleague, Al Cross, a nationally-known journalist on matters
19 involving rural America, speaks eloquently to this subject. I simply attest that rural
20 Americans often feel misunderstood and abandoned by Washington, D.C., and that the
21 gap in cultural sensitivity between big cities like Washington and the sorts of smaller
22 towns where I have lived my entire life is acute and growing. It leads to national voter
23 backlash and movements like Tea Parties and farmers who drive their tractors to the
24 nation's capital. It is regrettable that policymakers in the nation's capital do not take the
25 time to visit smaller towns, as this Commission did during this docket. If the Postal
26 Service had conducted such an investigation, its officials would have quickly learned
27 that sentiments like Mr. Pulcrano's, stated on the witness stand, that rural America
28 chooses to have poorer and lesser services are highly offensive and objectionable.

1 **4. Impact on Thursday-Friday publications will be more severe than**
2 **the Postal Service admits.**

3
4 As a former publisher of papers with either Tuesday-Thursday or Monday-
5 Wednesday- Friday editions, I can attest to the difficulty of getting timely delivery in the
6 greater trade area outside of our home county and up to 100-200 miles away, and
7 beyond. Depending on the sortation levels, “working” mail copies in sacks (now Flats
8 Trays, more frequently) are all-too-often delayed beyond the 2/3-day service standards.
9 Reader complaints are loud and frequent. While sometimes complaints to processing
10 centers resulted in short-term improvement, lasting and consistent delivery within the
11 standard was never attained.

12
13 The situation was greatly exacerbated when one of the 11 Monday holidays occurs.
14 Failure to deliver newspapers within delivery standard on Friday or Saturday results in
15 delivery being bounced to Tuesday and beyond. Delays tend to balloon throughout the
16 whole week, as Monday’s mail is delivered on Tuesday or Wednesday, Tuesday’s on
17 Wednesday or Thursday and so forth. More time-consuming complaints by subscribers
18 to the newspaper results, and much more time is spent seeking relief from USPS.
19 Repeated frustrations experienced by subscribers often result in cancellations, with
20 subscribers blaming the newspaper, saying, “If you can’t get it to me on time, then
21 cancel my subscription.” Delayed newspaper delivery outside our market has cost our
22 industry and USPS thousands of dollars per year in lost business.

23
24 Past experience both as a publisher, corporate circulation director, VP/Postal Affairs,
25 and NNA’s consultant to members has convinced me that elimination of Saturday
26 delivery will be like having Monday holidays 52 weeks a year as far as delivery quality of
27 working mail is concerned. We find that newspapers entered on Monday holidays are
28 victimized with delays by backups of mail for the entire week. Under the proposal to end
29 Saturday delivery, we can’t quite begin to fathom what happens when the 11 Monday
30 holidays are juxtaposed. But it will be bad for newspaper delivery, based on every piece
31 of evidence I have accumulated (painfully, I might add).

1 **II. Newspapers have been a growth area, but will become a new drain in a 5-day**
2 **world.**

3 Newspapers are exempt from the prohibitions on private delivery outside the
4 mailbox, both by regulation and by long-standing tradition. The Commission will be
5 familiar with many metropolitan dailies with wide-ranging private carrier forces. In my
6 youth, these were kids on bicycles, but with the massive conversion to morning
7 publication for most dailies, they became motor routes. They are in the private delivery
8 sector solely because the need of these publications is to reach the reader before he or
9 she leaves for work each morning.

10
11 But a well-kept and wonderful secret the past few years is that many smaller
12 daily newspapers have abandoned their carrier forces and converted to 100% USPS-
13 delivered products. Why? Because the Postal Service is –or has been—a trusted
14 business partner--and these newspapers chose to focus their resources on news-
15 gathering or business development, rather than on developing their own distribution
16 networks. As gasoline prices spiraled up in 2006-7 and since, it was more cost-effective
17 to switch to USPS delivery. Also, its economies of scope and scale can take a route that
18 might be “unprofitable” for a newspaper because of low density and convert it to a
19 valuable piece of business for USPS, if costs are properly managed.

20
21 These conversions, I am convinced, are largely responsible for the fact that
22 Within County newspaper mail is the only product in market dominant mail that has
23 seen growth in the past few years, having grown 12.8% in pieces in FY 2008, then 3.4%
24 in FY 2009. So far in 2010, pieces have grown 2.6% for the first six months, with the
25 second quarter showing acceleration to 3.6%.

26
27 To illustrate this sort of conversion, here is how that decision worked for
28 newspapers with which I have consulted. Faced with gas-subsidy-fueled motor route
29 costs above 20 cents per copy, I helped the circulation director compute the savings per
30 piece for in-county mail, and in some cases higher outside-county copies, all sorted to
31 postal carrier routes and dropped at delivery offices for best discounts. There was

1 usually additional savings in motor route supervision, redelivery of missed newspapers,
2 and fewer complaint calls, saving time of customer service reps. While the afternoon-
3 newspaper carrier model shifting to A.M. mail worked best, some A.M. papers have also
4 converted. And many of these have Saturday delivery. For instance, in Indiana, 61 of 69
5 dailies reported a Saturday edition in 2009. Many of them are all mail, some recent
6 conversions. Several newspaper groups have vigorously pursued mail delivery.

7
8 There are several hundred more small dailies, at a minimum, including the
9 Brookhaven (Miss.) Leader owned by NNA's board member Bill Jacobs, which were
10 poised to make this same leap. But now they have suspended their plans. The threat of
11 loss of Saturday mail removes them from the candidate list for growing mail volume. For
12 them, 5 day delivery simply does not work.

13
14 I have received several calls and e-mails from newspapers considering the move
15 that are holding off, pending a final decision on the 5-day proposal. And not everyone
16 wanting to convert calls me, so that's just a small sample. For instance, Todd Buenker,
17 circulation director of the Effingham (Ill.) Daily News, wrote me of his concern about 5-
18 day delivery, saying, "As you know, we community (daily) papers are sitting here
19 chomping at the bit—ready to turn these unprofitable motor routes over to mail, but
20 we're afraid to do so."

21
22 **a. Private carrier forces face the same economics as USPS delivery, and will**
23 **therefore compete for mail volume.**

24
25 Operating a private delivery force is no small matter. It involves recruitment of
26 carriers, a relatively high turnover in a labor force, use of layers of management (such
27 as district managers and bundle droppers in larger networks) and the perennial
28 problems with placement of the product---hopefully the porch and neither the rose bush
29 nor the mud puddle.

1 Publishers with the ability to use the mail will gladly abandon these logistical
2 nightmares to the experts at USPS if they can—or if these logistical nightmares are
3 worse than the logistical nightmares created by USPS, which can be a close question
4 lately.

5
6 The tricky part about these networks is volume. Like USPS, the basic cost of
7 reaching a set number of households will be fixed, at whatever level the labor cost in
8 that area provides. The second challenge is in fielding a force that delivers only once a
9 week. This element is largely the reason most weekly newspapers do not tackle private
10 delivery. It is easier to recruit carriers if the frequency reaches more days per week.
11 Likewise, the labor rate a newspaper can pay will be higher if the number of pieces
12 carried is higher. In this sense, newspaper carrier forces will soon become magnets,
13 usually for advertising. In my experience, local newspapers' forces make an attractive
14 partner for small business preprinted advertising mail, which fits nicely into a TMC
15 Standard Mail product, as well as a newspaper.

16
17 Publisher Huckle's description of how this new competition will work is a good
18 one. He describes how he will be looking at the local advertising market for delivery
19 pieces. He also makes clear that his private delivery network will be not just for his
20 Periodical, but for his 26,000 piece ECR Standard Mail publication as well. The same is
21 true for all newspapers that leave the mail, as the greatest dollar savings is realized
22 from ECRS, making it possible to also deliver the newspaper via home-delivery carriers.

23
24 These projections are important, even if hard to quantify, because it does not
25 appear the Postal Service has taken them into account. I cannot detect any real
26 consideration of the potential for new local competitors in the research of the Boston
27 Consulting Group. In fact, I'm not sure how one would go about analyzing it, because
28 the plans of potential competitors have not yet jelled. It does seem clear to me that the
29 Postal Service assumes it will lose some Periodicals' mail, which seems untroubling to
30 the finance people, but the loss of the newspapers' ECRS will be more significant.
31 Moreover, new competition will have an effect upon the sustainability of many post

1 offices that would not otherwise fall on the closing list. New competition would affect the
2 price elasticity of saturation mail, and High Density ECRS mail. If none of those
3 elements have been examined and measured, my opinion is that the Postal Service's
4 volume forecasting is in doubt.

5
6 **b. New private delivery forces will create pressure to open the mailbox to**
7 **limited and qualified uses.**

8
9 The final critical element of the erosion created by publishers like Huckle is the
10 future of the mailbox. Although the Postal Service vigorously defends its position as sole
11 proprietor under the statutory monopoly, Huckle and others have made it clear that they
12 will voice their belief to their members of Congress that the monopoly should be relaxed
13 to allow credible carriers to deliver their newspapers into the receptacle where the
14 reader is accustomed to finding them. It is impossible to predict at this point whether
15 members of Congress would be sympathetic to that point, but I am aware that some
16 NNA members have already had this discussion with their Congressional delegations,
17 and find a great deal of sympathy for the publishers' positions. I am not myself arguing
18 for a relaxation of the mailbox rule at this point, although I address this point elsewhere
19 in my testimony. Nor has NNA embarked upon a legislative campaign down this road.
20 But if we see significant migration out of the mailstream, this issue will be in our future.
21 NNA believes that mailbox access can be provided without threats to security or mail
22 recipient trust.

23 **III. Inattention to newspapers' needs weakens USO mandate and franchise.**

24 **a. Postal Service's "sensitivity" to concerns is skin deep.**

25
26 The Postal Service has represented itself as "sensitive" to these concerns of
27 NNA member newspapers. But beyond lip service, I am aware of no genuine effort
28 to address our concerns. Rather, it is clear that the Five-Day Team headed by Mr.
29 Pulcrano saw us on their radar screen and immediately concluded that there was
30 nothing to be done about it. Combined with heavy-handed enforcement of SOX

1 compliance that often delayed newspapers' local delivery, and always-poor outside-
2 county delivery, newspaper publishers feel besieged by their so-called business
3 "partners." Many publishers have told me, "They act like they don't want our
4 business." It is becoming increasingly hard to refute that feeling.
5

6 **1. No effort to reach out to community newspapers.**

7 I am NNA's senior MTAC representative. Neither I nor our other representative
8 has had any outreach from USPS senior management about our concerns, beyond
9 the briefings extended to the Periodicals Operations Advisory Committee, where I
10 serve, and the full mailing community at MTAC general sessions, and at the National
11 Postal Forum. I understand our association representative, Tonda Rush, who also
12 serves as counsel in this proceeding, was included in at least one meeting to brief us
13 on the Postal Service's plans. But there has been not a single session with
14 marketing or a policy group or the Five Day team to see whether we had any
15 suggestions to offer.

16 A recent letter to an NNA member from the USPS Board of Governors
17 demonstrates the extent of the attempt to accommodate community newspapers.
18 The chairman of the Board tells us that the help we will get is that USPS will help us
19 understand our Saturday newspapers will be delivered after they have any value to
20 the reader: on Monday.

21 I believe this inattention is partly because newspaper Periodicals are considered
22 "under water" along with the rest of our publishing brethren. I object to such
23 presumption, first because I believe that proper accounting for our volume and costs,
24 and proper management of the labor component of our costs, would quickly get us
25 "above water," and secondly because it is clear from the alacrity with which USPS
26 guaranteed its Express Mail customers it would continue delivery of that product
27 demonstrates that the universal service obligation was given short shrift when the
28 Service really did not wish to keep the business. Rather, USPS wishes to hold onto
29 its high-markup product, and if newspapers are tossed overboard, the best it can do

1 is feign “sensitivity.” Given the long history newspapers have with the national
2 postal system, I believe we deserve better, especially since we are actively trying to
3 recruit new mail volumes.

4 Although I would agree with the Postmaster General that given the constraints
5 the Service has accepted for itself, there is no business solution for a Saturday
6 publication, I would submit that there are, in fact, potential solutions. They are ones
7 that would require the Postal Service to act like a business, however, and to work
8 with its labor force to devise affordable solutions. Given that we have seen no
9 interest in movement in our direction, it is impossible to say that none of NNA’s
10 suggestions would work.

11 **2. The Postal Service could eliminate a day other than Saturday.**

12 It argues that it must have two consecutive non-delivery days to avoid
13 unspecified start-up and shut-down costs.

14 But Monday is a consecutive day to the non-delivery day of Sunday. While losing
15 a Monday delivery would be unwelcome news to a 6 day paper like the Cadillac
16 News, it certainly would be less harmful to the business to lose a Monday issue than
17 a Saturday one. A Monday dark-day would preserve Saturday mail for the package
18 service, for individuals needing to sign for medicines on Saturdays and it would add
19 fewer new non-delivery days to the calendar, because 11 Mondays are already non-
20 delivery days. As to the supposed preference of businesses that are open on
21 Mondays but not Saturdays, I would say that until a proper survey is conducted on
22 impact, all we can say is that they were not asked. In the communities I work with,
23 most businesses have firm holdout or box service anyway, and would be unaffected.
24 Also Monday seems to have excess capacity, if I understand the Postal Service
25 testimony. What a great way to eliminate it while maintaining the Postal Service’s
26 competitive position.

27 It also seems likely that Tuesdays, which are light volume days, would be eligible
28 for elimination. Again, omitting Tuesdays would be an issue for daily newspapers,
29 but less damaging than loss of a Saturday issue. The Postal Service’s argues that

1 delivery on Saturdays, stopping for the traditional Sunday dark day, and then
2 eliminating another week day, is unworkable, but I am aware of no real basis for its
3 belief except for the fact that workers would prefer a two-day weekend. It would
4 seem to me that at least some deeper analysis should have been done on weekday
5 elimination.

6 **3. The Postal Service could negotiate a delivery price for**
7 **newspapers on Saturday.**

8 As USPS has arranged for any craft within the Service to be able to deliver
9 Express Mail, so could it negotiate for flexibility with newspaper mail that depends upon
10 USPS to reach readers. It could approach the hundreds of temporary and casual
11 workers who will lose their jobs in a 5-day world and work out a delivery price with them
12 that newspapers could afford. In my area, and certainly in the 13% unemployment
13 picture in Michigan, a delivery job on Saturdays would find a number of interested
14 bidders. The Postal Service could then put to use the vehicles that sit idle, and bring in
15 some additional revenue for the post offices that will be remaining open. Whether such
16 an arrangement would be possible would depend upon labor price, but we do not know
17 whether USPS has such an option. As far as we know, it has never asked. Newspapers
18 faced with the necessity of building a new delivery network may well recruit those out-
19 of-work carriers to help with delivery. In today's job economy, I would expect some of
20 those candidates to be interested in getting the work.

21
22 **4. It could permit limited mailbox usage.**

23 USPS Witness Pulcrano says the public doesn't want a stranger delivering the mail.
24 NNA would concur. Opening the mailbox to full and free use raises issues that
25 policymakers must consider. But the Postal Service already contracts with rural and
26 highway-contract route carriers, who wear no uniform, and use their own transportation.
27 Residents become familiar with them. There is no good reason why a newspaper carrier
28 could not be afforded the same access, and expectation of mail recipient trust, with
29 proper planning and communication. Newspapers already have the ability to use the

1 mailbox on rural routes on Sundays (DMM 508.3.2.10), so long as there is a reasonable
2 expectation the newspaper will be removed before Monday's mail delivery. We have
3 never had a report from newspaper carriers of mailbox bombs, which the Service has
4 recently experienced despite the supposed integrity of the mailbox, or chocolate bars
5 melting on the Social Security checks from this usage. We would expect a rational
6 access system could be worked out so that publishers could provide some self-help in
7 seeking a solution.

8 Since USPS has said it will continue to deliver newspapers on Saturdays to post
9 office boxes, readers will not understand why some patrons can get their papers by mail
10 and others cannot. Extending the mailbox access to Saturdays would help to avoid
11 reader backlash. Furthermore, I believe that if a 5 day scheme ever comes into play,
12 political forces may build to require a complete relaxation of the mailbox rule. USPS
13 would be wise to devise some rational system for newspapers that need mailbox access
14 first, and take some of the sting out of the loss of Saturday mail.

15 **Conclusion**

16 While it may appear that NNA is just against USPS attempts to achieve solvency,
17 without positive help, it is exactly the opposite. We are trying to help them understand
18 their underestimation of loss of volume, and the spur to competition that end of
19 Saturday delivery will bring. Aware of the many challenges in achieving real structural
20 and business change in a falling mail volume environment, we are sympathetic to the
21 Postmaster General's position. But in the end, we must support our members, who will
22 be damaged by a 5 day mail plan. Rather than support this proposal, we look to other
23 options for reform: such as NNA's long support on Capitol Hill efforts to remove the \$5.5
24 billion in retiree health benefit prepayments, unprecedented in government agencies.
25 Likewise, we have supported the more recently-uncovered problem of USPS
26 overpayment of between \$55-75 billion in pension costs dating back to the 1970 Postal
27 Reform bill. Justice in correcting these matters can keep USPS financially healthy short-
28 term and buy it time to deal in a serious matter with pay rates, at least for future hires.
29 NNA has not opposed the closing of some small post offices, and though often
30 concerned about service issues associated with mail processing center realignment,

1 NNA has not endeavored to secure Congressional blocks for the USPS plans. NNA is
2 confident that much change is ahead. As its chief postal policy advisory, I have advised
3 the organization to support smart business moves. Regrettably, I cannot support this
4 one. The Commission should strongly recommend against an elimination of Saturday
5 mail delivery.