

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**AFFORDABLE MAIL ALLIANCE
MAILER IMPACT STATEMENTS
(August 18, 2010)**

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**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF TODD HITTLE
ON BEHALF OF
AMERICAN BUSINESS MEDIA
(August 17, 2010)**

1. My name is Todd Hittle, and I am the Chief Financial Officer and General Manager of American Business Media, the nation's leading association of business-to-business media companies. ABM was founded in 1906, and its approximately 250 member companies reach an audience of more than 100 million professionals. Our office is located at 675 Third Avenue, Seventh Floor, New York, New York, 10017. My responsibilities include working closely with ABM's Washington representatives on postal and other matters.

2. American Business Media and its members have felt the full force of the recent economic downturn and the reduction in advertising expenditures that accompanied it. The impact of these factors on ABM members has been exacerbated by a series of above-average postal rate increases for Periodicals that are described in the separate comments of a group of periodical and catalog publishers and trade associations, including

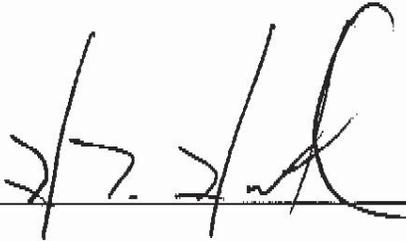
ABM. The result for virtually all ABM members, especially those producing hard-copy periodicals that depend on the Postal Service for delivery, has been economic stress of an unprecedented magnitude.

3. In 2008, the last time that ABM surveyed its members, they produced close to 1,500 publications distributed through the mail, the vast majority of which were mailed at the Periodicals rates. Our members spent about \$300 million annually on Periodicals postage. Although we have not yet collected more recent data since then, industry has been hard hit. The combination of postage increases and advertising declines has led to a reduction in the number of publications produced by our members along with reductions in frequency and page count. In addition, ABM's membership has declined as some publishers were forced to dispose of their hard-copy publications or otherwise cut expenditures to the bone. Many, or more likely all, of our members, and former members, have undertaken a combination of terminating employees at all levels, cutting or freezing compensation for those employees that remain, initiating furlough programs, eliminating employer matches to 401(k) plans and cutting other fringe benefits in an effort to survive. Some members have taken all of these steps, and more. Although I understand that a few ABM members will be submitting individual statements in this docket, many are understandably reluctant to expose employees, advertisers and others to the details of their pessimistic financial projections predicting the effect of yet another postal rate increase.

4. Based on what has happened over the past couple of years, it should be beyond question that the proposed postal rate increase in January will cost still more publishing employees their jobs and push still more publications, and companies, over the brink, leading to a reduction in the number of business-to-business publications that reach the leaders of America's industries and professions. Not only will these cutbacks affect the publishers (and their employees) and the Postal Service, they will also harm the nation's still-fragile economic recovery, as the flow of vital business information is impeded.

DECLARATION

I declare under penalty of perjury that the foregoing is true and correct. Executed on August 17, 2010.

A handwritten signature in black ink, appearing to be 'J. J. [unclear]', is written over a horizontal line.



Association for Postal Commerce

1421 Prince St., Ste. 410 • Alexandria, VA 22314-2806 • Ph: +1 703 524 0096 • Fax: +1 703 997 2414 • Web: <http://postcom.org>

August 15, 2010

The Honorable Ruth Goldway, Chairman
Presiding Officer of Docket No. R2010-4
Postal Regulatory Commission
901 New York Avenue, NW
Washington, DC 20268

My name is Gene Del Polito. I serve as the President and Chief Executive Officer of the Association for Postal Commerce (PostCom), and have served in that capacity for the past 26 years. I am well familiar with matters pertaining to the use of mail for the purposes of transacting business and commerce. I also am quite familiar with the manner in which the members of PostCom use postal services or the manner and degree in which their use of those services are affected, positively or negatively, by policies that govern the organization and operation of our nation's postal system.

PostCom's members consist of companies that either use mail for business communication and commerce or support others in such use of the mail. Our members are drawn from a broad spectrum of those whose business interests are, in one way or another, tied to the continued viability of a universal mail delivery system. They include users of the mail, such as direct marketing companies and others who use mail for the distribution of retail advertising, as well as those who are involved in one way or another in the production of products or services that are closely linked with the many business uses of the mail.

The members of the Association for Postal Commerce have joined with the Affordable Mail Alliance in opposing the Postal Service's request for greater-than-inflation exigency postal rate increases. The reasons for doing so are many, but reference should be made to the materials filed with this Commission by the Alliance for a more complete explanation of our concerns.

In this letter, I wish to highlight other aspects of our concerns that may not be so evident from a simple reading of the materials already submitted in this Docket. Prime among them are the many adverse effects that will flow from an approval of the Postal Service's exigency request, as well as the adverse effects that rise simply from the filing of such a request.

The Postal Service speaks of the concerns it has regarding the nation's economic recession. Its concerns pale in comparison with the suffering many of PostCom's member companies already have experienced because of the downturn in economic growth, the dampening of interest affecting the purchasing decisions of consumers and businesses, and the steps that many companies have been forced to take to adjust to changing economic realities.

This latter matter is an issue of great concern. There have been many within our industry who have had to lay-off workers, cutback on salaries and benefits, and reduce the scope of their own resources and enterprises to comport better to changes in the marketplace. They have done so, are continuing to do so, and probably will be required to continue to do so, in spite of the lack of comparable responses from the Postal Service to the circumstances facing its own enterprise.

This business downturn, and the drastic steps that businesses have been required to take, has adversely affected thousands of families who otherwise would have depended on the compensation our companies pay those in their employ. Families have had to go without income and without health and other benefits. In some

instances, people have had to suffer the loss of retirement programs that they had been counting on to attend to their retirement needs.

These adverse economic developments not only have adversely affected human beings, but also have caused significant loss of essential tax revenue to the federal, state, and local governments who derive their revenues from the pay our workers ordinarily have received. This has resulted in state and local governments reducing the support they provide to educational, health, and basic fire and police protection services.

Businesses, on whole, do better when facing circumstances that are predictable, consistent with general economic circumstances, and for which responses to changing developments can be suitably planned. The mere filing of this exigency case has taken away a considerable amount of that predictability and ability to plan.

PAEA was supposed to present America with a postal system that would function cost-efficiently, provide services consistently and reliably, and adjust prices in line with changes in inflation. This exigency request not only is ill-timed, but also is unjustified by any possible circumstances or conditions that are in line with those currently being addressed by the members of our industry. The mere pendency of this proceeding has deprived businesses of the ability to competently plan not only in this instance, but even plan much longer into the future as long as the prospect of additional "exigency requests" still seems possible.

This entire experience has already wrought great harm to the confidence businesses ordinarily have held for the viability and utility of doing transacting commerce by mail. This proceeding should be brought to as swift an end as possible, and it should be brought to a conclusion that leaves no doubt as to what lies in store for those whose interests are mail-related.

Sincerely,

A handwritten signature in black ink, appearing to read "Gene Del Polito". The signature is fluid and cursive, with a large initial "G" and "D".

Gene Del Polito, Ph.D.
President

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR EXCEPTIONAL) Docket No. R2010-4
CIRCUMSTANCES)

**STATEMENT OF J. KENNETH GARNER
ON BEHALF OF THE
MAILING & FULFILLMENT SERVICE ASSOCIATION**

(August 17, 2010)

1. My name is J. Kenneth Garner. I am CEO and President of The Mailing & Fulfillment Service Association (“MFSA”). This statement reflects the official position of MFSA on the rate increases proposed by the Postal Service in this case.

2. MFSA is a trade association with headquarters located in Alexandria, Virginia. MFSA’s membership consists of approximately 500 mailing service, printing, and fulfillment companies and suppliers located throughout the United States that collectively employ over 25,000 taxpaying citizens. Members represent the heart of the mailing community as they print, prepare, and process all classes and categories of mail. The aggregate volume generated or presented by member companies represents one of the Postal Service’s largest sources of mail volume and a substantial portion of its revenue. While some MFSA members are large companies, the overwhelming majority are small businesses, employing ten to fifty people, that typify the backbone of American commerce.

3. The entire mailing community, including MFSA members, has been devastated by the well-documented erosion of mail volume since the beginning of the recession in late 2007. MFSA membership has dropped by 30%, for example. A significant portion of the industry's contraction has been characterized by business failures as clients stop using the mail. In turn, these failures have displaced thousands of workers. The overwhelming majority of surviving companies have been forced to significantly reduce staffing, pay and benefits, and initiate other painful spending cuts that have adversely impacted thousands of employees. The future of the mailing service provider community is tenuous. It is imperative that actions be taken to encourage and support this critical part of an industry's value chain that, overall, generates \$1 trillion of business and that employs over 7 million workers.

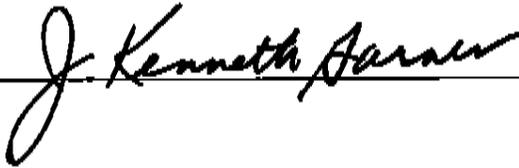
4. While we understand and support the Postal Service's need to stabilize its financial footing, we strongly oppose doing so through an above-inflation increase in postage rates. Increasing postage rates, particularly during a period characterized by business instability, represents an unwise approach. Any increase in postage rates will exacerbate the current crisis. We should not do anything that will retard the recovery of our industry at a time when the overall economic recovery is still fragile, and small business needs all the support it can get.

5. Given the range and number of actions that urgently need to be taken to implement a comprehensive, long-term strategy for USPS viability, we urge that those be addressed in a timely manner, and that an ill-advised increase in postage rates not be used as a sole substitute.

DECLARATION

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 16, 2010.



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**STATEMENT OF CRUZ BAY PUBLISHING COMPANY, INC. dba
ACTIVE INTEREST MEDIA
(August 17, 2010)**

1. My name is Patricia B. Fox. I am Senior Vice President at Active Interest Media (AIM), with offices at 475 Sansome Street, San Francisco, CA 94123, and corporate offices at 300 Continental Blvd., El Segundo, CA 90245

2. My responsibilities include oversight of production and mailing for all of AIM's publications, including the approximately 21 publications that use the US Postal Service for delivery to subscribers.

3. I have been responsible for production and mailing oversight for multiple media companies since approximately 1986.

4. I have an extensive business education, including an MBA from George Washington University.

5. Active Interest Media is a multi-media company; its businesses include consumer magazine publishing, events, conferences, book publishing, DVD development, and other related activities.

6. The total annual dollar amount projected to be spent on U.S. postage in 2010 is approximately \$7.9 million. Of this approximately \$5.3 million is used for mailing AIM's publications to subscribers; (periodicals postage); approximately \$1.1 million is used for direct mail marketing to attract subscribers (third class); another \$300,000 is reply postage; approximately \$300,000 is used for billing subscribers (first class) and \$750,000 for renewals (third class). An additional \$150,000 is spent on first class business mail from AIM's offices. These expenses represent a substantial portion of AIM costs

7. The recession has had a serious impact on AIM's business. AIM's revenues dropped approximately 22% between 2008 and 2009—. To date, business has not rebounded to 2008 levels. As a result, AIM reduced staffing by 10%, reduced salaries for the remaining staff by from 5% to 10%, depending on salary level, and eliminated the 401k match.

8. The impact of the cost increase will have a negative impact on mail volume. AIM is likely to cut back on direct mail, renewal efforts, as well as taking steps to reduce trim size and weight of our products.

9. The rate increases proposed by the Postal Service, if allowed to take effect, are also likely to force AIM to hold off on restoring staff lost in the attrition and in restoring all the salary and other benefits cuts that took place in 2009 and that now continue into 2010.

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CIRCUMSTANCES)

**STATEMENT OF MARK LENOX
(August 17, 2010)**

1. My name is Mark Lenox. I am Vice President, Marketing at AmeriMark Direct, LLC, with offices at 6864 Engle Road, Cleveland, Ohio.
2. My responsibilities include oversight of Catalog and other Direct Marketing, including circulation and determining profitability.
3. In business more than 41 years, AmeriMark Direct is a leading direct marketer of women's apparel, shoes, name-brand cosmetics, fragrances, jewelry, watches, accessories, and health-related merchandise. AmeriMark sells its merchandise through eight catalogs: Anthony Richards, Beauty Boutique, Complements by Anthony Richards, Essentials by Anthony Richards, Healthy Living, Time for Me, FeelGood Store, and Windsor Collection, as well as newspaper advertising and multiple websites.
4. In 2009, AmeriMark Direct had over \$38.7 million in expenditures with the United States Postal Service, including \$25 million for catalog mailings and \$13 million shipping packages and other correspondence. Year-to-date in 2010, we have spent nearly \$25 million with the USPS.

5. The current recession has affected AmeriMark Direct's response rate in the current year. We have had to cut back circulation in the second half of the year and reduce costs through an instituted pay freeze and elimination of some associate benefits in an attempt to avoid layoffs. These are the first years of no-growth and contraction that our company has experienced in a decade.
6. If the rate adjustment as proposed is allowed to take effect, it will increase our cost to mail catalogs by an estimated \$1.1 million annually. In addition, we estimate the changes in package rates will cost as much as \$850 thousand more in postage costs. Cost increases so large could force us to further reduce our circulation as much as 20%, around 20 million pieces, with a corresponding reduction in packages shipping via USPS of up to 500,000 shipments.
7. The rate increases proposed by the Postal Service, if allowed to take effect, are also likely to force AmeriMark Direct to perform layoffs, implement associate work furloughs and/or salary reductions and to further reduce associate benefits.

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**STATEMENT OF TERRY NELSON
ON BEHALF OF
THE GUILD, dba THE ARTFUL HOME
(August 17, 2010)**

1. My name is Terry Nelson. I am the Vice President of Marketing at Artful Home, with offices at 931 East Main Street in Madison, Wisconsin.
2. My responsibilities include all marketing activities, including catalog and internet.
3. I have been in direct marketing for nearly 15 years – working at Lands’ End for nearly 10 of those years. I left Lands’ End to launch a new catalog/internet company called Fair Indigo but was forced to leave due to difficult economic conditions.
4. We will mail slightly over 1.5 million catalogs this year with postage totaling over \$430K – this single expense represents nearly 40% of the total cost of each catalog.
5. The last few years have been very challenging for all companies, but it seems to me that it was especially challenging for the small companies, those supposedly who drive the economy. Unlike their big company

brethren – there is no “nest egg” to dip into to wait out downturns. We were forced to cut 50% of our staff last year and all remaining employees had to take 1 to 3 weeks of unpaid “vacation”.

6. Postal increases must stop. They are killing small catalog businesses which are the lifeblood of this industry. Fewer catalogers mailing catalogs will also result in fewer shipments. This is a death spiral. Increased postage will result in reduced catalog mailings for Artful Home – likely shift that investment to online marketing activities (i.e., paid search, banner advertising, etc.)
7. A rate increase at this time would force more of our business online – we would likely become a smaller, more profitable company. By smaller company, I mean fewer employees.

DECLARATION

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 16th, 2010.

A handwritten signature in black ink, appearing to read 'Terry Nelson', written over a horizontal line.

Terry Nelson

Vice President Marketing

Artful Home

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WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
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**STATEMENT OF WESLEY D. SPARKMAN
(August 17, 2010)**

1. My name is Wesley Sparkman. I am the CFO at the Association of the Miraculous Medal (the “Association”), with offices at 1811 West St. Joseph St. Perryville, MO 63775.

2. My responsibilities include supervising the Association’s finance and budget preparation and I am one of the Executive Team Members.

3. I have been the CFO of the Association for the past 7 years and worked for the United Parcel Service for 17 years prior to that in the capacity of supervisor in multiple operations including finance and budgeting.

4. I received a Bachelor of Science in Business Administration from the University of Missouri – St. Louis, and I am an active Mailers Technical Advisory Committee Member.

5. We are a Non-Profit Organization – Our Mission is to bring Mary Conceived without sin to the Catholics of North America. She reveals God’s Fatherly love and her own motherly concern. We invite members to

greater holiness, attend to their pastoral and spiritual needs, form them in the Christian life, and involve them in the apostolate of charity especially toward the clergy and the most abandoned.

6. Our total postage from July 2009 to June 2010 was \$1,835,827 – mostly non profit standard mail.

7. The current recession has adversely affected our organization and our mission to spread Marian devotion. Our revenue decreased by .65 percent during FY2009-2010. Our revenue decreased by 12.90 percent during FY2008-2009. In response, we implemented pay freezes, acquisition mailing cutbacks, attrition with no replacement, and reductions in support sent to our Provincial Offices to offset these shortfalls.

8. If the proposed postage increases go into effect, our mail volume will likely decrease and we will be more selective of our mailing audience.

9. The rate increases proposed by the Postal Service, if allowed to take effect, are also likely to force the Association to incur further reductions in the amount of support to our Provincial Offices as well as reductions in the quality of employee insurance coverage along with other employee and member benefits. In addition, the rate increase will make it difficult for the Association to replace future retirees and force the Association to continue pay freezes.

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**STATEMENT OF KENNETH C. GOSSETT
(August 16, 2010)**

1. My name is Kenneth Gossett. I am President of Automated Mailing, Inc, (AMi) with offices at 4407 Wheeler Avenue Alexandria, VA 22304.

2. My responsibilities include the overall direction and management of the company-

3. I have been part of the mailing and fulfillment industry since 1973 and have served in many capacities.

4. I have two college degrees and several industry certificates of for training and accomplishments.

5. My company provides mailing and fulfillment services to wide range of companies, associations and organizations. Examples include banks, non- profit charities, trade associations, agencies, printers and political organizations.

6. In 2009 AMi mailed 31,038,157 pieces in all classes of mail and paid \$7,166,696 in postage. This represents a significant drop from 2008 when AMi mailed over 73,000,000 pieces of mail and paid over \$10 million in postage. The company in 2010 is recovering to a small degree with over 21 million pieces mailed to date.

7. The current recession has devastated my company. Early in 2009 we cut workers hours by 20% in some cases and cut benefits such as matching 401k contributions. Later in that year we were also forced to reduce benefits paid by our group health insurance policy. As of today the company's total workforce has been reduced by about 30%. And for those remaining salaries have been reduced and of course there have been no increases in pay.

8. If the Postal Service increases rates in 2011 mail volumes will most assuredly decline as my clients budgets are already squeezed to almost invisibility. Clients will mail less and increase their efforts to use other less costly means.

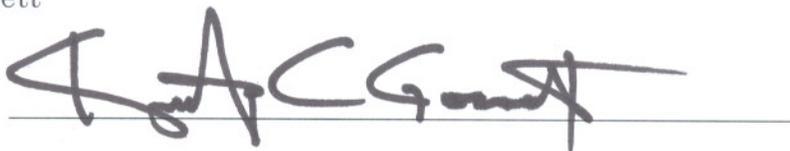
9. AMi has increased volume somewhat this year by reducing prices and increasing efficiencies. That means fewer people and seeking more and more ways to do more with less. An increase in Postage rates will reverse this trend and no amount of efficiencies will stop the loss of jobs. The Postal Service's direction is now that of increasing prices and reducing the level of service (5 day delivery and an already noticeable increase in mail delivery time).

Many in the industry have labeled this direction as a death spiral. For me, I consider it a huge tornado sucking up and destroying everything in its path. A more efficient Postal Service is the future. Today, it is definitely not a more expensive one!

DECLARATION

I declare under penalty of perjury that the foregoing is true and correct. Executed on August 16, 2010.

Kenneth C. Gossett

A handwritten signature in black ink, appearing to read "K C Gossett", is written over a horizontal line. The signature is stylized and cursive.

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**STATEMENT OF STEVEN N GUSTAFSON
(August 17, 2010)**

1. My name is Steven N Gustafson. I am Director, Marketing Services for The Bradford Group of companies, with offices at 9333 N Milwaukee Ave., Niles IL: 60714..
2. My responsibilities include financial and cost negotiation responsibility for all media placement, print production, paper purchasing, list services, mailing services and postal affairs.
3. In my tenure with The Bradford Group I have served in numerous roles and have distinct understanding of the companies use and proliferation of mail with the Unites States Postal Service.
4. The Bradford Group is a recognized leader in new product development and the direct response marketing of collectibles ranging from plates, dolls, music boxes, jewelry, ornaments, figurines, architectural villages, electric trains, die-cast cars and more,
5. The Bradford Group spends tens of millions of dollars with the Unites States Post Office, through a wide variety of products including first class letters, standard class letters and flats, parcels, business reply card and letters. In addition, we spend significant time and money in maintaining a clean mailing

file and currently exceed USPS requirements with respect to move update and file hygiene

6. This most recent economic downturn has resulted in significant impact to our business forcing us to implement variety of cost cutting measures including, but not limited to, reductions in force, pay freezes and reduction in our advertising expenditure (i.e. mail volume)
7. The likely effect of the rate increases proposed by the USPS will be harmful as we will be incurring substantial rate increases in all products we utilize. The total impact to our business as result of these proposed increases will be devastating to our companies, thus hindering our ability to maintain or grow business with the USPS.
8. The rate increases proposed by the Postal Service, if allowed to take effect, are also likely to force The Bradford Group to consider other measures in order to maintain a healthy bottom line, which may include further force reductions, program cutbacks and continued advertising expense declines.

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**STATEMENT OF JANET BYRUM
(August 17, 2010)**

1. My name is Janet Byrum. I am a partner at Byrum & Fleming Mailing List Brokerage & Management (“Byrum & Fleming”), with offices at 321 San Anselmo Ave. San Anselmo, CA 94960.
2. My responsibilities at Byrum & Fleming include business administration of the firm.
3. I have working experiences in the CPA practice as well as in the mailing list business. I have a Master’s degree in taxation.
4. Byrum & Fleming is a mailing list business and CPA practice firm that offers lists representing sought after markets; business to business, healthcare, ethnic and consumer interest.
5. Total annual postage spending of Byrum & Fleming is approximately \$3,500, first class postage, for marketing.
6. The hard economic times are taking a toll on Byrum & Fleming which has experienced a 75 percent decline in revenue. In response, we have

implemented layoffs, pay reductions, spending cuts, and cuts in mail volume.

7. The rate increases proposed by USPS will lead to further reductions in Byrum & Fleming's mail volume.
8. The rate increases proposed by the Postal Service, if allowed to take effect, are also likely to force Byrum & Fleming to make additional budget cutbacks, direct marketing cutbacks, and employment curtailments.

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF MICHAEL T. KELLOGG
(August 17,2010)**

1. My name is Michael T. Kellogg. I am the Chief Executive Officer at Century Direct, LLC., with offices at 30-30 47th Avenue. Long Island City, NY, 11101.

2. My responsibilities are very broad but include involvement with the Postal Service and many of our customers.

3. I have been involved with the mailing industry for more than 27 years and have held industry association positions during that period. I served as the Chairman of the Postal and Governmental Affairs Committee of MFSA and presently serve on the Executive Committee of that association and am the Secretary Treasurer as well. I previously served as the President of MFSANY and was on the Executive Board of the Triboro PCC in New York.

4. Previous to my work in the industry I was a litigation attorney and still maintain my license to practice law in the State of New York.

5. Century Direct is a marketing services provider primarily to customers within the New York metropolitan marketplace. We have been in business since 1932 and have seen the growth of automation mail since its inception. We serve many types of clients performing many varied tasks all geared towards delivering a message in graphical form to a recipient. Our clients include non-profit organizations, law firms, retail chains, real estate brokerages, banks, unions and politicians.

6. We are responsible for nearly one hundred million pieces of mail per year. We perform more than 10,000 jobs in our plant, some large and some small. Most of our mail is Standard Mail but we also mail substantial volumes of First Class Mail and Bound Printed Matter. We have seen a significant decline in revenues over the past two years. This year our revenues are 20% less than they were in 2008. Obviously our need for personnel has declined, our payroll has been reduced, the amount of supplies we purchase from vendors has been curtailed. Last year we were forced to reduce salaries by 6- 1/2% so that we could maintain profitability. In sum, our business has taken it on the chin and we continue to battle demands for lower pricing for work that we are performing.

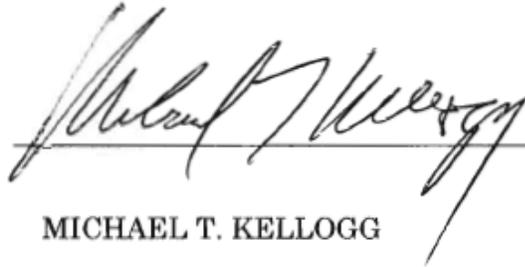
7. Most of our clients have no direct relationship with the Postal Service. They interface through us and view their budget for direct mail as an all inclusive figure. If postal rates increase, they will do what they can to minimize the effect of the increase and that will be either by forcing lower pricing on us or reducing volume or both. For an example, if we charge \$20

per thousand (2 cents each) to address, sort and mail a 6x9 postcard that mails presently at a postal rate of \$.235 each and there is a four or five percent increase (translating into a one cent postage increase) in that postage it could significantly erode our revenue because our customer can negotiate with us but not with the Postal Service. Already Postal Rates make up the lion's share of a direct mail budget. At a time of reduced demand which demonstrates a lack of desire to pay higher prices, pricing pressure will continue but will be focused only on the mailer, the largest agent the Postal Service has to induct mail into the system. The result cannot be good for our industry and will likely be disastrous for the Postal Service as well.

8. The rate increases proposed by the Postal Service, if allowed to take effect, are also likely to force Century Direct to find additional ways to deliver messages instead of through the Postal Service. The electronic vehicles that presently exist are gaining steam and more and more companies are finding ways to employ them as marketing tools. It is becoming a more accepted medium and though it is an absolute certainty that direct mail advertising works, the public is ready to find other things that work too if the price point exceeds demand.

DECLARATION

I declare under penalty of perjury that the foregoing is true and correct. Executed on August 12, 2010.



MICHAEL T. KELLOGG

CENTURY DIRECT, LLC.

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR EXCEPTIONAL) Docket No. R2010-4
CIRCUMSTANCES)

**STATEMENT OF META BROPHY
ON BEHALF OF CONSUMERS UNION**

(August 17, 2010)

1. My name is Meta Brophy. I am Director, Publishing Operations, Consumers Union (“CU”), with offices at 101 Truman Ave., Yonkers, NY 10703.

2. Consumers Union is the nonprofit publisher of *Consumer Reports* and other magazines, newsletters, and books for consumers. CU’s National Testing and Research Center in Yonkers is the largest nonprofit educational and consumer product testing center in the world. CU surveys millions of consumers about their experiences with products and services. CU buys all the products that it rates. CU does not accept free test samples from manufacturers. CU accepts no paid advertising but derives revenue mainly through subscriptions and donations. CU’s mission is to work for a fair, just, and safe marketplace for all consumers and to empower consumers to protect themselves.

3. CU spends more than \$32,000,000 on postage in the United States each year. Our most important classes of mail are First-Class, nonprofit Periodicals Mail, and nonprofit Standard Mail. CU relies on the U.S. Postal Service to deliver

its subscriber mail (magazines, newsletters, premiums, special interest publications, acknowledgments, bills, renewal notices) and to prospect for new subscribers and donors through direct mail solicitations.

4. My responsibilities at CU include directing the affairs of its Publishing Operations department in producing *Consumer Reports* and *Shop Smart* magazines, newsletters, direct marketing and fundraising mail campaigns, back-end circulation campaigns, premiums, and special publications.

5. I have been with Consumers Union for twenty-five years.

6. In my current and previous positions at CU, I have worked to create its overall production and purchasing strategies, overseeing program planning, development, and quality standards for production, manufacturing, fulfillment, and distribution.

7. The Publishing Operations team evaluates current practices and approaches and identifies opportunities for increased efficiency and cost savings. We explore and pursue opportunities for innovation. We monitor supplier performance and manage CU's relationships with key suppliers, including the United States Postal Service and Canada Post. We identify trends and articulate implications for and impact on business, interfacing with senior management on business expenditures. I serve as the president of the board of directors of the Alliance of Nonprofit Mailers. I am a member of the Direct Marketing Association's Committee on Environment and Social Responsibility and the Magazine Publishers of America's Environmental Working Group.

8. The recession has had a significant effect on CU's periodical circulation and mail volume. Over the course of our fiscal years 2008 through 2010, *Consumer Reports* revenue has declined 7 percent. We expect another 1 to 2 percent loss in fiscal year 2011. Gross Fundraising revenue compared to 3 years ago is down 7 percent.

9. The recession and a falloff in subscriptions and revenue have forced CU to implement a number of austerity measures. In 2009 management employees did not receive raises or bonuses. The defined benefit pension plan for management and exempt employees was discontinued. Our unionized Newspaper Guild employees did not receive a contractually scheduled wage increase, and their 401(k) match for 2010 was suspended. Expenditures were trimmed throughout CU, including in testing and advocacy programs, marketing (mail volume and page counts), and employee travel and attendance at seminars and conferences. Our total mail volume has fallen as a result. Even as one of the larger mailers in the United States, CU did not qualify for the USPS Summer Sales or the First Class Sale because we could not meet the required volume thresholds.

10. The rate increases proposed by the Postal Service, if allowed to take effect, will make a far-reaching impact on CU's business, and will likely lead to further cuts in our mail volume. CU Marketing will be forced to seek alternate ways to get our message out at a level at which we can continue to do business profitably. Our mail packages will have to work harder to offset increased costs in order to remain in the promotion stream. We will probably send less mail and use cheaper and less impactful mail formats.

11. We will also probably cut down on acquisition (or prospecting) mailings—mailings aimed at attracting new subscribers. Acquisition mail continues to be a very effective and important way to bring in new subscribers. But effective acquisition mailings require good mailing lists. The proposed postal rate increase will discourage mailings by both existing and potential mailers, and thus will cause the universe of address lists for acquisition mail to shrink (as has been happening during this recession). Prospecting will become even more difficult and expensive as a result. This environment will force CU Fundraising to focus less on repeat mailings to prior donors and more on identifying fewer higher-dollar donors. With fewer new subscribers and donors coming in through the mail, our prior subscriber and donor lists will contract, and commensurately fewer retention and reactivation mailings will go out.

12. The use of mail to deliver CU products—primarily periodicals and newsletters—will also shrink. A significant portion of our customers and subscribers rely on mail to receive information from us. We can't shut that off that channel tomorrow. In the short run, CU will continue to use mail to deliver products to consumers. As mail becomes more expensive, however, our move to online and mobile channels of information delivery will accelerate.

13. CU is challenged to reverse a pattern of declining growth in a weakened publishing industry and national economy. We are holding the line on expenses. A substantial postal increase that greatly exceeds the rate of inflation (the increases proposed in this case would raise some of our rates by 9.7 percent), imposed at this or any future time, would reduce revenue and hinder opportunities

for CU to help consumers and make an impact in the marketplace. As we determine the most crucial new initiatives and activities necessary to move forward, we will exercise insight and discipline to make tradeoffs with some current activities that, while important, become less essential.

DECLARATION

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 13, 2010.



**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF DAVID W. FULLER OF COSTCO WHOLESALE
(August 17, 2010)**

1. My name is David W. Fuller. I am Assistant Vice President, Publishing at Costco Wholesale, with offices at 99 Lake Dr., Issaquah, Washington.

2. My responsibilities include publishing The Costco Connection monthly magazine.

3. I have been in magazine publishing for 34 years working at regional, national and international levels.

4. Costco is the third largest retailer in the U.S. and is No. 25 on the Fortune 500 list, with annual sales of nearly \$80 billion.

5. Costco spends more than \$100 million annually for the United States Postal Service's Standard Mailings, with additional spending on First Class and package mailings.

6. The proposed rate increases are expected to increase Costco's spending on Standard Mail postage in excess of \$6 million, which would negatively affect the continued success and growth of The Costco Connection.

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF
DAVID J. THOMPSON MAILING CORP.
(August 17, 2010)**

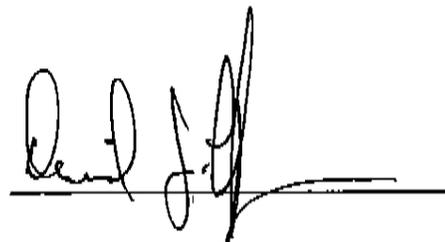
1. My name is David J. Thompson. I am the owner of David J. Thompson Mailing Corp. (“Thompson Mailing”), with offices at 21 Naus Way, Bloomsburg, PA 17815.
2. We are a direct mail distributor utilizing the USPS. Currently, we employ 225 full-time workers, and our customers generate over \$60 million in postage annually.
3. The current recession has resulted in a reduction of 30% of the employees and a 30% decline in revenue.
4. The proposed USPS rate case filing will have an estimated 20% decrease in Thompson Mailing’s mail volume, which will lead to a further reduction of employees and a further decline in revenue.
5. The rate increases proposed by the Postal Service, if allowed to take effect, will likely force an additional 20% of employee layoff along

with an estimated loss of \$12 million in revenue to the Postal Service.

DECLARATION

I declare under penalty of perjury that the foregoing is true and correct.

Executed on: August 16, 2010.

A handwritten signature in black ink, appearing to read "David J. Thompson", is written over a solid horizontal line. The signature is stylized and cursive.

David J. Thompson

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF LEIGH TRICAMO
(August 17, 2010)**

1. My name is Leigh Tricamo. I am the Vice President of Marketing at Dr. Leonard's Healthcare Corporation with offices at 100 Nixon Lane, Edison, NJ 08837.
2. My responsibilities include catalog production and catalog budgeting.
3. Dr. Leonard's Healthcare Corporation is a consumer catalog company that distributes two catalog brands, Dr. Leonard's and Carol Wright Gifts.
4. Dr. Leonard's Healthcare Corporation spends over \$35 million on catalog postage annually. The catalogs are standard mail flats.
5. Dr. Leonard's Healthcare Corporation has experienced a significant decline in revenue and contribution and has decreased catalog circulation as a result. The company has implemented a salary freeze, a hiring freeze, significant spending cuts, cutbacks to employee benefits and a reduction in staff through the elimination of a night shift as well as through attrition.

6. Dr. Leonard's will likely have to further reduce circulation based on the rate increases proposed by the USPS (which would impact our catalog postage by as much as \$2,100,000 and our outbound shipping postage by as much as \$1,500,000, based on current volume). The reduction in circulation could be as much as 15-20% of the current mail volume. Based on this circulation decrease, we could reduce our total annual postage by over 15%, or more than \$5,000,000.

7. The rate increases proposed by the Postal Service, if allowed to take effect, are also likely to force Dr. Leonard's Healthcare Corporation to perform additional layoffs, to implement employee work furloughs and/or salary reductions and to further reduce employee benefits.

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR EXCEPTIONAL) Docket No. R2010-4
CIRCUMSTANCES)

**STATEMENT OF JOHN M. CHIEGO
ON BEHALF OF
EDGELL COMMUNICATIONS, INC.**

(August 17, 2010)

1. My name is John M. Chiego. I am Vice President at Edgell Communications, Inc. and affiliates, with offices at 4 Middlebury Blvd., Randolph, NJ 07869.

2. My responsibilities include executive management in the finance and general business areas for our business.

3. We publish nine business-to-business trade magazines and related supplements and custom publishing products, and produce conferences and design, develop and host a series of online products. We are privately owned and have been in business since 1984. We employ 64 people.

4. To mail our publications to our controlled circulation subscribers, our annual postage expense in 2009 was approximately \$574,000. Six of our publications are mailed at Periodicals Mail rates and three at Standard Mail rates. We use all the various cost savings techniques from our printer including co-mailing and palletizing etc.

5. Our print product business has been severely impacted by the double impact of the recession and the general decline in print advertising. We have reduced staff, reduced compensation across the board, reduced frequency of issues and taken a myriad of other cost reduction actions. Our total print product revenue declined by approximately 34% in 2009 compared to 2008, while our postage cost only declined 16%. Our postage cost as a percent of our print revenue rose from 9.3% to 12%. The same trend is continuing in 2010.

6. If we cannot offset the postal increase with increased revenue or other cost reductions, we will have to reduce staff, decrease frequency and circulation base or possibly close publications resulting in an overall decrease in mail volume.

7. All other things being equal, an 8% postal increase would result in an additional \$40,000 to \$50,000 annual cost. As stated above, unless this can be offset by revenue increases, (which given the last 3 year trend is unlikely), then further cost reductions from forced reductions in staff, further compensation reductions and similar actions will be necessary. All of this will have an adverse impact on our company. Similar reactions by other mailers are likely to have a measurable impact on the overall economy.

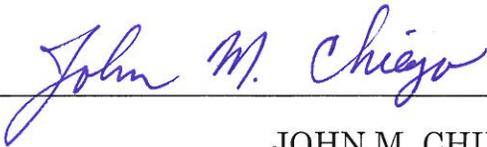
BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR EXCEPTIONAL) Docket No. R2010-4
CIRCUMSTANCES)

STATEMENT OF JOHN CHIEGO
ON BEHALF OF
EDGELL COMMUNICATIONS, INC.
(August 17, 2010)

DECLARATION

I declare under penalty of perjury that the foregoing is true and correct. Executed
on August 17, 2010.



JOHN M. CHIEGO, Vice President
Edgell Communications, Inc.
Edgell Publications, Inc.

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF ROY G. ROBINSON
(August 17, 2010)**

1. My name is Roy G. Robinson. I am vice president of Graham Newspapers, Inc., with offices at 620 Oak Street in Graham, Texas 76450.

2. My responsibilities include administration and management of 12 community newspapers, four radio stations and a central printing plant. I serve as publisher of six of the 12 newspapers.

3. I have been a community newspaper editor, owner and/or publisher since 1960, initially in Kansas, then in Colorado, and since 1998 in Texas.

4. I attended the University of Missouri from 1957 until 1960, when I opted to accept full-time employment with a daily newspaper in Kansas. I am a past president of the Colorado Press Association (1972-73) and the Texas Press Association (2008-09).

5. Graham Newspapers, Inc., is a wholly owned subsidiary of MediaNews Group, Inc., the nation's second largest newspaper company as measured by paid circulation.

6. Graham Newspapers, Inc., publications are currently distributed exclusively via postal delivery. Total postage expense for Fiscal Year 2010, ended June 30, 2010, was \$168,804.83 for periodicals, \$75,651.46 for a standard mail shopper publication and \$17,226.09 for First Class mail.

7. Recessionary economic trends have taken a dramatic toll on the financial performance of Graham Newspapers, Inc. Operating profit from FY 2009 declined 76.19% in FY 2010. Layoffs reduced the number of employees 6.58%; further workforce reduction is probable in FY 2011. Wages and salaries have remained frozen for three years in succession. Bonuses and retirement fund contributions have been suspended. Charitable and scholarship contributions have been mostly eliminated.

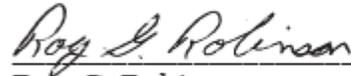
8. Rate increases proposed by the U.S. Postal Service have caused Graham Newspapers, Inc., to seriously consider carrier delivery of its four semi-weekly publications and its weekly total market coverage shopper. The company is currently comparing cost projections of contract service with a nearby metropolitan daily vs. establishing its own carrier network.

9. The rate increases proposed by the Postal Service, if allowed to take effect, will likely force Graham Newspapers, Inc., to (1) determine how quickly its eight weekly publications can also be transitioned from in-county

mail to carrier delivery, and (2) offer electronic delivery only to out-of-county subscribers. The goal would be to eliminate mail delivery.

DECLARATION

I declare under penalty of perjury that the foregoing is true and correct. Executed on August 13, 2010.



Roy G. Robinson

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF HALLOGRAFIX, INC.
(August 17, 2010)**

1. My name is Susan Hall. I am owner/president at Hallografix, Inc., with offices at 731 Duval Station Road, Suite 107, #145, Jacksonville, FL 32218 – or 836 Rock Bay Drive, Jacksonville, FL 32218.

2. My responsibilities include all operations of the business.

3. Hallografix publishes a monthly community newspaper called North Jax Monthly that's direct mailed to about 20,000 homes each month.

4. I spend about \$34,800 each year on postage to deliver my product to the families of my community. Probably small compared to many other businesses that do direct mail, but add hundreds of businesses like mine together and it becomes huge.

5. Since 2008, we have lost at least 65% of our advertisers due to the recession, with more and more having to drop each month. We are completely advertiser revenue supported; families do not pay to receive our newspaper. Hallografix bears the cost of bringing it to the community. It

would be a great loss, not only for my business and family, but, for our entire community if the newspaper could no longer mail it out to families at no cost to them. Our area of town gets little to no attention from the major newspaper in our town. Our community relies on us to tell them what's happening on our own streets, schools and churches.

6. We have already cut back EVERYTHING to the bare bones to try to make it through this recession... including having to let family members go to help reduce payroll. Everyone still left is pulling more than their normal share of the work load to help us stay in business.

7. The rate increases proposed by the Postal Service, if allowed to take effect, are also likely to force Hallografix, Inc. to have to cut back on the number of postal routes that we mail our paper to which will leave out a huge chunk of our community. There is no way we can bear an increase in postal cost. We have no choice. We will also have to investigate the cost of putting our newspaper out into the free publication racks in stores instead of mailing at all. We must do whatever we have to do to try to stay in business and weather the recession. This is a family owned business and we have no other options. If postal rates were actually lowered, more businesses would use the mail system again – thereby increasing the profits for the Post Office. The current prices and proposed increases has -- and will -- only force more people to seek other options... the post office has to come to grips with reality because with today's technology and business savvy, businesses are not going to just let the post office's out-pricing of itself continue to take bigger and

bigger chunks of money when they can find replacement avenues for the services. None of us wants to see the post office go away – but we also are not going to sacrifice ourselves for it to survive. EXAMPLE: Do you remember Taco Bell in the early 1970s? Their restaurants were scattered around the country. They wondered why they weren't getting more business – they had a tasty product that people liked, but they were struggling to survive. They had priced their single tacos at the same rate as if it were a single hamburger at other fast food chains. What they hadn't taken into consideration was that people would not be satisfied/full eating just one taco like they would be eating just one hamburger. When Taco Bell finally woke up and realized they had been pricing themselves out of business -- they cut the price of their tacos by more than half – their business flourished! Taco Bells are everywhere. Pricing is the key for every business to stay in business. If it means cutting prices to sell more product – then that's what you do. That's how Walmart grew into the mega giant that it is – they understood that concept. It may sound counter-intuitive, but that's what it's going to take for the post office to go forward and survive.

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF JOHN JOACHIM/HAZELDEN FOUNDATION
(August 17, 2010)**

1. My name is John Joachim. I am the Manager of Material Services at the Hazelden Foundation (“Hazelden”). Hazelden is a nonprofit organization based in Center City, MN with additional facilities in Oregon, Illinois, Florida and New York.

2. My responsibilities include managing our corporate mail center, receiving, central supply and our copy/print center. My staff and I support all other areas of the organization with their document processing and mailing needs.

3. For individuals, families and communities struggling with addiction to alcohol and other drugs, Hazelden helps people transform their lives by providing the best addiction treatment and recovery services, education, research, and publishing products available today. Our mission is to help restore hope, healing and health to people affected by addiction to alcohol and other drugs. Since its 1949 founding in a Minnesota lakeside farmhouse, Hazelden has grown into one of the world’s largest and most

respected private, not-for-profit alcohol and drug addiction treatment centers. Thousands from every state and more than 40 countries have turned to Hazelden for quality care and expertise on addiction and recovery issues. Our dream is the same as our founders – helping alcoholics and addicts in their recovery.

4. Hazelden spends over \$600,000 annually in postage. The 262 mailing projects we prepare and send out each year consist of a mix of first-class, standard and standard nonprofit (both letters and flats). The purpose behind all of these mailings is to further the mission described above.

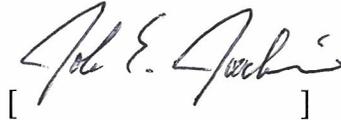
5. The recent recession has had a difficult and prolonged effect on the ability of our organization to carry out its mission. We have been forced to respond to the reality of today's market in several ways: staff layoffs, hiring freezes, marketing budget cuts, and delays in merit increases have all been implemented. Our ability to use the mail to touch our customers has also been negatively impacted, which has contributed to the decrease we have experienced in donor support. We rely heavily on donor contributions to help further our mission, and the mail is a primary vehicle through which we contact our donor population. The US Postal Service often speaks of the "mail moment" when touting the value of the mail. Yet, I can say with certainty that our organization is creating much less of these "moments" than we have in the past because of the current recession as well as the repeated rate increases by the Postal Service.

6. If the rate case being proposed was to be implemented, Hazelden would have limited options to deal with the increased costs of postage. We would likely be forced to buy fewer goods/services which help to carry out our mission. We might have to pass the costs onto our customers, resulting in higher costs for those seeking treatment from alcohol and drug addiction. Since nonprofits cannot operate in the red, we could be forced to cut services, providing fewer opportunities for addicts who today need our help more than ever in our 60 years of existence.

7. The rate increases proposed by the Postal Service, if allowed to take effect, are also likely to force Hazelden to pursue other means, besides the mail, of communicating with our customers, which would only further reduce the revenue we now provide to the US Postal Service. Our new strategic plan calls for Hazelden to grow and transform into a organization that will bring more recovery to more addicts who suffer than ever before. I ask you here today: With continued high increases in postage, if we cannot continue to reach our customers, our donors and those others who desperately need our help, how will we be able to accomplish this plan? Thank you for your time and attention today.

DECLARATION

I declare under penalty of perjury that the foregoing is true and correct. Executed on August 17, 2010.

A handwritten signature in black ink, appearing to read "John E. Joachim", enclosed within square brackets.

John E. Joachim

Manager of Material Services
Hazelden Foundation

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF LAWRENCE LAMPE,
CFO, HIGH PLAINS PUBLISHERS, INC.
(August 17, 2010)**

1. My name is Lawrence Lampe. I am the Chief Financial Officer at High Plains Publishers, Inc., with offices at 1500 E. Wyatt Earp Blvd, Dodge City, KS 67801.

2. My responsibilities include managing and directing all accounting and financial functions which include: Accounts Payable, Accounts Receivable, Billing, Budgeting, Business Taxes, Cash Management, Financial Statement Preparation, Internal Control, Payroll and Payroll Taxes.

3. High Plains Publishers, Inc. is a family owned business whose major activity is publishing the *High Plains/Midwest Ag Journal*, a weekly agricultural news publication that is currently delivered to 50,300 subscribers. Most of these subscribers are farmers and ranchers located in the central United States. About eighty-three percent of the Company's revenue comes from advertising placed in the *High Plains/Midwest Ag*

Journal and fifteen percent comes from subscription sales. The Company's two largest expenses are commissions and salaries with the next largest expense being postage which represents 11.3% of total expenses.

4. The Company's spending on postage for the last twelve months was \$1.29 million. Of that 86.6% was for periodicals class postage, 7.2% was for standard rate postage and 6.2% was for First Class and Parcel postage. In addition to actual postage spending the Company has invested hundreds of thousands of dollars over the last three years on equipment and software to keep up with the constantly changing USPS rate structures.

5. In addition to wage and hiring freezes, the company has lost 3% of its subscribers over the last two years. Advertising revenues have held steady over this time period due to rate increases and increased internet activity, which offset a decrease in the volume of print advertising.

6. The rate increases proposed by USPS hopefully will not affect the volume of our periodical mailing in terms of the number of pieces mailed. However the total weight mailed is likely to decrease by 3% to 8% as we continue to search for ways to hold costs down. Volume of First Class and Standard Mail pieces is likely to decrease as we continue to explore alternatives to delivering statements and invoices (First Class) and direct mail campaigns (Standard Rate).

7. The rate increases proposed by the Postal Service, if allowed to take effect, are also likely to force High Plains Publishers, Inc. to continue

wage and hiring freezes, and to continue to search for alternative means of delivering all classes of mail

DECLARATION

I declare under penalty of perjury that the foregoing is true and correct. Executed on August 16, 2010.

A handwritten signature in cursive script, reading "Lawrence Lampe", is written over a horizontal line.

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF MICHAEL MURPHY
August 17, 2010**

1. My name is Michael Murphy. I am the President at Japs-Olson Company, with offices at 7500 Excelsior Blvd, St. Louis Park, MN 55426.

2. Japs-Olson is a Direct Mail Printing Company. We service Direct Marketing Companies across the entire Mailing Industry. We produce a wide variety of products that use the postal system. Our most common products are letter packages, postcards, self-mailers, and catalogs. Our customers use both first class and standard postage. Our customers spend over \$100,000,000 in postage each year.

3. Our mail volume has decreased 20% since 2006. As a result, Japs-Olson has been forced to lay-off and eliminate over 30% of our workforce. In 2006, we had nearly 800 employees, and now we are down to 500 employees.

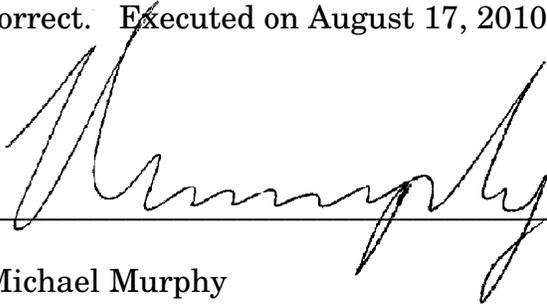
4. Further, our customers are changing their product mix to reduce their mailing costs. They have shown a strong aversion to increased postage

costs and are unwilling to increase their mailing budgets. Instead, they will likely reduce their mail volume proportionately to the increase in postage costs.

5. The rate increases proposed by the Postal Service, if allowed to take effect, will also force Japs-Olson to reduce our workforce to match the reduction in mail volume.

DECLARATION

I declare under penalty of perjury that the foregoing is true and correct. Executed on August 17, 2010.



Michael Murphy

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF JENNIFER J. GRAY
(August 17, 2010)**

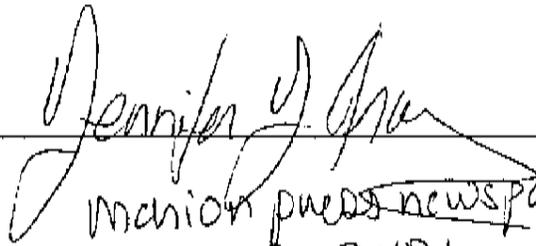
1. My name is Jennifer J. Gray. I am the owner/publisher of Marion Press Publishing LLC, with offices at 108 E. Main St. P.O. Box D, Marion MI 49665.
2. My responsibilities include weekly newspaper publication. I have 30 years in newspaper business, including publishing stories, features, legal and other notices, high-value advertising for a community newspaper.
3. The newspaper, Marion, Press, is 120 years old. We have a circulation of approximately 1,100, but have been losing subscribers due to poor delivery services of USPS which now wants a rate increase.
4. Currently, the total annual postage for mailing newspapers is approximately \$8,320.00; the total annual postage for other mailings is approximately \$1,200.
5. I am not comfortable USPS's increasing subscription rates again.

6. The proposed rate increases will adversely affect Marion Press Publishing, LLC. There is already no one else left to lay off. This is basically a one-person operation now. Newspapers are taking a week to be delivered 20 miles! I have Interlink for my circulation program. My subscriber list is downloaded to their system once weekly to be delivery sorted and CASS certified; then I print my labels, statistics and bag labels, and then the postage report.

DECLARATION

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 10, 2010.



marion@pressnewspaper@yahoo.com
231-743-2481

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF PATRICIA L. DESMOND
ON BEHALF OF
THE MILTON TIMES
Aug. 17, 2010**

1. My name is Patricia L. Desmond. I am Publisher & owner of the Milton Times with offices at 480 Adams St., Ste 208, Milton MA 02186.
2. My responsibilities include decisions for the company, hiring and laying off, purchasing and budget.
3. I have worked in newspapers since 1966, and started the company in 1995.
4. I hold a master's degree in psychology.
5. The Milton Times is an independent weekly newspaper for the community of Milton MA.
6. Our periodical and first class postage amounts to roughly \$25,000 a year. Right now our newspaper is delivered every Thursday by the post office.

7. Our employees have not had raises in two years due to the recession. Advertising is down.

8. If the postal increase is implemented as proposed, we would mount an town-wide campaign to use email for our renewal notices and advertiser billing as the first effort to cope. We would begin to look into other ways of delivering the paper in town.

9. The rate increases proposed by the Postal Service, if allowed to take effect, are also likely to force the Milton Times to end our senior discount program measures.

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF MARGARET ROUZZO
ON BEHALF OF
NOMIS PUBLICATIONS, INC.
(August 16, 2010)**

1. My name is Margaret Rouzzo. I am Secretary/Treasurer at Nomis Publications, Inc. with offices at 8570 Foxwood Court, Youngstown, Ohio.
2. Nomis Publications, Inc. publishes a trade directory and newspaper for the Deathcare industry. Our market includes all main locations of funeral homes and cemeteries throughout the United States.
3. Our total annual Postage costs are approximately \$250,000.00 in Standard Mail and over \$100,000.00 in First Class Postage.
4. The current recession has brought about a 3%-5% decrease in our overall revenues. The rate increase, as proposed, will have a major impact on our bottom line.
5. Since the volume of our mail cannot be reduced, the rate increases proposed by the Postal Service, if allowed to take effect, are also likely to

force cost cutting in areas that will include company spending to other vendors, employee wage freezes, and employee benefit cutbacks.

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

STATEMENT OF MARTIN MCCLANAN

1. My name is Martin McClanan. I am President of Norm Thompson and Executive Liaison for Postal Affairs at Orchard Brands, with offices at 30 Tozer Road, Beverly, MA 01915.
2. We are the largest cataloger in America focused on consumers over 60 years of age in the United States. Our brands include Blair Corporation, Appleseed's, Draper & Damon's, Norm Thompson, Haband, Solutions and many other catalog titles. We have offices and stores in more than 20 states and employ more than 4,200 people.
3. We generate approximately \$1 billion in revenue and spend more than \$100 million a year in postal expenditure in standard flats and letters.
4. In reaction to the recent recession, Orchard Brands has reduced circulation by 10-20% in most brands with a corresponding loss of revenue in each business.
5. The proposed rate increase by the USPS of 5.6% will exacerbate an already extremely difficult market environment. Since so much of our

circulation is determined by financial decisions that are right on the margin of profitability, we expect this increase to cause us to reduce circulation by 5-15% in most businesses in year 1. If you look at the impact on a multi-year basis, the loss of these new customers added to our businesses will decrease use of postal services by as much as 10-20%.

6. It is hard to underestimate the detrimental impact of this type of decision to our business and the catalog industry. It will decrease the number of customers we can acquire, retain and serve. This will ripple into the number of employees we can have on our payrolls and have a corresponding effect on the vendors from whom we buy. If you include the potential impact of this decision on both our company and our vendors, the loss in employment could be well into the thousands.

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF JOSHUA F. DALTON
(August 17, 2010)**

1. My name is Joshua F. Dalton. I am the Marketing Director at PESI HealthCare and PESI Law & Accounting, with offices at 200 Spring Street, Eau Claire, WI 54703.

2. The scope of my responsibilities encompasses all marketing activities; including campaigns, budgets, and volumes for direct mail activities and email marketing activities.

3. I have been in the continuing education and direct mail industries for nearly 10 years.

4. PESI HealthCare and PESI Law & Accounting are two divisions of PESI, LLC. We are a continuing education provider focusing on providing valuable educational programs for nurses and other allied health professionals (PEI HealthCare), as well as for attorneys, accountants, and real estate professionals (PEI Law & Accounting). We have been in business

since 1979 and have traditionally relied on direct mail as our primary marketing medium.

5. We spent \$3,657,401.02 with the USPS from 8/1/09 to 7/31/10, a vast majority of which was for standard mailings of advertisements of upcoming educational events. Our 2010 standard mail volume will be roughly 17,000,000 pieces (estimated).

6. Our company has faced many challenges in the current economic environment. Declining response rates and rising costs have made it difficult to retain operating margins. The economic conditions have forced us to become lean, namely through: workforce shrinkage through attrition, frozen spending on significant capital expenditures, a relentless approach to cost cutting measures, and a lack of business travel.

7. We have worked tirelessly to remain competitive in this environment. Our market research indicates raising PESI's tuitions would negatively impact our profitability. To this point, we have not had to downsize any employees. Postage is one of our largest line item expenses on our profit and loss sheet. Our margins are so thin that a 5% increase in this large expense (postage) would wipe them out. Leaving us unable to be profitable.

8. Because the rate increase would single-handedly wipe out our margin, we would likely be looking at shrinking our company. We would reduce the number of programs we do as well as the number of pieces mailed

for these programs, resulting in a mail volume reduction of **25%**. In addition, electronic marketing would be brought to the forefront of our marketing practices, which would leave direct mail as a waning medium that would continue to drop year after year. We feel this is a crossroads for this marketing medium and encourage the Postal Regulatory Commission to fully weigh the impact on not just on the 2011 USPS expected shortfalls, but the permanent damage an increase would do to the marketing medium of direct mail.

DECLARATION

I declare under penalty of perjury that the foregoing is true and correct. Executed on August 12, 2010.



**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF DAVID HAY
(August 17, 2010)**

1. My name is David Hay. I am the Vice President of Marketing at Plow & Hearth LLC, with offices at 7021 Wolftown-Hood Rd Madison VA 22727.

2. My responsibilities include management of all print and online advertising programs used to drive sales to our telephone call center, ecommerce sites and retail stores.

3. Our business operates four multi-channel retail brands: *Plow & Hearth*, *Wind & Weather*, *HearthSong*, and *Magic Cabin*. All rely heavily on nationally mailed catalogs to generate traffic and sales to our telephone call center, websites and retail stores. The vast majority of annual sales are direct to consumer, and products are shipped directly to the customer. We utilize a variety of companies to deliver packages to customers. The USPS is a significant partner for parcel delivery.

4. In 2010 we will spend more than \$10,000,000 in postage fees for the delivery of our standard mail catalogs. We will use the USPS to deliver more than 500,000 parcels. We also rely heavily on the postal service for other forms of communication with our customers, and send hundreds of thousands of pieces annually via first and third class mail.

5. The recession has had a dramatic impact on our business, with sales volume falling by 25% over the last two years. In response to the drop in revenue we have aggressively managed all operating costs; tightly managing product inventory, reducing our workforce by approximately 10%, reducing work hours, implementing pay freezes, and lowering our advertising expenditures. We have been most aggressive with cuts to catalog marketing expenses. Lower revenue per catalog due to the recession, combined with higher postage costs from prior increases caused us to decrease catalog circulation by 30% in 2009.

6. The rate increases proposed by the Postal Service, if allowed to take effect, are likely to force Plow & Hearth to reduce catalog circulation by 5-10% and direct a higher proportion of it's advertising to ecommerce opportunities. In the shaky economic climate, revenue declines are probable with the significant reduction in circulation. We will have to size our operating structure to lower revenue volumes, and further reductions in our labor force are likely.

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF DAVID FLOGAUS
ON BEHALF OF
QUADRATEC, INCORPORATED
(August 17, 2010)**

1. My name is David Flogaus. I am Manager of Print Media at Quadratec Incorporated, with offices at 1028 Saunders Lane, West Chester PA 19380.

2. My responsibilities include Print and Mail list project management of over 3 million annual direct-to-consumer automotive mail order catalogs.

3. For over 20 years, our company has grown an ever larger customer list of enthusiast owners of Jeep® Vehicles such as the Wrangler® and Cherokee®. Unlike rivals in our market niche, we have always planned to continue to go to market with high-quality print materials in the mail, rather than following the trend of turn away from traditional mail in favor of e-commerce.

4. Quadratec was founded in 1990. We are the world's largest distributor of parts and accessories for Jeep vehicles. Automotive enthusiasts are very brand loyal and active in the modification and improvement of their personal vehicles. We compile the best products available and display them primarily on pages of our direct mail catalogs.

5. We currently plan to spend over 1.5 Million dollars on Standard Presort A Mail of the catalogs described above for calendar 2010.

6. The 2008 recession resulted in layoffs and a temporary hiring freeze. We have seen some signs of recovery and we do not want to see an over-reaching 2011 rate case damage our ability to continue our version of the recovery. The last major USPS rate case increased our mailing expense of our smaller catalog mail pieces quite unfairly.

7. As much as we support print, we cannot avoid the reality that an exigent postage increase will force us to rebalance our budget in favor of online marketing initiatives. Reduction in mail volume up to 10% is not outside the realm of possibility.

8. The rate increases proposed by the Postal Service, if allowed to take effect, are also likely to force Quadratec, Incorporated to perform additional layoffs, and employee benefit program cutbacks.

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF DAVID SMALL
ON BEHALF OF
THE RESERVE OFFICERS ASSOCIATION OF THE
UNITED STATES
(August 17, 2010)**

1. My name is David Small. I am the Director of Communications at the Reserve Officers Association, with offices at One Constitution Ave NE, Washington DC.

2. My responsibilities include the strategic communication activities of a 63,000-person, member organization, and include such tasks as the publication of our professional journal, "The Officer Magazine," and our member newsletter, "Time on Target." I am also heavily involved in the messaging and production associated with our membership mailers, affinity programs and fundraising activities.

3. I hold a Bachelor of Arts Degree in Journalism from the University of North Carolina at Chapel Hill and a Master of Arts degree in Computer Resources and Information Management from Webster University.

4. The Reserve Officers Association is a non-profit professional advocacy association for all uniformed services of the United States. Chartered by Congress and in existence since 1922, ROA advises and educates the Congress, the President, and the American people on national security, with unique expertise on issues that affect the 1.5 million men and women now serving in America's Reserve Components.

5. The total, audited, annual postage spending of ROA for our fiscal year ending March 31, 2010 was \$148,922. Of that, our greatest postage expense was our magazine totaling \$118,999 in postage which mails at periodical rates. The remainder of the postage bill is primarily member mailers and solicitations that mail at first class rates.

6. As a non-profit, membership organization, our income base relies on membership and contributions. The recession had three primary effects on ROA. First, our trending decline in membership forced a term member dues increase for the first time in 20 years. Second, our longtime direct-mail business partner went bankrupt, forcing us to take in house an operation that had brought in nearly \$400,000 annually and replace it with a program that in the first year only netted about \$120,000. Third, our investments took a hit forcing us to cease withdrawals from our corpus for such programs as our annual college scholarship until such funds recover.

7. In assessing our operational budget with regard to the recession, we forced ourselves to tackle our single largest expense, our magazine,

reducing it to a bimonthly from a monthly edition and supplementing it with a member-related newsletter and online products.

8. While likely there will not be an effect of rate increases proposed by USPS on our mail volume because direct mail is an integral part of our outreach, fundraising and member interaction, the rate increase will have a significant effect on our annual operating budget forcing us to make hard decisions on how to proceed such as trimming the size of our magazine by both page count and physical size. While our intent will be to not compromise on quality, it is a risk we will have to mitigate. We may also need to assess the weight of our current membership kits and scale down to reduce postage costs and further look toward the internet to deliver information that we currently mail.

9. Regarding the staff employment at ROA, this one proposed increase will not likely have enough of an effect to force us to down size our staff this time, however it should be noted that in today's fiscally constrained, near deflationary environment, ROA has over time gone from a staff of 40 to a staff of only 24 people with outsourced contract support. Each member of the staff is double and triple-hatted in responsibilities as it is. I also serve as the Air Force Director responsible for all legislative and military policy activities related to the Air Force for our association. The reduction in staff is a direct result of our continually reducing budget. Any further pressure, such as this postal increase, has a direct effect on that budget and could very foreseeable cause job-loss again if the trend in postal increases continues.

DECLARATION

I declare under penalty of perjury that the foregoing is true and correct. Executed on August 14, 2010.



A handwritten signature in black ink, appearing to read "D. Small", is written over a horizontal line. The signature is cursive and includes a long horizontal stroke extending to the right.

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

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

STATEMENT OF STEVEN N. DZUBAY

1. My name is Steven N. Dzubay. I am a publisher of the *River Falls Journal*, *Hudson Star Observer*, *New Richmond News* and *Pierce County Herald* community weekly newspapers in western Wisconsin. The newspapers, owned by Forum Communications Co., Fargo, N.D., have offices at 2815 Prairie Dr., River Falls, 112 E. Walnut St., Hudson, and 127 S. Knowles Ave., in New Richmond, and 126 S. Chestnut St. in Ellsworth, Wisconsin.

2. My responsibilities include oversight of about 45 people – editors, reporters, ad representatives, designers, drivers and customer service personnel – who produce our paid-circulation newspapers, weekend shoppers, internet-based and printed special publications.

3. I have been employed in this role for 15 years. Previously, I served as editor and later, general manager, at two of the three aforementioned publications.

4. I hold an undergraduate degree in journalism from the University of Minnesota and completed the bulk of coursework toward a

master's in business administration at the University of Canterbury-Christchurch, N.Z. as a Rotary Ambassadorial Scholar, in 1991.

5. Forum Communications Co. ("FCC") is a privately-held North Dakota corporation that publishes 35 paid circulation daily and weekly newspapers and additional free-distribution advertising products in four states. Titles include the *Fargo Forum*, *Duluth News-Tribune*, *Grand Forks Herald* and *West Central Tribune*, among others. FCC also owns several radio and television stations, operates a large printing company and numerous web sites. The newspapers for which I am responsible are part of Rivertown Newspaper Group, a division of FCC, headquartered in Red Wing, Minnesota, where most of our local products are printed.

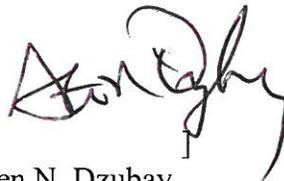
6. The four Wisconsin weekly newspapers I oversee are budgeted to spend \$133,848 on Second Class postage between October 1, 2010 and September 30, 2011. In addition, we forecast we will spend \$295,491 for Third Class postage during the same period. The latter represents delivery costs for our weekend shoppers – the *New Richmond Scotsman*, *Hudson Hot Sheet* and *Western Wisconsin Buyer's Guide* to approximately 35,170 individual shoppers (total market publications or TMCs) each Saturday to various ZIP codes in our core markets and adjacent communities in Wisconsin and Minnesota. Although we once operated our own delivery system, we disassembled our route networks about 10 years ago and moved much of our TMC to the United States Postal Service ("USPS") to assure our customers' messages were delivered on Saturday and to capitalize on the delivery integrity the USPS provides.

7. The recent recession has made our mission more challenging. Internally, we have trimmed staff and reduced expenses at every level as revenues have declined and margins shrunk. We even discontinued delivery of two TMC products to several private carrier-delivered peripheral market areas but are cautious toward further reductions as they will diminish our viability.

8. While we are budgeting for USPS increases in the year-to-come, we will likely eliminate delivery in at least two Minnesota markets to save money, if the USPS's rate increase proposal is allowed to take effect. In addition, if the USPS's Saturday delivery is eliminated, we will have little choice but to deliver the TMCs ourselves. Community newspapers like ours compete with the metro dailies (Minneapolis & St. Paul) for the opportunity to deliver pre-prints for large retail chains like Menards, Kohls, JC Penny, Sears, Wal-Mart and Pamida. The proposed rate increases will adversely affect the ability of community newspapers, including us, to compete with the metro dailies and serve our communities.

DECLARATION

I declare under penalty of perjury that the foregoing is true and correct.
Executed on August 13, 2010.


[
Steven N. Dzubay
]

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF RICHARD BUFKIN
August 4, 2010**

1. My name is Richard Bufkin. I am Vice President at Senior Direct, Inc., with offices at 959 W Ralph Hall Pkwy #101, Rockwall, TX 75032 and 26350 Carmel Rancho Lane #200, Carmel, CA 93923.

2. My responsibilities include business development, client management and overseeing all of the day-to-day operations. Additionally, I am responsible for the development, marketing and maintenance of our web-based prospect and client management system, which is utilized by approximately half of our clients.

3. I have a bachelor's degree in religion from The Colorado College.

4. We are a direct marketing firm specializing in direct mail lead generation for the senior insurance market. We are currently contracted with the states of California and Indiana. We work directly with these states and their insurance communities to market long-term care insurance. The main point of these marketing efforts from the governments' perspective is to

educate and encourage Americans to purchase long-term care insurance so that less Americans become a burden to the state and federal governments later in life.

5. Total annual postage spending of Senior Direct, Inc. is approximately \$3,000,000.00 in third class of mail; which is used to generate consumer leads for our clients.

6. Our clients are comprised of not only large insurance companies and agencies, but independent insurance agents with limited budgets. Budgets have already been strained due to the economy so a hike in postage rates would only reduce the amount of mail they could afford to send out. Overall mail volume would surely decrease.

7. Significant increases like the proposed increase will only cause our clients to further pursue more economical means of lead generation, possibly internet leads for example, thus even further driving down the amount of mail sent out.

8. The rate increases proposed by the Postal Service, if allowed to take effect, are also likely to force Senior Direct, Inc. to cutback on full-time employees and eliminate any part-time positions.

DECLARATION

I declare under penalty of perjury that the foregoing is true and correct. Executed on August 4, 2010.

Fidd Bufkin 7-4-10

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF SARAH DEMAYO
(August 17, 2010)**

1. My name is Sarah DeMayo. I am the CFO at Signature Styles, LLC, with offices at 71 1 Third Ave, 4th Floor, NY, NY 10017.

2. Signature Styles, LLC, is a multi-channel, direct-to-consumer retailer of women's fashion apparel through its three primary brands: Spiegel, Newport News and ShapeFx. The three brands maintain a broad customer base with multiple product lines designed to appeal to an array of lifestyles. Each brand reaches its customer base through a combination of specialty catalogs sent to customers throughout the year as well as offerings via the Internet.

3. For 2010, Signature Styles will spend approximately \$13MM on postage for printed pieces mailed directly to consumers. In addition, Signature Styles spends approximately \$2MM annually on packages shipped directly to customers through the USPS system.

4. Signature Styles has already seen revenue declines of 30-35% from 2008 to 2010 which have resulted in significant decreases in catalog mail volume as well as aggressive fixed cost cuts of over \$10MM annually. Companywide pay increases have not occurred since 2007, and the company has laid over hundreds of employees over the last 3 years.

5. With the proposed rate increases, Signature Styles will be forced to reduce customer catalog mailings over 40%.

6. The rate increases proposed by the Postal Service, if allowed to take effect, are also likely to force Signature Styles, LLC, to make additional work force cuts as well as drastically reduce the volume of mailings to our customer base.

DECLARATION

I declare under penalty of perjury that the foregoing is true and correct. Executed on August 16, 2010.



A handwritten signature in cursive script, reading "Sarah Lee Mayo", is written over a horizontal line.

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF THOMAS LINDENBERGER
(August 17, 2010)**

1. My name is Thomas Lindenberger. I am Catalog Production Manager at Summit Racing Equipment, with offices at 1200 Southeast Ave., Tallmadge, Ohio.
2. My responsibilities include overseeing all catalog production, manufacturing, and mailing.
3. Summit Racing Equipment is a direct marketer in the performance automotive industry. Our catalogs are mailed as standard mail, and we spend over \$5 million annually for postage.
4. The proposed increases in postage, if passed, will force our company to cut back on future mailings.

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF THOMAS LINDENBERGER
(August 17, 2010)**

1. My name is Thomas Lindenberger. I am Catalog Production Manager at Summit Racing Equipment, with offices at 1200 Southeast Ave., Tallmadge, Ohio.
2. My responsibilities include overseeing all catalog production, manufacturing, and mailing.
3. Summit Racing Equipment is a direct marketer in the performance automotive industry. Our catalogs are mailed as standard mail, and we spend over \$5 million annually for postage.
4. The proposed increases in postage, if passed, will force our company to cut back on future mailings.

DECLARATION

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 16, 2010.

Thomas A. Lindenberg



**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF LUCIE JAMESON
(August 17, 2010)**

1. My name is Lucie Jameson. I am the Manager of Production and Postage, Personal Lines at The Hartford Financial Services Group Inc. (The Hartford), with offices at 200 Hopmeadow Street, Simsbury, CT. Corporate Headquarters are located in Hartford, CT.

2. The Hartford is actively involved in the mailing industry to ensure long-term marketing objectives can be met within the changing climate of the postal/direct mail industry. My responsibilities include evaluating production and postal practices to identify and implement cost savings initiatives and ways to strategically avert costs. In Personal Lines, I manage activities associated with a \$35,000,000 postal budget (the estimated total corporate-wide postal spend is over est. \$60,000,000 for 2010).

3. Prior to joining The Hartford in 2001, I worked as a Customer Account Manager for RR Donnelley in their Old Saybrook, CT facility, originally joining their team in 1992. I am actively involved with The

Greater Hartford Postal Customer Council; attend the Mailers Technical Advisory Committee and National Postal Forum.

4. The Hartford is an insurance and financial services company. It provides investment products, individual life, group life and group disability insurance products, and property and casualty insurance products in the United States.

5. The Hartford utilizes the mail to communicate with existing customers as well as prospects. The classes of mail used include First Class, Periodical, Standard, Parcel, Not-Flat Machinable, Business Reply and Certified Mail. Overall, the rate increases proposed by the USPS are estimated at over \$4.14 million for 2011:

- a. The Prospecting Mail volume is estimated at 178 million pieces (roughly \$35.5 million in postage). The proposed increase would equate to over \$2.3 million additional postage.
- b. We also advertise in periodicals. Our magazine partners will be raising fees due to the proposed 8% increase for that class of mail.
- c. The effect on postage associated with current policyholders (new and renewing) mailed at First Class rates is estimated at an additional \$1.74 million.

d. The elimination of the Not-Flat Machinable category will add \$100,000 additional postage.

6. The rate increases proposed by the USPS could potentially result in The Hartford reducing its mail volume by over 6.2 million pieces in order to remain cost-neutral.

7. The rate increases proposed by the Postal Service, if allowed to take effect, are also likely to force The Hartford to reevaluate the return on investment associated with using mail as a primary marketing channel.

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF EVERETT J. THOMAS
(August 17, 2010)**

1. My name is Everett J. Thomas. I am CEO and editor at The Mennonite, Inc., with offices at 1700 South Main Street, Goshen, IN 46526.
2. My responsibilities include financial management, supervision of all staff, reporting and editorial writing.
3. Previously, I served as President of Mennonite Board of Congregational Ministries (1989-2000), a national agency providing services to Mennonite congregations.
4. I received a B.A. in English from Goshen College in 1972 and M. Div from Associated Mennonite Biblical Seminary in 1998.
5. We publish The Mennonite magazine, which is the official publication of the Mennonite Church USA denomination.
6. Periodicals class postage to mail The Mennonite during our last fiscal year (2009) were \$61,050.
7. In response to the current recession, we laid off one employee (out of six); reduced the FTE of another to half-time; froze salaries; discontinued covering certain national events in our denomination; and reduced the frequency of issues from 23 each year to 12.
8. A postage rate increase would require us to pass along the cost to our subscribers. This, in turn, would increase the number of subscribers who do not renew due to the rising cost of a subscription.
9. Should the proposed rate increases take effect, we would expect to further reduce staff FTE and further reduce the number of issues we mail each year and/or reduce the number of pages in each issue.

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF PATRICIA M. EDWARDS
(August 17, 2010)**

1. My name is Patricia M. Edwards. I am the publisher and editor of *The Randolph Guide*, a property owned by Community First Holdings Inc., with offices at 431 South Fayetteville Street, Asheboro, NC 27203.

2. My responsibilities include the daily business operations of the paper as well as the overall production of the newspaper on a weekly basis that includes directing one advertising person, one graphic designer and one reporter.

3. I have been employed in the newspaper industry for 20 years. The papers I have worked at, for the most part, have been small in size.

4. *The Randolph Guide* is a property in the Community First Holdings Inc. division of Community Newspaper Holdings Inc. (CNHI) in Birmingham, Ala. CNHI, as a whole, owns 86 daily newspapers, 46 non daily newspapers, four TV stations, and numerous specialty publications in the

Midwest, South and East. In all, CNHI has properties in 150 communities in 24 states.

5. On average, *The Randolph Guide* spends around \$9,200 annually in postage to mail our newspaper 52 times per year. Our paper is mailed under periodicals, regular class. We use the US Postal Service to mail our home delivery copies each Wednesday.

6. The effect of the recession on *The Randolph Guide* has been similar to what other papers have experienced: decline in overall revenue, increase in expenses, short-term cost cutting measures becoming long-term, a more measured look at where our expense increases are originating, a better focus on long-term recovery. We have not decreased our mail volume since the recession began because all of our subscribers receive the paper through the US Postal Service. However, it has created a need to be more aware of how we are using our editorial space in terms of the percentage of editorial to advertising. We have not had to lay off any employees or take any actions in that regard. Any staff reduction has come through attrition.

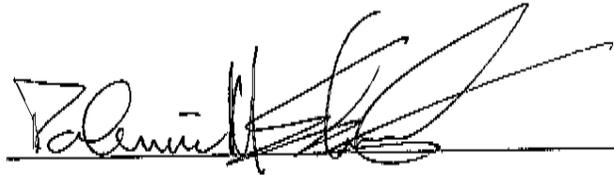
7. The rate increase would not have an effect on our mail volume but it would have an effect on the expense burden we have to mail the paper each week.

8. The rate increases proposed by the United States Postal Service, if allowed to take effect, are also likely to force *The Randolph Guide* to

increase its advertising rates and/or yearly subscription costs to cover the increase in postage for mailing.

DECLARATION

I declare under penalty of perjury that the foregoing is true and correct. Executed on August 11, 2010.



A handwritten signature in black ink, appearing to read "Valencia", is written over a horizontal line. The signature is stylized and somewhat cursive.

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF KENNETH O. MCNERNEY
ON BEHALF OF
THINK PATENTED**

(August 17, 2010)

1. My name is Kenneth O. McNerney. I am the CEO and Managing Partner at Think Patented, with offices at 1630 E. Second Street, Dayton, OH 45403.

2. My responsibilities include strategic direction and senior level management.

3. Previous positions include Vice President at D. B. Hess Company, Executive Vice President/COO of Comark Merchandising. Both of these positions were with graphics and direct mail organizations.

4. I have a Bachelors degree in Business Administration from the University of Wisconsin and a Certified Public Account certificate from the University of Illinois.

5. Think Patented is a cross media Communications Company with a large part of the business directed towards direct mail.

6. We utilize direct mail in for both business-to-business and business-to-consumer communications to help our customers communicate in a highly personalized way. We use both First-Class and Standard Mail, and spend approximately \$3.5 million year on postage.

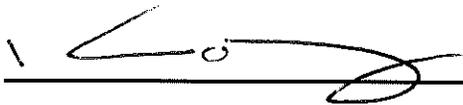
7. The recession has caused our company a 15% decline in revenues. We have laid off staff and done a 10% across the board salary/rate cut. Mail volumes have continued to shrink because of the recession and recent postal increases.

8. Additional rate increases will continue to shrink the mail volumes that our customers utilize. We are already challenged with helping them reduce their list/mail volumes, utilize other forms or communication (e-mail blasts), highly target mailings to minimize volumes, and utilizing other methods of delivery.

9. The rate increases proposed by the Postal Service, if allowed to take effect, are also likely to force Think Patented to look to expand our product offerings to products outside of the USPS. Additional staff cutbacks and shrinkage in mailing revenues will have a detrimental effect on our ability to generate profits and grow. It is a shame that USPS is its own worst enemy here. The additional revenues from the proposed rate increases will be more than offset by shrinkage in mailing programs and mail volume.

DECLARATION

I declare under penalty of perjury that the foregoing is true and correct. Executed on August 16th, 2010.

A handwritten signature in black ink, appearing to read 'K O McNerney', is written above a solid horizontal line.

Kenneth O McNerney, CEO and Managing Partner

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR EXCEPTIONAL) Docket No. R2010-4
CIRCUMSTANCES)

**STATEMENT OF TIME INC.
(August 17, 2010)**

Affidavit of Howard Averill

My name is Howard Averill. I am Executive Vice President and Chief Financial Officer of Time Inc., a subsidiary of Time Warner Inc., with offices in New York, NY. My responsibilities include Finance, Accounting, Strategic Planning, Information Technology, and Production (which includes the manufacturing and distribution of our 22 domestic magazines).

Time Inc. is the largest magazine publisher in the United States and spends over \$250 million annually on postage to distribute our magazines, books, direct mail campaigns, parcels, and invoices. Time Inc. generates mail volume in each of the four major mail classes: First Class (invoices), Standard Mail (direct

mail and renewal notices), Periodicals (magazine distribution), and Parcels (premiums and books).

The recent recession has had a significant impact on many American businesses, and Time Inc. was no exception. We took major steps to align the costs in our business with the reality of the economic landscape, and many of the measures we took were difficult and painful.

Just as the national economy is beginning to emerge tentatively from the recession, we are being faced with an exigent rate increase from the Postal Service that would add \$20 million annually to Time Inc.'s postage. An expenditure of this size would require us once again to make further painful adjustments within our business.

Time Inc. and its parent Time Warner Inc. strongly supported the 2006 Postal Accountability and Enhancement Act, because the Act promised to provide mailers with rate predictability in the form of a CPI cap. If the Postal Regulatory Commission approves this exigent increase, it could dissipate the pressure to restrain costs that the cap was intended to put on the Postal Service and could again place the full

burden of unchecked Postal Service cost growth on mailers. Time Inc. urges the Commission to reject this exigent request and to maintain the pressure for cost restraint on the Postal Service that Congress intended CPI cap to exert.

DECLARATION

I declare under penalty of perjury that the foregoing is true and correct. Executed on August 17, 2010.



Howard Averill

Executive Vice President and Chief Financial Officer

Time Inc.

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF TERRI L. BORG
(August 17, 2010)**

1. My name is Terri L. Borg. I am President/Owner at TurnKey Direct, Inc, with offices at 265 W. Central Ave, Salt Lake City, UT 84107.

2. My responsibilities include selling and production of direct mail campaigns. 20 years in the Direct Mail Industry

3. TurnKey Direct is a print and direct mail broker specializing in business opportunity healthcare seminar trainings.

4. Total annual postage spending of employer \$2,800,000; classes of mail used 85% standard mail; 15% nonprofit, first class and priority.

5. Effect of recession: 40 % decline in revenue, 20% increase in uncollectible debt, 30% cut in staff, 50% decrease in mail volume.

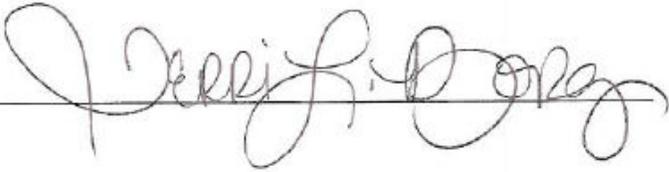
6. Likely effect of rate increases proposed by USPS: 100% loss

7. This rate increase will likely force all of my customers out of business since their success is based on lead generation from mail, and they

will not be able to continue to mail at the new rates. I in turn will have to close my doors. I estimate this rate increase to cause the closure of at least 15 companies I service and my business if this rate increase passes.

DECLARATION

I declare under penalty of perjury that the foregoing is true and correct. Executed on August 5, 2010.

A handwritten signature in cursive script, appearing to read "Jeffrey L. Drey", is written over a horizontal line.

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF JAMES D. PIZZO
(August 17, 2010)**

1. My name is James D. Pizzo. I am Senior Director – Distribution at United Business Media, LLC (“UBM”), with offices at 600 Community Drive, Manhasset, NY 11030.

2. My responsibilities include and are not limited to preparing all Distribution budgets for 10 Periodical publications and 1 Standard Mail title, keeping all business office/sales/publishers aware of all USPS rulings that effect these 11 titles, approving all inserts that will be glued, bound or loose in a polybag and attributing any and all incremental USPS costs to said insert, approving and revising publication of ID statements as frequency changes occur, preparing and submitting a Statement of Ownership for each publication, and most importantly reconciling and maintaining our company’s CAPS accounts on a weekly basis.

3. UBM is a leading global business media company. We inform markets and bring the world’s buyers and sellers together at events, online, in print and provide them with the information they need to do business

successfully. We focus on serving professional commercial communities, from doctors to game developers, from journalists to jewelry traders, from farmers to pharmacists around the world. Our 6,000 staffs in more than 30 countries are organized into specialist teams that serve these communities, helping them to do business and their markets to work effectively and efficiently.

4. Periodical and Standard Mail postage is approximately \$4 million annually. UBM titles are requestor publications and have very little if any paid circulation.

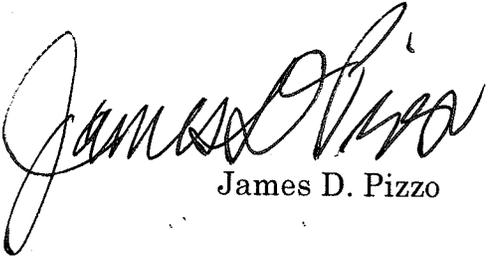
5. As a result of the increased rates by the USPS in the last five years and the advent of the increasing on-line presence afforded to advertisers, ad pages have declined significantly. This has caused publications to reduce frequencies, lay off staff and reduce print orders.

6. With the proposed 2011 USPS rate increases, business offices have informed me that frequencies may once again be reduced and print orders too. Initial studies I performed based on the proposed rates show an increase in annual distribution costs of \$250,000 to \$400,000.

7. The rate increases proposed by the Postal Service, if allowed to take effect, are also likely to force UBM to consider layoffs as a way to reduce our costs.

DECLARATION

I declare under penalty of perjury that the foregoing is true and correct. Executed on August 12, 2010.

A handwritten signature in black ink, appearing to read "James D. Pizzo". The signature is fluid and cursive, with the first name being the most prominent.

James D. Pizzo

Senior Director – Distribution

United Business Media LLC

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF NANCY ROMAN
ON BEHALF OF WHITE FLOWER FARM, INC.**

1. My name is Nancy Roman. I am the Controller at White Flower Farm, Inc., with offices at 30 Irene Street, Torrington CT 06790.
2. My responsibilities include Budgeting, Pricing, Accounting, Financial Management.
3. In my prior employment, I was Vice President of Finance at ESPN, where my responsibilities included long range forecasting and planning.
4. I have a Master's Degree in Business (MBA).
5. White Flower Farm is one of the premier flower and bulb mail order nurseries in the country. We have been in business for sixty years.
6. White Flower Farm spends in excess of \$1.3 million per year for catalog mailings, and another \$175,000 for shipping small packages through the USPS.

7. Like many businesses, White Flower Farm has experienced a decrease in revenues of 15% over the past three years. In response, we have laid off staff and cut expenses and reduced capital investment.
8. It has been very difficult to maintain our optimum level of marketing due to lower revenues and increased costs for postage and shipping. White Flower Farm sees no alternative but to cut catalog mailing volume should there be additional rate increases from the USPS. We cannot increase prices to our customers given the economic situation throughout the country, and our catalog expenses may be the only source of expense savings.
9. The rate increases proposed by the Postal Service, if allowed to take effect, are also likely to force White Flower Farm into further austerity measures. Reduced marketing may result in further staff reductions.

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR) Docket No. R2010-4
EXCEPTIONAL CIRCUMSTANCES)

**STATEMENT OF TIMOTHY LINSCOTT
(August 17, 2010)**

1. My name is Timothy Linscott. I own two weekly newspapers, /Wilber Republican/, /DeWitt Times News/, with offices in Wilber, DeWitt, Nebraska, respectively.

2. When I was 4 years old, I used to make my own newspaper out of paper, paste and crayons. I made several duplicate copies and gave them out around the newspaper, called, "Kids News." Since that time I have wanted to own my own newspaper.

3. I achieved that dream almost four years ago and now face an increase I am afraid I can't handle. In this current climate of the economy, there are times I do not make much, in fact, it has been several months now since I have seen a paycheck for myself.

4. I have laid off much of my staff, cut back on everything from supplies to utilities and now the USPS is proposing to abandon the price cap for newspapers.

5. Tim Linscott owns and operates Linscott Publishing, which owns the Wilber Republican & DeWitt Times News as well as The Czech Slavnosti. It is located in Wilber, Nebraska and the company is a C Corp.

6. Annually, the newspapers spend roughly \$17,400 a year in postage with the USPS and the papers are periodicals.

7. During the last 16 months I purchased a newspaper in Friend, Nebraska, and within six months the financial situation was such that I began to make cut-backs. I laid off several staff members and recently (Aug. 1) sold the newspaper all together due to the declining economy.

8. For the Republican, I have seen roughly an 11 percent decrease in revenue. I have cut back my part-time staff's hours and not re-hired two correspondent positions. There has been a pay freeze on the current staff, reduced my contributions to local charities and made major cut-backs in supplies (sometimes bringing needed supplies from home or just going without).

9. With the proposed USPS hikes, I will likely begin a shift to an on-line edition, which is not as an effective means of conveying the news to the public, which will likely mean a reduction in subscribers. I will no longer be able to do mass mailings, sample copies or special flyers (which have been impossible to do recently anyway). I will try to keep my page counts very low, meaning less postage for me each week, however, it will mean less news

in the paper each week, resulting in disgruntled readers and a loss of subscribers.

10. The rate increases proposed by the Postal Service, if allowed to take effect, are also likely to force /Wilber Republican/, /DeWitt Times News/ to cut all staff except myself, adding even more hours to my schedule, just to put out a paper. I can go online and avoid postage all together, but that will cut my profits considerably. The next option is to abandon the publications I fought my whole life to build up and close them after over 120 years of existence.