

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

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

**Docket No. N2010-1**

**RESPONSES OF NATIONAL NEWSPAPER ASSOCIATION WITNESS MAX HEATH,  
NNA T1-1to T1-16 TO FIRST SET OF USPS INTERROGATORIES**

National Newspaper Association hereby provides the responses of its witness Max Heath, NNA T1 to USPS/NNA T1-1 to T1-16, submitted on August 9, 2010. The interrogatories are restated verbatim. The response follows each interrogatory.

**Respectfully submitted,**

**Tonda F. Rush  
Counsel to National Newspaper Association**

King & Ballou

PO Box 50301

Arlington, VA 22205

(703) 237-9801; (703) 237-9808 fax

[trush@americanpressworks.com](mailto:trush@americanpressworks.com)

**USPS/NNA-T1-1.**

Please refer to page 5, line 27 of your testimony and provide citations to or copies of all documents related to the “promise” to newspaper publishers “from their federal government” regarding “6 day mail service”.

**RESPONSE:**

The "promise" refers to the implied faith and trust that publishers had that a six-day mail service that had been in place for decades as a service of the federal government, allowing a healthy proliferation of newspapers, magazines, and other business mailers who depend on that delivery day, would reasonably continue, just as subscribers of those newspapers, magazines, and recipients of other mail, would have faith that they would continue to receive desired mail on Saturday. This promise has been annually reaffirmed by Congress since 1983.

## USPS/NNA-T1-2.

Please refer to page 6, line 28 of your testimony and confirm that the *Graham Leader*, the newspaper referenced on page 4 of your testimony:

- (a) maintains an Internet website ( [www.grahamleader.com](http://www.grahamleader.com) ) that publishes news articles and photographs related to local high school sports;
- (b) permits website visitors to transmit via e-mail to friends and family weblinks to copies of those local high school sports photos;
- (c) maintains a Facebook page to further bind its readers together.
- d) Of NNA member newspapers that publish accounts of high school Friday night football games and the matters listed at the top of page 7 of your testimony, what percent currently do not publish Saturday editions? Provide data separately for (i) daily, (ii) weekly, and (iii) semi-weekly publications, as you define them, and explain each such definition.

## RESPONSES:

I have limited first-hand knowledge of the Leader, beyond the testimony provided in the PRC field hearing. However, I asked the publisher to provide me with responses to this question. The responses to sub-parts a-c were provided to me by electronic mail by Roy Robinson, publisher, and are included verbatim.

- a. *The Graham Leader* does, in fact, maintain the website <[www.grahamleader.com](http://www.grahamleader.com)> on which news articles and photographs of Graham High School and other area high school sports events are regularly posted.
- b) *The Graham Leader* does, in fact, permit website visitors to transmit, via electronic delivery, copies of posted high school sports photos to friends and families. Photo subjects, friends, families and other interested viewers are further able to order photographic prints of posted photos via a vendor link on the website.
- (c) The website does, in fact, include an actively updated Facebook page to further bind newspaper readers and website viewers.
- (d) NNA does not collect this information from its membership.

### **USPS/NNA-T1-3.**

For the last four home games of the Graham Steers varsity football team in 2009, please indicate:

- (a) the date and scheduled kick-off time;
- (b) the date and time of the posting of related post-game news and photographs on the *Graham Leader* website

### **RESPONSES:**

I have no first-hand knowledge that is responsive to this question, but I asked Roy Robinson, publisher of the *Graham Leader*, to provide the information. He responded by me by electronic mail and I provide his responses verbatim.

(a) The last four home games of the Texas Class 3A runner-up Graham Steers varsity football team, with kick-off times, were:

- (1) Sept. 11, vs. Bridgeport, 7:30 p.m. (Parents' Night)
- (2) Sept. 18, vs. Iowa Park, 7:30 p.m. (Homecoming)
- (3) Oct. 16, vs. Sweetwater, 7:30 p.m.
- (4) Oct. 30, vs. Abilene Wylie, 7:30 p.m.

(b) Post-game news and photographs of those four games were posted on the *The Graham Leader* website at approximately:

- (1) 4:30 P.M. Tuesday, Sept. 15
- (2) 4:30 P.M. Tuesday, Sept. 22
- (3) 4:30 P.M. Tuesday, Oct. 20
- (4) 4:30 P.M. Tuesday, Nov. 3

#### **USPS/PR-T1-4.**

Please refer to your testimony at page 9, lines 22-24 regarding the growth in Within County newspaper mail volume in FY 2008 and 2009. For each year (see page 82 at [http://www.usps.com/financials/\\_pdf/annual\\_report\\_2009.pdf](http://www.usps.com/financials/_pdf/annual_report_2009.pdf)), please calculate:

- (a) the percentage of total mail volume represented by Within County mail;
- (b) the percentage of total mail volume for each year represented by the growth in Within County mail volume.

#### **RESPONSE:**

This interrogatory appeared to have been directed to the Public Representative, but since its content related to my testimony, I am providing a response.

The link provided was returned "broken or expired." However, I could find the 2009 Financial Report and page 82 without your link. . Then I had to refer to RPW reports, which were not suggested in your question, but which I believed would provide the information you seek. . I was able to calculate that Within-County volume in FY 2009 equaled 0.49% of total Mailing Services piece volume. In FY 2008 Within-County volume equaled 0.41% of like volume.

Of course these numbers do not reflect Outside-County Periodicals volume from newspapers at a price-per-piece of 3-5 times more than Within County prices,, NOR their Standard Mail ECR volume, paying even higher prices per piece and even more total volume. For instance, in my company, we spend about \$4 million per year on Standard Mail vs. \$2 million on Periodicals Mail. So to calculate the impact of Within County newspaper mail upon the system, it is essentially to consider these companion mail pieces. Without the Within County mail, the other pieces would likely also be removed from the mailstream.

**USPS/NNA-T1-5.**

Please refer to your testimony at page 12, line1 and identify the "closing list" to which you refer.

**RESPONSE:**

T1-5: The "closing list" to which I refer is the one which I believe would be developed over time as a result of loss of both newspaper Periodical and shopper ECR Standard Mail volume which would be lost if/when USPS blocks pubs who want/need Saturday delivery move from mail to private-delivery contract carriers. Newspapers and their related "shopper" volume are the largest customers of the majority of the exurban and suburban offices where postage is paid.

**USPS/NNA-T1-6.**

Please refer to your testimony at page 14, lines 22-23. There you state that “[i]n the communities I work with, most businesses have firm holdout or [Post office] box service anyway . . . .” Please identify the communities to which you refer and provide all information within your custody that would indicate whether the same is true for American businesses and communities generally.

**RESPONSE:**

My experience and awareness of business mail practices as to PO Box and Firm holdout delivery began in my hometown of Campbellsville, KY 42718, where I worked in the newspaper business for a decade, and then in Tell City IN 47586 where I worked for five years. But it was honed in Shelbyville KY 40065 where I not only worked since 1980 (and continue to work as postal consultant) but also where I picked up the mail personally each Saturday when I was in town. I also visited all of the 56 LCNI newspapers in 13 states, and many of their post offices. Visiting and talking to staff of those newspapers both inside and outside LCNI about postal problems over the past 27 years since my involvement in circulation led to questions about receipt of mail and proper addressing which often led back to issues such as post office boxes vs. street address, throwbacks, and firm holdouts. Based on my experiences with school systems, hospitals, industries, and others with firm holdouts, and the high percentage of businesses with post office boxes, I think it is fair to extrapolate my experience to much, if not all, of the country.

## **USPS/NNA-T1-7.**

Your testimony summarizes variations in the reactions of newspaper publishers to the proposed elimination of Saturday delivery to street addresses.

Assume, hypothetically, that for some rational reason consistent with discretion permitted by its operating charter, the Postal Service currently provided Monday-through-Saturday delivery to rural routes and Monday through-Friday delivery to city routes each week (excluding the impact of holidays). Assume that, for some additional rational reason consistent with discretion permitted by its charter, the Postal Service decided to reduce rural delivery to Monday-through-Friday, on the same terms as city delivery, and with no corresponding price changes. Further assume that both rural and city newspaper publishers relied exclusively on the Postal Service for delivery. Assume also that, for perfectly rational business and service reasons, rural publishers preferred six-day delivery to five-day delivery. Finally, assume that when the service change is implemented, affected rural publishers continued to rely exclusively on postal delivery and responded by making operational and service changes.

Would you characterize these rural publishers as:

- choosing five-day delivery as a preferred option; or as
- reluctantly accepting five-day and trying to adjust to it?

Please explain your response.

## **RESPONSE;**

My belief, based on your hypotheticals, is that those that adjust to 5-day delivery on rural routes would be doing so reluctantly and adjusting as best they can. There are 5-day Monday-Friday dailies now. There are weeklies whose core mail circulation would not be greatly affected as the majority publish on Wednesday or Thursday. NNA speaks on behalf of those newspapers that do HAVE 6-day delivery including Saturday, whether Periodical newspaper, ECRS shopper, or both, And we have serious concerns about the loss of delivery quality in the outside-trade-area portion of newspapers' subscriber base, where end of Saturday delivery would push some weekend delivery to Monday or Tuesday, at best, and to Tuesday or Wednesday on the 11 Monday holidays.

**USPS/NNA-T1-8.**

Please refer to your testimony at page 14, lines 29 through page 15, line 3.  
Please cite to the specific pages of postal testimony in which “eliminating another week day [as an alternative to Saturday] is described as “unworkable”.

**RESPONSE:**

“Unworkable” is my word, but it is a good description of the attitude that USPS Witness Pulcrano ascribed to his task force’s consideration of other delivery days. Please examine the transcript of his oral testimony, particularly p. 181, where he describes the Postal Service’s “presumption” that Saturday would be the non-delivery day, which he confirms as operating at the 99<sup>th</sup> percentile of certainty. Tr.1/176-184

**USPS/NNA-T1-9.**

Please refer to page 15, lines 6-20 of your testimony. What rationale would you offer for the Postal Service to justify a policy determination of arranging Saturday delivery to street addresses exclusively for one market dominant product -- periodicals – and no others?

**RESPONSE:**

I would suggest the same rationale the Postal Service used to decide to provide Express Mail Service: business that it wanted to keep. I do not imply that carriers would be running under their existing contracts to deliver on a Saturday if delivery is otherwise eliminated by USPS, but under lower-cost arrangements that might be negotiated, as the Express mail deliveries have been negotiated. And as we have been at pains to point out, there are cases where more lucrative Standard Mail would also be delivered on Saturday, both with and without newspapers. I admitted at lines 16-17 that “we do not know whether USPS as such an option.” More likely, newspapers will contract directly with some mail carriers to deliver motor routes, as much as they would prefer USPS continue to serve its customers. We do not know what options USPS may have for negotiating such terms with carriers to keep newspapers in the mail because as far as we know it not been tried and the Postal Service has objected to our questions about its discussions in the labor negotiations. .

## **USPS/NNA-T1-10.**

Please refer to page 16, lines 8-10 of your testimony.

(a) Confirm that the Postal Service's proposed service changes would not bar any postal patrons from receiving newspapers by mail. If you do not confirm, please explain.

(b) Is it your testimony that, if the service changes at issue in this docket are implemented, mail recipients who receive free street address delivery five days a week will be completely incapable of understanding why mail recipients who pay for Post Office Box delivery receive six-day service, even if simple and clear explanations:

- (i) are provided directly by the Postal Service; and
- (ii) reported objectively by newspapers?

## **RESPONSES:**

(a) Perhaps this is a matter of semantics, but it's clear (to me at least) that the sentence in question intends to refer only to some potential misunderstanding about Saturday delivery, not the rest of the week. The end of Saturday delivery would certainly bar some postal patrons from receiving newspapers by mail on Saturdays. If the Postal Service is suggesting that every city and rural route customer in the US could obtain a post office box just for Saturday delivery, I think it is not a serious question. It is physically impossible in most post offices to expand post office box space anywhere near such demand.

(b) (i)& (ii) Yes, I believe that there will be confusion, at least at first, by those who aren't as immersed in mail as the parties involved in this case, as to what happened to their Saturday mail home delivery, and have some surprise that post offices patrons get delivery. And yes, even if "simple and clear explanations" are made, and "provided directly by USPS," and "reported objectively by newspapers," the news will fail to reach some people, or they will overlook it, and take some time to adjust, in my view. In my past experience in working with getting news out of an important nature to large areas, people are often not as focused on decisions made in Washington as people in Washington believe they are. I believe a lot of Americans will be very angry about this decision.

## **USPS/NNA-T1-11.**

Please refer to your testimony at page 3, lines 13-15. Provide the dates of the briefing sessions to which you refer and the names of the postal executives who provided the briefings. Also identify which executives implied that “the end of Saturday delivery is “fore-ordained” and, in each case, list the “reasons” that each executive purportedly offered to support this conclusion.

### **RESPONSE:**

Well, frankly, they are too many to list, and impossible to track, the mindset was so pervasive within USPS. Virtually every briefing I ever heard talked in terms of “when” rather than “if.” It was only when someone in the group, like me, pointed out that Congress had to make the decision, did postal managers ever say otherwise. It was presented as I describe when Mr. Pulcrano briefed the Periodicals Operations Advisory Committee prior to MTAC meetings in 2009/2010. It was presented in the same general tones at general sessions of MTAC during the same period, and at the National Postal Forum in Nashville in 2010. The true rarity was it ever being presented any differently than “fore-ordained,” whether talking to clerks in post offices, postmaster, or BME managers. It has been in the press and talked of in public as such a “fait accompli” that many mailers have chosen to forego opposition and sit rather than resist, and other mailers, like Wall Street Journal, are taking newspapers out of the mail and handing them to other daily newspapers to deliver. Still others are making plans to leave the mail, or avoiding switch to the mail.

**USPS/NNA-T1-12.**

Please state the daily/weekly within-county circulation figures for each of the newspapers identified on pages 4-5 of your testimony for which such figures are not provided in your testimony.

**RESPONSE:**

Wise County Messenger: 2,550 copies twice weekly

Graham Leader: 2,404 twice weekly

Lebanon Democrat, 5,044 copies daily

Cadillac News: 3,000 Monday-Friday

Princeton Times-Leader 1,472 weekly

**USPS/NNA-T1-13.**

Refer to your testimony at page 7, lines 20-24.

(a) Please confirm that rural Americans participate in the election of representatives to the United States House of Representatives and Senate.

(b) Is it your understanding that no persons from rural America currently serve in the United States Congress?

(c) In your study of the Tea Party movement participants and farmers who have driven their tractors to the nation's capitol in recent decades, are you aware of the airing of any grievances specifically associated with the Postal Service, or any particularly related to the issue of a reduction in regular mail delivery frequency? If so, please elaborate and provide documentation and citations.

**RESPONSE:**

(a) Confirmed.

(b) No.

(c) No. As this was merely an analogy making the point that rural America is not always well understood by DC policy makers, including USPS. And in working with USPS directly at multiple levels for more than 25 years, I do testify that I believe my statement to be true.

**USPS/NNA-T1-14.**

Please refer to your testimony at page 9, lines 17-19. Assume, hypothetically, that postal costs were in such a state that NNA and the Postal Service were in complete harmony that they were being “properly managed.” Would you then agree that the relative density of a newspaper on a postal delivery route could affect its “profitability” to the Postal Service in the same way (even if not to the same degree) that relative density affects the profitability of a newspaper-operated distribution route? If not, please explain.

**RESPONSE:**

No. When a newspaper with 25% or less route density contracts a driver for a motor route passing all homes to deliver to, say 20-25% of them, they use about the same gasoline and driver time as if they had delivered to every household paper tube or driveway. When USPS carriers deliver, even on their days of lowest volume, they have multiple pieces of mail for most houses on the same route, making USPS delivery more cost-efficient.

**USPS/NNA-T1-15.**

Please refer to your testimony at page 13, lines 7-15. Please provide the dates and locations of all Mailers Technical Advisory Committee and Periodicals Operations Advisory Committee meetings attended by any representative or member of NNA at which any iteration of the service changes at issue in this docket were discussed by postal representatives between March 2009 and April 2010.

**RESPONSE:**

I can provide only my personal experience.

Periodicals Operations Advisory Committee (POAC) August 11, 2009 and MTAC General Session August 13 2009, both at USPS HQ. POAC Nov. 17, 2009 and MTAC General Session Nov. 18, 2009, both at USPS HQ. MTAC General Session Feb. 17, 2010, USPS HQ.

## **USPS/NNA-T1-16.**

Please refer to your testimony at page 16, lines 2-5.

(a) Please provide copies of all instructions that require the reporting of the discovery of mailbox bombs by newspaper delivery personnel to NNA.

(b) By day of week, please indicate your understanding of the frequency of the placement of such bombs in mailboxes

(c) Since, as you assert, it has never been reported to NNA, please explain why the discovery of melted chocolate in a mailbox by a postal letter carrier on any day of the week would be expected to result in an incident report from that carrier being brought to the attention of NNA.

(d) Also, please confirm that the upcoming Federal requirement mandating direct deposit of Social Security checks for new recipients effective March 2011 and current recipients on March 2013, will soon bring a merciful end to the use of the "melted chocolate on a Social Security check in a mailbox" scenario in testimony filed before the Postal Regulatory Commission. If you cannot confirm, please explain

## **RESPONSE:**

(a) I have no such data and cannot imagine why anyone would expect NNA to collect such information.

(b) I do not know how frequently this occurs.

(c) Newspapers sometimes report on incidents of nonmailable objects being inserted in mailboxes. I used the melted chocolate example because I have heard that example suggested by postal employees over the years as evidence of why only USPS employees should have mailbox access. But it is apparent to me that USPS employees do not monitor these mailboxes 24 hours a day and that the mailbox monopoly does not today protect mailboxes from being abused. Although USPS has legal power to punish abuse, laws could similarly punish abuse even if non USPS carriers used the mailbox, it seems to me.

(d) I'm sure the chocolate makers will be relieved that their products are not being wasted in mailboxes, but I doubt all Social Security recipients are going to find it easy to deal with direct deposit requirements. I think it is unfortunate that the federal government is not continuing to mail checks to people who want them. Another great example of a decision in Washington that doesn't have the people in mind, in my view. Plus, the Postal Service needs the business.