

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

VALASSIS NSA

Docket No. MC2012-14

Docket No. R2012-8

Letter to United States Postal Regulatory Commission

Re: Valassis NSA

May 23, 2012

Dear Secretary Shoshana Grove,

The Fort Worth Star-Telegram would like to formally oppose the Negotiated Service Agreement for Valassis that the U.S. Postal Service filed with the Postal Regulatory Commission. The proposal provides for an unfair advantage in competing for advertising dollars in the Dallas-Fort Worth metroplex. There are several major problems with this NSA:

First, we believe the USPS has grossly understated the financial impact of the NSA. USPS compares the postal revenues from the NSA to total newspaper advertising revenue, when it should really put forward an assessment of the impact of the discount on the competition between Valassis and local newspapers for advertising from national retailers of durable and semi-durable. We believe this NSA will have a negative impact on our newspaper's current advertising revenues from these types of national retailers. These revenue losses would most certainly negatively impact news coverage and local community interests.

Also, the Fort Worth Star-Telegram mails nearly 50% of its Total Market Coverage program (ad-inserts to non-subscribers) through the USPS, which results in \$3.7m in postage annually. The Star-Telegram will face a competitive disadvantage when Valassis has an NSA rate 20 to almost 40 percent lower than what we pay in postage. If Valassis is awarded this rate reduction, our newspaper will have to seriously consider moving these TMC mail pieces out of the mail into private delivery as a necessary competitive response. This could result in major revenue losses for the USPS and a boon for private delivery firms.

Finally, Valassis can cancel the agreement with the Postal Service after 90 days. USPS is giving Valassis a marketing tool to sell against newspapers risk free. This is another way in which this NSA will cause havoc in the marketplace and create a competitive disadvantage for the Fort Worth Star-Telegram, even if Valassis is not able to secure business and simply walks away from the NSA.

We respectfully request that the PRC reject the proposed Valassis NSA based on these important facts and the creation of an unfair competitive incentive for one national mailer over a local mail customer, like the Fort Worth Star-Telegram.

A handwritten signature in black ink, appearing to read "Gary Wortel". The signature is fluid and cursive, with the first name "Gary" and last name "Wortel" clearly distinguishable.

Gary Wortel

President & Publisher

Fort Worth Star Telegram