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Congress of the United States
House of Representatives

POSTAL REGULATORY
COMMISSION
OFFICE OF THE SECRETARY

May 23, 2012

R2012-8
ME2012-14
COMMITTEE ASSIGNMENT
ARMED SERVICES
EDUCATION AND THE WORKFORCE
OVERSIGHT AND GOVERNMENT REFORM
CHAIRMAN, SUBCOMMITTEE ON
GOVERNMENT ORGANIZATION, EFFICIENCY AND
FINANCIAL MANAGEMENT

Ms. Ruth Y. Goldway
Chairman
United States Postal Regulatory Commission
901 New York Avenue NW, Suite 200
Washington, D.C. 20268

Dear Ms. Goldway:

I am writing in regard to the proposal recently filed by the United States Postal Service (USPS) to enter into a negotiated service agreement (NSA) with Valassis Direct Mail, Inc. I have been contacted by John Kirkpatrick, President and Publisher of the Patriot-News, a newspaper that serves my Congressional District, regarding his request that the Postal Regulatory Commission reject this proposal until the USPS can clearly demonstrate that it does not negatively impact the marketplace and result in a revenue loss to the USPS.

It is my understanding that the proposed NSA would give Valassis, a national advertising mailer, potential discounts of more than 30 percent on new advertising pieces it puts in the mail from certain national retailers. While I appreciate the importance of the direct mail industry in regards to job creation, economic growth, and providing needed revenue to the USPS, Mr. Kirkpatrick has expressed strong concerns that this proposal could negatively impact local newspapers throughout the country.

Mr. Kirkpatrick asserts that such advertising pieces provide significant revenue to local newspapers, helping to create and retain jobs as well as supporting their efforts to strengthen our local communities through effective news gathering. He joins organizations such as the National Newspaper Association in arguing that providing favorable pricing agreements to one national advertising company provides them an unfair advantage and disrupts competition. While existing law provides the USPS with expanded business options, any such proposal must first demonstrate financial benefits and cannot create conditions that cause harm in the marketplace. Mr. Kirkpatrick argues that a full review of this proposal would show that the planned NSA would cause unreasonable harm to the marketplace, and in the end, would have a negative impact on mail volume if newspapers divert advertising currently sent through the USPS to less expensive delivery methods.

Given the potential for unfair competition and a loss of revenue to the USPS, it would seem prudent that requests to reject this proposal until further review be given full and fair consideration. If there is any additional assistance that I can provide you in the review of this

Ms. Ruth Y. Goldway
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request, please do not hesitate to contact my Deputy Chief of Staff, Robert Reilly, at (717) 600-1919. Best wishes!

Sincerely,

A handwritten signature in black ink that reads "Todd R. Platts". The signature is written in a cursive style with a large, prominent "T" and "P".

TODD RUSSELL PLATTS

Member of Congress

19th District, Pennsylvania