

Standard Mail Shoppers get reduced rates

PRC reduces in-county Periodicals rate request, but regular rates muddled by new bundle, sack charges

The new Postal Regulatory Commission reduced the amount of the in-county Periodicals rate increase from that requested by the Postal Service, but not as much as the National Newspaper Association had argued and hoped for. NNA's arguments did reduce the percentage increase by 6-11 percent, depending on sortation, saving up to a penny per piece or higher-weight pieces at some sortation levels

But in the end, the PRC accepted a new "In-Office Cost Study" that mysteriously showed handling costs of in-county periodicals increasing by an inordinate amount, rejecting NNA's objection that inadequate testing had been carried out. But they did buy arguments from NNA about faulty volume estimates, averaging those over multiple years.



POSTAL TIPS

Max Heath

NNA said the problem with the In Office Cost Study was a perennial one for in-county: The subclass is too small to be accurately measured. So USPS statistics invariably reflect wild variations in

the costs shown from year to year. NNA had argued for averaging the years, but the PRC refused.

In-county mail walk-sequenced in high-density volume to the office of delivery will increase 21-22 percent. But the request from USPS was for 31-33 percent. Newspapers entered at the delivery office in carrier route sort only will increase 13-18 percent vs. a USPS request for 22-28 percent. The accompanying chart shows the specific "final" rates by sortation level and weight. The Postal Service refused to explain why it had targeted the most efficient mail for the highest increases, despite my testimony that his direction was wrong and unfair.

OUTSIDE-COUNTY RATES STILL UNCERTAIN

Regular—or outside-county rates—are a muddled picture. The final rates for carrier route mail used heavily by county-line newspapers, increase by a much smaller amount than proposed, and even decrease at some weight levels. But the

PRC surprised the Postal Service and most Periodicals mailers by installing a complex set of charges requested by Time Warner Inc. for bundles and sacks. The bundle charge would vary based on the level of container presort. And the container charge is based on both the level of presort and where it is entered. It is difficult to model these rates without new software, but NNA hopes to have a better understanding of them by next month.

The new rates will go into effect May 14 for First-Class and Standard Mail, but are being delayed until July 15 for Periodicals due to the complex bundle and container charges for outside-county mail.

The PRC has claimed that steps were taken to mitigate the damage to small mailers from the complex new charges, by not taking Time-Warner's full proposal, but no one has yet been able to figure out the true impact, which varies greatly from title to title. Also, software vendors need additional time to program the set of complex rates. If the PRC had not accepted the large magazine publisher's suggestion, only a general 85-cent container charge would have been implemented. Whether the "mitigation" is enough to avoid damage to mailers, already inflamed by the poor delivery service outside the county, remains to be seen. The new rates may well be an impetus to push more newspapers to pursue electronic subscriptions for distant subscribers.

One silver lining is that the PRC did accept my vigorous objection to applying the charge—either the 85 cents or any other—to flats tubs, which newspapers are just beginning to use. And it agreed—as did even Time-Warner—that the Postal Service's notion of applying the 85 cent container charge to bundles of mail entered at the DDU was absurd. So NNA members can escape some of the hit from these new container charges if they avoid the use of sacks, as I have been encouraging members to do for about 18 months.

Further complicating the situation is that USPS did not request or want these so-called "cost-based" rates, preferring to average costs for the entire Periodicals regular rate class. And mailers of all but the largest titles object. They have asked for, at minimum, a delay of 60 or more days beyond the previously planned May 6, 2007, implementation date. NNA Public

Policy Director Tonda F. Rush has filed a legal brief asking for a delay, but not for a return of the entire decision, to the PRC for a do-over; to protect the in-county rate decrease. Because this rate case was filed under the old law, USPS can approve the rates, adopt them under protest, return the case for reconsideration, or modify the rates. NNA has asked the USPS to reject the outside county Periodicals bundle and container charges, if at all possible.

At deadline, the Postal Service Board of Governors had not decided what to do about the PRC rates. Complicating their decision is that cataloguers are in high dudgeon about a 20-40 percent hike from the PRC, and the fact that USPS wanted another penny on the First-Class stamp, to 42 cents. Raising that rate could decrease most other commercial mailers' new rates. And since the PRC approved a "Forever" stamp requested by USPS, they'd like to sell those stamps at the highest possible rate.

SHOPPER RATES FAVORABLE

Newspapers with shoppers will likely be pleased with the PRC decision for Enhanced Carrier Route Standard Mail rates.

Saturation shoppers entered at the delivery office, slated for a 3 percent increase at the minimum piece weight of 3.3 oz., then decreases at 6 oz., will instead go up 0.0 percent (no increase) at the minimum weight, and decline at 4 oz. and up.

Non-subscriber shoppers with 125 pieces or more in walk-sequence order (High Density), and entered at the delivery office, will increase 6.2 percent up to 3.3 oz. and decline at 5 oz. and below. The USPS proposal was for 11.7 percent increase at minimum weight, and declines not kicking in until 11 oz.

Only Basic carrier route mail, for 10-123 pieces on a route, will increase more than the USPS proposal at 15.8 percent up to 3.3 oz., declining increases up to 7 oz., and declines at 8 oz. and after. The proposal was for 11.7 percent, similar to the high-density proposal.

The driver was the goal of transitioning toward "shape-based rates" that put more emphasis on the size of the piece and less emphasis on the weight involved.

Stay tuned. More to come.

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Periodicals In-County Rates

R-2006-1 Final Rates Effective 2007

NOTE: High Density W/S rate based on 25% of active possible deliveries.

Discounts:	None	Carrier Route	Carrier Route Del Ofc	Carrier Route HDW/S	Carrier Route HDW/S Del Ofc	Carrier Route Sat W/S Del Ofc
1oz.	0.1327	0.0667	0.0563	0.0517	0.0413	0.0283
2oz.	0.1434	0.0774	0.0645	0.0624	0.0495	0.0365
3oz.	0.1541	0.0881	0.0728	0.0731	0.0578	0.0448
4oz.	0.1648	0.0988	0.0810	0.0838	0.0660	0.0530
5oz.	0.1754	0.1094	0.0893	0.0944	0.0743	0.0613
6oz.	0.1861	0.1201	0.0975	0.1051	0.0825	0.0695
7oz.	0.1968	0.1308	0.1058	0.1158	0.0908	0.0778
8oz.	0.2075	0.1415	0.1140	0.1265	0.0990	0.0860
9oz.	0.2182	0.1522	0.1223	0.1372	0.1073	0.0943
10oz.	0.2289	0.1629	0.1305	0.1479	0.1155	0.1025
11oz.	0.2396	0.1736	0.1388	0.1586	0.1238	0.1108
12oz.	0.2503	0.1843	0.1470	0.1693	0.1320	0.1190
13oz.	0.2609	0.1949	0.1553	0.1799	0.1403	0.1273
14oz.	0.2716	0.2056	0.1635	0.1906	0.1485	0.1355
15oz.	0.2823	0.2163	0.1718	0.2013	0.1568	0.1438
16oz.	0.2930	0.2270	0.1800	0.2120	0.1650	0.1520

PERCENTAGE CHANGES—New Rates over Old Rates

R2006-1 Final Rates Effective 2007

Discounts:	None	Carrier Route	Carrier Route Del Ofc	Carrier Route HD W/S	Carrier Route HD W/S Del Ofc	Carrier Route Sat W/S Del Ofc
1oz.	18.60%	15.23%	12.92%	23.43%	22.00%	1.57%
2oz.	18.74%	15.92%	13.91%	22.91%	21.85%	5.42%
3oz.	18.85%	16.45%	14.68%	22.54%	21.74%	7.99%
4oz.	18.95%	16.86%	15.30%	22.26%	21.66%	9.84%
5oz.	19.04%	17.20%	15.82%	22.05%	21.60%	11.24%
6oz.	19.12%	17.48%	16.24%	21.88%	21.55%	12.32%
7oz.	19.19%	17.72%	16.61%	21.75%	21.51%	13.19%
8oz.	19.25%	17.92%	16.92%	21.63%	21.47%	13.91%
9oz.	19.31%	18.09%	17.20%	21.54%	21.44%	14.50%
10oz.	19.36%	18.24%	17.44%	21.46%	21.42%	15.01%
11oz.	19.41%	18.37%	17.65%	21.39%	21.40%	15.44%
12oz.	19.45%	18.49%	17.84%	21.33%	21.38%	15.82%
13oz.	19.49%	18.59%	18.00%	21.27%	21.36%	16.14%
14oz.	19.53%	18.69%	18.16%	21.22%	21.35%	16.43%
15oz.	19.56%	18.77%	18.30%	21.18%	21.34%	16.69%
16oz.	19.59%	18.85%	18.42%	21.14%	21.32%	16.92%