

POSTAL REGULATORY COMMISSION

Washington, DC 20268-0001

Dan G. Blair
Chairman

Response to *The Boston Globe* Editorial, April 27, 2007

Submitted by Dan G. Blair

Chairman, Postal Regulatory Commission

April 30, 2007

Your editorial of April 27, 2007 regarding new postage rates for magazines addresses an important public policy concern while acknowledging the need for the U.S. Postal Service to support itself. These rates were recommended in February by the independent Postal Regulatory Commission as part of an omnibus postal rate case that set rates for all classes of mail. The Governors of the U.S. Postal Service adopted the recommendations in March, with new rates effective this July.

For the past decade, the Commission has grappled with how to keep magazine postage rates as low as possible in the face of rapidly increasing Postal Service handling costs and declining magazine mail volume. Federal law requires each class of mail to generate revenues that cover the costs associated with delivering them. Periodical rates comply with this rule. A new rate structure was needed to reflect the reality of changing cost patterns and reduce the costs of handling magazines. The Commission employed a model initially proposed by Time Warner, Inc., in 2004. We made substantial modifications to ensure fairness and equity for all magazine mailers – both small and large. As a result of the Commission's approach, small publications with circulations of 15,000 or less will see lower increases than under proposals made by magazine interests or the Postal Service.

The Commission's decisions have long supported the widespread dissemination of diverse editorial matter, and our most recent decision should preserve and foster continued diversity among magazines by increasing the editorial discount available to all periodical mailers. Our decision also reflects the overall need to encourage efficient mailing practices that hold down costs to the Postal Service that otherwise would have to be paid by other mailers. The Commission estimates that even after the increases are implemented, the average price for delivery of a magazine still will be less than 30 cents, far lower than the price for a First-Class letter stamp.

Transparency has been the hallmark of postal ratemaking since the Commission was first established by Congress in 1970. During the recent omnibus rate case, the Commission held 34 days of public hearings. Magazines of all circulation sizes were represented and provided substantial amounts of evidence. The proceedings were on the record – announced in the *Federal Register* – open to the public – and broadcast live on the Internet.

The Commission was careful to make recommendations in this rate case that ensure fair and equitable rates for all mailers while safeguarding the long-term vitality of affordable universal postal service for all Americans.