



# Postal Regulatory Commission

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## Press Release

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### PRC Approves Postal Service Negotiated Service Agreement with Valassis

**Washington, DC** – The Postal Regulatory Commission (PRC) today authorized a three-year negotiated service agreement (NSA) between the U.S. Postal Service and Valassis Direct Mail, Inc. (Valassis) that provides discounts for new saturation mail advertising circular volumes. The NSA was approved by a majority of the Commission.

Under the terms of the agreement, discounted prices would be limited to advertisements for durable and semi-durable goods by retailers with physical retail outlets in 30 or more states, in distinct markets where Valassis has and continues to maintain an existing Standard Mail Saturation mailing program.

By statute, an NSA cannot be approved unless it can be shown to improve the net financial position of the Postal Service, and not to cause unreasonable harm to the marketplace. During the Commission's review of this case, numerous newspapers opposed the NSA, claiming it was unfair competition that would unreasonably harm the marketplace. The Commission extended its review period and called for additional supporting information.

The Commission found that the Postal Service currently is competing ineffectively in the competitive marketplace for preprinted, free standing retail advertising inserts. It found the lower NSA prices to be non-predatory (above cost) and thus not unfair in this competitive market. Under the new program the Postal Service is not expected to attract more than between 0.46 percent and 1.5 percent of the market.

According to PRC Chairman Ruth Y. Goldway, "The Commission understands that both newspapers and the Postal Service are experiencing declining revenues as new technologies based on the internet grow in popularity. Today's decision affirms that fair competition between these two important institutions is consistent with the law." Goldway noted, "The Postal Service already provides significant benefits to periodical publications. It has a long-standing policy of providing reduced rates for the editorial portion of periodical publications, and Congress has mandated an additional preference for small, local (in-county) newspaper postage rates. While the Commission is sympathetic to the claims of market disruption, the policies of the PAEA do not shield newspapers from the consequences of fair competition."

The Valassis NSA was carefully crafted to apply solely to new volume and to address concerns noted by the Commission in its review of previous NSAs. Further, under existing Commission regulations, the Postal Service must fairly negotiate corresponding agreements with similarly situated mailers.

The Commission's decision in this case is available at: Docket Nos. [MC2012-14](#)

The Postal Regulatory Commission is an independent federal agency that provides regulatory oversight over the U.S. Postal Service to ensure the transparency and accountability of the Postal Service and foster a vital and efficient universal mail system. The Commission is comprised of five Presidentially-appointed and Senate-confirmed Commissioners, each serving terms of six years. The Chairman is designated by the President. In addition to Chairman Goldway, the other Commissioners are Vice Chairman Nanci Langley, Mark Acton, Tony Hammond and Robert Taub.