July 26, 2010

The Honorable Joseph Lieberman
Chair – United States Senate Committee on Homeland Security and Governmental Affairs

The Honorable Susan Collins
Ranking Republican Member – United States Senate Committee on Homeland Security and Governmental Affairs

The Honorable Thomas R. Carper
Chair – Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security
United States Senate Committee on Homeland Security and Governmental Affairs

The Honorable John McCain
Ranking Republican Member – Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security
United States Senate Committee on Homeland Security and Governmental Affairs

Dear Senators Lieberman, Collins, Carper and McCain:

On behalf of the Affordable Mail Alliance, thank you for your long history of leadership on postal issues - your dedication and effort over the years are truly appreciated. That is why we write today to express our frustration and disappointment over the Postal Service's decision to seek an exigent rate increase, and to inform you of our decision to seek the Postal Regulatory Commission's dismissal of the request.

The newly created Affordable Mail Alliance is an unprecedented coalition of Postal Service customers united in their opposition to this unlawful exigent rate increase. As the attached membership list shows, in just under three weeks, the Alliance has grown to include over 700 organizations and everyday Americans – large and small businesses, charities, newspapers and magazines, and American household names from every state who use the post office daily. These individuals and organizations have joined to oppose a proposal that would increase postal rates by up to and over ten times the rate permissible by law. Alliance Members – most of whom have had to make painful decisions and tough choices during this deep recession – view this rate increase as having the same effect as a tax increase on individuals and businesses. This is not just a rate

increase on postal businesses – it is also a rate increase on hundreds of millions of everyday Americans across the country who use the mail, work for businesses that use the mail, or depend on help from charities that use the mail.

That is why the Alliance is responding to the Postal Service's filing with a formal petition to the Postal Regulatory Commission asking for dismissal of the Postal Service's request. We believe that the request is wrong on the law - the legal circumstances necessary for an exigent increase simply have not been met. We believe the exigent increase is wrong on policy - allowing the Postal Service to raise prices above the Consumer Price Index at this time and under these circumstances would eviscerate the most important safeguard for mailers and the public in the Postal Accountability and Enhancement Act of 2006. And we believe the exigent increase is wrong on the economics - raising prices on postal customers at this critical juncture will only further exacerbate the postal "death spiral" that we have long feared – as the Postal Service attempts to cope with declining volume by raising prices, resulting in still more loss of volume.

We are the Postal Service's customers – 7.5 million people making up nearly one trillion dollars of business. We want a vibrant and healthy Postal Service as much as or more than anyone else because our businesses depend on it. But this is the wrong solution to the Postal Service's problems by any standard - legal or economic. We look forward to your help in working together with the Postal Service to address the issues the Service faces without this unlawful and unwise increase, and ask for your support in our efforts.

With our sincerest thanks,

The Affordable Mail Alliance [Membership List Attached]

Contact:
Anita Dunn/Alex Slater
SKDKnickerbocker
202-464-6900

Enclosures:
Membership List/Affordable Mail Alliance
Summary of Motion to Dismiss

ASSOCIATIONS
Alliance of Independent Store Owners & Professionals
Alliance of Nonprofit Mailers
American Academy of Family Physicians
American Business Media
American Catalog Mailers Association
American Forest & Paper Association
Association for Mail Electronic Enhancement
Association for Postal Commerce
Association of Marian Helpers
Association of State Baptist Papers
Canadian Printing Industries Association
City & Regional Magazine Association
Coalition of Religious Press Associations
Continuity Shippers Association
Custom Content Council
Direct Marketing Association
DMA Nonprofit Federation
Financial Services Roundtable
Graphic Arts Association (GAA)
IDEAlliance
Magazine Publishers of America
Mailing & Fulfillment Service Association
Major Mailers Association
Midwest Circulation Association
National Alliance of Standard Mailers & Logistics
National Catholic Development Conference
National Newspaper Association
National Postal Policy Council
Pacific Printing and Imaging Association
PINE
Printing & Graphics Association MidAtlantic
Printing & Imaging Association of MidAmerica
Printing and Imaging Association of Georgia
Printing Association of Florida
Printing Industries Alliance
Printing Industries Association of San Diego
Printing Industries Association, Inc. of Southern California
Printing Industries of America
Printing Industries of Arizona/New Mexico
Printing Industries of Michigan
Printing Industries of Ohio - N.Kentucky
Printing Industries of St. Louis, Inc.
Printing Industries of the Gulf Coast
Printing Industries of the Midlands
Printing Industries of Utah, Inc.
Printing Industries of Virginia
Printing Industries of Wisconsin
Printing Industry Association of the South, Inc.
Printing Industry of Illinois/Indiana Association
Printing Industry of Minnesota, Inc.
Promotional Products Association International
Reserve Officers Association
The Envelope Manufacturers Association
The National Association for Printing Leadership
The Printing Industry of the Carolinas, Inc.

COMPANIES & NON-PROFIT ORGANIZATIONS
Visual Media Alliance
1105 Media
ABIS, Inc.
Access Press, St. Paul, MN
AccuList USA®
Active Interest Media
Adair County Community Voice, Columbia, KY
Akron (CO) News-Reporter
ALG Worldwide Logistics
Allegan County News, Allegan, MI
Alliance Times-Herald, Alliance, NE
Alvarado (TX) Star
American Girl
American Institutes for Cancer Research
American Lung Association
American Media, Inc.
Announcer, Wagner, SD
Antiques & Fine Art Magazine
Appalachian News-Express, Pikeville, KY
Arandell Corporation
Argus-Press, Owosso, MI
Associated Newspapers of Michigan, MI
At Home in Central Illinois, Champaign IL
Auburn Citizen, Sangamon County, IL
Auburn Journal, Auburn, CA
Auburn Trader, Auburn, CA
Baldwin Herald, Baldwin, NY
Ball Publishing, West Chicago, IL
Barton Cotton
Battle Mountain Bugle, Battle Mountain, NV
Baudville Inc.
BCC Software
Bellmore Herald, Bellmore, NY
Belvoir Media Group
Benchmark Brands
Big Buck Saver (Eau Claire, Chippewa Falls, Menomonie, WI)
Bismarck (ND) Tribune
Bixby Bulletin, Bixby OK
Blackwell Journal-Tribune, Blackwell, OK
Blood-Horse Publications
Boardroom Inc.
Boise Inc.
Bolivar Herald-Free Press, Bolivar, MO
Bonnier Corporation
Bon-Ton Stores, INC.
Bookspan
Bottineau Courant in Bottineau, ND

Böwe Bell + Howell
Bowling Green Times, Bowling Green, MO
Bowling This Month
Breckenridge (TX) American
Broken Arrow Ledger, Broken Arrow OK
Brown Printing Company
Brownsville States-Graphic, Brownsville, TN
Brush (CO) News-Tribune
Buffalo Bulletin, Buffalo, WY
Buffalo Reflex, Buffalo, MO
Burleson (TX) Star
Burlington (CO) Record
Burnet Bulletin, Burnet, TX
Bust Magazine
Cadillac News, Cadillac, MI
Cambridge Clarion in Cambridge, NE
Campbellsport News, Campbellsport, WI
Canon Communications
Carson Press, Elgin, ND
Cass City, Cass City, MI
Cass County Reporter, Casselton, ND
Catamount Color, a division of the Offset House
Catoosa Times, Catoosa OK
Cedar County Republican, Stockton,MO
Cedar grove/Verona Observers, Cedar grove and Verona, NJ
Center for Science in the Public Interest
Central Illinois Business, Champaign IL
Central Illinois Families, Champaign IL
Centralia Fireside Guard, Centralia, MO
Century Direct
Charles Mix County News, Geddes, SD
Charlevoix Courier, Charlevoix, MI
Charlton County Herold, Folkston, GA
Chatham Clarion, Sangamon County, IL
Chatham Courier, Chatham Township and Chatham Borough, NJ
Chefwear, Inc.
Chester County Independent, Henderson, TN
Chippewa Herald, Chippewa Falls, WI
Chippewa Valley Business Report
Choteau Acantha Publishing Inc. ,Choteau, MT
Christian Book Distributors
Christian County Headliner News, Ozark MO
Citizen Tribune, Morristown, TN
Civil War Courier, Morristown, TN
Clark Fork Chronicle, Superior, MT
Classic Designs by Matthew Burak
Clerics of St. Viator
Coalfield Progress, Norton, VA
Colfax Record, Colfax, CA
Collinsville News, Collinsville OK
Commercial Record-Resorter, Saugatuck, MI
Community Publishers, Inc., Bentonville, AR
Comstock Chronicle, Virginia City, NV
Concord Litho
Condé Nast
Congregation of Notre Dame
Consumers Union
Cooking Enthusiast LLC
Corporate Press Communications Companies
Coweta American, Coweta OK
Crawford County Independent and Kickapoo Scout in Gays Mills, WI
Creative Age Publications, Inc.
Crested Butte News, Crested Butte, CO
Crosslists, Cross & Company
Crowley (TX) Star
Cuba Free Press, Cuba, MO
Cuddledown
Cut Bank Pioneer Press in Cut Bank, MT
Daily Jefferson County Union, Fort Atkinson, Wisconsin
Daily Sentinel, LeMars, IA
Daily Sparks Tribune, Sparks, NV
Dakota Action Rocket, Wagner, SD
Das Fenster German Magazine
Data-Mail, Inc.
DATAMATX
Dawson (MN) Sentinel
Dawson News, Dawson, GA
Dayton Courier, Dayton, NV
Detroit Legal News, Detroit, MI
Diamond Marketing Solutions
Dickenson Star, Clintwood, VA
Dickinson (ND) News
DIR Corporation
Direct Brands, Inc.
Disabled American Veterans
Divernon News, Sangamon County, IL
Dodge County Pionier, Mayville WI
Domtar Paper Company, LLC
Douglas County Post-Gazette, Elkhorn, NE
DRG
DST Mailing Services
DTN/The PROGRESSIVE FARMER
Dunn County Herald, Killdeer, ND
Dunn County News, Menomonie, WI
Dwell LLC
East Meadow Herald, East Meadow, NY
Easter Seals
Eastern Times-Register, Roland OK
Echoes-Sentinel, Warren, Watchung, Long Hill Twp, Gillette, Millington and Stirling, NJ
Editorial Projects in Education, Inc.
Edmond (OK) Sun
Edmund Optics
El Dorado Hills Telegraph, El Dorado Hills, CA
Elk Valley Times, Fayetteville, TN
Elko Daily Free Press, Elko, NV
Ely Times, Ely, NV
Emmons County Record,Linton, N.D
Enderlin Independent, Enderlin, ND
ESPN the Magazine
Estes Park (CO) Trail-Gazette
Eureka Sentinel, Eureka, NV
Everglades Direct, Inc.
Everman (TX) Star
Experian
Faribault Daily News, Faribault, MN
Farm Progress Media
Farmers' Progress, Columbia, KY
Fennimore Times in Fennimore, WI
Fernley Leader, Fernley, NV

Fidelity Investments
First Data Corporation
FIS
Flint Genesee County Legal News, Flint, MI
Florham Park Eagle, Florham Park, NJ
Folsom Telegraph, Folsom, CA
Foothills Marketplace, Grass Valley, CA
Forbes Inc.
Fort Bragg (CA) Advocate-News
Fort Morgan (CO) Times
Franklin Favorite, Franklin, KY
Franklin Square/Elmont Herald, Franklin Square, NY
Frontier County Enterprise, Curtis, NE
GameInformer Magazine
Gasconade County Republican, Owensville, MO
Gatesville (TX) Messenger & Star Forum
Gaylord Herald Times, Gaylord, MI
Gill Ashton Food Service Media Group
Gilmer Mirror, Gilmer TX
Glacier Reporter, Browning, MT
Glasgow Courier, Glasgow, MT
Glatfelter
Glenpool Post, Glenpool OK
Grand Rapids Legal News, Grand Rapids, MI
Grand View Media Group
Grant County News, Elgin, ND
Grant County Press, Petersburg, WV
GrayHair Software
Great American Business Products
Grundy County Herald, Tracy City, TN
Guideposts
Guthrie News-Leader, Guthrie, OK
Hannibal Courier-Post, Hannibal, MO
Hanover Eagle, East Hanover Township and Hanover Township, NJ
Harrison Daily Times, Harrison, AR
Harte-Hanks
Hastings Banner, Hastings, MI
Hastings Tribune, Hastings, NE
Havre Daily News, Havre, MT
Hays Free Press, Buda, TX
Hazelden Foundation
Hearst Magazines
Henderson News, Henderson, Nebraska
Herald Times Reporter, Manitowoc, WI
Hermann Advertiser-Courier, Hermann, MO
High Desert Advocate, West Wendover, NV
High Plains Publishers
Highlights for Children, Inc.
Hillsboro Banner, Hillsboro, ND
Hoard's Dairyman
Hood County News, Granbury, TX
Hudson Star-Observer, Hudson, WI
Humboldt Chronicle, Humboldt, TN
Hunterdon Review, Hunterdon, NJ
Huntsinger & Jeffer
I Do Magazine, Champaign IL
IlliniHQ Magazine, Champaign IL
Imaging Network Group
IMS Inc.
inde supply chain consultancy
Indianapolis Business Journal, Indianapolis, IN
InfoPrint Solutions
Ingham County Legal News, Mason, MI
Integrated Media Cooperative
intelisent
Interlink. Inc., Berrian Springs, MI
InterMedia Outdoors
International Masters Publishers
International Paper
IPC Print Services
IWCO Direct
Jacksboro (TX) Gazette-News
Jackson County Legal News, Jackson, MI
Janesville Argus, Janesville, MN
Jenks Journal, Jenks, OK
Joshua (TX) Star
Journal Publishing Inc. publisher of The Journal of Crosby, ND and the Tioga Tribune, Tioga, ND
Journal-Advocate, Sterling, Colorado
Journal-Republican, Monticello IL
JST Marketing Solutions, LLC
Julesburg (CO) Advocate
Keene (TX) Star
Kentucky Press Association
Kenyon Leader, Kenyon, MN
Key Communications Inc.
Kulm Messenger, Kulm, ND
Lahontan Valley News, Fallon, NV
Lake Andes Wave, Wagner, SD
Lake Country (TX) Shopper
Lake Country (TX) Sun
Lake County Examiner, Lakeview, OR
Lakeshore Guardian, MI
LakeVille Messenger, Millington, MI
Lamar (CO) Ledger
LaMoure Chronicle, LaMoure, ND
Landmark Community Newspapers, LLC Shelbyville, KY
L'Anse Sentinel, L'Anse, MI
Las Vegas Review-Journal, Las Vegas, NV
LDS Group Inc.
Le Center Leader, Le Center, MN
Le Sueur News-Herald, Le Sueur, MN
Leader Telegram, Eau Claire, WI
Leelanau Enterprise, Lake Leelanau, MI
Lehigh Direct
Lincoln County Record, Caliente, NV
Lincoln News Messenger, Lincoln, CA
Litchville Bulletin, Litchville, ND
Long Beach Herald, Long Beach, NY
Long Island Graphic, Freeport, NY
Lonsdale News-Review, Lonsdale, MN
Loomis News, Loomis, CA
Lorraine Press, Salt Lake City, UT
Lovelock Review-Miner, Lovelock, NV
Lubenow & Associates
Ludington Daily News, Ludington, MI
Lynbrook/East Rockaway Herald, Lynbrook, NY
M2MEDIA360
Macomb County Legal News, Pontiac, MI
Madelia Times-Messenger, Madelia, MN
Madison Eagle, Madison, NJ
Magazines of Politics, Policy, and Current Events

MAGIC Magazine
Mahomet Citizen, Mahomet IL
Mailbox Marketing Inc.
Malverne/West Hempstead, Malverne, NY
Manchester Times, Manchester, TN
Mannford Eagle, Mannford OK
Maple River Messenger, Mapleton, MN
Marketsmith Inc.
Maryville Daily Forum, Maryville, MO
Mason Valley News, Yerington, NV
McIntosh County Democrat, Checotah, OK
McKenzie County Farmer, Watford City, ND
Medco Health Solutions
MedTech Media
Meister Media Worldwide
Mendocino (CA) Beacon
Mercy Home for Boys & Girls
Meredith Corporation
Merrick Herald, Merrick, NY
Milton Times Inc., Milton, MA
Mineral County Independent-News, Hawthorne, NV
Minot (ND) Daily News
Missouri Press Association, Columbia, MO
Mobridge Tribune, Mobridge, SD
Monadnock Paper Mills Inc
Monroe Publishing Co., Monroe, MI
Montmorency County Tribune, Atlanta, MI
Motheral Printing Company
Mount Desert Islander, Bar Harbor, ME
Mount Horeb Mail, Mount Horeb, WI
Mount Olive Chronicle, Mount Olive Township, Flanders and Budd Lake, NJ
Mountain Citizen, Inez, KY
Mt. Lebanon Magazine
Muskegon Legal News, Muskegon, MI
Myllykoski-North America
Mystic Logistics
Nassau Herald, Lawrence, NY
National Committee to Preserve Social Security and Medicare
National Geographic Society
Naval Aviation Museum Foundation
Naylor
Nebraska Journal-Leader, Ponca, NE
Neosho Daily News, Neosho, MO
NetGram
Nevada Appeal, Carson City, NV
Nevada Legal News, Las Vegas, NV
New Berlin Bee, Sangamon County, IL
New Page Corporation
New York Magazine
NewBay Media
Newcastle News Letter Journal, Newcastle, WY
Newcastle News, Newcastle, WA
Newport Business Media
News-Enterprise, West Concord, MN
News-Monitor, Hankinson, ND
Newton County Times, Jasper, AR
Nixa Xpress, Nixa, MO
Nodaway News Leader, Maryville, MO
Nomis Publications, Inc.
Norman County Index Ada, Minnesota
North Lake Tahoe Bonanza, Incline Village, NV
North Vernon Plain Dealer, North Vernon, IN
Northern Neck News, Warsaw, VA
Northfield News, Northfield, MN
Northumberland Echo, Heathsville, VA
NPI, Dallas, TX
Oakland County Legal News, Troy, MI
Observer-Tribune, Washington Township, Chester Township, Chester, Mendham Township, Mendham and Harding Township, NJ
Oceanside/Island Park Herald, Oceanside, NY
Oregon Lithoprint, Inc, McMinnville. OR
Our Lady of Victory Homes of Charity
Our Sunday Visitor, Inc
Owasso Reporter, Owasso OK
Owatonna People's Press, Owatonna, MN
Ozark County Times, Gainesville, MO
Pahrump Valley Times, Pahrump, NV
Palm Coast Data
Palmyra Spectator, Palmyra, MO
Pawnee Post, Sangamon County, IL
Paxton Record, Paxton IL
Pennsylvania Newspaper Association, Harrisburg, PA
Penton Media
PESI HealthCare
Petoskey News Review, Petoskey, MI
Pierce County Herald, Ellsworth, WI
Pike County Journal Reporter, Zebulon, Ga.
PIME Missionaries
Placer Herald, Rocklin, CA
Pleasant Plains Press, Sangamon County, IL
Plow & Hearth
Port Aransas South Jetty, Port Aransas, TX
Port Townsend & Jefferson County Leader, Port Townsend, WA
Potter County News, Gettysburg, SD
Prairie Pioneer, Pollock, S.D
Premier Education Solutions, powered by PESI
Presque Isle Newspapers, Rogers City, MI
Press-Sentinal, Jesup, GA
PrimeTime Xpress, Nassau County, NY
Prosser Record Bulletin, Prosser, WA
Publishers Clearing House
Pure Gold advertiser, Madelia, MN
Putman Media, Inc.
Quad/Graphics
Quadratec Inc.
Raceline Direct, Inc.
Rantoul Press, Rantoul IL
RBC Ministries
Reader's Digest
Record-Harold, Greensburg, KY
Reno Gazette-Journal, Reno, NV
Reppert Publications, Anna, IL
Republic Monitor, Republic, MO
Ripon Printers
River Falls Journal, River Falls, WI
Riverton Register, Sangamon County, IL
Rochester Times, Sangamon County, IL
Rockaway Journal, Far Rockaway, NY
Rockville Centre Herald, Rockville Centre, NY
Rodale, Inc.

Rolling Stone
Rome (NY) Daily Sentinel
Roseville Press-Tribune, Roseville, CA
Roxbury Register, Roxbury Township and Mount Arlington, NJ
RR Donnelley
Sacramento Gazette, Sacramento, CA
Sacred Heart Southern Missions
Saint James Press, St James, MO
Sammamish Review, Sammamish, WA
Sand Springs Leader, Sand Springs OK
Sappi Fine Paper – North America
Scholastic Inc.
Scotland Journal, Scotland, SD
Sequoyah County Times, Sallisaw, OK
Servants of the Paraclete
Shelby Promoter in Shelby, MT
Shelton Mason County Journal, Shelton, WA
Sidney Herald in Sidney, MT
Sisters of St. Louis
Skiatook Journal, Skiatook OK
SkillPath Seminars
SnoValley Star, North Bend, WA
South County Express, Sangamon County, IL
South County Mail, Rogersville, MO
South County Publications, Ltd. ,Sangamon County, IL
South Shore Record, Hewlett, NY
Southeast Dakota Publishing, Inc., ND
Southworth Company
SRDS
St. Cloud (MN) Times
St. Croix Press, Inc.
St. Louis/Southern Illinois Labor Tribune, St. Louis, MO
St. Peter Herald, St. Peter, MN
Stamats Business Media
State Farm
Statesboro (GA) Herald
Steelville Star-Crawford Mirror, Steelville, MO
Stenhouse Publishers
Stony Creek Brands LLC
String Letter Publishing
Structural Graphics
Sturgis Journal, Sturgis, MI
Summit Business Media
Summit Media
Swift County Monitor, Benson, MN
Sylvania Telephone, Sylvania, GA
Texarkana Gazette, Texarkana, TX
The Aberdeen Times, Aberdeen, ID
The Advance, Vidalia, GA
The Advocate Messenger, Danville, KY
The Alma (GA) Times
The Alpena News, Alpena, MI
The Association of the Miraculous Medal
The Banner Press, Austin, Colorado and Fayette Counties, TX
The Beacon, Clifton, NJ
The Bernardsville News, Bedminster, Bernards Township, Far Hills, Peapack/Gladstone and Bernardsville, NJ
The Bethany Republican-Clipper
The Bird City Times, Bird City, KS
The Blackshear (GA) Times
The Boscobel Dial in Boscobel, WI
The Bucks County Courier Times, Levittown, PA
The Burlington County Times, Willingboro, NJ
The Canadian RECORD, Canadian, TX
The Caroline Progress, Bowling Green, VA
The Cass Lake Times, Cass Lake MN
The Catholic Times, Saginaw, MI
The Catholic Weekly, Saginaw, MI
The Central Record, Lancaster, KY
The Central Virginian, Louisa, VA
The Chaffee County Times, Buena Vista, CO
The Chronicle, Centralia, WA
The Citizen, Boonton Township, Denville Township, Dover, Mountain Lakes, Montville, Rockaway Borough and Rockaway Township, NJ
The Climax Crescent Newspaper, Kalamazoo County, MI
The Clinton County Leader, Plattsburg, MO
The Colby Free Press, Colby, KS
The Collierville Herald, Collierville, TN
The Columbia Press, Warrenton, OR
The Congregation of the Blessed Sacrament, Saint Ann's Shrine
The Country Advocate , Colby, KS
The Country Today, Eau Claire, WI
The County Star, Savoy IL
The Courier-Times.Roxboro, NC
The Current Local, Van Buren, MO
The Daily News, Iron Mountain, MI
The Daily Reporter, Milwaukee, WI
The Darien News in Darien, GA
The Eagle Post, Oakgrove/Fort Campbell, KY
The Ellsworth American, Ellsworth, ME
The Elsberry Democrat, Elsberry, MO
The Eufaula Indian Journal, Eufaula, OK (The oldest newspaper in Oklahoma)
The Fairbury Journal-News, Fairbury, NE
The Farmers Independent of Bagley, MN
The Franciscans/St Anthony's Guild
The Frankston Citizen, Frankston, TX
The Freeport Shopping News (IL)
The Goodland Star-News, Goodland, KS
The Graham (TX) Leader
The Grandview Herald, Prosser, WA
The Grant County Express, Dry Ridge, KY
The Grant County Herald Independent in Lancaster, WI
The Grant County News, Dry Ridge, KY
The Grant Tribune-Sentinel, Grant, NE
The Gretna Guide & News, Gretna, NE
The Hanska Herald, Hanska, MN
The Hartford
The Hebron Journal, Hebron, NE
The Herald Chronicle, Winchester, TN
The Herald Democrat, Leadville, CO
The Herald Progress, Ashland, VA
The Herald-Gazette, Barnesville, GA
The Highlander, Marble Falls, TX
The Hillsboro Sentry-Enterprise in Hillsboro, WI

The Holyoke Enterprise, Holyoke, CO
The Honker, Middle River, MN
The Humboldt Sun, Winnemucca, NV
The Imperial Republican, Imperial, NE
The Independent News-Gazette, Georgetown, IL
The Independent, Monroe County, MI
The Independent-Observer, Conrad, MT
The Intelligencer, Doylestown, PA
The Interior Journal, Stanford, KY
The Issaquah Press, Issaquah, WA
The Jack County (TX) Herald
The Jessamine Journal, Nicholasville, KY
The Jewish Star, New York City and Long Island, NY
The Jones County News, Gray, GA
The Journal-Enterprise, Providence, KY
The Karnes Countywide, Karnes City, TX
The Kiplinger Washington Editors, Inc.
The Leader, Covington, TN
The Leader, St.Joseph-Ogden IL
The Lincoln County Journal, Troy, MO
The Llano County Journal, Llano, TX
The Louisiana Press-Journal, Louisiana, MO
The Magazine Factory
The Marion Press, Marion, MI
The Marist Brothers
The Marshfield Mail, Marshfield, MO
The Milan Standard, Milan, MO
The Millington Herald, Millington, MI
The Minden Courier, Minden, Nebraska
The Mining Journal, Marquette, MI
The Missaukee Sentinel, Lake City, MI
The Monday Extra, Norton, KS
The Monroe County Reporter, Forsyth, GA
The Monroe Shopping News (WI)
The Monroe Times (WI)
The Moore County News, Lynchburg, TN
The Morris News Bee, Morris Plains, Morris Township and Morristown, NJ
The Mountain Mail, Salida, CO
The Nebraska Signal, Geneva, Nebraska
The New Richmond News, New Richmond, WI
The Newberry Eagle, La Pine, OR
The News Guard, Lincoln City, OR
The News-Gazette Corp, Lexington, VA
The News-Gazette, Champaign IL
The North Vernon Sun, North Vernon, IN
The Northern Michigan Review, Petosky, MI
The Northwoods Press, Nevis MN
The Norton Telegram, Norton, KS
The Obelrin Herald, Oberlin, KS
The Olney (TX) Enterprise
The Ozona Stockman, Ozona, TX
The Park County Republican and Fairplay Flume, Bailey, CO
The Phonograph-Herald in St. Paul, NE
The Pinconning Journal, Pinconning, MI
The Platteville Journal, in Platteville WI
The Port Network
The Post, Big Stone Gap, VA
The Power County Press, American Falls, ID
The Progress, Caldwell, Essex Fells, Fairfield, North Caldwell, Roseland and West Caldwell, NJ
The Randolph Reporter, Randolph and Mine Hill, NJ
The Record-Courier, Gardnerville, NV
The Record-Review, Abbotsford, WI
The Republican Journal in Darlington, WI
The Retrospect, Collingswood, NJ
The Richland Observer in Richland Center, WI
The Riverdale Press, Bronx, NY
The Saint Francis Herald, St. Francis, KS
The Sebeka Menahga Review Messenger, Sebeka MN
The Sheridan Group
The Society of the Little Flower
The Splash, Liberty Lake, WA
The Star News, Medford, WI
The State Bar of Wisconsin
The Statesman, Kewaskum, WI
The Sun-Times, Williamsville and Sherman, IL
The Taunton Press
The Telfair (GA) Enterprise, McRae, GA
The Thomasville Times, Thomasville AL
The Tribune-Phonograph, Abbotsford, WI
The Valierian in Valier, MT
The Vandalia Leader, Vandalia, MO
The Walsh County Record, Grafton, ND
The Wauneta Breeze, Wauneta, NE
The Westfield Leader & The Scotch Plains-Fanwood Times, Westfield, NJ
The Winchester Sun, Winchester, KY
The Wolbach Messenger in Wolbach, NE
The Zeeland Record Co., Zeeland, MI
Time Inc.
Times Leader, Princeton, KY
Times Printing Company, Random Lake, WI
Tonopah Times-Bonanza, Tonopah, NV
Total System Services, Inc.
Tradin' Post Buyer's Guide (Eau Claire, WI)
Trail County Tribune, Mayville, ND
Trainers Warehouse
Transcontinental RBW Graphics
Trend Offset Printing
Tri-City Register, Sangamon County, IL
Tri-City Reporter, Dyer, TN
Tri-County Press in Cuba City, WI
Trinity Direct
Troublesome Creek Times, Hindman, KY
Tullahoma News, Tullahoma, TN
Tulsa Business Journal, Tulsa OK
Tulsa Daily Commerce and Legal News, Tulsa OK
Union Enterprise, Plainwell, MI
Uno Alla Volta LLC
UPM, North America
Valley Stream Herald, Valley Stream, NY
Vance Publishing
Vandalia Leader, Vandalia, MO
Vermillion Plain Talk, Vermillion, SD
Vernon Daily Record, Vernon, TX
Verso Paper
Vertis Communications
Vian Tenkiller News, Vian OK
Vicon Publishing
View Newspaper Group (publisher of 14 newspapers), MI
Virginia Diner, Inc.

Voice News, Hickman, NE
W. A. Wilde
Wagner Post, Wagner, SD
Wagoner Tribune, Wagoner OK
Walhalla Mountaineer, Walhalla, ND
Wallis News-Review, Wallis, Texas
Waseca County News, Waseca, MN
Washingtonian Magazine
Washtenaw County Legal News, Ann Arbor, MI
WATT
Wayne County News, Waynesboro, TN
Wayne County Outlook, Monticello, KY
Weiser Signal American, Weiser, ID
West River Eagle, Eagle Butte, SD
Westmoreland News, Montross, VA
Williams Publications Company
Williams Sonoma
Williston (ND) Herald
Winnebago Voice, Winnebago, MN
Wise County Messenger, Decatur, TX
World Marketing Inc.
Xpress Coups, Nassau County, NY
Yankee Publishing
Yankton Daily Press and Dakotan, Yankton, SD
York News-Times, York, NE

MOTION OF THE AFFORDABLE MAIL ALLIANCE TO DISMISS REQUEST

The Affordable Mail Alliance respectfully moves to dismiss this case on the ground that the Request and supporting documentation filed by the Postal Service on July 6, even taken in their most favorable light, fail to satisfy 39 U.S.C. § 3622(d)(1)(E).

The Affordable Mail Alliance is a coalition of large and small businesses, nonprofit organizations and associations of mailers that together account for a majority of the mail sent in the United States. A list of the Alliance's members appears in Appendix A to this Motion.

SUMMARY

Allowing the Postal Service to raise prices above the Consumer Price Index in this case would nullify the single most important safeguard for mailers and the public in the Postal Accountability and Enhancement Act of 2006 ("PAEA"). One of the most fundamental tasks of rate regulation is to prevent regulated firms from exploiting their market power to earn excessive profits or recover inefficiently high costs. The PAEA, like many other modern regulatory statutes, accomplishes this task by limiting the average price increase for each market-dominant postal class to the rate of inflation as measured by the CPI. This mechanism, known as price-cap or incentive regulation, is designed to encourage the Postal Service to improve its productivity and control its costs, protect mailers from having to pay for inefficiently high Postal Service costs, and protect the overall economy from further cost increases downstream.

Section 3622(d)(1)(E) offers an escape valve from the CPI cap for exigent circumstances, when the Postal Service could not continue operating without overall price increases above the CPI. But the exception is narrow. The authors of PAEA recognized that exigency clauses are the potential Achilles heel of incentive regulation. If failure to recover actual costs led to relaxed enforcement of the index-based price cap, the incentive mechanism would lose its credibility as a control on costs. Hence, Section 3622(d)(1)(E) allows the Postal Service to breach the CPI cap only in "extraordinary or exceptional circumstances" that would otherwise leave the Postal Service short of the funds needed to provide necessary services despite the "best practices of honest, efficient and economical management."

The present circumstances do not begin to satisfy these requirements. The Postal Service claims that it needs more money for a variety of reasons, including the recession that began in December 2007, which has accelerated the long-term diversion of communications from mail to the Internet. But the Postal Service's most fundamental problem is not the Internet, or the recession, but a lack of effective cost control.

The Postal Service has long had great difficulty in managing its costs—particularly the costs of its mail processing network and its workforce. Until recently, the long-term growth of mail volume and revenue allowed the Postal Service to live with this problem. Over the past 15 years, however, the likelihood that the rise of the Internet would slow and eventually reverse the growth of mail volume has become increasingly obvious. Despite ample notice of this threat, the

Postal Service took only limited steps to get its house in order by reducing its plant capacity and labor costs and improving its flexibility to shed further costs quickly if the decline in volume and workload accelerated. In FY 2007, the last complete fiscal year before the start of the current recession, the Postal Service still carried an infrastructure and workforce designed to handle 300 billion pieces of mail annually—almost 50 percent more than actual mail volume in the same year, and twice the mail volume that the Postal Service projects for the year 2020.

With the recession came the day of reckoning. The Postal Service was hardly the only enterprise to suffer sharp declines in volume and revenue from the downturn. Most large American companies—including competitors of the Postal Service such as FedEx and UPS—experienced comparable or even greater declines. Indeed, many of the Postal Service's customers saw their own revenue fall by 20 percent or more. Efficiently run private companies, however, responded to the recession by making aggressive (and often painful) cuts in capacity and employment, and freezing or cutting wages and compensation. As a result, FedEx, UPS and other well-run private companies achieved large enough productivity gains to return to profitability within a quarter or two after the recession bottomed out in early 2009. Efficiently managed nonprofit organizations and municipal governments survived with similar austerity measures.

The Postal Service's countermeasures have been far less effective. It has done little since December 2007 to shrink or consolidate its oversized and inefficient mail processing network. It also has implemented virtually no layoffs or furloughs, and has relied almost entirely on attrition and other voluntary measures to reduce the size of the workforce. While these measures have reduced work hours, the downsizing has not come close to offsetting the drop-off in revenue and work load. As a result, while private sector productivity has increased, Postal Service productivity has fallen. Further, while most other American workers have endured pay freezes or cutbacks, the Postal Service has increased compensation rates that were already above market.

The result has been devastating. In Fiscal Year 2009, when prices in the overall economy actually declined, the Postal Service costs per unit of output *increased by more than six percent*. Had the Postal Service merely held its costs to the level of inflation in the general economy, *the Postal Service would have made a profit in 2009*.

The Postal Service's actual performance does not begin to approach the "best practices of honest, efficient, and economical management" required by 39 U.S.C. § 3622(d)(1)(E) as a condition for any exigent rate increase. Nor has the Postal Service satisfied the other two standards of Section 3622(d)(1)(E): that the circumstances causing the Postal Service's financial woes be extraordinary or exceptional, and that the projected shortage of funds would jeopardize the ability of the Postal Service to continue providing service.

This case should be recognized for what it is: less than four years after PAEA became law, the proposed rate increases would nullify the primary line of defense established by Congress to protect mailers and the American public from abuse of the Postal Service's market power. If the increases are approved, the central regulatory constraint of PAEA will be dead. With traditional cost-of-service regulation of class-wide rate increases having been repealed in

2006, allowing the Postal Service to breach the CPI cap whenever the Postal Service expects to lose money would eliminate any regulatory discipline on the Postal Service to control its costs.

The Postal Service's continuing failure to control its costs is a fundamental structural problem, and a long-run threat to the survival of the institution that can no longer be finessed by rising volume or price increases. Failure to confront this reality serves the interests of no one—least of all the Postal Service, its employees, and its customers. As Senator Carper commented a month ago:

> Based on the work I've seen over the years from GAO, the Postal Service's Inspector General and others, we likely have some overcapacity and too large of a workforce. This must be confronted head on. Postal customers . . . still depend on the Postal Service. But at a time when the pace of electronic diversion is likely picking up, we probably can't rely for very much longer on customers' willingness to continue paying for a postal system that seems in many ways to be much larger than we need.[1]

Without effective cost control, trying to make the Postal Service solvent through financial infusions will be like trying to fill a bucket with a hole in its bottom. The Postal Service will lurch from one financial crisis to the next.

[1] Opening statement of Sen. Tom Carper in "Having Their Say: Customer and Employee Views on the Future of the U.S. Postal Service," Hearings Before the Subcom. on Federal Financial Management, Government Information, Federal Services, and International Security, Committee on Homeland Security and Governmental Affairs (June 23, 2010).