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A Prospective Raise in Postal Rates Riles Magazines

By **JEREMY W. PETERS**

Magazine publishers are preparing to go to war with the United States Postal Service over an emergency rate increase that the postmaster general is expected to ask for on Tuesday.

The Postal Service, which is on track to lose about \$7 billion this year, can raise postage rates on its own once a year as long as the increase does not exceed the rate of inflation.

But this time the Postal Service says that an increase on par with inflation, which has been relatively subdued as the economy edges its way out of recession, will not be enough.

The prospect of paying higher postage rates is distressing to many magazines at a time when they are still trying to stabilize their businesses. Publishers say that any increase will force them to absorb the cost or to raise newsstand and subscription rates, neither of which they are eager to do.

"It's real money," said James R. Cregan, the executive vice president for government affairs with the Magazine Publishers of America. "It makes a tremendous difference."

"We are going to be litigating this if the Postal Service insists on filing to raise rates," he added. "We believe we have extremely strong arguments on the law and on the economics of this."

The postmaster general, John E. Potter, has not indicated how much of a rate increase he will seek on Tuesday when he requests a new pricing structure from the Postal Regulatory Commission, which oversees the Postal Service's operations.

A spokesman for the Postal Service said only that the price increase sought would be "moderate." Any rate increase would not go into effect until 2011.

The postmaster general has said that the service continues to lose money because the rates that some mail customers pay — nonprofits and periodicals, for example — do not cover the actual

cost of mailing.