

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001**

Market-Dominant Price Adjustment and)
Classification Changes Related to Move) **Docket No. R2017-7**
Update Assessment)

**SUPPLEMENTAL COMMENTS OF
THE ASSOCIATION FOR POSTAL COMMERCE**
(August 9, 2017)

Pursuant to Order No. 4018, the Association for Postal Commerce (“PostCom”) respectfully submits these supplemental comments for the Commission concerning the Postal Service’s Market-Dominant Price Adjustment and Classification Changes Related to Move Update Assessment specified in Docket No. R2017-7. After reviewing the Postal Service’s responses to information requests, PostCom concludes that the concerns raised in those comments are still valid. PostCom submits these supplemental comments to respond to additional issues raised in the Postal Service’s responses.

I. RESPONSE TO CHIR NO. 2

In the Postal Service’s response to Chairman’s Information Request No. 2(c), the Postal Service claims that there are no price cap implications to more rigorous enforcement of Move Update standards Rather than provide revised cap calculation spreadsheets reflecting the number of pieces that would have been assessed in the hybrid year under the census method, as the Chairman requested in CHIR No. 2.c.iii., the Postal Service argues that “use of the requested data to adjust the billing determinants would inappropriately treat the adoption of the new Census method as a price cap event.” Response to CHIR No. 2.c.iii at 7. It further claims that while its proposal to increase the assessment charge to \$0.08 is subject to the price cap, “the adoption of a more rigorous system of enforcement does not should [sic] have any bearing on the price cap calculation” and “the price cap’s regulation of ‘changes in rates’ does not extend to

changes in enforcement.” *Id.* PostCom submits that the Postal Service’s blanket statements go too far. Because the Move Update Assessment Charge can be used to generate revenue, changes in enforcement that result in more revenue to the Postal Service should be evaluated for compliance with the price cap.

In this regard, the Postal Service’s analogy to a town installing additional speed cameras is instructive. *See id.* at 9. It is an open secret that speed cameras are used to generate revenues for municipal governments as much as they are used to ensure compliance with traffic laws. Municipal governments, however, do not operate under a price cap. If revenue from a speed camera declines as motorists learn its location and follow the speed limit through that area, the government can simply install a new camera somewhere else to provide a new revenue stream. The Postal Service is not permitted to operate the same way. While it can enforce its rules, it cannot turn enforcement into a price cap-independent revenue stream.

Moreover, the Postal Service has acknowledged that the Move Update Assessment Charge is not related to the costs imposed on the Postal Service by non-compliant mail. Notice at 7. There may come a point where an additional “incentive” (or, in reality, a deterrent) is not enough to change mailer behavior because mailers simply cannot comply with the rules established by the Postal Service. For instance, as PostCom noted in its initial comments, mailers facing legal restrictions on their ability to update addresses, but who might not qualify for Legal Restraint authority (or are unwilling to undertake the effort and expense associated with applying for and implementing such authority) may not be able to legally meet the threshold established by the Postal Service. PostCom comments at 8. Thus, if enforcement becomes “more rigorous,” the Postal Service may simply collect more revenue from these mailers, even if those mailers are not imposing any identifiable costs on the Postal Service. The Move Update

Assessment charge, in that case, would not simply be a means of enforcement. It would be a surcharge on affected mailers, and should be subject to the price cap.

Accordingly, the Commission was right to request information regarding the number of pieces that would have been assessed in the hybrid year. Reviewing that information would allow it to ensure that the move to the census method, the proposed threshold, and the Move Update Assessment charge will act as a reasonable enforcement method rather than an independent source of new revenue.

II. RESPONSE TO CHIR NO. 5

CHIR No. 5, and the Postal Service's response, raise a separate issue. While the revised MCS language proposed by the Commission is helpful and necessary in that it specifically references the 0.5 percent compliance threshold, it still leaves the issue of USPIS authority unaddressed. As PostCom argued in its initial comments, it is unreasonable to allow the USPIS to investigate Move Update compliance when the census method has already measured every piece entered by a mailer. PostCom Comments at 4-5. The MCS language should reflect that additional assessments will not be imposed by the USPIS absent a showing of bad faith failure to comply with Move Update standards.

Respectfully submitted,

/s/ Matthew D. Field

Matthew D. Field

Ian D. Volner

Chris Boone

VENABLE LLP

600 Massachusetts Ave., NW

Washington, DC 20001

(202) 344-8281

mfield@venable.com

idvolner@venable.com

clboone@venable.com

Counsel for Association for Postal Commerce