

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001

NOTICE OF MARKET DOMINANT)
PRICE ADJUSTMENT)

Docket No. R2018-1

COMMENTS OF
MPA—THE ASSOCIATION OF MAGAZINE MEDIA

(October 26, 2017)

MPA—The Association of Magazine Media (“MPA”) respectfully submits these comments in response to Order No. 4153. The Postal Service’s proposed rates for Periodicals Mail represent yet another missed opportunity to improve the contribution from this product. The Postal Service has again failed to build proper price signals into the Periodicals price structure.

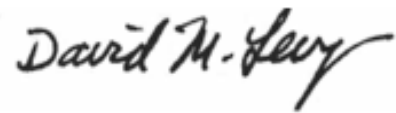
In comments filed jointly with the Alliance of Nonprofit Mailers and Association of Postal Commerce in Docket No. RM2017-3, MPA showed that the current Periodicals price structure, which passes through less than 60 percent of the Carrier Route Basic cost avoidance, has needlessly inflated the costs of Periodicals mail, thus needlessly depressing its cost coverage. We further explained that increasing the Carrier Route Basic discount would produce a much more efficient and less costly mailstream by greatly increasing the amount of mail that is comailed. Docket No. RM2017-3, Comments of Alliance of Nonprofit Mailers, Association for Postal Commerce and MPA—The Association of Magazine Media (March 20, 2017) at 7, 56-57 and Quad/Graphics Declaration.

The Postal Service, however, continues to ignore this obvious strategy, to its own detriment and that of publishers. In its proposal, the Postal Service has proposed to increase the rate differential between the Periodicals Carrier Route Basic rate and the 5-Digit Machinable Automation Flat rate—the key rate differential for carrier route mail—by only 1.9 percent, from 10.7 cents to 10.9 cents. After adjusting for inflation, this is no increase at all, and the Carrier Route Basic passthrough remains below 60 percent. Response of the Postal Service to Chairman’s Information Request No. 1, Attachment B Rev 10-19.xls.¹

There are many legal and policy reasons why Periodicals rates should not be allowed to increase faster than inflation. See Comments of ANM, PostCom and MPA in RM2017-3 (filed March 20, 2017). Even apart from these considerations, however, the Postal Service’s failure to adopt a Periodicals rate design that includes a Carrier Route Basic discount that passes through 100 percent of the Carrier Route Basic cost avoidance independently argues against raising Periodicals Mail rates faster than inflation.

¹ In its Notice of Rate Adjustment, the Postal Service claimed that its proposed rates would produce a passthrough of 72 percent. This figure, however, relies on costing methods not previously approved by the Commission. Notice of Market Dominant Price Adjustment (October 6, 2017), Attachment B.xls, “Periodicals Outside County,” Cell O10. More important, a passthrough of 72 percent would still be far too low.

Respectfully submitted,

A handwritten signature in black ink that reads "David M. Levy". The signature is written in a cursive, flowing style.

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