Postal Regulatory Commission
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3000 University Center Drive
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U.S. Postal Regulatory Commission
901 New York Avenue NW, Suite 2000
Washington, DC 20268-0001

RE: 10-Year Regulatory Review
Docket No. RM2017-3
Order No. 4258

Dear Commissioners,

As a representative of TIME CUSTOMER SERVICE INC (TCS) and a member of Idealliance whose livelihood depends on a viable postal system and sustainable mail industry, I am writing to express my strong opposition to the changes you have proposed as a result of your 10-year review of the system for regulating rates established under the *Postal Accountability and Enhancement Act*. Last year, TIME CUSTOMER SERVICE INC entered ~ 315MM letters, flats, and packages through the USPS, totaling ~ $70MM in postage. (TCS' mailing profile is as follows: Marketing Mail - 88%; First Class Mail - 10.5%; flats and packages - 1.5%.) As a Mail Service fulfilment provider, TCS primarily supports Periodicals mailers. The mail volumes and postage costs provided above do not reflect Periodicals Postage paid by the mail owners. TCS' mail volumes are directly tied to the number and volume of periodicals mailed each year.

By the Postal Regulatory Commission's (PRC) conservative estimates, this proposal would increase First-Class single-piece, presort and Marketing Mail letters by more than 27% and Periodicals and Marketing Mail flats by more than 40% over a five-year period. As we talk with our customers, who use the mail for a wide range of communication and commercial purposes, these proposed increases have already prompted them to consider how to reduce mail volume by improved targeting and accelerating their migration to digital channels and alternate delivery methods. Year-over-year, our First Class Mail and Marketing volumes have been decreasing. Marketers have cut the number of direct mail promotions and are running smaller campaigns. Marketers are also directing billing and renewals to their websites. As postage rates increase, these efforts will be perpetuated all the more. Additionally, continued rate increases may lead to further downsizing in an effort to more effectively manage costs. Over the past ten years, many periodicals have reduced their frequencies and some have ceased publication altogether. This trend will only accelerate with the pending increases. TCS' volumes across all mail classes and services will decrease in correlation to decreased periodical volumes. This will significantly impact the volume of mail passing through the USPS.

It's more important now than ever that the PRC understands the transformation the mailing industry has undergone. Under the CPI cap and in response to exigent price increases, rate

increases by the Postal Service have been partially offset by strategic investments to support increasingly complex mail preparation requirements to qualify for the most preferred postage rates through incentive programs like commingling, co-palletization, and co-mailing. Mail service providers and logistics and transportation companies have made prudent capital investments to reduce costs, improve workflow, and increase throughput efficiencies. The substantial volume declines that would result from proposed regulatory changes negate the return from any further investments of the like.

Rather than ask the Postal Service to achieve similar productivity improvements, the PRC's proposal provides the Postal Service excessively broad pricing flexibility at a time when tight margins and greater uncertainty regarding postage rates risk destabilizing the mail system and encourage users of the mail to flee. For these reasons, I urge you to reconsider your decision to permit the drastic rate increases that would inevitably result from your proposal. I respectfully suggest that a more appropriate focus is on improved understanding and management of the costs within the Postal Service. As a business, we must aggressively manage our costs and provide high quality services to survive. Your proposal absolves the Postal Service of the need to meet similar standards by simply allowing them to increase prices to cover their costs.

Regards,

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