

50 percent rather than 70 percent. *Id.* at 2. But the Postal Service then observes that – whether 50 or 70 percent – the Carrier Route Basic passthrough would fall below 100 percent in either case, whereas “[t]he only current statutory prohibition is on passthroughs above 100 percent.” *Id.* That is true, but it is not pertinent to MPA’s motion. Although MPA’s motion identifies fallacies in the Commission’s analysis of Periodicals passthrough rates, it does not allege a violation of 39 U.S.C. § 3622(e)(2). Thus, the fact that both the Carrier Route Basic and Machinable Automation 5-digit passthroughs fall below 100 percent does not obviate the need to correct the ACD.

The Postal Service also observes that, even with the corrected figures, it remains accurate to say that the gap between the Machinable Automation 5-digit and Carrier Route Basic passthroughs narrowed in FY 2018 (although not “considerably” so, as the Commission describes). *Id.* at 3 (*citing* FY 2018 ACD at 20). Reliance on this technicality does not fix the problem. Indeed, MPA admitted that the passthrough gap shrunk in its motion. See MPA Motion at 2 (acknowledging that the passthrough gap had shrunk but stating that “[s]hrinking the disparity between 5-Digit and Carrier Route passthroughs is not to be applauded when the results are a paltry 70 percent and 49 percent, respectively.”).

MPA would not have filed its motion solely to identify a semantic quarrel with the word “considerably.” The ACD does not merely contain wrong passthrough figures: those incorrect figures were reported in the context of the Commission’s discussion about sending efficient pricing signals to Periodicals mailers. The Commission had for years highlighted the growing disparity in passthroughs that appeared to encourage 5-digit presortation and to discourage Carrier Route presortation. See ACD at 18-19. The

Commission's adoption of an incorrect 70 percent Carrier Route Basic passthrough rate – rather than the 49.3 percent accurate rate – is problematic not simply because the numbers are wrong, but because the *analysis* stemming from those numbers is fallacious. When the Commission stated approvingly that the gap between the passthroughs had shrunk considerably in FY 2018, it was making a positive assessment of the Postal Service's pricing efficiency based on the PRC's inaccurate belief that the Postal Service had increased the Carrier Route passthrough by nearly 20 percent when in fact the passthrough had *declined* by over two percent. This is why the Commission must correct not only the fallacious numbers, but its fallacious analysis of those numbers as well.

The Postal Service also asserts that “highlighting the error to the Postal Service and the Commission” was the “most important function” of MPA's motion, and that it would be sensible for the Commission to “note the corrected figures provided in the MPA motion and affirmatively indicate those figures should be applied in any future proceeding.” *Id.* at 3. MPA believes that the Commission must do more, though; the USPS's suggestion that the Commission note the correct passthrough figures in its ruling on MPA's motion is not sufficient relief. The Commission should revise the text of the ACD itself. The Commission's annual determination is mandated by Congress, and the content of the document itself should be accurate. Reference to third-party comments or pleadings is a poor remedial substitute, particularly where – as here – correcting the ACD itself would be a simple task, would be in the public interest, and would not prejudice any other stakeholders. Indeed, the only stakeholder to comment on MPA's motion *agrees* that the ACD as currently drafted is wrong. Amending the ACD to reflect accurate Periodicals

Carrier Route Basic passthrough data is the regulatory equivalent of a layup, and the Commission should do so without hesitation.

In sum, MPA respectfully reiterates its request that the Commission correct the erroneous passthrough figures and associated analysis at pages 19-20 of the FY 2018 ACD and make any other necessary conforming changes to the document.

Respectfully submitted,



Eric S. Berman
Venable LLP
600 Massachusetts Ave., N.W.
Washington, DC 20001
(202) 344-4661
esberman@venable.com

*Counsel to MPA – The Association of
Magazine Media and the Alliance of
Nonprofit Mailers*

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