

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

Notice of Market Dominant Price Adjustment

Docket No. R2020-1

**COMMENTS OF PITNEY BOWES INC.
(November 25, 2019)**

Pitney Bowes Inc. (Pitney Bowes) respectfully submits these comments in response to the United States Postal Service's (Postal Service) November 20, 2019 response to Order No. 5302, which provides notice of a revised First-Class Mail rate design (Revised Notice).

The Postal Services' revised First-Class Mail rate design makes only one adjustment. It reduces the price of 5-Digit Automation Letter mail from 39.1 cents to 38.9 cents. *See* Revised Notice at 11-12, Attachment A. As a consequence of this adjustment, the 5-Digit Automation Letters workshare discount increases by two tenths of a cent from 2.8 cents to 3.0 cents, increasing the passthrough from 82.4 percent to 88.2 percent - appropriately moving closer to 100 percent of the avoided costs. The revised First-Class Mail rate design is a substantial improvement and should be expeditiously approved, independent of the Commission's resolution of the International Letter Post (ILP) reconsideration and transfer requests.

The revised First-Class Mail rate design furthers the statutory objective of maximizing incentives for pricing and operational efficiency by increasing the discount and the passthrough for 5-Digit Automation Letters. The revised rate design will incentivize the retention of lower cost, more efficient, and more profitable Presort letters and encourage future investment in the postal system by mailers and mail service providers.

The Revised Notice responds to the Commission's instruction that the Postal Service substantially comply with 39 CFR part 3010, by supplementing the initial Notice with additional

information to justify how the revised First-Class Mail rate design achieves the statutory objectives and takes into account the statutory factors. *See* Revised Notice at 13-18. The Revised Notice also identifies and explains, consistent with Rule 3010.12(b)(6), workshare discounts set substantially below avoided costs, citing to the Commission's proposal to require workshare discount passthroughs be moved closer to 100 percent within prescribed bands. *See id.*, at 19.

Pitney Bowes incorporates by reference its prior comments in support of the proposed price adjustments for Single-Piece First-Class Mail Letters, including the five cent price differential for Metered Letters.

Pitney Bowes supports the Postal Service's proposal to decouple the approval of the revised First-Class Mail price adjustments from the Commission's consideration of the Postal Service's request for reconsideration of the Inbound Letter Post (ILP) billing determinants adjustment and the Postal Service's alternative request to accelerate the transfer of select ILP products. *See id.*, at 11. Expedient approval of the market-dominant price adjustments is necessary to ensure that the Postal Service and the mailing community have sufficient time to finalize the programming, systems, and operational changes necessary to ensure a seamless implementation the market-dominant price adjustments on January 26, 2020.

Respectfully submitted:

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