

UNITED STATES OF AMERICA

POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Notice of Market Dominant
Price Adjustment

Docket No. R2021-2

NOTICE OF ERRATUM

(Issued June 28th, 2021)

A rough draft of our original challenge was submitted accidentally. Please see below for corrected version.

Sincerely,
James Clark, President
JLS Mailing Services

We wish to challenge the May 2021 USPS Rate Filing R2021-2 in one of the rate categories - the new First Class machinable AADC rate. It is our recommendation that this rate should be raised from the present value of \$0.461. This recommendation is made based on the following concerns:

- The work-sharing methodology of the USPS has changed, contradicting the USPS rate case of only 4 months ago.
- The stated justification for the rate to the PRC of “incentivizing presort” is a false premise.
- The new AADC rate raises costs for the USPS.
- This rate creates a competitive disadvantage for smaller players and has impacted an industry employing millions.

Rate Case Contradiction

Four months ago, the USPS - through their public rate case, stated that a tray of non-barcoded ADC mail only deserved a discount of \$.05 for each piece. Conversely, the same tray – barcoded - would receive a discount of \$.082 per piece. As a result of the May filing, the USPS NOW claims that the same non-barcoded ADC tray deserves a discount as HIGH as the barcoded tray. When was the USPS work - sharing methodology correct - this rate case or the one just 4 months ago? They both can't be right.

“Incentivizing Presort”

The USPS stated to the PRC in the rate case filing that they want to “incentivize presort”. However, no companies can change their existing First Class mail list density in order to reach an incentive. Since the original presort incentive was in a pre-digital marketplace where the USPS reduced its raw mail to the LSMs. Years later, in 2021 the amount of company mail that the USPS receives in an order other than zip code no longer exists. What then is being incentivized?

Raising First Class Mail Costs

This decision impacts the ability for the USPS to contain First Class Mail costs. As an example, previous to 1995, a local oil company had to presort to save \$.04 on postage. The USPS then reduced presort & raised automation discounts to ratchet up mail quality. This motivated customers to automate or to work with software & hardware professionals to clean up mail format, design and lists. This allowed the USPS to cut handling costs and save on forwarding expenses. Now in 2021, that same oil company would be encouraged NOT to consider automation and NOT to work with professionals on address quality and move update. Ironically, in the new scenario, USPS would give them \$.119 cents off of each piece for doing virtually nothing. They save their current \$.05 for metering, and \$.069 for their existing mail delivery ADC pattern. If they chose to automate, they can clean up lists, formats and move update, but why should they? The USPS is now giving them almost 80% of the max discount for doing nothing. Furthermore, if that same mail with an 11.9 cent discount cannot run on automation, that cost does not appear to have been considered. Finally, what about any move update expense? It does not seem plausible that those additional costs, even if considered, would be recovered by incremental mail volume or other means.

Raising this rate will keep companies from having a rate loophole that would mitigate their quality technological investments in mail that we have all supported for decades. You should not incentivize reduction in mail quality. This hurts everyone including the USPS. By having the First Class machinable ADC rate “compete” with the ADC barcoded rate, this de-stabilizes the entire Automated Presort industry. It will push more business to the few large mailers left that are able to qualify 95% of their national mail at 5 digit rates. It will then leave smaller, high quality regional players in a bad position.

In summary, we struggle to understand how encouraging corporations to make bad quality decisions, raising USPS costs and reducing competition will benefit both the public, presort mailers, and the USPS itself. There are many flaws in the rate case/process such as an AADC rate under non automation. We appreciate your review.

Thank you for your oversight consideration.

James Clark, President
JLS Mailing Services