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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

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

Complaint on Charges for the Bulk
Parcel Return Service

)
)
) Docket No. C99-4

AMMA RESPONSE TO "OCA RESPONSE "

The Advertising Mail Marketing Association ("AMMA") offers this response to the "Office of the Consumer Advocate Response to Continuity Shippers Associations Statement of Proposed Schedule" (the "OCA Response"). Had the Continuity Shippers Association ("CSA") requested a full blown analysis of both cost and cost coverage for BPRS, the OCA would probably be right in urging that such an examination be deferred until the next omnibus rate case. But that is not what CSA has proposed. The CSA proposal is very straightforward and ought not to be misread. CSA points out that the Postal Service has now produced empirically based information¹ on the costs of BPRS that are significantly below the costs on which BPRS rates were initially set. CSA concludes, correctly AMMA believes, that an examination of the appropriate costs coverage for the service should be undertaken by the Commission in order to establish new rates appropriately aligned with what the Postal Service now presents as BPRS costs. This is a genuinely modest proposal.

¹ Like CSA, AMMA does not concede for any purpose other than this proceeding that the Postal Service BPRS cost study accurately reflects the costs of the BPRS offering

The OCA recognizes that “mailers would benefit if the BPRS rate is lowered, even temporarily.” OCA Response at 4. The OCA’s current unwillingness to recognize that such proceedings are appropriate is starkly at odds with better reasoned positions that the OCA has taken in the past. (“It [the OCA] also contends that price increases that incidentally increase system net revenue could be justified between general rate cases, if they were needed to reflect such things as newly available cost data .”. Opinion and Recommended Decision, Docket No. MC96-3 (1997) 16-17. Complaint cases are equally appropriate mechanisms for quickly correcting rates that are shown, by new evidence, to be inappropriately high. “. [T]he 1996 Complaint filed by the Advertising Mail Marketing Association might have provided a forum for achieving equally satisfactory results, at a much earlier point.” Opinion and Recommended Decision Approving Revised Stipulation and Agreement, Docket No. MC97-4 (1997), 1.

The OCA is equally wrong in urging that reasonable rate changes to reflect the \$.08 cost difference from what was assumed for purposes of the BPRS settlement in 1997 to what the Postal Service’s cost studies show is too modest to warrant Commission action. The OCA relies on bad arithmetic to reach this conclusion. The OCA recites that “A mechanical application of the [\$.08] difference in attributable costs while retaining the same coverage would reduce the \$1.75 BPRS rate by 8 cents to approximately \$1.67.” OCA Response at 5. Cost coverage of 156% applied to costs of \$1.039 yields a rate of \$1.62, a saving to the mailer of \$0.13 per piece. This is not trivial. More tellingly, the OCA is just not in a good position to decide when rate decreases are of insignificant consequence to mailers; it does not use the BPRS service. CSA (and other AMMA members) do use this service and plainly believe that the application of

reasonable markups to what all now know to be lower BPRS costs than those on which the original rates were set are meaningful to mailers. They would otherwise not undertake the cost of prosecuting a complaint proceeding in order to seek a remedy.

AMMA agrees with CSA that quick Commission revisitation to BPRS rates is feasible and that rate relief for BPRS mailers is not only justifiable, but obligatory in the interest of fairness. The OCA offers no meaningful counterweight to the values that will be advanced by rapid Commission adjudication of the CSA complaint. The case should not be held in abeyance, but promptly adjudicated to conclusion.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Frank Wiggins", written over a horizontal line.

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CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing AMMA Response To "OCA Response" was served this 5th day of October, 1999 via first-class mail, postage prepaid to the following:

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