

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Complaint on Charges for the Bulk)
Parcel Return Service)

Docket No. C99-4

STATEMENT OF
ASSOCIATION OF AMERICAN PUBLISHERS

The Association of American Publishers ("AAP") hereby files this Statement in the above captioned proceeding in order to support the Complaint filed by the Continuity Shippers Association ("CSA") and to oppose the Postal Service's renewed Motion to Dismiss the Complaint. AAP is the principal representative of the book and journal publishing industry in the United States. Its members include large and small publishing houses as well as university, religious and non-profit publishers. Many of AAP's members utilize Bulk Parcel Return Service ("BPRS").

AAP believes that this matter is ripe for consideration by the Commission. The current rate for BPRS of \$1.75 and cost coverage of 168% appears excessive, particularly in view of attributable cost figure of \$1.04 set forth in the Postal Service's 1998 BPRS cost study, as revised. CSA has presented compelling reasons for a reduction in the BPRS rate and cost coverage. AAP urges the Commission to thoroughly consider CSA's arguments.

There is precedent for an interim relief from unjust rates, particularly where it is evident that mailers are being overcharged for use of a particular mail service. Earlier this year, the Postal Service – on its own initiative – proposed a reduction in rates for Nonprofit and Classroom Periodicals subclasses of mail. The Postal Service sought the reduction because it

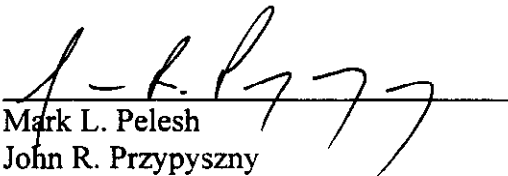
determined that mailers who utilized these subclasses were being overcharged, albeit inadvertently, due to a rate discrepancy arising from the last rate case, R97-1. (See Docket No. MC99-3). The Postal Service initiated the proceeding because it believed that the rates needed to be adjusted before the next rate case. The Postal Service also took the highly unusual step of refunding amounts to mailers who were overcharged during the period in which the anomalous rate was in effect.

The Postal Service might argue that the difference between these two proceedings pertains to the “unintended” nature of the rate anomaly that triggered MC99-3. Intentions, however, are irrelevant. Thus far, with the exception of various conclusory factual assertions made in its Answer to the Complaint (see July 9, 1999 Answer at pp. 4-5), the Postal Service has refused to provide any reasoned or thorough explanation regarding the BPRS rate anomaly. Instead of addressing the issue on its merits, the Postal Service claims that because the Complainant has failed to file any evidence in the case, no explanation is required. On the substance of the issues in the proceeding – whether the rate is justified – the Postal Service’s October 14, 1999 Statement and Motion to Dismiss merely states that “[t]he fee challenged was lawfully established by the Commission and the Governors in accordance with the Postal Organization Act.” The same might have been said for the Nonprofit and Classroom periodicals rates that resulted from R97-1. Those rates were lawfully established, but later determined to be unjustified.

Ultimately, the issues presented by CSA will need to be addressed, either in this proceeding or, if the Postal Service prevails on its procedural objections, at a later time. AAP urges the Commission to resist the temptation of further delaying resolution of this matter – the inevitable result of an order granting the Postal Service’s motion to dismiss. The Commission

already has deemed the questions raised by CSA regarding the BPRS rate worthy of a formal proceeding and further inquiry. The Commission properly afforded the Postal Service an opportunity to justify the apparent discrepancy between the rate and cost coverage of BPRS as compared to other similarly situated subclasses of Standard A and Standard B mail. The Postal Service has declined that opportunity. AAP believes that CSA has presented sufficient information for the Commission to reach the conclusion that the BPRS rate is unjustified. At a minimum, these issues must be framed and preserved in a manner which requires the Postal Service to provide a more comprehensive explanation and justification for the rate discrepancy which CSA has brought to the Commission's attention.

Respectfully submitted,



Mark L. Pelesh
John R. Przypyszny

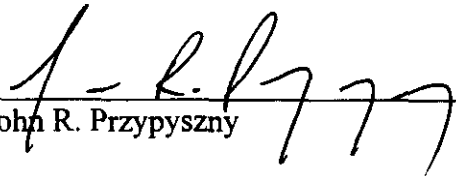
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Counsel for Association of
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Date: October 21, 1999

CERTIFICATE OF SERVICE

I hereby certify that I have this 21st day of October served the foregoing document, by First-Class Mail, upon the participants in this proceeding.



John R. Przypyszny