

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

Postal Rate Commission
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**CUSTOMIZED MARKET MAIL)
MINOR CLASSIFICATION CHANGES)**

Docket No. MC2003-1

**REPLY OF
MAIL ORDER ASSOCIATION OF AMERICA
TO
OFFICE OF THE CONSUMER ADVOCATE RESPONSE TO MOTIONS FOR
WAIVER, EXPEDITION, AND SETTLEMENT PROCEDURES AND MOTIONS
TO REJECT REQUEST TO APPLY MINOR CLASSIFICATION RULES,
SUSPENSION OF PROCEEDINGS, AND TO DEFER THE TIME TO
REQUEST HEARING**

The Mail Order Association of America (MOAA) supports the motions that have been made by the Postal Service in this proceeding. The Office of the Consumer Advocate's response argues extensively that those motions should be denied. The motions, however, have been well-supported by the Postal Service. Further, if those motions are not granted, the almost certain, and regrettable, result would be the failure of the USPS proposal.

Clearly, as stated by the Postal Service, the request "involves a minor classification change" which should therefore be considered under the provisions of 39 CFR §§ 3001.69-69(c). USPS Request at 3. Additionally, the request should be considered under expedited procedures "allowing the Postal Service the flexibility to bring new and innovative services to the market." *Id* at 4. As stated by USPS witness Hope, the USPS request should be viewed in the context of the overall volumes and revenues from Standard Mail subclasses, i.e. \$10.8 billion in revenue and 55 billion pieces of mail. As she concludes, "CMM's impact on Standard Mail Regular and Nonprofit subclasses overall is anticipated to be minimal, and its effect on the coverage of institutional costs is expected to be negligible." USPS-T-2 at 9.

Witness Hope's conclusion would appear to be unassailable. CMM mail would have to be entered at the DDU, a requirement that could be met only at considerable cost to the mailer. Further, the nature of the pieces would result in a high manufacturing cost per piece. As stated by USPS witness Ashe, the cost of preparing and mailing CMM "make it suitable only for targeted, carefully developed promotional messages to a selected audience." USPS T-1 at 4. Just as important, entry at the DDU would ensure that Postal Service costs would, at worst, be no higher than the costs now incurred for mail subject to the residual shape surcharge. CMM would be rated at the basic non-letter rate and be ineligible for any discounts, even if it were to "have the geographic density or volume that would otherwise make it eligible for a destination entry discount or another presort rate." USPS-T-1 at 9. Given the requirement that CMM pieces be entered at the DDU, and thus subject to less handling and lower costs than residual shape pieces entered into an origin post office at the basic rate, it is clear that the OCA's stated fears are exaggerated.

In sum, the Postal Service has proposed a modest, but innovative and market-driven, classification as an attempt to meet the needs of mailers. This is precisely the type of action that the mailers have urged the Postal Service to take. It would be regrettable that an insistence upon providing extensive data, that would cost far more than its worth, would lead to the failure of this proposal. MOAA supports the Postal Service's proposal and commends the approach to the market represented by the proposal, and therefore urges the Commission to grant the Postal Service motions.

Respectfully submitted,

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