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National Association of Presort Mailers

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October 9, 2007

Hon. Steven W. Williams, Secretary
Postal Regulatory Commission
901 New York Avenue NW, Suite 200
Washington, D.C. 20268-0001

**RE: Comments in Reply to PRC Order No. 26, Order Proposing
Regulations To Establish A System Of Ratemaking**

Dear Mr. Williams:

The National Association of Presort Mailers (NAPM) is pleased to respond to PRC Order No. 26, the Postal Rate Commission's (Commission) Notice of Proposed Regulations to Establish a System of Ratemaking (PRC Docket No. RM2007-1).

NAPM represents a variety of presort mailers, including a majority of independent presort bureaus and some "in-house" presort mailers. NAPM commends the Commission for its hard work in developing proposed regulations to implement the Postal Accountability and Enhancement Act (PAEA) in a manner that provides the Postal Service every opportunity to succeed under the new law. NAPM recognizes the complexity of developing regulations that will implement the first comprehensive postal law in more than 30 years and expresses appreciation for the quick release of proposed regulations.

First, the NAPM would like to endorse the comments submitted in response to Order 26. Some of those comments are expressly referred to below. Second, subject to minor revisions, NAPM supports the implementation of the Commission's proposed regulations. The remainder of our comments are therefore largely limited responding to the comments of the American Postal Workers Union (APWU). Specifically, these comments (1) oppose APWU's request for a separate review process to evaluate workshare discounts and (2) oppose the additional workshare reporting requirements that APWU seeks to impose on the Postal Service. APWU's proposals are unsupported by and inconsistent with the PAEA and, therefore, should be rejected.

I. THE COMMISSION'S PROPOSED REGULATIONS APPROPRIATELY RECOGNIZE THE IMPORTANCE OF WORKSHARING

NAPM commends the Commission for recognizing the importance of worksharing under the modern rate system. While preserving the Postal Service's pricing flexibility, the Commission identified the Efficient Component Pricing Rule (ECPR) as a "guiding principle" under the modern rate system. See Order No. 26 ¶¶ 2037-2043. The continuing application of ECPR under the modern rate system is essential to an efficiency of the postal system and thus the success of the Postal Service. Acting in reliance of workshare pricing informed by ECPR, NAPM members enter approximately 25 billion pieces of clean, workshared mail into the postal system each year.

NAPM supports clarification of the proposed regulations to reflect PAEA's definition of workshare discounts. "Workshare discounts" are the reductions or "rate discounts provided to mailers for presorting, prebarcoding, handling, and transportation of mail as further defined by the Postal Regulatory Commission." 39 U.S.C. § 3622(e)(1). NAPM, thus agrees with the National Postal Policy Council that "workshare discount" regulations should not apply, among other things, to mail shape and postal evidencing efficiencies provided by Postal Service partners. See NPPC Comments at 2-3.

NAPM also supports NPPC suggestion that all five of the enumerated workshare exceptions be included in the proposed regulations.

II. THERE IS NO SUPPORT IN PAEA FOR A SEPARATE REVIEW PROCESS TO EVALUATE WORKSHARE DISCOUNTS

In its design of the rules implementing the modern rate system the Commission has correctly observed that the "proposed scope of public comment is no longer open-ended" and, therefore, that the Commission "does not invite, and will not entertain, public comment during the 45-day review period on matters such as costing methods." Order No. 26 ¶¶ 2023 and 2029. The Commission has similarly observed that the PAEA emphasizes more streamlined "simpler proceedings." Order No. 26 ¶ 2026. NAPM agrees and commends the Commission for developing proposed rules that capture the essence of the PAEA in this regard.

APWU concedes that the pre-implementation review in connection with the Postal Service's notice of adjustment is limited. See APWU Comments at 5. At the same time, however, APWU suggests that the Commission should create a separate, distinct review process for workshare discounts. Specifically, APWU proposes that the Commission modify its proposed rules to "establish a process to evaluate workshare discounts early in the process to allow the Postal Service to make any necessary changes to noncompliant rates as soon as possible, thereby mitigating any damage caused by workshare discounts that violate the Act." APWU Comments at 5.

APWU contemplates that this separate review process would be distinct from the Commission's 45 day pre-implementation review process, the complaint processes, and the Commission's annual compliance process. APWU provides no support in the PAEA for imposing a separate review process for workshare discounts, because there is none.

The structure of the PAEA is unambiguous and provides no opportunity for the inclusion of additional review procedures. The PAEA provides, and the Commission's proposed regulations identify, three well-defined review processes: the 45 day re-implementation review in connection with the notice of rate adjustment, see 39 U.S.C. § 3622(d), the complaint process, see 39 U.S.C. § 3662, and the annual compliance review, with express requirements for specific requirements addressing workshare discounts, see 39 U.S.C. § 3653. These processes are comprehensive and exclusive. The PAEA does not admit any provision for an additional, separate review processes as proposed by APWU. The establishment of a fourth review process would be gratuitous, administratively burdensome, and contrary to the spirit of the PAEA.

III. THE COMMISSION SHOULD REJECT CALLS FOR ADDITIONAL WORKSHARE REPORTING

The Commission should also reject APWU's suggestion that the Commission require the Postal Service to "state how it will eliminate the excess portion of any excessive discount." APWU Comments at 6. APWU's proposed requirement is unsupported by the PAEA and would needlessly burden the Postal Service.

Moreover, APWU's request invites the Commission to ignore the specific statutory exceptions provided in sections 3622(e)(1)(C) and (D). See 39 U.S.C. § 3622(e)(1)(C)-(D). Neither of these specific statutory exceptions impose any temporal limitation on discounts that exceed 100 percent of the costs avoided. The statutory limitation set forth in section 3622(e)(3) similarly does not include any limitation. See 39

U.S.C. § 3622(e). Accordingly, there is no support in the PAEA for the additional workshare reporting requested by APWU.

IV. CONCLUSION

NAPM appreciates the opportunity to contribute to the administrative record of this docket and to share the viewpoints of its members.

Sincerely,

A handwritten signature in black ink, appearing to read "Joel T. Thomas". The signature is fluid and cursive, with the first name "Joel" and last name "Thomas" clearly distinguishable.

Joel T. Thomas
Executive Director