

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

Notice of Price Adjustment

Docket No. R2009-5

COMMENTS OF PITNEY BOWES INC.

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DATED: August 31, 2009

I. INTRODUCTION

Pitney Bowes Inc. (Pitney Bowes) submits these comments in response to Postal Regulatory Commission (Commission) Order No. 276, issued August 13, 2009, (Order). Pitney Bowes supports the Postal Service's proposed "Fall Sale program" and, subject to the clarifications discussed below, respectfully requests the Commission to expeditiously approve the proposal.

On August 11, 2009, the Postal Service filed with the Commission a Notice announcing its proposal to introduce a First-Class Mail Incentive program (Fall Sale) for First-Class Mail presorted letters, flats, and cards.¹ The Fall Sale program is slated to run from October 1, 2009 through December 31, 2009 and would provide a price incentive, in the form of a 20 percent rebate, for any incremental growth over an established threshold of qualifying First-Class Mail.

II. DISCUSSION

The proposed Fall Sale Program is the Postal Service's most recent exercise of its pricing flexibility under the Postal Accountability and Enhancement Act (PAEA).² It follows the Standard Mail Summer Sale which expires September 30, 2009. The Postal Service describes the new proposal as a "prime example of how the Postal Service can utilize the pricing flexibility provided under the PAEA in order to encourage increased mail volume." Notice at 12. Pitney Bowes agrees.

The Postal Service expects the First-Class Mail Fall Sale program to produce a \$43 million revenue increase (net of the rebate). *See id.*, at 7. It estimates administrative

¹ *See* United States Postal Service Notice and Order Concerning Incentive Pricing Program for Certain Presorted First-Class Mail, August 11, 2009 (Notice).

² *See* Pub. L. 109-435, 120 Stat. 3218 (Dec. 20, 2006).

costs will be less than \$1 million. *See id.* The Postal Service bases its numbers on an estimated new volume of 103 million pieces and another 103 million pieces that it expects will migrate from Standard Mail. *See id.*

As the Postal Service explained in its Notice:

The First-Class Mail Incentive program is expected to make a positive contribution to institutional costs. Mailers of First-Class Mail are among those hardest hit by the downturn and electronic diversion, and a short-term incentive to use the mail and stabilize or grow volume could help keep businesses in the mail, provide a base for growth in the future, and improve the future profitability of the Postal Service.

Id., at 3.

Pitney Bowes has historically supported and called for the use of seasonal rates as a means to grow mail volume and enhance the value of mail. Pitney Bowes strongly supported the current Summer Sale.³ Pitney Bowes similarly supports the First-Class Mail Fall Sale as an appropriate and welcome use of the Postal Service's pricing flexibility. We commend Postal Service for this initiative to promote the use of and increase the value proposition for First-Class Mail.

As it has done for the current Summer Sale, Pitney Bowes plans to support this Program by both encouraging customers to participate in the program and providing "the necessary assistance to validate volume data required by the Postal Service for program participation." Notice at 3. We also look forward to working with the Postal Service to develop additional programs -- including programs in which mail service providers can directly participate -- to increase the use and value of mail and improve the future profitability of the Postal Service.

³ *See* Pitney Bowes Supports Proposed USPS Summer Sale on Standard Mail®, Postal Service Would Use Pricing Flexibility to Benefit Mailers (May 18, 2009), <http://news.pb.com/article_display.cfm?article_id=4497>.

Two important clarifications are necessary, however, to maximize the benefits of the Fall Sale program. First, the Postal Service should clarify that metered mail volumes may be counted both to satisfy the volume eligibility threshold of 500,000 non-parcel First-Class Mail pieces between October 1 and December 31 in both 2007 and 2008 and as qualifying volumes during the sale period. There is no basis to discriminate between permit and meter mail volumes and, further to conversations with the Postal Service, Pitney Bowes understands that the exclusive reference to permit mailings was inadvertent. Second, the Postal Service should clarify that mailers may also count mail sent through a mail service provider (MSP) under a permit account established by the MSP, provided that the mailer can identify qualifying volumes. These clarifications would help allay confusion among mailers and ensure that all eligible mailers take advantage of the program.

With the above clarifications, Pitney Bowes strongly supports the First-Class Mail Incentive Program.

II. CONCLUSION

Pitney Bowes appreciates the Commission's consideration of the proposed First-Class Mail Incentive Program and urges that it be approved, as clarified.

Respectfully submitted,

/s/

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