

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

**RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR EXCEPTIONAL) Docket No. R2010-4
CIRCUMSTANCES)**

**ADDITIONAL COMMENTS
OF THE DIRECT MARKETING ASSOCIATION
(August 17, 2010)**

Pursuant to Order No. 485, the Direct Marketing Association (DMA) respectfully submits these additional comments on the Postal Service's July 6 request for Commission approval of rate increases pursuant to the so-called exigency clause of the Postal Accountability and Enhancement Act of 2006 (PAEA). These comments are in addition to the separate comments of the Affordable Mail Alliance, as well as those submitted by the Users of Flat-Shaped Mail.

Comments from the two abovementioned groups explain why the Postal Regulatory Commission should reject all of the increases processed by the Postal Service on the grounds that (1) exigent circumstances as envisioned by the PAEA have not been shown to exist and (2) are unreasonable, inequitable and unnecessary to maintain postal services at existing levels under honest and efficient management. These additional DMA comments provide further support for rejection on the same grounds for the significantly above average 23.3 percent increase proposed for Standard Mail parcels and not flat-machinables (NFM's).

The Postal Service's sole defense of the proposed 23.3 percent average increase for these particular products is found in the statement of Postal Service witness James M. Kieffer at 30-31:

For Standard Mail NFMs and parcels, we are continuing the pricing approach that dates at least as far back as Docket No. R2006-1. Under that approach, Standard Mail parcel prices increase at above average rates to move them closer to covering their costs, but also to bring their prices more closely inline with the parcel product offerings of our competitors. All parcel-shaped pieces face competition in the market place regardless of how they are classified in the MCS. Shortly, the Postal Service will be proposing to transfer Standard Mail parcels to the competitive category to reflect the realities of market place competition. Consequently, the proposed prices are designed to ensure that this product covers its costs, consistent with the statutory requirements for competitive products.

It is clear from this statement that the Postal Service has consciously abandoned its past more measured approach to bring these products "closer to covering their costs cover" over time in favor of imposing as substantial increase designed solely to facilitate the "transfer...(of these products)... to the competitive category." Witness Kieffer's justification represents neither an extraordinary nor exceptional circumstance. This is a further example of the non-exigent circumstances of the Service's rate increase request and another example why it should be dismissed as moved by the Affordable Mail Alliance.

Rather than attempting to shoehorn a 23.3% increase for Standard Mail parcels in an exigent, emergency postage rate increase (which DMA, as part of the Affordable Mail Alliance, believes is not justified), the Postal Service should have included any statutory requirement changes necessitated by the transfer of Standard Mail parcels to the competitive category in its August 16, 2010 request with the Commission to transfer Standard Mail parcels to the competitive category. An examination of these rates that are

“designed to ensure that [Standard Mail parcels cover their] costs, consistent with the statutory requirements for competitive products” should be part of the August 16 request and not hidden in an exigent, 90-day case.

Rate changes, particularly changes for a particular product that are nearly five times the average increases for any other product, to facilitate the transfer of products from Market Dominant to Competitive Category in another proceeding are not reasonable, equitable, necessary or appropriate in an exigent rate request.

The 23.3% rate increase for Standard Mail parcels should be rejected.

Respectfully submitted,

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