

BEFORE
THE POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Notice of Market-Dominant Price Adjustment)

Docket No. R2013-1

Comments of the Direct Marketing Association
Responding to Commission Order No. 1556

The Direct Marketing Association (DMA) appreciates the opportunity to comment on the Postal Service's response to Commission Order No. 1541 further adjusting the postal rates for Standard Mail Flats. DMA represents approximately 2,000 member companies that use data to market directly to consumers and businesses or that support those marketers. Our members use all channels of communication including the U.S. Mail.

Although DMA is not overjoyed with the further adjustment upward of any postage, we support the Service's further adjustment. One of the rationales for the current ratemaking provisions in the law was to avoid rate shock and to provide mailers a clear understanding of what to expect for future postage changes. We applaud the Service for its rapid response to Order No. 1541 in order to eliminate any confusion for mailers that resulted from Order No. 1541. DMA urges the Commission to approve those adjustments. Further delay will add more confusion for mailers which is not productive for them or the Postal Service.

The Commission should not take DMA's support of the Postal Service's further adjustments as support for Order No. 1541. DMA agrees with Commissioner Taub that the Service did have a plan to reduce costs which, as the Postmaster General has stated, would bring all underwater products above water. That is what the Commission desires, and we believe the Service provided that information in its original announcement.

DMA believes that the Commission does not have authority to require this further adjustment in this proceeding. 39 USC Section 3622(d)(1)(C)(iii) limits the Commission in this proceeding to:

...notify the Postal Service of any noncompliance of the adjustment with the limitation under subparagraph (A);....

Subparagraph (A) concerns the CPI cap limitation on market-dominant postal rates. It does not concern the cost coverage of any postal product. The Commission may order adjustments of postal rates in its Annual Determination of Compliance pursuant to 39 USC section 3653 (c). In other words, this was the wrong proceeding for the action the Commission required in Order No.

1541. The uncertainty that Order No. 1541 raised within the mailing community is exactly what Congress sought to avoid by limiting the Commission's rate review under section section 3622.

In conclusion, DMA supports the adjustment and opposes the reasoning requiring it.

Respectfully submitted,

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