Postal Regulatory Commission
Submitted 1/18/2013 8:17:57 AM
Filing ID: 86244
Accepted 1/18/2013

Before the
POSTAL REGULATORY COMMISSION
Washington, DC 20268-0001

Periodic Reporting : Docket No. RM2012-6

GREETING CARD ASSOCIATION RESPONSE TO PITNEY BOWES INC. MOTION FOR LEAVE TO FILE REPLY TO COMMENTS OF THE GREETING CARD ASSOCIATION

Pursuant to section 21(b) of the Commission's Rule of Practice (39 CFR sec. 3001.21(b)), the Greeting Card Association (GCA) files this Response to the Motion for Leave to File Reply to Comments of the Greeting Card Association, filed by Pitney Bowes (PB) on January 16, 2013.

GCA has no objection to PB's filing the Reply Comments. We would note, however, that they appear to incorporate some misreadings of GCA's position.

The Reply Comments, particularly at pp. 1-3, suggest that GCA advocated rate-setting on an individual piece basis. In fact, GCA, in contrasting category-wide and piece-based approaches, had in mind average, not individual, pieces. For example, at p. 11 of our Comments we said that rate-setting "must take account of the cost avoidance/discount relationship, and must do so on a piece basis, *just as First-Class rates themselves are expressed"* (italics added). Those rates are of course uniform ones, resting on average pieces and average-piece characteristics. Similarly, the illustrative calculation on p. 6 used established cost avoidances for the different Presort levels, which (as PB notes at p. 2 of its Reply Comments) are founded on average pieces. GCA, accordingly, is not at all advocating rate-setting on an individual piece basis. We agree with PB that such an approach would be unprecedented and unworkable.

PB also attributes to GCA the view that adopting the hybrid benchmark would cause a revenue loss to the Postal Service of $75 million a year. Reply Comments, p. 6. This is not GCA's point. We said that *discounts* fully reflecting that benchmark could produce such a result; as is acknowledged several times in GCA's Comments, the Service may set a discount smaller than the avoided cost implied by that, or any other, benchmark. If discounts reflecting such a full passthrough were established, however, the category receiving them would pay $75 million less, and one or more other categories would need to pay $75 million more if there were to be no net revenue loss to the Service. This view is not inconsistent with PB's point that choosing a benchmark is an exercise in costing, not pricing.

January 18, 2013

Respectfully submitted,

GREETING CARD ASSOCIATION

David F. Stover
2970 S. Columbus St., No. 1B
Arlington, VA 22206-1450
(703) 998-2568
(703) 998-2987 fax
E-mail: postamp@crosslink.net