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United States of America

Postal Regulatory Commission

Comments to Docket No. RM2012-6 Order number 1753

Dear Commissioners:

As in the case that was presented in order 1753 The Postal Accountability and Enhancement Act requires that the work share discounts accurately reflect the amount of Postal Service costs that are avoided as a result of the Mailers' work sharing activities. As stated in the order, the commissions methodology, the group of less work shared mail that is identified as the most likely to convert to 5 digit discounts serve as a benchmark. The costs of the benchmark that are shed when that mail is sorted to the 5 digit level are considered to be the best measure of the costs that 5 digit mail avoids. Wilen Direct argues that if the benchmark is no longer the representative of the mail that is most likely to convert, the avoided cost estimate will be wrong.

Currently the cost of processing 3 digit letters is the benchmark for calculation the costs avoided by sorting letters to 5 digit. Wilen Direct does agree with Pitney Bowes and NAPM that since the Postal Service eliminated the discount for 3 digit letter in January of 2012, mailers are gradually abandoning the 3 digit tier by shifting to AADC sorts. Wilen Direct further agrees with Pitney Bowes and NAPM that the AADC mail is a growing source of 5 digit mail.

As presented in the NAPM data:

Table 6.	2011	2012	2013
Percentage of Mailers that Prepare 3-Digit Trays⁹ Mail Class			
Standard Mail	98.5%	97.5%	34.1%

Source: NAPM-LR-1, "Table 6"

Wilen Direct Further agrees with the Pitney Bowes and NAPM argument that a hybrid benchmark should be made that considers AADC and 3 digit mail as found in Order 1753 for Standard Mail.