

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

PERIODIC REPORTING

Docket No. RM2012-6

**COMMENTS OF THE
NATIONAL POSTAL POLICY COUNCIL
IN RESPONSE TO ORDER NO. 1753
(July 7, 2013)**

The National Postal Policy Council¹ respectfully submits these comments in response to Order No. 1753, which established a revised benchmark for measuring the worksharing discount for 5-Digit Presort First-Class Letters, and invited further comment on whether to extend the new benchmark to First-Class Postcards and Standard Regular Letters.²

As the Commission noted, the proposition that the new “hybrid” benchmark for First-Class Presort Letters should also apply to Postcards and to Standard Regular Letters in light of the Postal Service’s elimination of a separate 3-Digit discount for those products was unopposed on the record. Order No. 1753 at 18. Nonetheless, the Commission invited further comment on that

¹ The National Postal Policy Council is an association of large business users of letter mail, primarily Bulk First-Class Mail using the Automation rate category, with member companies from the telecommunications, banking and financial services, insurance, and mail services industries. Comprised of 36 of the largest customers of the Postal Service with aggregated mailings of nearly 30 billion pieces and pivotal suppliers, NPPC supports a robust postal system as a key to its members’ business success and to the health of the economy generally.

² *Order Revising Benchmark Used To Calculate The Costs Avoided By Automation First-Class 5-Digit Letter Mail*, Docket No. RM2012-6 (June 18, 2013) (“Order No. 1753”).

change because the initial notice in this proceeding focused on Presort Letters and may not have given sufficient notice as to the other types of mail.

NPPC applauds the Commission for modifying the cost benchmark for 5-Digit Presort Letters. That change will provide an improved basis upon which the Postal Service can price discounts in the future. The same logic that led the Commission to modify the benchmark for 5-Digit Presort Letters applies with equal force to Postcards and Standard Regular Letters. With the Postal Service's having eliminated a separate 3-Digit discount in those products, the choice facing mailers remains one between the AADC and the 5-Digit levels.

In addition, many NPPC members that mail 5-Digit Letters also use Postcards and Standard Regular letters. Having the same benchmark costing methodology apply to each of those categories is not only logically consistent but will also present those mailers with a menu of AADC and 5-Digit prices that can more accurately reflect the cost differences throughout those products. This will promote the efficient use of the mail.

In comments filed on July 1, the Public Representative expressed some concern that the amounts by which the benchmarks might change, using current billing determinants, would be quite small.³ This does not seem a strong reason not to change the benchmark methodology. First, the size of the benchmark cost differences does not detract from the virtue of using a consistent methodology for Postcards and Standard Regular letters as for Presort Letters.

³ *Comments of the Public Representative In Response To Order No. 1753 at 6 (July 1, 2013).*

Second, a virtue of the hybrid methodology adopted by the Commission in Order No. 1753 is that it is, in effect, self-adjusting. The amount of the cost differences between the respective AADC and 5-Digit discount levels will adjust automatically as the relative volumes change within the Postcard and Standard Regular products. As mailers adjust to the absence of a 3-Digit rate, the hybrid methodology assures that the cost benchmark will adjust accordingly.

For these reasons, NPPC urges the Commission to apply the methodology adopted in Order No. 1753 to calculating the benchmark for 5-Digit Postcards and for Standard Regular Letters.

Respectfully submitted,

NATIONAL POSTAL POLICY COUNCIL

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