

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

Notice of Market Dominant)
Price Adjustment)
Docket No. R2013-10)

**Answer of Stamps.com to
APWU Motion**
(October 28, 2013)

On October 21, 2013, the American Postal Workers Union (“APWU”) moved¹

1. acceptance of its Comments five days late and
2. that the Commission “issue a schedule of further proceedings” to “examin[e]” (a) the proposal to establish a meter rate in First-Class and (b) the “use [of that rate as] the Base Rate for setting Workshare Discounts.”

APWU Motion at 1. Stamps.com does not oppose accepting the Comments late.

Stamps.com opposes scheduling further proceedings.

¹ Motion of the American Postal Workers Union, AFL-CIO for Acceptance of Its Initial Comments and to Establish a Schedule to Consider the Use of a New Separate Metered Mail Price in Setting Workshare Discounts for First Class Mail, filed October 21, 2013, in the instant docket (“APWU Motion”). On the same day it filed Comments of the American Postal Workers Union, AFL-CIO.

1. The Metered Rate is not a “Workshare Rate.” Part of the substance of APWU’s Motion is a belief that the proposed metered rate “establishes a new workshare rate” (APWU Motion at 2). This belief is not explained and is wrong. Section 3622(e)(1) defines that worksharing “refers to discounts provided to mailers for the presorting, prebarcoding, handling, or transportation of mail.” Preparing metered mail requires the mailer doing none of these. Metered mail may be deposited in single pieces in any part of the country for delivery in any other part of the country, so there is no presorting, handling, or transportation required. Metered mail can include some barcodes, but need not include prebarcoding of any routing, tracking, or other barcodes the Postal Service adds to non-prebarcoded mail, such as the Intelligent Mail barcode, so there is also no prebarcoding required.

The metered rate involves a postage payment method that is lower in cost to the Postal Service and sometimes lower in cost to the mailer (see 3622(c)(5)).² Metered mail is dated and is more secure (see 3622(b)(7)). It is in line with an efficient mail system (see 3622(b)(1) and (c)(7, 12)). It is just and reasonable (see 3622(b)(8)). It is in accord with notions of economic efficiency. But it is not worksharing as defined in the law.

2. Discussion of the Base Rate for Workshare Discounts Should Not Be Allowed to Derail the Metered Rate. The APWU also argues for further proceedings on whether the metered rate should be the Base Rate for Workshare Discounts (APWU Motion at 1). The Commission has found after extensive proceedings that the cost

² In its FY 2012 ACD, the Commission explained: “PC postage and digital postage meters allow customers who mail frequently to print postage and shipping labels.” At 72. Stamps.com agrees, but notes that some of its customers mail less than frequently.

avoidance for Presort should be linked to the cost of metered mail. See Order 1320 at 11. It is only logical, then, that the discount should be taken from the metered rate. No linkage to the remaining Single-Piece rate exists. Additional time is not needed to examine this matter further.

3. The Notion of a Metered Rate is Not New or Surprising. APWU's Motion is also based on an interest in "examining the validity of ... 'a separate metered mail price'" (APWU Motion at 1). But the notion is not new and a detailed examination is not needed. The merits of a separate rate for metered mail have been examined thoroughly in past proceedings. In Docket No. R2000-1, following a great deal of testimony and cross examination, the Commission recommended a shell classification for an IBI discount. Although some details have changed since then, the metered rate as proposed is a step in that direction.

Stamps.com has discussed related discounts in numerous proceedings. In the paragraph after discussing Stamps.com's proposals in Docket No R2008-1, which included a proposal for discounts for online purchase of postage for Priority and Express Mail (which have since been implemented), the Commission "encourage[d] the Postal Service to consider the views of its customers when developing new and innovative products and pricing discounts." Order No. 66 at 21.

In Docket No. RM2010-13, after discussing meter and IBI-related proposals of Stamps.com, Neopost USA, the Public Representative, and Pitney Bowes, the Commission concluded that:

While these discounts would be permissible under the PAEA, to this point, the Postal Service has shown no

inclination to implement them, and the PAEA accords the Postal Service the pricing flexibility to offer such discounts or not, as it sees fit.

Order No. 1320 at 58. Pricing flexibility for the Postal Service is fundamental to the guidance of the PAEA. The Chairman's Letter in the FY2012 ACD says: "This ACD highlights the untapped potential of the pricing flexibility available to the Postal Service under the law." See 3622(b)(4) and (c)(7).

In Order No. 1320, the Commission continued:

The Commission recommends that the Postal Service work with Stamps.com, Neopost USA, and other postage system providers to explore the potential benefits of offering an incentive to small-to-medium size business users of First-Class letter mail. The proposals would extend access to discounts to the small business segment and could provide an effective incentive to this portion of the First-Class letter mail market. A discount for this type of mail would be consistent with several important objectives and factors of the PAEA, including sections 3622(b)(1) ..., 3622(c)(5) ..., and 3622(c)(13)

Here the Commission, among other things, emphasized the importance of rates helpful to small businesses, who have been left out of many advances in rates. Stamps.com works with these customers regularly. And in the same Order, at 11, n. 22, the Commission offered its view that

there does not appear to be any obvious legal barrier to the Postal Service exercising its pricing flexibility by setting the rate for the metered mail Base Group at a different level than the remainder of single-piece First-Class letters.

Finally, the advent of a metered discount was noticed in the *Federal Register* on October 23, 2012, with responses due on November 15, 2012. Proposed Rule FR DOC # 2012-25995 (Vol. 77, No. 205, pp. 64775-64787, October 23, 2012) "New Mailing Standards for Domestic Mailing Services Products" giving Advanced Notice that "The

Postal Service is considering the proposal next year of a separate price category for single-piece First-Class Mail metered letters with prices that may be different than other single-piece First-Class Mail letter prices” (at 64777). Stamps.com responded to that notice and thanks the Postal Service for incorporating some of our input.

There is nothing new about a proposal for a metered rate. It has been discussed and considered before. The Commission has lent considerable support. APWU's argument that something still needs to be “examin[ed]” is wrong.

4. APWU's Motion Is Vague and Underdeveloped. APWU does not explain the time period it has in mind, nor does it explain how the metered rate could be separated from the case. Further, it appears that some versions of separation might result in short notice to mailers of impending rate changes, and this should be avoided. Too many questions exist, and none of them have been addressed.

The Postal Service's proposal is simple, not complex. The metered category is well understood. The price cap calculations have been done properly. Further review is not needed. The metered rate is not separable and APWU's Motion is unworkable. It should be rejected.

Respectfully submitted,

s/Seth Weisberg

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