

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

NOTICE OF MARKET-DOMINANT
PRICE ADJUSTMENT

Docket No. R2013-10

**REPLY OF THE UNITED STATES POSTAL SERVICE
TO APWU COMMENTS AND MOTION REGARDING METERED SINGLE-PIECE
FIRST-CLASS MAIL PRICE**
(October 28, 2013)

The Postal Service hereby submits this reply to the October 21, 2013, motion of the American Postal Workers Union seeking the establishment of a separate schedule for consideration of the Postal Service's proposal to establish a metered mail price category within the Single-Piece First-Class Mail product.¹ For the reasons below, the motion should be denied.

As a part of the instant docket, the Postal Service seeks to establish a price category for metered letters within the Single Piece First-Class Mail product.² The Postal Service considers this proposal to be consistent with Postal Regulatory Commission Order No. 1320 in which the Commission observed:

[T]here 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. Moreover, the relative sophistication of users of the metered mail Base Group

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 (hereinafter, APWU Motion).

² United States Postal Service Notice of Market Dominant Price Change at 18 (September 26, 2013).

and the capabilities of metered and IBI technology suggest that a non-integer rate for this type of mail would be more workable than for other types of single-piece First-Class Mail.

Docket No. RM2010-13, Order No. 1320 at 11, n.22 (April 20, 2012). In that Order, the Commission also concluded that metered mail should be adopted as the Base Group for calculating the costs avoided by presort First-Class Mail. *Id.* at 11.

The APWU Motion asserts that the price for the new metered single-piece First-Class Mail category constitutes a:

new workshare discount that must be evaluated, justified and certified by the Postal Service to be in compliance with Section 3622(e). . . . The effect of the newly-established rate is to establish a new workshare rate relative to First Ounce Stamped Letters. This new rate adversely affects rates and services provided to users of postal services who do not take advantage of the discount rates.

APWU Motion at 2. On that basis, APWU argues that the metered mail single-piece First-Class Mail “workshare discount” violates subparts (e)(2) and (e)(4)(A) through (e)(4)(C) of section 3622. The fatal flaw in this argument is exposed by APWU’s aversion to even acknowledging the existence of subpart (e)(1) of section 3622. That provision reflects the adoption of the following statutory definition of “workshare discount” as part of the Postal Accountability and Enhancement Act:

rate discounts provided to mailers for the presorting, prebarcoding, handling or transportation of mail, as further defined by the Postal Regulatory Commission under subsection [3622](a).

APWU does not claim that the methods of applying postage to letters in the proposed metered single-piece First-Class Mail category³ constitute a form of “presorting” or

³ Postage may be paid by meter, information-based indicia (IBI), permit imprint or pre-cancelled stamps.

“prebarcoding” or “handling” or “transportation” within the meaning of section 3622(e)(1). Moreover, APWU points to no further definition of “presorting” or “prebarcoding” or “handling” or “transportation” by the Commission that would support a conclusion that any postage payment method is an “integral” or “inherent” characteristic of worksharing, as defined by section 3622(e)(1). See Docket No. RM2009-3, Order No. 536 at 9, 41-47 (September 14, 2010). APWU does not even allege the existence of any nexus between worksharing and any form of postage payment.

There is no basis for the assertions at page 2 of the APWU Motion that “a new *workshare* rate relative to First Ounce Stamped Letters is being established”⁴ or that the metered single-piece First-Class Mail price is subject to any of the requirements of subparts (e)(2) through (4) of section 3622. For these reasons, APWU is misguided in asserting at page 2 that the procedural schedule of the instant docket needs to be adjusted -- or that a new docket needs to be established -- to accommodate its desire to have “the searching examination” required by section 3622(e) for *workshare discounts* inappropriately applied to the Postal Service’s proposed metered single-piece First-Class Mail price category. In any event, the justification for the metered mail price category is being examined in this docket through Question 2 of ChIR No. 6 (October 23, 2013). Based on the Postal Service’s response, the record in the instant docket should be developed sufficiently for the Commission to understand the basis for and to review the proposed classification and price.

⁴ Emphasis added.

Accordingly, the APWU Motion should be denied.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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