

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

RATE ADJUSTMENT DUE TO)
EXTRAORDINARY OR EXCEPTIONAL) Docket No. R2013-11
CIRCUMSTANCES)

**REPLY COMMENTS OF
MPA—THE ASSOCIATION OF MAGAZINE MEDIA
AND ALLIANCE OF NONPROFIT MAILERS
IN RESPONSE TO ORDER NO. 2089**

(August 26, 2014)

MPA—The Association of Magazine Media (“MPA”) and the Alliance of Nonprofit Mailers (“ANM”) respectfully submit these reply comments in response to the initial comments filed by other parties on July 28 in response to Order No. 2089. The other parties’ comments are generally consistent with those of MPA *et al.* There are two exceptions.

First, Valassis states on page 2 of its July 28 comments that:

in the spirit of fostering rate stability, Valassis would be amenable to foregoing the September 2015 rescission of the temporary exigency rate increase only if the revenues collected from the time the exigent revenue target is met through 2016 that exceed the \$3.2 billion threshold are “banked” and then applied to decrease any CPI rate increase in January 2016.

While policy arguments have been advanced for and against this approach, the statute does not authorize the Commission to adopt it. As the undersigned parties noted in

their initial comments, Order No. 1926 approved the exigent increase only as a temporary surcharge, and decreed that the surcharge be rescinded once it generates \$3.2 billion in extra revenue. Order No. 1926 at 180-185. The cap on the surcharge reflected a Commission finding that any greater recovery would allow the Postal Service to recover amounts exceeding the losses that the Postal Service had shown to be “due to” the 2007-2009 recession, and hence would violate 39 U.S.C. § 3622(d)(1)(E). Accordingly, when the contribution/revenue cap is reached, continuing the surcharge on any rate cell would be *ultra vires* and unlawful.

Second, the comments of the Greeting Card Association may be read to argue that rescission of the exigency increases should not be allowed to take effect simultaneously with the implementation of a new round of CPI-based increases. Whether GCA actually intends to take this position is unclear. If GCA does, MPA *et al.* respectfully disagree. Nothing in the statute forbids the Postal Service from implementing two unrelated sets of rate changes on the same effective date, through the same notice in the Postal Bulletin. If GCA is simply arguing that rescission of the exigent rate surcharge and implementation of a CPI-based increase should be proposed and defended in separate Commission dockets, MPA *et al.* agrees. .

Respectfully submitted,

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