

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

RATE ADJUSTMENT DUE TO EXTRAORDINARY OR  
EXCEPTIONAL CIRCUMSTANCES

Docket No. R2013-11

**REPLY COMMENTS OF**  
**THE NATIONAL ASSOCIATION OF PRESORT MAILERS**  
(August 26, 2014)

The National Association of Presort Mailers (NAPM) respectfully submits these reply comments pursuant to Order No. 2089 which invited “[i]nterested parties [to] submit comments on or suggested alternatives to the Postal Service’s plan to remove the exigent rate surcharge.”<sup>1</sup> NAPM supports the comments urging the Postal Service to implement the next CPI price adjustment simultaneous with the removal of the exigent surcharge. For the reasons discussed below, NAPM does not think separate filings are necessary or desirable. NAPM also supports the comments urging the Postal Service to provide 90-days notice before the next price adjustment.

Having the benefit of the thoughtful comments of others, NAPM agrees that “the Postal Service should be encouraged to forego the regularly scheduled January 2015 price increase and instead implement such nonexigent rate changes simultaneously with the rollback of the exigent increase.” MPA Comments at 3; see *also* NPPC Comments at 1-2 (discussing the benefits of a combined adjustment that both removes the surcharge and implements a CPI price adjustment—the “second option” identified by the Postal Service); Valassis Comments at 1. This approach is in the interest of stakeholders because it would eliminate the inconvenience, operational implementation costs, and confusion that would arise from implementing two separate market-dominant

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<sup>1</sup> Order No. 2089 at 5.

price adjustments in a relatively short period of time.<sup>2</sup>

With respect to such a combined rate adjustment, the Commission notice asked whether the Postal Service must submit two filings: one to remove the surcharge and another for the CPI price adjustment. Separate filings are not necessary, provided a combined, simultaneous filing establishes that: (1) there will be no over-recovery of the exigency surcharge, and (2) the CPI price adjustment (calculated relative to the R2013-10 prices) is compliant with 39 U.S.C. § 3622.

A *single filing* would minimize confusion regarding the effective prices, minimize the administrative burden on the Postal Service and the Commission, and avoid unnecessary compliance determinations. A single filing would require only one new set of rates that must be tested against the requirements of Order No. 1926, Commission rules, and applicable provisions of the Postal Accountability and Enforcement Act,<sup>3</sup> especially 39 U.S.C. § 3622(e) relating to worksharing discounts and the objectives, factors and requirements specified in PAEA.

In contrast, separate filings that purport to revive the R2013-10 prices could introduce confusion regarding effective rates among mailers. Multiple filings will likely increase the risk of confusion for NAPM's customers, the mail owners, and potentially increase education and communications problems. This confusion could lead to problems with mailers understanding what postage amounts to apply to mailings and related problems with mailings being submitted and rejected at acceptance because of erroneous postage. A single filing would minimize this confusion regarding the effective prices. Our collective goal should be to make using the mail easy and NAPM is concerned that multiple price adjustments will not only confuse but frustrate mailers,

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<sup>2</sup> MPA et. al. describe the benefits of this procedure in this fashion: "Combining these rate changes in a single simultaneous set of adjustments to the Domestic Mail Manual and the Notice 123 Price List would have the benefit of reducing the transaction costs to mailers and mail service providers of dealing with multiple rounds of rate changes—particularly the costs of developing and implementing software updates to reflect the new rates. Frequent price changes are disruptive to mailers, mail service providers, and mailers' customers. The added price stability created by this suggested approach will enable postal customers to better plan and grow their mail campaigns. Ninety days advance notice to mailers of any such rate adjustments would provide an adequate lead time for this work." MPA Comments at 3; see also, NPPC Comments at 1-2; Valassis Comments at 1.

<sup>3</sup> Public Law 109-435 (PAEA).

which will devalue mail as a communication choice.

Separate filings could also raise potential compliance issues. For example, to the extent a separate filing is deemed to have revived the R2013-10 prices, the Commission would be required to determine whether those rates are still in compliance with the applicable provisions of the PAEA and Commission's rules. It is possible that those rates may no longer meet certain compliance requirements given changes in revenues, costs, and volumes that will have occurred, and been documented by two intervening Annual Compliance Determinations (2013 and 2014), since the R2013-10 rates were previously approved by the Commission. A single filing avoids this confusion and the potential for an unnecessary compliance review.

NAPM disagrees with GCA's contention that two filings are required. See GCA Comments at 13 ("two filings seem to be a prerequisite."). This position finds no support in the PAEA. The PAEA affords the Postal Service substantial flexibility in determining the timing of price adjustments. The Postal Service should exercise that flexibility by implementing the next CPI price adjustment simultaneous with the rollback of the exigent surcharge.

NAPM also supports those comments urging the Postal Service to provide 90-days advance notice before removing the surcharge or adjusting rates.<sup>4</sup> Given the complexity associated with successfully implementing rate changes more than 45 days is needed. Software must be developed, tested and frequently distributed and retested to ensure the new rates are properly inserted into complex algorithms and programs that drive mailing operations in a modern environment. Additional notice time will help mailers prepare for and implement any proposed price changes. Customarily, USPS has provided at least 90 days advance notice of price changes. NAPM asks the Commission to encourage the Postal Service to provide at least as much notice for any Surcharge removal and any CPI Adjustment combined with that removal.

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<sup>4</sup> See NPPC Comments at 3-4; MPA Comments at 3; GCA Comments at 14.

For the foregoing reasons, the National Association of Presort Mailers respectfully urges the Commission to adopt procedures to govern the removal of the exigent surcharge consistent with these comments.

Respectfully submitted,

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