

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

Notice of Market-Dominant)
Price Adjustment)
Docket No. R2015-4)

Comments of Stamps.com
(February 4, 2015)

Pursuant to Commission Order No. 2327 (Jan. 20, 2015), Stamps.com submits these comments. Stamps.com is the leading provider of PC Postage. We appreciate this opportunity.

These comments address the Postal Service's Notice that, as part of an omnibus adjustment, the Governors have authorized it to reduce the discount for metered First-Class Mail, which also applies to PC Postage. Specifically, the proposal is to reduce the discount by 50 percent, from 1 cent to 0.5 cents. At the very least, reductions of this magnitude are unusual, particularly in a discount that serves largely as a signal to mailers.

In 1999, following three years of testing (mainly to assure security), Stamps.com became an approved provider of PC Postage. Since then, we have advocated for an

associated discount, to recognize its benefits to the Postal Service and to encourage usage. Related matters were presented in Docket No. R2000-1, at which time the Commission supported our proposal with a shell classification. The Postal Service indicated in a Federal Register Notice in October 2012 that it was considering a discount.¹ In Docket No. R2013-10, the Postal Service proposed a discount, (a) pointing to associated data collection begun in 2005, (b) noting supporting Commission Order No. 1320 (May 3, 2012), and (c) saying that the “[m]etered price is expected to encourage the adoption of metered mail by small businesses.” R2013-10 Notice at 18-19. It went on to say that its “purpose ... [was] to encourage small businesses to convert from using stamps to meters, thus fostering a more consistent use of the postal system ... and to grow their mail volume in the long run.” It also cited “[e]xperience from foreign posts.” *Id.* at 20. The discount has now been in place for just over one year.

Experience has shown that discounts can be effective in guiding mailers toward efficient practices, as they take note and respond. In fact, without discounts, mailers often have no way of knowing which course is best. Discounts are also in line with appropriate recognition of costs and with notions of economic efficiency. And in this case, the discount is suited to small mailers and small businesses, who have been left out of most discount arrangements.

Stamps.com works mainly with small mailers, to whom the new discount accrues, helping them use the Postal Service efficiently. We have promoted the discount and

¹ See Proposed Rule FR DOC # 2012-25995 (Vol. 77, No. 205, pp. 64775-64787, Oct. 23, 2012).

find that it is roundly noticed and appreciated.² We have also found that mailers are responding with increased usage and increased volume, as the Postal Service expected and as shown in the billing determinants for FY 2014.³

We understand that rate-level decisions can be influenced by the pressures of the price cap. But this is not a decision not to increase a discount, it is a 50 percent reduction in a new discount, at a time when it is just beginning to take hold. Fifty percent is a large reduction, and it sends a message that is counterproductive if not negative. Continuity and stability are important, as are questions of fairness to mailers. The Postal Service Notice provides no explanation for this decrease. There needs to be recognition of the importance of avoiding gyrations of this magnitude. Commission support in this direction, helping now or in the future, would be appreciated.

Respectfully submitted,

s/Seth Weisberg

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² See Initial Comments of Stamps.com, Doc. No. ACR2014, Feb. 2, 2015, saying the availability of the discount affected the decisions to use PC Postage of 32 percent of new customers and that 64 percent of these found the discount to be very important or somewhat important to the decision. Also, 26 percent of new customers said the availability of the discount encouraged them to mail more pieces, and 69 percent found the discount improved their perception of the Postal Service as a businesslike organization.

³ See Docket No. ACR2014, USPS Library Reference 4, Market Dominant Billing Determinants, FY 2014 FCM.xlsx, tab 'A-1 Single-Piece Letters' showing quarterly growth. In FY 2014, as a proportion of all Single-Piece Letters, pieces receiving the meter discount were 30.5 percent in Quarter 2, 37.4 percent in Quarter 3, and 41.9 percent in Quarter 4.