

Before the  
POSTAL REGULATORY COMMISSION  
Washington, DC 20268-0001

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

COMMENTS OF THE GREETING CARD ASSOCIATION

The Greeting Card Association (GCA) files these Comments pursuant to Order No. 2327 (January 20, 2015). The central issue, as in other price-cap rate adjustments, is compliance with the price cap, and GCA is not raising issues of compliance. However, since the Commission does allow commenters to present views on related issues (39 CFR sec. 3010.11(c)), we offer some observations on the profile of rate changes in First Class.<sup>1</sup>

It seems appropriate to comment briefly on the somewhat disparate percentage increases proposed for Single-Piece and Presort Letters. In this connection, it is important that the key comparator is neither percentage increases in this Docket nor comparative cost coverage, but contribution per piece. As the Commission pointed out long ago, differing cost coverages are a necessary consequence of efficiently-set worksharing rates. The target is thus not equal cost coverages but equal per-piece contribution to institutional cost. See *Mail Classification Schedule, 1995 – Classification Reform I*, ¶¶ 1020 et seq., 3066 et seq.<sup>2</sup>

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<sup>1</sup> Another feature of current and proposed First-Class Single-Piece rates which is of concern to GCA is the differential – unjustified, in our view – between Metered and Stamped Letters. We commented in detail on this issue in Docket ACR2014 (Initial Comments of the Greeting Card Association, February 2, 2015). We will not repeat that discussion here, but respectfully refer the Commission to those Initial Comments and ask that our treatment of this issue be considered, insofar as appropriate, in this proceeding also.

<sup>2</sup> That these coverages are not now equal is due to the non-worksharing cost characteristics of the respective categories.

The recent history of First-Class Letter pricing shows that this goal is in fact coming closer to achievement. Unit contribution from Single-Piece Letters, as reflected in the Public Cost and Revenue Analysis reports, has risen from \$0.180 in FY 2009 to \$0.214 in FY 2014, an increase of 18.9 percent. The corresponding figure for Presort has moved from \$0.229 in FY 2009 to \$0.265 in FY 2014, thus rising 15.7 percent. Thus Single-Piece contribution is not merely keeping pace, but actually gaining, relative to that of Presort.

Under these circumstances, the disparity in percentage increases in this Docket is not cause for concern. Historically, the price-capped rate increase profile in First-Class Letters has fluctuated: in some years, Single-Piece has been increased more than Presort, and in some years, less. (The whole-cent constraint, of course, has a major effect here.) This case is no different.

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Respectfully submitted,

GREETING CARD ASSOCIATION

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