

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

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

**COMMENTS OF THE ASSOCIATION FOR POSTAL COMMERCE
(March 24, 2015)**

On March 18, 2015, the Commission issued Order No. 2398, ruling on the amended rates filed by the Postal Service on March 12, 2015 and directing the Postal Service to file further amended rates and additional information to bring its proposed market dominant price changes into compliance with the Postal Accountability and Enhancement Act (“PAEA”). In that Order, the Commission stated that it would provide a period of seven days for public comment from the time the Postal Service files its revisions, corrections, and clarifications. In addition to the anomalies specifically enumerated in Order No. 2398, the Association for Postal Commerce (“PostCom”) has identified several price discrepancies which may not be addressed in that Order. To ensure the Commission and the Postal Service are aware of these issues, to provide the Postal Service with a chance to correct or explain these rates in its next filing, and to prevent the need for yet another round of price adjustments, PostCom submits these comments in advance of the Postal Service’s filing and the commencement of the comment period.

I. EXIGENT RATE CHANGES FOR FSS

The Commission noted that it was “unable to verify some of the Postal Service’s exigent surcharges for the new Standard Mail FSS price categories,” referring to the rates contained in Attachment C-Remand (Rev 3-17-15).xlsx. Order No. 2398 at 4. The Commission directed the Postal Service to “provide the calculations used to develop the exigent surcharges for each new Standard Mail FSS price category listed in the revised Attachment C.” *Id.* PostCom agrees this clarification is necessary. Further, the Postal Service should explain why the application of the

exigent surcharges to the FSS prices for Standard Mail Non-Profit Flats changes the *relationship* between rate cells, as shown in the chart below:

	4/26/15 CPI Proposed 3/12 Rate	4/26 Total Proposed Rate
FSS Scheme Pallet	\$ 0.162	\$ 0.171
DNDC FSS Scheme Pallet	\$ 0.129	\$ 0.138
DSCF FSS Scheme Pallet	\$ 0.119	\$ 0.126
DFSS FSS Scheme Pallet	\$ 0.114	\$ 0.133

As shown, whereas the DSCF FSS Scheme Pallet price is higher than the DFSS FSS Scheme Pallet price prior to the exigent adjustment, applying the adjustment shown in Attachment C-Remand (Rev 3-17-15).xlsx results in the DSCF FSS Scheme Pallet price becoming *lower* than the DFSS FSS Scheme Pallet price.

A similar phenomenon occurs with respect to the pound rates for Standard Mail Non-Profit Flats Non-Automation pieces greater than 3.3 ounces. The application of the exigent surcharge causes the relationships between the rate categories to change:

	4/26/15 CPI Proposed Per PC 3/12 Rate	4/26/15 CPI Proposed Per LB 3/12 Rate	4/26/15 Total Proposed Per PC 3/12 Rate	4/26/15 Total Proposed Per LB 3/12 Rate
FSS Scheme Pallet Non-Auto	\$ 0.129	\$ 0.660	\$ 0.139	\$ 0.683
DNDC FSS Scheme Pallet Non-Auto	\$ 0.129	\$ 0.499	\$ 0.137	\$ 0.517
DSCF FSS Scheme Pallet Non-Auto	\$ 0.129	\$ 0.451	\$ 0.138	\$ 0.467
DFSS FSS Scheme Pallet Non-Auto	\$ 0.124	\$ 0.451	\$ 0.134	\$ 0.468

The Postal Service, in providing its calculations used to develop the exigent surcharges, should explain why the application of an across-the-board exigent surcharge causes the relationships between rate categories to vary.

Respectfully submitted,

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