

Before the
POSTAL REGULATORY COMMISSION
Washington, DC 20268-0001

Notice of Market-Dominant :
Price Adjustment : Docket No. R2013-10(R)

INITIAL COMMENTS OF THE GREETING CARD ASSOCIATION

The Greeting Card Association (GCA) files these Initial Comments in response to Order No. 2586 (July 15, 2015). The citizen mailer, whom GCA represents, has a unique interest in the interaction between mail preparation requirements and rates. While the precise issue presented in the case now on remand from the Court of Appeals involved a mail preparation feature currently affecting only bulk mailers, the Commission's discussion in Order 2586 suggests that the standards to be developed in this proceeding will be general enough to affect single-piece mail as well.¹ The Commission's explanation of the four categories of questions it will consider (Order 2586, pp. 3-5) points in the same direction, since many of the questions the Commission says it will address relate to single-piece as well as bulk mail. Accordingly, we have organized our comments around the four categories, and have tried to show how consumers sending single-piece mail would be affected.

I. Basic characteristics of the mailing

The Commission's first factor (Order 2586, pp. 3-4) is "whether the change alters a basic characteristic of a mailing." Of the five specific questions listed under this heading, at least three seem likely to affect users of Single-Piece First-

¹ The Court's direction to the Commission to develop a "comprehensible standard" likewise did not suggest that only features affecting bulk mail would require such a standard. *United States Postal Service v. Postal Regulatory Commission*, 785 F.3d 740, 753 (D.C. Cir., 2015), quoted, Order 2586, p. 3.

Class mail. (A fourth – “magnitude of the change” – seems relevant to Single-Piece mailers in essentially the same way as to bulk mailers.)

A change in the “size, weight, or content of eligible mail” is clearly relevant to Single-Piece First-Class rates. Under current rates, for example, a one-ounce piece measuring 11 x 6 x 0.25 inches would pay the first-ounce letter rate. If the Postal Service changed the “size . . . of eligible mail” by reducing the maximum length of a letter to, e.g., 10.75 inches, this piece would be charged the much higher rate for a one-ounce flat. Similar considerations apply to changes in weight-related eligibility for a rate step. For instance, an increase in the first weight increment from one ounce to one and a quarter ounces would move some pieces to a lower rate step. Since First Class is essentially an “anything mailable” category, changes in eligible content are less likely, though perhaps not impossible.

Changes in preparation or presentation requirements could affect Single-Piece mail as well, most obviously in requirements for addressing or evidencing of postage. The half-cent rate break currently accorded to Metered letters but not to those paid with stamps or PVI indicia is an obvious example. It did not raise the kind of question contemplated in this proceeding, since it was presented ab initio as a rate change, but similar changes in preparation or presentation requirements might not be.

The third form of change we believe is clearly relevant to Single-Piece mail is the last: “complexity of the change relating to mailer behavior.” This criterion may have a different meaning for bulk mailers as distinguished from consumers. A bulk mailer might be well and quickly informed of the nature of the change, and would view “complexity” as affecting what it would need to do – in terms of software changes, re-budgeting, and the like – in order to secure the best outcome for itself. A consumer mailer is likely to be less well informed about the change and, if it is particularly complicated, less prepared to understand it

fully; on the other hand, the consumer may normally face fewer tasks in complying with it. (These considerations are also relevant to the question of timeframe for compliance, discussed in the next section.) The Commission should take both types of complexity into account in its general approach to analyzing mail preparation changes.

II. Effect on Mailers

Of the six factors under this heading, four are particularly relevant for consumers.² The Commission intends to examine – we assume, individually – the effects on high and low volume mailers. Consumers would usually fall under the latter description. If the Commission contemplates attaching less significance to a change which mainly affects small volume mailers, GCA would strongly urge that no such perspective should govern consideration of changes affecting the mail categories consumers characteristically use.

Next, the Commission has identified, separately, number of mailers and volume of mail potentially affected. In the case of consumer mail users, both quantities are clearly very large. We assume, since high and low volume mailers are treated separately elsewhere, that the “volume” referred to here is total affected volume, and not volume per customer. On that assumption, it is clear that any change to Single-Piece First-Class Mail requirements would affect both many millions of mailers and many billions of pieces. The same would be true, so far as number of mailers is concerned, as regards other classes (such as Media Mail) often used by consumers.

Finally, the timeframe for compliance presents a different issue for consumers than for bulk mailers. The time required for compliance in the strictest

² The first – whether the change imposes fixed or variable costs – is probably of only theoretical interest in the case of consumers, since households rarely if ever sort the cost of consumption goods into fixed and variable categories. It might, however, affect small business users of Single-Piece First-Class Mail, and should be considered for that reason.

sense of the term might, for typical consumer mail, be relatively small. There will not normally be a need to reconfigure software or alter production-line patterns, as would often be the case for a bulk mailer. The issue for a household mailer is more likely to be a greater delay in learning of the changed requirement(s). The Postal Service does not, for example, notify the general public of rate changes through mass mailings; household customers are more likely to learn of a new requirement from retail office signage or from a window clerk. This likelihood of delay in obtaining such information should be considered part of the timeframe for compliance, along with the more strictly compliance-related questions likely to affect bulk users.

III. Purpose of the change

In GCA's view, all three of the factors the Commission places under this heading – improvements in collection, transportation, and delivery, alignment with the Service's network and equipment, and intention *vel non* to change a price – are as relevant to Single-Piece First Class and other consumer categories as they are to bulk mailers.³

IV. Shifting among rate categories

An example we gave above (p.2), in which a change in eligible size causes mail to move from letter shape to flat shape, shows that this is likewise a relevant consideration for Single-Piece First Class. GCA's concern, however, is that the language of Order 2586 may be unduly narrow (or could be interpreted in too narrow a sense). The Commission states that

³ It might be thought that as consumers tend to be less informed than bulk mailers as to the state of the Postal Service's network and equipment, the second factor would be less relevant to them. But a change which was *not* necessary to accommodate the mail to existing equipment could impose unnecessary burdens on consumer mailers too.

For the final factor, the Commission takes into account whether the change in mail preparation requirements causes a shift in volume of mail from one rate category to another. *This factor considers whether the changes result in the de facto elimination of a rate category or the deletion of a rate cell.*

Order 2586, p. 4 (italics added). In our example, neither a rate category nor a rate cell would be eliminated or deleted, yet – depending on the magnitude of the change in eligible dimensions – a very large volume of mail might shift. The Commission had already stated that volume of mail affected would be a relevant consideration. To avoid misunderstanding, we would suggest that any reformulation of the sentence we italicized above should be something like “This factor considers whether a material amount of volume is affected by the shift, as well as whether the changes result in the *de facto* elimination of a rate category or the deletion of a rate cell.” Where the subdivision is very large⁴, neither of the latter consequences is likely, but the effect on mailers may all the same be highly significant.

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Respectfully submitted,

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⁴ In FY 2014 there were 14.8 billion first-ounce Single-Piece First-Class letters. Docket ACR2014, Billing Determinants, Single-Piece First Class.