

NPPC

National Postal Policy Council



Ms. Sharon Owens
Mr. Stephen Phelps
United States Postal Service
475 L'Enfant Plaza, SW
Washington, DC

November 15, 2019

Re: Docket No. R2020-1

Dear Sharon and Steve:

The National Postal Policy Council respectfully urges the Postal Service to consider, in its response to Postal Regulatory Commission Order No. 5302, increasing the proposed First-Class Presort Automation 5-Digit discount by \$0.002, resulting in a new price of \$0.389 (instead of the proposed \$0.391). That would be an increase of \$0.006 from the current price of \$0.383.

This simple adjustment would achieve four important outcomes:

1. It would reduce the cumulative First-Class Mail increase to within the cap at 1.919%, which equals the class-wide increase shown in Table 3 of the Notice of Market-Dominant Price Change filed on October 9, 2019. The increase in revenue over current rates would be \$491,852,000, slightly more than the \$486,828,000 in the original Notice or the \$488,314,000 in the October 30, 2019 revised filing of the First-Class Mail Workpapers (USPS-LR-R2020-1/1).
2. It would allow the Postal Service to retain all other rates (including the international rates) in the Notice filed on October 9, 2019.
3. Increasing the discount would increase the passthrough from the AADC Automation tier to 88.2%, compared to the 82.4% in the Notice. That would place the passthrough within the presumptively valid band proposed by the Commission in Order No. 4258, thereby addressing a matter of persistent concern to the Commission.
4. The modest increase in the discount would moderate the rate increase for the Postal Service's most successful First-Class Mail rate category, which would send a valuable signal to mailers that the Postal Service wants to retain and attract volume in this product.

We would be happy to respond to questions or otherwise discuss this with you at your convenience.

A handwritten signature in cursive script, reading "Arthur B. Sackler".

Arthur B. Sackler
Executive Director
NPPC

Cc: William B. Baker