

UNITED STATES OF AMERICA
Before The
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

Experimental Parcel Return Services)

Docket No. MC2003-2

OFFICE OF THE CONSUMER ADVOCATE
COMMENTS ON STIPULATION AND AGREEMENT
(August 4, 2003)

Pursuant to Order No. 1378 in this proceeding,¹ the Office of the Consumer Advocate ("OCA") hereby files comments on the Stipulation and Agreement ("Settlement") filed July 28, 2003 by the United States Postal Service.²

The OCA supports the provisions of the Settlement and recommends that the Commission approve the Settlement including the data collection plan attached thereto. On the basis of the materials in the record, the OCA believes that the proposed experimental classification will provide a useful service for shippers at a reasonable rate. The OCA commends the Postal Service for providing substantial data supporting its Request and for its responsiveness to the interrogatories in this proceeding as well as its cooperation toward developing a meaningful data collection plan that provides a blueprint for ongoing analysis of the Experimental Parcel Return Services. As a result of the desirable features of the proposal and cordial negotiations in this proceeding, the OCA signed the Stipulation and Agreement on July 31, 2003.

¹ "Order Establishing Procedural Schedule", June 27, 2003. Comments are due no later than August 4, 2003.

The Settlement provides that the undersigned participants stipulate and agree that the following record materials provide substantial evidence in support of a Recommended Decision approving of the experimental changes to several sections of the Postal Service's DMCS, Rate Schedules 521 and 522, and Fee Schedule 1000: the direct testimony and materials filed in support of the Postal Service's Request, designated cross-examination, and the data collection plan attached to the Settlement. The signatory parties agree that, for purposes of this proceeding only, the Experimental Parcel Return Services proposed by the Postal Service in the DMCS and the proposed Rate and Fee Schedule changes meet the policies and criteria of the Postal Reorganization Act, particularly 39 U.S.C. §§3622 and 3623.

The Settlement provides for Experimental Parcel Return Services at the rates proposed by the Postal Service. In addition the Settlement includes in Attachment C a detailed data collection plan. The OCA believes the Settlement's data collection plan with its provisions for reviewing the experimental operations, collecting data, and reporting to the Commission on an ongoing basis provide substantial support for a recommendation in favor of the experimental service. The data collection plan will provide the Commission timely information regarding the operations of the experimental service. The OCA believes that an important element of the plan is to ensure that the Postal Service will review and collect data early in the experiment. Early indicators are helpful in determining the longer term viability of the service as well as assisting in determining the appropriate rates and terms of a potential permanent parcel return service.

² The Settlement was filed together with a "Motion of the United States Postal Service for Consideration of the Stipulation and Agreement as the Basis for Recommended Decision," July 28, 2003.

Specifically, the data collection plan provides for semi-annual reporting of parcel volumes by RDU and RBMC broken down into machinable, non-machinable and oversized groups, return pick up characteristics by facility types, and the numbers of participating shippers. The reports will include an evaluation of whether the actual process flows match those used to estimate costs. On an annual basis, the Postal Service will review, and report to the Commission on, parcel return service operations and potential adjustments to anticipated parcel return service mail processing activities. The Postal Service will also review and comment upon the accuracy of certain container capacity utilization figures underlying its cost estimates. Further, the Postal Service will review and comment upon the accuracy of expected productivities, container capacity utilization, sampling operations, travel times, estimated return pieces per manifest, storage days, adjustments to pick-up schedules, review of parcel sorting units per hour estimates, and storage space requirements. The OCA believes that the ongoing comprehensive review of the experimental service will constitute a valuable resource for the Commission and others in considering a permanent parcel return service, if requested.

The OCA also favors the provision in paragraph 4 of the Settlement providing that the Postal Service will work with interested mailers to pursue future enhancements to the parcel return services and will examine the possibility of a discount for parcels retrieved by mailers at a BMC other than the BMC that services the consumer's delivery address. This could prove advantageous to shippers and consumers alike.

Wherefore, the OCA supports the proposed Settlement and requests the Commission to recommend implementation of the proposed Experimental Parcel Return Services.

Respectfully submitted,

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