

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON DC 20268-0001

EXPERIMENTAL PRIORITY MAIL
FLAT-RATE BOX, 2004

Docket No. MC2004-2

INITIAL BRIEF OF DAVID B. POPKIN

September 9, 2004

Respectfully submitted,

September 9, 2004

David B. Popkin, PO Box 528, Englewood, NJ 07631-0528

MC20042V

The current proposal of the United States Postal Service to establish a flat-rate-box rate for Priority Mail can only benefit the sophisticated mailer¹. The sophisticated mailer will be able to recognize those situations in weight, postal zone, and shape of the desired mailing and make an educated decision as to whether it will be in their benefit to utilize the proposed flat-rate-box or to utilize the standard packaging.

The only concern that I have with respect to the sophisticated mailer is the proposed rate of \$7.70 that the Postal Service has chosen. The Postal Service has made a point that the proposed \$7.70 rate can be paid for utilizing two of the existing \$3.85 stamps that are presently utilized for the 1-pound/flat-rate envelope Priority Mail postage. The question is whether the appropriately calculated postage rate is sufficiently close to \$7.70 to allow for rounding it to \$7.70 to take advantage of this "convenience" or the appropriately calculated postage rate was significantly less than \$7.70 but has been inappropriately raised to \$7.70 under the guise of providing this alleged convenience. The existing aviation security regulations which restrict the mailing locations for articles over one pound that utilize postage stamps to pay the postage greatly reduces the convenience that this concept provides.

¹ For purposes of this discussion, I will define a sophisticated mailer as one who is familiar with the postal system to enable them to make rational decisions as to their use of the system. It does not mean that they will choose the method that provides the lowest postage rate but it does mean that they will choose the method that provides the lowest overall cost assuming that they have determined for the purposes of this pleading that they will utilize Priority Mail. If they decide to utilize a flat-rate-box when it will require a higher postage rate than the non-flat-rate postage, it will be with full understanding that they are paying a higher postage rate to achieve a perceived benefit for doing so.

Furthermore, the sample size that was utilized for weights of three pounds and over did not allow for a confidence level of 95% or better². At the nine pound level the data has a confidence level of only 83.4%.³

My main concern with this proposal stems from a desire to ensure that the Postal Service will take appropriate steps to ensure that the unsophisticated mailer will be provided with sufficient information to allow them to make an educated decision as to whether utilizing the flat-rate box or the non-flat-rate box will be in their best interests. The wrong choice by the mailer can result in paying as much as twice the postage than the correct decision would have resulted in.⁴

This concern results from the use of a flat-rate postage value which is not the minimum rate for the service. The Postal Service has utilized a flat-rate envelope for many years now. With the exception of the rate cycle ending on June 29, 2002, the postage rate for this flat-rate envelope was the minimum rate for the service. Therefore, the use of a flat-rate envelope could not result in overpaying postage due to confusion as to whether to utilize the flat-rate envelope or another type of packaging. In the rate cycle period ending on June 29, 2002, the Postal Service had a one pound rate for Priority Mail while charging the two pound rate for the flat-rate envelope. As a result, mailers who utilized a flat-rate envelope to mail articles weighing less than one pound would pay a higher postage rate than they would if they utilized another form of packaging.

This confusion resulted from the failure of the Postal Service to properly instruct their retail window service personnel as to the guidance to provide mailers in which envelope will be appropriate, failure to provide the information in the advertising of the flat-rate envelope and Priority Mail in general, failure to indicate on the flat-rate envelopes that their use would require a higher postage rate for articles weighing less than one pound, and failure to ensure that both types of envelopes would be available at facilities.

² Interrogatory DBP/USPS-T3-7

³ Interrogatory OCA/USPS-T3-8

⁴ Utilization of a flat-rate box for a parcel weighing under one pound would require \$7.70 postage while the non-flat-rate box would only require \$3.85 postage.

The Postal Service must learn from the confusion that resulted as noted above and take those steps to minimize the confusion that might result from the similar situation where the flat-rate box will have a postage rate that is higher than the use of other than the flat-rate box.

The Postal Service has agreed to place some form of notification on the flat-rate boxes to notify mailers of this condition.⁵ The Proposed Stipulation contains as Attachment C a listing of a proposed Data Collection Plan. Item 5 proposes to start in the second year of the experiment the methods used to inform the public about the Priority Mail flat-rate box and pound/zone rated Priority Mail alternatives. The timing of this report should be changed to start immediately with the implementation of the service rather than waiting until the second year. This information will exist **before** the service can be implemented, and it should be reported.

The Postal Service has attempted to stonewall my efforts to obtain the wording that will appear on the flat-rate boxes to notify the mailers of this potential confusion and allow them to make an educated decision. The design of the boxes will be required **prior to** the implementation of the service. The communications to their personnel and the form of advertising to the public will also be required **prior to** the implementation of the service. This information should have been provided to allow for public input on its appropriateness. This should have been a part of the original proposal.

It is noted that the information provided on the box design⁶ shows a large red "bullseye" appearing six times on the box. Included in the wording in this "bullseye" are the words "No weight limit". This wording should be changed to show that the box may be used "Regardless of weight" as utilized on the flat-rate envelope⁷. Since there is a 70-pound weight limit for Priority Mail, this wording should be changed. The Postal Service's claim that

⁵ Item 9 of the Motion of the United States Postal Service for Consideration of the Stipulation and Agreement as the Basis for Recommended Decision filed on August 10, 2004. ["Proposed Stipulation"]

⁶ Interrogatory DBP/USPS-T2-13

⁷ Interrogatory DBP/USPS-T2-29

the contents of a flat-rate box would not reach that threshold ⁸perhaps is due to the postage rate for a 70-pound parcel and not the inability to physically reach that limit.⁹

Mailers, both sophisticated and unsophisticated, must be able to make educated decisions about their use of the various services provided by the United States Postal Service, including weight/zone vs. flat-rate Priority Mail, that will be in their best interests. The Postal Service must provide sufficient information to the public so that this will be possible.

I believe that it is important that the Commission take whatever steps are necessary to ensure that the Postal Service will inform mailers of the distinction between the flat-rate and non-flat-rate boxes and their associated rates to ensure that mailers will be able to make an educated decision and not have a similar situation that existed during the previous rate cycle where the Priority Mail flat-rate envelope had a rate which was not the minimum postage rate as it had been both prior to that rate cycle and in the current rate cycle.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon the required participants of record in accordance with Rule 12.

September 9, 2004

David B. Popkin

⁸ Interrogatory DBP/USPS-T2-33

⁹ A 0.34 cubic foot box which is completely filled with various metals such as stainless steel, brass, zinc, or copper would weigh between approximately 151 and 189 pounds.