

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Competitive Products Price Changes  
Rates of General Applicability

Docket No. CP2019-3

COMMENTS OF THE PARCEL SHIPPERS ASSOCIATION  
(October 25, 2018)

The Parcel Shippers Association (PSA) respectfully submits these comments in response to PRC Order No. 4854. On October 10, 2018, the Postal Service filed notice with the Commission concerning changes in rates of general applicability for competitive products.<sup>1</sup> The Postal Service represents that, as required by 39 CFR 3015.2(b), the Notice includes an explanation and justification for the changes, the effective date, and a schedule of the changed rates. See Notice at 1. The changes are scheduled to take effect on January 27, 2019. *Id.*

Founded in 1953, PSA represents companies that sell and ship goods to consumers and companies that support the parcel shipping industry. A list of PSA members is available on its website, [www.parcelshippers.org](http://www.parcelshippers.org). PSA's mission is to foster competition in the parcel delivery market. It creates value for its members by promoting

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<sup>1</sup> Notice of Changes in Rates of General Applicability for Competitive Products Established in Governors' Decision No. 18-1, October 10, 2018 (Notice).

the best possible service at the lowest possible costs.

We are writing to inform you that our members are in discussions with Postal Service officials about how the structural changes being proposed may be implemented with minimal disruption. We do not think this can be achieved in the short time remaining before the January implementation date.

The attached letter of October 25, 2018, from the PSA Executive Committee to Chairman Duncan summarizes PSA's concerns and asks for an additional nine months before the proposed changes related to zone-based pricing for First-Class Package Services and dimensional weight pricing for Priority Mail Express and non-Lightweight Parcel Select are implemented.

Respectfully Submitted,

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## *PARCEL SHIPPERS ASSOCIATION*

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October 25, 2018

The Honorable Robert M. Duncan  
Chairman  
Board of Governors  
United States Postal Service  
475 L'Enfant Plaza, SW Room 10300  
Washington DC 20260-1000

Dear Chairman Duncan,

We write on behalf of the members of the Parcel Shippers Association to urge the Governors to delay the implementation the proposed January 27, 2019 price changes related to zone-based pricing for First-Class Package Services, and dimensional weight (DIM) pricing for Priority Mail Express and non-Lightweight Parcel Select. PSA members, your customers and partners, ship, process, transport, and hand off a substantial volume, perhaps a vast majority, of these products. Based on discussions among PSA members and discussions between our members and Postal Service officials it is clear that implementation of these two changes will be impossible by January 27, 2019 for most of our members, both large and small. We are heading for a train wreck that will disrupt operations and service during the peak delivery months. Accordingly, we ask that you delay implementation of these changes for nine months.

Below are some of the concerns expressed by our members that have been relayed to and discussed with Postal Service management. A nine-month delay will permit further discussions and actions to address these issues and foster a smooth implementation.

- Shippers and consolidators are presently focused on the challenges of dealing with peak season and the associated operational and systems logistics. These resources cannot be diverted.
- The impact of the recently announced DIM changes is far from minor or incremental. For shippers that do not use FedEx or UPS, the change is hugely significant.
- These structural changes will require IT code changes to manifesting systems.
- IT projects will need to be funded, resourced, and scheduled.

- Code changes required in manifesting systems will require development of business requirements, functional requirements, data requirements, and system requirements.
- Code will need to be created, tested for quality assurance and user acceptance, implemented, and tested in live production.
- Many customers have “code blackout” periods for November, December, and January.
- Shippers and consolidators have limited IT resources and already have 2019 approved projects in queue that cannot readily be bumped.
- Sorting and cubing equipment may be required to support these structural changes involving:
  - Submission and approval for capital investments.
  - Sourcing equipment options and obtaining bids.
  - Acquiring and installing the equipment which may also require re-configuring the processing area.
  - Testing the equipment and integrating with the manifesting software.

Late last week, several of our members were contacted by Postal Service managers and asked about the feasibility of a temporary “solution” whereby the Postal Service would use eVS data to compute postage due for its customers. While we appreciate the outreach effort it was quickly apparent that the suggested solution will not work. Absent shipper supplied data, the Postal Service must provide verifiable support of the changes. Such verifiable data doesn’t exist, especially at Destination Delivery Units, where the largest segment of Parcel Select volume is entered. DIM equipment at the DDU does not exist nationwide.

Another misconception of management is that the industry already has DIM and zoning capability built into existing systems, or that it is available “off the shelf.” This is generally not the case. It will have to be developed and existing systems modified.

To be clear, although financially burdensome to our members, PSA does not object to these changes, just the timing proposed for implementation. We’d appreciate the opportunity to discuss these implementation issues directly with you.

Thank you for your consideration.



JAMES PIERCE MYERS  
EXECUTIVE VICE PRESIDENT & COUNSEL

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|-----------------------------|-----------------------------|-----------------------------|
| Dennis Oates                | Tom Underkoffler            | Paul Kovlakas               |
| Amazon                      | CVS Health                  | Pitney Bowes, Inc           |
| Chairman                    | President                   | Treasurer                   |
| Parcel Shippers Association | Parcel Shippers Association | Parcel Shippers Association |

Gaston Curk  
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John Medeiros  
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VP At Large  
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Oscar Vasquez  
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CC: The Honorable David C. Williams  
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Board of Governors  
United States Postal Service

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Postmaster General and Chief Executive Officer  
United States Postal Service

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