

Before The
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

Parcel Return Service

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Docket No. MC2006-1

OFFICE OF THE CONSUMER ADVOCATE
COMMENTS ON STIPULATION AND AGREEMENT
(January 23, 2006)

Pursuant to Order No. 1448 in this proceeding,¹ the Office of the Consumer Advocate ("OCA") hereby files comments on the Stipulation and Agreement ("Settlement") filed by the United States Postal Service.²

The OCA supports the provisions of the Stipulation and Agreement and recommends that the Commission approve the settlement and the proposed DMCS language as well as the amendment to Rate Schedule 522E eliminating Parcel Return Service for Bound Printed Matter, included as Attachments A and B to the Stipulation and Agreement.

OCA commends the Postal Service for its responsiveness to the interrogatories in this proceeding and POIR No. 1, particularly those necessary to revise many of the exhibits in order to conform the Request and testimony to the Commission's underlying

¹ "Order Adopting Procedural Schedule," December 6, 2005. Comments are due no later than January 23, 2006. Reply comments are due by January 30, 2006.

² The Settlement was filed as the "Motion of the United States Postal Service for Consideration of the Stipulation and Agreement as the Basis for Recommended Decision," January 17, 2006. An erratum to the Stipulation and Agreement was filed January 20, 2006, "Notice of the United States Postal Service of Filing of Erratum to Stipulation and Agreement."

cost assumptions in its recent rate Opinion in Docket No. R2005-1.³ As a result of those extensive revisions, OCA is able to conclude that the permanent rates proposed for the Parcel Return Service will recover attributable costs and that the savings passthrough is fair and equitable and will conform to the other requirements of the Postal Reorganization Act.

In one minor respect, the Stipulation and Agreement modifies the original changes proposed for the DMCS. In written cross-examination Postal Service witness Koroma explained, "The text of section 561 (rather than its title) would imply that Certificate of Mailing is not available for PSRS." (OCA/USPS-T3-4) The witness's response further proposed a clarifying revision to that section 561 specifically noting the availability of the Certificate of Mailing for Parcel Select Return Service. That suggestion is included in the proposed mail classification schedule changes in Attachment A to the Postal Service's motion for consideration of the Stipulation and Agreement. OCA believes the currently proposed DMCS language removes the initial inconsistency and should be approved.

The data collection plan conducted by the Postal Service during the experimental period provided for reporting every six months several aspects of the operations of the Parcel Return Service. The reports evaluated whether the actual process flows matched those used initially to estimate costs. Annual reports considered the need for potential adjustments to anticipated Parcel Return Service mail processing activities. The Postal Service reviewed and commented upon the accuracy of certain container capacity utilization underlying its cost estimates. Further, the data collection plan

³ For instance, see responses to POIR No. 1 filed December 21, 2005, OCA/USPS-T3-11 filed December 16, 2005, and OCA/USPS-T2-13 and 15 supplemental responses filed December 1, 2005.

provided for the Postal Service to 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 reports were limited by the fact that only two customers directly utilize the service even though many mailers are represented by those two customers. Based upon the information provided in the reports and the Postal Service testimony regarding the operations of the Parcel Return Service, the OCA believes that sufficient favorable information has been gained from the experiment to support a Commission recommendation for a permanent Parcel Return Service.

The Stipulation and Agreement provides that the undersigned participants stipulate and agree that the record materials, including the direct testimony and materials filed in support of the Postal Service's Request, designated cross-examination, provide substantial evidence in support of a Recommended Decision approving of the changes to several sections of the Postal Service's DMCS.⁴ The signatory parties further agree that, for purposes of this proceeding only, the Parcel Return Service implemented by changes in the DMCS and Rate Schedule 522 as now proposed by the Postal Service meet the policies and criteria of the Postal Reorganization Act, particularly 39 U.S.C. §§3622 and 3623.

OCA believes that the proposed Parcel Return Service should be recommended for a permanent classification by the Commission. Accordingly, OCA signed and filed a

⁴ The sections of the DMCS to be changed are §§ 521, 522, 560, 561, 562, 570, 585, 932, 944, 947, 948, 949, 951, 952, 2010, 2032, 3000 and 3050 together with Rate Schedule 522. The rate level changes proposed to Rate Schedules 521.2F and 521.2G and Fee Schedule 1000 have already been implemented as a result of Docket No. R2005-1.

signature page with the Commission on January 18, 2006. Signature pages were also filed the same day by Parcel Shippers Association and the Mail Order Association of America. Signature pages have also been filed by The Association for Postal Commerce, the Association of Priority Mail Users, Inc., Pitney Bowes, Inc. and Douglas F. Carlson.⁵

Wherefore, the OCA supports the proposed settlement and requests the Commission recommend implementation of the Parcel Return Service.

Respectfully submitted,

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⁵ Only intervenors American Postal Workers Union, AFL-CIO and David B. Popkin have not submitted a signature page to the Commission.