

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001

STAMPED STATIONERY AND
STAMPED CARDS CLASSIFICATION

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REPLY BRIEF OF DAVID B POPKIN

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Respectfully submitted,

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In their Initial Brief, The Postal Service states that the minimum and maximum points on the ranges are multiples of the First-Class Mail postage imprinted on the stationery or cards.¹ This differs from the response to Interrogatory DBP/USPS-14 in which the Postal Service stated that the oversize Premium Stamped Cards [PSC] would have the rate set at a multiple of the rate for a stamped **card** plus the postage value of the imprinted letter rate stamp.²

The Postal Service has chosen multiples to result in ranges of prices comparable to the market prices of commercially available products that might serve as substitutes for the stationery and cards if they were not stamped.³ The list⁴ of comparable products was limited to only 14 products that were allegedly similar to the Premium Stamped Stationery [PSS] and five products that were similar to the PSC.

The first question is why does the pricing of the PSS/PSC has to be comparable to the market prices of commercially available products? The rate for a one ounce letter is based on the attributable cost to provide the service plus an appropriate contribution

¹ USPS Brief at 4.

² For example, the Southern Florida Wetland PSC issue would have been priced at one to three times the **23¢ stamped card rate** plus the 39¢ value of the imprinted letter rate stamp.

³ USPS Brief at 4 and 8.

⁴ Interrogatory DBP/USPS-36.

to the overhead of the Postal Service. The current 41¢ rate has no resemblance to what UPS or Fedex or DHL or some other carrier might charge for a similar article.

The second question is the validity of the choice of items that were chosen to allegedly represent the market prices of commercially available products. If one looks at the list of items chosen to be a part of the items, it would appear that they were subject to the personal choice of the Postal Service's witness. It is hard to believe that the choice of only 14 items similar to the PSS and 5 items similar to the PSC would have any statistical validity.

The average cost of the 14 items chosen for the PSS was \$1.115. If one were to only look at items 11 through 14 they would observe the only samples that were in reality similar to the existing PSS items - a single sheet that folds into a self-sealed mailer. The average price for these self-sealed mailers is only 22 cents while the average of the other ten items in the group is \$1.473. This average is 6.7 times the average of the self-sealed mailers.

The Postal Service states that the proposed fees will affect only mailers who choose to use them.⁵ This is true of any service that the Postal Service provides. It is only the number of users of the service. The price charged for Express Mail only affects those mailers who have a need for the expedited service. Granted that the number of users will be more than those that choose to utilize the PSS/PSC product.

As I pointed out in my Initial Brief, I believe that it is absolutely imperative to establish a selling price for PSS and PSC items that is related to their direct and attributable costs and not to some arbitrary value such as the price of a one ounce First-Class Mail letter or a stamped card or even the costs of the previously issued items. Any system which does not take into account the direct and attributable costs on the specific item is severely flawed and can easily lead to rates that are not reasonable.

⁵ USPS Brief at 9.