

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

COMPETITIVE PRODUCTS PRICE CHANGES  
RE RATES OF GENERAL APPLICABILITY

DOCKET NO. CP2008-3

INITIAL COMMENTS OF DAVID B. POPKIN

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Respectfully submitted,

PRCCP20083COMMENTS

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The following are my comments on the Notice and Order Concerning Change in Rates of General Applicability for all Competitive Products.

**EXPRESS MAIL**

The Postal Service has proposed a number of changes in the Express Mail rates and product description changes.

**FLAT-RATE ENVELOPE**

The Postal Service proposes a Retail rate for the Express Mail Flat-Rate Envelope of \$16.50. An examination of the Zone/Weight charts for Express Mail indicates that there are a number of rate cells which have a price of less than the Flat-Rate price of \$16.50. For local and Zones 1 and 2, the Non-Flat-Rate postage for up to two pounds and for Zone 3 the Non-Flat-Rate postage for up to 8 ounces will be less than the \$16.50 rate for the Flat-Rate postage.<sup>1</sup>

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<sup>1</sup> See Table 1 attached.

This will require the Postal Service to provide for mailers both the Flat-Rate envelope and the Non-Flat-Rate envelope. These envelopes should be significantly different in appearance and appropriately annotated to allow customers to make an intelligent decision as to which envelope will be the appropriate choice. Incorrectly using the Flat-Rate envelope can result in as much as \$3.90 extra postage.<sup>2</sup> Incorrectly using the Non-Flat-Rate envelope can result in as much as \$12.90 or more extra postage.<sup>3</sup> Since both envelopes will have the same physical characteristics, they will have the same costs for processing. Perhaps the best way to handle this is to have a single Flat-Rate envelope and allow the Flat-Rate envelope to be utilized at the lower rate for those four rate cells out of 497 total rate cells where the postage rate is less than the Flat-Rate. Another way of looking at this situation is to state that the standard 9.5 by 12.5 inch cardboard envelope that has been around for many years will require postage at the "normal" Express Mail rates but not to exceed the desired \$16.50 Flat-Rate.

Many of the individual mailers will not have the sophistication to be able to choose the appropriate envelope which will result in the best rate for their mailing. They may also be placed in the position of having to use the incorrect envelope because the correct one is not in stock at the mailing office. Furthermore, mailers have not had to choose between a Flat-Rate and a Non-Flat Rate envelope for a number of years now. If necessary, the Postal Service should be required to provide meaningful publicity to inform the mailing public of the appropriate choice in similar looking envelopes.

This will be the same confusion that existed several rate cycles ago when the Priority Mail Flat-Rate envelope was the two pound rate at the same time there was a cheaper one pound rate for the Non-Flat-Rate envelope.<sup>4</sup>

## ZONED RATES

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<sup>2</sup> \$16.50 less the \$12.60 for 8 ounces to Local and Zones 1 and 2.

<sup>3</sup> \$29.40 for 3 pounds to None 8 less the \$16.50. Three pounds was chosen as the "nominal" maximum weight of the Flat-Rate envelope.

<sup>4</sup> Except the price differential will be considerably more.

The Postal Service has proposed to implement zone-based charges for Express Mail. Evaluation of the rates for Zones 4 to 8 will show that there is a negligible increase for the longer distances. Table 2 will show the percentage increase of Zone 8 over the given Zone.<sup>5</sup>

Most of the longer distance Express Mail will travel on the Fedex network and be hubbed through Memphis. Therefore, the distance traveled by an Express Mail article between two East Coast cities will be the same as between an East Coast and West Coast city. For example, Hartford CT to Washington DC is in Zone 3 but if this mail were to be hubbed thru Memphis there would be two segments - Hartford to Memphis and Memphis to Washington. Hartford to Los Angeles CA would be Zone 8 directly but the Memphis to Los Angeles would be similar to the Memphis to Washington segment.

## **POST OFFICE-TO-POST OFFICE EXPRESS MAIL**

The Postal Service is proposing to eliminate the separate rates for Post Office-to-Post Office Express Mail<sup>6</sup> as compared to Post Office-to-Addressee Express Mail. Presently, there are separate rates where the PO-PO is uniformly \$2.40 less than the PO-Addressee rate. This compensates for the reduced costs since the article will be called for at the post office rather than delivered

It is recommended that this price differential be maintained.

It is also recommended that the Postal Service increase the availability of this service. There is no longer a directory showing which facilities participate in this service. The only way for a customer to determine if the service is available is to try one 5-digit ZIP Code after another on line until a 10 AM guarantee time comes up.

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<sup>5</sup> For example, the 25¢ additional postage for Zone 8 vs. Zone 7 for an eight ounce article is 1.299% greater than the \$19.25 for Zone 7.

<sup>6</sup> This service will be renamed HOLD FOR PICK-UP as noted in Footnote 1 on Page 1 of Attachment B of the USPS filing.

## **EXPRESS MAIL SERVICE STANDARDS**

The Postal Service should be encouraged to improve their listing of Express Mail Service Standards. There are two general categories where improvement could be made. First, the 12 noon vs 3 PM standard should be changed for local area mail that can make the earlier time. . Likewise, availability of Hold For Pick-Up mail should be increased both nationally as well as for the local area.

Second, there are a number of postal facilities that do not have Monday through Saturday delivery and yet the system treats them as if the service existed. For example, Hyder AK 99923 has two mail planes a week at 11 AM Monday and Thursday from Ketchikan AK. Yet if I bring an Express Mail article into the Englewood NJ office on a Thursday afternoon, it will be guaranteed for delivery by 3 PM on Saturday even though the best possible time would be on the Monday flight.<sup>7</sup> I am not stating that the Postal Service should increase the transportation to and from Hyder, but I do believe that it is not proper to guarantee a Service Standard that is not possible to achieve.

## **PRIORITY MAIL**

It is recommended that the Postal Service increase the Service Standards for Priority Mail when compared to First-Class Mail. While a considerable amount of the three-day FCM Service Standard mail has a two-day Service Standard for Priority Mail, the overnight vs two-day line is virtually the same for Priority Mail and First-Class Mail.<sup>8</sup> It is recommended that the overnight area for Priority Mail be expanded.

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<sup>7</sup> www.fedex.com shows that Priority Overnight FEDEX sent on Wednesday, March 26, 2008 will be delivered on Monday March 31st.

<sup>8</sup> I believe that the only place where Priority Mail is overnight and First-Class mail is two-day is between Puerto Rico and the US Virgin Islands.