

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

COMPETITIVE PRODUCTS PRICE CHANGES
RATES OF GENERAL APPLICABILITY

DOCKET NO. CP2011-26

INITIAL COMMENTS OF DAVID B. POPKIN

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Respectfully submitted,

PRCCP201126INITIALCOMMENTS

DAVID B. POPKIN, POST OFFICE BOX 528, ENGLEWOOD, NJ 07631-0528

On November 2, 2010, the United States Postal Service filed a Notice of the United States Postal Service ["Notice"] to change rates of general applicability for competitive products established in Governors' Decision No. 10-4 ["Decision"]. Among the changes being proposed in this Docket are the rates for Post Office Boxes in those ZIP Codes that were transferred to Competitive Products in Docket No. MC2010-20.

There is some confusion as to the number of ZIP Codes that are affected. The last sentence on Page 3 of the Decision indicates that there are 49 Post Office Box locations that are affected. Page 60 of the Attachment in Section 2130.1f provides a listing of 52 ZIP Code locations. There is no indication of which 3 ZIP Code locations will not be included in the 49 locations that are listed in the Decision.

It is also noted that the Notice¹ fails to provide the specific rates that the Postal Service will be charging for Post Office Boxes at the affected locations. The range of fees for semi-annual rentals varies with the box size being rented as follows:

¹ Footnote 1 on Page 1

Box Size	Proposed Range	Dollar Amount of Range	Present Fee	Maximum % Increase
1	\$37 to \$180	\$143	\$46	291%
2	\$55 to \$270	\$215	\$70	286%
3	\$100 to \$330	\$230	\$125	164%
4	\$205 to \$400	\$195	\$255	57%
5	\$325 to \$550	\$225	\$410	34%

To fully appreciate the effect of this large percentage increase in rates, one should be aware of the proportions of the different box sizes rented as of 12/31/2009 as noted in attachment D to the USPS Request in PRC Docket No. MC2010-20 as follows:

Box Size	Total Boxes Rented	Percent of Total
1	22,033	69%
2	7,172	22%
3	2,314	7%
4	332	1%
5	38	0.1%
Total	31,889	100% ²

This is the ultimate case of rate shock. Ninety-one percent of the competitive box holders³ will have their rates almost quadruple when they increase in dollar amounts by \$268 to \$410 annually should their facility fall at the high end of the range.

As far as I can recall, this is only the second time that the Commission has approved rates that have a range of rates rather than a specific rate. Docket MC2006-7 Stamped

² Does not total to 100% due to rounding

³ Those with box sizes 1 and 2

Stationery and Stamped Cards Classifications had a range between the high and low rates of well under a dollar.

It is also noted that some competitive box holders at the low end of the range will experience a reduction in their rental rates as follows:

Box Size	Potential Percent Reduction in Rates
1	20%
2	21%
3	20%
4	20%
5	21%

If it is possible to reduce the Competitive Post Office Box rental rates by 20- to 21-percent and still maintain the proper cost coverage, what is the justification for the rates for the Market Dominant Post Office Box rental rates at the higher level?

It is noted on page 6 of Commission Order No. 473 in Docket No. MC2010-20 that the Commission's analysis of the Postal Service's argument that the availability of competitors would preclude them from raising prices significantly without the risk of losing business. After making this argument in Docket MC2010-20, when it comes to the current Docket, the Postal Service changes its position and is proposing what is probably the largest rate increase in its history.

The Commission has solicited Comments from the public on the Postal Service's Notice. How can the public provide meaningful comments if:

- The Postal Service fails to provide specific rates for Post Office Box service.
- The range is so broad that, for example, the proposed rates for box size 1, the size with 69% of the rentals, will vary between 80% and 391% of the current rate.

- The Postal Service will not provide the specific rates for each of the affected ZIP Codes until a notice is placed in the Postal Bulletin.⁴ By then it will be too late to make comments to the Commission. There was no notice of the specific rates in the November 18, 2010 issue of the Postal Bulletin. The next issue is scheduled for release on December 2, 2010 and at 2-week intervals thereafter.
- There is nothing in the Notice to indicate the criteria that will be utilized to determine the specific rates in the extensive range for each of the affected ZIP Codes.
- There is nothing in the Notice to indicate why the 13th month free only applies to new customers.

The Postal Service's Notice provides two very limited enhancements that a competitive Post Office Box holder will receive over a similarly situated Market Dominant box holder. Furthermore, both of these enhancements will only apply to new customers and not to existing customers. These are indicated in Notes 1 and 2 on page 61 of the Attachment to Governors' Decision 10-4. Note 1 provides for a free 13th month for new customers who pay for a 12 month period.⁵ Note 2 saves the new customer \$2 for key deposits. For example, a new customer renting a size 1 box at a competitive ZIP Code at the high end of the range of rates will pay \$360 for a 13-month rental. A customer at a similarly situated Market Dominant ZIP Code will pay \$94 for a 12-month rental.⁶ So in effect, that 13th month costs the customer \$266.

I have a friend who has a Post Office box in Closter, New Jersey 07624 one of the 52 selected competitive post offices. I have a Post Office Box in Englewood, New Jersey 07631. As a result of this Request will my friend be discriminated against by a change in price or service or will I be discriminated against by the inability to obtain the

⁴ Footnote 1 on page1 of the Notice

⁵ The wording on Note1 should be clarified to indicate that it applies to Competitive locations only since all offices are listed on usps.com.

⁶ Two times the \$46 semi-annual fee plus a \$2 key deposit.

enhancements or even the potentially lower price that my friend will receive; all of this solely because 07624 is a lower number than 07631?⁷

The distribution of the 52 selected offices throughout the country seems to be distorted and potentially discriminatory; 47 of the 52 selected offices are in 40% of the ZIP Codes.⁸ Thirty-one of the 52 selected are in only 3 states.⁹ There is no indication on why any given 3-digit ZIP Code area was or was not chosen.

As much as I might hate to concede it, I am locked into my existing post office box address regardless of the cost or level of service received. As a longtime Post Office Box holder, the cost and hassle of changing my address would require a large effort on my part as well as a significant cost. I have to trust that I will be protected by the PRC from unjust actions of the Postal Service. On the other hand the competitive nature of Priority Mail is an entirely different picture. If the cost or level of service changes, I can just switch my provider in a very simple move.

This is somewhat similar to the action taken by the Federal Communications Commission when they allowed cell phone users to keep their number if they changed providers. Unfortunately, the Postal Service will not allow me to keep my address if I change providers.

Based on the above, the Commission should not approve this Request until the Postal Service provides the specific rates for each of the affected ZIP Codes as well as the other concerns listed above. Without this information, the public is deprived of their ability to make meaningful comments on the Postal Service's request. The approval of a filing which does not provide the specific desired rate but only provides a range of rates, particularly such a large range, would set a dangerous precedent as well as frustrate any Commission oversight.

⁷ Since the 076 3-digit prefix is limited to only one office.

⁸ ZIP Codes starting with 0,1, 2, or 9.

⁹ New Jersey, New York, and California.

