



Jensen's Mail & Copy

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To: The Postal Regulatory Commission

Date: Monday, July 30, 2012

Re: Docket No. MC2012-26

I am a small-business owner of a Mail and Parcel Center (MPC) who is a Commercial Mail Receiving Agency (CMRA). I am a USPS Approved Shipper. I urge you to deny the application by the USPS to add new services to PO Boxes because:

- 1) It will make unprofitable Post Offices even more difficult to close
- 2) The playing field is already quite unfair because our competitor also gets to regulate us
- 3) There are clearly new services being passed off as not new.

First, let's consider the impact on closing unprofitable Post Offices. Selling more PO Boxes will make it more difficult to close unprofitable Post Offices as these local PO Box holders will be a highly-motivated voice for keeping even money-losing Post Offices open. Look how much trouble it is to try to close a money-losing Post Office today and imagine it worse.

Second, even though it has been determined that the United States Postal Services' PO Boxes are competitive with Private Mail Boxes (PMBs), there are differences between PO Boxes and the PMBs that a mail and parcel center offers. Many of these differences are mandated by the agency that regulates us which, ironically, is the same USPS we are competing with. It is clearly unfair that our regulating agency also competes with us.

For example, purportedly to prevent fraud, PMB addressing must follow strict guidelines set by the USPS. These regulations were supposedly to prevent someone from presenting a PMB as an actual place of business. Why does this logic not apply to the proposed street addressing? Assuming that the USPS isn't suddenly pro-fraud, there is only one reason...fraud was never the real concern. The addressing restrictions were intended to put PMBs at a disadvantage. This "street address" offering is a new service by the USPS. It would further erode Express Mail which today is the only "overnight" option to a PO Box. FedEx and UPS overnight services would benefit greatly at the expense of Express Mail. And it would further erode Priority Mail as UPS Ground and FedEx Ground are suddenly new options for shipping to PO Boxes.

Another unfair difference is the proposal to go to five-day delivery for PMBs while maintain six-day delivery for PO Boxes.

The whole set of forwarding rules are similarly designed by our USPS regulator to put us at a disadvantage. Why should a convicted felon be able to file a change of address and get free forwarding when they leave prison -- when our PMB customers cannot?

Another part of the unfair playing field is the tremendous advertising power of the USPS. There is no way I or most other small businesses with whom they will be competing could have a TV campaign in major markets such as my San Francisco. The "If it fits, it ships" campaign is a great example. We simply can't afford it. Why can an agency that is in financial trouble like the USPS afford it? A similar campaign appears to be in the works for this (see "yourotheraddress.com").

Third, these are clearly new services. Email notification service, being offered by the USPS, is a new service. The USPS has not been specifically notifying their PO Box customers of mail in the past. The service requires labor and technology to implement and maintain. These items have a cost and to say they are included in the base cost of a PO Box, when the service is new, contradicts the statements made by the USPS that they are already providing these services and that they are bundled into the PO Box rental fee. If the services were available in the past this might be true, but as a new service there is a clear difference between the past and present.

The second new service that is now available is street addressing for private carrier delivery to the PO Box. There are several issues with this:

1: The USPS claims that some companies will not deliver their products to a PO Box due to fraud. How does anyone believe this new plan address that fraud? I suspect a big part of the reason some companies won't deliver to PO Boxes is because they have negotiated sweetheart deals with UPS or FedEx that the USPS can't match. When you buy all but the smallest things online, have you noticed that when Priority Mail is offered, it is rarely the least expensive? That honor usually goes to UPS Ground.

2: What will happen when, inevitably, these street-addressed often-high-value packages that don't have PO Box numbers get misplaced?

3: There are multiple types of costs involved in offering these services. As I mentioned, I suspect the costs of cannibalization of existing Express Mail and Priority Mail revenue are among the highest costs. What assumptions for that have been presented? I would think that their market share to PO Boxes would fall quickly to mimic their market share to PMBs. The UPS shipments my PMB customers receive each day dwarf the corresponding USPS Priority Mail and Parcel Post shipments. The FedEx and UPS overnights they receive dwarf the corresponding Express Mails. The cannibalized revenue is one side of the equation. The other is the increased costs including the logistics of moving these pieces within the Post Office from reception to delivery, the database and data entry support, the physical storage of the pieces, and the retrieval and handling of them when the customer comes in to pick them up. When there are costs, a regular business would need revenue to cover those costs. Because of the many protected revenue streams of the USPS such as First Class mail, extra costs are easy to subsidize from those protected revenue streams. While there has been an increase in price, nothing in the USPS filing shows a breakdown of costs (including cannibalization costs) to prove that the costs of implementing these specific new additional services is covered by the increase.

Furthermore, premium services such as email notification and street addressing doesn't seem to be what the PO Box renter wants. Most PO Box customers want the cheapest place to receive their mail (other than their homes). These services are adding costs to people and businesses who are value purchasers rather than convenience and service customers. This may be the reason 66,000 USPS mailbox customers have canceled or not renewed since the program and pricing went into effect. For all the reasons I have outlined I feel that these services are not only hurting the MPC industry, but also, hurting the USPS.

Thank you for your consideration on this matter.

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(Owner of Jensen's Mail & Copy)
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