

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

INITIAL BRIEF OF
MICHAEL WILBUR
ON BEHALF OF
MBI, INC.

Communications with respect to this document may be sent to:

Michael Wilbur
Vice President
MBI, Inc.
47 Richards Avenue
Norwalk, CT 06857

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MBI, Inc.'s fundamental argument against the USPS's proposal in this rate case is that the *suddenness* and *severity* of the rate hike for the "Standard Mail Regular – Not Flat-machinable" class is unduly onerous and bordering on punitive in its effect on us, given the nature of our products. Nothing in the testimony, interrogatories, and responses has caused our viewpoint to change.

Annually, we ship over 4 million pieces under the current USPS classification of "Standard Mail Regular - Flats." Under the proposed guidelines, these packages will be classified as "Standard Mail Regular – Not Flat-machinable." Pieces that we currently mail for, on average, \$.675 apiece (\$.162 in piece rate plus \$.513 in pound rate) will now cost us \$1.27 apiece (\$.582 in piece rate [assuming our mail generally qualifies for the ADC/BMC rate] plus \$.688 in pound rate). We estimate our effective increase will be \$.595 per piece, or 88%, raising our costs by over \$200,000 per month immediately!

For reasons we have already documented, we will have to absorb the vast majority of these costs; we will be unable to pass them along to our customers. Accordingly, we ask that the USPS extend similar courtesy to its customers, and that the Postal Regulatory Commission strongly consider a much more gradual implementation of whichever rates the PRC deems appropriate for the "Standard Mail Regular – Not Flat machinable" class. As stated above, the effective postage rate increase for the bulk of our shipments is expected to be approximately 90%. Even if this price hike were to be applied in stages over three to five years, the rate of increase would still be well in excess of inflation but would allow mailers like us more time to modify packaging or incorporate increased costs into our pricing.

Not only do we think this approach is superior from a customer service standpoint, we also think it would be much more consistent with the thrust of the legislation concerning the USPS and PRC signed into law by the President this week.

Respectfully submitted,

Michael Wilbur
Vice President
MBI, Inc.
47 Richards Avenue
Norwalk, CT 06857