

Before the
POSTAL REGULATORY COMMISSION
Washington, DC 20268-0001

Periodic Reporting

Docket No. RM2008-2

INITIAL COMMENTS OF THE GREETING CARD ASSOCIATION

By Order No. 99, August 18, 2008, the Commission established this Docket to consider a Postal Service request for several changes in established cost methodologies. In these comments, the Greeting Card Association (GCA) presents an opposing view on one aspect of one of these proposed changes.

The Postal Service's "Proposal Four" would attribute to First-Class Single-Piece Letters approximately \$60 million in nonvariable city delivery carrier time associated with collecting mail from street letter boxes. The Commission considered this change in Docket ACR2007, and rejected it because (i) other types of mail are found in and collected from these "blue boxes" and (ii) the boxes themselves are not limited to single-piece First Class.¹ The Postal Service's request largely repeats its ACR2007 rationale, but adds a new argument. It is this new argument which GCA believes is unsound, and urges the Commission to reject as a reason for attributing these now-institutional costs to First-Class Single-Piece Letters.

The Postal Service states that "[A]s of July 2007, the Postal Service prohibited stamped mail over 13 ounces from being deposited in these boxes, for security reasons. This would exclude some classes of mail that would have been there previously."²

¹ Annual Compliance Determination, Docket ACR2007, Appendix B, pp. 6-7.

² Request of the United States Postal Service for Commission Order Amending the Established Costing Methodologies for Purposes of Preparing the FY2008 Annual Compliance Report, p. 13; Order No. 99, p. 10.

Some mail³ which could be placed in “blue boxes” before July 2007 is doubtless now excluded. The reason for this fact, however, is at least as important as the fact itself. As the Postal Service says, this rule was enacted for security reasons. Mail security benefits the entire postal system and the entire spectrum of mail users. For example, a commercial enterprise may send little if any single-piece First Class (and probably does not deposit what it does send in street collection boxes). But that same enterprise may each year receive thousands or millions of single-piece First-Class Letters, containing remittances. Its interest in receiving safe mailpieces is as great as that of the consumers or small businesses who send these single-piece letters. Security measures are an archetypal systemwide benefit. That one such measure incidentally limits, or largely limits, the use of collection boxes to one product therefore adds nothing to the justifications the Postal Service advanced in Docket ACR2007 for treating that product as responsible for the entire nonvariable cost of city carriers’ collection box activities. GCA submits that changes in cost characteristics stemming from security regulations do not require an institutional cost to be treated as product-specific, and that the Commission should adhere to its ACR2007 determination.

Respectfully submitted,

September 8, 2008

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³ The Postal Service states that “over 90 percent of collection box mail is First-Class single piece letters.” Request, p. 12; Order No. 99, p. 10.