

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Mark Acton, Vice Chairman;
Dan G. Blair;
Tony L. Hammond; and
Nanci E. Langley

Notice of Market Dominant Price
Adjustment for First-Class Mail
and Standard Mail

Docket No. R2011-5

NOTICE AND ORDER CONCERNING MARKET DOMINANT
PRICE ADJUSTMENT FOR FIRST-CLASS MAIL AND STANDARD MAIL

(Issued April 14, 2011)

I. INTRODUCTION

On April 12, 2011, the Postal Service filed a notice with the Commission announcing its intention to adjust prices for First-Class Mail presort and Standard Mail letters and flats pursuant to 39 U.S.C. 3622 and 39 CFR Part 3010.¹ The adjustment is a 3 percent discount, from July 1, 2011 to August 31, 2011, for mailers of First-Class Mail presort and Standard Mail commercial letters and flats that include a mobile barcode inside or on the mailpieces. Notice at 1.

¹ United States Postal Service Notice of Market-Dominant Price Adjustment, April 12, 2011 (Notice).

II. POSTAL SERVICE FILING

Incentive program. The Postal Service proposes a 3 percent discount on First-Class Mail presort and Standard Mail commercial letters and flats that include, in or on the mailpiece, a two dimensional barcode readable by mobile smart phones. *Id.* at 2. The Postal Service notes that nonprofit standard mailpieces are ineligible for the discount. *Id.*

The Postal Service requires that the barcode must be two dimensional, and notes that one dimensional barcodes, though readable by smart phones, are not eligible to receive the discount. *Id.* The Postal Service requires that the barcode must be designed to “initiate interaction with consumers via mobile smart phones to market, promote, or educate.” *Id.* at 2-3.

The 3 percent discount may be combined with the full-service intelligent mail barcode discount, but may not be combined with any other incentive. *Id.* at 3.

Requirements of 39 CFR 3010. The Postal Service certifies that it will, at least 45 days prior to implementation, inform customers of the price adjustment as required by rule 3010.14(a)(3), by way of the Notice, a press release, and publication in the *Federal Register* and *Postal Bulletin*. *Id.* at 1-2. The Postal Service identifies Greg Dawson, Manager of Pricing Strategy, as the official responsible for responding to any Commission inquiries. *Id.* at 2.

Impact on the price cap. The Postal Service does not calculate the cap implication of the discount as described in rule 3010.14(b)(1) through (4). *Id.* at 3. The Postal Service states that excluding the price cap calculation is consistent with other limited availability discounts offered in the past. *Id.*

Objectives and factors, workshare discounts, and preferred rates. The Postal Service lists the relevant objectives and factors of 39 U.S.C. 3622, and claims the program “[t]o a large extent...does not substantially alter the degree to which First-Class Mail and Standard Mail prices already address” the objectives and factors. *Id.* at 5-7. In particular, the Postal Service contends the program is an example of the increased pricing flexibility under the Postal Accountability and Enhancement Act (objective 4),

and provides an incentive for profitable new mail that will enhance the financial position of the Postal Service (objective 5). *Id.* at 5. Similarly, the Postal Service contends that the program encourages increased mail volume (factor 7) and will not imperil the ability of First-Class Mail or Standard Mail to cover its attributable costs (factor 2). *Id.* at 7.

The Postal Service states that this program will not impact current workshare discounts. *Id.* at 8. The Postal Service states that it does not expect participation in the program to be of a magnitude that would “cause a material impact on the differential between commercial and nonprofit pieces in Standard Mail.” *Id.*

Mail Classification Schedule (MCS). The Postal Service provides proposed MCS language in Appendix A of its Notice. It outlines the proposed changes in the MCS for the relevant products. *Id.* Appendix A.

III. COMMISSION ACTION

The Commission establishes Docket No. R2011-5 to consider all matters related to the Notice. The Commission’s rules provide for a 20-day comment period starting from the date of the filing of the Notice. See 39 CFR 3010.13(a)(5). Interested persons may express views and offer comments on whether the planned changes are consistent with the policies of 39 U.S.C. 3622 and 39 CFR part 3010. Comments are due no later than May 2, 2011.

The Commission appoints Natalie Rea to represent the interests of the general public in this proceeding.

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission establishes Docket No. R2011-5 to consider matters raised by the Postal Service's April 12, 2011 filing.
2. Interested persons may submit comments on the planned price adjustments. Comments are due May 2, 2011.
3. Pursuant to 39 U.S.C. 505, Natalie Rea is appointed to serve as officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.
4. The Commission directs the Secretary to arrange for prompt publication of this notice in the *Federal Register*.

By the Commission.

Shoshana M. Grove
Secretary