

ORDER NO. 1502

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

Before Commissioners:

Ruth Y. Goldway, Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton;
Tony Hammond; and
Robert G. Taub

Market Test of Experimental Product-
Metro Post

Docket No. MT2013-1

NOTICE AND ORDER CONCERNING MARKET TEST OF
EXPERIMENTAL PRODUCT—METRO POST

(Issued October 16, 2012)

I. INTRODUCTION

On October 12, 2012, the Postal Service filed a notice, pursuant to 39 U.S.C. 3641, announcing its intent to conduct a market test of an experimental product called Metro Post.¹ Metro Post is a package delivery service that will provide customers with same-day delivery from participating locations within a defined metropolitan area. *Id.* at 1. The market test will begin on or shortly after November 12, 2012 and continue for one calendar year. *Id.* at 6.

¹ Notice of the United States Postal Service of Market Test of Experimental Product – Metro Post – and Notice of Filing Material Under Seal, October 12, 2012 (Notice).

II. BACKGROUND

The Postal Service states that online e-commerce companies and retailers have realized the power of online shipping platforms, which has created an opportunity for the Postal Service to explore the feasibility of providing same-day local delivery within a defined metropolitan area. *Id.* at 2. It asserts that the market test is specifically designed for online e-commerce companies and associated retailers to deliver products in a unique and timely manner to buyers living within a specified metropolitan area. *Id.* at 1. It notes that the market test will help the Postal Service test the operational feasibility of same-day package delivery and determine the optimal pricing structure for this type of service. *Id.* at 1-2.

Nature and scope of market test. Pursuant to section 3641(c)(1)(B), the Postal Service provides a description of the nature and scope of the market test. As part of the market test, the Postal Service will enter into relationships with qualifying online e-commerce companies to offer same-day local delivery. *Id.* at 2. Each participating online e-commerce company must have at least 10 physical locations nationally and one or more locations within the defined metropolitan area of the market test. The Postal Service anticipates entering into relationships with up to 10 companies over the course of the market test. *Id.*

The initial period of the market test lasts until January 2013. *Id.* at 2. During the initial period, each participant may only receive same-day delivery for up to 10 participating locations within a defined metropolitan area. *Id.* Only 200 packages per day may receive same-day delivery from the Postal Service during the initial period. *Id.* at 2-3. Eligible buyers must live in a specified area within a selected major metropolitan area. *Id.* at 3. The daily cut-off times for making purchases delivered via Metro Post will occur between 2:00 p.m. and 3:00 p.m. Same-day delivery will occur between approximately 4:00 p.m. and 8:00 p.m., as determined by the Postal Service. *Id.*

Statutory authority. The Postal Service indicates that its proposal satisfies the criteria of 39 U.S.C. 3641, which imposes certain conditions on experimental products. The Postal Service asserts that Metro Post is significantly different from all products

offered within the past 2 years because it has not offered a same-day local delivery product during that time. *Id.* at 5; see 39 U.S.C. 3641(b)(1). It states that it does not expect Metro Post to create an “unfair or otherwise inappropriate competitive advantage for the Postal Service or any mailer” because prices offered by competitors for same-day delivery typically fall within the price range that the Postal Service intends to test. Notice at 5-6; see 39 U.S.C. 3641(b)(2). The Postal Service filed its pricing plans for the Metro Post market test under seal. Notice at 4. The Postal Service classifies Metro Post as a competitive product because it asserts that same-day delivery of packages is a component of the competitive package services market. *Id.* at 6; see 39 U.S.C. 3641(b)(3).

Exemption from revenue limitation. The Postal Service expects that the total revenue received from the market test may exceed the \$10 million revenue limitation for market tests. Notice at 7; see 39 U.S.C. 3641(e)(1). It applies for an exemption of this statutory requirement and states that it has taken steps to ensure that anticipated revenues will not exceed \$50 million in any year. Notice at 7; see 39 U.S.C. 3642(e)(2). It asserts that the market test is likely to benefit the public and meet an expected demand, as well as contribute to the financial stability of the Postal Service. Notice at 7.

Data collection. The Postal Service asserts that it will monitor market demand for Metro Post and will track the costs of providing same-day local delivery. *Id.* at 8. It has prepared a data collection plan and is prepared to report on the results of its research to the Commission. *Id.*

III. NOTICE OF FILING

The Commission establishes Docket No. MT2013-1 to consider matters raised by the Notice, including the Postal Service’s request for exemption from the \$10 million revenue limitation. It encourages interested persons to review the Notice for more details. Interested persons may submit comments on whether the Postal Service’s filing in the captioned docket is consistent with the policies of 39 U.S.C. 3641. Comments

are due no later than October 29, 2012. The filing can be accessed via the Commission's website (<http://www.prc.gov>).

The Commission appoints Tracy Ferguson to serve as Public Representative in this docket.

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission establishes Docket No. MT2013-1 to consider matters raised by the Notice.
2. Pursuant to 39 U.S.C. 505, Tracy Ferguson is appointed to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.
3. Comments by interested persons are due no later than October 29, 2012.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Shoshana M. Grove
Secretary