

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

Before Commissioners:

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

Transfer of Inbound Letter Post Small
Packets to the Competitive Product List

Docket No. MC2019-17

NOTICE AND ORDER CONCERNING TRANSFER OF INBOUND LETTER POST
SMALL PACKETS AND BULKY LETTERS, AND INBOUND REGISTERED SERVICE
ASSOCIATED WITH SUCH ITEMS TO THE COMPETITIVE PRODUCT LIST

(Issued November 20, 2018)

I. INTRODUCTION

On November 16, 2018, the Postal Service filed a notice with the Commission pursuant to 39 U.S.C. 3642 and 39 CFR 3020.30 *et seq.*, requesting that Inbound Letter Post small packets and bulky letters, and inbound registered service associated with such items, be transferred from the market dominant product list to the competitive product list.¹ In support of its Request, the Postal Service filed the following documents:

- Attachment A—Statement of Supporting Justification;
- Attachment B—Draft Mail Classification Schedule (MCS) Language; and

¹ United States Postal Service Request to Transfer Inbound Letter Post Small Packets and Bulky Letters, and Inbound Registered Service Associated with Such Items, to the Competitive Product List, November 16, 2018 (Request).

- Attachment C—Resolution of the Governors of the United States Postal Service, November 13, 2018 (Resolution No. 18-9).

The Postal Service asserts that the new Inbound Letter Post Small Packets and Bulky Letters product fulfills all of the criteria for competitive products under section 3642. See Request at 5-8. Specifically, the Postal Service states that mailers use Inbound Letter Post small packets and bulky letters to ship goods as an alternative to competitive parcel products offered by the Postal Service or private delivery service companies and that such mailers have multiple postal and commercial options. *Id.* at 5, 7. The Postal Service notes that its “share of the relevant market falls below the threshold for market dominance.” *Id.* at 7.

In addition, the Postal Service states that the Private Express Statutes (PES) do not apply to the Inbound Letter Post Small Packets and Bulky Letters product because: (1) documents that are combined with goods are likely invoices or advertising materials that are exempt from PES; (2) most Inbound Letter Post Small Packets and Bulky Letters mailpieces will weigh more than the 12.5 ounce threshold and will likely be exempt from PES; and (3) the Postal Service is likely to propose prices for the Inbound Letter Post Small Packets and Bulky Letters product that are at least six times the price charged for a 1-ounce First-Class Mail Single-Piece Letters mailpiece. *Id.* at 10-11.

The Postal Service notes that prices for the Inbound Letter Post Small Packets and Bulky Letters product have not been determined but expects such prices to be “fully remunerative and provide healthy contribution to institutional costs[.]” thereby satisfying 39 U.S.C. 3633(a)(1) and (2).² Furthermore, the Postal Service asserts that after the addition of the Inbound Letter Post Small Packets and Bulky Letters product, competitive products, as a whole, will continue to contribute at least 5.5 percent towards total institutional costs. *Id.*; see 39 U.S.C. 3633(a)(3), 39 CFR 3015.7.

² *Id.* at 9. The Postal Service states that it has not declared an implementation date and expects that the transfer will be effective when the self-declared prices go into effect or as otherwise determined by the Postal Service Board of Governors. *Id.*

The Postal Service also asserts that transferring Inbound Letter Post small packets and bulky letters from the market dominant product list to the competitive product list will improve consistency between inbound and outbound products. Request at 12. Specifically, the Postal Service notes that “outbound international products analogous to those at issue here” are already on the competitive product list, as are Inbound Air and Surface Parcel Post, which are similar to Inbound Letter Post small packets and bulky letters. *Id.*

II. COMMISSION ACTION

The Commission establishes Docket No. MC2019-17 to consider the Postal Service’s proposals described in its Request. Interested persons may submit comments on whether the Request is consistent with the policies of 39 U.S.C. 3632, 3633, and 3642 and 39 CFR 3020.30 *et seq.* Comments are due by December 10, 2018.

The Request and related filings are available on the Commission’s website (<http://www.prc.gov>). The Commission encourages interested persons to review the Request for further details.

The Commission appoints Kenneth E. Richardson to serve as Public Representative in this proceeding.

III. ORDERING PARAGRAPHS

It is ordered:

1. The Commission establishes Docket No. MC2019-17 for consideration of the matters raised by the United States Postal Service Request to Transfer Inbound Letter Post Small Packets and Bulky Letters, and Inbound Registered Service Associated with Such Items, to the Competitive Product List, filed November 16, 2018.

2. Pursuant to 39 U.S.C. 505, Kenneth E. Richardson 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 by December 10, 2018.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Stacy L. Ruble
Secretary