

ORDER NO. 6081

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

Before Commissioners:

Michael Kubayanda, Chairman;  
Ann C. Fisher, Vice Chairman;  
Mark Acton;  
Ashley E. Poling; and  
Robert G. Taub

Permanent Addition of Plus One Product Offering  
to the Market Dominant Product List

Docket No. MC2022-20

ORDER APPROVING ADDITION OF PLUS ONE  
TO THE MAIL CLASSIFICATION SCHEDULE

(Issued January 4, 2022)

I. INTRODUCTION

On November 10, 2021, the Postal Service filed a request, pursuant to 39 U.S.C. § 3642 and 39 C.F.R. part 3045, requesting to add Plus One, currently an experimental product, as a new, permanent product offering under USPS Marketing Mail, High Density and Saturation Letters.<sup>1</sup> For the reasons below, the Commission approves the Request.

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<sup>1</sup> United States Postal Service Request to Convert Plus One to a Permanent Offering, November 10, 2021 (Request).

## II. BACKGROUND

In September 2019, the Commission authorized the Postal Service to proceed with a 2-year market test of Plus One.<sup>2</sup> Plus One is an advertising card mailed as an add-on mailpiece with a USPS Marketing Mail Letters marriage mail envelope.<sup>3</sup> Marriage mail is a service provided by mail service providers that combines various advertisements into a single mailpiece, thereby reducing each business's per-address mailing expense. Docket No. MT2019-1 Notice at 1. As the Postal Service explained at the time of its initial application:

Small and medium sized businesses with limited marketing budgets choose from an array of advertising channels to reach potential customers, including local radio and television, newspapers, outdoor and indoor display advertising, internet banners, and e-mail; therefore it is critical for the Postal Service to continue innovating to position mail as an attractive advertising channel.

Plus One will benefit small and medium sized businesses by giving them an expanded, affordable channel for advertising through the mail; it will benefit mail service providers by giving them an additional tool for retaining and growing volume; and it will benefit the Postal Service by expanding its customer base – most importantly, Plus One will showcase the value of standalone mailpieces to customers who have thus far limited themselves to marriage mailings, thereby creating an on-ramp for such customers to eventually mail their own solo USPS Marketing Mail pieces.

*Id.* at 1-2.

Under the terms of the market test, the host mailpiece must be mailed as a commercial automation USPS Marketing Mail Saturation marriage mail letter, with a minimum of 90 percent of the mailing being Saturation sorted. *Id.* at 2. All mailpieces must be entered at the destinating Sectional Center Facility, and the Plus One add-on

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<sup>2</sup> Docket No. MT2019-1, Order Authorizing Plus One Market Test, September 20, 2019 (Order No. 5239).

<sup>3</sup> Docket No. MT2019-1, United States Postal Service Notice of Market Test of Experimental Product – Plus One, August 13, 2019, at 1 (Docket No. MT2019-1 Notice).

card must be part of the same mailing as the host piece, addressed to the same delivery points. *Id.* The Plus One advertiser must also advertise or have advertised within marriage mailings. *Id.* Only one Plus One card is allowed per delivery point within the mailing, a full automation address with Intelligent Mail Barcode (IMb) must be included on both the host piece and the Plus One add-on, and the Plus One card must meet certain size and design standards. *Id.* For purposes of the market test, the Postal Service tested four different price points, ranging from 8.5 cents to 10.0 cents. Order No. 5239 at 2. In June 2021, the Commission extended the Plus One market test for an additional year.<sup>4</sup> It is currently set to expire on September 30, 2022. Order No. 5909 at 12.

The Postal Service asserts that the market test has proven successful, and it now seeks to convert Plus One into a permanent product offering to be listed in the Mail Classification Schedule (MCS) at section 1205.5 as an optional feature for USPS Marketing Mail High Density and Saturation Letters. Request at 1. Requirements would continue to include that the host marriage mailpiece be at least 90 percent Saturation, and that the Plus One advertiser have a relationship with the host mailer (*i.e.*, must have advertised within the envelope recently). *Id.* at 3. The planned rate to add each Plus One card to the host marriage mailing is \$0.10. *Id.* Attachment A.

The Postal Service maintains that the Plus One product meets all the conditions in 39 U.S.C. § 3642 and 39 C.F.R. § 3045.18 for adding a non-experimental product offering based on an experimental product to the Market Dominant product list. Request at 2-5. The Postal Service asserts that “the market test has demonstrated Plus One’s efficient and simple operational implementation, indicating its ability to financially enhance the Postal Service’s business model, solidifying mail presence in existing markets while facilitating expansion into new markets, and displaying the Postal Service’s willingness to innovate around its core mail products.” *Id.* at 2. Plus One “increases impressions for advertisers, offering a gateway for small businesses to try

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<sup>4</sup> Docket No. MT2019-1, Order Authorizing Extension of Plus One Market Test, June 4, 2021 (Order No. 5909).

solo mail at a lower price point, and leveraging marriage mailers to sell additional mail (rather than just inserts).” *Id.* The Postal Service “anticipates increased volume and contribution through organic market growth for marriage mail Saturation Letter mailers and the additional Plus One mail piece.” *Id.* at 1-2. Thus, the Postal Service maintains that Plus One “will benefit the Postal Service and the mailing industry more broadly.” *Id.* at 1.

### III. COMMENTS

The Public Representative is the only commenter concerning the Request.<sup>5</sup> He supports the conversion of Plus One to a permanent offering. PR Comments at 2. He asserts that the Postal Service has satisfied the relevant regulatory requirements of 39 C.F.R. § 3045.18. *Id.* Noting that the mail volume associated with the Plus One market test is not subject to the Postal Accountability and Enhancement Act’s (PAEA) price cap provisions, he asserts that the Postal Service’s setting of the initial prices for the proposed permanent offering of Plus One also would not be subject to the price cap. *Id.* at 3. He finds that for existing Plus One customers, the change in rates from the range of prices charged under the market test to the proposed across-the-board price of \$0.10 would represent, on average, a change of 8.11 percent. *Id.* He asserts that this “is reasonable[,] given that the market test prices remained unchanged for over 2 years.” *Id.* He therefore supports the proposed initial price of \$0.10 for Plus One. *Id.* He finds that revenue for Plus One exceeded its costs in FY 2020, and he predicts that the same is likely to be true for FY 2021. *Id.* at 4. He states that “[w]ith the infrastructure for Plus One now in place, the product should maintain a cost coverage above 100 percent.” *Id.* The Public Representative therefore concludes that “[t]he Postal Service has successfully tested a product that is likely to grow contribution....” *Id.*

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<sup>5</sup> Public Representative Comments on Postal Service Request to Convert Plus One to a Permanent Offering, December 7, 2021 (PR Comments).

#### IV. COMMISSION ANALYSIS

The addition of new products to the Market Dominant or Competitive product lists is authorized by 39 U.S.C. § 3642. The Market Dominant product category consists of those products for which the Postal Service can set the price substantially above costs, raise prices significantly, decrease quality, or decrease output without risking significant loss of business to other firms. 39 U.S.C. § 3642(b)(1). The Competitive category consists of all other products.<sup>6</sup> Subsection (b)(3) specifies three considerations to which the Commission must give due regard in reaching any determination that a product should be added to either product list: the availability and nature of private sector enterprises engaged in delivering the product, the views of those using the product, and the likely impact on small business concerns. 39 U.S.C. § 3642(b)(3).

Regulations governing Postal Service requests to modify the product lists are contained in 39 C.F.R. part 3040, subpart B. Rules 3040.131 and 3040.132 specify information that must be included in any request, along with the Postal Service's supporting justification. 39 C.F.R. §§ 3040.131-.132. Furthermore, Rule 3045.18 specifies additional information that must be provided when, as in the present case, the Postal Service seeks to convert an experimental product into a permanent product offering. 39 C.F.R. § 3045.18.

The Postal Service supports its Request with three attachments. Attachment A includes proposed MCS language for the Plus One product offering. Attachment B includes redacted quarterly data collection reports from the Plus One market test which the Postal Service submits as supporting justification for its Request. Attachment C includes a copy of the Governor's decision supporting the Request. In addition, in response to an information request by the Chairman, the Postal Service provided a

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<sup>6</sup> *Id.* In addition, products that are covered by the postal monopoly may not be transferred from the Market Dominant to the Competitive product list. 39 U.S.C. § 3642(b)(2).

justification statement from a Postal Service official sponsoring the Request, as required by 39 C.F.R. § 3040.132.<sup>7</sup>

The Postal Service asserts that “Plus One will offer the same service as the current experimental product described as Plus One in Docket No. MT2019-1, with the same distinct costs and market characteristics, and is based on the data collected from the current market test proceeding.” Request at 2. The Postal Service states that “[t]he relationship between the proposed non-experimental product and [the Plus One] market test is one-to-one[, as] this Request seeks to convert the experimental product at the heart of this market test to the permanent product list.” *Id.* at 2-3. The Postal Service states that its Request “assumes that the market for Plus One that has persisted over the course of the market test remains stable and will continue as projected for the permanent product.” *Id.* at 4. The Postal Service states that it “has included all data collection reports filed over the course of the market test to provide the financial model supporting the request....” *Id.*; Attachment B. The unredacted versions of these reports were filed under seal because they contain information that the Postal Service characterizes as commercially sensitive. Request at 4. The Postal Service states that the product-specific costs associated with the development of the Plus One market test “total \$457,300 (including management and IT-related costs).” *Id.*

The Commission finds that the Request complies with the applicable statutory and regulatory requirements. In addition to providing the information required by Rules 3045.18(b) and (c), the Request was timely filed pursuant to Rule 3045.18(d), and, as required by Rule 3045.18(e), the Postal Service filed notice of the Request in Docket No. MT2019-1.<sup>8</sup> With respect to Rule 3045.18(a), which cross-references 39 C.F.R. part 3040, subpart B, the Postal Service is reminded to include the information required by Rules 3040.131 and 3040.132 at the time it submits any future request to convert

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<sup>7</sup> USPS Response to Chairman’s Information Request No. 1, November 30, 2021.

<sup>8</sup> Docket No. MT2019-1, United States Postal Service Notice of Request to Convert Plus One to Permanent Offering, November 10, 2021.

any experimental products into non-experimental offerings (such as permanent products or price categories, as well as negotiated service agreements).

As the Commission found in Order No. 5239, Plus One is properly characterized as Market Dominant because it is an add-on to an existing Market Dominant product—USPS Marketing Mail High Density and Saturation Letters. See Order No. 5239 at 12. As required by 39 U.S.C. § 3642(b)(3), the Commission gives due regard to the availability and nature of businesses in the private sector engaged in the delivery of the product involved; the views of those who use the product involved on the appropriateness of the proposed action; and the likely impact of the proposed action on small business concerns. In this case, “small business concerns” mean Courier and Express Delivery Services companies with 1,500 or fewer employees and Local Messengers and Local Delivery companies with annual receipts of \$30 million or less that meet certain criteria.<sup>9</sup>

In the underlying market test docket, in response to an information request asking the Postal Service to identify businesses offering similar products or services in the relevant market, the Postal Service identified doorknob hangers providing delivery of stand-alone advertisements, as well as marriage mailers, mail service providers, marketing mail print shops, and other businesses offering Detached Marketing Labels (DMLs) in connection with Carrier Route Saturation Flats mailings for advertisers to use as marketing cards.<sup>10</sup> The Commission found that the introduction of Plus One “[would] not create an unfair or otherwise inappropriate competitive advantage for the Postal Service or any other mailer...[,]” see 39 U.S.C. § 3641(b)(2), “because there are no other providers of advertising cards that may be mailed as an add-on mailpiece with a host marriage mailing.” Order No. 5239 at 9. The Commission found that because Plus

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<sup>9</sup> 39 C.F.R. § 3001.5(v); 13 C.F.R. § 121.201, Sectors 48-49, Subsector 492.

<sup>10</sup> Docket No. MT2019-1, Response of the United States Postal Service to Questions 1-4 of Chairman’s Information Request No. 1, September 3, 2019, question 4.a. (Docket No. MT2019-1 Response to CHIR No. 1).

One serves a different market than door hangings and DMLs, offering Plus One would not cause market disruption for businesses offering door hangings and DMLs. *Id.*

With respect to the likely impact of Plus One on small business concerns, the Postal Service stated that courier and express delivery services do not normally deliver advertising materials to consumers, and when they do, they are not subject to the constraints of Plus One, which involves a host marriage mailing. Docket No. MT2019-1 Response to CHIR No. 1, question 4.b. The Postal Service also stated that Plus One is intended to offer a new advertising tool to small businesses that want an inexpensive way to advertise to the public in a localized area. *Id.* The Commission found these representations to be reasonable. Order No. 5239 at 10.

Based on the record before it, the Commission finds that both of the foregoing conclusions continue to be valid. The Commission additionally notes that no users of Plus One oppose the Request.

The Commission finds that adding Plus One to the Mail Classification Schedule as a new rate category under USPS Marketing Mail Letters would be consistent with the policies and applicable criteria of chapter 36 of title 39 of the United States Code. See 39 C.F.R. § 3040.132(b). The Postal Service provides supporting data under seal showing that Plus One covers its attributable costs and contributes to the Postal Service's institutional costs.<sup>11</sup> Such being the case, Plus One should enhance the financial position of the Postal Service. See 39 U.S.C. § 3622(b)(5). By enhancing USPS Marketing Mail Saturation Letters, Plus One also enhances the value of USPS Marketing Mail service and should help USPS Marketing Mail recover its attributable costs. See 39 U.S.C. § 3622(c)(1) and (2). The Commission finds that the proposed rate for Plus One mailpieces—\$0.10—is reasonable. See 39 U.S.C. § 3622(b)(8), (c)(3). Given the strict entry requirements for Plus One mailpieces and the fact that they must accompany Saturation mailings, the proposed rate for Plus One inherently takes

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<sup>11</sup> The Commission's analysis of the data collection reports filed under seal show that revenue exceeded attributable cost for every quarter during the Plus One market test. See Library Reference PRC-MC2022-20-NP1.xlsx, January 4, 2022.



into account the degree of preparation of mail for delivery into the postal system performed by the mailer. See 39 U.S.C. § 3622(c)(5). The Commission does not find that the addition of Plus One would be inconsistent with any of the PAEA's statutory objectives and factors. See 39 U.S.C. § 3622(b)-(c). Moreover, because the prices previously charged for Plus One were collected as part of a market test, the increase proposed in connection with the addition of Plus One does not constitute a price increase otherwise subject to the price cap provisions at 39 U.S.C. § 3622(d).<sup>12</sup>

#### V. ORDERING PARAGRAPHS

*It is ordered:*

1. The United States Postal Service Request to Convert Plus One to a Permanent Offering, filed November 10, 2021, is approved.
2. Revisions to the Market Dominant product list and the Mail Classification Schedule appear below the signature of this Order and are effective immediately.
3. The Secretary shall arrange for publication in the *Federal Register* of an updated product list reflecting the change made in this Order.

By the Commission.

Erica A. Barker  
Secretary

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<sup>12</sup> See Docket No. MC2012-31, Order Approving Addition of Postal Services to the Mail Classification Schedule Product Lists, September 7, 2012, at 11 (Order No. 1460).

## CHANGE IN PRODUCT LIST

The following material represents changes to the product list codified in Appendix A to 39 C.F.R. part 3040. These changes reflect the Commission's order in Docket No. MC2022-20. The Commission uses two main conventions when making changes to the product list. New text is underlined. Deleted text is struck through.

### **Appendix A to Subpart A of Part 3040—Market Dominant Product List**

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#### **Market Tests\***

~~Plus One~~

Commercial PO Box Redirect Service

Extended Mail Forwarding

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## CHANGES TO THE MAIL CLASSIFICATION SCHEDULE

The following material represents changes to the Mail Classification Schedule. The Commission uses two main conventions when making changes to the Mail Classification Schedule. New text is underlined. Deleted text is struck through.

### **Part A—Market Dominant Products** **1000 Market Dominant Product List**

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#### **1200 USPS Marketing Mail (Commercial and Nonprofit)**

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#### **1205 High Density and Saturation Letters**

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##### 1205.5 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

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- Plus One

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##### 1205.6 Prices

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Plus One

Add \$0.10 for each Plus One card mailed with a Saturation Letter marriage mail “host” mailpiece.

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### **1800 Market Tests**

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#### **~~1801 Plus One~~**

*Reference*

Docket No. MT2019-1

PRC Order No. 5239, September 20, 2019

*Expires*

September 30, 2022

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