

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

Transfer of Parcel Post to the
Competitive Product List

Docket No. MC2012-13

ORDER CONDITIONALLY GRANTING REQUEST TO TRANSFER
PARCEL POST TO THE COMPETITIVE PRODUCT LIST

(Issued July 19, 2012)

I. INTRODUCTION

The Postal Service filed a request with the Commission to modify the market dominant and the competitive product lists under 39 U.S.C. § 3642 and 39 CFR 3020.30 *et seq.*¹ The Postal Service proposes to (1) remove single-piece Parcel Post from the market dominant product list; (2) add “Parcel Post,” a nearly identical product, to the competitive product list; and (3) leave Alaska Bypass Service, which is currently

¹ Request of the United States Postal Service to Transfer Parcel Post to the Competitive Product List, April 26, 2012 (Request).

part of single-piece Parcel Post, on the market dominant product list.² Request at 1. For the reasons set forth below, the Commission conditionally grants the Request.

II. BACKGROUND

A. Postal Service Proposal

Single-piece Parcel Post is a ground package delivery service for less-than-urgent and oversize packages that competes with comparable products offered by other shippers. *Id.* at 1-2. The Postal Service asserts that single-piece Parcel Post fulfills all criteria for competitive products under 39 U.S.C. § 3642. *Id.* at 2. It requests that single-piece Parcel Post be removed from the market dominant product list and that a similar product called “Parcel Post” be added to the competitive product list.³ The Postal Service states that the proposed competitive Parcel Post product would be nearly identical to single-piece Parcel Post, except that Alaska Bypass Service would remain on the market dominant product list. *Id.*

To support its Request, the Postal Service filed Resolution No. 11-8 of the Governors, a Statement of Supporting Justification, and proposed Mail Classification Schedule (MCS) changes.

B. Procedural History

On May 1, 2012, the Commission issued an order noticing the Request, appointing a Public Representative, and providing interested persons with an extended opportunity to submit comments and reply comments.⁴

² Alaska Bypass Service allows shippers to send shrink-wrapped pallets of goods within Alaska at Parcel Post rates from designated “hub points” to designated “bush points.” Request, Attachment B at 2.

³ For convenience, “single-piece Parcel Post” refers to the current market dominant product. “Parcel Post” refers to the proposed competitive product.

⁴ Notice and Order Concerning Transfer of Parcel Post to the Competitive Product List, May 1, 2012 (Order No. 1328). Comments were due by May 31, 2012. Reply comments were due by June 15, 2012.

To clarify the Postal Service's proposal to split the single-piece Parcel Post product into Parcel Post and Alaska Bypass Service, Chairman's Information Request No. 1 sought FY 2011 revenue, volume, and attributable cost separately for Alaska Bypass Service and Parcel Post.⁵ The Postal Service responded to CHIR No. 1 on May 11, 2012 by submitting an Excel worksheet with the requested data.⁶

On May 22, 2012, Chairman's Information Request No. 2 requested reconciliation of two different values for the FY 2011 attributable cost for Alaska Bypass Service.⁷ The Postal Service responded to CHIR No. 2 on May 25, 2012, identifying the appropriate attributable cost figure for Alaska Bypass Service.⁸

The Commission received comments on the Request from David B. Popkin (Popkin) and the Public Representative.⁹ The Postal Service and William C. Miller submitted reply comments on June 15, 2012.¹⁰ Popkin submitted additional comments on June 18, 2012.¹¹

In Order No. 1328, the Commission provided an extended comment period to allow interested persons an opportunity to comment on the Postal Service's proposal.

⁵ Chairman's Information Request No. 1, May 8, 2012 (CHIR No. 1).

⁶ Response of the United States Postal Service to Chairman's Information Request No. 1, May 11, 2012.

⁷ Chairman's Information Request No. 2, May 22, 2012 (CHIR No. 2). Alaska Bypass Service attributable cost represents air transportation costs associated with transporting the bypass pallets intra-Alaska from designated "hub points" to designated "bush points."

⁸ Response of the United States Postal Service to Chairman's Information Request No. 2, May 25, 2012.

⁹ Initial Comments of David B. Popkin, May 30, 2012 (Popkin Initial Comments); Public Representative Comments, May 31, 2012. The Public Representative subsequently revised his comments. See Errata to Public Representative Comments, June 12, 2012 (PR Comments). This Order cites to the revised version of the Public Representative's comments.

¹⁰ Reply Comments of the United States Postal Service, June 15, 2012 (Postal Service Reply Comments); Reply Comments by William C. Miller, June 15, 2012 (Miller Reply Comments). Miller did not file initial comments.

¹¹ Additional Comments of David B. Popkin, June 18, 2012. The accompanying Motion of David B. Popkin to submit additional comments is granted.

However, no other comments were submitted. The comments received are addressed below.

III. REQUIREMENTS FOR APPROVAL

The Request must meet the requirements of 39 U.S.C. §§ 3642 and 3633 before the Commission can approve the proposed transfer. 39 U.S.C. § 3642 contains requirements for transferring a product from the market dominant to the competitive product list. 39 U.S.C. § 3633 lists provisions that must be complied with once a product is transferred to the competitive product list. The requirements of sections 3642 and 3633 are discussed below and applied to the Request.

Both the Public Representative and Popkin express concerns about service performance targets for Parcel Post. Their concerns are also addressed below.

A. Section 3642 Requirements

39 U.S.C. § 3642 permits a product transfer from the market dominant to the competitive product list if the product is properly classified as competitive, and the transfer excludes products covered by the postal monopoly. Due regard must be given to 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). For the reasons discussed below, the Commission finds that the Request meets the requirements under section 3642.

1. Classification as a Competitive Product

When evaluating a Request under section 3642, the Commission must determine if the proposed Parcel Post product should be classified as a competitive product. The market dominant category consists of those products over which the Postal Service exercises sufficient market power that it can effectively set the price substantially above costs, raise prices significantly, decrease quality, or decrease output, without risking

significant loss of business to other firms offering similar products. 39 U.S.C. § 3642(b)(1). The competitive category consists of all other products. *Id.*

In support of the proposed transfer, the Postal Service provides data showing that single-piece Parcel Post's market share by volume in FY 2010 was 17.6 percent of the ground package retail market and only 1.1 percent of the broader ground package market.¹² *Id.* at 5. It states that market shares remain low even though its prices are lower than those charged by United Parcel Service (UPS) and FedEx Corporation (FedEx) for comparable products. It notes that a comparison of the service standards indicates that UPS Ground and FedEx Ground provide faster day-certain delivery times than those currently offered by single-piece Parcel Post. *Id.* For these reasons, it contends that current single-piece Parcel Post customers would have viable alternatives if the Postal Service were to raise prices, degrade service, or decrease output. *Id.* at 6. It concludes that the Postal Service does not exercise *de facto* monopoly power in these markets. *Id.*

No commenter contends that Parcel Post is not properly classified as a competitive product. For example, the Public Representative argues that Parcel Post is not market dominant due to competition from UPS and FedEx. PR Comments at 4. He asserts that "competition in the ground package retail market has been demonstrated." *Id.* at 8. He concludes that "[t]he Postal Service has amply demonstrated there is at least a risk of losing a substantial amount of Parcel Post business if rates are raised significantly or if it decreases the quality of service." *Id.*

Popkin agrees that Parcel Post will be competitive in many areas. Popkin Initial Comments at 1. However, he contends that Parcel Post will not face significant competition in rural areas. He asserts that the ability of small users to send parcels is restricted by the number of facilities that private competitors have in rural areas. *Id.*

¹² The Postal Service states that Parcel Post primarily competes in the ground package retail market, which includes households and small businesses with fewer than nine employees. Request, Attachment B at 4. It asserts that Parcel Post also competes in the broader ground package market. *Id.* In addition to the retail market, the broader ground package market includes the bulk commercial market, such as Parcel Select and competitors' other ground services.

The Postal Service responds that the amount of competition that Parcel Post will face does not directly correlate to the number of UPS and FedEx retail locations. Postal Service Reply Comments at 3. It notes that Popkin does not provide specific examples or research showing that rural customers are unable to send their parcels via UPS or FedEx. It asserts that the classification of Parcel Post should not depend on that product's competitiveness in specific regions of the country. *Id.* at 3-4.

The parcel delivery market is competitive. UPS and FedEx are the dominant carriers, precluding the Postal Service from exercising sufficient market power to effectively set prices above costs or raise prices significantly without risk of losing significant levels of business to other carriers. 39 U.S.C. § 3642(b)(1). While Parcel Post is generally comparable to UPS Ground and FedEx Ground, these carriers are widely viewed as offering superior service. Request, Attachment B at 5 n.11. Even with below cost single-piece Parcel Post rates, the Postal Service's share of the market remains relatively small. To compete effectively, it must strive, in concert with increased prices, to improve the quality of service offered.

The Commission does not take lightly concerns over service to more remote areas. The needs of rural, remote, and noncontiguous areas of the United States are important considerations. The record, however, does not demonstrate that the service provided by existing competitors is inadequate to serve the various nationwide shipping needs of consumers. *See id.* at 4-6; PR Comments at 1. The transfer of Parcel Post does not affect the shipping options available to consumers, regardless of where located; it only affects the prices they might pay. Neither requiring compensatory Parcel Post rates nor the Postal Service's ubiquity justifies denying the transfer of Parcel Post to the competitive product list.

2. Exclusion from the Postal Monopoly

A product subject to the Private Express Statutes (PES) may not be transferred from the market dominant product list. 39 U.S.C. § 3642(b)(2). The Postal Service asserts that the contents of Parcel Post fall outside the scope of the letter monopoly

because Parcel Post pieces cannot contain items that must be mailed as First-Class Mail. Request, Attachment B at 6. It states that invoices or receipts may accompany merchandise sent via Parcel Post pursuant to the cargo exception in 39 CFR 310.3(a). Further, it states that incidental, non-addressed, non-personalized advertising may be enclosed in a Parcel Post piece pursuant to 39 CFR 320.7, which suspends operation of the PES for advertisements accompanying parcels and periodicals. Lastly, it notes that any letters that might be enclosed in a Parcel Post piece would be permitted pursuant to 39 U.S.C. § 601(b)(1) “because the price paid for the carriage of the letter ‘is at least the amount equal to 6 times the rate then currently charged for the 1st ounce of a single-piece first class letter.’” *Id.* at 7.

The Postal Accountability and Enhancement Act (PAEA), Pub L.109-435, 2006, amended 39 U.S.C. § 601 by, among other things, authorizing the scope of services described by Postal Service regulations “that purport to permit private carriage by suspension of the operation of [section 601] (as then in effect).”¹³ The regulations cited by the Postal Service were in effect on January 1, 2005. Thus, the invoices, receipts, and incidental, non-addressed, non-personalized advertising as discussed above are not subject to the PES. Accordingly, the Postal Service has adequately addressed the requirements of 39 CFR 3020.32(e), which requires the Postal Service to address whether the new product is subject to the postal monopoly.

3. Additional Considerations

The Commission must also consider the availability and nature of private sector enterprises engaged in the delivery of the product, the views of those using the product, and the likely impact on small business concerns. See 39 U.S.C. § 3642(b)(3). Based on the record before it, the Commission concludes that the Postal Service properly

¹³ As a result of the PAEA, the Postal Service no longer has authority to issue regulations interpreting or defining the postal monopoly. The Commission now has the authority to promulgate such regulations. See 39 U.S.C. § 601(c).

analyzed the impact on private sector competitors, customers, and small business concerns.

a. Availability and Nature of Private Sector Enterprises

The Postal Service states that the two other major ground package carrier services are UPS and FedEx, which offer products comparable to Parcel Post. Request, Attachment B at 7. Like Parcel Post, prices for these products vary based on weight and distance. *Id.* Both Popkin and the Public Representative discuss UPS and FedEx as two private sector companies in the ground package delivery market. See, e.g., Popkin Initial Comments at 1; PR Comments at 8.

Given that Parcel Post volume constitutes only 17.6 percent of the retail ground package delivery market, the Commission finds that private sector options to Parcel Post are available. While Popkin contends ability of small users to send parcels is restricted in rural areas, he does not provide examples or research supporting his claim. During the extended comment period, no other small users submitted comments asserting that their ability to send parcels in rural areas is restricted by the number of private competitors. Also, the ability of UPS and FedEx customers to schedule parcel pickups indicates that customers are able to ship parcels from rural areas. See Postal Service Reply Comments at 3.

b. Views of Those Using the Product

In deciding whether to grant the Request, the Commission must consider “the views of those who use the product involved on the appropriateness of the proposed action[.]” 39 U.S.C. § 3642(b)(3)(B). The Postal Service asserts that the major concern of single-piece Parcel Post customers would likely be the price increases resulting from the proposed transfer. Request, Attachment B at 8. The Postal Service acknowledges that a modest price increase on Parcel Post will be necessary to attain at least 100 percent cost coverage. However, it contends that Priority Mail prices will effectively

serve as a price cap because the Postal Service cannot raise Parcel Post prices above Priority Mail prices without shifting Parcel Post volume to Priority Mail. *Id.*

The Public Representative comments that if the transfer is authorized, Parcel Post will require a significant overall price increase that far exceeds the price cap. PR Comments at 2. He asserts that the Postal Service does not adequately consider the impact of the price increase on certain users. *Id.* at 9. He contends that the potential for significant price increases in heavier weight and higher zoned areas may significantly impact a number of Parcel Post users. *Id.* He supports his comments with rate charts demonstrating the areas of greatest impact.¹⁴

The Postal Service responds that the Public Representative's methodology represents only one technique for achieving 100 percent cost coverage. Postal Service Reply Comments at 7. It contends that the Public Representative's model is illustrative and that factors such as price elasticity, volumes, and anticipated price increases for Priority Mail will affect the price increases made by the Postal Service. It asserts that it will work to ensure that the increases do not unduly impact any particular group of Parcel Post users. *Id.*

The Commission established an extended comment period to afford interested persons ample time to express their views on the proposed transfer. Other than as noted, no other user filed comments.¹⁵ While not dispositive, the absence of opposition from these users suggests that they do not find the proposal inappropriate, or they have alternatives available to satisfy their needs. Given that the Postal Service states that it "will work to ensure that the proposed price increase does not unduly impact any group of Parcel Post users" (Postal Service Reply Comments at 7), the Commission is hopeful that the Postal Service will maintain single-piece Parcel Post as an affordable package

¹⁴ See "Necessary Price Increases.xls," which was filed with the Public Representative's comments on May 31, 2012.

¹⁵ Likewise, as a point of interest, no comments were received for inclusion in the public commenter file in this docket.

delivery alternative, especially for postal customers who may have fewer package delivery options.

The check on the Postal Service's price increases is the existence of competitors and, to a lesser extent, prices the Postal Service establishes for Priority Mail. The Commission's review shows that, based on FY 2011 data, Parcel Post requires an overall 15 percent price increase to achieve just 100 percent cost coverage. The Postal Service estimates that Parcel Post rates were 24.1 percent lower than UPS ground retail rates and 14.7 percent lower than FedEx ground rates. Request, Attachment B at 5 n.10. Thus, even with a significant price increase, Parcel Post prices will likely remain lower than those charged by competitors such as UPS and FedEx.

The Public Representative suggests that the Postal Service raise single-piece Parcel Post rates to cover attributable costs, but maintain the product as market dominant. PR Comments at 13. While the suggestion is well intended, it is not persuasive. The PAEA authorizes the transfer of market dominant products to the competitive product list provided, among other things, the product is properly classified as competitive. The Public Representative agrees that Parcel Post is not a market dominant product and that it is subject to intense competition. *Id.* at 2. Moreover, the Postal Service has limited flexibility to price single-piece Parcel Post at compensatory prices under the price cap because two other products within the Package Services class also do not cover costs.¹⁶ Despite experiencing above average price increases over the last several years, single-piece Parcel Post prices have not recovered their attributable costs (FY2011 ACD at 129) and given the other below cost Package Services products, would be unlikely to do so in the future. Transferring Parcel Post, which all commenters agree is properly characterized as competitive to the competitive product list is consistent with the PAEA and solves the pricing issues.¹⁷

¹⁶ Docket No. ACR2011, Annual Compliance Determination, March 28, 2012, at 129 (FY2011 ACD); see also Miller Reply Comments at 3.

¹⁷ Granting the transfer also has a salutary effect. The Commission's review indicates that based on FY 2011 data, the Package Services class, as a whole, is expected to cover its costs if the Request is approved.

Historically, Priority Mail rates served as a ceiling on Parcel Post rates, particularly the rates for lightweight parcels. Given the relationship between the two products, this is likely to continue to be true going forward. Nevertheless, the Postal Service's ability to price the two products based on distinctions in service offered will be primarily influenced by its competitors' offerings.

c. Likely Impact on Small Business Concerns

The Commission must also consider the impact of the proposed transfer on small business concerns.¹⁸ The Postal Service estimates that only 15 percent of Parcel Post's volume is attributable to small businesses. Request, Attachment B at 9. Also, it observes that although 43 percent of single-piece Parcel Post's volume is attributable to commercial users, a significant portion of this volume is generated by larger commercial mailers, who shipped more than 2.5 million single-piece Parcel Post pieces in FY 2011. It concludes that most small businesses should not see significant changes to their mailing options as a result of the proposed changes. *Id.*

The Public Representative argues that the financial impact on small businesses will vary considerably. PR Comments at 10. He states that the Postal Service should consider the financial impact on small businesses, no matter what portion of the Parcel Post market they represent. *Id.* at 10. He asserts that significant rate increases adversely affecting some small businesses would affect a larger number of small businesses across the nation. *Id.*

The Postal Service responds that it offered the best evidence it had concerning the likely impact of the proposed transfer on small business concerns. Postal Service Reply Comments at 10. It observes that small businesses represent a small portion

¹⁸ 39 U.S.C. § 3642(b)(3). "Small business concern" means a business entity organized for profit that (1) has a place of business located in the United States; (2) operates primarily within the United States or makes a significant contribution to the United States economy by paying taxes or using American products, materials, or labor; (3) is independently owned and operated; (4) is not dominant in its field of operation; and (5) falls within the Small Business Administration's size standards. Docket No. MC2010-20, Order No. 473, Order Approving Request to Transfer Selected Post Office Box Service Locations to the Competitive Product List, June 17, 2010, at 13 n.24 (citations omitted).

(15 percent) of single-piece Parcel Post volume, and single-piece Parcel Post represents only 1.1 percent of the overall ground package delivery market. Request, Attachment B at 4-5, 9. It concludes that a price increase should not significantly change small businesses' mailing options or current shipping costs because most shipping alternatives are currently more expensive than Parcel Post. *Id.* In his comments, Miller notes that the rate impact on users is mitigated by effective price ceilings set by competitors, such as UPS and FedEx. Miller Reply Comments at 4.

The available data support the Postal Service's contention that the proposed transfer is unlikely to result in a disproportionate impact on small business concerns. Only 15 percent of Parcel Post's volume is attributable to small businesses. Since most shippers,¹⁹ including small businesses, are already using other shipper alternatives, a price increase for Parcel Post should not have a material impact on small business (or other) shippers. Despite an extended comment period, no small business expressed a view about the proposed transfer. The Commission finds that the Postal Service adequately considered the likely impact of the proposed transfer on small business concerns.

B. Section 3633(a) Requirements

The Postal Service must explain why the Request "will not result in the violation of any of the standards of 39 U.S.C. 3633[.]" 39 CFR 3020.32(c). It must demonstrate that Parcel Post covers its costs attributable, contribute to institutional costs, and will not cause market dominant products to subsidize competitive products. See 39 U.S.C. § 3633(a).

The Postal Service states that in FY 2011, Parcel Post had an estimated cost coverage of 89.2 percent. Request, Attachment B at 3. It recognizes that a price increase will be necessary to ensure that Parcel Post covers its attributable costs and

¹⁹ Parcel Post represents only 1.1 percent of the overall parcel market. Request, Attachment B at 9.

prohibits market dominant products from subsidizing competitive products. It asserts that it hopes the Commission will approve the Request contingent upon the Postal Service's filing of a notice of competitive price adjustment demonstrating that rates satisfy section 3633(a). *Id.* at 3 n.7. It notes that the Commission took a similar approach when it approved the transfer of Standard Mail Parcels to the competitive product list. *Id.* (citation omitted).

As noted above, single-piece Parcel Post currently does not cover its attributable costs. To ensure compliance with requirements of 39 U.S.C. § 3633(a), the Commission grants the Request subject to the following conditions:

1. The Postal Service files a notice of competitive price adjustment for Parcel Post rates that demonstrates that the rates satisfy 39 U.S.C. § 3633(a) and 39 CFR part 3015;
2. The Commission issues an order finding that Parcel Post rates satisfy 39 U.S.C. § 3633(a) and 39 CFR part 3015; and
3. The Parcel Post transfer authorized by this Order is not effective until the effective date of the prices authorized in the subsequent order.

C. Service Performance

Both the Public Representative and Popkin express concerns that service performance targets for Parcel Post, similar to other competitive products, would be considered commercially sensitive information and would be filed under seal. PR Comments at 3; Popkin Initial Comments at 1. Popkin asserts that users of Parcel Post need to know how well the Postal Service is meeting the service standards for that product. Popkin Initial Comments at 1.

The Postal Service responds that Parcel Post product users will continue to have first-hand knowledge of whether it is meeting its service standard targets. Postal Service Reply Comments at 6. It states that customers will receive information about their parcel's anticipated delivery dates before their purchase and will recognize if the Postal Service routinely misses its targets. The Postal Service asserts that it is not changing current service standards as part of the Request. Thus, it contends that the

Commission will continue to be aware of Parcel Post's service standard performance.

Id.

The fact that service performance reports for competitive products are filed under seal is not a reason to reject the proposed transfer. The Postal Service indicates that current service standards will remain the same after the proposed transfer. As the Postal Service observes, Parcel Post users will know whether the Postal Service is meeting its service performance targets standards by comparing anticipated versus actual delivery dates. Competition from private sector enterprises will provide further incentives for the Postal Service to meet its service performance targets.

IV. CONCLUSION

The Commission conditionally approves the Request to transfer single-piece Parcel Post from the market dominant to the competitive product list. The substance of the proposed MCS language is accepted for purposes of the draft MCS, subject to revision, as appropriate, for consistency with the MCS as adopted.

It is ordered:

1. The Postal Service's proposal to transfer single-piece Parcel Post to the competitive product list is granted subject to the conditions set forth in the body of this Order.
2. Parcel Post is added to the competitive product list as a new product as provided in the body of this Order.
3. Alaska Bypass Service is added to the market dominant product list as provided in the body of this Order.

4. The proposed Mail Classification Schedule language is accepted for purposes of the draft MCS, subject to revision, as appropriate, for consistency with the MCS as adopted.
5. The Secretary shall arrange for publication in the *Federal Register* of updated product lists reflecting the changes made in this Order.

By the Commission.

Ruth Ann Abrams
Acting Secretary

CONCURRING OPINION OF CHAIRMAN GOLDWAY

I concur with my colleagues that a competitive market exists nationwide among parcel shippers, and thus the Request meets the requirements of 39 U.S.C. § 3642.

The Commission acknowledges, as it has previously in its Advisory Opinions on Retail Access Optimization Initiative (Docket No. N2011-1) and on Elimination of Saturday Delivery (Docket No. N2010-1), that the needs of rural, remote and noncontiguous areas of the United States should be taken into account by the Postal Service when making changes to its products and services.

In February 2012, the Commission published the results of several contractor studies assessing the societal benefits of the Postal Service.²⁰ These studies indicate that the Postal Service's retail presence and retail small parcel service offerings occupy a dominant position in rural and remote areas, providing a high level of regular and affordable service that would otherwise not be available.²¹ FedEx and UPS charge rural delivery area surcharges that make their retail parcel rates much higher than those of the Postal Service.²² The studies also indicate that the existing postal retail and delivery networks give the Postal Service advantages in these areas.²³

²⁰ A complete set of these reports and presentations are published on the Commission's website at <http://www.prc.gov/prc-docs/library/archived/SocValRptIndex.html>.

²¹ See, e.g., Report on Measuring the Benefits of Rural Postal Service, SJ Consulting Group, August 2011.

²² *Id.* at 17. See also Robinson, A. and Waterman, R., Postal Service Influence on the Price of Parcel Services. Direct Communications Group and Analytic Business Services, April 2011 (Price Leader Slides 3); The Postal Service and Services to Small and Large Businesses (Price Leader Slides 4); Progress Report and Preliminary Results (Price Leader Slides 1).

²³ See Report on Measuring the Benefits of Rural Postal Service, SJ Consulting Group, August 2011.

I would urge the Postal Service, when it develops new prices for its Parcel Post service to give special attention to rural and remote mailers' needs and the impact of higher prices.

These studies show that the Postal Service post office brick-and-mortar presence in rural and remote areas is significantly greater than its competitors and provides better service to rural locations.²⁴ Any changes the Postal Service makes to the Parcel Post product should include preserving the drop-off and pick-up access that rural post offices provide.

Ruth Y. Goldway

²⁴ *Id.* See also Pindus, N. and Robinson, A., Enhanced Progress Report: Transportation and Price Leadership Role of the USPS, May 2011 (Price Leader Report).

CHANGE IN MAIL CLASSIFICATION SCHEDULE
CHANGE IN PRODUCT LIST

The following material represents changes to the product lists codified in Appendix A to 39 CFR part 3020, subpart A—Mail Classification Schedule. These changes reflect the Commission’s order in Docket No. MC2012-13. The Commission uses two main conventions when making changes to the product lists. New text is underlined. Deleted text is struck through.

Part A—Market Dominant Products

1000 Market Dominant Product List

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Package Services

~~Singe Piece Parcel Post~~

Alaska Bypass Service

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Part B—Competitive Products

2000 Competitive Product List

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Parcel Post

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