

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT LIST
ADDING ROUND-TRIP MAILER

Docket No. MC 2013-57

REPLY COMMENTS OF CAFEDVD IN RESPONSE TO COMMISSION ORDER NO.
1794

Pursuant to Order No. 1794, CafeDVD respectfully submits these comments on the Request of the Postal Service Under Section 3642 to Create Round-Trip Mailer Product.

CafeDVD is a small business that relies on the Postal Service to process, deliver, and return DVD Mailers. CafeDVD has been using the Postal Service exclusively to deliver DVDs since 2000. CafeDVD has dealt with many of the issues detailed by GameFly in C2009-1. DVDs break when processed on Letter Automation Equipment. As with GameFly, CafeDVD has taken significant steps to prevent breakage. Due to the unwillingness of the Postal Service to provide CafeDVD manual processing of DVD mailers, CafeDVD has been forced to mail DVDs at two-ounce flat rates.

CafeDVD is a very small company, and the current (and proposed) 500 piece mailing minimum represents an insurmountable hurdle. CafeDVD currently mails 50-200 DVD mailers to customers every day at First-Class single piece two-ounce prices. More expensive blu-rays are often mailed at three ounce prices, as additional protection is a worthwhile expense to prevent automation letter handling. CafeDVD has attempted to pay the non-machinable surcharge many times in the past, but disc breakage due to automation letter processing has consistently occurred at letter prices.

The remedy outlined in Order No. 1763 will not fully end the long-running discrimination against the smallest DVD mailers. CafeDVD supports the approach outlined by the Commission to remedy this long running discrimination. While CafeDVD supports the prices described by the Postal Service, CafeDVD cannot support the classification of the DVD Round Trip Mailer as Competitive because the Postal Service maintains monopoly pricing power on the delivery of DVDs and has a history of discriminatory abuse of this pricing power.

Round-Trip DVD Mailers deserve the protection from rapid increases in rates provided by the CPI cap. Implementing letter prices for all DVD mailers will level the playing field and will allow CafeDVD to expanding, increasing Postal Service volume. The proposed prices allow for residual (single-piece) volume. In order to allow all DVD mailers to compete on a level playing field, the 500 piece mailing minimum should be eliminated.

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