

Postal Regulatory Commission

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Press Release

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PRC Upholds Linkage in First-Class Mail Discounts

Washington, DC – The Postal Regulatory Commission today issued [Order No. 536](#) in Docket RM2009-3 finding that First-Class Single-Piece and Presort mail have a worksharing relationship and therefore a linkage when setting price discounts. Worksharing refers to activities such as sorting and transportation that are performed by the mailer instead of the Postal Service in exchange for price discounts.

Under section 3622(e) of the Postal Accountability and Enhancement Act of 2006 (PAEA), workshare discounts for market-dominant products are limited to the costs avoided by worksharing. The last time the Postal Service adjusted its rates, it contended that under the PAEA, this limitation only applies below the level of individual products. The Commission established Docket RM2009-3 to solicit public input and develop a full record on issues concerning the proper interpretation, scope, and application of section 3622(e).

Today, the Commission has reaffirmed that the section 3622(e) limitation on the size of workshare discounts applies to discounts between different products, such as Single-Piece and presort First-Class Mail, which serve the same market. The Commission concluded that:

- There is a large subset of Single-Piece First-Class mail that serves essentially the same market as presort First-Class Mail, and that a worksharing relationship exists between the two groups;
- The benchmark currently used to measure avoided costs for presort First-Class Mail is obsolete; and
- Because Standard High Density and Standard Saturation Mail serve separate markets, the section 3622(e) limitations on workshare discounts do not apply to the rate relationship between those two categories.

The Commission has also established guidelines to help determine the scope of worksharing activities. The Commission is initiating Docket RM2010-13 to consider proposals to identify appropriate benchmarks to use to measure the costs avoided by worksharing and establish discounts in the future.

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The Postal Regulatory Commission is an independent federal agency that provides regulatory oversight over the U.S. Postal Service to ensure the transparency and accountability of the Postal Service and foster a vital and efficient universal mail system. The Commission is comprised of five Presidentially-appointed and Senate-confirmed Commissioners, each serving terms of six years. The Chairman is designated by the President. In addition to Chairman Goldway, the other Commissioners are Vice Chairman Tony Hammond, Dan Blair, Nanci Langley, and Mark Acton.