

Congress of the United States
Washington, DC 20515

July 24, 2023

Mr. Louis DeJoy
Postmaster General
United States Postal Service
475 L'Enfant Plaza SW, Room 10300
Washington, D.C. 20260

The Honorable Michael Kubayanda
Chairman
Postal Regulatory Commission
901 New York Avenue NW
Washington, D.C. 20268

Dear Postmaster DeJoy and Postal Regulatory Commission:

We write to express serious concerns over the United States Postal Service's request to expand the radius for a competitive designation for PO Box service locations to 8 miles, resulting in the redesignation of 291 PO Box service locations as competitive. This redesignation, approved by the Postal Regulatory Commission in Order 6234 on July 21, 2022, has led to egregious and unexpected price increases for consumers. This represents a departure from eleven years of established policy for competitive and market dominant PO Box service locations.¹ We are concerned by the Postal Service's lack of community engagement to justify this request. We urge the Postal Service to reconsider this action, and ensure that it engages with impacted customers before making such changes in the future.

The Postal Enhancement and Accountability Act of 2006 grants the Postal Service the authority to designate postal products as competitive or market dominant. Under this law, market dominant products are defined as:

Each product in the sale of which the Postal Service exercises sufficient market power that it can effectively set the price of such product substantially above costs, raise prices significantly, decrease quality, or decrease output, without risk of losing a significant level of business to other firms offering similar products.²

Competitive products are defined as "all other products."³ Over the last thirteen years, the Postal Service has been steadily increasing the number of PO Box service locations that are classified as competitive. The initial request in 2010 was limited to PO Box service locations within a half-

¹ "ORDER NO. 780." Postal Regulatory Commission, July 29, 2011.

² 39 U.S.C. § 3642(b)(1).

³ 39 U.S.C. § 3642(b)(1).

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mile of a private sector competitor, primarily in urban or suburban areas.⁴ This distance was expanded to 5 miles in 2011, adding 6,800 PO Box service locations to the competitive designation, and hundreds more in the years since.⁵

In 2022, the Postal Service filed a request with the Postal Regulatory Commission to increase the distance to 8 miles, designating an additional 297 PO Box service locations as competitive.⁶ We are concerned that these changes are not consistent with the Postal Service's own definitions for market dominant and competitive products, that the Postal Service expanded the radius to 8 miles without sufficient justification, and that the Postal Service did not engage with the customers and communities that are impacted by these changes.

We have heard from constituents that their PO Box rates have more than doubled since these locations were redesignated, and that they were not given any notice prior to the new rates taking effect. Many of the affected customers have used these PO Boxes for years, and these new and unexpected rates are a significant financial burden on them.

Under the definition for market dominant products, the Postal Service would need to be able to "raise prices significantly... without risk of losing a significant level of business to other firms offering similar products." The impacted customers have seen their rates skyrocket, yet they do not feel they have a viable alternative nearby to meet their needs. Further, they rely on the use of a PO box, and are unable to cancel altogether. This is consistent with the Postal Service's definition of a market dominant product, and yet these locations have been redesignated as competitive.

In its filings with the Postal Regulatory Commission, the Postal Service cited a broad survey of consumer behavior to show that the distance from a competitor could be expanded to 8 miles.⁷ This survey alone does not provide sufficient rationale to justify a departure from ten years of established policy. The survey indicates that 48% of respondents live within the city limits of a major metropolitan area,⁸ while only 4% of the PO Box service locations included in this redesignation are located in urban areas.⁹ Only 31% of respondents pay less than \$10 per month for their mailbox, pricing that is consistent with a market dominant PO Box, while this change affects exclusively customers in market dominant locations.^{10,11} 20% of respondents do not even have a mailbox and would not be affected by these changes.¹²

⁴ "ORDER NO. 472." Postal Regulatory Commission, June 17, 2010.

⁵ "ORDER NO. 780." Postal Regulatory Commission, July 29, 2011.

⁶ "ORDER NO. 6234." Postal Regulatory Commission, July 21, 2022.

⁷ United States Postal Service, "PO Box Study Flat Question Summary, December 2020." Postal Regulatory Commission, March 16, 2022.

⁸ United States Postal Service, "PO Box Study Flat Question Summary, December 2020."

⁹ "ORDER NO. 6234." Postal Regulatory Commission, July 21, 2022.

¹⁰ United States Postal Service, "PO Box Study Flat Question Summary, December 2020."

¹¹ "Price List." Postal Explorer, January 22, 2023. <https://pe.usps.com/text/dmm300/Notice123.htm>.

¹² United States Postal Service, "PO Box Study Flat Question Summary, December 2020."

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In order to designate these PO Box service locations as competitive, the Postal Service should be able to demonstrate that private sector alternatives more than five miles from a PO box service location are directly competing with the Postal Service. If customers had a viable alternative to their PO Box, the Postal Service would not be able to raise their prices without losing a significant level of business. As such, these locations would no longer fit the definition for market dominant products. In filings, the Postal Service stated that it “exercised its business judgement” in expanding the distance beyond five miles, but has not provided a more specific rationale beyond that.¹³ We would appreciate answers to the following questions:

- What, if any, research did the Postal Service conduct with affected customers to support their request?
- What, if any, advance notice did the Postal Service provide customers prior to implementing these price increases?
- What is the process to redesignate a PO Box service location back to market dominant?
- Are there any minimum service requirements (hours of operation, number of customers, accessibility, etc.) for a private sector alternative to trigger a redesignation of a PO box service location?
- How does the Postal Service ensure that a private sector alternative remains open and available for customers to use?
- If a private sector alternative closes or moves outside the radius, does the Postal Service then redesignate the PO Box service location as market dominant because there is no longer a competitor?
- The Postal Service excluded PO Box service locations with less than 250 customers from their request. If any PO Box service locations drop below 250 customers, will the Postal Service change the designation back to market dominant?

We look forward to a response to these questions by September 1st, 2023, and hope that the Postal Service will engage in more transparent and customer-friendly practices in the future.

Sincerely,



Jared Huffman
Member of Congress



Melanie Stansbury
Member of Congress

¹³ “ORDER NO. 6234.” Postal Regulatory Commission, July 21, 2022.

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Chris Pappas
Member of Congress



James P. McGovern
Member of Congress



Ann McLane Kuster
Member of Congress



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Member of Congress



Diana Harshbarger
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Member of Congress