

ORDER NO. 201

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

Before Commissioners:

Dan G. Blair, Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton;
Ruth Y. Goldway; and
Tony L. Hammond

Notice of Price Adjustment

Docket No. R2009-2

ORDER APPROVING REVISIONS
IN AMENDED NOTICE OF MARKET DOMINANT PRICE ADJUSTMENT

(Issued April 9, 2009)

I. BACKGROUND

This order addresses the final substantive matter in this docket, which is disposition of the Amended Notice revising two aspects of the Postal Service's original filing.¹ One revision responds to Order No. 191's directive to eliminate separate, higher prices for mailing agents (as opposed to mail owners) for certain Confirm service tiers. Amended Notice at 1. The other revision, which the Postal Service raises on its own accord, postpones implementation of a new 7-cent Move Update Non-Compliance surcharge in Standard Mail. *Id.* at 2.

¹ Notice of the United States Postal Service of Filing Amended Notice of Market Dominant Price Adjustment, March 26, 2009 (Amended Notice). *See also* United States Postal Service Notice of Market-Dominant Price Adjustment, February 10, 2009 (Original Notice). Both the Amended Notice (along with contemporaneously-filed spreadsheets) and the Original Notice (and related filings) are available on the Commission's website at www.prc.gov.

On March 27, 2009, the Commission, pursuant to 39 CFR 3010.13(f), issued a notice announcing the filing of the Postal Service's Amended Notice, noting its availability for review on the Commission's website, and inviting interested persons to submit comments by April 6, 2009. See Notice of Amended Market Dominant Price Adjustment, March 27, 2009. No comments had been filed as of the comment deadline.

II. CHANGES IDENTIFIED IN AMENDED NOTICE

Subscription price differentials in Confirm service. In its Original Notice, the Postal Service announced that it planned to add a new Bronze tier to the existing array of Silver, Gold and Platinum levels in Confirm service. It also planned to tie subscription availability to a customer's status as either a mail owner or a mailing agent. Bronze and Silver subscriptions were to be limited to mail owners. Gold and Platinum subscriptions were to be available to both mail owners and mailing agents, but at different prices. Pursuant to the original plan, the price for all Gold subscribers for a 12-month subscription would increase from \$6,500 for all subscribers to \$7,500 for mail owners and to \$10,000 for mailing agents.² Corresponding increases at the Platinum level would go from the current price of \$23,500 for all subscribers to \$25,000 for mail owners and \$250,000 for mailing agents. See Original Notice, Appendix A.³

In Order No. 191, the Commission stated that until the Postal Service provided an adequate justification for separate rates for mailing agents for Gold and Platinum tier Confirm service, the rates for these services were to be removed from the Confirm schedule and mail owners and mailing agents were to be charged the same rates.⁴ Order No. 191 at 72. The Commission also asked the Postal Service to recalculate the overall adjustment for Special Services and the banked residual cap amount. *Id.*

² Planned price changes in Confirm service for additional Subscriber IDs and additional scans are not material to this discussion.

³ See also Confirm Service Summary of New Subscription Fees Effective May 12, 2008 as posted on *usps.gov*.

⁴ PRC Order No. 191, Order Reviewing Postal Service Market Dominant Price Adjustments, March 16, 2009 (Order No. 191).

In response to Order No. 191, the Postal Service states that it plans to apply the prices originally proposed for mail owners to all Confirm subscribers. It says this will simplify the Mail Classification Schedule (MCS). Amended Notice at 1. It provides conforming changes to MCS section 1530, Confirm Service, in Appendix A to the Amended Notice.

The Postal Service also notes that the banked amount for Special Services increases from 0.027 percent to 0.137 percent and provides other data about the impact of this change in an accompanying spreadsheet. *Id.*

Postponement of new Move Update surcharge. In its Original Notice, the Postal Service announced a planned 7-cent surcharge for Standard Mail that fails to comply with Move Update requirements. Original Notice at 18. The Commission approved this change by operation of Order No. 191. In its Amended Notice, the Postal Service announced, on its own accord, that it plans to postpone implementation of the new surcharge from May 11, 2009 to January 4, 2010. Amended Notice at 2. It says this will provide Standard Mail customers with additional feedback from new postage verification systems and will reduce the overall percent increase for the Standard Mail class from 3.781 percent to 3.759 percent. *Id.* Related calculations appear in an accompanying spreadsheet.

III. DISPOSITION

The Commission finds that the Postal Service's further planned changes to Confirm service include revisions that are consistent with the directive in Order No. 191, and approves them. It finds that the planned postponement of the implementation date of the new Standard Mail surcharge for non-compliance with Move Update address change requirements, which the Postal Service raises on its own accord, is consistent with applicable statutory policies, and approves the postponement. It also finds that changes identified in the Amended Notice do not cause the overall planned price change for either affected class to exceed the respective annual limitation on changes

in rates for that class set forth in 39 U.S.C. § 3622(d) and 39 CFR §§ 3010.11 and 3010.28.

IV. REVISIONS TO UNUSED (BANKED) PRICING AUTHORITY

The following table identifies the impact of the revisions identified in the Postal Service's Amended Notice on unused (banked) pricing authority.

Summary of Impact of Changes Identified in Amended Notice on Unused (Banked) Pricing Authority		
Column A	Column B	Column C
	Total Unused (Banked) Pricing Authority (as identified in PRC Order No. 191)	Revised Total Unused (Banked) Pricing Authority (Based on 3/26/2009 Amended Notice)
Standard Mail (reflecting revised Move Update Non-Compliance surcharge implementation date)	0.081%	0.103%
Special Services (reflecting changes to Confirm service)	0.027%	0.137%

Sources: For Standard Mail, Column B: Order No. 191 at 3 (Table I-1); Column C: Spreadsheets accompanying Amended Notice. For Special Services, Columns B and C: Amended Notice at 1.

It is Ordered:

- Adjustments affecting Confirm service prices and classification identified in the Notice of the United States Postal Service of Filing Amended Notice of Market Dominant Price Adjustment, filed March 26, 2009, are consistent with applicable law and are hereby approved.

2. The revised implementation date of the Move Update Non-Compliance charge for Standard Mail pieces identified in the Notice of the United States Postal Service of Filing Amended Notice of Market Dominant Price Adjustment, filed March 26, 2009, is hereby approved.

By the Commission.

Steven W. Williams
Secretary