

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

Before Commissioners:

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

Competitive Products Price Changes
Rates of General Applicability

Docket No. CP2010-8

NOTICE AND ORDER CONCERNING
CHANGES IN RATES OF GENERAL APPLICABILITY
FOR COMPETITIVE PRODUCTS

(Issued November 6, 2009)

On November 4, 2009, the Postal Service filed notice with the Commission concerning changes in rates of general applicability for competitive products.¹ The Filing also includes related mail classification changes. The Postal Service represents that, as required by the Commission's rules, 39 CFR 3015.2(b), the Filing includes an explanation and justification for the changes, the effective date, and a schedule of the changed rates. The price changes are scheduled to become effective January 4, 2010.

¹ See Notice of the United States Postal Service of Changes in Rates of General Applicability for Competitive Products Established in Governors' Decision No. 09-13, November 4, 2009 (Filing). The Filing is available on the Commission's website, www.prc.gov, under Daily Listings for November 4, 2009. Pursuant to 39 U.S.C. 3632(b)(2), the Postal Service is obligated to publish the Governors' Decision and record of proceedings in the *Federal Register* at least 30 days before the effective date of the new rates or classes.

Attached to the Filing is the Governors' Decision evaluating the new prices and classification changes in accordance with 39 U.S.C. 3632-33 and 39 CFR 3015.2. The Governors' Decision provides an analysis of the competitive products' price and classification changes intended to demonstrate that the changes comply with section 3633(a) of title 39 and the Commission's rules. See 39 CFR 3015.7(c).

The Attachment to the Governors' Decision sets forth the price changes and related product description changes to be incorporated into the draft Mail Classification Schedule. Selected highlights of the price and classification changes follow.

Express Mail. Overall, Express Mail prices increase by 4.5 percent. Price increases for retail and Commercial Base pricing increase, on average, by 4.5 percent. The Commercial Plus prices increase by 4.4 percent. Separate rate tables are created for Commercial Base and Commercial Plus price categories.

Priority Mail. Priority Mail prices increase by 3.3 percent overall, with average retail prices increasing by about 3.9 percent. The average increase for Commercial Base prices is 2.9 percent. Commercial Plus prices increase by 0.9 percent.

Changes to the price structure include the following: (1) renaming the regular-size flat rate box from "Regular" to "Medium;" (2) adding a new half-pound price starting at \$4.22, and a flat rate padded envelope priced at \$4.95 to the Commercial Plus category; (3) adding a new Commercial Plus Cubic category for shipments that weigh less than 20 pounds and are no larger than one-half cubic feet in volume for customers who ship more than 250,000 Priority Mail pieces annually.

Parcel Select. Parcel Select service increases, on average, by 4.7 percent. For destination entry parcels, the average price increases 3.9 percent for dropshipping at destination delivery units, 6.9 percent for parcels entered at a destination plant, and 6.9 percent for parcels entered at a destination Bulk Mail Center (BMC). There are no price changes to nondestination-entered parcels.

The Loyalty and Growth Incentive rebates are being eliminated as of the end of May 2010. Additionally, the 50-piece volume minimum for the Barcoded Nonpresort price category is being eliminated for parcels paid using PC postage. Other non-

substantive conforming changes are being made to the draft Mail Classification Schedule.

Parcel Return. Parcel Return Service increases, on average, by 3.0 percent. Return BMC prices will increase by 3.3 percent, and the price for parcels picked up at a delivery unit will increase by 2.1 percent.

Global Express Guaranteed. Global Express Guaranteed service increases, on average, by 4.1 percent. The existing structure remains the same.

Express Mail International. Express Mail International service increases, on average, by 2.9 percent. The existing structure remains the same.

Priority Mail International. Overall, Priority Mail International (PMI) prices increase on average by 3.0 percent. The existing structure of PMI remains the same; however, there will be a single maximum dimension for both rectangular and non-rectangular pieces and rate group 6 is being assigned to Cuba. The name of the regular-size flat rate box changes from "Regular" to "Medium."

Inbound Air Parcel Post. There will be a single maximum dimension for both rectangular and non-rectangular pieces.

Global Expedited Package Services (GEPS) contracts. There will be a single maximum dimension for both rectangular and non-rectangular pieces.

Global Plus contracts. There will be a single maximum dimension for both rectangular and non-rectangular pieces.

Country Group assignments. The country rate group for Kosovo is established. Its country group assignment corresponds to that for Serbia.

Details of these changes may be found in the Attachment to Governors' Decision No. 09-13.

The Filing also includes two additional attachments: a redacted table that shows FY 2010 projected volumes, revenues, attributable costs, contribution, and cost coverage for each product, and an application for non-public treatment of the unredacted version of that table.

Notice. The establishment of rates of general applicability for competitive products and the associated mail classification changes effects a change in the draft Mail Classification Schedule. As such, pursuant to subpart E of part 3020 of its rules, 39 CFR 3020.90 *et seq.*, the Commission provides notice of the Postal Service's Filing. Interested persons may express views and offer comments on whether the planned changes are consistent with the policies of 39 U.S.C. 3632, 3633, or 3642 and 39 CFR part 3015 and 39 CFR 3020, subpart B. Comments are due no later than November 23, 2009.

Pursuant to 39 U.S.C. 505, Richard A. Oliver and John Klingenberg are appointed as Public Representatives to represent the interests of the general public in the above-captioned docket.

Supplemental information. Pursuant to 39 CFR 3015.6, the Postal Service is requested to provide a written response to the questions below. To assist in the completion of the record, answers should be provided as soon as possible, but by no later than November 13, 2009.

1. Please refer to the redacted, untitled and unnumbered table attached to the Filing which presents certain information for FY 2010 (Table 1).
 - a. The Commission is unable to verify the FY 2010 volume, revenue, attributable cost, contribution, or cost coverage data provided by the Postal Service in Table 1. Please provide data similar to that provided in Docket No. CP2009-8 to support all data in both the redacted and unredacted versions of Table 1;² and
 - b. Provide a narrative explaining the method used to forecast data in Table 1.
2. Please reference Governors' Decision No. 09-13. The Postal Service provides overall price increases for the following products: Express Mail 4.5 percent, Priority Mail 3.3 percent, Parcel Select 4.7 percent, Parcel

² See, e.g., Docket No. CP2009-8, Library Reference USPS-CP2009-8/NP1, November 18, 2008.

Return Service 3.0 percent, Global Express Guaranteed 4.1 percent, Express Mail International 2.9 percent, and Priority Mail International 3.0 percent. Please describe the weights used to derive the Before Rates and After Rates indices relied upon to calculate the overall (average) percentage price increase for each product and service referenced above. Please show all calculations in Excel.³

It is Ordered:

1. The Commission establishes Docket No. CP2010-8 to provide interested persons an opportunity to express views and offer comments on whether the planned changes are consistent with the policies of 39 U.S.C. 3632, 3633, or 3642 and 39 CFR part 3015 and 39 CFR 3020, subpart B.
2. Comments on the Filing are due no later than November 23, 2009.
3. The Commission appoints Richard A. Oliver and John Klingenberg as Public Representatives to represent the interests of the general public in this proceeding.

³ See *e.g., id.*, Notice of the United States Postal Service of Filing of Responses to Chairman's Information Request No. 2, December 8, 2008.

4. The Postal Service shall provide a written response to the supplemental information requested in this Order no later than November 13, 2009.
5. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Shoshana M. Grove
Secretary