

ORDER NO. 2012

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

Before Commissioners:

Ruth Y. Goldway, Chairman;
Mark Acton, Vice Chairman; and
Robert G. Taub

Competitive Product Price Changes
Rates of General Applicability

Docket No. CP2014-27

ORDER APPROVING CHANGES IN RATES OF
GENERAL APPLICABILITY FOR STANDARD POST

(Issued March 7, 2014)

I. INTRODUCTION

The Postal Service proposes to introduce a new price category – Limited Overland Routes – for the Standard Post product. The changes are scheduled to take effect on March 20, 2014. For the reasons discussed below, the Commission approves the changes.

II. THE POSTAL SERVICE'S INITIAL FILING

On February 14, 2014, the Postal Service filed notice with the Commission concerning changes in rates of general applicability for the competitive Standard Post

product.¹ Attached to the Notice is Governors' Decision No. 14-01, which establishes the changes.²

The new price category within the Standard Post product, Limited Overland Routes, applies to pieces delivered to or from intra-Alaska ZIP Codes not connected by overland routes.³ The Governors' Decision indicates that the Standard Post classification and price changes implemented on January 26, 2014 have had a disproportionate impact on certain intra-Alaska Standard Post users, who typically send heavier than average Standard Post pieces within Zones 1-5. *Id.*

The Postal Service indicates that the price changes would set the prices for the Limited Overland Routes category at prices equal to those in effect last year. Notice at 1. It states that the new price category will only apply to a small, discrete number of designated ZIP Codes with low volume. *Id.*

III. NOTICE AND SUPPLEMENTAL INFORMATION

On February 19, 2014, the Commission issued a notice and order establishing the instant docket, appointing a Public Representative, and providing the public with an opportunity to comment.⁴ The Commission directed the Postal Service to provide revenue and attributable cost data for the 12-month period from the effective date of the proposed rates (March 20, 2014) to demonstrate that the Standard Post product complies with 39 U.S.C. 3633(a)(2). Order No. 1996 at 2. On February 26, 2014, the

¹ Notice of the United States Postal Service of Changes in Rates of General Applicability for a Competitive Product, Established in Governors' Decision No. 14-1, February 14, 2014 (Notice). 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.

² Decision of the Governors of the United States Postal Service on Changes in Rate and Class of General Applicability for Standard Post (Governors' Decision No. 14-01), February 14, 2014 (Governors' Decision).

³ Governors' Decision at 1. The changes to the Mail Classification Schedule (MCS) also include a minor clarifying change to a footnote in the Standard Post price table. Proposed Changes to Mail Classification Schedule (appended to Notice), February 14, 2014, at 4.

⁴ Notice and Order Concerning Changes in Rates of General Applicability for Standard Post, February 19, 2014 (Order No. 1996).

Postal Service filed the requested projected revenue and attributable cost data under seal along with an application for non-public treatment of the materials provided under seal.⁵

Chairman's Information Request No. 1, issued February 21, 2014, asked the Postal Service to provide a complete list of the ZIP Codes to which the proposed changes will apply.⁶ On February 28, 2014, the Postal Service filed its response to CHIR No. 1, providing a complete list of the 187 ZIP Codes applicable to the Limited Overland Routes category.⁷

IV. COMMENTS

Comments were filed by the Public Representative.⁸ No other comments were submitted. The Public Representative recommends that the Commission accept the proposed changes. PR Comments at 3. She offers three supporting bases for her recommendation: (1) intra-Alaska shippers have limited access to alternative overland route shipping methods; (2) the rate cells most frequently used by intra-Alaska shippers are disproportionately impacted by the rate increases that took effect in January 2014; and (3) the volume of Standard Post mail expected to be affected by the proposed changes represents only 0.27 percent of total Standard Post volume. *Id.*

V. COMMISSION ANALYSIS

The Commission has reviewed the Notice, the Supplemental Response, the Response to CHIR No. 1, and the Public Representative's Comments. The proposed price and classification changes for Standard Post are reviewed pursuant to 39 U.S.C.

⁵ Response of the United States Postal Service to Request for Supplemental Information, February 26, 2014 (Supplemental Response).

⁶ Chairman's Information Request No. 1, February 21, 2014 (CHIR No. 1).

⁷ Response of the United States Postal Service to Chairman's Information Request No. 1, February 28, 2014 (Response to CHIR No. 1).

⁸ Public Representative Comments on Notice and Order Concerning Changes in Rates of General Applicability for Standard Post, March 5, 2014 (PR Comments).

§ 3633(a) and Commission regulations under 39 CFR part 3015. In brief, these statutory and regulatory provisions require each competitive product to cover its attributable costs, prohibit the subsidization of competitive products by market dominant products, and require that competitive products collectively make an appropriate contribution to the recovery of the Postal Service's total institutional costs.

The Commission finds that after the proposed price and classification changes are implemented, it appears that Standard Post will continue to cover its attributable costs, as section 3633(a)(2) requires, will not cause the subsidization of competitive products by market dominant products, as section 3633(a)(1) prohibits, and will help ensure that all competitive products collectively cover an appropriate share of institutional costs. The rate and classification changes will be reflected in the MCS.

It is ordered:

The planned rates can take effect as scheduled.

By the Commission.

Ruth Ann Abrams
Acting Secretary

CHANGES TO THE MAIL CLASSIFICATION SCHEDULE

The following material represents a change to the Mail Classification Schedule. The Commission uses two main conventions when making changes to the product list. New text is underlined. Deleted texted is struck through.

Part B—Competitive Products

* * * * *

2135 Standard Post

* * * * *

2135.4 Price Categories

- Standard Post
 - Zones 1-8
 - Limited Overland Routes
 - Balloon Price
 - Oversized

* * * * *

2135.6 Prices

*Standard Post*¹

* * * * *

Notes

1. Except for oversized pieces, ~~The Zone 1-4 prices for parcels weighing up to 70 pounds~~ are applicable only to parcels containing hazardous or other material not permitted to travel by air transportation.

Limited Overland Routes

Pieces delivered to or from designated intra-Alaska ZIP Codes not connected by overland routes are eligible for the following prices.

<u>Maximum Weight (pounds)</u>	<u>Zones 1 & 2 (\$)</u>	<u>Zone 3 (\$)</u>	<u>Zone 4 (\$)</u>	<u>Zone 5 (\$)</u>
<u>1</u>	<u>5.60</u>	<u>5.70</u>	<u>5.85</u>	<u>5.95</u>
<u>2</u>	<u>5.80</u>	<u>6.15</u>	<u>6.85</u>	<u>7.53</u>
<u>3</u>	<u>6.60</u>	<u>7.60</u>	<u>8.75</u>	<u>8.91</u>
<u>4</u>	<u>7.45</u>	<u>8.90</u>	<u>10.05</u>	<u>10.40</u>
<u>5</u>	<u>8.85</u>	<u>10.20</u>	<u>11.50</u>	<u>11.64</u>
<u>6</u>	<u>9.75</u>	<u>11.25</u>	<u>12.90</u>	<u>13.12</u>
<u>7</u>	<u>10.35</u>	<u>12.20</u>	<u>13.90</u>	<u>14.39</u>
<u>8</u>	<u>11.10</u>	<u>13.30</u>	<u>15.55</u>	<u>15.66</u>
<u>9</u>	<u>11.85</u>	<u>14.35</u>	<u>16.85</u>	<u>16.97</u>
<u>10</u>	<u>12.65</u>	<u>15.40</u>	<u>18.35</u>	<u>18.45</u>
<u>11</u>	<u>13.50</u>	<u>16.45</u>	<u>19.80</u>	<u>19.94</u>
<u>12</u>	<u>14.45</u>	<u>17.65</u>	<u>21.20</u>	<u>21.31</u>
<u>13</u>	<u>15.35</u>	<u>18.75</u>	<u>22.40</u>	<u>22.49</u>
<u>14</u>	<u>16.25</u>	<u>19.90</u>	<u>23.75</u>	<u>23.91</u>
<u>15</u>	<u>16.95</u>	<u>21.00</u>	<u>25.05</u>	<u>25.29</u>
<u>16</u>	<u>17.01</u>	<u>21.60</u>	<u>25.79</u>	<u>26.68</u>
<u>17</u>	<u>17.11</u>	<u>21.70</u>	<u>25.89</u>	<u>26.80</u>
<u>18</u>	<u>17.20</u>	<u>21.80</u>	<u>25.99</u>	<u>26.92</u>
<u>19</u>	<u>17.30</u>	<u>21.91</u>	<u>26.08</u>	<u>27.04</u>
<u>20</u>	<u>17.39</u>	<u>22.01</u>	<u>26.18</u>	<u>27.15</u>
<u>21</u>	<u>17.49</u>	<u>22.11</u>	<u>26.28</u>	<u>27.27</u>
<u>22</u>	<u>17.58</u>	<u>22.22</u>	<u>26.38</u>	<u>27.39</u>
<u>23</u>	<u>17.68</u>	<u>22.32</u>	<u>26.48</u>	<u>27.51</u>
<u>24</u>	<u>17.78</u>	<u>22.43</u>	<u>26.58</u>	<u>27.64</u>
<u>25</u>	<u>17.87</u>	<u>22.54</u>	<u>26.68</u>	<u>27.76</u>

Limited Overland Routes (Continued)

<u>Maximum Weight (pounds)</u>	<u>Zones 1 & 2 (\$)</u>	<u>Zone 3 (\$)</u>	<u>Zone 4 (\$)</u>	<u>Zone 5 (\$)</u>
<u>26</u>	<u>17.97</u>	<u>22.64</u>	<u>26.79</u>	<u>27.88</u>
<u>27</u>	<u>18.07</u>	<u>22.75</u>	<u>26.89</u>	<u>28.00</u>
<u>28</u>	<u>18.17</u>	<u>22.86</u>	<u>26.99</u>	<u>28.12</u>
<u>29</u>	<u>18.27</u>	<u>22.97</u>	<u>27.09</u>	<u>28.25</u>
<u>30</u>	<u>18.37</u>	<u>23.08</u>	<u>27.20</u>	<u>28.37</u>
<u>31</u>	<u>18.47</u>	<u>23.19</u>	<u>27.30</u>	<u>28.50</u>
<u>32</u>	<u>18.57</u>	<u>23.30</u>	<u>27.40</u>	<u>28.62</u>
<u>33</u>	<u>18.68</u>	<u>23.41</u>	<u>27.51</u>	<u>28.75</u>
<u>34</u>	<u>18.78</u>	<u>23.52</u>	<u>27.61</u>	<u>28.88</u>
<u>35</u>	<u>18.88</u>	<u>23.63</u>	<u>27.72</u>	<u>29.00</u>
<u>36</u>	<u>18.99</u>	<u>23.74</u>	<u>27.82</u>	<u>29.13</u>
<u>37</u>	<u>19.09</u>	<u>23.86</u>	<u>27.93</u>	<u>29.26</u>
<u>38</u>	<u>19.20</u>	<u>23.97</u>	<u>28.03</u>	<u>29.39</u>
<u>39</u>	<u>19.30</u>	<u>24.08</u>	<u>28.14</u>	<u>29.52</u>
<u>40</u>	<u>19.41</u>	<u>24.20</u>	<u>28.25</u>	<u>29.65</u>
<u>41</u>	<u>19.51</u>	<u>24.31</u>	<u>28.35</u>	<u>29.78</u>
<u>42</u>	<u>19.62</u>	<u>24.43</u>	<u>28.46</u>	<u>29.91</u>
<u>43</u>	<u>19.73</u>	<u>24.54</u>	<u>28.57</u>	<u>30.04</u>
<u>44</u>	<u>19.84</u>	<u>24.66</u>	<u>28.68</u>	<u>30.17</u>
<u>45</u>	<u>19.95</u>	<u>24.78</u>	<u>28.79</u>	<u>30.30</u>
<u>46</u>	<u>20.06</u>	<u>24.90</u>	<u>28.90</u>	<u>30.44</u>
<u>47</u>	<u>20.17</u>	<u>25.01</u>	<u>29.01</u>	<u>30.57</u>
<u>48</u>	<u>20.28</u>	<u>25.13</u>	<u>29.12</u>	<u>30.71</u>
<u>49</u>	<u>20.39</u>	<u>25.25</u>	<u>29.23</u>	<u>31.18</u>
<u>50</u>	<u>20.50</u>	<u>25.37</u>	<u>29.34</u>	<u>31.65</u>

Limited Overland Routes (Continued)

<u>Maximum Weight (pounds)</u>	<u>Zones 1 & 2 (\$)</u>	<u>Zone 3 (\$)</u>	<u>Zone 4 (\$)</u>	<u>Zone 5 (\$)</u>
<u>51</u>	<u>20.61</u>	<u>25.49</u>	<u>29.45</u>	<u>32.12</u>
<u>52</u>	<u>20.73</u>	<u>25.61</u>	<u>29.56</u>	<u>32.62</u>
<u>53</u>	<u>20.84</u>	<u>25.74</u>	<u>29.67</u>	<u>33.10</u>
<u>54</u>	<u>20.96</u>	<u>25.86</u>	<u>29.79</u>	<u>33.58</u>
<u>55</u>	<u>21.07</u>	<u>25.98</u>	<u>29.90</u>	<u>34.08</u>
<u>56</u>	<u>21.19</u>	<u>26.10</u>	<u>30.01</u>	<u>34.56</u>
<u>57</u>	<u>21.30</u>	<u>26.23</u>	<u>30.13</u>	<u>35.04</u>
<u>58</u>	<u>21.42</u>	<u>26.35</u>	<u>30.24</u>	<u>35.55</u>
<u>59</u>	<u>21.54</u>	<u>26.48</u>	<u>30.36</u>	<u>36.03</u>
<u>60</u>	<u>21.66</u>	<u>26.60</u>	<u>30.47</u>	<u>36.51</u>
<u>61</u>	<u>21.78</u>	<u>26.73</u>	<u>30.59</u>	<u>37.00</u>
<u>62</u>	<u>21.90</u>	<u>26.86</u>	<u>30.70</u>	<u>37.50</u>
<u>63</u>	<u>22.02</u>	<u>26.98</u>	<u>30.93</u>	<u>37.99</u>
<u>64</u>	<u>22.14</u>	<u>27.11</u>	<u>31.30</u>	<u>38.46</u>
<u>65</u>	<u>22.26</u>	<u>27.24</u>	<u>31.64</u>	<u>38.95</u>
<u>66</u>	<u>22.48</u>	<u>27.37</u>	<u>32.02</u>	<u>39.47</u>
<u>67</u>	<u>22.71</u>	<u>27.50</u>	<u>32.36</u>	<u>39.95</u>
<u>68</u>	<u>22.93</u>	<u>27.63</u>	<u>32.74</u>	<u>40.44</u>
<u>69</u>	<u>23.34</u>	<u>27.76</u>	<u>33.51</u>	<u>41.36</u>
<u>70</u>	<u>24.04</u>	<u>27.89</u>	<u>34.28</u>	<u>42.29</u>
<u>Oversized</u>	<u>62.42</u>	<u>65.30</u>	<u>66.60</u>	<u>68.57</u>

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