

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

Before Commissioners:

Robert G. Taub, Chairman;
Mark Acton, Vice Chairman;
Tony Hammond; and
Nanci E. Langley

Notice of Market Dominant
Price Adjustment

Docket No. R2018-1

NOTICE AND ORDER ON RATE ADJUSTMENTS
AND CLASSIFICATION CHANGES FOR MARKET DOMINANT PRODUCTS

(Issued October 10, 2017)

I. INTRODUCTION AND OVERVIEW

On October 6, 2017, the Postal Service filed a notice of inflation-based rate adjustments affecting market dominant domestic and international products and services, along with related product description changes to the Mail Classification Schedule (MCS).¹ The intended effective date is January 21, 2018. Notice at 2.

Contents of filing. The Postal Service's filing consists of the Notice, which the Postal Service represents addresses the data and information required under 39 CFR 3010.12; four attachments (Attachments A-D) to the Notice; and eight sets of workpapers filed as library references.

Attachment A presents the proposed price and related product description changes to the MCS. *Id.* Attachment A. Attachments B and C address workshare discounts and related information and the price cap calculation. Notice, Attachments B

¹ Notice of Market Dominant Price Adjustment, October 6, 2017, at 3 (Notice).

and C, respectively. Attachment D is a copy of Governors' Resolution No. 16-18. Notice, Attachment D.

Several library references present supporting financial documentation for the five classes of mail and for First-Class Mail International. Notice at 6 n.9. The First-Class Mail International library reference was filed under seal.² Library Reference USPS-LR-R2018-1/6 documents modifications to the cost avoidance models for USPS Marketing Mail and Periodicals.³ The Postal Service states that these modifications reflect the elimination of Flats Sequencing System (FSS)-specific pricing in Docket No. R2017-1 and the proposed *Domestic Mail Manual* (DMM) changes related to 5-Digit pallets. *Id.* Library Reference USPS-LR-R2018-1/7 provides census data and volumes related to the Move Update assessment charge.⁴

Planned price adjustments. The Postal Service's planned percentage changes by class are, on average, as follows:

Market Dominant Class	Planned Price Adjustment (%)
First-Class Mail	1.905
USPS Marketing Mail	1.908
Periodicals	1.924
Package Services	1.960
Special Services	1.986

Notice at 6.

Price adjustments for products within classes vary from the average. See, e.g., *id.* at 8 (Table 5 showing range for First-Class Mail products). Most of the planned

² See Notice of the United States Postal Service of Filing USPS-LR-R2018-1/NP1, October 6, 2017.

³ Library Reference USPS-LR-R2018-1/6, October 6, 2017, Preface at 1.

⁴ Library Reference USPS-LR-R2018-1/7, October 6, 2017, Preface at 1.

adjustments entail increases to market dominant rates and fees; however, in a few instances, the Postal Service proposes no adjustment. See *id.* at 8, 27.

Close out of Calendar Year (CY) 2017 promotions. The Postal Service states that the new prices reflect the close out of the CY 2017 promotions for First-Class Mail and USPS Marketing Mail. *Id.* at 29.

Amendment to pallet preparation. The Postal Service proposes to amend the DMM to increase the preparation of USPS Marketing Mail and Periodicals Carrier Route bundles on 5-Digit Carrier Route pallets in non-FSS zones. *Id.* at 30. The Postal Service states that the billing determinants for USPS Marketing Mail and Periodicals have been adjusted to reflect this change. *Id.*

Proposed product description changes. Stating that there are no substantive classification changes associated with its request, the Postal Service displays the new prices and related product description changes to the market dominant section of the MCS in Attachment A. *Id.* at 33.

II. INITIAL ADMINISTRATIVE ACTIONS

The Commission hereby provides public notice of the Postal Service's filing and pursuant to 39 CFR 3010.11 establishes Docket No. R2018-1 to consider the planned price adjustments in rates and fees for market dominant postal products and services, as well as the related classification changes, identified in the Postal Service's October 6, 2017 Notice. The Commission invites comments from interested persons on whether the Notice is consistent with 39 U.S.C. 3622 and the requirements of 39 CFR part 3010. Comments are due no later than October 26, 2017.

The Commission has posted the public portions of the Postal Service's filing on its website at <http://www.prc.gov>. The Commission will post revisions to the filing (if any) or other documents the Postal Service submits in this docket on its website, along with related Commission documents, comments, or other submissions, unless such filings are the subject of an application for non-public treatment. The Commission's policy on access to documents filed under seal appears in 39 CFR part 3007.

Pursuant to 39 U.S.C. 505, the Commission appoints Lee McFarland to represent the interests of the general public (Public Representative) in this proceeding.

III. ORDERING PARAGRAPHS

It is ordered:

1. The Commission establishes Docket No. R2018-1 to consider planned price adjustments in rates and fees for market dominant postal products and services and related changes identified in the Postal Service's October 6, 2017 Notice.
2. Comments on the planned price adjustments and related classification changes are due no later than October 26, 2017.
3. Pursuant to 39 U.S.C. 505, Lee McFarland is appointed to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.
4. The Commission directs the Secretary of the Commission to arrange for prompt publication of this notice in the *Federal Register*.

By the Commission.

Stacy L. Ruble
Secretary