

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES INBOUND  
LETTER POST SMALL PACKETS AND BULKY  
LETTERS

Docket No. CP2019-83

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO ORDER NO. 4997**  
(February 6, 2019)

On February 5, 2019, the Commission established this docket to consider new prices for Inbound Letter Post Small Packets and Bulky Letters and Inbound Competitive Registered Mail services (hereinafter “E” format items). The Commission also scheduled an off-the-record technical conference on February 15, 2019, for the Postal Service to discuss various matters related to the rate design, including whether the prices will be of general or limited applicability (and if limited applicability, what limitations would apply) and the methodology it plans to use to establish prices that are consistent with the requirements of 39 U.S.C. § 3633(a) and with consideration for the policies outlined in the Presidential Memorandum.

Generally, the initiation of Commission proceedings for consideration of new competitive product rates follows from a decision of the Governors. This is well established in 39 U.S.C. § 3632, which requires Governor action, as well as the Commission’s regulations in Part 3015, which predicate a Commission proceeding on a “Postal Service determin[ation]” to change competitive rates or classes pursuant to the statute. The Postal Service is aware of no precedent whereby the Commission initiates

a competitive product (CP-prefix) docket to consider rates that precede a decision by the Governors, who are charged with the statutory responsibility for setting rates for competitive services.

The Postal Service is working assiduously on rate proposals for “E” format items, and intends to secure the Governors’ review of such rates in short order, in a manner compatible with existing processes and with full recognition of the timeframe in which these rates need to be reviewed and approved by the Commission. Indeed, the Postal Service has been moving with expedition to ensure that self-declared rates can be implemented on time.

In that regard, the Postal Service sought the authority of the Governors to petition for a transfer of “E” format items to the competitive products list, and to petition to exclude Inbound Letter Post from the market-dominant rate cap, at the meeting of the Temporary Emergency Committee (TEC) of the Board of Governors on November 13, 2018. This was the very first scheduled meeting of the TEC after notice of withdrawal was transmitted by the United States to the Universal Postal Union on October 17, 2018. After obtaining the approval of the Governors, the above-referenced petitions were both filed on November 16, 2018. The transfer petition was granted by the Commission on January 9, 2019, and the second petition was denied on January 10, 2019. The Commission was forced to discontinue its operations as a part of the government shutdown on January 11, 2019, and did not reopen until January 28, 2019. On January 30, 2019, the Postal Service and the Commission conducted an initial staff-level consultation concerning this matter.

Despite the demonstrated commitment of the Postal Service to move at pace, the design of new self-declared rates implicates a number of policy considerations that necessarily take some time to consider. While the Postal Service is prepared to continue discussing rate design issues through the ongoing interagency processes, including with the Commission, the lack of Governor authorization means that it is not yet time for formal discussion of the Postal Service's rates via a CP docket. Once the Governors have undertaken their review and issued a written decision as envisioned by section 3632, the Postal Service will expeditiously furnish notice of those rates with the Commission in a manner to facilitate its formal statutory review consistent with Commission regulations.

In view of the fact that development of a rate design for "E" format items is not yet mature, and the Governors have not yet authorized a filing of competitive product rates for "E" format items, the Postal Service is not in a position to offer information on its potential rate design at a technical conference at the Commission on February 15. Once the Governors have authorized a filing, the Postal Service will be in a position to offer its participation in a technical conference and respond to questions regarding its methodology. We trust the Commission will understand the importance of recognizing the Governors' statutory responsibility over the establishment of these rates.

That said, and given the unique circumstances, the Postal Service is willing to participate in a public meeting to receive input from other stakeholders regarding their views about the appropriate rate design for "E" format items, should the Commission deem that to be a productive use of Commission resources at this time.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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