

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

Before Commissioners:

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

Competitive Product Prices
Inbound Letter Post Small Packets
and Bulky Letters

Docket No. CP2019-83

NOTICE REGARDING POSTAL SERVICE
RESPONSE TO ORDER NO. 4997

(Issued February 8, 2019)

I. INTRODUCTION

On February 5, 2019, the Commission issued Order No. 4997, initiating this docket and scheduling an off-the-record technical conference regarding the methodology the Postal Service intends to use to set prices for Inbound Letter Post Small Packets and Bulky Letters and Inbound Competitive Registered Mail services.¹ On February 6, 2019, the Postal Service filed a response to the notice, stating that while the Postal Service is committed to “moving with expedition,” it is “not in a position to

¹ Notice and Order Initiating Docket and Scheduling Technical Conference, February 5, 2019 (Order No. 4997).

offer information on its potential rate design” at the scheduled technical conference.² For the following reasons, the Commission plans to move forward with the off-the-record technical conference, as scheduled, and has worked jointly with the Postal Service to prepare an agenda for the discussion.” See Attachment.

II. POSTAL SERVICE RESPONSE

The Postal Service asserts that it is unprecedented for the Commission to itself initiate a competitive product (CP) docket. Response at 1-2. Generally, a CP case begins following a decision of the Board of Governors, and the Postal Service gives the Commission notice of new rates pursuant to 39 C.F.R. part 3015.

The Postal Service states that while it is “working assiduously on rate proposals,” it has yet to secure Board of Governors authorization. *Id.* at 2, 3. Given the lack of authorization, the Postal Service suggests that “it is not yet time for formal discussion of the Postal Service’s rates via a CP docket.” *Id.* at 3. The Postal Service, recognizing the “unique circumstances” present, suggests that it is willing to participate “in a public meeting to receive input from other stakeholders regarding their views about the appropriate rate design....” *Id.*

The Commission has carefully considered the Postal Service’s response. The Commission acknowledges that it is uncommon to initiate a CP docket prior to the Postal Service presenting a formal rate proposal following the Board of Governors’ approval. However, it is the unique circumstances, which the Postal Service recognizes, that prompted the Commission to take unusual action, as well as schedule a technical conference at this time in the docket.

On August 23, 2018, President Donald J. Trump issued a Memorandum to the Postmaster General and the Chairman of the Commission, as well as the Secretary of

² Response of the United States Postal Service to Order No. 4997, February 6, 2019, at 2, 3 (Response).

State, Secretary of the Treasury, and Secretary of Homeland Security.³ The Presidential Memorandum outlined policies to guide the Postal Service when establishing new prices for the products that the Commission conditionally approved for transfer to the competitive product list.⁴

In light of this direction, the Postal Service acknowledges in its filing the importance of expediency, and that it “is prepared to continue discussing rate design issues through the ongoing interagency processes, including with the Commission[.]” See Response at 3. While the Commission initially attempted to consult with the Postal Service about this issue,⁵ it appreciates the limitations of restrictions on ex parte communications, and the limited value of consulting strictly about procedural guidance in this instance.

Given these practicalities, the Commission issued Order No. 4997, scheduling the off-the-record technical conference to facilitate open discussion of these matters, while providing an opportunity for public participation. The Commission initiated Docket No. CP2019-83 for the purpose of providing a forum for noticing discussions or technical conferences, or for the eventual notice of price changes for Inbound Letter Post Small Packets and Bulky Letter and Inbound Competitive Registered Mail service. The Commission’s establishment of an off-the-record technical conference advances openness and transparency, while in compliance with the Commission’s rules regarding ex parte communications. Therefore, it is an appropriate forum for discussing technical, policy, or strategic issues related to competitive Inbound Letter Post Small Packets and Bulky Letters and Inbound Competitive Registered Mail service rates. Accordingly, the

³ Presidential Memorandum for the Secretary of State, Secretary of the Treasury, Secretary of Homeland Security, Postmaster General, and Chairman of the Postal Regulatory Commission, August 23, 2018 (Presidential Memorandum), available at: <https://www.whitehouse.gov/presidential-actions/presidential-memorandum-secretary-state-secretary-treasury-secretary-homeland-security-postmaster-general-chairman-postal-regulatory-commission/>.

⁴ See Docket No. MC2019-17, Order Conditionally Approving Transfer, January 9, 2019 (Order No. 4980).

⁵ Notice of Procedural Discussion, February 8, 2019.

Commission finds that convening an off-the-record technical conference to discuss these items will be beneficial to all parties and provide public transparency into how to best achieve the objectives outlined in the Presidential Memorandum.

The Commission has scheduled an off-the-record technical conference, open to members of the public, which should alleviate the Postal Service's concern that "it is not yet time for formal discussion." Response at 3. The Commission understands and appreciates the Postal Service's concerns about presenting ideas or particular approaches without approval of its Board of Governors. Accordingly, Order No. 4997 requested more broad considerations including whether the prices will be of general or limited applicability, and pricing methodology. Order No. 4997 at 2. The Notice does not require the Postal Service to present its proposed prices or other non-public information. In order to accommodate the Postal Service's concerns and make the technical conference as productive as possible, the Commission has prepared with the Postal Service an agenda for the discussion. See Attachment.

III. COMMISSION ACTION

The Commission will hold the off-the-record technical conference as scheduled, on Friday, February 15, 2019. The technical conference will also serve as an opportunity for the Postal Service to receive input from stakeholders regarding their views about the appropriate rate design for "E" format items.

To facilitate the discussion, the Commission attaches an agenda prepared with input from the Postal Service. See Attachment. The Postal Service should come prepared to present ideas on the items listed in the agenda.

By the Commission.

Stacy L. Ruble
Secretary

Agenda for Technical Conference on February 15, 2019

- (USPS Lead:) Discussion of the requirement under Section 3633(a)(2) of Title 39 that each competitive product cover its attributable costs, including:
 - a. How the Postal Service will ensure that the resulting rates will cover attributable costs; and
 - b. If and/or how the Postal Service will differentiate between costs for domestic mail and costs for international mail (*i.e.*, potential mail preparation, entry and transportation differences).
- (USPS Lead:) Discussion of available data or data sources the Postal Service may employ in developing the rates and costs for Inbound Letter Post Small Packets and Bulky Letters and Inbound Competitive Registered Mail Services.
- (PRC lead:) Stakeholder feedback from the public on conceptual basis and/or methodology the Postal Service could use to set prices for Inbound Letter Post Small Packets and Bulky Letters and Inbound Competitive Registered Mail services, including discussion of:
 - a. The policy goals laid out in the Presidential Memorandum of August 23, 2018; and
 - b. Whether the Postal Service should offer self-declared rates for the Inbound Letter Post Small Packets and Bulky Letters product to non-designated operators in addition to designated operators.