

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

Before Commissioners:

Robert G. Taub, Chairman;
Michael Kubayanda, Vice Chairman;
Mark Acton;
Ann C. Fisher; and
Ashley E. Poling

Competitive Product Prices
Inbound E-Format Letter Post

Docket No. CP2019-155

NOTICE AND ORDER CONCERNING RATES NOT OF GENERAL APPLICABILITY
FOR INBOUND E FORMAT LETTER POST

(Issued October 30, 2019)

I. INTRODUCTION

On October 29, 2019, the Postal Service filed a notice of specific per-item and per-kilogram self-declared prices for Inbound Letter Post Small Packets and Bulky Letters (E format) as well as a notice of price adjustment for certain Inbound Letter Post Small Packets and Bulky Letters pieces and associated Inbound Competitive International Registered Mail Service.¹ The Postal Service intends for the prices to take effect on July 1, 2020. Notice at 1. The Postal Service's Notice requests prompt review and approval of new prices for Inbound Letter Post Small Packets and Bulky Letters to

¹ Notice of the United States Postal Service of Effective Date and Specific Rates Not of General Applicability for Inbound E-Format Letter Post, and Application for Non-Public Treatment, October 29, 2019 (Notice).

facilitate its efforts to commence bilateral negotiations with foreign postal operators. *Id.* at 8.

II. BACKGROUND

In Order No. 5152, the Commission approved a range of self-declared prices for Inbound Letter Post Small Packets and Bulky Letters from Universal Postal Union (UPU) group I, II, and III countries and from group IV countries with mail flows that exceed a certain annual tonnage threshold.² The Commission also approved the application of default terminal dues established in the Universal Postal Convention to mail flows from group IV countries that do not exceed the annual tonnage threshold. Order No. 5152 at 5, 18. When approving the range of self-declared rates, the Commission directed the Postal Service to provide notice of specific per-item and per-kilogram prices at least 15 days before the effective date of those prices. *Id.* at 19.

In September 2019, members of the UPU held a Third Extraordinary Congress and adopted proposals to reform the current terminal dues system for Inbound Letter Post small packets and bulky letters.³ Specifically, the Third Extraordinary Congress adopted proposals that will allow the Postal Service to charge self-declared prices for Inbound Letter Post small packets and bulky letters beginning July 1, 2020. Notice at 4. The Postal Service must provide notice of these self-declared prices to the UPU International Bureau by March 1, 2020. *Id.*

² Order Approving Range of Rates for Inbound Letter Post Small Packets and Bulky Letters and Associated International Registered Mail Service, July 12, 2019, at 5, 18 (Order No. 5152). The Postal Service applied an annual tonnage threshold of 100 tonnes. See Responses of the United States Postal Service to Questions 1-10 of Chairman's Information Request No. 1, question 3.a, June 7, 2019.

³ See Docket No. IM2019-1, Notice and Order Establishing Section 407 Proceeding, June 20, 2019, at 1 (Order No. 5127).

III. PROPOSED RATES

The Postal Service's Notice includes an application for non-public treatment of materials filed under seal (Attachment 1), redacted specific per-item and per-kilogram self-declared prices for Inbound Letter Post Small Packets and Bulky Letters (Attachment 2), a redacted copy of Governors' Decision No. 19-5 (Attachment 3), and a certification pursuant to 39 CFR 3015.5(c)(2) (Attachment 4). *Id.* Attachments 1-4. In addition, the Postal Service filed the proposed rates and underlying workpapers under seal in this docket. See Notice at 3. The Postal Service states that the specific per-item and per-kilogram prices and supporting workpapers should remain confidential. *Id.* at 7. The Postal Service further explains its request for non-public treatment of the specific self-declared prices in its application for non-public treatment, filed pursuant to 39 CFR part 3007. *Id.* Attachment 1 at 1.

The Postal Service notes that the proposals adopted by the Third Extraordinary Congress necessitate a different price structure from what the Commission approved in Order No. 5152. See Notice at 5. Specifically, it plans to combine self-declared prices for Inbound Letter Post Small Packets and Bulky Letters with applicable rates for Inbound Letter Post letters and flats to "formulate blended rates for low volumes flows," which will be applicable to group I countries with mail flows below 50 tonnes, and to group II and III countries with mail flows between 25 to 50 tonnes. *Id.* Furthermore, it plans to charge default terminal dues for certain low volume mail flows from group II, III, and IV countries. *Id.* at 6. Additionally, the default terminal dues for group IV countries are higher than those previously approved in Order No. 5152. *Id.* The Postal Service also notes that it adjusted the prices for associated Inbound Competitive International Registered Mail Service to conform more closely to the Universal Postal Convention and the Convention Regulations. *Id.* at 7.

The Postal Service states that the proposed specific per-item and per-kilogram prices for Inbound Letter Post Small Packets and Bulky Letters fall within the range approved by the Commission in Order No. 5152. *Id.* at 3. The Postal Service states that prices for the Inbound Letter Post Small Packets and Bulky Letters pieces and

associated Inbound Competitive International Registered Mail Service would conform to the requirements for competitive products under 39 U.S.C. 3633. *Id.* at 3, 7. The Postal Service states that the proposed prices cover attributable costs, avoid cross-subsidization, and do not impede competitive products' collective ability to cover the appropriate share of institutional costs. *Id.* at 3, 7.

IV. INITIAL ADMINISTRATIVE ACTIONS

The Commission invites comments on whether the planned changes are consistent with 39 U.S.C. 3632 and 3633 and 39 CFR part 3015. Comments are due no later than November 6, 2019. Pursuant to 39 U.S.C. 505, Katalin K. Clendenin continues to serve as Public Representative to represent the interests of the general public in this docket.

V. ORDERING PARAGRAPHS

It is ordered:

1. The Commission invites interested persons an opportunity to express views and offer comments on whether the planned changes are consistent with 39 U.S.C. 3632 and 3633 and 39 CFR part 3015.
2. Comments are due no later than November 6, 2019.
3. Pursuant to 39 U.S.C. 505, Katalin K. Clendenin continues to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this docket.

4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Darcie S. Tokioka
Acting Secretary