

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

Notice of Market-Dominant
Price Adjustment

Docket No. R2020-1

ORDER REMANDING PRICE ADJUSTMENTS FOR FIRST-CLASS MAIL



Washington, DC 20268-0001
November 13, 2019

TABLE OF CONTENTS

Page

I.	Introduction and Overview	1
II.	Procedural History	4
	A. Notice and Initial Commission Action.....	4
	B. Additional Information Regarding the Notice.....	5
	C. Comments	7
III.	Inbound Letter Post	7
	A. Introduction	7
	B. Potential Transfer of Certain Inbound Letter Post Mailpieces	8
	C. Postal Service Billing Determinant Adjustment and Justification	10
	D. Comments	12
	E. Commission Analysis.....	12
	1. Applicable Standard	12
	2. Postal Service’s Adjustment and Justification	14
	3. July 2020 Price Change	22
	4. Amended Notice of Rate Adjustment	23
IV.	Substantial Compliance	23
V.	Conclusion.....	25
VI.	Ordering Paragraphs	25

Appendix A—List of Commenters and Comments

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(Issued November 13, 2019)

I. INTRODUCTION AND OVERVIEW

On October 9, 2019, the Postal Service filed notice of its planned price adjustments and related mail classification changes for market dominant products.¹

This order summarizes and analyzes the issues presented and comments received in Docket No. R2020-1 related to First-Class Mail only. The planned price adjustments and mail classifications changes for USPS Marketing Mail, Periodicals, Package Services, and Special Services will be discussed in a separate order.

¹ United States Postal Service Notice of Market-Dominant Price Change, October 9, 2019 (Notice). The Commission uses the terms “price” and “rate” interchangeably.

As currently proposed, prices for First-Class Mail do not comply with certain statutory and regulatory requirements and are therefore remanded to the Postal Service for further action. The Commission finds that the Postal Service's planned First-Class Mail price adjustments would exceed the price cap limitations specified by 39 U.S.C. § 3622(d), as calculated in accordance with 39 C.F.R. § 3010.21. Specifically, the Postal Service makes impermissible adjustments to the billing determinants related to Inbound Letter Post. As a result, the Postal Service incorrectly calculates the percentage change in rates for First-Class Mail to be 1.926 percent.² Using the Postal Service's planned First-Class Mail prices, the Commission has calculated the proposed percentage change in rates to be 2.109 percent, which exceeds the total price adjustment authority of 1.933 percent.³

In recognition of the Postal Service's pricing authority, the Commission remands all planned price adjustments to First-Class Mail to allow the Postal Service to modify its proposal to comply with the applicable legal standards. The Commission also identifies and corrects other technical issues that the Postal Service should maintain in its revised supporting documentation. Because this Order requires the Postal Service to submit amended prices for First-Class Mail, the Commission reserves disposition of issues not addressed in this Order, including comments, for the final order that will review the Postal Service's revised First-Class Mail pricing proposal.

The Postal Service shall file its amended notice of rate adjustment and describe how the modifications to the planned First-Class Mail rates comply with applicable legal requirements. See 39 C.F.R. § 3010.11(f). After the Postal Services files its amended

² Library Reference USPS-LR-R2020-1/1, October 9, 2019 (revised October 30, 2019), Excel file "CAPCALC-FCM-R2020-1 Revised 10-30-19.xlsx," tab "Percent Change Summary," cell B24.

³ Library Reference PRC-LR-R2020-1/1, November 13, 2019, Excel file "PRC_CAPCALC-FCM-R2020-1.xlsx," tab "Percent Change Summary," cell E19.

notice of rate adjustment, the Commission will allow a period of 7 days for public comment. See 39 C.F.R. § 3010.11(g).

The Commission's final order will apply the requirements of the Postal Accountability and Enhancement Act, Pub. L. 109-435, 120 Stat. 3198 (2006) (PAEA), the Administrative Procedure Act, Pub. L. 79-404, 60 Stat. 237 (1946) (APA), and the Commission's regulations to determine whether the revised First-Class Mail pricing proposal is consistent with applicable law.⁴ The Commission continues to use the 7-day comment period as set forth in 39 C.F.R. § 3010.11(g); however, the Commission notes that to sufficiently address these issues, the Commission's determination may exceed the 14-day deadline set forth in 39 C.F.R. § 3010.11(h).

The Commission expects that the Postal Service's amended rate adjustment filing will substantially comply with the Commission's rules, including the requirements of 39 C.F.R. § 3010.12(b)(6), (7), and (12). The Commission also expects that the Postal Service's amended rate adjustment filing will demonstrate how the revised planned First-Class Mail prices are consistent with the relevant objectives and factors. Should the Postal Service intend to facilitate the Commission's completion of its review of the amended proposal to allow for implementation of price changes as planned on January 26, 2020, the Postal Service must file its revisions expeditiously and include all necessary supporting information.⁵

⁴ See *Carlson v. Postal Reg. Comm'n*, 938 F.3d 337, 345 (D.C. Cir. 2019).

⁵ Pursuant to 39 U.S.C. § 3622(d)(1)(C) and 39 C.F.R. § 3010.11(i), if an amended notice is not filed by December 12, 2019, the Postal Service may not implement the rate changes described in its amended notice of rate adjustment on January 26, 2020.

II. PROCEDURAL HISTORY

A. Notice and Initial Commission Action

Below, the Commission summarizes the procedural history relevant to the First-Class Mail price adjustments.

On October 9, 2019, the Postal Service filed its Notice with the Commission pursuant to 39 U.S.C. § 3622 and 39 C.F.R. part 3010. In its Notice, the Postal Service announced its intention to adjust the prices for market dominant products on January 26, 2020, at 12:01 a.m. by amounts that are within the available price adjustment authority for each class of mail. Notice at 1.

The Notice includes four attachments, which present the planned price and related product description changes to the Mail Classification Schedule (MCS), workshare discount calculations, price cap calculations, and the promotions schedule, respectively. Notice, Attachments A-D. The Postal Service filed two public library references and one non-public library reference in support of its Notice relating to First-Class Mail:

- Library Reference USPS-LR-R2020-1/1, October 9, 2019 First-Class Mail Workpapers
- Library Reference USPS-LR-R2020-1/6, October 9, 2019 First-Class Mail International Billing Determinants Workpapers
- Library Reference USPS-LR-R2020-1/NP1, October 9, 2019 First-Class Mail International and Inbound Letter Post Workpapers (Nonpublic)

The Postal Service requested non-public treatment of information pertaining to Outbound Single-Piece First-Class Mail International (Outbound Single-Piece FCMI) and Inbound Letter Post contained in Library Reference USPS-LR-R2020-1/NP1.⁶

On October 10, 2019, the Commission issued Order No. 5273, which provided public notification of the Notice; established Docket No. R2020-1 to consider the planned price adjustments' consistency with applicable statutory and regulatory requirements; appointed a Public Representative; and provided an opportunity for interested persons to comment.⁷ The Commission notified the public that any issues specifically related to the decision of the United States Court of Appeals for the District of Columbia Circuit to vacate the First-Class Mail price adjustments authorized by Order No. 4875⁸ would be addressed in a separate order in Docket No. R2019-1 and would not be adjudicated as part of Docket No. R2020-1.⁹

B. Additional Information Regarding the Notice

On October 10, 2019, the Postal Service corrected the prices applicable to First-Class Mail Automation Postcards and Nonautomation Presorted Machinable Postcards.¹⁰ Thirteen questions were posed to the Postal Service through the issuance

⁶ See USPS Notice of Filing USPS-LR-R2020-1/NP1, October 9, 2019, Attachment 1.

⁷ Notice and Order on Price Adjustments and Classification Changes for Market Dominant Products, October 10, 2019, at 3-4 (Order No. 5273). Order No. 5273 addresses the Comments on Procedure of the National Postal Policy Council, the Greeting Card Association, and the Major Mailers Association, October 10, 2019, and the United States Postal Service Response to Procedural Schedule Comments, October 10, 2019. *Id.* at 4, n.4.

⁸ See *Carlson*, 938 F.3d at 352.

⁹ Order No. 5273 at 3-4; see also Docket No. R2019-1, Order Approving Price Adjustments for First-Class Mail, October 24, 2019 (Order No. 5285).

¹⁰ Notice of Correction to Attachment A (Mail Classification Schedule) – Errata, October 10, 2019.

of Chairman's Information Requests (CHIRs) relating to the First-Class Mail price adjustments.¹¹ The Postal Service filed responses to each of these questions.¹²

Some of these responses revised the planned MCS language and the supporting workpapers. On October 23, 2019, the Postal Service filed revised MCS language for the Calendar Year (CY) 2020 Earned Value Reply Mail promotion for First-Class Mail. Response to CHIR No. 3, question 1. On October 25, 2019, the Postal Service filed corrected public and non-public workpapers for First-Class Mail in response to issues relating to Inbound Letter Post referenced in CHIR No. 4, question 2, CHIR No. 6, question 1, and CHIR No. 7, questions 2-4.¹³ On October 30, 2019, the Postal Service

¹¹ Chairman's Information Request No. 1, October 10, 2019, questions 1-5 (CHIR No. 1); Chairman's Information Request No. 3, October 16, 2019 (CHIR No. 3); Chairman's Information Request No. 4, October 17, 2019, question 2 (CHIR No. 4); Chairman's Information Request No. 6, October 21, 2019, question 1 (CHIR No. 6); Chairman's Information Request No. 7, October 22, 2019, questions 2-4 (CHIR No. 7); Chairman's Information Request No. 8, October 24, 2019, questions 1-2 (CHIR No. 8).

¹² Response of the United States Postal Service to Chairman's Information Request No. 1, October 15, 2019, questions 1-5 (Response to CHIR No. 1); Response of The United States Postal Service to Chairman's Information Request No. 3, October 23, 2019, question 1 (Response to CHIR No. 3); Response of The United States Postal Service to Chairman's Information Request No. 4, October 23, 2019, question 2 (Response to CHIR No. 4); Responses of the United States Postal Service to Chairman's Information Request No. 6, Questions 1-4 and 12-17, October 25, 2019, question 1 (October 25 Responses to CHIR No. 6); Responses of the United States Postal Service to Chairman's Information Request No. 7, October 25, 2019, questions 2-4 (Responses to CHIR No. 7); Response of the United States Postal Service to Chairman's Information Request No. 8, October 30, 2019, questions 1-2 (Response to CHIR No. 8). The Commission accepts the late filing of the Response to CHIR No. 8. While no formal motion to extend the response deadline for CHIR No. 8 nor a motion for late acceptance was submitted, the Commission acknowledges the unforeseen data issues referenced by the Postal Service, that no person has objected to the late filing, and that no person appears to be prejudiced by the late filing. See Response to CHIR No. 8.

¹³ USPS Notice of Filing Revised Library Reference USPS-LR-R2020-1/1, October 25, 2019; USPS Notice of Filing Revised USPS-LR-R2020-1/NP1 and Revised Application for Non-public Treatment, October 25, 2019; Response to CHIR No. 4, question 2; October 25 Responses to CHIR No. 6, question 1; Responses to CHIR No. 7, questions 2-4.

filed corrected public workpapers for First-Class Mail in response to issues relating to the CY 2020 promotions referenced in CHIR No.8, questions 1, 2.¹⁴

C. Comments

The Commission received 23 comments regarding First-Class Mail.¹⁵ Appendix A to this Order provides a list of commenters and citations to the comments that discuss First-Class Mail filed in this proceeding. As stated earlier, all issues related to other classes of market dominant mail, including those raised in comments, will be discussed in a separate order. This Order summarizes and analyzes these comments only where relevant to providing instruction to the Postal Service concerning the content of its amended notice of rate adjustment for First-Class Mail. Because this Order requires the Postal Service to submit amended prices for First-Class Mail, the Commission reserves final disposition of comments for the final order that will review the Postal Service's revised First-Class Mail pricing proposal.

III. INBOUND LETTER POST

A. Introduction

In its Notice, the Postal Service purports to propose an average price increase of 1.926 percent for First-Class Mail products.¹⁶ For the reasons set forth below, the Commission finds that the proposed price adjustments do not comply with 39 U.S.C.

¹⁴ USPS Notice of Filing Revised Library References, October 30, 2019; Response to CHIR No. 8, questions 1-2.

¹⁵ Three additional sets of comments raise issues that exclusively pertain to the planned price adjustments for other classes of market dominant mail and are not addressed by this Order. See Comments of the American Catalog Mailers Association (ACMA), October 28, 2019 (discussing USPS Marketing Mail); Letter from Jerry Mack, October 10, 2019 (same); Comments of MPA - The Association of Magazine Media, October 29, 2019 (discussing Periodicals).

¹⁶ Notice at 5; Library Reference USPS-LR-R2020-1/1 (revised October 30, 2019), Excel file "CAPCALC-FCM-R2020-1 Revised 10-30-19.xlsx," tab "Percent Change Summary," cell B24.

§ 3622(d)(1)(A). In accordance with 39 C.F.R. § 3010.11(f), the Commission directs the Postal Service to file an amended notice of rate adjustment for First-Class Mail.

B. Potential Transfer of Certain Inbound Letter Post Mailpieces

In Docket No. MC2019-17, the Postal Service requested to transfer Inbound Letter Post small packets and bulky letters and associated inbound registered mail services from the Market Dominant to Competitive products list.¹⁷ In its request, the Postal Service asserted that the proposed Inbound Letter Post Small Packets and Bulky Letters product met the requirements of 39 U.S.C. § 3642. Docket No. MC2019-17 Transfer Request at 5-8, 10-12. The Postal Service did not propose any prices for the Inbound Letter Post Small Packets and Bulky Letters product or associated Inbound Competitive International Registered Mail service. *See id.* at 9. However, the Postal Service asserted that it expected prices associated with the products to cover costs and to contribute to institutional costs. *Id.* Accordingly, the Commission conditionally approved the transfer pending the proposal, review, approval, and implementation of new prices for the Inbound Letter Post Small Packets and Bulky Letters product and associated Inbound Competitive International Registered Mail service.¹⁸

In Docket No. CP2019-155, the Postal Service filed notice of a proposed range of prices for the Inbound Letter Post Small Packets and Bulky Letters product and for associated Inbound Competitive International Registered Mail service.¹⁹ The Postal

¹⁷ *See generally* Docket No. MC2019-17, United States Postal Service Request to Transfer Inbound Letter Post Small Packets and Bulky Letters, and Inbound Registered Service Associated with Such Items, to the Competitive Product List, November 16, 2018 (Docket No. MC2019-17 Transfer Request).

¹⁸ Docket No. MC2019-17, Order Conditionally Approving Transfer, January 9, 2019, at 19, 23 (Order No. 4980).

¹⁹ Docket No. CP2019-155, Notice of the United States Postal Service of Rates Not of General Applicability for Inbound E-Format Letter Post, and Application for Non-Public Treatment, May 20, 2019 (Docket No. CP2019-155 Notice).

Service proposed a range of self-declared prices for Inbound Letter Post Small Packets and Bulky Letters mailpieces from group I, II, and III countries and from group IV countries with mail flows that exceed a certain annual tonnage threshold.²⁰ The Postal Service proposed that group IV countries with mail flows that do not exceed a certain annual tonnage threshold be subject to terminal dues established in the Universal Postal Convention. Docket No. CP2019-155 Notice at 10. The Commission approved a range of self-declared prices for Inbound Letter Post Small Packets and Bulky Letters items from group I, II, and III countries and group IV countries with mail flows that exceed a certain annual tonnage threshold and the application of terminal dues established in the Universal Postal Convention to group IV countries with mail flows that do not exceed a certain annual tonnage threshold.²¹ Because the Postal Service proposed a range of self-declared prices, the Commission directed the Postal Service to file specific per-item and per-kilogram prices at least 15 days before the effective date of those prices, which would give the Commission and interested parties an “opportunity to evaluate the specific prices and . . . raise certain public policies before these prices become effective.” Order No. 5152 at 19.

The Postal Service notes that there are differences between the prices proposed in Docket No. CP2019-155 and the terminal dues approved at the Third Extraordinary UPU Congress. Response to CHIR No. 1, question 3. Primary differences include the application of terminal dues established in the Universal Postal Convention to group II and III countries below specified annual tonnage thresholds. *Id.* These rates differ from

²⁰ Docket No. CP2019-155 Notice at 8-10. For purposes of remuneration, the Universal Postal Union (UPU) classifies its members into four country groups, which are based on a postal development indicator developed by the UPU. See Decisions of the UPU Istanbul Congress, Resolution C 7/2016, Classification of countries and territories for terminal dues and Quality of Service Fund (QSF) purposes for the 2018–2021 period, 2017, Annex 2, available at: http://www.upu.int/uploads/tx_sbdownloader/actsActsOfThe26ThCongressIstanbul2016En.pdf.

²¹ See generally Docket No. CP2019-155, Order Approving Range of Rates for Inbound Letter Post Small Packets and Bulky Letters and Associated International Registered Mail Service, July 12, 2019 (Order No. 5152).

the range of self-declared per-item and per-kilogram rates applied to all group II and III countries in the Postal Service workpapers filed in Docket No. CP2019-155. *Id.* Additionally, the Third Extraordinary UPU Congress adopted terminal dues for inbound small packets and bulky letters from group IV countries with annual tonnage less than 100 tonnes that are higher than the terminal dues anticipated by the Postal Service in its Docket No. CP2019-155 workpapers. *Id.*

As a result of these differences between the proposals adopted by Third Extraordinary UPU Congress and the prices proposed in Docket No. CP2019-155, the Postal Service has recently proposed new prices for certain Inbound Letter Post Small Packets and Bulky Letters mailpieces.²² Furthermore, the Postal Service acknowledges that it has not met all of the conditions for the transfer of Inbound Letter Post small packets and bulky letters from the Market Dominant to Competitive product lists. Response to CHIR No. 1, question 5.

C. Postal Service Billing Determinant Adjustment and Justification

The Postal Service states that it “expects to complete on July 1, 2020, the transfer of [Inbound Letter Post small packets and bulky letters] items to the Competitive product list.” Notice at 9 n.15. Because the Postal Service expects to complete the transfer of Inbound Letter Post small packets and bulky letters on July 1, 2020, it adjusted its First-Class Mail price cap calculation to apply increased Inbound Letter Post small packet and bulky letter prices to only 6 months of volume and weight data. *Id.*

²² The Postal Service filed notice of specific per-item and per-kilogram self-declared prices for Inbound Letter Post Small Packets and Bulky Letters and default terminal dues that would be applicable to certain low volume mail flows from group II, III, and IV countries, as well as blended rates that would be applicable to certain group I, II, and III countries, on October 29, 2019. Docket No. CP2019-155, 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.

Effectively, the Postal Service divided Fiscal Year (FY) 2018 Inbound Letter Post small packet and bulky letter volume and weight by two. *Id.*

The Postal Service asserts that 39 C.F.R. § 3010.23(d)(2) and (d)(4) support this adjustment. Response to CHIR No. 1, question 1. “The Postal Service shall make reasonable adjustments to the billing determinants to account for the effects of classification changes such as the introduction, deletion, or redefinition of rate cells.” 39 C.F.R. § 3010.23(d)(2). The Postal Service states that the adjustment applied to the Inbound Letter Post small packet and bulky letter data is analogous to the adjustments it applied, and the Commission approved, to account for the transfer of certain Standard Mail Parcels in Docket No. R2012-3, the transfer of First-Class Mail Parcels in Docket No. R2018-1, and a change to the International Mail Manual prohibiting Outbound Single-Piece First-Class Mail International mailpieces from containing goods in Docket No. R2018-1. Response to CHIR No. 1, question 1.

When the Postal Service deletes a rate cell, and when an alternative rate cell is not available, the Commission permits the Postal Service to “adjust the billing determinants associated with the rate cell to zero.” 39 C.F.R. § 3010.23(d)(4). The Postal Service states that because competitive product prices do not constitute alternate rate cells, it is proper to adjust workpapers to zero out Inbound Letter Post small packets and bulky letters volume after these mailpieces transfer from the Market Dominant to Competitive product lists. Response to CHIR No. 1, question 1.

The Postal Service cites an adjustment to account for the new Intelligent Mail barcode (IMb) discount it planned to introduce in Docket No. R2009-2 as an example of a similar adjustment. *Id.*, question 2. The Postal Service explains that in Docket No. R2009-2, it used a “Full-Service Program Implementation Fraction,” which reflected the fraction of future annual volume that would be eligible for the new discount for Standard Mail pieces containing an IMb. *Id.* The Postal Service calculated this fraction by dividing the number of weeks the discount would be in effect over the total weeks in

a year. *Id.* The Postal Service asserts that because the Inbound Letter Post small packet and bulky letter rates that go into effect on January 1, 2020, would apply until July 1, 2020 (26 weeks), adjusting the Inbound Letter Post small packet and bulky letter data by a factor of 26/52, or 1/2, is appropriate. *Id.*

D. Comments

No commenters provide views on the Postal Service's adjustment to Inbound Letter Post small packet and bulky letter data.

E. Commission Analysis

1. Applicable Standard

In order to comply with the requirements of 39 U.S.C. § 3622(d)(1)(A), the Postal Service must calculate the percentage change between the current prices and the proposed prices. The Commission regulations provide that, for a Type 1-B rate adjustment,²³ for each class of mail and product within the class, the percentage change in rate is calculated in three steps. 39 C.F.R. § 3010.23(b)(1).

First, the volume of each rate cell in the class is multiplied by the planned rate for the respective cell and the resulting products are summed. Then, the same set of rate cell volumes are multiplied by the corresponding current rate for each cell and the resulting products are summed. Finally, the percentage change in rates is calculated by dividing the results of the first step by the results of the second step and subtracting 1 from the quotient. The result is expressed as a percentage.

Id. The rules further require that the “volumes for each rate cell shall be obtained from the most recent available 12 months of the Postal Service’s billing determinants.” *Id.* § 3010.23(d)(1). As discussed above, the rules permit “reasonable adjustments to the billing determinants to account for the effects of classification changes such as the

²³ “A Type 1-B rate adjustment is an adjustment that is based on the annual limitation and that uses unused rate adjustment authority in whole or in part.” 39 C.F.R. § 3010.5.

introduction, deletion, or redefinition of rate cells.” *Id.* § 3010.23(d)(2). Specifically, when the Postal Service proposes to delete a rate cell and an alternate cell is not available, the rules direct the Postal Service to “adjust the billing determinants associated with the [deleted] rate cell to zero.” *Id.* § 3010.23(d)(4). Whenever possible, these adjustments “shall be based on known mail characteristics or historical volume data.” *Id.* § 3010.23(d)(3).

In Docket No. RM2007-1, the Commission adopted rules governing market dominant and competitive product ratemaking. In that docket, the Commission contemplated how to calculate the aggregate percentage change in rates for each class.²⁴ As the Commission explained, “[t]o accomplish this, weights (in the form of billing determinants) must be applied to the set of rates that comprise a class.” Order No. 26 at ¶ 2070. The Postal Service proposed to “apply the most recent available billing determinants to the current rates, then apply the same billing determinants to the new rates and compare the resulting revenues to determine the change in rates for a class.”²⁵ To control for seasonal variations in mail volume, the Postal Service stated that “the most obvious weights to apply are billing determinants for the most recent four quarters[,]” or the most recent 12 months.²⁶ The Commission noted near universal support from commenters for the approach that uses historical billing determinants as weights to calculate the percentage increase in rates for a class of mail. Order No. 26 at ¶ 2072. The Postal Service supported proposed rules adopting its approach because they appropriately identify the “percentage differences between sets of rates, and not. . .

²⁴ See *Docket* No. RM2007-1, Order Proposing Regulations to Establish a System of Ratemaking, August 15, 2007, at ¶ 2069-2071 (Order No. 26).

²⁵ *Id.*; see *Docket* No. RM2007-1, Reply Comments of the United States Postal Service on the Second Advance Notice of Proposed Rulemaking, May 7, 2007, Appendix C at 7 (*Docket* No. RM2007-1 USPS May 7, 2007 Reply).

²⁶ *Docket* No. RM2007-1, Reply Comments of the United States Postal Service in Response to Order No. 26, October 9, 2007, at 31 (*Docket* No. RM2007-1 USPS October 9, 2007 Reply).

total revenue or revenue per piece for particular time periods.”²⁷ The Postal Service posited that adopting rules that identify the percentage difference between sets of prices and not total revenue or revenue per piece is appropriate because the price cap operates on the “percentage change in rates.” Docket No. RM2007-1 USPS October 9, 2007 Reply at 30 (citing 39 U.S.C. § 3622(d)(1)(A)).

The Postal Service’s statements in Docket No. RM2007-1 indicate that the percentage change in rates identifies the difference between two sets of prices – the current prices and proposed prices. The percentage change between the current prices and the proposed prices is calculated by applying the recent available billing determinants to the current prices, then applying the same billing determinants to the proposed prices and comparing the results. The Commission does not apply the proposed prices to the billing determinants for the most recent 12 months in an effort to predict total revenue for the rate cell, product, or class for the next 12 months. Rather, as stated above, the Commission requires the Postal Service to apply the current prices and proposed prices to the billing determinants for the most recent 12 months to act as weights that control for seasonal variation in mail volume when calculating the aggregate percentage change in rates for each class.

2. Postal Service’s Adjustment and Justification

The Postal Service adjusted the FY 2018 Inbound Letter Post small packet and bulky letter volume to reflect the future transfer of these mailpieces from the market dominant Inbound Letter Post product to the competitive Inbound Letter Post Small Packets and Bulky Letters product. Notice at 9 n.15. The Postal Service explains that it expects the transfer of these mailpieces to be complete on July 1, 2020. *Id.* Thus, the

²⁷ Docket No. RM2007-1, Order Establishing Ratemaking Regulations for Market Dominant and Competitive Products, October 29, 2007, at 49 (Order No. 43) (citing Docket No. RM2007-1 USPS October 9, 2007 Reply at 32).

Postal Service expects the increased Inbound Letter Post small packet and bulky letter rates included in the Notice to be in effect from January 1, 2020 to June 30, 2020. *Id.* Because the increased Inbound Letter Post small packet and bulky letter rate would be in effect for 6 months, or 26 weeks, the Postal Service asserts that it is proper to apply a factor of 26/52, or 1/2, to the FY 2018 Inbound Letter Post small packet and bulky letter data when calculating the CY 2019 and CY 2020 revenues. After applying this adjustment, the Postal Service calculated the total percentage price increase for the Inbound Letter Post product to be 14.724 percent.²⁸

The Postal Service asserts that this adjustment is consistent with the Commission's regulations relating to the calculation of the percent change in rates and cites previous examples where it adjusted volumes to account for the transfer of mailpieces or the deletion of rate cells. Response to CHIR No. 1, questions 1, 2. Below, the Commission reviews the previous adjustments referenced by the Postal Service and compares them to the adjustment proposed in this proceeding.

First, the Postal Service states that in Docket No. R2012-3, it adjusted historical Commercial Standard Mail Parcel volumes to account for the transfer of these mailpieces. Response to CHIR No. 1, question 1. The Commission conditionally approved the transfer of certain Standard Mail Parcels on March 2, 2011.²⁹ Conditions for the transfer were met on January 22, 2012, when the prices for the transferred mailpieces, now Lightweight Parcel Select, went into effect.³⁰ In Docket No. R2012-3,

²⁸ Library Reference USPS-LR-R2020-1/1 (revised October 30, 2019), Excel file "CAPCALC-FCM-R2020-1 Revised 10-30-19.xlsx," tab "Percent Change Summary," cell E15.

²⁹ Docket No. MC2010-36, Order Conditionally Granting Request to Transfer Commercial Standard Mail Parcels to the Competitive Product List, March 2, 2011 (Order No. 689). The Commission notes that the authorization of transfer to the Competitive product list was conditioned on the Postal Service adjusting rates so that all of the transferred mailpieces recover their attributable costs and make a contribution to institutional cost. Order No. 689 at 19.

³⁰ Docket No. CP2012-2, Order Approving Changes in Rates of General Applicability for Competitive Products, December 21, 2011, at 12 (Order No. 1062).

the Postal Service proposed market dominant price adjustments that would go into effect on January 22, 2012.³¹ In that docket, the Postal Service adjusted historical Standard Mail Parcel volume to reflect the transfer that would occur concurrent with the price change. Docket No. R2012-3 Notice at 21.

Second, the Postal Service states that in Docket No. R2018-1, the Postal Service adjusted the historical First-Class Mail Parcel volume to reflect the transfer of First-Class Mail Retail Single-Piece Parcels from the market dominant to the competitive First-Class Package product.³² First-Class Mail Retail Single-Piece Parcel mailpieces were transferred to the competitive First-Class Packages product on September 3, 2017,³³ before the market dominant price changes proposed in Docket No. R2018-1 would take effect on January 21, 2018.³⁴

Third, the Postal Service adds that in Docket No. R2018-1, the Postal Service also adjusted its First-Class Mail billing determinants to reflect changes in the *International Mail Manual* to prohibit goods from Outbound Single-Piece First-Class Mail International (FCMI) letters and flats. Response to CHIR No. 1, question 1 (citing Docket No. R2018-1 Notice at 10-11). These changes went into effect on January 21, 2018, concurrent with the market dominant price changes in Docket No. R2018-1.³⁵ In Order No. 4215, the Commission found that the revisions to the *International Mail Manual* constituted a change to the mail preparation that redefined the Outbound

³¹ Docket No. R2012-3, United States Postal Service Notice of Market-Dominant Price Adjustment, October 18, 2011, at 1 (Docket No. R2012-3 Notice).

³² Response to CHIR No. 1, question 1; see Docket No. R2018-1, Notice of Market Dominant Price Adjustment, October 6, 2017, at 13 (Docket No. R2018-1 Notice).

³³ Docket No. CP2017-230, Order Approving Price Adjustment for First-Class Package Service Product, August 9, 2017, at 4 (Order No. 4032).

³⁴ Docket No. R2018-1, Order on Price Adjustments for First-Class Mail, USPS Marketing Mail, Periodicals, Package Services, and Special Services Products and Related Mail Classification Changes, November 9, 2017, at 3 (Order No. 4215).

³⁵ International Mailing Services; Mailing Services Product and Price Changes, 82 Fed. Reg. 57356 (Dec. 5, 2017).

Single-Piece FCMI rate cells. Order No. 4215 at 26. The Postal Service estimated that 9.1 million Outbound Single-Piece FCMI mailpieces contained goods in the hybrid billing determinants year. Docket No. R2018-1 Notice at 11. The Commission found that the Postal Service's adjustment, the removal of 9.1 million Outbound Single-Piece FCMI mailpieces containing goods from the Outbound Single-Piece FCMI volume, was reasonable. Order No. 4215 at 27.

In the above examples, the Postal Service reasonably adjusted its workpapers to reflect transfers that had occurred before the proposed price changes went into effect or went into effect concurrent with the price changes. The workpapers calculated the percentage increase in prices based on the classification or the mail preparation requirements applicable as of the effective date of the price change. Furthermore, consistent with the Commission's regulations, the Postal Service's adjustments in the above examples calculate the percentage increase of the prices on the day the prices went into effect.

However, unlike the examples cited by the Postal Service, Inbound Letter Post small packets and bulky letters have not yet transferred from the Market Dominant product list. The Postal Service acknowledges that the conditions for transfer have not been satisfied. Response to CHIR No. 1, question 5. The Postal Service states that it expects that these mailpieces will transfer on July 1, 2020. Notice at 9 n.15. Anticipating the July 1, 2020, transfer of Inbound Letter Post small packet and bulky letter mailpieces, the Postal Service includes two distinct sets of prices for the Inbound Letter Post product in its supporting workpapers: the increased terminal dues that go into effect on January 1, 2020, and prices that the Postal Service expects to go into effect on July 1, 2020.³⁶ Instead of providing workpapers that calculate the percentage

³⁶ Response to CHIR No. 4, question 2.a., 2.g. See Library Reference USPS-LR-R2020-1/NP1, October 9, 2019 (revised October 25, 2019), Excel file "Inbound CAPCALC-R2020-1_REVISED.xlsx," tab "Terminal Dues."

change for the January 2020 First-Class Mail prices changes, the Postal Service provides workpapers that forecast the effects of January 2020 First-Class Mail prices and the expected July 1, 2020 transfer and price changes for Inbound Letter Post small packets and bulky letters.

It appears that the Postal Service is proposing two different price changes (January 2020 and July 2020). However, instead of calculating the percentage increase in prices individually for the January 2020 and July 2020 Inbound Letter Post small packet and bulky letter prices, the Postal Service submits one set of workpapers. These workpapers estimate CY 2020 revenue by applying the January 2020 prices between January 1, 2020 and June 30, 2020, and applying the July 2020 prices between July 1, 2020 and December 31, 2020.

The Postal Service states that its adjustment to Inbound Letter Post small packet and bulky letter data is consistent with 39 C.F.R. § 3010.23(d)(2). However, as discussed above, the purpose of section 3010.23, as articulated by the Postal Service in Docket No. RM2007-1, is to identify the “percentage differences between sets of rates, and not . . . total revenue or revenue per piece for particular time periods.” Docket No. RM2007-1 USPS October 9, 2007 Reply at 32. Furthermore, the rules intend for workpapers calculating the percentage change in rates to rely on historical volume data, not on forecasted changes in mail volume. See 39 C.F.R. § 3010.23(d)(3). Thus, section 3010.23(d)(2) permits adjustments to billing determinants to account for the effects of classification changes that have occurred or will occur concurrent with the price change, but does not permit adjustments to account for the effects of anticipated classification changes. Therefore, the Postal Service’s proposed adjustment to Inbound Letter Post small packet and bulky letter data is inconsistent with 39 C.F.R. § 3010.23(d)(2) and (3).

The Postal Service also states that its adjustment to Inbound Letter Post small packet and bulky letter data is consistent with 39 C.F.R. § 3010.23(d)(4). Response to

CHIR No. 1, question 1. Pursuant to section 3010.23(d)(4), to account for the deletion of a rate cell, the Postal Service should adjust the volume for the effected rate cell to zero. 39 C.F.R. § 3010.23(d)(4). However, the January 2020 price change does not delete a rate cell.³⁷ Any potential deletion of rate cells would not occur until July 1, 2020.³⁸ Section 3010.23(d)(4) does not permit the Postal Service to adjust its workpapers to account for the potential deletion of the rate cell at some point in the future. Again, the percentage increase in price calculation is not intended to forecast a product's potential revenue for the next 12 months, but rather its purpose is to calculate the percentage increase of the prices on the day the prices go into effect. See Order No. 43 at 49. Therefore, 39 C.F.R. § 3010.23(d)(4) is not applicable to this price adjustment.

The Postal Service also states that the adjustment it made to its Standard Mail billing determinants in Docket No. R2009-2 supports the proposed adjustment to Inbound Letter Post. Response to CHIR No. 1, question 2. In Docket No. R2009-2, the Postal Service adjusted Standard Mail volume to account for a discount for Standard Mail pieces containing an IMb. The adjustment in Docket No. R2009-2 is distinguishable from the instant adjustment because the adjustment in Docket No. R2009-2 accounts for the effects of the discounted rate for Standard Mail items containing IMb, not an anticipated transfer and future price change outside the scope of

³⁷ Nor is any market dominant product discontinued. Therefore, the Postal Service is incorrect in suggesting that the proposed adjustment “is also compelled by the court of appeals’ Return Receipt for Merchandise decision.” Response to CHIR No. 1, question 1, n.10 (citing *U.S. Postal Serv. v. Postal Rate Comm’n*, 886 F.3d 1261 (D.C. Cir. 2018)).

³⁸ The Commission notes that 39 C.F.R. § 3010.22 permits the Postal Service to propose market dominant price adjustments that are less than 12 months after the last price change and sets forth the calculation of the applicable price adjustment authority (referred to as the partial year limitation). Thus, the Postal Service has a procedural mechanism to adjust prices and/or classifications, planned to be effective July 1, 2020.

that docket.³⁹ Unlike seasonal or temporary promotional rates and incentive programs, the Postal Service's Inbound Letter Post adjustment attempts to account for a permanent future classification and price change in addition to the January 2020 price change that is the subject of this proceeding. Neither the cited precedent nor Commission regulations support such an adjustment.

Concurrent with the instant Order, the Commission is also filing supporting workpapers.⁴⁰ In these workpapers, the Commission made the following revisions to the Postal Service's Inbound Letter Post workpapers filed on October 25, 2019:

- (1) The Commission uses the FY 2018 Inbound Letter Post billing determinants volumes and weights for the calculation of the price change with no adjustment for potential future price or classification changes. All references to Period 1, 2, and 3 are removed.
- (2) The Commission applies the Inbound Letter Post letters and flat prices in effect on January 1, 2020, to FY 2018 Inbound Letter Post letter and flat data to calculate the percentage change in the Inbound Letter Post letter and flat prices. The Commission removes the blended rates that the Postal Service projects will go into effect on July 1, 2020, from the workpapers.
- (3) The Commission applies the Inbound Letter Post small packet and bulky letter prices in effect on January 1, 2019 and prices in effect on January 1,

³⁹ Since Docket No. R2009-2, the Commission approved rules to account for seasonal or temporary promotional rates and incentive programs in the calculation of percentage increases in rates. See Docket No. RM2013-2, Notice of Proposed Rulemaking Requesting Comments on Proposed Commission Rules for Determining and Applying the Maximum Amount of Rate Adjustments, March 22, 2013, at 10-11 (Order No. 1678).

⁴⁰ Notice of Filing of Library Reference PRC-LR-R2020-1/1; Library Reference PRC-LR-R2020-1/NP1, November 13, 2019; Library Reference PRC-LR-R2020-1/1, Excel file "PRC_CAPCALC-FCM-R2020-1.xlsx;" Library Reference PRC-LR-R2020-1/NP1, Excel file "PRC_Inbound CAPCALC-R2020-1.xlsx."

2020 to the total FY 2018 Inbound Letter Post small packet and bulky letter data to calculate the percentage change in Inbound Letter Post small packet and bulky letter prices. This replaces the Postal Service's calculation of CY 2019 and CY 2020 revenue for Inbound Letter Post small packets and bulky letters from one-half of the FY 2018 Inbound Letter Post small packet and bulky letter data.

- (4) The Commission calculates the Internal Air Conveyance (IAC) revenues for CY 2019 and CY 2020 from the total FY 2018 Inbound Letter Post weight for group IV countries. This replaces the Postal Service's calculation of the IAC revenues for CY 2019 and CY 2020 from the total FY 2018 Inbound Letter Post letter and flat weight and one-half of the FY 2018 Inbound Letter Post small packet and bulky letter weight.
- (5) The Commission uses the CY 2019 IAC price in the workpapers as the CY 2020 IAC price.⁴¹ This replaces the Postal Service's CY 2020 IAC price, which represents only the IAC price applied to Inbound Letter Post letters and flats.
- (6) The Commission adjusts the Postal Service's distribution of certain Inbound Registered Mail Service volume and weight data to correct the negative values for Inbound Letter Post weight and revenues for several foreign postal operators.

After these adjustments, the total percentage price increase for the Inbound Letter Post product is 16.510 percent.⁴² Thus, the total percentage price increase for First-Class Mail is 2.109 percent. *Id.*, cell E19. This amount is greater than the total

⁴¹ The Commission uses CY 2019 IAC price for CY 2020 for reference only. The UPU has not yet provided the CY 2020 IAC price.

⁴² Library Reference PRC-LR-R2020-1/1, Excel file Excel file "PRC_CAPCALC-FCM-R2020-1.xlsx," tab "Percent Change Summary," cell E15.

available First-Class Mail price adjustment authority of 1.933 percent. Accordingly, the proposed price changes for First-Class Mail do not comply with 39 U.S.C. § 3622(d)(1)(A).

It is important to note that by applying the adjustment to the Inbound Letter Post billing determinants, the Postal Service creates price cap space for First-Class Mail. As a result, the Postal Service proposed higher prices for other First-Class Mail products that it would not otherwise be able to propose. Accordingly, allowing the Postal Service to adjust Inbound Letter Post billing determinants in this manner harms postal customers using other First-Class products.

3. July 2020 Price Change

As noted above, the Postal Service's international mail workpapers include two distinct sets of prices with two separate effective dates: the increased terminal dues that go into effect on January 1, 2020, and prices that the Postal Service expects to go into effect on July 1, 2020. The scope of Docket No. R2020-1 is limited to the consideration of the January 2020 price changes. The Postal Service must file a separate notice and supporting workpapers that demonstrate that the July 1, 2020 prices are consistent with applicable statutory and regulatory requirements.

Furthermore, if Inbound Letter Post small packets and bulky letters transfer to the competitive product list on July 1, 2020, as the Postal Service expects, some of these July 1, 2020 rates blend prices for market dominant and competitive mailpieces. For example, for group II countries with mail flows between 25 tonnes and 50 tonnes, the Postal Service will charge a price that blends the default undifferentiated per-kilogram terminal dues for Inbound Letter Post letters and flats with the per-item and per-kilogram self-declared price for Inbound Letter Post Small Packets and Bulky Letters. Response to CHIR No. 4, question 2.a., 2.g. Thus, when the Postal Service files notice for its July 2020 price change affecting market dominant Inbound Letter Post mailpieces, it appears

that the calculation of percentage increase in price may include competitive product prices. If the Postal Service files prices for Inbound Letter Post that are based, in part, on prices for Inbound Letter Post Small Packets and Bulky Letters, it should publicly discuss its methodology for how it calculated the percentage price increase for the market dominant mailpieces from rates that incorporate competitive product prices.

4. Amended Notice of Rate Adjustment

In accordance with 39 C.F.R. § 3010.11(f), the Commission orders the Postal Service to file an amended notice of rate adjustment for First-Class Mail. In order to show that all of the deficiencies identified by the Commission have been corrected, the Postal Service must provide workpapers supporting the January 2020 price change for First-Class Mail, including the Inbound Letter Post product that:

- (1) do not include adjustments related to the potential transfer of Inbound Letter Post small packets and bulky letters from the market dominant Inbound Letter Post product to the competitive Inbound Letter Post Small Packets and Bulky Letters product;
- (2) do not include additional future price changes; and
- (3) incorporate the adjustments and corrections made by the Commission to address the Inbound Letter Post adjustment, the CY 2020 IAC prices, and the distribution of Inbound Registered Mail Service data discussed in section III.E.2.

IV. SUBSTANTIAL COMPLIANCE

The Commission's rules require the Notice to be accompanied by certain information. 39 C.F.R. § 3010.12(b). "The Postal Service shall . . . identify and explain discounts that are set substantially below avoided costs and explain any relationship between discounts that are above and those that are below avoided costs." *Id.*

§ 3010.12(b)(6). The Postal Service shall also provide “[a] discussion that demonstrates how the planned rate adjustments are designed to help achieve the objectives listed in 39 U.S.C. [§] 3622(b) and properly take into account the factors listed in 39 U.S.C. [§] 3622(c).” *Id.* § 3010.12(b)(7). The Postal Service shall further provide “[s]uch other information as the Postal Service believes will assist the Commission to issue a timely determination of whether the planned rate adjustments are consistent with applicable statutory policies.” *Id.* § 3010.12(b)(12). Multiple comments filed in this proceeding question whether the Postal Service has substantially complied with these requirements.⁴³ The Commission expects that the amended rate adjustment filing will substantially comply with these requirements.

The Commission’s final order will apply the requirements of the PAEA, the APA, and the Commission’s regulations to determine whether the revised First-Class Mail pricing proposal is consistent with applicable law. *See Carlson*, 938 F.3d at 345. The Commission expects that the Postal Service’s amended rate adjustment filing will demonstrate how the revised planned First-Class Mail prices are consistent with the relevant objectives and factors. Should the Postal Service intend to facilitate the Commission’s completion of its review of the amended proposal to allow for implementation of First-Class Mail price changes as planned on January 26, 2020, the Postal Service must meaningfully address the pricing decisions questioned in public

⁴³ See NPPC Comments at 1, 3-7, 22-27 (asserting that the Notice does not provide sufficient information to enable the Commission to review whether the planned adjustments to First-Class Mail presort rates are consistent with the objectives and factors and has ignored the requirement to explain First-Class Mail workshare discounts set substantially below their avoided costs); Pitney Bowes at 1-5, 8-11 (same); NAPM Comments at 5 (asserting “that the Postal Service offers no explanation for above-inflation increases in already excessive Presort Mail rates, or for failing to set workshare discounts at efficient levels to utilize the pricing efficiencies enabled by the rate setting system”); *see also* GCA Comments at 2-4 (challenging the Notice’s interpretation of the Postal Service’s obligation under 39 C.F.R. § 3010.12(b)(7)).

comments including, but not limited to: the Stamped Letter price⁴⁴ and the adjustments to presorted rate categories.⁴⁵ Consistent with the decision of the United States Court of Appeals for the District of Columbia Circuit, the Commission is not persuaded that the discussion of simple consumer prices is relevant to the evaluation of 39 U.S.C. § 3622(c)(6). *See Carlson*, 938 F.3d at 346.

V. CONCLUSION

The calculation of the amount of price cap used must be accurate to comply with 39 U.S.C. § 3622(d). To that end, the Commission finds that the Postal Service improperly adjusted the billing determinants when calculating the overall price increase for Inbound Letter Post product. The proposed First-Class Mail prices are remanded to the Postal Service so that it may submit proposed price adjustments for First-Class Mail that are consistent with applicable law. Because this Order serves to notify the Postal Service of deficiencies and requires the Postal Service to submit amended prices for First-Class Mail, the Commission reserves final disposition of issues, including comments, for the final order that will review the Postal Service's revised First-Class Mail pricing proposal.

VI. ORDERING PARAGRAPHS

It is ordered:

1. The Commission finds that the Postal Service's price adjustments relating to First-Class Mail as identified in the United States Postal Service Notice of

⁴⁴ See, e.g., Bahnsen Comments; Clair A. Carlson, Jr. Comments; Douglas F. Carlson Comments; Cohen Comments; Eutawville, SC Citizen Comments; Erickson Comments; Kalish Comments; Kennedy Comments; Kluskens Comments; Lopez Comments; Ludeman Comments; Pauly Comments; PPI Comments; Raheer Comments; Sandridge Comments; Tomsen Comments; Wilson Comments; see also GCA Comments; PostCom Comments at 1-4.

⁴⁵ See, e.g., NAPM Comments; NPPC Comments; Pitney Bowes Comments; PostCom Comments.

Market-Dominant Price Change, filed October 9, 2019, and revised on October 10, 2019, are inconsistent with applicable law.

2. The Commission remands the planned First-Class Mail price adjustments to allow the Postal Service to submit amendments that achieve compliance with applicable law.
3. The Commission reserves final disposition of issues, including comments, for the final order that will review the Postal Service's revised First-Class Mail pricing proposal.
4. In order to implement rates for First-Class Mail on January 26, 2020, pursuant to 39 U.S.C. § 3622(d)(1)(C) and 39 C.F.R. § 3010.11(i), an amended notice including amended rates and Mail Classification Schedule language that remedy the deficiencies described in the body of this Order must be filed no later than December 12, 2019.

By the Commission.

Darcie S. Tokioka
Acting Secretary

APPENDIX A**LIST OF COMMENTERS AND COMMENTS**

Commenter	Citation	Citation Short Form
Steven J. Bahnsen	Comments Received from Steven J. Bahnsen, October 28, 2019	Bahnsen Comments
Clair A. Carlson, Jr.	Comments of Clair A. Carlson, Jr., October 29, 2019	Clair A. Carlson, Jr. Comments
Douglas F. Carlson	Douglas F. Carlson Comments in Opposition to a 55-Cent Price and Five-Cent Rounding Policy for One-Ounce, Machinable, Stamped, First-Class Letters, October 24, 2019	Douglas F. Carlson Comments
Michael Cohen	Comment Received from Michael Cohen, October 18, 2019	Cohen Comments
Concerned Citizens of Eutawville, SC	Comments Received from Concerned Citizens, Eutawville, SC, November 6, 2019*	Eutawville, SC Citizen Comments
K. A. Erickson	Comments Received from K. A. Erickson, October 30, 2019*	Erickson Comments
Greeting Card Association (GCA)	Comments of the Greeting Card Association, October 29, 2019	GCA Comments
Evan D. Kalish	Comments of Evan D. Kalish in Opposition to the First-Class Letter Rate Schedule, October 29, 2019	Kalish Comments
Matthew Kennedy	Comments Received from Matthew Kennedy, October 30, 2019*	Kennedy Comments
Claire Kluskens	Comments Received from Claire Kluskens, October 30, 2019*	Kluskens Comments
Tom Lopez	Comments Received from Tom Lopez, October 30, 2019*	Lopez Comments
Mike Ludeman	Comments Received from Mike Ludeman, October 30, 2019*	Ludeman Comments
National Association of Presort Mailers (NAPM)	Comments of the National Association of Presort Mailers, October 29, 2019	NAPM Comments
National Postal Policy Council (NPPC)	Comments of the National Postal Policy Council, October 29, 2019	NPPC Comments
Michael Pauly	Comments Received from Michael Pauly, October 30, 2019*	Pauly Comments
Pitney Bowes Inc. (Pitney Bowes)	Comments of Pitney Bowes Inc., October 29, 2019	Pitney Bowes Comments
Association for Postal Commerce (PostCom)	Comments of the Association for Postal Commerce, October 29, 2019 (PostCom Comments)	PostCom Comments
Prison Policy Initiative, Inc. (PPI)	Comments of the Prison Policy Initiative, Inc., October 29, 2019	PPI Comments

Commenter	Citation	Citation Short Form
Public Representative	Public Representative Notice of Errata, October 29, 2019, Public Representative Comments ¹	PR Comments
Stephen A. Raher	Comments of Stephen A. Raher, October 25, 2019	Raher Comments
Amy Sandridge	Comments Received from Amy Sandridge, October 30, 2019*	Sandridge Comments
Erik Tomsen	Comments Received from Erik Tomsen, October 30, 2019*	Tomsen Comments
W. C. Wilson	Comments Received from W. C. Wilson, October 30, 2019*	Wilson Comments

* Note: The Commission accepts the comments marked with an * above, which were not filed online according to the process described in 39 C.F.R. § 3001.9(a). The Commission posted these comments to the Commission's website (<http://www.prc.gov>) on October 30, 2019 and November 6, 2019. Acceptance of these comments will facilitate participation in this proceeding, will not unduly prejudice any party to this proceeding, and will not unduly delay this proceeding.

¹ This final version, which bears the Filing ID number 110851, replaces a version filed earlier that day. *See id.* The Commission grants the unopposed request of the Public Representative to withdraw the version bearing the Filing ID number 110839 that was filed in error. *See id.*