

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

Transfer of Inbound Letter Post Small
Packets to the Competitive Product List

Docket No. MC2019-17

Competitive Product Prices
Inbound E-Format Letter Post

Docket No. CP2019-155

NOTICE AND ORDER OF PROPOSED REVISED TRANSFER DATE AND PRICE
ADJUSTMENT FOR INBOUND LETTER POST SMALL PACKETS
AND BULKY LETTERS

(Issued November 26, 2019)

I. INTRODUCTION

On November 20, 2019, the Postal Service filed a motion to effectuate the transfer of Inbound Letter Post Small Packets and Bulky Letters to the Competitive product list on January 1, 2020.¹ With its Motion, the Postal Service filed proposed prices for the Inbound Letter Post Small Packets and Bulky Letters product that become effective on January 1, 2020. Motion at 4. The Postal Service intends to implement

¹ Docket No. MC2019-17, Motion of the United States Postal Service to Effectuate Transfer on January 1, 2020, and Application for Non-Public Treatment, November 20, 2019, at 1 (Motion).

specific per-item and per-kilogram self-declared prices for Inbound Letter Post Small Packets and Bulky Letters on July 1, 2020.² Given that the Motion proposes prices and implicates both of the above captioned dockets, the Commission issues this Notice and Order to provide notice of the Postal Service's proposal and provide for an opportunity for comment.

II. BACKGROUND

In Order No. 4980, the Commission conditionally approved the transfer of Inbound Letter Post Small Packets and Bulky Letters items from the Market Dominant to Competitive products list.³ Before Inbound Letter Post Small Packets and Bulky Letters may be added to the Competitive product list, the Postal Service must propose and the Commission must approve prices that satisfy 39 U.S.C. 3633(a) and 39 CFR part 3015. Order No. 4980 at 19.

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.⁴ 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. When approving the range of self-declared prices, the Commission directed the Postal Service to provide notice of specific per-item and per-

² *Id.* at 3. See generally 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 (Notice).

³ Docket No. MC2019-17, Order Conditionally Approving Transfer, January 9, 2019 (Order No. 4980).

⁴ 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, at 5 (Order No. 5152). The Postal Service applied an annual tonnage threshold of 100 tonnes. See Docket No. CP2019-155, Responses of the United States Postal Service to Questions 1-10 of Chairman's Information Request No. 1, question 3.a, June 7, 2019.

kilogram prices at least 15 days before the effective date of those prices. *Id.* at 19. On October 29, 2019, the Postal Service provided notice of specific per-item and per-kilogram self-declared prices that it intends to implement on July 1, 2020.⁵

III. PROPOSED PRICES

In the Motion, the Postal Service requests that the Commission approve the addition of Inbound Letter Post Small Packets and Bulky Letters to the Competitive product list, effective January 1, 2020. Motion at 1. The Motion identifies two sets of prices that would be in effect in Calendar Year (CY) 2020. First, terminal dues established by the Universal Postal Convention and its Regulations will apply from January 1, 2020, to June 30, 2020. See *id.* at 4. Second, for countries with mail flows that exceed applicable annual tonnage thresholds, the Postal Service proposes self-declared prices, which it intends to implement on July 1, 2020. *Id.*

The Postal Service's Motion includes redacted financial workpapers supporting these proposed prices and a certification pursuant to 39 CFR 3015.5(c)(2). *Id.* at 1; *id.* Attachment 2. In addition, the Postal Service includes the proposed prices and underlying workpapers under seal. See Motion at 1-2. The Postal Service states that the specific per-item and per-kilogram prices and supporting unredacted workpapers should remain confidential. *Id.* at 1-2 n.2. The Postal Service further explains its request for non-public treatment in its application for non-public treatment, filed pursuant to 39 CFR part 3007. *Id.* Attachment 1.

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

⁵ The Commission previously issued a notice of these specific per-item and per-kilogram self-declared prices and invited comments regarding these self-declared prices in Docket No. CP2019-155. Docket No. CP2019-155, Notice and Order Concerning Rates Not of General Applicability for Inbound E Format Letter Post, October 30, 2019 (Order No. 5288). The Commission will evaluate the comments submitted in response to Order No. 5288 in a future order addressing the proposed prices for Inbound Letter Post Small Packets and Bulky Letters in the above captioned dockets.

U.S.C. 3633. *Id.* at 6-8. The Postal Service states that, for a 12-month forward looking period, the revenue generated by the proposed prices for CY 2020 cover attributable costs, avoid cross-subsidization, and do not impede competitive products' collective ability to cover the appropriate share of institutional costs. *Id.* at 6. The Postal Service asserts that the Commission should evaluate compliance based on the 12-month period following the transfer, which includes both the CY 2020 terminal dues, which go into effect on January 1, 2020, and the self-declared prices, which the Postal Service intends to implement on July 1, 2020. *Id.* at 7.

IV. ADMINISTRATIVE ACTIONS

The Commission invites comments on whether the planned changes are consistent with the policies of 39 U.S.C. 3632, 3633, and 3642; 39 CFR part 3015; and 39 CFR 3020.30 *et seq.* Comments are due by December 10, 2019.

The Request and related filings are available on the Commission's website (<http://www.prc.gov>). The Commission encourages interested persons to review the Motion and the Notice for further details.

Pursuant to 39 U.S.C. 505, Katalin K. Clendenin will serve as Public Representative to represent the interests of the general public in these dockets.

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 the policies of 39 U.S.C. 3632, 3633, and 3642; 39 CFR part 3015; and 39 CFR 3020.30 *et seq.*
2. Comments are due no later than December 10, 2019.

3. Pursuant to 39 U.S.C. 505, Katalin K. Clendenin will serve as an officer of the Commission (Public Representative) to represent the interests of the general public in these dockets.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Darcie S. Tokioka
Acting Secretary