

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

Loyalty Program

Docket No. CP2020-166

NOTICE AND ORDER CONCERNING CHANGES IN RATES OF GENERAL
APPLICABILITY FOR PRIORITY MAIL EXPRESS AND PRIORITY MAIL TO
IMPLEMENT A LOYALTY PROGRAM

(Issued June 8, 2020)

I. INTRODUCTION AND OVERVIEW

On June 5, 2020, the Postal Service filed notice with the Commission concerning changes in rates of general applicability and associated classification changes for Priority Mail Express and Priority Mail to implement a new Loyalty Program.¹ The Postal Service represents that, as required by 39 CFR 3035.102(b), the Notice includes an explanation and justification for the changes, the effective date, and a schedule

¹ United States Postal Service Notice of Changes in Rates of General Applicability for Loyalty Program, June 5, 2020 (Notice). Pursuant to 39 U.S.C. 3632(b)(2), the Postal Service is obligated to publish the Governors' Decision and record of proceedings in the *Federal Register* at least 30 days before the effective date of the new rates.

showing new prices and related classification changes.² The changes are scheduled to take effect on August 1, 2020. Notice at 1.

Attached to the Notice is Governors' Decision No. 20-2, which states the new prices are in accordance with 39 U.S.C. 3632 and 3633 and 39 CFR 3035.102(b).³ The attachment to the Governors' Decision sets forth the price changes and includes draft Mail Classification Schedule (MCS) language for Priority Mail Express and Priority Mail related to the Loyalty Program. *Id.*

The Postal Service includes a non-public annex showing FY 2020 projected volumes, revenues, attributable costs, contribution, and cost coverage for Priority Mail Express and Priority Mail. Notice at 1. The Postal Service states that a full rollforward forecast is not available, but it is filing supporting data for the affected products in accordance with Order No. 1062. *Id.* The Notice includes an application for non-public treatment of the attributable costs, contribution, and cost coverage data in the unredacted version of the annex, as well as the supporting materials for the data. Notice at 1-2. The Postal Service filed a redacted, public version of the annex with the Notice.⁴

II. LOYALTY PROGRAM

The Notice states that the Loyalty Program applies to Postal Service business customers using Click-N-Ship for Priority Mail Express and Priority Mail shipping at Retail rates. Notice at 2. Beginning on August 1, 2020, the Postal Service will

² See Notice at 1. In the Notice, the Postal Service cites to 39 CFR 3015.2(b). *Id.* The rules appearing in title 39 of the Code of Federal Regulations were re-organized effective April 20, 2020. See Docket No. RM2019-13, Order Reorganizing Commission Regulations and Amending Rules of Practice, January 16, 2020 (Order No. 5407); Docket No. RM2019-13, Notice of Errata, April 23, 2020. Prior to this reorganization, rules on rates for competitive products appeared in 39 CFR part 3015. This Order cites to the re-organized rules.

³ Notice, Decision of the Governors of the United States Postal Service on Changes in Rates of General Applicability for Competitive Products (Governors' Decision No. 20-2), at 1 (Governors' Decision No. 20-2).

⁴ Notice at 2; see Excel file "loyaltypgm annex.redacted.xls".

automatically enroll these customers in the Basic tier of the Loyalty Program. *Id.* On January 1, 2021, the Loyalty Program will expand to a three-tiered program based on each customer's shipping spending at Retail rates in the previous calendar year. *Id.*

The three tiers are:

- Basic (no minimum spending): Earn \$40 credit for every \$500 spent
- Silver (at least \$10,000 spent): Earn \$50 credit for every \$500 spent
- Gold (at least \$20,000 spent): Qualify for Commercial Base pricing

Id. To help customers whose volume declined because of the ongoing COVID-19 pandemic, all Loyalty Program participants will receive an additional one-time \$20 credit for shipping during the first two months of the program once participants ship at least \$500 combined at Priority Mail Express and Priority Mail Retail rates. *Id.* During the first year of the Loyalty Program, any new Postal Service Click-N-Ship business customers will receive a one-time \$40 "Welcome Bonus" credit upon shipping at least \$500 at Priority Mail Express and Priority Mail Retail rates. *Id.*

III. INITIAL ADMINISTRATIVE ACTIONS

The Commission establishes Docket No. CP2020-166 to consider the Postal Service's Notice. Interested persons may express views and offer comments on whether the planned changes are consistent with 39 U.S.C. 3632, 3633, and 3642, 39 CFR part 3035, and 39 CFR 3040 subparts B and E. Comments are due no later than June 19, 2020. For specific details of the planned price changes, interested persons are encouraged to review the Notice, which is available on the Commission's website at www.prc.gov.

Pursuant to 39 U.S.C. 505, Kenneth R. Moeller is appointed to serve as Public Representative to represent the interests of the general public in this docket.

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission establishes Docket No. CP2020-166 to provide interested persons an opportunity to express views and offer comments on whether the planned changes are consistent with 39 U.S.C. 3632, 3633, and 3642, 39 CFR part 3035, and 39 CFR 3040 subparts B and E.
2. Comments are due no later than June 19, 2020.
3. Pursuant to 39 U.S.C. 505, the Commission appoints Kenneth R. Moeller 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.

Erica A. Barker
Secretary