

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRICE CHANGES

Docket No. CP2022-62

**USPS NOTICE OF CHANGES IN
RATES AND CLASSIFICATIONS OF GENERAL APPLICABILITY
FOR COMPETITIVE PRODUCTS**
(May 6, 2022)

Pursuant to 39 C.F.R. §§ 3035.102 and 3035.104, the United States Postal Service hereby gives notice of changes in rates and classifications of general applicability for competitive products. The Postal Service is not changing prices for most competitive products in this case. However, some price and classification changes are being made to Priority Mail, Parcel Select, and certain International Special Services, as follows:

- Eligibility requirements for Priority Mail Commercial Plus Cubic will be removed, so that all commercial customers can use Priority Mail cubic pricing.
- Classification changes will be made to increase insurance to \$100 for Priority Mail and to extend the inclusion of \$100 in insurance to Priority Mail Returns.
- Cubic pricing will be introduced for Parcel Select Ground.
- Price changes for Outbound International Insurance and International Money Transfer Service (IMTS)-Outbound will be made, in response to recent directives from the Commission in its FY 2021 Annual Compliance Determination.

In accordance with Rule 3035.102(b) and Rule 3035.104(b), this Notice provides the Governors' Decision establishing the changes, including a statement of explanation and justification, and certification of the vote. The new prices and classification changes will take effect on July 10, 2022.

Attached to the Governors' Decision is a schedule showing new prices and classification changes incorporated into a draft of the revisions to the competitive products section of the Mail Classification Schedule. Classification changes established by this Governors' Decision are shown in legislative format.

Also being filed herewith is a non-public annex showing FY 2023 projected volumes, revenues, attributable costs, contribution, and cost coverage for each product. Additionally, in accordance with Order No. 1062, the Postal Service is filing supporting forecast data and price adjustment calculations for each affected product. An application for non-public treatment of this material is attached to this pleading, along with a redacted, public version of the annex. Redacted versions of certain supporting materials are also being filed.

The Governors' Decision and record of proceedings will be published in the *Federal Register* in accordance with 39 U.S.C. § 3632(b)(2).

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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May 6, 2022

**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON CHANGES
IN RATES AND CLASSIFICATIONS OF GENERAL APPLICABILITY FOR COMPETITIVE
PRODUCTS (GOVERNORS' DECISION NO. 22-1)**

May 5, 2022

STATEMENT OF EXPLANATION AND JUSTIFICATION

Pursuant to authority under section 3632 of title 39, as amended by the Postal Accountability and Enhancement Act of 2006 ("PAEA"), we establish prices and classifications of general applicability for certain of the Postal Service's competitive products. The changes are described generally below, with a detailed description of the changes in the attachment. The attachment includes the draft Mail Classification Schedule sections with classification changes in legislative format, and new prices displayed in the price charts.

As shown in the nonpublic annex being filed under seal herewith, the changes we establish should enable each competitive product to cover its attributable costs (39 U.S.C. § 3633(a)(2)) and should result in competitive products as a whole complying with 39 U.S.C. § 3633(a)(3), which, as implemented by 39 C.F.R. § 3035.107(c), requires competitive products collectively to contribute a minimum of 10.0 percent to the Postal Service's institutional costs. Accordingly, no issue of subsidization of competitive products by market dominant products should arise (39 U.S.C. § 3633(a)(1)). We therefore find that the new prices are in accordance with 39 U.S.C. §§ 3632–3633 and 39 C.F.R. § 3035.102.

I. Domestic Products

A. Priority Mail

The existing structure of the Priority Mail Retail, Commercial Base, and Commercial Plus price categories is maintained. No price changes are proposed, but classification changes are made to increase insurance to \$100 for Priority Mail and to extend the inclusion of \$100 in insurance to Priority Mail Returns. Eligibility requirements for Commercial Plus Cubic pricing are being removed, so that all commercial customers can utilize Priority Mail cubic pricing.

B. Parcel Select

Cubic pricing will be introduced for the Parcel Select Ground price category. No other price or classification changes are proposed for the Parcel Select product, and the existing structure is maintained.

No other price or classification changes for Domestic Products are being made.

II. International Products

A. International Ancillary Services and Special Services

Prices for Outbound International Insurance will be increased about 55 percent on average to ensure adequate cost coverage, in response to recent directives from the Postal Regulatory Commission (PRC) in its FY 2021 Annual Compliance Determination (ACD) to take corrective action in this regard in relation to Outbound International Insurance's failure to cover its costs in FY 2021. Prices for International Money Transfer Service (IMTS) – Outbound, which includes international Postal Money Orders and Electronic Money Transfer Service, will increase by about 305 percent, in response to a PRC directive in the FY 2021 ACD after a finding that IMTS–Outbound did not cover its costs.

No other price or classification changes for International Products are being made.

ORDER

The changes in prices and classes set forth herein shall be effective at 12:01 A.M. on July 10, 2022. We direct the Secretary to have this decision published in the *Federal Register* in accordance with 39 U.S.C. § 3632(b)(2) and direct management to file with the Postal Regulatory Commission appropriate notice of these changes.

By The Governors:



Roman Martinez IV
Chairman, Board of Governors

**UNITED STATES POSTAL SERVICE
OFFICE OF THE BOARD OF GOVERNORS**

**CERTIFICATION OF GOVERNORS' VOTE ON
GOVERNORS' DECISION NO. 22-1**

Consistent with 39 USC 3632(a), I hereby certify that, on May 5, 2022, the Governors voted on adopting Governors' Decision No. 22-1, and that a majority of the Governors then holding office voted in favor of that Decision.

A handwritten signature in blue ink, appearing to read "Michael J. Elston", written over a horizontal line.

Michael J. Elston
Secretary of the Board of Governors

Date: May 5, 2022

PART B

COMPETITIVE PRODUCTS

2000 COMPETITIVE PRODUCT LIST

2100 Domestic Products

* * *

2110 Priority Mail

2110.1 Description

- a. Priority Mail service provides expeditious handling and transportation.
- b. Any matter eligible for mailing may, at the option of the mailer, be mailed by Priority Mail service for expeditious handling and transportation.
- c. Priority Mail pieces are sealed against postal inspection and shall not be opened except as authorized by law.
- d. Priority Mail pieces that are undeliverable-as-addressed are entitled to be forwarded or returned to the sender without additional charge.
- e. Up to ~~\$50.00~~\$100.00 of General Insurance coverage is included at no additional cost in the price of Priority Mail pieces that bear an Intelligent Mail package barcode or retail tracking barcode. This does not apply to Priority Mail pieces sent using~~non-prepaid returns~~, Priority Mail Open and Distribute, or Premium Forwarding Service.
- f. Up to \$100.00 of General Insurance coverage is included at no additional cost in the price of Priority Mail pieces that bear an Intelligent Mail package barcode and for which the mailer pays Commercial Plus prices or uses ePostage, Electronic Verification System, Hardcopy Manifest, or an approved Manifest Mailing System. This does not apply to Priority Mail pieces sent using ~~non-prepaid returns~~, Priority Mail Open and Distribute, or Premium Forwarding Service.
- g. Return parcels may be sent without prepayment of postage if authorized by the returns customer, who agrees to pay the postage.

2110.2 Size and Weight Limitations¹

	Length	Height	Thickness	Weight
Minimum	large enough to accommodate postage, address, and other required elements on the address side			none
Maximum				70 pounds ¹
Flat Rate Envelope	Nominal Sizes: Regular: 9.5 x 12.5 inches Padded: 10 x 13 inches Legal: 9.5 x 15.0 inches			
Flat Rate Box	Nominal Sizes: Large: 12 x 12 x 5.5 inches or 11.75 x 3 x 23.6875 inches – approximately 1/2 cu. ft. Medium: 11.875 x 3.375 x 13.625 inches or 11 x 8.5 x 5.5 inches – approximately 1/3 cu. ft. Small: 8.625 x 5.375 x 1.625 inches – approximately 1/20 cu. ft.			
Regional Rate Box A	Outside Dimensions: Top Loaded: 10.125 x 7.125 x 5.0 inches Side Loaded: 13.0625 x 11.0625 x 2.5 inches			15 pounds
Regional Rate Box B	Outside Dimensions: Top Loaded: 12.25 x 10.5 x 5.5 inches Side Loaded: 16.25 x 14.5 x 3 inches			20 pounds
Commercial Plus Cubic	Various, not to exceed 0.1, 0.2, 0.3, 0.4, or 0.5 cubic feet			20 pounds
Open and Distribute	Half Tray: 15 x 11.75 x 4.75 inches Full Tray: 25.875 x 11.75 x 4.75 inches EMM Tray: 12.375 x 6.4375 x 25.25 inches Flat Tub: 19.375 x 13.8125 x 12.25 inches			70 pounds ¹
All Others	108 inches in combined length and girth			70 pounds ¹

Notes

1. A charge of \$100.00 applies to pieces found in the postal network that exceed the 70-pound maximum weight limitation or the the 130-inch length plus girth maximum dimensional limit for Postal Service products. Such items are nonmailable and will not be delivered. As described in the Domestic Mail Manual, this charge is payable before release of the item, unless the item is picked up at the same facility where it was entered.

2110.3 Minimum Volume Requirements

	Minimum Volume Requirements
Commercial Plus Cubic Priority Mail	50 pounds or 200 pieces (Permit Imprint only)
All Other Priority Mail	none

2110.4 Price Categories

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- ~~Commercial Plus~~ Cubic – Prices are available to customers who use specifically authorized postage payment methods and whose annual Priority Mail volume exceeds 50,000 pieces
 - Zone/Cubic Volume

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2110.6 Prices

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~~Commercial Plus~~ Cubic

Maximum Cubic Feet	Local, Zones 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zone 8 (\$)	Zone 9 (\$)
0.10	7.54	7.81	8.05	8.37	9.18	9.77	10.43	18.56
0.20	8.02	8.20	8.49	9.12	10.96	11.62	12.67	25.09
0.30	8.25	8.62	9.01	10.03	13.48	15.22	17.93	34.46
0.40	8.37	8.85	9.57	11.83	15.92	18.73	21.59	42.67
0.50	8.50	9.07	10.04	13.18	17.79	22.31	25.74	51.21

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2115 Parcel Select

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2115.2 Size and Weight Limitations¹

Parcel Select

	Length	Height	Thickness	Weight
Minimum	large enough to accommodate postage, address, and other required elements on the address side			none
Maximum	130 inches in combined length and girth			70 pounds ¹

Parcel Select Ground

	<u>Length</u>	<u>Height</u>	<u>Thickness</u>	<u>Weight</u>
<u>Minimum</u>	<u>large enough to accommodate postage, address, and other required elements on the address side</u>			<u>none</u>
<u>Maximum</u>				
<u>Cubic</u>	<u>Various, not to exceed 0.1, 0.2, 0.3, 0.4, 0.5, 0.6, 0.7, 0.8, 0.9, or 1.0 cubic feet</u>			<u>20 pounds</u>
<u>All Others</u>	<u>130 inches in combined length and girth</u>			<u>70 pounds¹</u>

Lightweight

	Length	Height	Thickness	Weight
Minimum	large enough to accommodate postage, address, and other required elements on the address side			none
Maximum	108 inches in combined length and girth			< 16 ounces

Notes

1. A charge of \$100.00 applies to pieces found in the postal network that exceed the 70-pound maximum weight limitation or the 130-inch length plus girth maximum dimensional limit for Postal Service products. Such items are nonmailable and will not be delivered. As described in the Domestic Mail Manual, this charge is payable before release of the item, unless the item is picked up at the same facility where it was entered.

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2115.4 Price Categories

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Non-Destination Entered

- Parcel Select Ground
 - Parcel Select Ground
 - Cubic
 - Dimensional Weight
 - Oversized
 - Forwarding and Returns

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2115.6 Prices

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Non-Destination Entered — Parcel Select Ground

a. Parcel Select Ground

* * *

b. Cubic

<u>Maximum Cubic Feet</u>	<u>Local, Zones 1 & 2 (\$)</u>	<u>Zone 3 (\$)</u>	<u>Zone 4 (\$)</u>	<u>Zone 5 (\$)</u>	<u>Zone 6 (\$)</u>	<u>Zone 7 (\$)</u>	<u>Zone 8 (\$)</u>	<u>Zone 9 (\$)</u>
<u>0.10</u>	<u>6.86</u>	<u>7.11</u>	<u>7.29</u>	<u>7.42</u>	<u>7.64</u>	<u>8.09</u>	<u>8.45</u>	<u>8.45</u>
<u>0.20</u>	<u>7.26</u>	<u>7.60</u>	<u>7.87</u>	<u>8.08</u>	<u>8.98</u>	<u>9.57</u>	<u>10.12</u>	<u>10.12</u>
<u>0.30</u>	<u>7.31</u>	<u>7.70</u>	<u>8.06</u>	<u>8.55</u>	<u>10.48</u>	<u>11.01</u>	<u>11.64</u>	<u>11.64</u>
<u>0.40</u>	<u>7.40</u>	<u>7.87</u>	<u>8.42</u>	<u>9.53</u>	<u>11.47</u>	<u>12.14</u>	<u>12.76</u>	<u>12.76</u>
<u>0.50</u>	<u>7.51</u>	<u>8.08</u>	<u>8.81</u>	<u>10.23</u>	<u>12.16</u>	<u>12.93</u>	<u>13.66</u>	<u>13.66</u>
<u>0.60</u>	<u>7.63</u>	<u>8.40</u>	<u>9.26</u>	<u>11.72</u>	<u>12.68</u>	<u>13.45</u>	<u>14.15</u>	<u>14.15</u>
<u>0.70</u>	<u>7.99</u>	<u>9.09</u>	<u>9.73</u>	<u>12.56</u>	<u>13.01</u>	<u>13.91</u>	<u>14.84</u>	<u>14.84</u>
<u>0.80</u>	<u>8.21</u>	<u>9.73</u>	<u>10.93</u>	<u>12.91</u>	<u>13.48</u>	<u>14.40</u>	<u>15.50</u>	<u>15.50</u>
<u>0.90</u>	<u>8.87</u>	<u>10.21</u>	<u>11.68</u>	<u>13.14</u>	<u>13.90</u>	<u>15.09</u>	<u>16.42</u>	<u>16.42</u>
<u>1.00</u>	<u>9.39</u>	<u>10.74</u>	<u>11.92</u>	<u>13.54</u>	<u>14.33</u>	<u>16.10</u>	<u>17.68</u>	<u>17.68</u>

c. Dimensional Weight

Parcels exceeding one cubic foot are priced at the actual weight or the dimensional weight, whichever is greater.

For box-shaped parcels, the dimensional weight (pounds) is calculated by multiplying the length (inches) times the width (inches) times the height (inches) of the parcel, and dividing by 166.

For irregular-shaped parcels (parcels not appearing box-shaped), the dimensional weight (pounds) is calculated by multiplying the length (inches) times the width (inches) times the height (inches) at the associated maximum cross-sections of the parcel, dividing by 166, and multiplying by an adjustment factor of 0.785.

d. Oversized Pieces

Regardless of weight, any piece that measures more than 108 inches (but not more than 130 inches) in length plus girth must pay the oversized price. As stated in the Domestic Mail Manual, any piece that is found to

be over the 70 pound maximum weight limitation is nonmailable, will not be delivered, and may be subject to the \$100.00 overweight item charge.

de. Forwarding and Returns

Parcel Select pieces that are forwarded on request of the addressee or forwarded or returned on request of the mailer will be subject to the applicable Parcel Select Ground price, plus \$3.00, when forwarded or returned. For customers using Address Correction Service with Shipper Paid Forwarding/Return, and also using an IMpb, the additional fee will be \$2.50.

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2615 International Ancillary Services

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2615.5 Outbound International Insurance

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2615.5.3 Prices

Outbound International Insurance

- a. Priority Mail International Insurance and Priority Mail Express
International Merchandise Insurance

Indemnity Limit Not Over (\$)	Price (\$)
200 ¹	0.00
300	11.05
400	14.00
500	16.95
600	19.90
700	22.85
800	25.80
900	28.75
Over 900	28.75 plus 2.95 for each 100.00 or fraction thereof over 900.00. Maximum indemnity varies by country.

Notes

1. Insurance coverage is provided, for no additional charge, up to \$200.00 for merchandise, and up to \$100.00 for document reconstruction.

b. Global Express Guaranteed Insurance

(\$)		(\$)	(\$)
Amount of coverage:			
0.01	to	100.00	0.00
100.01	to	200.00	2.10
200.01	to	300.00	4.20
300.01	to	400.00	6.30
400.01	to	500.00	8.40
For document reconstruction insurance or non-document insurance coverage above 500.00, add 2.10 per 100.00 or fraction thereof, up to a maximum of 2,499.00 per shipment. Maximum indemnity varies by country.			
Up to		2,499.00	48.30

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2620 International Money Transfer Service—Outbound

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2620.3 Prices

International Money Order

	(\$)
Per International Money Order	49.65
Inquiry Fee	36.45

Vendor Assisted Electronic Money Transfer

	Transfer Amount		
	Minimum Amount (\$)	Maximum Amount (\$)	Per Transfer (\$)
Electronic Money Transfer	0.01	750.00	69.30
	750.01	1,500.00	100.25
Refund	0.01	1,500.00	151.90
Change of Recipient	0.01	1,500.00	80.80

Electronic Money Transfer

[Reserved]

Competitive Rate Changes July 10, 2022 Implementation

COMPETITIVE PRODUCT CONTRIBUTION & COST COVERAGE ANALYSIS					
Fiscal Year 2023	FY2023 Revenue (000's)	FY2023 Volume (000's)	FY2023 Attributable Cost (000's)	FY2023 Contribution (000's)	FY2023 Cost Coverage
PRIORITY MAIL EXPRESS					
Current Prices	\$ 778,286	26,825			
New Prices	\$ 778,286	26,825			
Change	\$ -	-			
FIRST CLASS PACKAGE SERVICE					
Current Prices	\$ 7,065,974	1,868,638			
New Prices	\$ 7,065,974	1,868,638			
Change	\$ -	-			
RETAIL GROUND					
Current Prices	\$ 399,108	15,094			
New Prices	\$ 399,108	15,094			
Change	\$ -	-			
PRIORITY MAIL					
Current Prices	\$ 12,628,842	1,321,877			
New Prices	\$ 12,628,842	1,321,877			
Change	\$ -	-			
Parcel Select - Traditional					
Current Prices	\$ 4,789,132	1,408,644			
New Prices	\$ 4,789,132	1,408,644			
Change	\$ -	-			
Parcel Select - Lightweight					
Current Prices	\$ 3,755,122	1,694,731			
New Prices	\$ 3,755,122	1,694,731			
Change	\$ -	-			
Parcel Select Change - Total					
Current Prices	\$ 8,544,255	3,103,375			
New Prices	\$ 8,544,255	3,103,375			
Change	\$ -	-			
Parcel Return Service					
Current Prices	\$ 246,986	73,253			
New Prices	\$ 246,986	73,253			
Change	\$ -	-			
Premium Forwarding Service					
Current Prices	\$ 22,861	931			
New Prices	\$ 22,861	931			
Change	\$ -	-			
POST OFFICE BOX SERVICES					
Current Prices	\$ 1,092,258	-			
New Prices	\$ 1,092,258	-			
Change	\$ -	-			
Address Enhancement Services					
Current Prices	\$ 1,220	-			
New Prices	\$ 1,220	-			
Change	\$ -	-			
Shipping & Mailing Supplies					
Current Prices	\$ 116,619	-			
New Prices	\$ 116,619	-			
Change	\$ -	-			
Other Ancillary Services					
Current Prices	\$ 61,607	-			
New Prices	\$ 61,607	-			
Change	\$ -	-			
Greeting Cards					
Current Prices	\$ 24,310	-			
New Prices	\$ 24,310	-			
Change	\$ -	-			
Competitive International					
Current Prices	\$ 1,840,925	198,967			
New Prices	\$ 1,841,505	198,967			
Change	\$ 580	-			
Total Competitive Products (Current)	\$ 32,823,253	6,608,961			
Total Competitive Products (New)	\$ 32,823,833	\$ 6,608,961			
Differences	\$ 580	-			
Competitive Product Contribution Calculation					
Total Contribution	\$ 13,636,487				
Institutional Cost	\$ 38,314,539				
Contribution from Competitive Products as a % of Institutional Cost	35.6%				

* Excludes Free Mail and US Postal Mail

APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NON-PUBLIC TREATMENT OF MATERIALS

In accordance with 39 C.F.R. § 3011.201, the Postal Service hereby applies for non-public treatment of the attributable cost, contribution, and cost coverage data in the unredacted version of the annex to Governors' Decision No. 22-1, as well as the supporting materials for those data, which include disaggregated product volume, weight, and revenue distribution information by price cell. The materials consist of spreadsheets that contain calculations to determine the weighted average price increase and cost coverage for each competitive product within the scope of this docket. The Postal Service hereby furnishes below the justification for this Application as required by each subsection of 39 C.F.R. § 3011.201(b). For the reasons discussed, the Postal Service asks that the Commission grant its Application for non-public treatment of the identified materials. The Postal Service is concurrently filing redacted versions of these files, where it has determined redactions to be practicable.

(1) The rationale for claiming that the materials are non-public, including the specific statutory provision(s) supporting the claim, and an explanation justifying application of the provision(s) to the materials.

The materials designated as non-public consist of information of a commercial nature as well as third-party business information that, under good business practice, would not be disclosed to the public. In the Postal Service's opinion, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (b)(4).¹ Because the portions of the materials filed non-publicly

¹ In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury,

in this docket by the Postal Service fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant the Postal Service's Application for their non-public treatment.

- (2) A statement of whether the submitter, any person other than the submitter, or both have a proprietary interest in the information contained within the non-public materials, and the identification(s) specified in paragraphs (b)(2)(i) through (iii) of this section (whichever is applicable). For purposes of this paragraph, identification means the name, phone number, and email address of an individual.²**

The Postal Service also believes that FedEx Corporation may have a proprietary interest in some of the data concerning Global Express Guaranteed (GXG) in the materials submitted.³ The Postal Service will undertake to inform FedEx Corporation, in compliance with 39 C.F.R. § 3011.200(b), of the nature and scope of this filing and its ability to address its confidentiality concerns directly with the Commission. The Postal Service identifies James H. Ferguson, Corporate Vice President, FedEx Corporation, as

such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

² Section 3011.201(b)(2) further states the following:

(i) If the submitter has a proprietary interest in the information contained within the materials, identification of an individual designated by the submitter to accept actual notice of a motion related to the non-public materials or notice of the pendency of a subpoena or order requiring production of the materials.

(ii) If any person other than the submitter has a proprietary interest in the information contained within the materials, identification of each person who is known to have a proprietary interest in the information. If such an identification is sensitive or impracticable, an explanation shall be provided along with the identification of an individual designated by the submitter to provide notice to each affected person.

(iii) If both the submitter and any person other than the submitter have a proprietary interest in the information contained within the non-public materials, identification in accordance with both paragraphs (b)(2)(i) and (ii) of this section shall be provided. The submitter may designate the same individual to fulfill the requirements of paragraphs (b)(2)(i) and (ii) of this section.

³ Although FedEx Corporation might have a proprietary interest in data reflecting volume or weights for GXG, the Postal Service maintains that the Postal Service is the only party with a proprietary interest in revenue data reflecting GXG transactions between the Postal Service and its customers.

the appropriate contact on behalf of FedEx Corporation. Mr. Ferguson's telephone number is (901) 434-8600, and his email address is jhferguson1@fedex.com.

Additionally, the Postal Service believes that PNC Global Transfers may have a proprietary interest in some of the data in the materials submitted. The Postal Service will undertake to inform PNC Global Transfers, in compliance with 39 C.F.R. § 3011.200(b), of the nature and scope of this filing and its ability to address its confidentiality concerns directly with the Commission. The Postal Service identifies Aurora Garza Hagan, Chief Executive Officer, PNC Global Transfers, Inc., as the appropriate contact on behalf of PNC Global Transfers. Ms. Hagan's telephone number is 281-765-1525, and her email address is Aurora.Garza@btsincusa.com.

Furthermore, because of the level of aggregation of the data in the materials submitted, the Postal Service believes that only one foreign postal operator, Canada Post Corporation (CPC), may have a proprietary interest in some of the data in the materials submitted. The Postal Service has already informed CPC through contractual arrangements, of the nature and scope of this type of filing and CPC's ability to address its confidentiality concerns directly with the Commission. The Postal Service identifies Rajeev Venugopal, General Manager, International Relations, Canada Post Corporation, as the appropriate contact on behalf of CPC. Mr. Venugopal's telephone number is (613) 734-3000, extension 55941, and his email address is raj.venugopal@canadapost.ca. CPC requests that any communications regarding confidential treatment of these data be sent with a courtesy copy to Ewa Kowalski, Director, International Mail Settlement, Canada Post Corporation. Ms. Kowalski's

telephone number is (613) 734-6201, and her email address is ewa.kowalski@canadapost.ca.⁴

- (3) A description of the information contained within the materials claimed to be non-public in a manner that, without revealing the information at issue, would allow the Commission to thoroughly evaluate the basis for the claim that the information contained within the materials are non-public.**

The redacted information consists of the projected FY 2023 attributable cost, contribution, and cost coverage for each competitive product that is the subject of this docket. The Postal Service has filed information concerning the calculations used to develop the weighted average price increase by product and cost coverage. Protected information in the spreadsheets includes volume and revenue by price cell (weight increment and zone), as well as product-specific cost data and other supporting data. Such information for competitive product categories is commercially sensitive at the disaggregated, cell-specific level shown in the spreadsheets.

- (4) Particular identification of the nature and extent of the harm alleged and the likelihood of each harm alleged to result from disclosure.**

If competitors of the Postal Service were to have access to this information, they would likely focus their marketing and price cutting efforts on the Postal Service's most profitable products. This will lead to erosion of contribution of these products through lost sales and/or the need to lower prices to compete. Postal product cost and

⁴ In the event of a preliminary determination of non-public status under 39 C.F.R. § 3011.103, or a request for access to non-public materials under 39 C.F.R. § 3011.301, or a motion for disclosure of non-public materials under 39 C.F.R. § 3011.400, or a request for disclosure of materials for which non-public treatment has expired under 39 C.F.R. § 3011.401, the Postal Service notes, on CPC's behalf that differences in the official observation of national holidays might adversely and unduly affect CPC's ability to avail itself of the times allowed for response under the Commission's rules. In such cases, CPC has requested that the Postal Service convey its preemptive request that the Commission account for such holidays when accepting submissions on matters that affect CPC's interests. A listing of Canada's official holidays can be found at: https://www.canadapost.ca/web/en/kb/details.page?article=find_out_operating_h&catttype=kb&cat=sending&subcat=generalinformation.

contribution information would provide suppliers of postal transportation and other services with information they could use to seek higher rates for services they provide. This would lead to higher postal costs and loss of contribution. Although the extent of the commercial harm is difficult to quantify, given that Shipping Services is a multi-billion dollar enterprise, even a small change in market share, prices, or costs could lead to millions of dollars in lost revenue, higher costs, and lower contribution margins. It is highly likely that if this information were made public, the Postal Service's competitors and suppliers would take advantage of it almost immediately.

Competitors could use the product-specific revenue, pieces, and weight information to analyze the Postal Service's possible market strengths and weaknesses and to focus sales and marketing efforts on those areas, to the detriment of the Postal Service. Disclosure of this information would also undermine the Postal Service's position in negotiating favorable terms with potential customers, who would be able to ascertain critical information about relevant product trends (*e.g.*, average revenue per piece, average weight per piece).

Disclosure would also expose certain foreign postal operators to the same competitive harms to the extent that a category is associated with a single customer or a small group of customers. The Postal Service considers these to be highly probable outcomes that would result from public disclosure of the material filed nonpublicly. Disclosure of statistical and cost information about GXG could limit the ability of FedEx Corporation, a counterparty to a strategic alliance with the Postal Service, to negotiate effectively and could allow competitors to analyze the traffic for a competitive advantage

against FedEx Corporation. The more disaggregated nature of the product information in the international context, and the relatively small numbers associated with information make the international data particularly vulnerable to analysis and use by competitors.

(5) At least one specific hypothetical, illustrative example of each alleged harm.

The following restates the harms discussed above and presents at least one hypothetical situation illustrating the consequences of disclosure.

Identified harm: Competitors could use product cost, contribution, or cost coverage information to assess vulnerabilities and focus sales and marketing efforts to the Postal Service's detriment.

Hypothetical: Cost, contribution and/or cost coverage information is released to the public and available to a competitor. The competitor assesses the profitability of certain services based on the data released. The competitor then targets its advertising and sales efforts at actual or potential customers in market segments where the Postal Service has substantial contribution, thereby hindering the Postal Service's ability to maintain these customers.

Identified harm: Competitors could use disaggregated product volume, weight, and revenue distribution information to assess vulnerabilities and focus sales and marketing efforts to the Postal Service's detriment, and also during negotiations with the Postal Service.

Hypothetical: Disaggregated revenue, volume, and weights contained in the

Nonpublic Annex are disclosed to the public. Another delivery service's employee monitors the filing of this information and passes it along to the firm's sales and marketing functions. The competitor assesses the profitability of certain services on a per-piece or per-pound basis or the Postal Service's relative concentration in certain service offerings. The competitor then targets its advertising and sales efforts at actual or potential customers in market segments where the Postal Service appears to have made headway, hindering the Postal Service's ability to reach out effectively to these customers. In addition, a foreign postal operator's employee could monitor the filing of this information and pass the information along to the international postal relations functions of that foreign postal operator. The foreign postal operator assesses the Postal Service's average per-item revenue for categories about which it is negotiating with the Postal Service. Accurately or not, the foreign postal operator uses the average revenue information as a justification for pricing demands in negotiations. The Postal Service's ability to negotiate suffers as a result.

Identified harm: Public disclosure of information contained in the Nonpublic Annex associated with international delivery services provided in arrangement with specific third parties would be used by those parties' competitors to their detriment.

Hypothetical: A competitor of a foreign post, such as a competing international delivery service obtains information contained in the Nonpublic Annex. The competitor uses the information to assess the market potential and, as a baseline, to negotiate with other parties to develop lower-cost alternatives and undermine the foreign postal

operator's market offerings. The same scenario could apply with respect to comparable information for FedEx Corporation concerning GXG.

(6) The extent of the protection from public disclosure alleged to be necessary.

The Postal Service maintains that the redacted portions of the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the market for domestic parcel shipping products and in the market for international delivery products (including both private sector integrators and foreign postal operators), as well as their consultants and attorneys. Additionally, suppliers of transportation or other services to the Postal Service that affect costs for competitive services should not have access to these materials; this restriction should include their consultants and attorneys. Also, the Postal Service believes that foreign postal operators, as well as actual or potential customers of a postal operator for this or similar products should not be provided access to the non-public Excel worksheets.

(7) The length of time for which non-public treatment is alleged to be necessary with justification thereof.

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless otherwise provided by the Commission. 39 C.F.R. § 3011.401(a). However, because the Postal Service's relationships with third parties that may have a proprietary interest in protected materials often continue beyond ten years or decades, the Postal Service intends to oppose requests for disclosure of these materials pursuant to 39 C.F.R. § 3011.401(b-c).

(8) Any other relevant factors or reasons to support the application.

None.

Conclusion

For the reasons discussed in this Application, the Postal Service asks that the Commission grant its Application for non-public treatment of the identified materials.