

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

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

Competitive Price Changes Docket No. CP2022-22

Competitive Price Changes Docket No. CP2022-62

ORDER GRANTING IN PART THE UNITED STATES POSTAL SERVICE'S MOTIONS
FOR CLARIFICATION OF ORDER NOS. 6071 AND 6195

(Issued August 15, 2022)

I. INTRODUCTION

On January 19, 2022, the Postal Service filed a motion requesting clarification of Order No. 6071 in Docket No. CP2022-22.¹ On June 10, 2022, the Postal Service filed a motion renewing its request for clarification of Order No. 6071 in Docket No. CP2022-22 and additionally requesting clarification of Order No. 6195 in Docket No. CP2022-62.² The January 19 Motion and June 10 Motion are granted in part, as discussed in the body of this Order.

¹ Docket No. CP2022-22, USPS Motion for Clarification of Commission Order No. 6071, January 19, 2022 (January 19 Motion).

² Docket Nos. CP2022-22 and CP2022-62, USPS Motion for Clarification of Order No. 6195 and Renewed Motion for Clarification of Order No. 6071, June 10, 2022 (June 10 Motion).

II. BACKGROUND

On November 10, 2021, the Postal Service filed a notice with the Commission proposing price adjustments for rates of general applicability for Competitive products in Docket No. CP2022-22.³ In addition to proposing price adjustments, the Postal Service also requested approval of several classification changes, many of which were new offerings or price categories, and provided draft changes to the Mail Classification Schedule (MCS) to account for those proposed changes.⁴ The notice contained little explanation of and justification for the proposed changes. See Docket No. CP2022-22 Notice at 2-3. For example, the Postal Service stated “[f]or USPS Retail Ground, prices for Zones 1-4 will be differentiated from Priority Mail, and customers shipping in those zones will no longer default to Priority Mail” and “Premium Data Retention and Retrieval Service, also known as USPS Tracking Plus, will be expanded to include additional eligible products.” *Id.* at 3.

Among the proposed classification changes, the Postal Service proposed introduction of a new offering, USPS Connect Local, which it described as a new price category under the Parcel Select product. *Id.* at 2. It stated that USPS Connect Local would “leverage[] the Postal Service’s unmatched last-mile network to continue the mission of ‘Delivering for America’” and be “aimed at giving neighborhood businesses enhanced access to the postal delivery network at the local level to deliver products same-day or next-day via a local Postal Office to every address served by that delivery unit.” *Id.* at 2-3. The Postal Service noted that Sunday delivery would be available for an additional fee and that customers would need an agreement on file with the Postal Service to participate. *Id.* at 3; Governors’ Decision No. 21-6 at 4.

³ Docket No. CP2022-22, USPS Notice of Changes in Rates of General Applicability for Competitive Products, November 10, 2021 (Docket No. CP2022-22 Notice).

⁴ *Id.* at 2-3; Docket No. CP2022-22 Notice, Decision of the Governors of the United States Postal Service on Changes in Rates of General Applicability for Competitive Products (Governors’ Decision No. 21-6), at Attachment (Governors’ Decision No. 21-6).

Over the course of the proceeding, numerous Chairman's Information Requests (CHIRs) related to the proposed classification changes were issued in order to develop a record that explained and justified the proposed changes, including that their approval would not undermine compliance with 39 U.S.C. § 3633.⁵ In Order No. 6071, which approved the proposed price and classification changes, the Commission issued two directives relevant to the issues in this Order.⁶ First, the Commission directed the Postal Service to file a quarterly report in Docket No. CP2022-22 containing volume and revenue data for USPS Connect Local. Order No. 6071 at 10. Second, the Commission discussed the requirements of 39 U.S.C. § 3642 and 39 C.F.R. part 3040, subpart B, noted that the Docket No. CP2022-22 Notice contained "significant classification changes," and directed the Postal Service to file future classification changes related to Competitive products in a Mail Classification (MC) docket, rather than solely in competitive price adjustment proceedings. *Id.* at 8-10.

On May 6, 2022, the Postal Service filed a notice with the Commission proposing price adjustments for rates of general applicability for Competitive products in Docket No. CP2022-62.⁷ In addition to proposing price adjustments, the Postal Service also requested approval of several classification changes and provided draft changes to the MCS to account for those proposed changes.⁸ The notice once again contained little explanation of and justification for the proposed changes. See Docket No. CP2022-62

⁵ Docket No. CP2022-22, Chairman's Information Request No. 1, November 19, 2021, questions 1-3; Docket No. CP2022-22, Chairman's Information Request No. 2 and Notice of Filing Under Seal, December 2, 2021, questions 1-2; Docket No. CP2022-22, Chairman's Information Request No. 3, December 7, 2021, question 1; Docket No. CP2022-22, Chairman's Information Request No. 4, December 7, 2021, questions 1, 7-8.

⁶ Docket No. CP2022-22, Order Approving Changes in Rates of General Applicability for Competitive Products, December 21, 2021 (Order No. 6071). See Docket No. CP2022-22, Notice of Erratum, December 22, 2021.

⁷ Docket No. CP2022-62, USPS Notice of Changes in Rates and Classifications of General Applicability for Competitive Products, May 6, 2022 (Docket No. CP2022-62 Notice).

⁸ *Id.* at 1; Docket No. CP2022-62 Notice, 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), at Attachment.

Notice at 1. For example, the Postal Service stated “[c]ubic pricing will be introduced for Parcel Select Ground” and “[e]ligibility requirements for Priority Mail Commercial Plus Cubic will be removed, so that all commercial customers can use Priority Mail cubic pricing” without further explanation. *Id.* The limited information provided necessitated the issuance of a CHIR.⁹ In Order No. 6195, which approved the proposed price and classification changes, the Commission again discussed the requirements of 39 U.S.C. § 3642 and 39 C.F.R. part 3040, subpart B, noted that the Docket No. CP2022-62 Notice contained “significant classification changes,” and directed the Postal Service to file future classification changes related to Competitive products in MC dockets, rather than solely in competitive price adjustment proceedings.¹⁰

III. THE JANUARY 19 AND JUNE 10 MOTIONS

On January 19, 2022, the Postal Service filed a motion, which requests that the Commission clarify two aspects of Order No. 6071. January 19 Motion at 1. First, with regard to the requirement that the Postal Service file volume and revenue data for USPS Connect Local on a quarterly basis in Docket No. CP2022-22, the Postal Service states that it “already files such data with [its] quarterly competitive billing determinants and plans to do so for the USPS Connect Local price category.” *Id.*; Order No. 6071 at 10. The Postal Service thus “requests clarification as to whether the duplicative effort of filing quarterly reports in [Docket No. CP2022-22] would be necessary.” January 19 Motion at 1.

Second, the Postal Service seeks clarification of Order No. 6071’s directive that the Postal Service file future classification changes related to Competitive products in MC dockets, rather than solely in competitive price adjustment proceedings, as well as

⁹ Docket No. CP2022-62, Chairman’s Information Request No. 1 and Notice of Filing Under Seal, May 18, 2022, question 1.

¹⁰ Docket No. CP2022-62, Order Approving Changes in Rates and Classifications of General Applicability for Competitive Products, June 8, 2022, at 6-8 (Order No. 6195).

clarification of when 39 U.S.C. § 3642 and the underlying regulations in 39 C.F.R. part 3040 will be used to evaluate classification changes. *Id.*; Order No. 6071 at 8-10. The Postal Service asserts that these aspects of Order No. 6071 are “unsupported by the plain language of Title 39 and associated regulations, and [are] contrary to years of sound Commission precedent.” January 19 Motion at 1.

Specifically, the Postal Service asserts that including classification changes in competitive price adjustment notices is consistent with past practice and permitted by Order No. 1062, which the Postal Service asserts it has consistently relied on since 2011 in including classification changes in competitive price adjustment proceedings.¹¹ The Postal Service states that throughout its use of this established practice, “[t]he Commission has never directed that the Postal Service’s classification changes in the context of a competitive price change case be presented in separate dockets” and asserts that the classification changes proposed in Docket No. CP2022-22 were not “materially different” than other changes approved in prior competitive price adjustment proceedings. January 19 Motion at 3-5.

The Postal Service also requests clarification of why Order No. 6071 analyzes the proposed classification changes pursuant to 39 U.S.C. § 3642 and 39 C.F.R. § 3040.130 *et seq.* rather than 39 U.S.C. § 3633, 39 C.F.R. §§ 3035.102 and .104, and Order No. 1062. *Id.* at 5. The Postal Service asserts that Order No. 6071 is the first time that 39 U.S.C. § 3642 has been applied to classification changes in a competitive price adjustment proceeding and suggests that Order No. 6071’s application of 39 U.S.C. § 3642 be interpreted to extend solely to modifications of product lists (*i.e.*, product list additions, removals, and transfers) and not to classification changes below the product level (*i.e.*, those that affect the descriptive content of the MCS and not the product lists). *Id.* at 5-6.

¹¹ *Id.* at 2-3; Docket No. CP2012-2, Order Approving Changes in Rates of General Applicability for Competitive Products, December 21, 2011, at 14 (Order No. 1062) (stating “[e]xplanations of all new products or price categories should . . . be included in the Postal Service’s initial notice of its competitive price adjustments.”).

On June 10, 2022, the Postal Service filed the June 10 Motion, which requests clarification of Order No. 6195 and renews the Postal Service's request for clarification of Order No. 6071 from the January 19 Motion. June 10 Motion at 1. The Postal Service again raises whether classification changes below the product level should be evaluated pursuant to 39 U.S.C. § 3642 in separate MC dockets and suggests that if the Commission intends to make a change in long-standing agency practice such a change "must be acknowledged and reasonably explained." *Id.*

IV. COMMISSION ANALYSIS

In response to the issues raised by the January 19 Motion and the June 10 Motion, the Commission grants, in part, the Postal Service's requests for clarification of Order Nos. 6071 and 6195. First, with respect to Order No. 6071's requirement that the Postal Service file volume and revenue data for USPS Connect Local on a quarterly basis in Docket No. CP2022-22, the Commission has verified that the Postal Service provides the data as part of its quarterly billing determinants and that duplicative filing in Docket No. CP2022-22 is unnecessary. See Order No. 6071 at 10. As a result, the Commission is rescinding the requirement in Docket No. CP2022-22. The Postal Service must continue to file such information as part of its quarterly billing determinant filings.

Second, with respect to the Postal Service's requests for clarification of when 39 U.S.C. § 3642 and the underlying regulations in 39 C.F.R. part 3040 are used to evaluate classification changes and whether classification changes related to Competitive products can continue to be filed solely in competitive price adjustment proceedings, the Commission clarifies the related parts of Order Nos. 6071 and 6195 as follows.

The MCS is a comprehensive document maintained by the Commission that contains two primary categories of information: (1) the product lists, which identify which products are classified as Market Dominant and which are classified as Competitive,

and (2) more detailed descriptive information that includes descriptions of the products, identification of underlying price categories, price tables, and other key information about the Postal Service's offerings.¹² The Postal Accountability and Enhancement Act (PAEA)¹³ separated postal products into the discrete Market Dominant and Competitive categories and gave the Commission the authority to alter the initial Market Dominant and Competitive product lists established in 39 U.S.C. §§ 3621 and 3631 "by adding new products to the lists, removing products from the lists, or transferring products between the lists" in accordance with the criteria set forth in 39 U.S.C. § 3642(b). 39 U.S.C. § 3642(a).

The regulations governing the process and requirements for modifying the product lists are contained in 39 C.F.R. part 3040, subparts B, C, and D, which govern proposals initiated by Postal Service, users of the mail, and the Commission, respectively. See 39 C.F.R. part 3040, subparts B, C, and D. When the Postal Service makes a request to modify either the Market Dominant or Competitive product list, the request is made pursuant to 39 U.S.C. § 3642 and 39 C.F.R. part 3040, subpart B and the Commission evaluates each such request in accordance with the criteria of those provisions.¹⁴ Despite the fact requests to modify the product lists may be accompanied by a competitive price adjustment docket if prices are also being established or changed, the Postal Service generally files these requests in a docket with the MC designation and does not include them in dockets adjusting generally applicable prices

¹² 39 C.F.R. §§ 3040.101, .104(b). See Postal Regulatory Commission, Mail Classification Schedule (MCS), October 3, 2021 (with revisions through June 30, 2022), available at <http://www.prc.gov/mail-classification-schedule>.

¹³ Postal Accountability and Enhancement Act, Pub. L. 109-435, 120 Stat. 3198 (2006).

¹⁴ See, e.g., Docket No. MC2022-81, USPS Request to Remove USPS Retail Ground from the Competitive Product List, July 13, 2022; Docket Nos. MC2022-77 and CP2022-83, USPS Request to Add Priority Mail Contract 751 to Competitive Product List and Notice of Filing Materials Under Seal, July 1, 2022; Docket Nos. MC2022-77 and CP2022-83, Order Adding Priority Mail Contract 751 to the Competitive Product List, July 14, 2022 (Order No. 6227); Docket No. MC2021-78, United States Postal Service Request to Transfer Bound Printed Matter Parcels to the Competitive Product List, March 26, 2021; Docket No. MC2021-78, Order Denying Request to Transfer Bound Printed Matter Parcels to the Competitive Product List, February 10, 2022 (Order No. 6105).

for Competitive products (e.g., the instant dockets). See *id.*; January 19 Motion at 3 n.1. The Commission, thus, confirms the Postal Service's understanding that Postal Service requests to modify the product lists are appropriately filed and reviewed pursuant to 39 U.S.C. § 3642 and 39 C.F.R. part 3040, subpart B in dockets with a MC designation. See January 19 Motion at 5-6.

The Commission also has oversight authority over the more detailed descriptive information in the MCS that includes descriptions of the products, identification of underlying price categories, price tables, and other key information about the Postal Service's offerings.¹⁵ The Commission has emphasized that the "accuracy and timeliness" of the MCS are important to the Commission's regulatory responsibilities under the PAEA as well as to users of the mail and participants in Commission proceedings who may rely on the MCS "to form the basis for understanding and utilizing Postal Service products and services and presenting their positions before the Commission."¹⁶ Given this, the Commission has a strong interest in ensuring that changes to the MCS are made in an accurate and transparent manner, such that it is clear to participants in Commission proceedings, users of the mail, and the Commission, the precise changes the Postal Service is proposing, the likely effects, and the Postal Service's rationale for proposing such changes. Although the Postal Service has considerable discretion and flexibility with regard to changes to the descriptive information in the MCS,¹⁷ the Commission finds it critical that proposed changes be transparent, supported, and explained when filed with the Commission.

¹⁵ Docket No. RM2007-1, Order Proposing Regulations to Establish a System of Ratemaking, August 15, 2007, at ¶¶ 3004-3007 (Order No. 26); 39 C.F.R. §§ 3040.104, .105.

¹⁶ Order No. 26 at ¶ 4039. For a discussion of the ways in which the Commission views the MCS as important to its regulatory responsibilities under the PAEA, see Docket No. RM2007-1, Order Establishing Ratemaking Regulations for Market Dominant and Competitive Products, October 29, 2007, at ¶¶ 4008-4010 (Order No. 43).

¹⁷ See 39 U.S.C. § 3632; Order No. 26 at ¶¶ 4007, 4042; Order No. 43 at ¶¶ 4010, 4030; Order No. 6071 at 9; Order No. 6195 at 7.

Since the passage of the PAEA, two separate regulatory tracks have evolved to facilitate the Postal Service proposing changes to the MCS below the product level (*i.e.*, changes to the descriptive content of the MCS) for Competitive products. Under the first track, the Postal Service proposes changes to the MCS pursuant to 39 C.F.R. part 3040, subpart E in MC dockets. In accordance with those regulations, the Postal Service may propose a material change¹⁸ to the descriptive content in the MCS no later than 30 days prior to implementation by providing the proposed changes to the MCS in legislative format and a supporting justification. 39 C.F.R. § 3040.180. The supporting justification for material changes related to Competitive products must include “a description of, and rationale for, the proposed changes to the product description,” an explanation as to “why the changes will not result in the violation of any of the standards of 39 U.S.C. [§] 3633 and [39 C.F.R.] part 3035 . . . ,” and a description of “the likely impact that the changes will have on users of the product and on competitors.” 39 C.F.R. § 3040.181(a)(b)(2), (c).

The Commission described these filing requirements as important to ensuring the Commission has “sufficient information to make the necessary determination as to whether an MCS change is appropriate” and to avoiding the issuance of large numbers of CHIRs during proceedings, which leads “to the expenditure of additional resources by

¹⁸ 39 C.F.R. part 3040, subpart E distinguishes between material changes and minor corrections to the descriptive content of the MCS and applies different rules to each. See 39 C.F.R. § 3040.180 *et seq.* The Commission previously stated that the paramount consideration in determining whether a classification change is a material change or a minor correction is “the degree to which the proposed alteration affects the characteristics of the product.” Docket No. RM2015-6, Notice of Proposed Rulemaking on Changes and Corrections to the Mail Classification Schedule, November 14, 2014, at 9, 14 (Order No. 2250). It explained that “factors for determining whether a change is material include whether the proposed change would significantly alter the user experience for the product and whether it would significantly impact competitors offering a similar service.” Docket No. MC2021-25, Order Approving Minor Corrections to the Mail Classification Schedule, November 25, 2020, at 4 (Order No. 5761) (citing Order No. 2250 at 10). See Docket No. MC2022-57, Order Approving Minor Corrections to the Mail Classification Schedule, June 22, 2022, at 4 (Order No. 6205). Because the changes the Commission is most concerned about in competitive price adjustment proceedings would be classified as “material” under 39 C.F.R. part 3040, subpart E (*e.g.*, they alter the characteristics of the product or significantly alter the user experience), the Commission discusses rules and previous proceedings related to “material changes” in this Order.

the Commission, the Postal Service, and other interested persons” and “complicate[s] the Commission’s review.” Order No. 2250 at 2. When proposing material changes to Competitive product descriptions pursuant to 39 C.F.R. part 3040, subpart E, the Postal Service has generally provided detailed information describing its proposed changes, providing its associated rationale, demonstrating the proposed changes are in compliance with 39 U.S.C. § 3633 and 39 C.F.R. part 3035, and describing the likely impact of the changes on users and competitors.¹⁹ The Commission has reviewed the Postal Service’s filings for compliance with the requirements of 39 C.F.R. part 3040, subpart E and 39 U.S.C. § 3633 and 39 C.F.R. part 3035 prior to approving the proposed changes.²⁰ The result has been proceedings that allow for efficient and accurate changes to MCS descriptions with transparency as to the changes, the reasons for the changes, and their likely effects as well as sufficient information to determine that the changes do not undermine compliance with 39 U.S.C. § 3633 and 39 C.F.R. part 3035.

Under the second track, the Postal Service proposes below-product-level changes to the MCS in competitive price adjustment proceedings as the Postal Service did in the Docket No. CP2022-22 and Docket No. CP2022-62 Notices. As the Postal Service states in the January 19 Motion, the Postal Service has long proposed, and the Commission long approved below-product-level changes to the MCS as part of competitive price adjustment proceedings. See January 19 Motion at 2-5. These

¹⁹ See, e.g., Docket No. MC2016-118, Request of the United States Postal Service for Changes in the Mail Classification Schedule to Revise the Dispatch Stream for Priority Mail International Flat Rate Envelopes and Priority Mail International Small Flat Rate Boxes from the Letter Post Stream to the Air Parcel Stream, April 7, 2016 (Docket No. MC2016-118 Notice); Docket No. MC2021-91, Request of the United States Postal Service for Classification Changes Concerning Outbound Single-Piece First-Class Package International Service, May 13, 2021 (Docket No. MC2021-91 Notice).

²⁰ See, e.g., Docket No. MC2016-118, Order Approving Changes to the Mail Classification Schedule Related to Priority Mail International Flat Rate Envelopes and Priority Mail International Small Flat Rate Boxes, April 19, 2016, at 4-5 (Order No. 3250); Docket No. MC2021-91, Order Approving Classification Changes to Outbound Single-Piece First-Class Package International Service, June 10, 2021, at 4-5 (Order No. 5912).

changes are frequently significant in nature and would qualify as material changes if filed in separate MC dockets pursuant to 39 C.F.R. part 3040, subpart E.²¹

Although below-product-level MCS changes can be filed pursuant to 39 C.F.R. part 3040, subpart E or as part of competitive price adjustment proceedings, what is required when the Postal Service proposes below-product-level changes to the MCS as part of competitive price adjustment proceedings is less defined than in proceedings conducted pursuant to 39 C.F.R. part 3040, subpart E. When including classification changes in competitive price adjustment proceedings, the Postal Service proposes the changes pursuant to 39 C.F.R. §§ 3035.102 and .104 and Order No. 1062.²² Order No. 1062 required that “[e]xplanations of all new products or price categories . . . be included in the Postal Service’s initial notice of its competitive price adjustments.” Order No. 1062 at 14. The regulations in 39 C.F.R. §§ 3035.102 and .104 govern the filing requirements for the Postal Service’s proposals to change rates (39 C.F.R. § 3035.102) and classes (39 C.F.R. § 3035.104) of general applicability for Competitive products. Under both regulations, the Postal Service must file notice with the Commission at least 30 days before the proposed effective date and provide the effective date and “an explanation and justification” for the changes. 39 C.F.R. §§ 3035.102, .104. Pursuant to 39 C.F.R. § 3035.102, the Postal Service must also provide a schedule of the changed rates, and pursuant to 39 C.F.R. § 3035.104, the Postal Service must also provide “the record of proceedings regarding such decision” (*i.e.*, the related Governors’ Decision). 39 C.F.R. §§ 3035.102, .104. The Commission has generally focused its review on whether any of the proposed price or classification changes would affect the

²¹ See n.18, *supra*; Docket No. CP2022-22 Notice at 2-3; Docket No. CP2022-62 Notice at 1; January 19 Motion at 3-5; Order No. 6071 at 9; Order No. 6195 at 7.

²² See, *e.g.*, Docket No. CP2022-22 Notice at 1-3; Docket No. CP2022-62 Notice at 1-2.

ability of Competitive products, individually and collectively, to comply with 39 U.S.C. § 3633.²³

Although there are some similarities in the two tracks, both in terms of requirements and practice (*e.g.*, filing 30 days before the effective date and including a copy of the proposed changes to the MCS and the related Governors' Decision with the initial filing), differences exist in the completeness and depth of the Postal Service's explanation and justification for proposed changes between the two types of proceedings. For example, although 39 C.F.R. §§ 3035.102 and .104's requirements for "an explanation and justification" for proposed changes are not substantially different than 39 C.F.R. § 3040.181's requirement for "a description of, and rationale for, the proposed changes," the information the Postal Service has provided regarding proposed classification changes in competitive price adjustment notices has been substantially less detailed and thorough than the information provided in notices filed pursuant to 39 C.F.R. § 3040.180, *et seq.*²⁴ In addition, filings pursuant to 39 C.F.R. § 3040.180, *et seq.* must include an explanation as to "why the changes will not result in the violation of any of the standards of 39 U.S.C. [§] 3633 and [39 C.F.R.] part 3035 . . ." and a description of "the likely impact that the changes will have on users of the product and on competitors." 39 C.F.R. § 3040.181(b)(2), (c). This information has typically been lacking when classification changes have been filed in competitive price adjustment proceedings.

As a result, the information provided in initial competitive price adjustment notices concerning proposed classification changes is often insufficient to fully understand the changes and make a determination as to whether such changes are

²³ See, *e.g.*, Docket No. CP2021-28, Order Approving Price Adjustments for Domestic Competitive Products, December 9, 2020, at 5-6 (Order No. 5773); Docket No. CP2020-5, Order Approving Price Adjustments for Competitive Products, November 15, 2019, at 6-8 (Order No. 5308); Docket No. CP2019-3, Order Approving Price Adjustments for Competitive Products, November 13, 2018, at 7-9 (Order No. 4876).

²⁴ See, *e.g.*, Section II., *supra*; Docket No. CP2022-22 Notice at 2-3; Docket No. CP2022-62 Notice at 1; Docket No. MC2016-118 Notice at 2-3; Docket No. MC2021-91 Notice at 2-4.

appropriate and consistent with 39 U.S.C. § 3633. See Section II, *supra*. Additional CHIRs are often necessary, which introduce inefficiencies and delays and complicate the Commission's review in competitive price adjustment proceedings, where the Commission is generally reviewing a significant number of proposed rate and classification changes in an expedited proceeding. See *id.* The insufficiency of the initial explanation of and justification for proposed classification changes also undermines the Commission's objective that changes to the MCS are made in an accurate and transparent manner, such that it is clear to participants in Commission proceedings, users of the mail, and the Commission the precise changes the Postal Service is proposing, the likely effects, and the Postal Service's rationale for proposing such changes. The Postal Service asserts that allowing a combination of price changes and classification changes in one proceeding "provides the Postal Service and the Commission with one efficient vehicle to analyze and publicize all relevant changes to the postal community" and "helps to provide the Postal Service's customers with clear, consistent information about new initiatives and prices each year." January 19 Motion at 3 n.2. Although allowing price and classification changes in one proceeding may have some benefits, any such benefits are substantially eroded when initial filings contain insufficient information.

Nonetheless, the Commission agrees with the Postal Service that its precedent and prior practice support continuing to permit below-product-level classification changes to be proposed within competitive price adjustment proceedings, and thus, the Commission will continue to permit that such proposals be filed in competitive price adjustment notices. January 19 Motion at 1-5; June 10 Motion at 1-2. However, given the issues caused by insufficient information provided by the Postal Service, the Commission emphasizes that its expectation is that notices proposing classification changes pursuant to 39 C.F.R. §§ 3035.102 and .104 and Order No. 1062 contain a thorough and well-developed explanation of and justification for the changes, such that the Commission can ensure changes are accurate, consistent with the requirements of

39 U.S.C. § 3633, and transparent to stakeholders. The Commission notes that the level of detail and breadth and depth of information provided in filings pursuant to 39 C.F.R. §§ 3040.180 and .181 are instructive of the level of detail and information the Commission also expects in filings made pursuant to 39 C.F.R. §§ 3035.102 and .104 and Order No. 1062.²⁵ Should the Postal Service continue to include classification changes in competitive price adjustment proceedings that are not adequately supported and explained, the Commission may consider opening a rulemaking proceeding to establish further requirements and assess whether all below-product-level classification changes should be proposed and approved solely pursuant to 39 C.F.R. part 3040, subpart E.

V. ORDERING PARAGRAPHS

It is ordered:

1. The USPS Motion for Clarification of Commission Order No. 6071, dated January 19, 2022, and the USPS Motion for Clarification of Order No. 6195 and Renewed Motion for Clarification of Order No. 6071, dated June 10, 2022, are granted in part.
2. The requirement of Order No. 6071 that the Postal Service file volume and revenue data for USPS Connect Local on a quarterly basis in Docket No. CP2022-22 is rescinded. The Postal Service must continue to file such information as part of its quarterly billing determinant filings.

²⁵ See, e.g., Docket No. MC2016-118 Notice at 2-5; Docket No. MC2021-91 Notice at 2-7.

3. The Commission will continue to permit below-product-level classification changes to be proposed in competitive price adjustment proceedings subject to the additional guidance provided in the body of this Order.

By the Commission.

Jennie L. Jbara
Alternate Certifying Officer