

ORDER NO. 6411

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

Before Commissioners:

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

Competitive Product Prices
Inbound Competitive Multi-Service Agreements with
Foreign Postal Operators
Interconnect Remuneration Agreement –
United States Postal Service and
Specified Postal Operators II (MC2010-34)
Negotiated Service Agreement

Docket No. CP2022-34

ORDER APPROVING MODIFICATIONS TO THE INBOUND
COMPETITIVE MULTI-SERVICE IRA-USPS II AGREEMENT

(Issued January 12, 2023)

I. INTRODUCTION

The Postal Service seeks to modify the Competitive multi-product “Interconnect Remuneration Agreement USPS and Specified Postal Operators II” (IRA-USPS II Agreement).¹ For the reasons discussed below, the Commission approves the proposed modifications.

¹ Notice of United States Postal Service of Filing Modifications to Functionally Equivalent Inbound Competitive Multi-Service Agreement with Foreign Postal Operators, December 30, 2022 (December 30 Notice).

II. BACKGROUND

On December 23, 2021, the Commission approved the inclusion of the IRA-USPS II Agreement in the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 product as well as the initial inbound rates proposed by the Postal Service.² Pursuant to the IRA-USPS II Agreement, any party to the IRA-USPS II Agreement can change its delivery rates by communicating the new rates to the International Postal Corporation (IPC) by July 15 of the year preceding the rates' application.³

On June 3, 2022, the Postal Service filed notice of modifications to certain inbound rates under the IRA-USPS II Agreement with the modified rates intended to take effect on January 1, 2023. June 3 Notice at 1-2. On June 28, 2022, the Commission approved the proposed modifications to the inbound rates, finding that the modified rates were consistent with 39 U.S.C. § 3633(a).⁴ On September 14, 2022, the Postal Service filed a notice of modifications to the competitive multi-product IRA-USPS II Agreement. September 14 Notice. On September 29, 2022, the Commission approved the proposed modifications, finding that modifications did not alter the Postal Service's inbound rates previously approved, and the other parties' modified rates and quality of service standards did not affect the product's compliance with 39 U.S.C. § 3633(a).⁵

² Order Approving Additional Inbound Competitive Multi-Service Agreement with Foreign Postal Operators, December 23, 2021, at 2, 5-7 (Order No. 6074).

³ Order No. 6074 at 2-3; Notice of the United States Postal Service of Filing Modifications to Rates Under Inbound Competitive Multi-Service IRA-USPS II Agreement with Materials Filed Under Seal, June 3, 2022, at 1-2 (June 3 Notice); Notice of United States Postal Service of Filing Modifications to Functionally Equivalent Inbound Competitive Multi-Service Agreement with Foreign Postal Operators, September 14, 2022, at 1-2 (September 14 Notice).

⁴ Order Approving Modifications to Rates Under the Inbound Competitive Multi-Service IRA-USPS II Agreement, June 28, 2022, at 3-4 (Order No. 6210).

⁵ Order Approving Modifications to the Inbound Competitive Multi-Service IRA-USPS II Agreement, September 29, 2022, at 3-4 (Order No. 6288).

On December 30, 2022, the Postal Service filed the December 30 Notice. The Postal Service explains that in accordance with the IRA-USPS II Agreement's term that any party to the agreement can change its delivery rates for the upcoming calendar year by communicating the new rates to the International Postal Corporation, the Postal Service and other parties submitted new rates to the International Postal Corporation, which have since been circulated to the relevant parties. December 30 Notice at 1-2. In addition, the Postal Service notes it completed a recent review of the outbound rates submitted by one party and determined that the party's rates did not comply with the requirements of the IRA-USPS II Agreement.⁶ The Postal Service then collaborated with the party to revise the party's rates to comply with the requirements. The revisions are reflected in the non-public materials filed under seal. *Id.* The effective date of the revisions filed with the December 30 Notice is January 1, 2023. *Id.*

III. COMMISSION ANALYSIS

The Commission has reviewed the December 30 Notice and the accompanying materials filed under seal. The Commission reviews Competitive product prices to ensure that each product covers its attributable costs, does not cause Market Dominant products to subsidize Competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. § 3035.107. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of Competitive products as a whole or to adversely affect the ability of Competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The modifications do not alter the Postal Service's inbound rates previously approved in Order No. 6210, and the other parties' modified rates do not affect the

⁶ *Id.* at 2. The Commission infers from context that the omission of the word "not" from the first sentence of the first full paragraph on page 2 of the December 30 Notice was unintentional.

product's compliance with 39 U.S.C. § 3633(a). Thus, the modifications do not materially affect the underlying financial analysis of the previously approved rates. Therefore, the Commission finds that the IRA-USPS II Agreement, as modified, comports with the provisions applicable to rates for Competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3035.107. In conclusion, the Commission approves the IRA-USPS II Agreement, as modified.

IV. ORDERING PARAGRAPHS

It is ordered:

The Commission approves the Interconnect Remuneration Agreement United States Postal Service and Specified Postal Operators II, as modified.

By the Commission.

Erica A. Barker
Secretary