

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

Before Commissioners:

Dan G. Blair, Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton;
Ruth Y. Goldway; and
Tony L. Hammond

Competitive Product Prices
Priority Mail International
International Mail Rate Categories

Docket No. MC2009-16

ORDER GRANTING RECONSIDERATION OF ORDER NO. 183

(Issued April 22, 2009)

On February 13, 2009, the Postal Service submitted a proposal to add Priority Mail International rates to three destination countries by filing a notice under 39 CFR 3020.90 and 3020.91, which authorizes corrections to the Mail Classification Schedule (MCS).¹ The Postal Service also proposed to modify the draft MCS in certain other respects.

In Order No. 183,² the Commission labeled these classification changes as more than minor corrections and directed the Postal Service to provide supplemental information in accordance with part 3015 of the Commission's rules of practice and procedure applicable to changes in rates of competitive products. On February 24,

¹ Notice of the United States Postal Service of Classification Change, February 13, 2009 (Notice).

² PRC Order No. 183, Notice and Order Concerning Priority Mail International Classification Change, February 19, 2009 (Order No.183).

2009, the Postal Service filed the information as requested with the Commission.³ Concurrently, the Postal Service requested reconsideration of the finding in Order No. 183 that the request was for a rate change.⁴

This Order grants the Postal Service's request for reconsideration of the provisions of Order No. 183, which held that all such future filings must comply with the requirements of 39 CFR 3015.

I. BACKGROUND

Rules 3020.90 *et seq.* were established to provide a streamlined approach to allow minor corrections, and to keep the MCS up to date for changes that do not rise to the level of invoking other statutory requirements or Commission rules. Under these rules, review by the Commission is limited. See 39 CFR 3020.93.

The Notice sought to extend existing Priority Mail International (PMI) rates to three new destinations. Order No. 183 directed the Postal Service to provide supplemental information demonstrating that the underlying product continues to meet the requirements of 39 U.S.C. 3633, and to indicate which of the PMI items (flat rate envelope, flat rate boxes, or parcels) would be available in each of the three identified destinations. *Id.*

II. MOTION FOR RECONSIDERATION

In its Motion for Reconsideration, the Postal Service presents three arguments as the basis for its request for reconsideration: (1) Under the Universal Postal Union (UPU) system, Letter Post flats and envelope-size pieces currently may be sent to the three designated countries using First-Class Mail International service. The Postal Service brands the flat rate envelope and small flat rate box as PMI. Such items, however, are treated as Letter Post under the UPU system. Thus, the change merely

³ Response of the United States Postal Service to Order No. 183, February 24, 2009 (Response).

⁴ United States Postal Service Motion for Reconsideration of Order No. 183, February 24, 2009 (Motion for Reconsideration).

extends flat rate Letter Post options to destinations that accept other Letter Post mail. Motion for Reconsideration at 2-3. (2) The proposed change represents an extension in the geographic scope of two flat rate PMI items, not a rate change. *Id.* at 3-6. (3) Requiring the Postal Service to follow the more arduous filing requirements of 39 CFR 3015, as opposed to 39 CFR 3020.90 *et seq.*, would put an undue burden on the Postal Service. *Id.* at 6-7.

The Motion for Reconsideration provides additional insight into the rationale for the Postal Service's filing and why it considers the classification change minor. It explains that the classification change is intended to effectuate a proposed change to the International Mail Manual (IMM) mailing standards which result in offering customers existing PMI flat rate envelope and small flat rate box rates to the additional destinations in the Notice. The Postal Service also clarifies that the changes in PMI service do not present additional mail flow to the destinations, and the destinations will have new flat rate Letter Post options which are branded with the PMI product name in conformity with the IMM and MCS. The Postal Service explains this resulting mail service option change also requires a change to the country listings in the Appendix to the MCS.

The Postal Service contends that adding two minor existing Letter Post options to the applicable destinations does not amount to a price change. The Postal Service also asserts the proposed changes do not affect the price associated with each rate group and the pricing for PMI, flat rate envelopes, and small flat rate boxes are the same. Lastly, it addresses the burden of the administrative requirements for filings under 39 CFR 3015 in the context of the minor changes involved. The Postal Service argues that the time consuming administrative process of compliance with 39 CFR 3015 is not practical.

III. COMMISSION ANALYSIS

In its Response, the Postal Service provides explanatory details absent from its Notice. By its Notice, the Postal Service sought merely to extend service to certain

international destinations where such service had not been offered. No existing rates or service attributes were altered.

Under these circumstances, filing changes under rule 3020.90 *et seq.* is reasonable. Rule 3020.90 provides that the Postal Service is to assure that product descriptions in the MCS accurately represent its current offerings. Notices filed pursuant to rule 3020.90 *et seq.* are limited to changes in the MCS, which do not constitute modification to the Market Dominant Product List or the Competitive Product List. As a result, the filings under these sections receive a limited review by the Commission. Modification is defined as adding a product to the list, removing a product from the list, or transferring a product from one list to another.

The Postal Service affirms in its Motion for Reconsideration that the classification change simply extends flat rate Letter Post options to destinations that already accept other Letter Post products. The extension does not involve a change in PMI rates. Under these circumstances, the Commission views the proposed classification changes submitted by the Postal Service as a relatively minor change to update PMI service availability. Given this conclusion, it is unnecessary to address the Postal Service's remaining arguments.

The instant proceeding involves a minor change extending flat rate Letter Post options to three destinations. The Commission's finding, however, should not be read to imply that all service changes may appropriately be filed under rule 3020.90 *et seq.* Whether those procedures are appropriate will turn on the facts presented.

As stated in Order No.186, which approved the changes proposed for PMI, the process of reviewing requested changes will be smoother and more effective if the Postal Service provides more explicit explanations for all proposals to modify the MCS in its initial filings.⁵ This information should explain the reasons for proposed changes.

⁵ PRC Order No. 186, Order Concerning Priority Mail International Classification Change, March 5, 2009 (Order No. 186). See also Public Representative Comments in Response to United States Postal Service Notice of Classification Change, February 27, 2009, at 4 (suggesting that an explanation of why review is proper under parts 3020 or 3015 would be helpful to the public).

With that understanding, this Order grants the relief sought by the Postal Service and reverses the provisions of Order No. 183 that required future competitive product classification changes with similar proposed changes be filed pursuant to 39 CFR 3015.

It is Ordered:

As set forth in the body of this Order, the United States Postal Service Motion for Reconsideration of Order No. 183, filed February 24, 2009, is granted.

By the Commission.

Steven W. Williams
Secretary