

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

Before Commissioners:

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

Competitive Product Prices
Inbound International Expedited Services 2
(MC2009-10)

Docket No. CP2010-90

ORDER CONCERNING FILING OF CHANGES IN RATES
FOR INBOUND INTERNATIONAL EXPEDITED SERVICES 2

(Issued August 23, 2010)

I. INTRODUCTION

The Postal Service proposes a change in rates not of general applicability for Inbound International Expedited Services 2. For the reasons discussed below, the Commission approves the Postal Service's proposal.

II. BACKGROUND

On August 6, 2010, the Postal Service filed a notice announcing changes in rates not of general applicability for Inbound International Expedited Services 2 effective January 1, 2011.¹ The Postal Service incorporates by reference a listing of countries in each pricing tier and the description of Inbound International Expedited Services 2 contained in the supporting documentation filed in Docket Nos. MC2009-10, CP2009-12 and CP2009-57. *Id.* at 2 and n.4. In addition to its Notice, it included the following four attachments: (1) an application for non-public treatment of specific materials; (2) redacted Governors' Decision No. 08-20 establishing the Inbound Express Mail International (EMS) classification along with a certified statement establishing compliance with 39 U.S.C. 3633; (3) a redacted copy of the 2011 rates; and (4) a certified statement required by 39 CFR 3015.5(c)(2).

The Notice states that in Docket No. MC2009-10, the Governors established prices and classifications not of general applicability for Inbound Express Mail International. *Id.* at 1. In Order No. 162, the Commission added Inbound International Expedited Service 2 to the competitive product list as a new product under Express Mail, Inbound International Expedited Services.² The rates took effect on January 1, 2009. In Order No. 281, the Commission accepted the change in rates not of general applicability for Inbound International Expedited Services 2 effective January 1, 2010.³ The Commission also directed the Postal Service to provide the 2010 EMS Pay-for-Performance Plan as approved by the EMS Cooperative of the Universal Postal

¹ Notice of the United States Postal Service of Filing Changes in Rates Not of General Applicability and Application for Non-Public Treatment of Material Filed Under Seal, August 6, 2010 (Notice).

² See Docket Nos. MC2009-10 and CP2009-12, Order Adding Inbound International Expedited Services 2 to Competitive Product List, December 31, 2008 (Order No.162).

³ See Docket No. CP2009-57, Order Concerning Filing of Changes in Rates for Inbound International Expedited Services 2, August 19, 2009 (Order No. 281).

Union (UPU). On February 17, 2010, the Postal Service provided the requested information.⁴

In accordance with the provisions of the EMS Cooperative of the UPU, rates for the delivery of inbound Express Mail International must be communicated to the UPU by August 31 of the year before which they are to take effect. As a member of the EMS Cooperative, the Postal Service may not change its rates for the coming year after August 31.

The Postal Service indicates that it proposes no changes to the classification of Inbound International Expedited Services 2 included with its notice. Notice at 2. It acknowledges that it incorporates by reference the explanations of Inbound International Expedited Services 2 contained in its Request in Docket Nos. MC2009-10 and CP2009-12 and other materials filed in Docket No. CP2009-57. In Docket No. CP2009-57, the Postal Service explained that, “the two-tiered rate structure for Inbound Expedited Services exists as a result of the EMS Cooperative’s expectation that all of its members will participate in the Pay-for-performance Plan.” *Id.*

The Postal Service asserts that its filing demonstrates compliance with 39 U.S.C. 3633. *Id.* at 3.

In Order No. 515, the Commission gave notice of the docket, requested supplemental information, appointed a Public Representative, and provided the public with an opportunity to comment.⁵ On August 19, 2010, the Postal Service filed the supplemental information in response to Order No. 515 regarding its EMS Cooperative Report Cards.⁶

⁴ See Docket No. CP2009-57, Response of the United States Postal Service to Order No. 281, Notice of Filing Requested Materials, and Application for Non-Public Treatment of Materials Filed Under Seal, February 17, 2010.

⁵ Notice and Order Concerning Filing of Changes in Rates for Inbound International Expedited Services 2, August 12, 2010 (Order No. 515).

⁶ Response of the United States Postal Service to Order No. 515, August 19, 2010.

III. COMMENTS

Comments were filed by the Public Representative.⁷ No other interested parties submitted comments. The Public Representative states that each element of 39 U.S.C. 3633(a) appears to be met by the proposed Inbound International Expedited Services 2 rate proposal. *Id.* at 2. He further states that the Postal Service has provided adequate justification for maintaining confidentiality in this case. *Id.* at 3. The Public Representative observes that the proposed rates comport with Governors' Decision No. 08-20. He concludes that the Notice demonstrates compliance with applicable provisions of title 39 and the Commission's rules.

IV. COMMISSION ANALYSIS

The Commission has reviewed the Notice, the supplemental information, and the comments filed by the Public Representative.

Statutory requirements. Planned price changes for competitive products are reviewed pursuant to 39 U.S.C. 3633(a) and Commission regulations under 39 CFR 3015, which implements section 3633. In brief, these statutory and regulatory provisions require each competitive product to cover its attributable costs (39 U.S.C. 3633(a)(2)), prohibit the subsidization of competitive products by market dominant products (39 U.S.C. 3633(a)(1)), and require that competitive products collectively make an appropriate contribution to the recovery of the Postal Service's total institutional costs.

Based on the information provided, the Commission finds that the proposed rates cover attributable costs, should not lead to the subsidization of competitive products by market dominant products (39 U.S.C. 3633(a)(1)), and should have a positive effect on

⁷ Public Representative Comments in Response to United States Postal Service Filing of Changes in Rates for Inbound International Expedited Services 2, August 20, 2010 (Public Representative Comments). The Public Representative filed an accompanying Motion of the Public Representative for Late Acceptance of Comments in Response to United States Postal Service Notice of Filing of Changes in Rates for Inbound International Expedited Services 2, August 20, 2010. The motion is granted.

competitive products' contribution to institutional costs (39 U.S.C.3633(a)(3)). Thus, a preliminary review of the proposed rates indicates that the rates comport with the provisions applicable to rates for competitive products.

Other considerations. The Postal Service is directed to provide the Commission with the 2011 EMS Pay-for-Performance Plan within 30 days of its adoption by the EMS Cooperative of the UPU.

Based on the record in this proceeding, the Commission finds that the proposed rates for Inbound International Expedited Services 2 are in accord with the relevant statutory and regulatory requirements of 39 U.S.C. 3633(a) and 39 CFR 3015.7.

V. ORDERING PARAGRAPHS

It is Ordered:

1. The proposed rates for Inbound International Expedited Services 2 scheduled to take effect January 1, 2011 are in accordance with the relevant statutory and regulatory requirements of 39 U.S.C. 3633(a) and 39 CFR 3015.7.
2. The Postal Service is directed to provide the Commission the 2011 EMS Pay-for-Performance Plan within 30 days of its adoption by the EMS Cooperative of the Universal Postal Union.

By the Commission.

Shoshana M. Grove
Secretary