

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Classification and Price Adjustments
for First-Class Mail and Standard Mail
Initiatives

Docket No. R2011-1

CHAIRMAN'S INFORMATION REQUEST NO. 1

(Issued November 10, 2010)

The Postal Service is requested to respond to the following questions to assist participants and the Commission in the analysis of the proposed classification and price adjustments for First-Class Mail and Standard Mail. In its Notice, the Postal Service provides a discussion intended to demonstrate compliance with rules 3010.14(b)(1) through (4).¹ However, the Notice appears to be deficient with respect to 3010.14(b)(1) and (4). Responses should be provided no later than November 16, 2010.

1. Rule 3010.14(b)(1) requires the Postal Service to provide “[t]he amount of the applicable change in CPI-U calculated as required by § 3010.21 or § 3010.22, as appropriate.” Because more than 12 months have passed since the previous notice of Type 1-A or 1-B rate adjustment for First-Class Mail and Standard Mail, rule 3010.21 (Calculation of annual limitation) applies. Please provide the information required by rule 3010.14(b)(1), including the calculation of the annual limitation as defined in rule 3010.21, and revise the Notice as appropriate.
2. Rule 3010.14(b)(4) requires presentation of “[t]he amount of new unused rate authority, if any, that will be generated by the rate adjustment calculated as

¹ United States Postal Service Notice of Market Dominant Price Adjustment, November 2, 2010, at 7-9 (Notice).

required by § 3010.26.” The Postal Service presents what it characterizes as the “Unused Pricing Authority” resulting from the proposed price changes. Notice at 9. The Postal Service’s figures are calculated by subtracting the percentage change in rates for each class from the corresponding current unused rate adjustment authority. Please refer to rule 3010.26, which states that the annual limitation (from rule 3010.21) is to be used to determine the new unused rate authority. Because more than 12 months have passed since the previous notice of Type 1 rate adjustment, the new unused rate authority for each class is equal to the sum of two figures: (1) the difference between the annual limitation (12 month change in CPI-U) and the actual percentage change in rates for the class; and (2) the percentage change in CPI-U that accrued between the filing of the previous notice of rate adjustment and the beginning of the period covered by the annual limitation (see rule 3010.26(c)(2)). Please provide the calculation of new unused rate adjustment authority generated by the proposal as defined by rule 3010.26 and revise the Notice to reflect the corrected figures.

3. In Docket No. R2009-4, Postal Service expressed the view that:

Thus, while the Commission must apply the price cap structure of section 3622(d) to price adjustments that include increases to prices (i.e., either a price adjustment that consists solely of price increases, or a price adjustment that includes increases to some prices, and decreases to others), it is not required to do so with respect to a price adjustment consisting solely of a decrease in prices.²

² Docket No. R2009-4, Response of the United States Postal Service to Order No. 220, June 22, 2009, at 3.

Is it still the Postal Service view that had it requested only rate decreases in this docket, the cap would not have to be recomputed, but because the Postal Service is also requesting an increase of the Move Update Assessment Charge threshold, the price cap recomputation is required?

By the Chairman.

Ruth Y. Goldway