

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

Before Commissioners:

Ruth Y. Goldway, Chairman;
Robert G. Taub, Vice Chairman;
Mark Acton;
Tony Hammond; and
Nanci E. Langley

Notice of Price Adjustment
(Technology Credit Promotion)

Docket No. R2013-6

NOTICE AND ORDER ON MARKET DOMINANT PRICE ADJUSTMENT
FOR TECHNOLOGY CREDIT PROMOTION

(Issued April 18, 2013)

I. OVERVIEW

On April 16, 2013, the Postal Service filed notice, pursuant to 39 U.S.C. 3622 and 39 CFR 3010, of plans to implement temporary price and classification changes associated with offering a Technology Credit Promotion.¹ The promotion is planned to begin on June 1, 2013, and expire on May 31, 2014.

Technology Credit Promotion description. The Technology Credit Promotion provides mailers with a one-time credit towards future mailings that employ Full Service Intelligent Mail barcodes (IMb). The total value of the promotion will be approximately \$66 million. The amount of the credit will be based on a mailer's FY 2012 mail volumes.

¹ United States Postal Service Notice of Market-Dominant Price Adjustment (Technology Credit Promotion), April 16, 2013 (Notice).

The purpose of the promotion is to encourage adoption of Full Service IMb by offsetting a portion of a mailer's investment in hardware and software necessary to support Full Service IMb. Notice at 1.

The Technology Credit Promotion applies to mail sent as First-Class Mail Presorted Letters/Postcards, First-Class Mail Flats, Standard Mail Carrier Route, Standard Mail Flats, In-County Periodicals, Outside County Periodicals, and Package Services Bound Printed Matter Flats (collectively, Qualifying Mail). *Id.* at 3.

To be eligible for the promotion, mailers must have mailed more than 125,000 Qualifying Mail pieces per business location (*i.e.*, each Customer Registration ID or CRID) in FY 2012. *Id.* In March 2013, the Postal Service informed these customers of their eligibility for the promotion. *Id.* at 2. The amount of the promotional credit is based on the volume of mail associated with each CRID as shown below.

CRID Volume	Eligible Credit
125,001-500,000	\$2,000
500,001-2,000,000	\$3,000
More than 2,000,000	\$5,000

The credit is granted to any qualifying CRID for future mailings containing 90 percent or more mailpieces meeting Full Service IMb requirements. The credit is automatically applied as a postage credit to a mailer's postage statement upon submission of an eligible mailing. The credit is applied in an amount up to the total amount of the mailing statement. Any remaining credit is available for subsequent mailings. Unused credits expire on May 31, 2014. *Id.* at 3-4.

The Postal Service notes that some CRIDs belong to mail service providers that do not have their own permit imprints. To include them in the promotion, the Postal Service intends to allow the mail service providers to apply for a permit imprint without paying the application fee. *Id.* at 4.

Price cap compliance. The Postal Service notes that it plans to implement the Technology Credit Promotion roughly mid-point between two annual market dominant price adjustments. It contends that Commission rules 3010.20 *et seq.* do not appear to address the calculation and use of pricing authority in such a situation. *Id.*

The Postal Service proposes to treat the Technology Credit Promotion as a decrease in rates resulting in price authority, and delay the use of that pricing authority until the next market dominant price adjustment. *Id.* at 5, 6. It does not wish to “bank” the amount of the authority if the banked authority could be used only after it uses all previously banked authority. *Id.* at 5 n.3.

The Postal Service attached an Excel file to its Notice which provides a preliminary calculation of price adjustment authority associated with the Technology Credit Promotion as summarized below.

Class of Mail	Pricing Authority (%)
First-Class Mail	0.077
Standard Mail	0.158
Periodicals	0.244
Package Services	0.014

Workshare discounts and preferred rates. The Postal Service asserts the Technology Credit Promotion does not affect workshare discounts. *Id.* at 10. Apart from volume thresholds, it also asserts the promotion does not exclude any mailer and will therefore not affect compliance with any preferred price requirement. *Id.* at 11.

Mail Classification Schedule. Proposed changes to the Mail Classification Schedule, which describe the Technology Credit Program, appear in Attachment A of the Postal Service’s Notice.

II. ADMINISTRATIVE ACTIONS

Initiation of proceedings. The Commission hereby establishes Docket No. R2013-6, Notice of Price Adjustment (Technology Credit Promotion), to conduct the review of the Postal Service's planned price adjustments associated with the Technology Credit Promotion. The Postal Service's Notice and any subsequent filings in this docket will be posted to the Commission's website at <http://www.prc.gov>.

Public comment period. The Commission's rules provide a period of 20 days from the date of the Postal Service's filing for public comment. 39 CFR 3010.13(a)(5). Comments by interested persons are due no later than May 6, 2013.

Appointment of Public Representative. In conformance with 39 U.S.C. 505, the Commission appoints Robert N. Sidman to represent the interests of the general public in this proceeding.

III. ORDERING PARAGRAPHS

It is ordered:

1. The Commission establishes Docket No. R2013-6 to consider the temporary adjustment of prices associated with the Technology Credit Promotion identified in the Postal Service's April 16, 2013 Notice.
2. Comments by interested persons on the planned price adjustments are due no later than May 6, 2013.
3. Pursuant to 39 U.S.C. 505, the Commission appoints Robert N. Sidman to represent the interests of the general public in this proceeding.

4. The Commission directs the Secretary of the Commission to arrange for publication of this notice in the *Federal Register*.

By the Commission.

Shoshana M. Grove
Secretary