

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

Before Commissioners:

Ruth Y. Goldway, Chairman;  
Mark Acton, Vice Chairman; and  
Robert G. Taub

Competitive Product Prices  
Rates of General Applicability

Docket No. CP2014-27

Public Representative Comments on  
NOTICE AND ORDER CONCERNING CHANGES IN RATES OF GENERAL  
APPLICABILITY FOR STANDARD POST

(March 5, 2014)

**INTRODUCTION**

In response to Order No. 1996, the Public Representative hereby provides comments on the February 14, 2014 Postal Service Notice.<sup>1</sup> The Postal Service's Notice proposes to introduce a new price category for Standard Post – Limited Overland Routes. In addition, the Postal Service proposes clarifying a footnote for the Standard Post price table.<sup>2</sup>

For the reasons discussed below, the Public Representative recommends that the Postal Service's requests be affirmed.

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<sup>1</sup> Notice of the United States Postal Service of Changes in Rates of General Applicability for a Competitive Product, Established in Governors' Decision No. 14-1, February 14, 2014 (Notice).

<sup>2</sup> Governors' Decision at 1. The proposed changes to the Mail Classification Schedule are appended to the Notice.

## BACKGROUND

The FY 2012 cost coverage for Single-Piece Parcel Post was 92.2 percent and it was the sixth consecutive year that Single-Piece Parcel Post failed to generate sufficient revenues to cover its attributable costs.<sup>3</sup>

In Docket No. MC2012-13, the Postal Service proposed transferring Single-Piece Parcel Post from the market dominant product list to the competitive product list in order to improve the cost coverage.<sup>4</sup> However, Alaska Bypass Service,<sup>5</sup> which had been a part of Single-Piece Parcel Post, was to remain on the market dominant product list. At the time, the Postal Service assured the Commission that the proposed price increases would not unduly impact any group of Parcel Post users.<sup>6</sup> The Commission responded that it was hopeful that the Postal Service maintained Single-Piece Parcel Post as an affordable package delivery alternative, especially for postal customers who have few package delivery options.<sup>7</sup> The Commission conditionally granted the Postal Service's Request.<sup>8</sup> However, the Commission levied the following three requirements:

1. The Postal Service was required to file a notice of competitive price adjustment for Parcel Post rates such that the rates satisfy 39 U.S.C. §3633(1) and 39 CFR part 3015;
2. The Commission issued an order finding that Parcel Post rates satisfy 39 U.S.C. § 3633(a) and 39 CFR part 3015; and
3. The transfer of Parcel Post from the market dominant product list to the competitive product list would not be effective until the effective date that the prices were implemented.<sup>9</sup>

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<sup>3</sup> Annual Compliance Determination Report (ACD) FY 2012 at 129.

<sup>4</sup> Competitive Parcel Posts' name was changed to Standard Post in Docket No. CP2013-3, Order No. 2500 at 3.

<sup>5</sup> "Alaska Bypass Service allows shippers to send shrink wrapped pallets of goods within Alaska at Parcel Post rates from designated 'hub points' to designated 'bush points.'" Docket No. MC2012-13, Order No. 1411 at 2.

<sup>6</sup> *Id.* at 9.

<sup>7</sup> *Id.* at 10.

<sup>8</sup> Request of the United States Postal Service to Transfer Parcel Post to the Competitive Product List, April 26, 2012 (Request).

<sup>9</sup> Docket No. MC2012-13 at 13.

Subsequently, the Postal Service filed Docket No. CP2013-3, requesting a 21 percent price increase for Parcel Post rates in order to achieve at least a 100 percent cost coverage.<sup>10</sup> In addition, the Postal Service sought to rename the transferred Parcel Post product to Standard Post.<sup>11</sup> The Commission accepted both requests.

After implementing the January 26, 2014 price increases for Standard Post, the Postal Service acknowledges that the increases disproportionately impact a small discrete number of designated ZIP Codes. In its Notice, the Postal Service indicates that the price changes disproportionately impact approximately 0.27 percent of total Standard Post volume.<sup>12</sup>

## **CONCLUSION**

In its FY 2013 Comprehensive Statement on Postal Operations, the Postal Service comments that the market dominant product Parcel Post transitioned to the competitive product list as Standard Post on January 27, 2014. Also, the Postal Service reported that Parcel Post was primarily moved from the market dominant to the competitive product category to assist in meeting the cost coverage requirement.<sup>13</sup>

The Public Representative recommends that the Commission accept the Postal Service's proposed price changes given that: (1) the intra-Alaska shippers have limited access to alternative overland route shipping methods; 2) the rate cells most frequently used by the intra-Alaska shippers are disproportionately impacted by the January 2014 price change; and (3) the Standard Post volume expected to take advantage of the proposed prices represents approximately 0.27 percent of total Standard Post volume thereby limiting the possibility of a significantly negative impact on Standard Post's cost coverage.

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<sup>10</sup> Docket No. CP 2013-3, Order No. 1500 at 4.

<sup>11</sup> Notice of the United States Postal Service of Changes in Rates of General Applicability for Competitive Products Established in Governors' Decision No. 12-2, October 11, 2012. See, Governors Decision No. 12-2 at 4.

<sup>12</sup> Notice at 1.

<sup>13</sup> FY2013 Comprehensive Statement on Postal Operations at 61.

Respectively Submitted,

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Pamela A. Thompson  
Public Representative

901 New York Ave. NW  
Washington, DC 20268-0001  
202-789-6834  
Pamela.Thompson@prc.gov