

ORDER NO. 2127

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

Modification of Mail Classification Schedule
for Priority Mail Express International

Docket No. MC2014-30

ORDER APPROVING MINOR CLASSIFICATION CHANGE

(Issued July 18, 2014)

I. INTRODUCTION

On July 1, 2014, the Postal Service filed a notice pursuant to 39 C.F.R. §§ 3020.90 and 3020.91 concerning minor classification changes to Priority Mail Express Mail International (PMEI).¹ For the reasons stated below, the Commission approves the proposed changes.

II. PROPOSAL

The Postal Service proposes to amend the Mail Classification Schedule (MCS) by providing PMEI service to 15 additional countries. Notice at 1. Attachment 1 to the Notice presents the proposed changes to the MCS, including new country group assignments. See Notice, Attachment 1. The Postal Service indicates that the

¹ Notice of Minor Classification Changes, July 1, 2014 (Notice).

measure will increase the availability of shipping options to the additional countries, and offer customers the speed and reliability of PMEI service, as well as insurance features that differ from other postal products. Notice at 1.

The Postal Service is unable to specify when service to any of the new destination countries will begin as it is in the process of securing bilateral agreements for PMEI services with those countries. *Id.*

In addition, in its Notice the Postal Service makes two procedural proposals. First, the Postal Service recommends that the Commission evaluate the requested country group rate assignments in the MCS in a single filing in order to simplify the administrative process for both the Commission and the Postal Service. Second, the Postal Service requests that it be permitted to notify the Commission of the effective date of the PMEI service to any of the new destination countries by filing notice in the instant docket. *Id.* at 1-2.

On July 3, 2014, the Commission issued an order establishing the present docket, appointing a Public Representative, and providing interested persons with an opportunity to comment.²

III. COMMENTS

Comments were filed by the Public Representative.³ No other interested person submitted comments.

The Public Representative concludes that “[t]he core concept of the Postal Service’s filing is both reasonable and agreeable” and notes that the Commission evaluated a similar expansion in Docket No. MC2009-16.⁴ The Public Representative indicates that in Order No. 186, the Commission stated that the process of reviewing

² Order No. 2113, Notice and Order Concerning Classification Changes for Priority Mail Express International, July 3, 2014.

³ Public Representative Comments, July 11, 2014 (PR Comments).

⁴ PR Comments at 1. See *also* Docket No. MC2009-16, Order Concerning Priority Mail International Classification Change, March 5, 2009 (Order No. 186); Docket No. MC2009-16, Order Granting Reconsideration of Order No. 183, April 22, 2009 (Order No. 205).

requested changes will be smoother and more effective if the Postal Service provides more explicit explanations. PR Comments at 1 (citing Order No. 205 at 4). The Public Representative observes that while the Postal Service did provide a more explicit explanation of proposed changes in the instant docket, further information, such as the cost coverage impact of the proposed changes, would be helpful. PR Comments 1-2.

The Public Representative independently reviewed the cost coverage for PMEI for the relevant country groups and believes that the cost coverage for the additional countries would need to be very low and the volumes extremely high to materially impact cost coverage to the point of raising 39 U.S.C. § 3633 concerns. *Id.*

The Public Representative, therefore, concludes that the proposed country group rate assignments are appropriate, that the expansion of offerings will benefit consumers at large, and that approval is in the public interest. *Id.* at 1, 2.

IV. COMMISSION ANALYSIS

The Postal Service filed the proposed changes pursuant to 39 C.F.R. §§ 3020.90 and 3020.91, which require the Postal Service to submit corrections to the MCS to assure that the product descriptions accurately represent current product and service offerings. Notices filed pursuant to these rules are appropriate when the proposed changes in the MCS are relatively minor in nature and do not entail modifying either the market dominant or the competitive product list. Provided the changes are not inconsistent with 39 U.S.C. § 3642, subject to editorial corrections, the Commission will update the MCS to coincide with the effective date of the proposed change. 39 C.F.R. § 3020.93.

As the Public Representative indicated, the Commission previously evaluated a similar expansion of services to new destination countries in Docket No. MC2009-16. In that docket, the Commission concluded that the Postal Service merely sought to extend Priority Mail International (PMI) service to additional destinations and that no existing rates or service attributes would change. See Order No. 205. The Commission therefore concluded that filing such a classification change under 39 C.F.R. §§ 3020.90

and 3020.91 was reasonable and that the Postal Service was not required to demonstrate compliance with 39 U.S.C. § 3633. *Id.*

The classification changes in the instant docket do not fit neatly into the § 3020.90 *et seq.* rules because the changes have the potential to add new volumes to the PMEI product, and thereby increase costs and revenues.⁵ While the Commission finds that these types of changes do not constitute a rate change and are minor in nature, potential effects on the product's costs and revenues do exist.

The Commission concurs with the Public Representative's assertion that the expansion of PMEI service to the new destinations and their inclusion in the assigned country groupings are unlikely to impact the product's continued compliance with 39 U.S.C. § 3633.

The Commission further concludes that the proposed changes are not inconsistent with § 3642. Section 3642 requires, among other things, that competitive and market dominant products be properly classified. The expansion of PMEI services to new destination countries does not affect PMEI's classification as a competitive product.

Procedural matters. As the Postal Service proposed, the Commission evaluated the country group rate assignments in the MCS in a single filing and finds it to be appropriate for the Postal Service to file notice in the instant docket identifying the start date of PMEI service for each of the 15 countries identified in the Notice in order to simplify the administrative process. The Postal Service shall file such notice prior to each agreement's effective date in order to ensure an accurate update to the MCS is made.

In addition, should any agreement with a new destination country include inbound PMEI services in addition to outbound PMEI services, the Postal Service shall ensure that those countries are included in its quarterly filing for the Inbound

⁵ As previously stated in Order No. 205, the Commission maintains that the appropriateness of changes filed pursuant to § 3020.90 *et seq.* will turn on the facts presented in each docket. See Order No. 205 at 4.

International Expedited Services 2 product once each relevant bilateral agreement is signed and implemented pursuant to Order No. 1822 and Order No. 1865.⁶

Accordingly, the Commission accepts the changes specified in the Notice and shall make conforming modifications to the draft MCS.

V. ORDERING PARAGRAPHS

It is ordered:

1. The proposed classification changes are in accordance with 39 C.F.R. § 3020.90 *et seq.* and are not inconsistent with 39 U.S.C. § 3642.
2. The Postal Service shall notify the Commission of the effective date of Priority Mail Express Mail International service to each of the 15 countries identified in the Notice and shall file such notice prior each agreement's effective date.
3. Revisions to the Mail Classification Schedule appear below the signature of this Order and are effective upon the Postal Service filing notice pursuant to Ordering Paragraph No. 2.

⁶ See Docket No. CP2013-77, Order Approving Rate and Classification Changes for Inbound International Expedited Services 2, August 30, 2013 (Order No. 1822); Docket No. CP2013-77, Order Granting Motion for Reconsideration of Order No. 1822, October 30, 2013 (Order No. 1865).

4. Should any agreement with a new destination country include inbound Priority Mail Express Mail International services in addition to outbound Priority Mail Express Mail International services, the Postal Service shall ensure that those countries are included in its quarterly filing for the Inbound International Expedited Services 2 product once each relevant bilateral agreement is signed and implemented pursuant to Order No. 1822 and Order No. 1865.

By the Commission.

Shoshana M. Grove
Secretary

CHANGES TO THE MAIL CLASSIFICATION SCHEDULE

The following material represents a change to the Mail Classification Schedule. The Commission uses two main conventions when making changes to the Mail Classification Schedule. New text is underlined. Deleted text is struck through.

Part D—Country Price Lists for International Mail 4000 Country Price Lists For International Mail

| Country | Market Dominant SPFCMI ¹ | Competitive | | | | IPA & ISAL ⁶ |
|---------|--|--------------------|----------------------------------|-------------------|------------------------|-------------------------|
| | | FCPIS ² | International Expedited Services | | International Packages | |
| | | | GXG ³ | PMEI ⁴ | PMI ⁵ | |

| A | | | | | | |
|------------------------|---|---|---|----------|---|----|
| Afghanistan | 6 | 6 | 6 | <u>6</u> | 6 | 19 |
| ***** | | | | | | |
| Antigua & Barbuda | 9 | 9 | 7 | <u>9</u> | 9 | 17 |
| ***** | | | | | | |
| British Virgin Islands | 9 | 9 | 7 | <u>9</u> | 9 | 17 |
| ***** | | | | | | |
| Burma (Myanmar) | 6 | 6 | - | <u>6</u> | 6 | 19 |
| ***** | | | | | | |
| Comoros | 7 | 7 | - | <u>7</u> | 7 | 19 |
| ***** | | | | | | |
| Gambia | 7 | 7 | 4 | <u>7</u> | 7 | 19 |
| ***** | | | | | | |
| Gibraltar | 5 | 5 | 4 | <u>5</u> | 5 | 15 |
| ***** | | | | | | |
| Kiribati | 6 | 6 | - | <u>6</u> | 6 | 18 |
| ***** | | | | | | |
| Kosovo | 5 | 5 | 4 | <u>5</u> | 5 | 16 |
| ***** | | | | | | |
| Lebanon | 8 | 8 | 6 | <u>8</u> | 8 | 19 |
| ***** | | | | | | |
| Libya | 8 | 8 | 4 | <u>8</u> | 8 | 19 |
| ***** | | | | | | |
| Montenegro | 5 | 5 | 4 | <u>5</u> | 5 | 17 |
| ***** | | | | | | |
| Sao Tome & Principe | 7 | 7 | - | <u>7</u> | 7 | 16 |

| | | | | | | |
|-----------|---|---|---|----------|---|----|
| * * * * * | | | | | | |
| Suriname | 9 | 9 | 8 | <u>9</u> | 9 | 17 |
| * * * * * | | | | | | |
| Tuvalu | 6 | 6 | - | <u>6</u> | 6 | 18 |
| * * * * * | | | | | | |