

Before the  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Competitive Products Price Changes  
Rates of General Applicability

Docket No. CP2015-33

PUBLIC REPRESENTATIVE COMMENTS ON  
POSTAL SERVICE NOTICE CONCERNING CHANGES IN RATES OF  
GENERAL APPLICABILITY FOR COMPETITIVE PRODUCTS

(February 9, 2015)

The Public Representative hereby provides comments pursuant to Commission Order No. 2333 concerning proposed changes in Postal Service rates of general applicability for competitive products.<sup>1</sup> In Order No. 2333, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on the Postal Service Notice of rate changes filed pursuant to 39 C.F.R. § 3015.2.<sup>2</sup>

Attached to the Postal Service's Notice is Governors' Decision No.14-05 that establishes the rate changes, provides a statement of explanation and justification, and orders the changes into effect on April 26, 2015.<sup>3</sup> The Governors' Decision also states that the changes comport with section 3633(a) of title 39 of the U.S. Code and 39 C.F.R. § 3015.7(c). With its Notice, the Postal Service also filed public and non-public versions of supporting materials that include FY2015 projected volume, revenue and cost data as well as price adjustment calculations.

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<sup>1</sup> Notice and Order Concerning Changes in Rates of General Applicability for Competitive Products, January 28, 2015 (Order No. 2333).

<sup>2</sup> Notice of the United States Postal Service of Changes in Rates of General Applicability for Competitive Products Established in Governors' Decision No. 14-5, January 26, 2015 (Notice).

<sup>3</sup> Decision of the Governors of the United States Postal Service on Changes in Rates and Classes of General Applicability for Competitive Products, December 5, 2014 (Governors' Decision No. 14-05).

To clarify the record, Chairman's Information Request No. 1 was issued on February 6, 2015, and the Postal Service's responses are due no later than February 11, 2015.

## COMMENTS

The Postal Service's proposal seeks changes in prices or classification structure for the majority of competitive products and services. See Tables 1 and 2 below.

**Table 1: Proposed Price Changes for Competitive Domestic Products<sup>4</sup>**

Competitive Domestic Product	Proposed Price Change (%)
Domestic Mail	
Parcel Select	9.4
Non-Lightweight	8.0
Destination Entry	7.3
Non-Destination Entry	8.7
Light-Weight	9.8
Parcel Return Service	4.8
Return Delivery Unit (RDU)	4.7
Sectional Center Facility (RSCF)	5.0
Network Distribution Center (RNDC)	5.7
First-Class Package Service <sup>5</sup>	5.1

<sup>4</sup> The Postal Service's Notice also proposed price changes for the Round-Trip Mailer (2.3 percent increase). Notice, Governors' Decision 14-05 at 3. Due to the Commission's recent denial of the Postal Service's request to add the Round-Trip Mailer to the Competitive Product List, the proposed price change should be excluded from the Governors' Decision 14-05 filed with the Notice. See, Docket No. MC2013-57/CP2013-75, Order Denying Request, December 23, 2014 (Order No. 2306).

<sup>5</sup> The Postal Service indicates that the listed price increase will apply to the First-Class Package Service, "with no structural changes." Governors' Decision 14-05 at 2. Currently, First-Class Mail [Retail] Parcels are pending transfer from the market dominant product list to the competitive product list. If the transfer is approved, an identical service will be added as a retail subcategory to First-Class Package Service. See Docket No. MC2015-7, Request of the United States Postal Service to Transfer First-Class Mail Parcels to the Competitive Product List, November 14, 2014 at 1. However, in the current docket, the Postal Service states that "[p]rices for First-Class Mail Retail parcels will be increased 22 percent if the transfer is approved;" otherwise, the changes shall be removed. Governor's Decision 14-05 at 2-3. These statements are confusing. Based on the information provided in the financial spreadsheets, the Public Representative assumes that the 5.1 percent price increase applies to the current structure of First-Class Package Service. See supporting data provided with the Notice in the folder "Price Files Redacted.zip" (file 'FCPS calc.Redacted.xlsx', worksheet 'Impact'). However, additional clarification from the Postal Service would be highly desirable to indicate the impact of the proposed 22 percent increase on First-Class Package Service if the pending transfer request were to be approved.

Standard Post	11.3
Regular	11.4
Alaska Limited Overland Routes (LOR)	-17.1
<b>Domestic Special Services</b>	
PO Box	3.5
Premium Forwarding Service	3.1-5.9
Package Intercept	5.7
Address Enhancement Service	0.0-4.8
Adult Signature	5.5-5.8

**Table 2: Proposed Price Changes for Competitive International Products**

<b>Competitive International Product</b>	<b>Proposed Price Change (%)</b>
<b>International Mail</b>	
Global Express Guaranteed (GXG)	7.2
Priority Mail Express International (PMEI)	6.7
Commercial Base	6.2
Retail	7.5
Priority Mail International (PMI)	5.5
Commercial Base	5.2
Commercial Plus	3.4
Retail	8.6
First-Class Package International Service (FCPIS)	7.2
Commercial Base	7.3
Commercial Plus	5.1
Retail	7.2
International Priority Airmail (IPA)	4.5
International Service Air Lift (ISAL)	4.5
Airmail M-Bags	6.8
<b>International Ancillary and Special Services</b>	<b>23.5</b>
Registered Mail	2.2
Return Receipt	2.7
Certificates of Mailing	2.5
Individual Pieces	*
Original Certificate	*

Firm Mailing Books	*
Bulk Quantities	*
PMEI Insurance	*
PMI Insurance	*

\* Indicates percent change different from zero, but the Postal Service provided this information as Non-Public only.

Sources: Notice, Governors' Decision 14-5 at 204 and Notice, "Price Files Redacted.zip".

The Public Representative has reviewed all the documentation filed in this docket. Based upon that review, the Public Representative concludes that the proposed rates of general applicability should satisfy the requirements of 39 U.S.C. § 3633(a)(2). However, the Public Representative identifies the following issues with the Postal Service's Notice.

First, for PMI and PMEI Insurance, the proposed classification changes, identified in the Attachment to Governors' Decision 14-05,<sup>6</sup> do not always comport with the price calculations presented in its workbooks. Some prices for both PMI Insurance and PMEI Insurance, as they are listed in Section 2615.5.3 of the proposed Mail Classification Schedule for competitive products, do not match the prices reflected in calculations in the supporting workpapers.<sup>7</sup> The Public Representative believes the Commission should request the Postal Service to provide revisions either to the supporting workpapers (with the updated price change calculations) or to the prices in the proposed Mail Classification Schedule included in the Attachment to Governors' Decision 14-05. In case of a modification of prices in the supporting worksheets, the

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<sup>6</sup> See, Notice, Attachment to Governors' Decision 14-05, Part B, Competitive Products at 172 (Attachment to Governors' Decision 14-5) and file "Intl SpecServ Calc.Redacted" located in public folder 'Price Calc Files.Redacted').

<sup>7</sup> In accordance with §2615.5.3 of the proposed Mail Classification Schedule, prices for PMI Insurance corresponding to indemnity limits over \$900 are calculated according to the formula: "\$11.90 plus \$1.15 for each 100.00 of fraction thereof over \$900". Attachment to Governor's Decision 14-05 at 172. However, the corresponding workpapers show the flat rate of \$29.50 if indemnity limit is higher or equal to \$1000, but less than \$5000. Folder "Price Calc Files.Redacted', file 'Intl SpecServ Calc.Redacted', worksheet 'PMI Insurance'. In the PMEI Insurance workpapers, the indemnity limit range is not updated, and consequently, the listed prices do not correspond to the prices for PMEI identified in the Attachment to the Governors' Decision.

impact of price changes should be recalculated, which would require an additional check of the proposed rates for compliance with 39 U.S.C. § 3633.

Second, although the Public Representative greatly appreciates the Postal Service's provision of comprehensive documentation (including the cost model and forecasting data), the lack of linkage between the supporting documentation and price calculations worksheets makes it difficult to thoroughly evaluate the Postal Service's proposal. The Public Representative feels obliged to remind the Postal Service of the importance of the Commission's recommendation expressed in Order No. 1903 to "properly source and link its financial workpapers depicting the projected financial results associated with the price changes."<sup>8</sup>

Third, there are several instances where the Attachment to Governors' Decision 14-05 includes classification changes that are not discussed anywhere else in the Postal Service's Notice. This includes, but is not limited to, elimination of restricted delivery for Priority Mail, Parcel Select and a few other domestic mail products, and the addition of special handling to the list of Ancillary Services available for Priority Mail Express. The Public Representative believes that the Postal Service should be transparent about its competitive product price adjustments and all product classification changes.

Fourth, for transparency reasons, it would be useful to provide price change information for all products and services. The Public Representative does not see any reason why the Postal Service does not publicly file price change information for special and ancillary services. This lack of transparency is not a new issue; it has already been identified in multiple parties' comments on the recent Postal Service Notice of

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<sup>8</sup> Docket No. CP2014-5, Order Approving Changes in Rates of General Applicability for Competitive Products, December 12, 2013 at 15 (Order No. 1903).

competitive product rate changes.<sup>9</sup> In CHIR No. 1 in this docket, the Commission has already requested clarification of some other examples of inconsistency between multiple documents filed with the Postal Service's Notice. The Postal Service should clarify its Notice to ensure all pricing and classification proposals have adequate supporting information.

## **CONCLUSION**

The Public Representative hereby submits the foregoing comments for the Commission's consideration.

Respectfully submitted,

Kenneth E. Richardson  
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<sup>9</sup> In the comments on competitive product price changes subject to Docket No. CP2014-55, the Public Representative noted that for the interests of the general public, it would be useful to include information on price changes in the Governors' Decision. See, Docket No. CP2014-55, Public Representative Comments on Postal Service Notice Concerning Changes in Rates of General Applicability for Priority Mail Established in Governor' Decision No. 14-3, July 17, 2014 at 2-3. In the same docket, United Parcel Service also expressed a concern that since all supporting data was filed under seal, none of the interested members of the public could know if the planned rate changes were "consistent with the PAEA or the Commission's regulations." Docket No. CP2014-55, Comments of United Parcel Service of Competitive Product Price Changes – Rates of General Applicability, July 16, 2014 at 1.