

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

PRIORITY MAIL INTERNATIONAL FLAT RATE
ENVELOPES AND PRIORITY MAIL
INTERNATIONAL SMALL FLAT RATE BOXES

Docket No. MC2016-118

**REQUEST OF THE UNITED STATES POSTAL SERVICE FOR CHANGES IN THE
MAIL CLASSIFICATION SCHEDULE TO REVISE THE DISPATCH STREAM FOR
PRIORITY MAIL INTERNATIONAL FLAT RATE ENVELOPES AND
PRIORITY MAIL INTERNATIONAL SMALL FLAT RATE BOXES
FROM THE LETTER POST STREAM TO THE AIR PARCEL STREAM**
(April 7, 2016)

The United States Postal Service hereby submits this request to make changes to the Mail Classification Schedule (MCS) that would revise the competitive product description for Outbound Priority Mail International in section 2315 of the MCS.¹ The proposed changes would result in Priority Mail International (PMI) Flat Rate Envelopes and PMI Small Flat Rate Boxes being dispatched in the air parcel stream instead of the letter post stream. Pursuant to 39 C.F.R. § 3.4(g), the Governors authorized this Request on March 30, 2016, in Governors' Decision No. 16-1, which is included as Attachment 1 to this Request.

This Request also includes

- a copy of the applicable sections of the MCS, with the proposed changes in legislative format (Attachment 2), and
- an application for non-public treatment of materials filed under seal (Attachment 3).

¹ The Postal Service has prepared this filing under 39 C.F.R. 3020.80 to 3020.83, but reserves the right to characterize this change as "minor" in nature should the Commission determine that the classification changes do not rise to the level of materiality specified by sections 3020.80 to 3020.83.

The financial workpapers, which include supporting forecast data, adjustment calculations, and expected cost coverage for Outbound PMI show that the changes will not result in the violation of any of the standards of 39 U.S.C. § 3633 and 39 C.F.R. § 3015.5. The workpapers are being filed separately under seal with the Commission. A redacted version of the financial workpapers is included with this filing in a separate Excel file.

I. Supporting Justification for the Proposed Changes to MCS section 2315 Outbound Priority Mail International

The paragraphs below provide the supporting justification.

(1) Description of, and rationale for, the proposed changes to the product description (39 C.F.R. § 3020.81(a))

PMI Flat Rate Envelopes and PMI Small Flat Rate Boxes are dispatched using Postal Service-branded mailing containers, which are available at no additional cost to the customer. PMI Flat Rate Envelopes and PMI Small Flat Rate Boxes are used by customers to send documents and small merchandise items abroad. Currently, the Postal Service dispatches PMI Flat Rate Envelopes and PMI Small Flat Rate Boxes in the letter post stream, while other PMI items, such as PMI Medium Flat Rate Boxes and PMI Large Flat Rate Boxes, are dispatched in the parcel post stream. The dispatch of these PMI letter post items (PMI Flat Rate Envelopes and PMI Small Flat Rate Boxes) in the letter post stream results in these two PMI items being subject to different market and operational characteristics than the rest of PMI. For example,

- insurance is not offered with PMI letter post items, but is offered with PMI parcel post items;

- International Certificate of Mailing and International Registered Mail are available with PMI letter post items, but not available with PMI parcel items;
- Electronic USPS Delivery Confirmation is available for certain PMI letter post items, while tracking is generally available for PMI parcel post items;
- Inquiries are not accepted for PMI letter post items but are accepted for PMI parcel items; and
- PMI letter post items are sealed against inspection, but PMI parcel post items are not.

These different characteristics of and options available for PMI letter post items, in comparison to PMI parcel post items, result in advertising, administrative, operational, and other complexities for the Postal Service and its customers.

Changing the dispatch stream for PMI Flat Rate Envelopes and PMI Small Flat Rate Boxes from the letter post stream to the air parcel stream would make it possible for the Postal Service to streamline the marketing and processing of its PMI product by making insurance, ancillary services, tracking, customer service support, and processing more consistent for all PMI products. The Postal Service believes that the benefits of this change outweigh the financial implications of this change, as set forth in the financial workpapers filed with this Request.

- (2) *Explain why, as to market dominant products, the changes are not inconsistent with each requirement of 39 U.S.C. 3622(d) and 39 C.F.R. § 3010 (39 C.F.R. § 3020.81(b)(1))*

Not applicable because this Request concerns a competitive product.

- (3) *Explain why, as to competitive products, the changes will not result in the violation of any of the standards of 39 U.S.C. 3633 and 39 C.F.R. § 3015 (39 C.F.R. § 3020.81(b)(2))*

The financial workpapers included with this Request provide supporting forecast data, adjustment calculations, and expected cost coverage for Outbound PMI, which include revenue and cost data for the 12-month period following the intended effective date of the proposed changes to the MCS. The financial workpapers demonstrate that if the proposed changes are implemented, the Outbound PMI product will show positive contribution and thereby be in compliance with 39 U.S.C. §§ 3633(a)(1) & (2). In addition, the changes are small in relation to total competitive product revenue and thereby will not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs in accordance with 39 U.S.C. § 3633(a)(3). Thus, the changes will not result in the violation of any of the standards of 39 U.S.C. 3633 and 39 C.F.R. § 3015.

- (4) *Describe the likely impact that the changes will have on users of the product and on competitors (39 C.F.R. § 3020.81(c))*

As discussed above, PMI Flat Rate Envelopes and PMI Small Flat Rate Boxes are dispatched in the letter post stream, while all other PMI items are dispatched in the parcel post stream, which results in PMI Flat Rate Envelopes and PMI Small Flat Rate Boxes being subject to different market and operational characteristics than other PMI items, as discussed above.

For users of PMI, the proposed classification changes will result in PMI Flat Rate Envelopes and PMI Small Flat Rate Boxes receiving expanded access to tracking services and insurance, which are not routinely available for ordinary letter post items absent a special arrangement with the destination postal operator.

Competitors of the Postal Service may be affected by the Postal Service being able to more effectively market its PMI product and provide tracking services and insurance for its PMI Flat Rate Envelopes and PMI Small Flat Rate Boxes.

Conclusion

The Postal Service requests that the Commission take action in this docket within 30 days of filing of this request, which should allow the Postal Service adequate time to implement the proposed material changes to the MCS by the Postal Service's intended implementation date of June 3, 2016.

The Postal Service therefore requests that changes be made to the MCS, so that the dispatch stream for PMI Flat Rate Envelopes and PMI Small Flat Rate Boxes would be the air parcel stream instead of the letter post stream. As illustrated in the proposed MCS revisions (Attachment 2),

- PMI Flat Rate Envelopes would be referred to as "PMI Flat Rate Envelopes"; and
- PMI Flat Rate Boxes would be referred to as "PMI Small Flat Rate Boxes".

In addition, accompanying changes to the MCS, in accordance with regulations concerning the dispatch of items in the air parcel stream, would include the following:

- Revisions to MCS section 2315.1, acknowledging that all Outbound PMI is not sealed against postal inspection;
- Revisions to MCS section 2315.5, clarifying which international ancillary services would be available for PMI;
- Revisions to MCS section 2315.6, deleting notes concerning the availability of Electronic USPS Delivery Confirmation International for

certain PMI Flat Rate Envelopes and PMI Small Flat Rate Box offerings;
and

- Accompanying changes to MCS section 2510.3, 2510.6, 2510.7, 2615, and Part D, which concern Global Expedited Package Services (GEPS) Contracts, Global Plus Contracts, Global Reseller Expedited Package Contracts, International Ancillary Services, and the Country Price Lists for International Mail, respectively.

Once the Commission approves this request, the Postal Service would be able to market the PMI product more effectively and Postal Service customers would be able to use the product more easily. The Postal Service therefore respectfully requests that the Commission approve this request.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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April 7, 2016

DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON MAIL CLASSIFICATION SCHEDULE CHANGES FOR PRIORITY MAIL INTERNATIONAL FLAT RATE ENVELOPES AND PRIORITY MAIL INTERNATIONAL SMALL FLAT RATE BOXES (GOVERNORS' DECISION NO. 16-1)

March 30, 2016

STATEMENT OF EXPLANATION AND JUSTIFICATION

Pursuant to our authority under section 404(b) and Chapter 36 of title 39, United States Code, the Governors establish classification changes to Priority Mail International Flat Rate Envelopes (PMI FREs) and PMI Small Flat Rate Boxes (PMI SFRBs).

PMI FREs and PMI SFRBs are Postal Service-branded mailing containers available at no additional cost and used by customers to send documents and small merchandise items abroad. Currently, the Postal Service dispatches PMI FREs and PMI SFRBs in the letter post stream, while all other PMI items are dispatched in the parcel post stream. This results in PMI FREs and PMI SFRBs being subject to different market and operational characteristics. The Postal Service intends to change the dispatch stream for PMI FREs and PMI SFRBs to the international parcel post stream. This change would allow PMI FREs and PMI SFRBs to receive expanded access to tracking services and insurance, which are not routinely available for ordinary letter post items absent a special arrangement with the destination postal operator. This change will increase delivery costs since foreign postal operators charge higher rates for delivery of parcels as compared to letter post pieces; however, this change will improve the market features of PMI FREs and PMI SFRBs. We have evaluated the classification changes in this context in accordance with 39 U.S.C. §§ 3632-3633 and 39 C.F.R. §§ 3015.5 and 3015.7. We approve the changes, finding that they are appropriate, and are consistent with the regulatory criteria, as indicated by management.

ORDER

We direct management to file with the Postal Regulatory Commission appropriate notice of these classification changes. The changes in classification set forth herein shall be effective on June 3, 2016.

By The Governors:



James H. Bilbray
Chairman, Temporary Emergency Committee of the Board of Governors

**CHANGES TO THE
MAIL CLASSIFICATION SCHEDULE (MCS)**
(Additions are underlined and deletions are marked with strike-through)

EFFECTIVE JUNE 3, 2016

PART B

COMPETITIVE PRODUCTS

2000 **COMPETITIVE PRODUCT LIST**

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2001 **COMPETITIVE PRODUCT DESCRIPTIONS**

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2300 **INTERNATIONAL PRODUCTS**

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2315 **Outbound Priority Mail International**

2315.1 Description

- a. Outbound Priority Mail International items may be mailed as Priority Mail International Flat Rate Envelopes, Priority Mail International Flat Rate Boxes, or Priority Mail International parcels.
- b. Outbound Priority Mail International is not sealed against postal inspection. Mailing of matter as such constitutes consent by the mailer to postal inspection of the contents, regardless of the physical closure.
- ~~b. All items that may be sent using First-Class Mail international service, including written correspondence having the nature of current and personal correspondence, may be sent in Priority Mail International Flat Rate Envelopes or Small Flat Rate Boxes.~~
- ~~c. Only Priority Mail International Flat Rate Envelopes and Small Flat Rate Boxes (except when used as Free Matter for the Blind or Other Physically Handicapped Persons) are sealed against inspection and shall not be opened except as authorized by law.~~
- cd. Priority Mail International parcel service is designed for the carriage of outbound international postal parcels. Written communication having the nature of current and personal correspondence may be included, provided it is exchanged between the sender and the addressee or other persons living with the addressee. Archived correspondence (e.g., personnel records) is also permitted and may be sent to any addressee.

de. For selected destination countries, discounts for permit imprint accounts, online preparation and payment, or for use of an authorized PC Postage vendor may apply.

ef. Nonnegotiable Document reconstruction up to \$100.00 and merchandise insurance up to \$200.00 is included in the price of postage. Additional merchandise insurance may be purchased at the time of mailing. Additional nonnegotiable document reconstruction insurance may not be purchased.

2315.2 Size and Weight Limitations¹

	Length	Height	Thickness	Weight
Minimum	For customer-provided packaging, large enough to accommodate postage, address, custom labels, and any other required elements on the address side			none
Maximum Parcels	79 inches			70 pounds
	108 inches in combined length and girth			
Letter Post Flat Rate Envelopes	Nominal Sizes: 9.5 x 12.5 inches Priority Mail Gift Card: 10 x 7 inches Priority Mail Legal: 15 x 9.5 inches Priority Mail Window: 10 x 5 inches Priority Mail Small: 10 x 6 inches Priority Mail Padded: 12.5 x 9.5 inches			4 pounds
Parcel Flat Rate Boxes	Nominal Sizes: Large: 12.25 x 12.25 x 6.0 inches or 11.875 x 3.125 x 24.0625 inches – approximately 1/2 cu. ft. Medium: 11.875 x 3.375 x 13.625 inches or 11 x 8.5 x 5.5 inches – approximately 1/3 cu. ft.			20 pounds
Letter Post Flat Rate Boxes	Nominal Sizes: Small: 8.625 x 5.375 x 1.625 inches – approximately 1/20 cu. ft. DVD Box: 7.5625 x 5.4375 x 1.375 inches Large Video Box: 9.25 x 6.25 x 2			4 pounds

Notes

1. Weight and other exceptional size limits based on shape and destination country restrictions may apply.

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2315.4 Price Categories

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- Priority Mail International Parcels ~~Retail~~
 - Price Groups 1-17

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2315.5 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- Pickup On Demand Service
- International Ancillary Services (2615)
 - ~~International Certificate of Mailing (2615.1)~~
 - ~~Outbound Competitive International Registered Mail: Letter Post Flat Rate Envelopes and Letter Post Flat Rate Boxes only (2615.2)~~
 - International Return Receipt (2615.3)
 - ~~International Insurance: Parcels and Large and Medium Flat Rate Boxes only (2615.5)~~

2315.6 Prices

Priority Mail International Flat Rate Retail Prices

	Country Price Group							
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)
Flat Rate Envelopes	23.95	29.95	30.95	32.95	31.95	33.95	31.95	32.95
Letter Post Small Flat Rate Boxes	24.95	30.95	31.95	33.95	32.95	34.95	32.95	33.95
Medium Flat Rate Boxes	45.95	66.95	67.95	66.50	69.95	75.95	68.95	71.95
Large Flat Rate Boxes	59.95	86.95	88.95	86.95	90.95	95.95	89.95	93.95

Priority Mail International Flat Rate Commercial Base Prices¹

	Country Price Group							
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)
Flat Rate Envelopes	22.75	28.45	29.40	31.30	30.35	32.25	30.35	31.30
Letter Post Small Flat Rate Boxes	23.70	29.40	30.35	32.25	31.30	33.20	31.30	32.25
Medium Flat Rate Boxes	43.65	63.60	64.55	63.20	66.45	72.15	65.50	68.35
Large Flat Rate Boxes	56.95	82.60	84.50	82.60	86.40	91.15	85.45	89.25

Notes

- ~~1. Electronic USPS Delivery Confirmation International, which is optionally provided at no charge, offers scan events for customers using select software or online tools. It is available for certain Priority Mail International Flat Rate Envelopes and Small Flat Rate Box offerings to select destinations.~~

Priority Mail International Flat Rate Commercial Plus Prices¹

	Country Price Group							
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)
Flat Rate Envelopes	22.75	28.45	29.40	31.30	30.35	32.25	30.35	31.30
Letter Post Small Flat Rate Boxes	23.70	29.40	30.35	32.25	31.30	33.20	31.30	32.25
Medium Flat Rate Boxes	43.65	63.60	64.55	63.20	66.45	72.15	65.50	68.35
Large Flat Rate Boxes	56.95	82.60	84.50	82.60	86.40	91.15	85.45	89.25

Notes

1. ~~Electronic USPS Delivery Confirmation International, which is optionally provided at no charge, offers scan events for customers using select software or online tools. It is available for certain Priority Mail International Flat Rate Envelopes and Small Flat Rate Box offerings to select destinations.~~

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2510.3 Global Expedited Package Services (GEPS) Contracts

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2510.3.5 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- Pickup On Demand Service
- International Ancillary Services (2615)
 - International Certificate of Mailing: ~~PMI Flat Rate Envelope~~ FCPIS only (2615.1)
 - Outbound Competitive International Registered Mail: ~~PMI Flat Rate Envelope~~ FCPIS only (2615.2)
 - International Return Receipt: FCPIS and PMI only (2615.3)
 - International Insurance: PMI and PMEI only (2615.5)

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2510.6 Global Plus Contracts

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2510.6.5 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- Pickup On Demand Service: PMEI and PMI only
- International Ancillary Services (2615)
 - International Certificate of Mailing: IPA, ~~PMI Flat Rate Envelope~~ only (2615.1)
 - International Insurance: PMEI, PMI parcels only (2615.5)
 - ~~Outbound Competitive International Registered Mail: PMI Flat Rate Envelope only (2615.2)~~
 - International Return Receipt: PMEI, PMI only (2615.3)

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2510.7 Global Reseller Expedited Package Contracts

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2510.7.5 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- Pickup On Demand Service: PMEI and PMI only
- International Ancillary Services (2615)
 - International Certificate of Mailing: FCPIS, ~~PMI Flat Rate Envelope, PMI Small Letter Post Flat Rate Boxes, PMI parcels purchased without insurance~~ only (2615.1)
 - International Insurance: GXG, PMEI merchandise, PMI parcels, ~~PMI Large and Medium Flat Rate Boxes~~ only (2615.5)
 - Outbound Competitive International Registered Mail: FCPIS, ~~PMI Flat Rate Envelopes and Small Letter Post Flat Rate Boxes~~ only (2615.2)
 - International Return Receipt: subject to availability in the destination country for registered FCPIS, ~~PMI Flat Rate Envelopes, PMI Small Letter Post Flat Rate Boxes,~~ and insured PMI parcels only (2615.3)

2615 International Ancillary Services

2615.1 International Certificate of Mailing

2615.1.1 Description

- a. International Certificate of Mailing service furnishes evidence that mail has been presented to the Postal Service for mailing.
- b. International Certificate of Mailing is available for unregistered Outbound Single-Piece First-Class Package International Service, ~~unregistered Priority Mail International Flat Rate Envelopes, unregistered Priority Mail International Small Flat Rate Boxes, Priority Mail International parcels purchased without insurance,~~ and International Direct Sacks–Airmail M-Bags.

2615.1.2 Prices

Individual Pieces Prices

	(\$)
Original certificate of mailing for listed pieces of ordinary Outbound Single-Piece First-Class Package International Service or Priority Mail International parcels	1.35
Three or more pieces individually listed in a firm mailing book or an approved customer provided manifest (per piece)	0.49
Each additional copy of original certificate of mailing or firm mailing bills (each copy)	1.35

Multiple Pieces Prices

	(\$)
Up to 1,000 identical-weight pieces (one certificate for total number)	7.95
Each additional 1,000 identical-weight pieces or fraction thereof	0.99
Duplicate copy	1.35

2615.2 Outbound Competitive International Registered Mail

2615.2.1 Description

- a. Outbound Competitive International Registered Mail service provides additional protection and security in dispatch and conveyance in the United States for items mailed using Outbound Single-Piece First-Class Package International Service, ~~Priority Mail International Flat Rate Envelope, Small Flat Rate Box, DVD Flat Rate Box, or Large Video Flat Rate Box~~. In the United States registered mail items are handled separately from all other mail and are kept in a secure area with restricted access. In destination countries registered mail items are handled in accordance with the internal procedures of the destination country.

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2615.3 Outbound International Return Receipt

2615.3.1 Description

Outbound International Return Receipt

- a. Outbound International Return Receipt service provides evidence to the mailer that an article has been received at the delivery address. It must be purchased at the time of mailing. The return receipt, which is attached to the article mailed, is signed at the point of delivery and is returned to the sender.
- b. Outbound International Return Receipt service is subject to availability in the destination country for registered Outbound Single-Piece First-Class Package International Service, ~~Priority Mail International Flat Rate Envelopes, Priority Mail International Small Flat Rate Boxes, and insured Priority Mail International parcels~~.

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2615.5 Outbound International Insurance

2615.5.1 Description

- a. Optional additional Outbound International Insurance may be purchased to protect against loss, damage, or missing contents for Priority Mail International ~~parcels and Priority Mail International Large and Medium Flat Rate Boxes~~.
- b. Optional additional merchandise insurance may be purchased to protect against loss, damage, or missing contents for Priority Mail Express International.
- c. Optional additional insurance may be purchased to protect against loss, damage, or missing contents for Global Express Guaranteed.

2615.5.2 Price Categories

The following price categories are available for the product specified in this section:

Outbound Price Categories

- Priority Mail International Insurance
Available for all Priority Mail International parcels and Priority Mail International Large and Medium Flat Rate Boxes.
- Priority Mail Express International Merchandise Insurance
Available for Priority Mail Express International merchandise.
- Global Express Guaranteed Insurance
Available for Global Express Guaranteed items that contain merchandise or documents.

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PART D

COUNTRY PRICE LISTS FOR INTERNATIONAL MAIL

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Country	Market Dominant SPFCMI ¹	Competitive						
		FCPIS ²	International Expedited Services			PMI ⁵	PMI Flat Rate Envelopes and Boxes ⁵	IPA & ISAL ⁶
			GXG ³	PMEI ⁴	PMEI Flat Rate Envelope ⁴			

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Ascension	7	7	-	-	-	7-	8-	16
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Bolivia	9	9	8	9	2	9-	2-	17
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Falkland Islands	9	9	-	-	-	9-	8-	17
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Korea, Democratic People's Republic of (North)	6	6	-	-	-	6-	8-	18
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Notes

1. SPFCMI = Single-Piece First-Class Mail International. The same Country Price Groups also apply to International Direct Sacks—M-Bags.
2. FCPIS = Outbound Single-Piece First-Class Package International Service.
3. GXG = Global Express Guaranteed
4. PMEI = Priority Mail Express International. PMEI Flat Rate Envelopes ~~are~~ may ~~not~~ be available to all countries. See Individual Country Listings in the International Mail Manual for availability.
5. PMI = Priority Mail International. PMI Flat Rate Envelopes and PMI Flat Rate Boxes ~~are~~ may ~~not~~ be available to all countries. ~~Availability to certain destinations may be limited to PMI Flat Rate Envelopes and/or PMI Small Flat Rate Boxes.~~ See Individual Country Listings in the International Mail Manual for availability.
6. IPA = International Priority Airmail.
ISAL = International Surface Air Lift.
IPA and ISAL service ~~is~~ may ~~not~~ be available to all countries. See Individual Country Listings in the International Mail Manual for availability.

ATTACHMENT 3

APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NON-PUBLIC TREATMENT OF MATERIALS

In accordance with 39 C.F.R. § 3007.21, the United States Postal Service (Postal Service) hereby applies for non-public treatment of certain materials filed with the Commission in this docket. The materials covered by this application consist of the financial workpapers that establish compliance with 39 U.S.C. § 3633 and 39 C.F.R. § 3015 for this request, which consist of one Excel file pertaining to Outbound Priority Mail International.

The Postal Service hereby furnishes the justification required for this application by 39 C.F.R. § 3007.21(c) below.

(1) The rationale for claiming that the materials are non-public, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);

The materials designated as non-public consist of information of a commercial nature that under good business practice would not be publicly disclosed. In the Postal Service's view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3).¹ Because the portions of the materials that the Postal Service is filing under seal fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support its

¹ In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

(2) Identification, including name, phone number, and email address for any third-party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;

The Postal Service believes that there are no third parties that have a proprietary interest in the materials, because the materials submitted do not include specific propriety information of any third party.

(3) A description of the materials claimed to be non-public in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are non-public;

In connection with its Notice filed in this docket, the Postal Service included Excel files, which contain data underlying the proposed price changes for Outbound Priority Mail International. These materials were filed under seal. The Postal Service maintains that the files should remain confidential.

The files protect commercially sensitive information such as supporting forecast data, adjustment calculations, and expected cost coverage for Outbound Priority Mail.

(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;

If the data that the Postal Service determined to be protected from disclosure due to their commercially sensitive nature were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm. The forecast data, adjustment calculations, and expected cost coverage for Outbound Priority Mail International are commercially sensitive, and the Postal Service does not believe that they would be disclosed under good business practices. Competitors could use the

information to assess the rates charged by the Postal Service to foreign postal operators for any possible comparative vulnerabilities and focus sales and marketing efforts on those areas, to the detriment of the Postal Service.

This information is confidential in the business world. Foreign postal operators or other potential customers could use this information to their advantage in negotiating the terms of their own agreements with the Postal Service, for example by assessing the relative weight of their flows from the United States. Given that these spreadsheets are filed in their native format, the Postal Service's assessment is that the likelihood that the information would be used in this way is great.

(5) At least one specific hypothetical, illustrative example of each alleged harm;

Harm: Public disclosure of information in the financial workpapers would be used by competitors and customers to the detriment of the Postal Service.

Hypothetical: A competing alternate delivery service obtains a copy of the Excel files from the Postal Regulatory Commission's website. It analyzes the data and then uses this information to set its prices for portions of the applicable market subject to competition.

(6) The extent of protection from public disclosure deemed to be necessary;

The Postal Service maintains that the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant market for international delivery products (including both private sector integrators and foreign postal operators), as well as their consultants and attorneys. Additionally, the Postal Service believes that foreign postal operators, as well as actual or potential customers

of a postal operator for this or similar products should not be provided access to the non-public Excel worksheets.

(7) The length of time deemed necessary for the non-public materials to be protected from public disclosure with justification thereof; and

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30.

(8) Any other factors or reasons relevant to support the application.

None.

Conclusion

For the reasons discussed, the Postal Service asks that the Commission grant its application for non-public treatment of the identified materials.