

ORDER NO. 3297

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

Before Commissioners:

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

Notice of Market-Dominant Price Adjustment –
Promotions and First-Class Mail Parcels

Docket No. R2016-5

NOTICE AND ORDER ON PROMOTIONS AND
PRICE ADJUSTMENT FOR MARKET DOMINANT PRODUCTS

(Issued May 18, 2016)

I. INTRODUCTION

In accordance with 39 U.S.C. 3622 and 39 CFR part 3010, the Postal Service filed notice of its intent to adjust the prices of certain Market Dominant products.¹ The Postal Service seeks Commission approval of six temporary promotions applicable to First-Class Mail and Standard Mail during Calendar Year (CY) 2017. Notice at 1. The Postal Service also requests Commission approval to increase the price of First-Class Mail Parcels (FCMP), effective August 28, 2016. *Id.* The Postal Service also seeks to

¹ United States Postal Service Notice of Market-Dominant Price Adjustment, May 16, 2016 (Notice).

incorporate the Universal Postal Union's (UPU) January 2016 price increases for Inbound Letter Post in the price cap calculation.²

II. OVERVIEW

The Postal Service asserts that it provides the information required by 39 CFR 3010.12. *Id.* at 1. The Postal Service represents that it will inform the public of the proposed price adjustments consistent with 39 CFR 3010.12(a)(3). *Id.* at 2. Specifically, the Postal Service states that it will publish notice in the Postal Bulletin and the PCC Insider and issue a press release and postings on USPS.com and the Postal Explorer website. *Id.* The Postal Service asserts that its planned price adjustments comply with 39 U.S.C. 3622 and 3626. *Id.* at 1-5, 10-14.

A. Planned First-Class Mail and Standard Mail Promotions

The Postal Service seeks approval for the following six promotions for the periods indicated:

- Earned Value Reply Mail Promotion (January-June 2017),
- Tactile, Sensory and Interactive Mailpiece Engagement Promotion (February-July 2017),
- Emerging and Advanced Technology Promotion (March-August 2017),
- Direct Mail Starter Promotion (May-July 2017),
- Personalized Color Transpromo Promotion (July-December 2017), and
- Mobile Shopping Promotion (August-December 2017).

Id. at 7-9. The Postal Service asserts that five of these six promotions are continuations of CY 2016 promotions approved by the Commission in Docket No. R2016-2.³ The

² *Id.* at 3. Prices for Inbound Letter Post, also called terminal dues, are the reimbursements foreign postal operators pay the Postal Service for delivery of international mail. Terminal dues are not set by the Postal Service; rather, they are set by the UPU.

³ *Id.* at 6 (citing Docket No. R2016-2, Order No. 2861, Order on Price Adjustments for Market Dominant Products and Related Mail Classification Changes, December 10, 2015).

Postal Service represents that it will update the five continuing promotions for CY 2017 to vary the duration of certain promotions, expand eligibility to include additional mailpieces and categories of qualifying technology, and vary the credit amounts. *Id.* at 6-9. The Postal Service proposes to offer one new promotion, the Direct Mail Starter Promotion, aimed to encourage small business mailers to design direct mail marketing campaigns that incorporate a qualifying technology (such as a QR code) that lead the consumer to a mobile-optimized website. *Id.* at 6, 8.

B. Inbound Letter Post and FCMP Price Increases

The Postal Service represents that its planned price increases would align FCMP “Retail” prices with the corresponding prices for First-Class Package Service (FCPS), a competitive product. *Id.* at 10. Specifically, the Postal Service indicates that it proposes increases to the one-, two-, and three-ounce rate cells in the FCMP “Retail” as well as the “Keys and Identification Devices” price categories. *Id.* at 10, n.7. The Postal Service notes that in January 2016, the UPU increased the prices for Inbound Letter Post. *Id.* at 3. The Postal Service represents that “[i]n First-Class Mail, th[e] additional [price cap] authority [resulting from the planned CY 2017 promotions] is offset by the impact of the price increases in FCMP and the incorporation of the January 2016 price increases for Inbound Letter Post in the price cap calculation.” *Id.* (footnote omitted).

C. Contents of Notice

To support its Notice, the Postal Service filed its proposed changes to the Mail Classification Schedule, CY 2017 Promotions Calendar, and calculation of price cap authority. The Postal Service concurrently filed three library references, workpapers

supporting its price cap calculation, along with an application for non-public treatment for one library reference.⁴

III. INITIAL COMMISSION ACTION

The Commission establishes Docket No. R2016-5 to consider the matters raised by the Notice. The Commission invites comments on whether the Postal Service's filing is consistent with the requirements of 39 U.S.C. 3622 and 3626 and 39 CFR part 3010. Comments are due June 6, 2016. See 39 CFR 3010.11(a)(5); 3001.15. The public portions of these filings can be accessed via the Commission's website (<http://www.prc.gov>).

The Commission appoints Kenneth E. Richardson to serve as an officer of the Commission to represent the interests of the general public in these proceedings (Public Representative).

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission establishes Docket No. R2016-5 to consider the matters raised by the Notice.
2. Comments are due June 6, 2016.
3. Pursuant to 39 U.S.C. 505, Kenneth E. Richardson is appointed to serve as an officer of the Commission to represent the interests of the general public in these proceedings (Public Representative).

⁴ Library Reference USPS-LR-R2016-5/1, May 16, 2016 (First-Class Mail Workpapers); Library Reference USPS-LR-R2016-5/2, May 16, 2016 (Standard Mail Workpapers); Library Reference USPS-LR-R2016-5/NP1, May 16, 2016 (First-Class Mail International Workpapers (Nonpublic)). The non-public material consists of two Excel files pertaining to First-Class Mail International. See Notice of the United States Postal Service of Filing of USPS-LR-R2016-5/NP1, May 16, 2016, Attachment 1 at 1. See 39 CFR part 3007 for information on access to non-public material.

4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Stacy L. Ruble
Secretary