

## AVAILABLE MARKET DOMINANT RATE AUTHORITY

Last Update: 09/14/2021

On November 30, 2020, the Commission issued Order No. 5763, which revised the ratemaking system for Market Dominant products pursuant to 39 U.S.C. § 3622(d)(3).<sup>1</sup>

**Density-Based Rate Authority:** As specified by 39 C.F.R. § 3030.162(a)(1), the density-based rate authority available to the Postal Service is calculated as **4.500 percent**. (Exhausted in Docket No. R2021-2)

**Retirement-Based Rate Authority:** As specified by 39 C.F.R. § 3030.183, the retirement-based rate authority available to the Postal Service is calculated as **1.062 percent**. (Exhausted in Docket No. R2021-2)

**Additional Rate Authority for Non-Compensatory Classes:** 39 C.F.R. § 3030.222(a) provides for an additional **2 percentage** points of additional rate authority for any class of mail where the attributable cost for that class exceeded the revenue from that class. In FY 2020, the classes for which attributable cost exceeded revenue were **Periodicals** and **Package Services**. (Exhausted in Docket No. R2021-2)

### Maximum Available Rate Authority by Class<sup>2</sup>

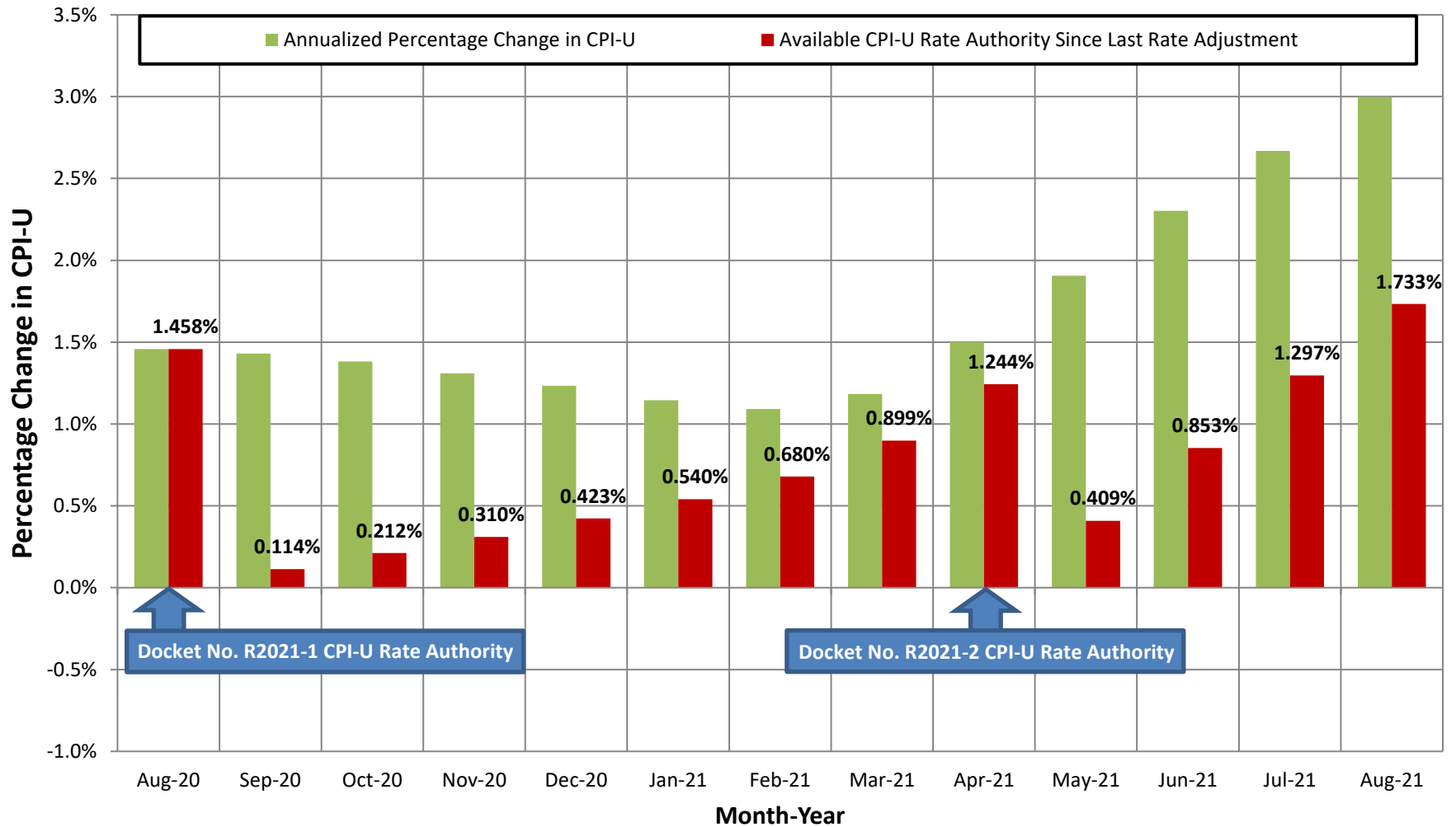
Class	CPI-U	Density	Retirement	Non-Compensatory	Bank	Total
First-Class Mail	1.733%	0.000%	0.000%	N/A	0.004%	1.737%
Periodicals	1.733%	0.000%	0.000%	0.000%	0.037%	1.770%
USPS Marketing Mail	1.733%	0.000%	0.000%	N/A	0.002%	1.735%
Package Services	1.733%	0.000%	0.000%	0.000%	0.008%	1.741%
Special Services	1.733%	0.000%	0.000%	N/A	0.005%	1.738%

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<sup>1</sup> Docket No. RM2017-3, Order Adopting Final Rules for the System of Regulating Rates and Classes for Market Dominant Products, November 30, 2020 (Order No. 5763). Pursuant to 39 C.F.R. §§ 3030.160(c), 3030.181(c), and 3030.222(b), the Commission determines the amount of Market Dominant rate authority available to the Postal Service for the density-based rate authority, the retirement-based rate authority, and rate authority for non-compensatory classes of mail. For a more detailed explanation of the rate authority calculations, see Docket No. ACR2020, Determination of Available Market Dominant Rate Authority, April 6, 2021 (Order No. 5861).

<sup>2</sup> Density, Retirement, and Non-Compensatory authority exhausted. See Docket No. R2021-2, Order on Price Adjustments for First-Class Mail, USPS Marketing Mail, Periodicals, Package Services, and Special Services Products and Related Mail Classification Changes, July 19, 2021 (Order No. 5937).

## Annualized Percentage Change in CPI-U and Available CPI-U Rate Authority August 2020 - August 2021



CPI-U annualized using a 12-month moving average. For a more detailed explanation of the calculation of the CPI-U rate authority, including partial year calculations, please see 39 CFR §3030.140-143.

## Unused Rate Adjustment Authority By Class (The Bank)

Docket No. (1)	New Unused Rate Adjustment Authority (2)	Price Adjustment in Excess of Annual Limitation (3)	Amount of Unused Rate Adjustment Authority Used in Subsequent Rate Adjustments (4)	Remaining Unused Rate Adjustment Authority (5)=(2)-(4)	Date Generated (6)	Expiration Date (7)	Docket(s) Used/Remaining Unused Rate Adjustment Authority Status (8)	Final Order No. (9)
<b>FIRST-CLASS MAIL</b>								
R2017-1	0.000%	0.358%	N/A	N/A	N/A	N/A	N/A	3610 3/
R2017-7	1.542%	0.000%	1.542%	0.000%	7/20/2017	7/20/2022	R2018-1/R2019-1/ R2021-1/Depleted	4059 4/ 5/ 7/
R2018-1	0.000%	1.488%	N/A	N/A	N/A	N/A	N/A	4215 4/
R2019-1	0.000%	0.045%	N/A	N/A	N/A	N/A	N/A	4875 5/
R2020-1	0.352%	0.000%	0.348%	0.004%	10/9/2019	10/9/2024	R2021-1/R2021-2/ Available	5373 7/ 8/
R2021-1	0.000%	0.373%	N/A	N/A	N/A	N/A	N/A	5757 7/
R2021-2	0.000%	0.008%	N/A	N/A	N/A	N/A	N/A	5937 8/
<b>PERIODICALS</b>								
R2017-1 (Interim)	0.067%	0.000%	0.067%	0.000%	10/12/2016	10/12/2021	R2017-1/R2019-1/ Depleted	3610 1/ 2/ 5/
R2017-1 (Annual)	0.000%	0.029%	N/A	N/A	N/A	N/A	N/A	3610 2/
R2018-1	0.063%	0.000%	0.063%	0.000%	10/6/2017	10/6/2022	R2019-1/Depleted	4215 5/
R2019-1	0.000%	0.101%	N/A	N/A	N/A	N/A	N/A	4875 5/
R2020-1	0.000%	0.000%	N/A	N/A	N/A	N/A	N/A	5321
R2021-1	0.002%	0.000%	0.000%	0.002%	10/9/2020	10/9/2025	Available	5757
R2021-2	0.035%	0.000%	0.000%	0.035%	5/28/2021	5/28/2026	Available	5937
<b>USPS MARKETING MAIL (FORMERLY STANDARD MAIL)</b>								
R2017-1	0.000%	0.480%	N/A	N/A	N/A	N/A	N/A	3610 3/
R2017-7	1.542%	0.000%	1.542%	0.000%	7/20/2017	7/20/2022	R2018-1/R2019-1/ R2021-1/Depleted	4059 4/ 5/ 7/
R2018-1	0.000%	1.497%	N/A	N/A	N/A	N/A	N/A	4215 4/
R2019-1	0.000%	0.063%	N/A	N/A	N/A	N/A	N/A	4875 5/
R2020-1	0.040%	0.000%	0.040%	0.000%	10/9/2019	10/9/2024	R2021-1/Depleted	5321 7/
R2020-2	0.012%	0.000%	0.010%	0.002%	10/9/2019	10/9/2024	R2021-1/R2021-2/ Available	5570 7/ 8/
R2021-1	0.000%	0.051%	N/A	N/A	N/A	N/A	N/A	5757 7/
R2021-2	0.000%	0.008%	N/A	N/A	N/A	N/A	N/A	5937 8/
<b>PACKAGE SERVICES</b>								
R2017-1 (Interim)	0.067%	0.000%	0.067%	0.000%	10/12/2016	10/12/2021	R2019-1/Depleted	3610 1/ 5/
R2017-1 (Annual)	0.000%	0.170%	N/A	N/A	N/A	N/A	N/A	3610 3/
R2018-1	0.027%	0.000%	0.027%	0.000%	10/6/2017	10/6/2022	R2019-1/Depleted	4215 5/
R2019-1	0.000%	0.103%	N/A	N/A	N/A	N/A	N/A	4875 5/
R2020-1	0.008%	0.000%	0.002%	0.006%	10/9/2019	10/9/2024	R2021-1/Available	5321 7/
R2021-1	0.000%	0.002%	N/A	N/A	N/A	N/A	N/A	5757 7/
R2021-2	0.002%	0.000%	0.000%	0.002%	5/28/2021	5/28/2026	Available	5937
<b>SPECIAL SERVICES</b>								
R2017-1 (Interim)	0.067%	0.000%	0.067%	0.000%	10/12/2016	10/12/2021	R2018-1/Depleted	3670 1/ 4/
R2017-1 (Annual)	0.000%	1.711%	N/A	N/A	N/A	N/A	N/A	3670 3/
R2017-7	1.585%	0.000%	1.580%	0.005%	7/20/2017	7/20/2022	R2018-1/R2019-1/ R2020-1/R2021-2/ Available	4059 4/ 5/ 6/ 8/
R2018-1	0.000%	1.548%	N/A	N/A	N/A	N/A	N/A	4215 4/
R2019-1	0.000%	0.093%	N/A	N/A	N/A	N/A	N/A	4875 5/
R2020-1	0.000%	0.004%	N/A	N/A	N/A	N/A	N/A	5321 6/
R2021-1	0.000%	0.000%	N/A	N/A	N/A	N/A	N/A	5757
R2021-2	0.000%	0.002%	N/A	N/A	N/A	N/A	N/A	5937 8/

Notes:

N/A means Not Applicable

1/ Due to filings being more than 12 months apart, upon filing Docket No. R2017-1, interim unused rate adjustment authority was generated for the months not included in the annual limitation calculation (December 2014 - August 2015).

2/ A portion of the unused rate adjustment authority generated in Docket No. R2017-1 (Interim) was used for the above CPI-U rate adjustment in Docket No. R2017-1 (Annual).

3/ A portion or all of the unused rate adjustment authority generated in Docket Nos. R2015-4 (Interim), R2015-4 (Annual), R2016-2 (as applicable), and R2016-5 (as applicable) was used for the above CPI-U rate adjustment approved in Docket No. R2017-1.

4/ A portion or all of the unused rate adjustment authority generated in Docket Nos. R2016-5 (as applicable), R2017-1 (Interim), and R2017-7 (as applicable) was used for the above CPI-U rate adjustment approved in Docket No. R2018-1.

5/ A portion or all of the unused rate adjustment authority generated in Docket Nos. R2015-4 (Interim), R2017-1 (Interim), R2017-7 (as applicable), and R2018-1 was used for the above CPI-U rate adjustment approved in Docket No. R2019-1.

6/ A portion of the unused rate adjustment authority generated in Docket No. R2017-7 was used for the above CPI-U rate adjustment approved in Docket No. R2020-1.

7/ A portion or all of the unused rate adjustment authority generated in Docket Nos. R2017-7 (as applicable), R2020-1, and R2020-2 (as applicable) was used for the above CPI-U rate adjustment approved in Docket No. R2021-1.

8/ A portion or all of the unused rate adjustment authority generated in Docket Nos. R2017-7 (as applicable), R2020-1, and R2020-2 (as applicable) was used for the above annual limitation rate adjustment approved in Docket No. R2021-2.

## FY 2021 Market Test Revenue Limitations

Unless the Commission grants an exemption, total revenues anticipated or in fact received by the Postal Service from a market test must not exceed \$10 million in any fiscal year, as adjusted by the change in the consumer price index for all urban consumers (CPI-U index) (\$10 Million Revenue Limitation).<sup>1</sup>

If the Commission grants an exemption, total revenues anticipated or in fact received by the Postal Service from a market test must not exceed \$50 million in any fiscal year, as adjusted by the change in the CPI-U index (\$50 Million Revenue Limitation).<sup>2</sup>

The Commission must publish the \$10 Million Revenue Limitation and \$50 Million Revenue Limitation on its web site.<sup>3</sup> The revenue limitations for FY 2021 are:

\$10 Million Revenue Limitation: \$12,027,972

\$50 Million Revenue Limitation: \$60,139,860

These revenue limitations are calculated consistent with the Commission's regulations in 39 C.F.R. §§ 3035.15 and 3035.16.

### Explanation of Calculations

Revenue limitations applicable during FY 2021 reflect the average CPI-U change during FY 2020. Calculating the \$10 Million Revenue Limitation and \$50 Million Revenue Limitation involves the following steps. First, a simple average CPI-U index was calculated for FY 2008 by summing the monthly CPI-U values from October 2007 through September 2008 and dividing the sum by 12. The result is 214.5.<sup>4</sup>

Second, another simple average CPI-U index is similarly calculated for FY 2020 by summing the 12 monthly CPI-U values from October 2019 through September 2020 and dividing the sum by 12. The result is 258.0.

Results are rounded to the nearest dollar. The formulas for calculating each revenue limitation are:

$$\text{\$10 Million Revenue Limitation} = \$10,000,000 * (258.0/214.5)$$

$$\text{\$50 Million Revenue Limitation} = \$50,000,000 * (258.0/214.5)$$

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<sup>1</sup> 39 U.S.C. §§ 3641(e)(1) and 3641(g); 39 C.F.R. § 3035.15(b).

<sup>2</sup> 39 U.S.C. §§ 3641(e)(2) and 3641(g); 39 C.F.R. § 3035.16(a).

<sup>3</sup> 39 C.F.R. §§ 3035.15(c) and 3035.16(b).

<sup>4</sup> CPI-U values are rounded to the nearest 0.1.