



**BAC 7710-FW-P**

**POSTAL REGULATORY COMMISSION**

**[Docket No R2016-5; Order No. 3297]**

**Market Dominant Price Adjustment**

**AGENCY:** Postal Regulatory Commission.

**ACTION:** Notice.

**SUMMARY:** The Commission is noticing a recently-filed Postal Service notice announcing rate adjustments affecting some market dominant domestic and international products and services, along with six temporary mailing promotions and proposed classification changes. This notice informs the public of the filing, invites public comment, and takes other administrative steps.

**DATES:** *Comments are due:* June 6, 2016.

**ADDRESSES:** Submit comments electronically via the Commission's Filing Online system at <http://www.prc.gov>. Those who cannot submit comments electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section by telephone for advice on filing alternatives.

**FOR FURTHER INFORMATION CONTACT:** David A. Trissell, General Counsel, at 202-789-6820.

**SUPPLEMENTARY INFORMATION:**

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## **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.<sup>1</sup> 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 incorporate the Universal Postal Union's (UPU) January 2016 price increases for Inbound Letter Post in the price cap calculation.<sup>2</sup>

## **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

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

<sup>2</sup> *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.

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.<sup>3</sup> The 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

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<sup>3</sup> *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).

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.<sup>4</sup>

### **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 Web site (<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.

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<sup>4</sup> 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.

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

By the Commission.

**Stacy L. Ruble,**

*Secretary.*

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