



## POSTAL REGULATORY COMMISSION

[Docket No. MC2024-224; Order No. 7041]

### Mail Classification Schedule

**AGENCY:** Postal Regulatory Commission.

**ACTION:** Notice.

**SUMMARY:** The Commission is acknowledging a recent Postal Service filing concerning size limitation changes to the Mail Classification Schedule related to international letter-post rolls and accompanying material changes to product descriptions for certain other products that include international letter-post rolls. This document informs the public of the filing, invites public comment, and takes other administrative steps.

**DATES:** *Comments are due:* May 9, 2024.

**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

On April 9, 2024, pursuant to 39 U.S.C. 3682 and 39 CFR 3040.212 and 3040.180, the Postal Service filed a notice of proposed changes in the *Mail*

*Classification Schedule* (MCS) concerning the size limitations for international letter-post rolls for certain products with rates of general applicability, as well as accompanying material changes to product descriptions for certain other products that include international letter-post rolls, effective July 14, 2024.<sup>1</sup>

## **II. Contents of Filing**

Specifically, the Postal Service proposes changes in the minimum size limits for international letter-post rolls for the following products with rates of general applicability in relevant MCS sections:

- 2320.2 International Priority Airmail (IPA)
- 2325.2 International Surface Air Lift (ISAL)
- 2335.2 Outbound Single-Piece First-Class Package International Service (FCPIS)

*Id.* at 1.

In addition, the Postal Service proposes material changes to product descriptions for the following products with rates not of general applicability that include international letter-post rolls in relevant MCS sections:

- 2340.2 Inbound Letter Post Small Packets and Bulky Letters
- 2510.3.2 Global Expedited Package Service (GEPS) Contracts
- 2510.5.2 Global Bulk Economy (GBE) Contracts
- 2510.6.2 Global Plus Contracts
- 2510.7.2 Global Reseller Expedited Package Contracts
- 2510.8.2 Global Expedited Package Services (GEPS)—Non-Published Rates

*Id.* at 2.

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<sup>1</sup> Notice of the United States Postal Service of Changes in Size Limitations and Accompanying Material Changes to Product Descriptions Concerning the Minimum Size Limits for International Letter-Post Rolls, and Notice of Filing Materials Under Seal, April 9, 2024, at 1-2 (Notice).

The Postal Service states that the Notice satisfies the requirements set forth in 39 U.S.C. 3682 and 39 CFR 3040.212 and 3040.180. See *id.* at 2-3. First, the Notice is filed at least 30 days prior to the intended effective date of July 14, 2024, in accordance with 39 CFR 3040.180(a). *Id.* at 3. Second, the Postal Service submits Attachment 1 with the Notice, which contains the proposed material changes to the MCS sections listed above in legislative format, in accordance with 39 CFR 3040.180(b)(1). *Id.* Third, the Postal Service provides the following supporting justification in accordance with 39 CFR 3040.180(b)(2). See *id.* at 3-7.

As rationale for the proposed changes, the Postal Service states that the proposed changes would result in the MCS more accurately reflecting the Postal Service's current offerings by aligning the MCS with Universal Postal Union (UPU) Conventions Regulations Article 17-104. *Id.* at 3. The Postal Service explains that in May 2023, the UPU Postal Operations Council adopted new minimum dimensions for international letter-post rolls, and the amended UPU Conventions Regulations Article 17-104 will be effective August 1, 2024. *Id.* at 3-4. The new minimum length will be 8.25 inches instead of 4 inches, and the new minimum length plus twice the diameter will be 12 inches instead of 6.75 inches. *Id.* at 4. The Postal Service submits Attachment 2 with the Notice, which contains Governors' Decision No. 24-1 that establishes the revisions to the minimum size limitations for international letter-post rolls for products with rates of general applicability and includes a statement of explanation and justification for the proposed changes. *Id.* at 4, Attachment 2. The Postal Service also submits Attachment 3 with the Notice, which contains Governors' Decision No. 19-1 that authorizes Postal Service management to propose material changes to product descriptions for products with rates not of general applicability. *Id.* at 4-5,

Attachment 3. The Postal Service submits Attachment 4, which is an application for non-public treatment of Governors' Decision No. 19-1. Notice at 5, Attachment 4.

The Postal Service states that although its proposed changes will go into effect a few days before the effective date of the amended UPU Convention Regulations, it does not anticipate this will pose significant operational issues. Notice at 5. In addition, the Postal Service states that allowing the changes proposed in this Notice together with other proposed classification changes in other dockets<sup>2</sup> to take effect on the same day (July 14, 2024) promotes efficiency in changing information technology systems. *Id.* at 2, 5 n.4.

The Postal Service states that the proposed changes would not result in the violation of any provisions of 39 U.S.C. 3633 and 39 CFR part 3035. The Postal Service explains that changes to size limitations for international letter-post rolls for IPA, ISAL, and FCPIS, which are changes in classes of general applicability, are in accordance with 39 CFR 3035.104(a) and (b), because the Notice is filed at least 30 days before the effective date of the changes and the Notice includes an explanation and justification for the changes, the effective date, and the record of proceedings regarding such decision. *Id.* at 5. In addition, the Postal Service states that the changes to size limitations for international letter-post rolls for IPA, ISAL, and FCPIS are not expected to significantly affect the ability of IPA, ISAL, and FCPIS products to cover an appropriate share of their costs, because international letter-post rolls represent only a subset of the revenue for these products and because these changes are not expected to materially affect revenue for these products in any event. *Id.* at 6. The Postal Service states that it does not separately identify international letter-post rolls, therefore data relating to the cost

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<sup>2</sup> Docket No. CP2024-230, United States Postal Service Notice of Changes in Classifications of General Applicability for Competitive Products, April 9, 2024.

coverage impact of these changes on IPA, ISAL, and FCPIs are not available. *Id.* As a result, the Postal Service is not able to calculate the exact impact of these changes, and does not submit supporting financial workpapers usually included in Competitive price changes for products with rates of general applicability. *Id.*<sup>3</sup> Nevertheless, in its professional judgment, the Postal Service does not believe these changes will have a significant impact on the cost coverage of IPA, ISAL, and FCPIs. Notice at 6. Furthermore, the Postal Service states that the same conclusion also applies to the changes to the products with rates not of general applicability that include international letter-post rolls. *Id.* at 6-7. Finally, the Postal Service states that the proposed changes in the Notice would not impair the ability of Competitive products to collectively cover an appropriate share of the institutional costs, because the effect of the proposed changes on revenue is likely to be small in relation to total Competitive product revenue. *Id.* at 7.

With regard to the likely impact that the proposed changes would have on users of the product and on competitors, the Postal Service states that the proposed changes may result in fewer items being entered as international letter-post rolls due to the increased minimum dimensions, thereby causing some volume to either migrate to larger dimensions or be sent through competitors. *Id.*

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<sup>3</sup> The Postal Service acknowledges that ISAL did not cover its costs in FY 2023. *Id.* at 6 n.5 (citing Docket No. ACR2023, United States Postal Service, *Annual Compliance Report*, December 29, 2023, at 100-01). However, the Postal Service explains that this was largely because of accounting adjustments that are the result of settlement processes established with a particular foreign post for prior calendar years. Notice at 6 n.5 (citing Docket No. ACR2023, Responses of the United States Postal Service to Questions 1-26, 28-57, 61 of Chairman's Information Request No. 2, January 19, 2024, questions 29.a.-29.b. (Docket No. ACR2023, Response to CHIR No. 2)). The Postal Service does not anticipate such large accounting adjustments in future years. Notice at 6 n.5 (citing Docket No. ACR2023, Response to CHIR No. 2, question 29.e.). The Commission recognizes that ISAL has generally covered its attributable cost in prior years, and its failure to cover cost in FY 2023 appears to be a unique occurrence that resulted from the large, unexpected accounting adjustments. Notice at 6 n.5 (citing Docket No. ACR2023, *Annual Compliance Determination*, March 28, 2024, at 68 (FY 2023 ACD)). The Commission encourages the Postal Service to monitor the impact of the price increase for ISAL that took effect in January 2024 and to request further price increases as necessary based on its continued assessment of the product's projected cost coverage. Notice at 6 n.5 (citing FY 2023 ACD at 68). The Postal Service states that it will address any cost coverage issues relating to ISAL in future dockets. Notice at 6 n.5.

### **III. Commission Action**

The Commission establishes Docket No. MC2024-224 for consideration of matters raised by the Notice.

The Commission invites comments on whether the Postal Service's filing is consistent with 39 U.S.C. 3633 and 3682 and 39 CFR 3040.212, 3040.180, and part 3035. Comments are due no later than May 9, 2024. The public portions of the filings can be accessed via the Commission's website (<http://www.prc.gov>).

The Commission appoints Mallory L. Smith to represent the interests of the general public (Public Representative) in this docket, pursuant to 39 U.S.C. 505.

### **IV. Ordering Paragraphs**

*It is ordered:*

1. The Commission establishes Docket No. MC2024-224 for consideration of matters raised by the Postal Service's Notice.

2. Pursuant to 39 U.S.C. 505, Mallory L. Smith is appointed to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

3. Comments are due no later than May 9, 2024.

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

By the Commission.

**Erica A. Barker,**

*Secretary.*

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