



## **POSTAL REGULATORY COMMISSION**

### **39 CFR Part 3030**

**[Docket Nos. RM2021-2, RM2022-5, RM2022-6, and RM2024-4; Order No. 9426]**

**RIN 3211-AA37**

### **System for Regulating Rates and Classes for Market Dominant Products**

**AGENCY:** Postal Regulatory Commission.

**ACTION:** Final rule.

**SUMMARY:** The Commission revises its rules to restrict the Postal Service from increasing rates above the *de minimis* threshold for Market Dominant products more than once per fiscal year (through fiscal year 2030) and to restrict the Postal Service from setting workshare discounts farther away from their avoided costs. These revisions aim to support a system design that achieves the statutory objectives, considering the statutory factors.

**DATES:** *Effective:* **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].**

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

### **SUPPLEMENTARY INFORMATION:**

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- I. Background**

On April 5, 2024, the Commission issued an Advance Notice of Proposed Rulemaking seeking comments on the Commission's review of the system for

regulating rates and classes for Market Dominant products (ratemaking system).<sup>1</sup> In Order No. 8891, the Commission determined that the system for regulating rates and classes for Market Dominant products was not achieving the objectives appearing in 39 U.S.C. 3622(b), taking into account the factors in 39 U.S.C. 3622(c) and has determined to undertake a phased approach to considering modifications necessary to achieve the statutory objectives.<sup>2</sup>

On June 9, 2025, the Commission announced its consideration of and sought public comment on two proposed revisions to the ratemaking system for Phase 2(a) of this proceeding.<sup>3</sup> After considering comments, the Commission finalizes both revisions with minor alterations.

## **II. Basis for Final Rules**

Pursuant to 39 U.S.C. 503 and 3622, the Commission adopts the rules proposed in Order No. 8893 with minor alterations as discussed below. Both revisions are necessary to address areas that frustrate the ability of the ratemaking system to achieve the statutory objectives found in 39 U.S.C. 3622. Balancing the statutory objectives and considering the statutory factors has required the Commission to consider the necessary tradeoffs in designing the system. The Commission adopts both revisions in Phase 2(a) because they are comparatively simpler needed changes to the system and important first steps aimed at achieving relevant statutory objectives in conjunction with each other.

## **III. Final Rules**

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<sup>1</sup> Advance Notice of Proposed Rulemaking on the Statutory Review of the System for Regulating Rates and Class for Market Dominant Products, April 5, 2025 (Order No. 7032).

<sup>2</sup> Order Presenting Findings on the Statutory Review of the System for Regulating Rates and Classes for Market Dominant Products (Phase 1 Completion), June 9, 2025 (Order No. 8891); Procedural Order on Phased Rulemaking, June 9, 2025 (Order No. 8892).

<sup>3</sup> See *generally* Notice of Proposed Rulemaking on the Statutory Review of the System for Regulating Rates and Classes for Market Dominant Products (Phase 2A Initiation), June 9, 2025 (Order No. 8893); see *also* Order No. 8892 at 4.

First, the Commission will restrict the Postal Service from adjusting rates of general applicability for Market Dominant products more than once per fiscal year, unless such rate adjustment filings only include rate decreases or are *de minimis* rate increases. The Commission adjusts the implementation period to March 1, 2026 through September 30, 2030. The Commission considers the Postal Service's claims regarding any potential negative impacts to the achievement of Objectives 4, 5, and 8 to be overstated and outweighed by the beneficial effects to the achievement of Objectives 1, 2, and 6, and considers Factors 3, 7, 12, and 14. *See generally* 39 U.S.C. 3622(b) and (c). Therefore, on balance, the Commission finds adopting the rule change to be beneficial and a necessary modification to the ratemaking system's design.

Second, the Commission corrects a regulatory gap to ensure that workshare discounts remain as close to avoided costs as possible. The Commission adjusts the existing rule governing application for waiver to allow the Postal Service to seek waiver of the new workshare discount rule under limited circumstances. As amended, the final rule balances the statutory objectives by advancing the goals of Objectives 1, 2, and 5, while continuing to allow pricing flexibility under Objective 4. The benefits of adopting this rule change outweigh the minimal limitations on the Postal Service's pricing flexibility—especially considering the expansion of the waiver process. Consideration of Factors 5, 7, 12, and 14 also supports adopting this rule change. *See generally* 39 U.S.C. 3622(b) and (c).

#### **List of Subjects in 39 CFR Part 3030**

Administrative practice and procedure, Fees, Postal Service.

For the reasons stated in the preamble, the Commission amends 39 CFR part 3030 as follows:

## **PART 3030—REGULATION OF RATES FOR MARKET DOMINANT**

### **PRODUCTS**

1. The authority citation for part 3030 continues to read as follows:

**Authority:** 39 U.S.C. 503; 3622.

2. Add § 3030.103 to read as follows:

#### **§ 3030.103 Implementation of rate adjustments.**

(a) Except as described in paragraph (b) of this section, effective March 1, 2026, through September 30, 2030, the Postal Service may not adjust rates of general applicability for Market Dominant products using the rate authorities provided under subparts C through H of this part more than one time each fiscal year.

(b) Rate adjustment filings that only include rate decreases calculated pursuant to § 3030.244 or are de minimis rate increases compliant with § 3030.129 are not subject to paragraph (a) of this section.

3. In § 3030.282, add paragraph (d) to read as follows:

#### **§ 3030.282 Increased pricing efficiency.**

\* \* \* \* \*

(d) No proposal to adjust a rate associated with a workshare discount may increase the absolute value of the difference between the workshare discount and the cost avoided by the Postal Service for not providing the applicable service, unless it is set in accordance with a Commission order issued pursuant to § 3030.286.

4. In § 3030.286, revise paragraphs (a) and (b) to read as follows:

#### **§ 3030.286 Application for waiver.**

(a) In every instance in which the Postal Service determines to adjust a rate associated with a workshare discount in a manner that does not comply with

the limitations imposed by §§ 3030.282(d) and 3030.283 through 3030.284, the Postal Service shall file an application for waiver. The Postal Service must file any application for waiver at least 60 days prior to filing the proposal to adjust a rate associated with the applicable workshare discount. In its application for waiver, the Postal Service shall indicate the approximate filing date for its next rate adjustment filing.

(b) The application for waiver shall be supported by a preponderance of the evidence and demonstrate that a waiver from the limitations imposed by §§ 3030.282(d) and 3030.283 through 3030.284 should be granted. Preponderance of the evidence means proof by information that, compared with that opposing it, leads to the conclusion that the fact at issue is more probably true than not.

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By the Commission. Commissioner Ann C. Fisher dissenting.

**Mallory S. Richards,**

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