

*International Priority Airmail.*

International Priority Airmail has a price increase of 3.3 percent.

*International Surface Air Lift.*

International Surface Air Lift has a price increase of 6.4 percent.

*Airmail M-Bags.* The published prices for Airmail M-Bags increase by 5.8 percent.

*International Ancillary Services.*

Prices for paper money orders and for insurance with EMI and PMI increase. The unique price tier for Canada when optional insurance is purchased for PMI parcels is eliminated.

Details of these changes may be found in the Attachment to Governors' Decision No. 10-4.

The Filing also includes two additional attachments: A redacted table that shows FY 2011 projected volumes, revenues, attributable costs, contribution, and cost coverage for each product, and an application for non-public treatment of the unredacted version of that table.

*Notice.* The establishment of rates of general applicability for competitive products and the associated mail classification changes effect a change in the draft Mail Classification Schedule. Pursuant to subpart E of part 3020 of its rules, 39 CFR 3020.90 *et seq.*, the Commission provides notice of the Postal Service's Filing. Interested persons may express views and offer comments on whether the planned changes are consistent with the policies of 39 U.S.C. 3632, 3633, or 3642 and 39 CFR part 3015 and 39 CFR 3020, subpart B. Comments are due no later than November 19, 2010.

Pursuant to 39 U.S.C. 505, Cassandra L. Hicks is appointed as Public Representative to represent the interests of the general public in the above-captioned docket.

*Supplemental information.* Pursuant to 39 CFR 3015.6, the Postal Service is requested to provide a written response to the questions below. To assist in the completion of the record, answers should be provided as soon as possible, but by no later than November 10, 2010.

1. Please refer to the redacted tables attached to the Request which present "Competitive Product Contribution & Cost Coverage Analysis" for FY 2011 "January 2, 2011 Implementation" and "October 1, 2010 Implementation."

a. Provide FY 2011 volumes, revenues, attributable costs, contribution, and cost coverage data similar to that provided in Docket No. CP2010-8 to support all data in both the redacted and unredacted tables.<sup>2</sup>

b. Provide a narrative explaining the method used to forecast data in the referenced tables.

c. Provide attributable costs, revenues, and volumes data for each product grouped in "All Other Competitive International (including Services)" at the same level of detail provided for all other competitive products in this docket. For each of these international products, explain how the expected revenues and costs comply with 39 U.S.C. 3633(a).

2. Please refer to Governors' Decision No. 10-4. The Postal Service provides overall price increases for the following products: Express Mail 4.6 percent, Priority Mail 3.5 percent, Parcel Select 4.4 percent, Parcel Return Service 3.1 percent, Premium Forwarding Service 5.0 percent, Address Enhancement Service 5.0 percent, Global Express Guaranteed 3.7 percent, Express Mail International 3.1 percent, and Priority Mail International 3.8 percent, International Priority Airmail and International Surface Air Lift 4.4 percent, Airmail M-Bags 5.8 percent. Please provide the weights used to derive the Before Rates and After Rates indices relied upon to calculate the overall (average) percentage price increase for each product and service referenced above similar to the supplemental data filed in CP2010-8. *Id.* Please show all calculations in Excel, and explain any adjustments made due to classification changes.

3. Please refer to the Draft Mail Classification Schedule (MCS) in the Attachment to Governors' Decision 10-4 sections 2115.2 and 2115.3. Please confirm that "Lightweight" Parcel Select size and volume thresholds should not be included in the Draft MCS.<sup>3</sup> If not confirmed, please explain.

4. The Postal Service's request includes two new Priority Mail price categories: Critical Mail and Regional Rate Boxes. Please provide a detailed description of Critical Mail and Regional Rate Boxes. The response should include a discussion of how the proposed price categories differ from the existing Priority Mail price categories.

*It is ordered:*

1. The Commission establishes Docket No. CP2011-26 to provide interested persons an opportunity to express views

Information Under Seal In Response To Commission Order No. 333, November 16, 2009 and November 19, 2009; Supplemental Information Provided by the United States Postal Service in Response to Commission Order No. 333; and Notice of Filing Material Under Seal, November 19, 2009.

<sup>3</sup> Docket No. MC2010-36, Transferring Commercial Standard Mail Parcels to the Competitive Product List, is still under review by the Commission.

and offer comments on whether the planned changes are consistent with the policies of 39 U.S.C. 3632, 3633, or 3642 and 39 CFR part 3015 and 39 CFR 3020, subpart B.

2. Comments on the Filing are due no later than November 19, 2010.

3. The Commission appoints Cassandra L. Hicks as Public Representative to represent the interests of the general public in this proceeding.

4. The Postal Service shall provide a written response to the supplemental information requested in this order no later than November 10, 2010.

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

By the Commission.

**Shoshana M. Grove,**  
*Secretary.*

[FR Doc. 2010-28309 Filed 11-9-10; 8:45 am]

**BILLING CODE 7710-FW-P**

**POSTAL REGULATORY COMMISSION**

[Docket No. R2011-1; Order No. 577]

**Postal Rate and Classification Changes**

**AGENCY:** Postal Regulatory Commission.

**ACTION:** Notice.

**SUMMARY:** This document addresses a recently-filed Postal Service request for three postal rate and classification changes. One change will affect certain senders of First-Class Mail Presort and Automation Letters. Another change will affect Standard Mail and High Density milers. The third change affects the Move Update Charge threshold. This document provides details about the anticipated changes and addresses procedural steps associated with this filing.

**DATES:** *Comments are due:* November 22, 2010.

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

**FOR FURTHER INFORMATION CONTACT:** Stephen L. Sharfman, General Counsel, 202-789-6820 and [stephen.sharfman@prc.gov](mailto:stephen.sharfman@prc.gov).

**SUPPLEMENTARY INFORMATION:**

- I. Introduction
- II. Postal Service Filing
- III. Commission Action
- IV. Ordering Paragraphs

<sup>2</sup> See e.g., Docket No. CP2010-8 Notice of the United States Postal Service of Filing Supplemental

## I. Introduction

On November 2, 2010, the Postal Service filed with the Commission a notice of three price adjustments and related classification changes for market dominant products.<sup>1</sup> The adjustments affecting First-Class Mail and Standard Mail are scheduled to become effective January 2, 2011.

These three adjustments and changes were previously filed and included with the Postal Service's recent request to adjust market dominant rates due to extraordinary or exceptional circumstances.<sup>2</sup> In rejecting that exigent rate request, the Commission noted that its decision made it unnecessary to address the merits of the classification change requests, but stated that the Postal Service may refile one or more of the requests as separate proposals and may designate relevant testimony or supporting documents filed in that case as part of supporting materials.<sup>3</sup>

## II. Postal Service Filing

*Reply Rides Free.* This pricing initiative is available for mailers of First-Class Mail Automation Letters. Automation Letters weighing more than one ounce but not more than one and two-tenths (1.2) ounces when the letters include a reply card or reply envelope will qualify for postage payment at the one-ounce rate. A typical reply envelope weighs 0.2 ounces. For participating mailers, Automation Letters would qualify until May 1, 2010, and thereafter only with the full-service Intelligent Mail barcode (IMb). All presort and automation letter volumes will qualify for an annual incentive. Mailers must agree to meet a volume threshold of First-Class Mail Presort and Automation Letters, and enclose either a reply card or envelope as a courtesy reply or business reply which may be a reusable envelope. For compliance purposes, samples must be presented with each mailing. Notice at 1–2.

Only customers who mailed First-Class Mail Presort and Automation Letters in FY 2009 and FY 2010 qualify for this initiative. The volume commitment is the trend of those volumes between FY 2009 and FY 2010 plus 2.5 percent. *Id.* at 4.

In support, the Postal Service states that the initiative is designed to slow mailers' diversion of mail to online bill and statement delivery, and payment

acceptance. Mailers include promotional inserts only if a mailpiece remains subject to the one-ounce rate. Allowing up to 1.2 ounces for qualifying envelopes will offer mailers an incentive to retain reply envelopes in mailings in order to generate revenues and offset mailing costs. Reply Rides Free would increase the value of the mail for marketing purposes and encourage mailers to use mailings for direct marketing purposes. It would also encourage customers to reply with single-piece First-Class Mail and slow electronic diversion of responses. *Id.* at 3–4.

*Saturation and High Density incentive.* The Standard Mail and High Density incentive provides a rebate on incremental mailpieces above a predetermined volume baseline, which each participant is equal to the aggregate total Standard Mail Saturation and High Density volume in calendar year 2010 plus 5.0 percent. Volumes above the baseline will be eligible for a rebate of 22 percent of participant's average revenue per piece for commercial Saturation Mail and 13 percent for commercial High Density mail. For nonprofit High Density and Saturation volumes, the rebate is 8 percent. *Id.* at 4. This discount is less than the discount for commercial mailers, but the ratio between nonprofit and commercial mailers will meet the statutory requirement of 60 percent. 39 U.S.C. 3626(a)(6). *Id.* at 13.

To participate, mailers who apply must meet several requirements:

1. To identify current and frequent mailers of this product, mailers must be current Saturation and High Density customers with at least six mailings in FY 2010;

2. Mailers must be holders of a permit imprint advance deposit account or owners of qualifying volume entered through a similar account by a mail service provider at a facility having PostalOne! capability;

3. Only the volume of mail owners will be eligible. Mail service providers and customers supplying inserts or the components of Saturation or High Density mailings of another mailer are not eligible; and

4. Mailers must electronically submit postage statements and mail documentation to the PostalOne! system during the specified period. Mailers using defined market area(s) must use Mail.dat or Mail.XML. Other applicants may submit postal statements via Postal Wizard. *Id.* at 5.

During participation in this incentive, customers may not participate in any other Standard Mail incentive or "sale" including Saturation or High Density

products to prevent receiving two incentives for the same mail volume. *Id.*

Customers have the option of participating under one of two market models:

1. Total Market (or National) volume. Customers must demonstrate increased total Saturation and High Density mail volume letters and flats over the base year for their total market.

2. Specific Geographic Markets. Subject to Postal Service approval, customers designate specific geographic target markets of specific Postal Service Sectional Center Facilities (SCFs) for increased volume over the base year. Up to 20 SCFs may be selected or up to five target markets (consisting of multiple contiguous SCFs). Customers must have made the qualifying six mailing during FY 2010 for each market in which they participate. *Id.* at 6.

*Increases in Move Update Assessment Charge threshold.* For First-Class Mail subject to Move Update Standards and all Standard Mail, the threshold below which the Move Update Assessment Charge is assessed is increased from 70 to 75 percent. That is, the tolerance will be reduced from 30 percent to 25 percent. The Postal Service states that the change is consistent with plans announced in a previous docket,<sup>4</sup> is needed to encourage the use of Move Update processes, and will affect few mailings. Notice at 6–7.

*Impact on price cap.* To comply with 39 CFR 3010.14(b)(1), the Postal Service discusses and provides tables listing the amount of unused price adjustment authority available for First-Class Mail and Standard Mail, the percentage change in prices for each of those classes of mail, and the amount of any new unused price adjustment authority for those two classes generated by this price change. *Id.* at 7–9.

Workpapers intended to demonstrate how the prices comply with the price cap are designated in the Notice as follows: USPS–R2011–1–1/1—First-Class Worksheets; USPS–R2011–1–1/2—Standard Mail Worksheets; and USPS–R2011–1–1/3—Impact of Move Update Assessment Charge. *Id.* at 8. The Postal Service states the workpapers demonstrate that the calculated negative price changes serve to increase the banked amount for First-Class and Standard Mail and thus comply with the available overall price adjustment authority. *Id.* at 9.

*Objectives and factors.* The Postal Service lists and discusses the

<sup>1</sup> United States Postal Service Notice of Market Dominant Price Adjustment, November 2, 2010 (Notice).

<sup>2</sup> Docket No. R2010–4, Exigent Request of the United States Postal Service, July 6, 2010.

<sup>3</sup> Docket No. R2010–4, Order Denying Request for Exigent Rate Adjustments, September 30, 2010, at 30.

<sup>4</sup> Docket No. R2010–1, United States Postal Service Notice of Market Dominant Price Adjustment and Classification Changes, October 15, 2009, at 3–4.

objectives and factors of 39 U.S.C. 3622 and their relationship to the proposed changes. The Postal Service asserts that changes do not substantially alter the degree First-Class Mail rates address the objectives and factors. *Id.* at 11. Reply Rides Free is an example of increased flexibility allowed the Postal Service (Objective 4), and it is an initiative to enhance the Postal Service's financial position (Objective 5). The incentive to mailers to continue using First-Class Mail (Factor 3) encourages increased mail volume (Factor 7), but does not imperil the coverage of attributable costs (Factor 2). Move Update improves overall efficiency of mail processing (Objective 1, Factors 5 and 12). *Id.* at 11–12.

Similarly, for Standard Mail, the changes do not alter the degree that prices and system design already address the objectives and factors of section 3622. Move Update improves overall efficiency (Objective 1, Factors 5 and 12). The Saturation and High Density initiative is also an example of increased flexibility allowed the Postal Service (Objective 4) and provides an incentive to mailers to enhance the financial position of the Postal Service (Objective 5). It also encourages increased mail volume (Factor 7), incents the use of Standard Mail (Factor 3), and will not inhibit coverage of attributable costs (Factor 2). *Id.* at 12.

*Workshare discounts.* The Postal Service states that none of the price changes impacts workshare discounts for First-Class Mail or for Standard Mail. *Id.* at 13.

*Conformance with 39 CFR part 3010.* The Postal Service provides notice pursuant to section 3622 and 39 CFR part 3010 that the Governors have authorized the Postal Service to adjust the classification language and prices for these market dominant products. The Postal Service represents that, in conformance with the notice requirements of 39 CFR 3010.14(a)(3), it will publish notice of these changes at least 45 days prior to the planned implementation date. The Notice will be published at *USPS.com*, the Postal Explorer Web site, the *DMM Advisory*, the *P&C Weekly*, and a press release. Public notice will also be provided in future issues of *PCC Insider*, *MailPro*, the *Postal Bulletin*, and the **Federal Register**. *Id.* at 1. Pursuant to 39 CFR 3010.14(a)(4), the Postal Service identifies Greg Dawson, Manager, Pricing Strategy, as the official available to provide prompt responses to requests for clarification from the Commission. *Id.* at 2.

Pursuant to 39 CFR 3010.14(b)(9), the changes in the product descriptions

within the Mail Classification Schedule are included in Appendix A attached to the Notice.

### III. Commission Action

The Commission establishes Docket No. R2011–1 to consider all matters related to the Notice as required by 39 U.S.C. 3622. Interested persons may express views and offer comments on whether the planned changes are consistent with the policies of 39 U.S.C. 3622 and the Commission's applicable regulations. Comments are due no later than November 22, 2010.

The Commission appoints James Waclawski to represent the interests of the general public in this proceeding. See 39 U.S.C. 505.

### IV. Ordering Paragraphs

*It is ordered:*

1. The Commission establishes Docket No. R2011–1 to consider the matters raised by the Postal Service's November 2, 2010 Notice.

2. Interested persons may submit comments on the planned adjustments to classification language and price changes. Comments are due November 22, 2010.

3. Pursuant to 39 U.S.C. 505, the Commission appoints James Waclawski to represent the interests of the general public (Public Representative) in this proceeding.

4. The Commission directs the Secretary of the Commission to arrange for prompt publication of this Notice in the **Federal Register**.

By the Commission.

**Shoshana M. Grove,**  
*Secretary.*

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## POSTAL REGULATORY COMMISSION

[Docket No. CP2011–27; Order No. 578]

### Postal Rate Changes

**AGENCY:** Postal Regulatory Commission.

**ACTION:** Notice.

**SUMMARY:** The Commission is noticing a recently-filed Postal Service request to change rates for Inbound Air Parcel Post at Universal Postal Union (UPU) rates. This notice addresses procedural steps associated with this filing.

**DATES:** *Comments are due:* November 18, 2010.

**ADDRESSES:** Submit comments electronically via the Commission's Filing Online system at <http://www.prc.gov>. Commenters who cannot submit their views electronically should

contact the person identified in **FOR FURTHER INFORMATION CONTACT** by telephone for advice on alternatives to electronic filing.

**FOR FURTHER INFORMATION CONTACT:** Stephen L. Sharfman, General Counsel, at 202–789–6820 or [stephen.sharfman@prc.gov](mailto:stephen.sharfman@prc.gov).

### SUPPLEMENTARY INFORMATION:

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- II. Background
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#### I. Introduction

On November 3, 2010, the Postal Service filed a notice announcing changes in rates not of general applicability for Inbound Air Parcel Post at Universal Postal Union (UPU) rates effective January 1, 2011.<sup>1</sup> The Notice incorporates by reference the explanation of Inbound Air Parcel Post at UPU Rates and the mechanism for setting rates contained in its request and supporting documentation filed in Docket Nos. MC2010–11 and CP2010–11.<sup>2</sup> *Id.* at 2.

In support of its Notice, the Postal Service filed four attachments as follows:

1. Attachment 1—an application for non-public treatment of materials to maintain redacted rates and supporting documents under seal;
2. Attachment 2—a redacted copy of Governors' Decision No. 09–15 which establishes prices and classifications for Inbound Air Parcel Post at UPU Rates, proposed Mail Classification Schedule language which includes a description of Inbound Air Parcel Post at UPU Rates, certification of prices in conformity with 39 U.S.C. 3633, an analysis of the procedures for setting rates, and certification of the Governors' vote;
3. Attachment 3—a redacted version of the new rates; and
4. Attachment 4—a certified statement required by 39 CFR 3015.5(c)(2) for Inbound Air Parcel Post at UPU rates.

<sup>1</sup> Notice of the United States Postal Service of Filing Changes in Rates Not of General Applicability and Application for Non-Public Treatment of Materials Filed Under Seal, November 3, 2010 (Notice).

<sup>2</sup> See Docket Nos. MC2010–11 and CP2010–11, Request of the United States Postal Service to Add Inbound Air Parcel Post at Universal Postal Union (UPU) Rates to the Competitive Products List, Notice of Establishment of Prices and Classifications Not of General Applicability for Inbound Air Parcel Post at UPU Rates Established in Governors' Decision No. 09–15, and Application for Non-Public Treatment of Materials Filed Under Seal, November 17, 2009 (Request).