



BAC 7710-FW-P

POSTAL REGULATORY COMMISSION

[Docket No. R2020-2; Order No. 5526]

Market Dominant Price Adjustment

AGENCY: Postal Regulatory Commission.

ACTION: Notice.

SUMMARY: The Commission is noticing a recently filed Postal Service Notice regarding a Type 1-C Market Dominant rate adjustment. This notice informs the public of the filing, invites public comment, and takes other administrative steps.

DATES: *Comments are due:* June 22, 2020.

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 3030, the Postal Service has filed notice of its intent to offer a new rate incentive, which would result in a rate decrease.¹ The Postal Service seeks Commission approval of this rate incentive and related classification changes. Notice at 2.

II. Overview

Under the Commission's rules pertaining to Market Dominant rate adjustments, a "Type 1-C" rate adjustment is "an adjustment to a rate of general applicability that contains only a decrease." 39 CFR 3030.506(a). Such a rate adjustment "may generate unused rate adjustment authority . . ." in certain circumstances. 39 CFR 3030.506(b).

The Postal Service states that it intends to offer an Every Door Direct Mail Retail ("EDDM Retail") discount beginning August 1, 2020. Notice at 2.

Specifically, the Postal Service asserts that:

The extraordinary and unprecedented nature of the COVID-19 pandemic and the current economic downturn has severely harmed many businesses. Small local businesses have been hit particularly hard as they adopt austerity measures and pull back on their marketing efforts in response to business closures or drastic reductions in demand. EDMM Retail volume was down in Quarter 2 as compared to the same period last year by 21.3 million pieces (or 13.3 percent) while revenue fell by \$3.2 million dollars (or 11 percent). A decline is projected to continue through postal Quarter 3, FY 2020 or further.

Concurrent with the gradual reopening of the economy, the Postal Service intends to offer an EDMM Retail discount to encourage use of the mail

¹ United States Postal Service Notice of Type 1-C Market Dominant Price Change, June 1, 2020 (Notice).

as an advertising platform to reach existing and new customers. This should in turn assist small local businesses in recovering from the impact of the pandemic. Postage for all EDDM Retail pieces entered between August 1 and September 30, 2020 will be \$0.172 per piece, a 10 percent reduction off the current permanent rate of \$0.191. No registration is required: all EDDM Retail pieces entered during the promotional period will receive the discount.

Id. at 3.

In support of its Notice, the Postal Service asserts that it has provided the information required by 39 CFR 3030.512(a), including a schedule of planned rates; the planned effective dates; representation that public notice of the planned rates has or will be issued; and the identity of a responsible Postal Service official available to respond to inquiries from the Commission.²

The Postal Service provides price cap compliance information as required by 39 CFR 3030.512(b)(1)-(4). The Postal Service states that it is electing to generate unused rate adjustment authority from the EDDM Retail discount pursuant to 39 CFR 3030.506(b) and 39 CFR 3030.512(b)(10). Notice at 4. It states that the workpapers for USPS Marketing Mail from Docket No. R2020-1 have been amended consistent with 39 CFR 3030.527 and 39 CFR 3030.523(b)(2). *Id.* The amended workpapers have been filed as a library reference.³ The Postal Service asserts that the discount will generate a small amount of price cap space for the USPS Marketing Mail class (approximately \$2 million, or 0.012 percent). Notice at 4.

² Notice at 2. The Postal Service filed its proposed changes to the Mail Classification Schedule as an attachment to its Notice. See Notice, Attachment A.

³ Library Reference USPS-LR-R2020-2/1, June 1, 2020.

As required by 39 CFR 3030.512(b)(7), the Postal Service provides a discussion of how this planned rate adjustment is designed to help achieve the objectives listed in 39 U.S.C. 3622(b), and properly takes into account the factors in 39 U.S.C. 3622(c). *Id.* at 5.

With regard to 39 CFR 3030.512(b)(5)-(6), the Postal Service asserts that the EDDM Retail discount would have no effect on workshare discounts approved in Docket No. R2020-1. *Id.* With regard to 39 CFR 3030.512(b)(8), the Postal Service asserts that the EDDM Retail discount will move the revenue-per-piece ratio calculated in Docket No. R2020-1 closer to 60 percent, as required by 39 U.S.C. 3626(a)(6). *Id.* at 5-6. The Postal Service asserts that no other portions of 39 U.S.C. 3626, 3627, or 3629 are implicated in this matter. *Id.*

III. Initial Commission Action

The Commission establishes Docket No. R2020-2 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, as well as 39 CFR part 3030. Comments are due June 22, 2020. See 39 CFR 3030.511(a)(5); 3010.108. These filings can be accessed via the Commission's website (<http://www.prc.gov>).

The Commission appoints Natalie R. Ward 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. R2020-2 to consider the matters raised by the Notice.
2. Comments are due June 22, 2020.
3. Pursuant to 39 U.S.C. 505, Natalie R. Ward 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.

Erica A. Barker

Secretary.

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