I. Introduction

The Postal Service notes that in FY 2009, commercial Standard Mail Fulfillment Parcels and other Standard Mail parcel categories had a collective cost coverage of 75.23 percent. It requests a 23.3 percent rate increase in Docket No. R2010–4 for Standard Mail parcel categories which, if approved, will yield a cost coverage in excess of 100 percent. Thus, it contends that commercial Standard Mail Parcels, if treated as a subcategory of Parcel Select, would satisfy 39 U.S.C. 3633(a)(1) and (2). Id. at 2.

The Statement of Supporting Justification seeks to demonstrate, pursuant to 39 CFR 3020.32(d), that the requested change does not propose to classify as competitive a product over which the Postal Service exercises sufficient market power that it can, without losing a significant level of business, set the price of the product substantially above costs, raise prices significantly, decrease quality, or decrease output. Id. at 3–7. The Statement of justification also seeks to explain the limited extent Standard Mail Fulfillment Parcels are either covered by the postal monopoly or within the scope of the exceptions or suspensions to the Private Express Statutes, noting that normally Standard Mail Fulfillment Parcels cannot contain items required to be sent by First-Class Mail. The Postal Service indicates an intention to promulgate mailing standards in its Domestic Mail Manual limiting the inclusion of letters in any Lightweight Parcel Select parcel unless covered by an exception or suspension to the Private Express Statutes pursuant to 39 CFR parts 310 or 320. Id. at 7–9.

Pursuant to 39 CFR 3032(f), the Postal Service states that the primary competitors to its Standard Mail Fulfillment Parcel services are the ground shipping services offered by UPS and FedEx and that each have the flexibility to price parcel products to maximize profitability. Id. at 9. The Postal Service states there is likely a distortionary effect on the marketplace because Standard Mail Fulfillment Parcels are priced below full cost coverage. Because of this market distortion, the “[Postal Service] has attempted to structure profitable contracts with large shippers for lightweight parcels but failed because its efforts were undercut by its own Standard Mail parcel prices.” Id. at 10.

The Postal Service claims the transfer should ameliorate any distortionary effect on the current pricing structure. Id. The Postal Service notes it is also losing full network First-Class Mail package volume where its competitors...
offer products with the last mile service through the Postal Service. _Id_.

The Postal Service states that the views of those who use the product are mainly concerned that the transfer will lead to price increases. In response, the Postal Service claims prices will need to be increased even absent a transfer to the competitive product list. It further states that one large customer supports transfer which offers the possibility of contracts for the product. The Postal Service states the transfer will allow contracts for complete shipping solutions and create mutually beneficial comprehensive solutions for shipping needs. _Id._ at 11. The Postal Service is not aware of any small business that offers products competing with commercial Standard Mail Fulfillment Parcels. _Id._ at 11–12.

II. Notice of Filings

The Commission establishes Docket No. MC2010–36 to consider the Postal Service’s proposal to transfer commercial Standard Mail Fulfillment Parcels to the competitive product list. Interested persons may submit comments on whether the Postal Service’s filing in the captioned docket is consistent with the policies of 39 U.S.C. 3633, 39 U.S.C. 3642, and 39 CFR 3020 subpart B. Comments are due no later than September 17, 2010. Reply comments, if any, are due October 15, 2010. The Postal Service’s filing can be accessed via the Commission’s Web site (http://www.prc.gov.)

The Commission appoints James Waclawski to serve as Public Representative in this docket.

III. Ordering Paragraphs

_It is ordered:_


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

3. Comments by interested persons in these proceedings are due no later than September 17, 2010.

4. Reply comments by interested persons in this proceeding are due no later than October 15, 2010.

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

By the Commission.

Shoshana M. Grove,

Secretary.

B. RRB Computer Matches Subject to the Privacy Act

We have taken appropriate action to ensure that all of our computer-matching programs comply with the requirements of the Privacy Act, as amended.

Notice of Computer-Matching Program, RRB With the Office of Personnel Management (OPM)

A. Name of Participating Agencies

OPM and RRB.

B. Purpose of the Matching Program

The purpose of the match is to enable the RRB to (1) identify affected RRB annuitants who are in receipt of a Federal public pension benefit but who have not reported receipt of this benefit to the RRB, and (2) receive needed Federal public pension benefit information for affected RRB annuitants more timely and accurately.

C. Authority for Conducting the Match

Sections 3(a)(1), 4(a)(1) and 4(f)(1) of the Railroad Retirement Act, as amended, 45 U.S.C. 231b(a)(1), 231c(a)(1) and 231cf(f)(1) require that the RRB reduce the Railroad Retirement benefits of certain beneficiaries entitled to Railroad Retirement employee and/or spouse/dependent benefits who are also entitled to a government pension based on their own non-covered earnings. We call this reduction a Public Service Pension (PSP) offset.

Section 224 of the Social Security Act, as amended, 42 U.S.C. 424a, provides for the reduction of disability benefits when the disabled worker is also entitled to a public disability benefit (PDB). We call this a PDB offset. A civil service disability benefit is considered a PDB. Section 224(h)(1) requires any