

Proposed Rules

Federal Register

Vol. 90, No. 132

Monday, July 14, 2025

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

POSTAL REGULATORY COMMISSION

39 CFR Part 3050

[Docket No. RM2025–12; Order No. 8990]

Periodic Reporting

AGENCY: Postal Regulatory Commission.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Commission is acknowledging a recent Postal Service filing requesting the Commission initiate a rulemaking proceeding to consider changes to analytical principles relating to periodic reports. This document informs the public of the filing, invites public comment, and takes other administrative steps.

DATES: *Comments are due:* August 1, 2025.

ADDRESSES: Submit comments electronically via the Commission's Filing Online system at <https://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 July 1, 2025, the Postal Service filed a petition pursuant to 39 CFR 3050.11 requesting that the Commission initiate a rulemaking proceeding to consider changes to analytical principles relating to periodic reports.¹ The Petition identifies the proposed

analytical changes filed in this docket as modifications to the methodology for calculating workshare discount passthrough percentages for dropshipped USPS Marketing Mail parcel-shaped pieces. Petition, Proposal at 1. In particular, the Postal Service plans to set prices and calculate dropship discounts separately for parcel-shaped pieces up to 3.3 oz and for parcel-shaped pieces above 3.3 oz. *Id.*

II. Proposal

Background. The Postal Service explains that in 2017 there were two rates available for flat-shaped USPS Marketing Mail pieces: a per-piece rate for pieces up to 4.0 oz, and a per-piece and per-pound rate for pieces heavier than 4.0 oz. *Id.* at 1–2. The same two rates were available for parcel-shaped USPS Marketing Mail pieces, below and above a breakpoint of 3.3 oz. *Id.* at 2.

For flat-shaped and parcel-shaped USPS Marketing Mail pieces above the respective breakpoints, the passthrough calculation used at the time divided the discount by the avoided cost per pound for all pieces above and below the breakpoint. *Id.* The Postal Service describes this method as incomplete, noting that pieces below the respective breakpoints were excluded from the numerator even as the weight of those pieces was included in the denominator. *Id.* In Docket No. RM2017–11, the Commission approved a revised calculation that included in the numerator the discount for pieces at or below the breakpoint weight.²

The Postal Service states that because the passthrough percentages depended on the actual volume and weights shipped there was substantial variation in the calculated passthrough percentages. Petition, Proposal at 3. This variation culminated in Docket No. R2023–1, where the Postal Service found that it was mathematically impossible for passthrough calculations for a subset of USPS Marketing Mail flat-shaped pieces to comply with the Commission's workshare discount regulations. *Id.* at 3–4. The Commission directed the Postal Service to file a proposal to correct that anomaly.³

In Docket No. RM2023–4, the Postal Service proposed a revised methodology for USPS Marketing Mail flat-shaped pieces to address the anomaly. Petition, Proposal at 4. Under the proposed methodology, USPS Marketing Mail flat-shaped pieces would be charged a fixed per-piece price, and pieces heavier than the breakpoint weight would also be charged a per-pound price for the weight above the breakpoint. *Id.* Additionally, all dropship discounts were proposed to be based on the per-piece price, per-piece cost avoidance was calculated using the average weight of all flat-shaped pieces, and pound prices did not vary by dropship entry point. *Id.* at 5. The Commission approved the revised methodology and the corresponding prices.⁴

The Postal Service found that the new methodology reduced incentives for mailers to dropship flat-shaped pieces weighing more than the breakpoint close to their delivery destinations, provided workshare discounts too low relative to avoided costs for flat-shaped pieces weighing more than the breakpoint, and provided workshare discounts too high relative to avoided costs for flat-shaped pieces weighing less than the breakpoint. *Id.* at 6.

In Docket No. RM2024–3, the Postal Service therefore proposed separate workshare discount passthrough calculations for USPS Marketing Mail flat-shaped lightweight (pieces weighing up to the breakpoint) and heavyweight (pieces weighing more than the breakpoint) pieces. *See id.* at 7. For lightweight flat-shaped pieces, the Postal Service proposed to include in the calculation of avoided cost the average weights of lightweight pieces only. *Id.* For heavyweight flat-shaped pieces, the Postal Service proposed to apply pound prices to the entire weight of each piece, to reintroduce per-pound dropship discounts that varied by entry point, and to base dropship discounts on the per-pound component of the

¹ Under 39 CFR 3030.286, August 30, 2022, at 11 (Order No. 6261)).

² *Id.* at 5–6 (citing Docket No. RM2023–4 Order on Analytical Principles Used in Periodic Reporting (Proposal One), April 6, 2023, at 14 (Order No. 6474); Docket No. R2023–2, Order on Price Adjustments for First-Class Mail, USPS Marketing Mail, Periodicals, Package Services, and Special Services Products and Related Mail Classification Changes, May 31, 2023, at 62 (Order No. 6526)).

¹ Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles, July 1, 2025 (Petition). The proposed change is attached to the Petition (Proposal).

² *Id.* at 2–3. Docket No. RM2017–11, Order on Analytical Principles Used in Periodic Reporting (Proposal Seven), November 20, 2017, at 3 (Order No. 4227).

³ *Id.* at 4 (citing Docket No. RM2022–12, Order Approving Postal Service Application for Waiver

rates.⁵ The Commission approved the revised methodology.⁶

Proposal. The Postal Service proposes to use for USPS Marketing Mail parcel-shaped pieces the same methodologies approved for USPS Marketing Mail flat-shaped pieces in Docket No. RM2024–3.

Impact. The Postal Service states that the proposed changes will alter the workshare discounts and workshare discount passthrough percentages for dropshipped USPS Marketing Mail parcel-shaped pieces. Petition, Proposal at 14. If the Commission denies the proposed change in USPS Marketing Mail pricing structures in Docket Nos. MC2025–1483 and RM2025–11, the Postal Service would separately report passthroughs for pieces above and below the breakpoint for each of four current passthroughs, for a total of eight passthroughs. *Id.* at 14–15. If the Commission instead approves the proposed change in USPS Marketing Mail pricing structures in Docket Nos. MC2025–1483 and RM2025–11, the

Postal Service would report four passthroughs: above breakpoint and below breakpoint for each of two new pricing categories.⁷

The Postal Service additionally notes that the Proposal creates the possibility for irrational pricing—specifically, of a pricing discontinuity at the breakpoint between lightweight and heavyweight USPS Marketing Mail parcel-shaped pieces. Petition, Proposal at 16–18. The Postal Service states that it will avoid proposing irrational prices and believes that the improvement in dropshipping price signals from the Proposal outweighs any such discontinuity. *Id.* at 18.

III. Notice and Comment

The Commission establishes Docket No. RM2025–12 for consideration of matters raised by the Petition. More information on the Petition may be accessed via the Commission’s website at <https://www.prc.gov>. Interested persons may submit comments on the Petition and the Proposal no later than August 1, 2025. Pursuant to 39 U.S.C. 505, Katalin K. Clendenin is designated

as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

IV. Ordering Paragraphs

It is ordered:

1. The Commission establishes Docket No. RM2025–12 for consideration of the matters raised by the Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles, filed July 1, 2025.

2. Comments by interested persons in this proceeding are due no later than August 1, 2025.

3. Pursuant to 39 U.S.C. 505, the Commission appoints Katalin K. Clendenin to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this docket.

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

By the Commission.

Erica A. Barker,
Secretary.

[FR Doc. 2025–13160 Filed 7–11–25; 8:45 am]

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⁵ *Id.* at 11. The Proposal omits pages 8 through 10.

⁶ Petition, Proposal at 12 (citing Docket No. RM2024–3, Order Approving Analytical Principles Used in Periodic Reporting (Proposal One), March 12, 2024 (Order No. 7001)).

⁷ *Id.* at 15–16. For details of the proposed new pricing structure, see Docket Nos. MC2025–1483 and RM2025–11.